

BELIZE

PROGRAM TO SUPPORT MODERNIZATION OF THE PORT SECTOR

(TC/MIF-99-06-01-0)

EXECUTIVE SUMMARY

BENEFICIARY:	The direct beneficiaries will be the Government of Belize and the Belize Port Authority (BPA). Indirect beneficiaries will be importers and exporters and, through them, the Belizian economy and its consumers.		
EXECUTING AGENCY:	The Ministry of Public Utilities, Transport and Communications, (MUPTC) which will establish a Steering Committee (SC) and a Project Execution Unit (PEU).		
PROGRAM COST AND FINANCING:	Modality:	Grant under TC Facility	
	Recipient (GOB):	US\$ 250,000	
	MIF:	US\$ <u>1,050,000</u>	
	Total:	US\$ 1,300,000	
IMPLEMENTATION SCHEDULE:	Execution Period:	30	Months
	Disbursement Period:	36	Months
SPECIFIC OBJECTIVES:	The general objective is to assist the GOB in the reform of the port sector, in order to increase its efficiency via liberalization, private participation in the sector, and adequate regulation. Specific objectives are: (i) separate regulatory and operational responsibilities, restructuring BPA as a regulatory agency and establishing an adequate regulatory framework; (ii) increase private sector involvement in port operation and investment; (iii) enact free access and liberalize the conditions under which the port sector operates, resulting in the removal of existing monopoly rents affecting tariffs, labor and 3 rd party traffic and allowing the best use of all available capacity and; (iv) implement environmental controls.		
DESCRIPTION:	The proposed TC will finance the activities which will support the Government of Belize in the execution of the four components of the port modernization program including: (1) coordination and supervision of execution; (2) formulation of a diagnostic, presentation of viable options and preparation of a strategy for reform, based on a viable option chosen by GOB; (3) formulation and implementation of a regulatory, institutional and legal framework; (4) implementation of the participation of the private sector (preparation of privatization documents, marketing, request for proposals, closure of sale or concession).		

**ENVIRONMENTAL
IMPACT:**

The TRG in a meeting of July 16, 1999 reviewed the project and suggested modifications to the text in the abstract, which have been taken into account in this document.

**BENEFITS AND
RISKS:**

The project will provide an environment for increased competition in the provision of port services and encourage private investment in the sector. As a consequence of the reform, the sector will gain in efficiency and effectiveness. This will in turn bring benefits to trade (including tourism) and to consumers in general.

The main risk is that the GOB may fail to choose one of the recommended reform options that will be recommended in the options paper (component 2.1, Annex I). To minimize that risk disbursements of components 3 and 4 and for activity 2 of component 2 (Annex I) will be conditioned to the GOB having officially informed the Bank that it has chosen an option among those recommended in the options paper. Another risk is that legislation may be necessary, but Parliament may fail to approve it. However, their risk is minimized in Belize by the fact that the present Government has a comfortable majority in Parliament for the next four years.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Prior to the first disbursement of funds the GOB will submit to the satisfaction of the Bank evidence that: (i) it has formalized the creation of the Steering Committee and of the PEU; and (ii) it has selected the Program Supervisor in accordance with terms of reference previously agreed upon with the Bank.

Prior to the disbursement of funds for activity 2 of component 2 (formulation of a strategy for reform, par. 3.7) and for component 3 the GOB will submit to the satisfaction of the Bank evidence of its decision to adopt a reform option based on the options paper described in paragraph 3.6. If this condition is not complied with within two months after presentation of the options paper to the GOB, the Bank may withhold disbursements or cancel the operation.

Prior to the disbursement of funds for activity 2 of component 4 (implementation of the modernization privatization plan, par. 3.15) the GOB will submit to the satisfaction of the Bank evidence that the legislation necessary for the establishment of the regulatory body described in paragraph 3.9 has been approved.

**PROCUREMENT OF
GOODS AND
SERVICES:**

Acquisition of goods and services shall be governed by the Bank's procurement procedures. International public bidding will be used to hire the consultants who will carry out the necessary studies.

I. COUNTRY ELEGIBILITY

- 1.1 Belize was declared eligible for all modalities of MIF financing by the Donors Committee on June 1, 1999.
- 1.2 The proposed project is consistent with the criteria for grant financing under the Technical Cooperation Facility, article II, section 2 of the MIF agreement, which establishes that grants shall be provided, as appropriate, to governments to finance the development of national country plans for comprehensive reform of the policy and legal environment for investments, in conjunction with, and complementary to, Bank country programs, and advisory services to implement these plans.

II. BACKGROUND

A. Present Situation

- 2.1 At present the port sector in Belize is mainly Government owned and operated. The Belize Port Authority (BPA) owns and manages two of the three commercial ports: the Belize City Port (BCP, with 77% of total national cargo of 651 thousand tons in 1998) and the Commerce Bight Port (with 2% of total cargo), while it also regulates the Big Creek Port (with 21%), which is currently owned and operated by the Banana Growers Association under a license from the Government of Belize (GOB)¹. Hence, the BPA, which is responsible to the Ministry of Public Utilities, Transport and Communications (MPUTC) for the port sector, acts both as the principal owner, manager and operator of Belizian Ports, while also performing regulatory functions. It has used this power to give its main port, the BCP, a monopoly of all imports and of all exports other than banana and citrus. Traffic at Big Creek is restricted to that of the licensee, preventing the economic use of spare capacity at that port, even though occupancy is only about 29% and the ships which load bananas arrive empty.
- 2.2 As port operator the BPA provides shore handling labor, equipment and storage services at the fixed installations of BCP. This port also suffers from outdated procedures and restricted installations, whereas the installations of Commerce Bight, the other BPA-owned port, are in a dangerous and deficient condition, as a consequence of deficient maintenance, effectively restricting use of this port.
- 2.3 At the BCP the labor union has a monopoly for stevedoring work (on board ship), for shore handling and for BPA office staff, governed by three Collective Agreements. These agreements are between the labor union and the BPA for shore handling (dockworkers) and office staff and between the labor union and the private employers (Belize Waterfront Employers Association, or BWEA) for stevedoring work. This leads to restrictive practices, significant over-manning, reduced

¹ A small Port in the south (Punta Gorda Port) which is used mainly to export dolomite is lately gaining importance.

productivity and low efficiency. The resulting high costs² are paid with part of the monopoly rent extracted by the BPA via its restrictive practices. The financial position of the BPA is sound in spite of its low efficiency and high costs, with projected profit for the year 1999-2000 after depreciation but before Contribution to Government of 15% of gross revenue. This satisfactory position arises because cargo dues levied at installations provided and operated by the private sector, both at BCP and at Big Creek, are high; more in general, port charges are set with fiscal criteria, not as cost reflecting tariffs, and the levels at which they are fixed are well above the (at present inefficient) costs of port operations.

- 2.4 Traffic at Belize's ports has been stationary in recent years, with a decline in imports and an increase in exports, mainly bananas. Container traffic has declined, partly following the withdrawal of British troops and partly on account of increasing overland traffic from Mexican ports. This reflects the aforementioned high costs and consequent lack of competitiveness and may have a negative impact on the financial performance of the BPA.
- 2.5 Investment is required in the short term for deferred maintenance, the provision of improved facilities for cruise ship passengers and, as the Country's port traffic increases, for additional cargo-handling capacity. The financial position of the BPA may also be affected negatively by the depreciation charges of the new low-level berth for coastal traffic, constructed with the support of a loan from the CDB. The users of this installation are being transferred from rudimentary berths elsewhere in the city, for which they do not pay.
- 2.6 In a nutshell, the port sector presents problems of: inappropriate regulation which restricts free access and creates (by mandate) a dominant position for BCP, irrespective of the market; excess labor and inadequate arrangements that allow labor to capture part of the monopoly rents extracted by the BPA; inefficient use of facilities; poor maintenance and under-investment; and consequent high costs and low competitiveness. All this is reflected in turn in high costs for traded goods and impedes the growth of exports and of transit traffic to neighboring countries.

B. Principles of the Proposed Reform

- 2.7 The principles of the proposed reform are to establish a more liberal regime for the port sector, including the separation of regulatory from operational functions, the creation of the conditions for the private sector to take responsibility for operation and investment in the sector, and to maximize the use of spare capacity, whether publicly or privately owned.

C. The Bank's Port Reform and Investment Program

- 2.8 The Bank has supported Government programs for port privatization in a number of countries. Two examples with aspects similar to what is planned for Belize include the financing of technical assistance in Panama in the context of public

² Container handling costs between US\$420-620 per 20ft container, between two and three times the costs at neighboring ports.

sector reform, where the two principal public ports are now operated by the private sector under 30 year concessions, and technical assistance to the Government of Argentina as part of the reform of public sector institutions, where the port of Buenos Aires is now operated under four independent concessions.

III. THE PROJECT

A. Objectives

- 3.1 The general objective of the proposed project is to assist the GOB in the reform of the port sector, in order to increase its efficiency via liberalization, private participation in the sector, and adequate regulation. More specifically the project will seek: (i) to separate regulatory and operational responsibilities, restructuring BPA as a regulatory agency and establishing an adequate regulatory framework; (ii) increased private sector involvement in port operation and investment; (iii) to enact free access and liberalize the conditions under which the port sector operates, resulting in the removal of existing monopoly rents affecting tariffs, labor and 3rd party traffic and allowing the best use of all available capacity and; (iv) to implement environmental controls.

B. Components

- 3.2 The work will comprise four main components, as follows:(1) coordination and supervision of execution ; (2) diagnostic, options and strategy for reform; (3) regulatory, institutional and legal framework; (4) private participation. The disbursement of MIF resources for components (3) and (4), for activity 2 of component 1 and for activity 2 of component 2, as explained below, will be conditioned to the GOB having chosen an option for reform from among those recommended in an options paper to be prepared in component 2.

Component 1: Coordination and Supervision of Execution

- 3.3 In order to strengthen the GOB's capacity to conduct the reform and regulate the sector, the GOB will hire, as Program Coordinator, a long-term consultant, with practical experience in port reform and private participation, to support the Steering Committee and the Project Executing Unit (PEU) responsible for the implementation of the reform program (see project execution below), in all activities related to the reorganization of the sector, and in the technical supervision of the operation. The Coordinator may be either international or a suitable national, with in the latter case the possibility of support from an international consultant or consultants on specific themes. The terms of reference and contract will be previously reviewed by the Bank.
- 3.4 The Program Coordinator will coordinate all other consultants on all project activities described in what follows and will also assure that the operation works in such a way as to result in a transfer of all relevant know-how to the GOB. The Coordinator will be hired for 18 person-months (see Annex I) to participate in

component 2, with the possibility of early termination if the Bank should suspend disbursements for any reason.). The Program Supervisor will be financed by the MIF (12 months) and the GOB (6 months).

Component 2: Diagnostic overview, options and strategy for reform

- 3.5 This component will be composed of two principal activities: (i) a diagnostic overview of the sector with conclusions and recommendations presented in an options paper; (ii) a strategy for reform and private participation.
- 3.6 The diagnostic overview will consist of a rapid assessment of the sector and a presentation of reform options based on that assessment. At this stage, the collection and analysis of information will concentrate on that required to effect the rapid assessment and to formulate the options. The assessment will be based on economic considerations (such as demand, present and future market size and structure and consequences for competition/regulation), on financial considerations (financial viability of private participation and impact on modes of privatization), on environmental aspects, on a thorough analysis of comparable experiences in other countries and their lessons, and on the application of established principles of restructuring, making use of the market, regulating and privatizing in public infrastructure reform. A review of the relevant legal structure will be made, in order to assess the extent to which modifications may be required to achieve the objectives of the reforms. The main conclusions and recommendations of this overview will be presented in an options paper that will be submitted, after review and approval by the Bank, for the consideration of the GOB by means of one or more "workshops" for the key officials.. The paper will present, in a concise but complete form, the different options and methods for reform and private participation that are feasible and adequate for Belize and acceptable to the Bank. Based on the process described, the GOB will choose one of the recommended options. This is expected to be done within one or at most two months and will be a condition for the continuance of disbursements.
- 3.7 Strategy for reform and private participation. Once the GOB will have chosen an option, the operation will continue with the formulation of a strategy for reform and private participation. This will also include a strategy for the environment, based on a preliminary assessment and containing detailed terms of reference for the environmental work to be done in activities 3 and 4. To prepare this strategy the previous overview will be completed with more in-depth consideration and analysis of market size and structure, competitive characteristics (with particular attention to the prevention or control of oligopolistic behavior in the future sector), regulatory needs, regulatory institutions, regulatory capacity of Belizian State, guidelines for tariff setting, financial aspects, technical considerations, environmental guidelines, labor aspects, in particular solutions to the problems of restrictive practices, overmanning and low productivity, as well as the identification and resolution of policy issues not treated elsewhere. Based on these analyses, a strategy for reform and private participation will be proposed.

Component 3: Regulatory, Institutional and Legal Framework.

- 3.8 The objective of this component is the design of an adequate institutional/legal framework, taking account of the proper reallocation of operating, policy and regulatory functions; the establishment and strengthening of a separate regulatory body; and the establishment of adequate environmental safeguards and controls.
- 3.9 Based on the analysis of existing legislation (such as the Port Authority Act, Competition and Anti-Monopoly legislation, and relevant environmental legislation) and their adequacy for the needs of the reformed sector on the basis of generally accepted principles, to be agreed with the Bank, and on the experience of other countries, any necessary amendments or new laws will be proposed, including, if needed, the legal drafting of bylaws and regulations, (rules for market functioning, rules for regulatory regime, rules for tariff settings, environmental bylaws and regulations, etc), based on the specifications produced in the studies leading to the strategic plan of component 2. It will also include assistance in the establishment of the new regulatory body. Finally, it will include the design and implementation of a training program for the regulator(s) and the technical staff of the regulatory body.
- 3.10 The establishment of the new regulatory body may require, on the part of the Government, presenting new laws to parliament and having them approved. If it is determined that new legislation is necessary, evidence of such legislation having been approved will be a condition for disbursement of funds for the implementation of the reform option (see par. 3.15).
- 3.11 Separate bids will be invited for Components 2 and 3 and for Component 4. Components 2 and 3 aim to determine the best institutional/legal/regulatory framework, given the market characteristics, in order to attain a desirable balance between economic efficiency and equity; whereas Component 4 aims to determine the best possible sale/"concessioning" conditions, within the parameters of that framework and the constraints of the efficiency/equity mix indicated by the GOB as a result of its choice of a viable option. These two consulting activities should be done by separate teams, to avoid possible conflicts of interest.

Component 4: Private Participation:

- 3.12 This component will comprise two main activities: (i) the preparation of a plan for private participation; and (ii) implementation of the privatization plan.
- 3.13 Preparation of a plan for private participation. Based on the option selected by Government, a firm or consortium of firms with financial consulting and investment banking capacity will be hired to implement this activity. This consortium will carry out all work necessary to design an optimal privatization strategy and to produce the documentation necessary for its implementation. This work will comprise among other elements: a financial audit; a valuation of the ports to be privatized; demand and financial projections and more importantly a model to effect financial simulations; an environmental audit and procedures to allocate environmental liabilities; an environmental management plan; and

employment/labor issues. Given their critical importance, the labor issues are expected to be an important element of this plan and innovative ways of approaching this question, including the potential for ESOPs (Employee Share Ownership Plans), will be considered.

- 3.14 Among the products of this activity will be a preliminary information document (“teaser”), an information memorandum, environmental audits and procedures to allocate liabilities, an environmental management plan, bidding documents, pro-forma contracts, a marketing strategy and a data room.
- 3.15 Implementation of the modernization privatization plan, The consortium will also be in charge of carrying out the actual sale/concession of the government ports, after the requisite laws or decrees have been passed. Main actions to be carried out here are: the building of a list of potential buyers; the actual marketing of the ports by contacting the potential buyers. This may also include, if deemed necessary and cost effective, a road show. The choice a short list of buyers, the distribution of bidding documents, the analysis of offers received, the choice of a winner and the negotiation of the final contract, if appropriate (depending on the sales strategy chosen).
- 3.16 The expected results will comprise a liberalized regime for the sector, with a new regulatory agency and an operator in place at the two publicly owned ports, BCP (fixed installations) and Commerce Bight.

IV. COST AND FINANCING OF THE PROJECT

- 4.1 The anticipated cost of this project is US\$ 1.3 million. This sum is to be financed by MIF US\$ 1.05 million and GOB US\$ 250,000. The GOB contribution will include a separate budget provision for at least 50% of the total, with the remainder in the form of counterpart staff, offices and office equipment. Costs by components are presented in the table below. A detailed budget by activities is available as a technical annex. The detailed list of activities comprising the components can be seen in the logical framework table Annex I.

PROJECT COST TABLE
(US\$ Thousand)

Component	MIF	Counterpart	Total US\$
1.Coordination and Supervision of Execution	100,000	50,000	150,000
2.Diagnostic overview; Options and Strategy	185,000	40,000	225,000
3.Regulatory, Institutional & Legal Framework	135,000	35,000	170,000
4. Private Participation	550,000	65,000	615,000
5. Project monitoring and evaluation	20000	10000	30000
6. Contingency	60,000	50,000	110,000
Total	1,050,000	250,000	1,300,000

V. EXECUTION

A. Executing Agency and Mechanism

- 5.1 The project will be executed by the MPUTC. A Steering Committee will be established to oversee and coordinate the work, to be chaired by the Minister, MPUTC or his nominee. The Steering Committee will include among its members, representatives from the Ministry of Budget Planning and Management. Other members may include representatives from ministries and other agencies with responsibility for international trade, tourism, labor, customs and the environment, as well as the GOB legal officer, as determined by the GOB. The Steering Committee will make the recommendation of the preferred option to Government.
- 5.2 The technical implementation of the project will be carried out by a Project Executing Unit (PEU), to be created, which will be accountable to the Steering Committee, and in particular to its chairperson. The unit will consist of at least three full time local counterpart staff, and administrative support. They will be coordinated by a Program Supervisor, who will be an international consultant, hired to coordinate the program and supervise its progress, as described in section III-B (component 1). The PEU and the program supervisor will work together with the consulting teams that will be hired to implement the project components and will deal with the technical issues that will arise in the implementation. Its Belizian members will be expected to form part of the future sectoral regulatory body.
- 5.3 The Program Supervisor will work under the instructions of the Steering Committee and will coordinate the PEU, which will assist the Government in the execution of the project by providing overall support for its implementation. The PEU will be responsible for: (i) the preparation of final terms of reference for all consultants and consulting firms/consortia; (ii) the identification and selection of consultants and consulting firms/consortia; (iii) the preparation of monitoring reports; (iv) the coordination and supervision of all consultants and consulting firms/consortia to be given assignments in the fulfillment of the project activities; (v) the preparation of the necessary action plans and detailed budgets for the project components; (vi) preparation periodic progress reports to the Bank.
- 5.4 On the Bank's side the program will be monitored by the Team Leader in collaboration with the Belize Country Office (COF/CBL). Additionally, they will be involved with key stages of the work.

B. Beneficiaries

- 5.5 The direct beneficiaries of the program are the Government of Belize and the Belize Ports Authority. Indirect beneficiaries from the more efficient and more economical ports resulting from the project will be importers and exporters and, through them, the Belizian economy and its consumers. The growth of cruise ship tourism will equally benefit the overall economy, as it will produce revenue and be an additional source of employment.

C. Execution Period

5.6 The project execution period will be 30 months and the disbursement period 36 months.

D. Project Readiness

5.7 The high management of BPA, with ministerial approval, has already started the selection of consulting firms/consortia by placing an advertisement in "Development Business" and in the local press, which describes the general characteristics of the project, its consulting needs and requests expressions of interest and information to prepare a short list. High management is also proceeding to a rationalization of BPA, in preparation for the reform and private participation program.

E Procurement of Goods and Services.

5.8 Acquisition of goods and services shall be governed by the Bank's procurement procedures. International public bidding will be used to hire the consultants who will carry out the necessary studies.

VI. ENVIRONMENTAL CONSIDERATIONS

6.1 Belize is endowed with ecologically and economically important coastal and marine living resources, including the longest coral reef in the Western Hemisphere, which is a vital element of the tourist industry of the country. In order to protect these valuable resources, the environmental safety in ports and maritime transport routes is of significant concern. The port reform program is expected to lead to environmental improvements, as a result of a series of activities, including: 1) rapid environmental assessments of port facilities followed by detailed environmental audits aiming at identifying environmental liabilities as a basis for possible modernization-privatization negotiations, the development of port specific environmental management plans and the elaboration of sectoral guidelines for the environmental management of ports and maritime transport activities in Belize; 2) strengthening of the existing institutional and legal/regulatory framework, as well as; 3) identifying and designing possible economic incentive schemes that can promote environmental sustainability in the sector. As mentioned in section III.B, the strategy formulation will include the detailed terms of reference for the environmental work necessary for the legal and institutional framework, as well as for the private participation and for the functioning of the reformed sector.

6.2 The TRG in a meeting of July 16, 1999, reviewed the project and suggested modifications to the text in the abstract, which have been taken into account in this document.

VII. JUSTIFICATIONS AND RISKS

- 7.1 The project will separate the regulatory functions of the BPA from responsibilities of port management and operation, which are more appropriate for the private sector. It will provide an environment for increased competition in the provision of port services and encourage private investment in the sector. As a consequence of the reform, the sector will gain in efficiency and effectiveness. This will in turn bring benefits to trade (including tourism) and to consumers in general. To the extent that similar reforms have been successfully introduced elsewhere in the region, the modernization program is considered to be feasible.
- 7.2 The main risk of the project is that the GOB may fail to choose one of the recommended reform options that will be presented to it in the options paper (component 2.1). To minimize that risk disbursements of components 3 and 4 and for activity 2 of component 2 (Annex I) will be conditioned to the GOB having officially informed the Bank that it has chosen an option among those recommended in the options paper.
- 7.3 A second risk refers to the failure of Parliament to approve legislation that may be necessary, which could cause delays to the program. However, this risk is minimized in Belize by the fact that the present government has a comfortable majority in the legislative bodies, for the next four years.

VIII. PROJECT PERFORMANCE CRITERIA BENCHMARKS AND EVALUATION OF RESULTS

- 8.1 The benchmarks appear in the simplified logical framework in annex I. They include: creation of the Steering Committee and PEU, appointment of the Program Coordinator; Preparation of Options Paper and selection of option by GOB acceptable to Bank; legal requirements agreed by GOB and Bank, environmental component defined and agreed; Privatization Strategy and documents agreed; legal requirements implemented, Regulatory Agency and private participation in place. These benchmarks will be reviewed by the PEU within three months of project initiation and adjusted to reflect the actual conditions more precisely, so that they will permit a better evaluation of the program. There will be a mid-term review and a final review of the project, done by external consultants. The mid-term review will seek to determine whether the objectives of the project are being met; to identify successes and problems in the execution; and to incorporate lessons learned and suggest adjustments to the project as necessary. A final evaluation will be conducted at the completion of the project to evaluate its results and to measure its fulfillment of the targets in accordance with the logical framework table attached in Annex I.

IX. SPECIAL CONTRACTUAL CONDITIONS

- 9.1 Prior to the first disbursement of funds the GOB will submit to the satisfaction of the Bank evidence that: (I) it has formalized the creation of the Steering Committee and of the PEU; and (ii) it has selected the Program Supervisor in accordance with terms of reference previously agreed upon with the Bank.
- 9.2 Prior to the disbursement of funds for activity 2 of component 2 (formulation of a strategy for reform, par. 3.7) and for component 3 the GOB will submit to the satisfaction of the Bank evidence of its decision to adopt a re form option based on the options paper described in paragraph 3.6. If this condition is not complied with within two months after presentation of the options paper to the GOB, the Bank may withhold disbursements or cancel the operation.
- 9.3 Prior to the disbursement of funds for activity 2 of component 4 (implementation of the modernization privatization plan, par. 3.15) the GOB will submit to the satisfaction of the Bank evidence that the legislation necessary for the establishment of the regulatory body described in paragraph 3.9 has been approved.

BELIZE
(TC/MIF-99-06-01-0)

**MIF TECHNICAL COOPERATION FACILITY
SUPPORT FOR THE
MODERNIZATION OF THE PORT SECTOR**

General Objective: To assist the GOB in the reform of the port sector, in order to increase its efficiency via liberalization, private participation in the sector, and adequate regulation.

Specific Objectives: Specific objectives are: (i) separate regulatory and operational responsibilities, restructuring BPA as a regulatory agency and establishing an adequate regulatory framework; (ii) increase private sector involvement in port operation and investment; (iii) enact free access and liberalize the conditions under which the port sector operates, resulting in the removal of existing monopoly rents affecting tariffs, labor and 3rd party traffic and allowing the best use of all available capacity and; (iv) implement environmental controls.

Components	Specific Activities	Indicators
1.Coordination and Supervision of Execution .	1.1 Support to PEU for direction of component 2. 1.2 Assistance in implementation (conditional on GOB decision)	1.1 Coordinator appointed. PEU and SC satisfied with Project Coordinator's initial intervention.
2.Diagnostic overview; Options and Strategy.	2.1 Diagnostic and Options paper 2.1.1 Preparation of Options paper based on diagnostic overview 2.1.2 Review of Laws and Regulations 2.2 Strategy Formulation 2.2.1 Formulation of Strategy for Reform following GOB decision 2.2.2 Formulation of environmental Strategy	2.1 Diagnostic and legal review is completed; options paper is presented and accepted by Bank and GOB. 2.2 Report with in depth Analysis and with the Strategy is completed and approved by Bank and GOB. Main characteristics of the legal/regulatory framework, tariff guidelines and environmental guidelines and strategy have been produced.
3.Regulatory, Institutional & Legal Framework	3.1 Preparation of new or updated ports and relevant environmental laws bylaws and regulations. 3.2 Establishment of regulatory Body (Draft Statute, as applicable, organization chart, job descriptions, recommendations for any unallocated BPA staff). 3.3 Training	3.1 Laws, bylaws and regulations have been completed and approved by Bank and GOB. 3.2 Statutes, organization charts, etc have been completed to the satisfaction of GOB. Laws have been approved by Belizian Parliament. 3.3 Six professionals have been trained for regulatory work (3 commissioners, 3 technical).

Components	Specific Activities	Indicators
4. Private Participation.	<p>4.1 Preparation of necessary studies and documents for bidding process (privatization strategy; financial audit; valuations; financial models and projections; environmental audit, liability allocation procedures and management plan; employment issues; teaser, information memorandum, bidding documents, pro-forma contracts, data room).</p> <p>4.2 Implementation of bidding process and evaluation of bids. Build list of buyers, contact buyers, Road Show (if necessary); short list; distribution and evaluation of bids; analysis of bids; selection; negotiation; contracting.</p>	<p>4.1 Optimal privatization strategy has been designed; all studies and audits have been completed; environmental management plan has been completed; bidding documents and contracts are ready to the satisfaction of GOB and IDB.</p> <p>4.2 Process has been completed and a contract with a private firm has been signed.</p> <p>4.3 Reform and private participation have been successfully completed; a regulatory body has been established.</p>

Table of Activities

Month

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

Coordination and Supervision of Execution :
Support to PEU for component 2
Assistance in implementation (conditional on GOB decision)

Diagnostic overview; Options and Strategy
Preparation of Options paper based
on diagnostic overview

Strategy for Reform: Decision by GOB

Formulation of Strategy for
Reform (following GOB decision)

Regulatory, Institutional & Legal Framework
Preparation of necessary
regulations/modifications to laws

Establishment of regulatory body

Training

Private Participation

Preparation of plan; bidding and
Supporting documents, etc

Implementation of plan; Road Show, Call for Bids, etc

DETAILED BUDGET

Financing of the Proposed Technical Cooperation

Component	Activities	MIF	Counterpart	Total US\$
Coordination and Supervision of Execution		100000	50000	150000
	1.1 Support to PEU for component 2	40000	10000	50000
	1.2 Assistance in implementation (conditional on GOB decision)	60000	40000	100000
Diagnostic overview; Options and Strategy		185000	40000	225000
	2.1 Diagnostic and Options paper			
	2.1.1 Preparation of Options paper based on diagnostic overview	60000	10000	70000
	2.1.2 Review of Laws and Regulations	25000	5000	
	2.2 Strategy Formulation			
	2.2.1 Formulation of Strategy for Reform following GOB decision	80000	20000	100000
	2.2.2 Formulation of environmental Strategy	20000	5000	30000
Regulatory, Institutional & Legal Framework		135000	35000	170000
	3.1 Preparation of necessary regulations/modifications to laws	90000	10000	100000
	3.2 Establishment of regulatory body	15000	5000	20000
	3.3 Training	30000	20000	50000
Private Participation		550000	65000	615000
	4.1 Preparation of plan; bidding and supporting documents, etc.	350000	40000	390000
	4.2 Implementation of plan; Road Show, Call for Bids, etc	200000	25000	225000
Project monitoring and evaluation		20000	10000	30000
Contingency		60000	50000	110000
Total		1050000	250000	1300000

PROPOSED RESOLUTION

**BELIZE. NONREIMBURSABLE TECHNICAL COOPERATION FOR A PROGRAM TO
SUPPORT MODERNIZATION OF THE PORT SECTOR**

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Belize, and to take such additional measures as may be pertinent for the execution of the Donors Memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation program to support modernization of the port sector.

2. That up to the amount of US\$1.050.000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.