

BELIZE

Table 1 **2023**

Population, million	0.4
GDP, current US\$ billion	3.3
GDP per capita, current US\$	7988.1
School enrollment, primary (% gross) ^a	99.9
Life expectancy at birth, years ^a	71.0
Total GHG emissions (mtCO ₂ e)	6.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent WDI value (2022).

Belize's economy bounced back from the impact of the COVID-19 pandemic, showing strong growth, reduced debt, a primary fiscal surplus, decelerating inflation, and low unemployment rate. However, it is crucial to maintain fiscal discipline and transparency and to enhance the business environment. Persistent poverty and inequality, reliance on tourism and energy imports, and vulnerability to climate-related disruptions pose risks to long-term growth.

Key conditions and challenges

Belize, an upper middle-income country, relies heavily on tourism, agriculture, and remittances for foreign exchange. Its economic health is closely tied to the United States, which is its primary source of tourists and remittances, the main destination for its exports, and a key investor. Belize's economy is also sensitive to fluctuations in energy prices because its exchange rate is pegged to the US dollar and because of its status as a net importer of oil and gas. Additionally, the country faces significant risks from climate-related issues such as flooding, wind damage, and coastal erosion.

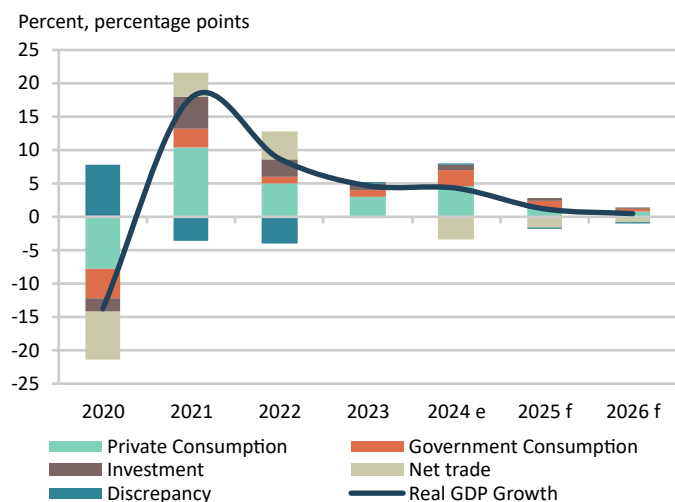
After enduring a period of economic instability and substantial fiscal imbalances exacerbated by the COVID-19 pandemic, Belize is stabilizing its economy. The country has successfully reduced public debt through debt restructuring and a blue bond issuance, although debt servicing costs remain high. Belize is also improving fiscal management by building financial reserves to support a counter-cyclical fiscal approach and enhancing fiscal discipline. Despite these improvements, the business environment still faces major challenges, including limited credit availability for the private sector, inadequate infrastructure, skill shortages, and high crime rates. These factors hinder job creation, economic growth, and poverty reduction.

No recent internationally comparable poverty statistics are available for Belize. Census data point to a longer-term decline in multidimensional poverty, as defined by the Statistical Institute of Belize. Nonetheless, 26.4 percent of the population still lived in multidimensional poverty in 2024. There is significant geographic and demographic variation in poverty rates; in 2024, the southern district of Toledo had the highest rate of multi-dimensional poverty at 57.5 percent, and the poverty rate among Belize's Maya population reached 60.2 percent.

Recent developments

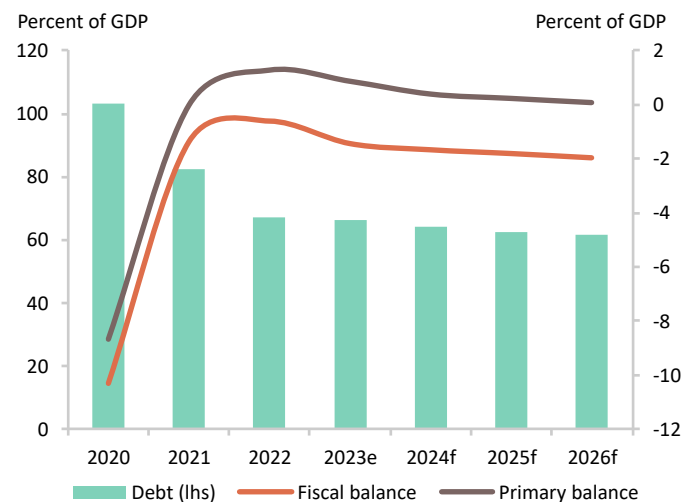
In 2024, Belize's economy is expected to expand well above its historical trend, with real GDP rising by 4.3 percent, largely due to growth in tourism, agriculture, construction, retail and wholesale trade, transportation, and business process outsourcing. Overnight tourist arrivals exceeded pre-pandemic levels. Already in 2023, real GDP was 16 percent higher than before the pandemic, and the unemployment rate dropped significantly from 10.4 percent before the pandemic to 3.0 percent in April 2024. However, labor force participation, which decreased sharply during the pandemic, remained low at 57.4 percent. This is especially true for women (44.8 percent) compared to men (71.0 percent) and for those with lower levels of education. Heightened security risks due to ongoing gang-related violence could potentially impede economic activity in the affected areas.

FIGURE 1 Belize / Real GDP growth and contributions to real GDP growth



Sources: Government of Belize and World Bank staff calculations.

FIGURE 2 Belize / Fiscal balances and public debt



Sources: Government of Belize and World Bank staff calculations.

Average inflation is projected to slow from 4.4 percent in 2023 to 3.1 percent in 2024. The fiscal position has been slowly deteriorating over the last 2 years but remains robust. The overall fiscal deficit is projected to widen from 1.4 percent of GDP in FY2023 (ending in March 2024) to 1.7 percent in FY2024 due to higher interest payments, despite government efforts to secure concessional external financing. The primary surplus is also narrowing. Revenues are expected to bounce back from 23.2 percent of GDP in FY2023 to 24.2 percent of GDP in FY 2024, while total expenditure will increase to 25.9 percent of GDP. However, the acquisition of the Port of Belize and the settlement of outstanding litigations with a foreign investor helped to reduce public debt to 64.2 percent of GDP by the end of 2024.

The current account showed a notable improvement in 2023, narrowing from 8.3 percent of GDP in 2022 to 3.6 percent, reflecting a rise in the services balance due to lower shipping costs and higher tourism receipts, and a fall in the primary income deficit. It is expected to remain stable in 2024.

The Central Bank of Belize focused its monetary policy on supporting overall economic stability and growth, including maintaining an adequate level of international reserves to strengthen the currency peg. Gross international reserves amounted to 3.4 months of imports at the end of 2023.

Domestic banks saw an increase in regulatory capital, a decrease in nonperforming loans, and higher returns on assets in 2023. However, high nonperforming loans, low capital buffers, and tight liquidity in some banks continue to constrain real private sector credit growth.

Outlook

Belize's economic outlook is characterized by moderation in growth and inflation. Real GDP growth is expected to slow to about 1 percent in 2025-2026, reflecting the closing of the output gap due to the completion of post-COVID-19 recovery. Inflation is projected to fall to 2.0 percent, driven by anticipated declines in global commodity prices and inflation. The current account

deficit is projected to remain relatively stable. Accordingly, poverty rates are expected to remain relatively stable.

The fiscal position is expected to slowly deteriorate, with the primary balance approaching zero. Public debt is expected to decline but will remain well above 50 percent of GDP due to slower nominal GDP growth and high global interest rates.

Other risks to the outlook remain, including higher global food and fuel prices, and climate-related disasters. One of Belize's key policy priorities for 2025-2026 is increased targeted spending on social programs. If combined with improvements in data management, and interoperability of systems to ensure effectiveness and value for money, this could have a significant potential to reduce poverty. Reforms of the business environment to improve trade integration, investments in skills and education, and efforts to tackle energy constraints and costs are all crucial to boosting economic growth and employment. In the process, it is important for the government to maintain fiscal discipline and transparency. Other priorities include infrastructure, crime prevention, and remaining vigilant to financial stability risks.

TABLE 2 Belize / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023	2024e	2025f	2026f
Real GDP growth, at constant market prices	17.9	8.7	4.7	4.3	1.2	0.5
Private consumption	16.9	8.0	5.0	7.5	2.0	1.2
Government consumption	16.7	6.6	5.3	14.5	6.7	2.5
Gross fixed capital investment	26.0	12.8	5.1	3.9	1.9	0.1
Exports, goods and services	37.7	16.6	7.9	2.2	0.5	-0.1
Imports, goods and services	32.1	10.2	9.7	8.3	3.1	1.1
Real GDP growth, at constant factor prices	17.2	6.3	4.5	4.3	1.2	0.5
Agriculture	19.1	-0.1	8.6	6.7	3.5	2.1
Industry	18.6	-2.2	3.3	3.2	0.7	0.0
Services	16.5	9.7	4.1	4.2	1.0	0.4
Inflation (consumer price index)	3.2	6.3	4.4	3.1	2.3	2.0
Current account balance (% of GDP)	-6.5	-8.3	-3.6	-3.5	-3.4	-3.8
Net foreign direct investment inflow (% of GDP)	5.1	4.7	4.2	4.5	4.7	4.8
Fiscal balance (% of GDP)^a	-1.4	-0.6	-1.4	-1.7	-1.8	-1.9
Revenues (% of GDP)	23.4	24.0	23.2	24.2	24.9	25.2
Debt (% of GDP)^a	82.3	67.1	66.3	64.2	62.3	61.7
Primary balance (% of GDP)^a	0.0	1.3	0.9	0.4	0.2	0.1
GHG emissions growth (mtCO₂e)	-1.4	0.2	0.2	0.0	-0.1	0.0
Energy related GHG emissions (% of total)	9.9	10.9	11.6	12.3	12.9	13.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Fiscal balances are reported in fiscal years (April 1st -March 31st).