CENTRAL BANK of BELIZE

From Vulnerability to Capacity

Recalibrating Policy and Growth Drivers in Small States amid Global Shifts

Presented by: Senator Christopher Coye

Adlith Brown Memorial Lecture

18 November 2026

1 The development question

Governor, distinguished guests, colleagues, ladies and gentlemen:

Thank you for the opportunity to deliver this lecture in memory of Dr. Adlith Brown. Her contribution to Caribbean economic research invites us to ask a fundamental question: are our economies becoming more capable of improving living standards and closing the gap with more prosperous countries?

For much of the Caribbean, the long-run evidence is troubling. Growth has weakened and convergence has not only stalled but has been replaced by divergence. Over the long run, Belize illustrates that challenge particularly clearly. A country can increase its output, celebrate a recovery and still fall behind if output per person grows more slowly than elsewhere.

My central argument is that sustained improvements in living standards require us to raise productivity, bring more people into productive employment, and expand competitive production, especially exports. Global shifts, particularly artificial intelligence and changing trade relationships, offer new tools and market openings. Their value will depend on the capabilities we build at home.

I will first examine the evidence of divergence and weaker productive capacity, then the constraints behind weak productivity. From that diagnosis, I will consider how global shifts can help Belize produce more value and earn more income: moving from vulnerability to capacity.

2 The evidence of divergence

Let us begin with real GDP per person. It adjusts output for inflation and population, making it more useful for this question than the size of the economy alone.[1]

Using the World Bank's current series, with each economy's level in 2000 set to one hundred, Belize reached approximately 111 by 2024. Caribbean small states excluding Guyana reached 127, the United States 138 and the world 151.[2] Over those twenty-four years, real output per person therefore rose by about eleven percent in Belize, twenty-seven percent across the Caribbean group, thirty-eight percent in the United States and fifty-one percent worldwide. The corresponding annual compound growth rates were approximately 0.4, 1.0, 1.3 and 1.7 percent.[3]

Belize fell behind both international benchmarks and this regional group. The Caribbean group excluding Guyana also grew more slowly than the United States and the world. These constant-

[1] It remains an average measure of production, rather than a complete account of household welfare or income distribution.
[2] For the regional comparison, we use the World Bank's small-states grouping with Guyana removed. This leaves eleven economies, including Belize, and excludes Jamaica and the larger Caribbean economies.
[3] The regional calculation subtracts Guyana's real GDP and population before calculating output per person. It removes the country as a whzole, rather than isolating oil production. This prevents its exceptional expansion from dominating the comparison.

price comparisons describe relative output growth rather than purchasing power, while allowing for different experiences among individual economies.

3 A slowdown rather than an inevitable condition

The period comparisons sharpen the diagnosis. Belize's real GDP per person grew by about 3.3 percent annually in the 1990s, ahead of the United States and the world. Growth fell to approximately half a percent in 2000–10 and became slightly negative in 2010–19. Across Caribbean small states excluding Guyana, growth fell from approximately 2.5 percent to slightly negative over those last two periods. US and world output per person continued to grow.[4]

Slow growth is therefore neither an inevitable characteristic of smallness nor a description of every period. The question is why momentum weakened and what would make renewed growth durable.

IMF research finds stalled Caribbean convergence toward the United States since 1990 and divergence after the global financial crisis.[5] The evidence supports a convergence problem across much of the region, with clear long-run weakness in Belize.[6]

4 Slower actual growth reflects weaker capacity

Actual growth describes what the economy produces. Potential growth estimates how quickly its productive capacity can expand sustainably. A rebound in tourism, a strong harvest or recovery from a disaster can lift actual growth for a time. Sustained convergence requires the underlying capacity to advance as well.

The IMF working paper "Potential Growth and Productivity in the Caribbean" estimates regional potential growth at 4.2 percent in the 1980s, 3.2 percent in the 1990s, 2.1 percent in the 2000s and 1.2 percent in 2011–19. These estimates concern total output, whereas the preceding comparisons concern output per person.

Growth accounting identifies where the deterioration occurred. Between 1981–90 and 2011–19, the contribution from total factor productivity fell from 1.1 to 0.1 percentage points, while human capital's contribution fell from 1.6 to 0.2 percentage points. Together, these reductions explain most of the region's estimated slowdown in potential growth.

Total factor productivity (TFP) describes how effectively measured labour and capital combine to produce output. It can improve through technology, management and the movement of resources toward more productive uses. It also reflects what the accounting framework does not measure well. The result directs us toward efficiency and capability, while leaving the underlying causes to be investigated.

[4] These are compound rates between endpoints.
[5] Its thirteen-country sample includes Jamaica and differs from the World Bank grouping. Its findings describe an earlier data vintage and period, before Guyana's recent expansion substantially changed the aggregate.
[6] Country composition, time period and exceptional commodity expansions must remain visible when we make that claim.

5 Belize and declining productivity

Belize's estimated real GDP potential growth was approximately 4.6% in the 1980's, increased to 4.8% in the 1990's, then fell from about 4.1 percent in the 2000s to 1.7 percent in 2011 to 2019. Productivity was central to the later decline: total factor productivity shifted from contributing approximately 0.8 percentage points annually in the 2000s to subtracting approximately 1.4 percentage points in 2011–19.

A negative productivity contribution means that the measured combination of resources became less effective in this accounting exercise. More investment can still raise output, but must then offset a drag from efficiency.

These potential-growth estimates end in 2019. They identify a longstanding structural weakness rather than establish Belize's potential growth rate today. The question is what prevents labour and capital from combining effectively.

6 The constraints behind weak productivity

The IMF's analysis provides one answer: resource misallocation. A capable enterprise may be unable to expand because it lacks collateral, waits inordinately long for a regulatory approval or cannot obtain skilled workers. Resources then remain in uses that produce less value. The economy loses output even though the resources themselves exist.

According to the IMF analysis, eliminating all measured misallocation would raise Belize's TFP level by an estimated 101 percent, second only to Guyana. This is a theoretical benchmark.[7]

The Innovation, Firm Performance and Gender Issues in Enterprises in the Caribbean (IFPG) Survey conducted through Compete Caribbean in 2020 helps identify how Caribbean firms experience these constraints. Among 157 Belize establishments included in this survey, 85.4 percent rated access to finance a major or very severe obstacle, 83.4 percent cost of finance and 73.2 percent workforce education. Across 1,979 Caribbean respondents, the corresponding shares were 71 percent, 42.1 percent and 57.5 percent. These are historical, unweighted sample responses, with Belize included in the regional pool.[8]

The survey describes reported difficulties; the IMF model estimates possible gains under assumptions. Neither establishes the effect of an individual reform. Together, they direct attention to workers' capabilities, the allocation of capital and the conditions under which enterprises operate.

[7] A separate exercise estimates a 23 percent gain from easing finance costs, business licensing, tax administration and workforce-skills obstacles.

[8] Severity ratings indicate how widely establishments report a constraint. The separate priority rankings identify which obstacles they consider most pressing. A problem can therefore affect many firms without being their first-ranked concern.

7 Learning outcomes and the use of education resources

That brings us to education and learning outcomes. Among other things, mathematics education underpins technical work, finance and problem solving. Weak foundations restrict access to precisely the jobs that technology and internationally traded services can create.

The official education abstracts show satisfactory CSEC mathematics results of only 31.1 percent in 2023 and 32.1 percent in 2024. English A reached 87.1 percent in 2023 among its own sitters. These are Grades One to Three among selected examination candidates, rather than all young people. Even with that qualification, they indicate persistent weakness in demonstrated mathematics achievement.

The World Bank's Public Expenditure Review completed in 2023 supplies another part of the diagnosis. In its historical comparison, Belize spent about 1.2 percentage points of GDP more on education than other small Caribbean states, while learning outcomes remained weak. That comparison does not establish that every school has adequate resources but it does establish the need to examine how spending translates into learning.

The Millennium Challenge Compact root-cause analysis identifies weaknesses in teaching, appraisal and the connection between remuneration progression and educational quality. Public-sector unions effectively represent their members. Government represents taxpayers, parents and students. Electoral incentives and bargaining pressures can favour immediate pay commitments over learning improvements whose benefits emerge later.

The institutional concern is whether incentives and accountability consistently reward better educational performance. While the evidence does not speak to whether union-government collective bargaining agreements cause weak learning outcomes, it does identify a gap between resources committed and capabilities developed.

8 Participation and unused productive potential

Weak learning limits what people can produce; low labour-force participation limits how many can contribute to measured production. Belize's preliminary April 2026 survey reported unemployment of 1.9 percent alongside participation of 53.6 percent overall, 39.8 percent for women and 68.3 percent for men. The gender participation gap was 28.5 percentage points.

Low unemployment does not mean that nearly everyone works. It measures unemployment among those already in the labour force. People unable to seek work because of care responsibilities, transport or other barriers may sit outside that denominator. The Statistical Institute of Belize (SIB) identifies family and domestic responsibilities as important barriers; IMF research also highlights childcare and education.

The IFPG survey adds a business perspective. Roughly 38% of Belize firms surveyed reported actively advancing women's employment. Approximately 31% offered flexible arrangements but

only 6% of all firms surveyed offered childcare or related services.[9] Together, the findings show why productive employment depends on the practical ability to take up and retain work.

The recent project evidence makes the childcare constraint concrete. The World Bank reports that only 39 percent of three- and four-year-olds were enrolled in preschool in 2023–24, with just 24 registered daycare centres, all in Belize City and Belmopan. The IDB reports that 35.5 percent of people outside the labour force cited caregiving as their main reason for non-participation; 89.5 percent of that group were women. These findings identify limited care access and substantial caregiving barriers. They support examining early childhood provision as part of productive capacity, alongside skills and jobs.

9 Finance and the allocation of productive resources

Finance affects both the amount of investment and the firms able to undertake it. When access depends heavily on property already owned, a productive enterprise with few conventional assets may remain small. That is one mechanism through which financing constraints can contribute to misallocation.

The Belize survey conducted in 2020 is striking. Access to finance and finance costs together accounted for 47.1 percent of first-choice obstacles, compared with 20.7 percent across the Caribbean sample. Respondents were explicitly asked to consider conditions without COVID-19. Among thirty-two Belize borrowers reporting collateral, the median requirement equalled twice the loan amount.

More recent Central Bank evidence records substantial excess liquidity alongside lending and documentation constraints. High approval rates among applicants cannot tell us how many potentially viable firms never apply. Neither the survey nor these reports establish a national commercial-loan turnaround time.

The constraint therefore concerns more than the quantity of money in the banking system. It concerns whether viable enterprises can obtain adequate capital, at an affordable effective cost, with terms and timing suited to their investment. A delay can close a commercial opportunity even where credit eventually becomes available.

10 Institutions infrastructure and business capability

The Belize survey also identifies institutional constraints. Corruption received a major or very severe rating from 87.9 percent of respondents, and licensing and permits from 64.3 percent, compared with 35.6 and 22.2 percent in the Caribbean sample. Construction permits took a median thirty days among twenty-seven Belize applicants, with a much longer mean. Management time spent on regulatory requirements averaged 9 percent. These historical measures identify perceptions and compliance burdens, rather than establish the incidence or productivity cost of

[9] These are conditional responses, not national participation estimates.

corruption. They strengthen the case for more predictable, transparent and timely public administration.

Among 124 Belize firms applying for at least one of seven services or approvals, fifty-seven reported an informal gift or payment expected or requested. That is 46 percent, compared with 26.4 percent among applicants across the Caribbean sample. A request does not establish that payment occurred.[10]

Business capability also requires effective use of technology. In the Belize survey, 74.5 percent had a website, yet 57.3 percent reported no sales paid online. Only 17.2 percent introduced at least one of nine listed innovations over the preceding three years, compared with 39.1 percent across the Caribbean sample. Sample composition affects the comparison, but digital presence alone remains an incomplete measure of productive change.

Reliable, affordable energy is another condition for competitive production. In the historical Belize survey, 69.4 percent rated electricity a major or very severe obstacle. This does not establish today's conditions. It illustrates why firms need sufficient, dependable power at competitive cost to invest, adopt technology and expand exports. Inadequate, unreliable or costly energy can constrain the pace of growth.

The diagnosis connects weaknesses in learning and participation with financing constraints, administrative burdens and limits in infrastructure and business capability. These constraints reinforce one another. A sustained response must therefore connect people, firms and the conditions under which production takes place.

11 Artificial intelligence changes the tools available

What are our options in the face of these challenges? The diagnosis establishes what must change at home. Global shifts alter how we might achieve that change.

Artificial intelligence is especially relevant because it can make curriculum-aligned explanations, structured practice and timely feedback available at a scale that small states would struggle to provide through specialist personnel alone. The international evidence supports testing this opportunity urgently, with teachers guiding its use and independent assessment establishing whether students learn.

A teacher-guided programme in Nigeria produced an English gain of 0.23 standard deviations over six weeks, alongside a larger gain on a combined assessment including AI and digital skills. This does not establish an equivalent mathematics effect for Belize, but demonstrates that carefully organised AI assistance can support learning in a particular setting.

The mathematics evidence supplies an essential qualification. A Turkish experiment found that access to unrestricted generative AI could improve assisted work while weakening subsequent

[10] A request does not establish that payment occurred.

performance without assistance. A version designed with instructional safeguards avoided that harm. Completing an exercise with AI and acquiring the ability to solve it independently are different outcomes.

The opportunity is to help teachers diagnose competency and provide targeted practice and explanations. Independent assessment must establish whether understanding improves. Technology alone cannot overcome weak teaching, attendance or foundational learning.

The same distinction applies to firms. Assistance with documents, records, customer communication and analysis can improve work processes, but productive gains require appropriate management, competent staff and reliable information. For Belize, AI is an opportunity to strengthen capability across education and production.

12 Regional integration and new markets

Among these global shifts, changing trade relationships also create an opening as businesses reconsider locations and diversify suppliers. Nearshoring is one opportunity. For Belize, regional integration could also enlarge the markets we serve and make our location more economically valuable.

Belize could develop as a connecting hub between Central America, southern Mexico and the CARICOM market. The opportunity extends beyond moving goods through our territory. It includes earning income from logistics, processing, professional services and, where viable, energy trade. Integration could give Belizean enterprises access to a scale of demand unavailable at home.

The southern connection through Jalacte is a concrete example. Improving the Guatemalan road approach, together with an operational commercial crossing, could create an alternative route between parts of Central America and southern Mexico through Belize, while also enhancing access to our Big Creek and Belize City Ports. This is already a subject of project preparation: the IDB approved support for southern connectivity and border-management studies in 2025, and a 2026 procurement notice identifies the Chacté–Santa Cruz Frontera road section. The commercial gains will depend on the actual routes, freight demand and border arrangements.

The proposed extension of Tren Maya offers another potential connection. IDB-supported studies of rail integration with Mexico and Guatemala provide a basis for assessing whether it could strengthen Belize's role in regional trade and logistics.

CARICOM adds a production opportunity. Firms could invest in Belize to produce qualifying goods enjoying duty free treatment for CSME markets, subject of course to rules of Community origin and the applicable transformation rules.[11]

[11] Transit or repackaging alone does not confer it. Services and establishment rights also have eligibility conditions, so incorporating a foreign-owned business in Belize does not automatically secure all CSME rights.

Potential services include freight coordination, warehousing, cold storage and bilingual business support. Producers could explore processing in Belize that satisfies the relevant origin requirements. The value to Belize would come through work performed here, local suppliers, skills and earnings. Each activity would need buyers and competitive delivery costs.

Belize's existing electricity trade with Mexico consists of imports from CFE for domestic consumption. Connections toward Guatemala and the wider Central American system could create options for buying and selling power. These require technically viable interconnections, commercial agreements and market access, supported by an economic case.

This wider market perspective complements the emphasis on services. Many services can cross borders without the freight and physical scale requirements of goods, while selective production can compete through specialisation. Exports earn the foreign exchange needed for technology, equipment and essential imports, supporting Belize's fixed exchange rate alongside fiscal prudence and adequate reserves.

Regional integration connects the global opportunity to the domestic diagnosis. Stronger skills, timely finance, dependable energy and efficient institutions could enable Belize to serve larger markets. Geography becomes a growth advantage when enterprises can use it competitively.

13 A connected policy response beginning with learning

The policy response should accordingly raise output per worker, enable more people to enter productive employment and expand competitive exports. These objectives connect the recommendations that follow.

Better learning expands the work people can perform. Suitable capital enables investment. Reliable infrastructure, including sufficient electricity at competitive cost, and predictable institutions allow production to proceed. Customers make that expansion commercially sustainable.

Education is the first priority because the substandard mathematics and other learning results identify a foundational constraint. Improving the conversion of expenditure into learning requires teacher preparation, attendance, useful appraisal and independent assessment of progress. Compensation negotiations should include published fiscal costings and agreed commitments to professional development and educational performance, with allowance for students' starting points.

This is also where institutional incentives need recalibration. Government, education leaders and unions should make improved learning an explicit shared objective, with responsibilities and results visible to parents and taxpayers. Salary progression, professional support and appraisal should be considered together. The aim is sustained improvement in competence, supported by the resources and working conditions needed to achieve it.

AI-assisted instruction offers a practical way to advance that objective. Its justification follows from the domestic learning deficit and the international evidence just examined.

14 AI assisted instruction tied to learning

Belize should introduce a teacher-supported programme of AI-assisted instruction, beginning with mathematics and a carefully evaluated phase across schools with different circumstances. Expansion should depend on stronger foundational understanding, equitable access and cost.

Diagnostic assessment should identify concepts students understand and prerequisites they have missed. Teachers could use curriculum-aligned AI assistance for targeted practice, explanations and feedback. Students should explain their reasoning and regularly demonstrate what they can do independently. Acquiring understanding must remain the objective.

Effective adoption requires teacher preparation, accurate content and protection of student information. Its full cost includes devices, connectivity, maintenance, accessibility and continuing support. These conditions belong in the assessment of educational value.

The University of Belize or another qualified independent partner could evaluate learning gains and their retention, using a credible comparison group or phased introduction where feasible. Success measures should be established in advance.

Published results should show whether students with weaker foundations benefit and whether gains justify the full cost. The international evidence supports taking this opportunity seriously; evaluation in Belize should determine how it develops.

15 Bringing more people into productive employment

The participation evidence identifies a second way to raise output per person and across the economy.

Belize has approved projects that provide a basis for action, but implementation has yet to begin. The World Bank Early Childhood Development and Female Empowerment Project combines BZ$47 million in concessional financing with a BZ$2.5 million grant to expand early childhood provision. Its rationale joins stronger early learning to greater employment opportunities for caregivers. The expected benefits remain to be established through implementation and evaluation.

The IDB's Programme to Improve Labour Force Participation and Employability complements that investment. Its BZ$14 million loan and BZ$2 million grant, alongside separate BZ$14 million Taiwan ICDF co-financing, support employment services and employer-led training. Priorities include tourism, business process outsourcing and ICT, with digital skills for remote and nearshore work. Childcare-worker training and financial support for mothers in training address participation barriers.

The evidence supports implementing these projects as a coordinated response to constraints on productive employment. Affordable, quality childcare can enable more women who wish to work to enter and remain in employment, while training linked to employer demand can equip them for productive jobs, including emerging nearshoring opportunities. AI could support training and job matching where evaluation demonstrates its value.

Success should be measured through improvements in child development, sustained employment and earnings, with delivery adjusted as evidence emerges. This approach respects unpaid care and expands women's choices while advancing our central objective: raising productivity, bringing more people into productive employment and expanding competitive production.

16 Using AI to improve existing production

The low innovation share in the business survey suggests a further priority: help existing enterprises improve specific work processes. A practical business-extension programme, delivered with employers and technical institutions, should begin with a defined task and a baseline for its cost, time and quality.

A hotel could improve reservations and procurement. An accounting firm could reduce document-processing time while retaining professional review. A processor could improve inventory control and traceability. AI assistance should be introduced where it addresses a demonstrated business need, with staff trained to check outputs and protect confidential information.

Technical assistance should include management and workflow redesign. Any public contribution should be limited, matched by the firm and linked to verified results: hours saved, fewer errors, output per worker and additional sales. Improvements should remain valuable after assistance ends.

This connects learning reform to today's production. Better foundational skills strengthen future capacity, while improving existing firms can produce nearer-term gains in output and competitiveness.

17 Capital that reaches viable investment

The financing evidence calls for reforms that improve how the credit market serves productive investment. The Central Bank should enforce existing disclosure requirements and consult on comparable disclosure for business borrowers, particularly MSMEs: effective borrowing cost, fees, repayment schedule, security requirements and early repayment charges. Lenders should publish clear application requirements and service standards. Greater use of credit histories and movable collateral can help viable enterprises demonstrate creditworthiness beyond land ownership. Progress should be measured by whether suitable capital reaches productive businesses at a competitive cost and within a commercially useful timeframe, while preserving sound credit assessment and market-based pricing.

Financing should fit the investment. A service exporter waiting for payment needs working capital or receivables finance. Equipment may support leasing or a term loan. Software development may require equity because it offers limited conventional collateral. Energy infrastructure requires financing consistent with its long life.

Government and the financial sector should address barriers to suitable movable collateral, leasing and receivables finance, alongside better credit information and project preparation. A limited partial guarantee could support otherwise viable investment where collateral is the obstacle. The lender should retain meaningful risk, and the guarantee's limits, costs, losses and additional investment should be published.

The measure of success is viable production enabled, with sound repayment and sustainable firms. In a fixed-rate economy, foreign-currency borrowing also requires careful matching with receipts. These measures address the allocation problem identified in the diagnosis.

18 Institutions that permit timely investment

The administrative evidence points toward a straightforward priority: make investment processes more predictable. Businesses should know the requirements, official fees and expected decision times before committing resources. Complete applications should receive traceable consideration and reasoned decisions.

Published service standards, coordinated information requests and accessible review can reduce uncertainty while preserving legitimate public protections. The same principles apply to tax administration and refund processing.

Transparent procedures and accountability for decisions reduce opportunities for arbitrary treatment and informal demands. Progress should be visible in shorter, more predictable processing times, fewer duplicate requests and the ability of viable enterprises to proceed with investment.

This complements financial reform: suitable capital becomes more productive when businesses can put it to work in a commercially useful timeframe.

19 Turning capabilities into competitive exports

These reforms become a growth strategy when capable enterprises find customers. Consider a Belizean firm seeking an overseas accounting-support contract. It needs numerate staff, secure software, dependable power and working capital before payment. Predictable registration and compliance processes complete the conditions for a commercially viable export.

BELTRAIDE, employers and technical institutions can help connect enterprises with prospective buyers. Accounting support, insurance administration, logistics coordination and software testing

are possibilities to investigate. Training and investment support should respond to credible customer demand and the competencies, standards and delivery conditions it requires.

Tourism offers an immediate starting point because Belize already serves international customers. Stronger links with local suppliers could expand domestic earnings from maintenance, software, professional services and suitable food products. Buyer requirements, reliable contracts and working capital would help suppliers compete.

Measure recurring export sales, domestic value added and earnings per worker. In tourism, seek greater sustainable domestic income per visitor while respecting environmental and community limits.

The regional hub opportunity requires the same commercial discipline. A corridor business case should establish whether routes through Belize can offer competitive freight costs, dependable delivery and efficient border clearance. Infrastructure investment and arrangements with neighbouring countries should follow that evidence, with community consultation and environmental safeguards.

20 Selective goods and data centre opportunities

The same commercial discipline should guide goods production. Small scale and freight costs can disadvantage bulk production, but specific agricultural or processing activities may compete through quality or specialisation. Support should follow evidence on delivered cost, standards and buyers. Extension services, traceability and certification can help suitable producers access exports and tourism supply chains.

Food security also requires dependable domestic supply where viable, storage, resilient logistics and diversified import sources. Affordability and reliable access should guide those choices.

Data centres provide a limited example of potential diversification where new demand intersects with energy generation and digital infrastructure. US political and community pressure adds to the location debate but establishes neither relocation to Belize nor a commercial advantage here.[12] Nonetheless, this is an opportunity to investigate alongside others.

21 Measuring progress toward convergence

The policy recommendations now form a connected programme for implementation. These recommendations should ultimately be judged by whether the constraints identified in the evidence diminish: whether learning improves, more people enter productive employment, viable firms obtain suitable finance, and competitive exports expand.

[12] A Belize project would require competitive additional power, diverse fibre routes, suitable cooling and security. Hurricane exposure and network resilience would affect costs. Feasibility work should identify the customer, load profile and net foreign-exchange benefit before public commitments. Developers should meet attributable infrastructure costs. Limited permanent employment makes domestic value retained especially relevant.

The scorecard should follow the same causal chain as this lecture. At the policy level, measure independent learning gains and completion, effective borrowing costs and time to disbursement, and complete-application processing times. These indicate whether the constraints are easing; evaluation can help establish which interventions contributed.

At the production level, track output per worker, employment and participation by sex and age, and the domestic value generated by exports. These show whether stronger capabilities translate into productive activity.

At the development level, track real GDP per person over a sustained period and its growth relative to the world and the United States, alongside household incomes and poverty. These show whether we are improving living standards and closing the gap. Statistical revisions and commodity effects require transparent explanation.

For illustration, if Belize's real GDP per person grew two percentage points faster each year than a comparator, its relative position would improve by roughly one fifth over ten years. That is an arithmetic scenario, not a forecast or an announced target. It shows why persistent gains matter more than a single exceptional year.

Government should set costed targets after establishing the baseline. The commitment should be to demonstrated improvement, with policy adjusted when results disappoint.

22 From vulnerability to capacity

We began with a widening income gap. Slower actual growth in output per person has a counterpart in weaker potential growth. The productivity and firm evidence then identified the need to improve how we develop people and allocate resources.

The response is therefore a strategy for productive capacity. Better learning and AI assistance can increase what people can do. Participation measures can allow more people to contribute. Suitable capital, dependable energy and predictable institutions can enable capable enterprises to invest. International customers can support expansion beyond our small domestic market.

These reforms reinforce one another. A training programme becomes more valuable when a viable firm can hire its graduates. A loan becomes more productive when the enterprise can obtain approvals and deliver reliably. A new market becomes an opportunity when we can meet its requirements.

Belize cannot determine the pace of technological change or the direction of global trade. We can determine how seriously we prepare to use the opportunities they create. Sustained improvements in productivity, productive employment and competitive exports offer a credible route toward higher living standards and renewed convergence.

That is what moving from vulnerability to capacity should mean in practice. Thank you.

Adlith Brown Memorial Lecture

From Vulnerability to Capacity

Recalibrating policy and growth drivers in small states amid global shifts

Christopher Coye

November 2026

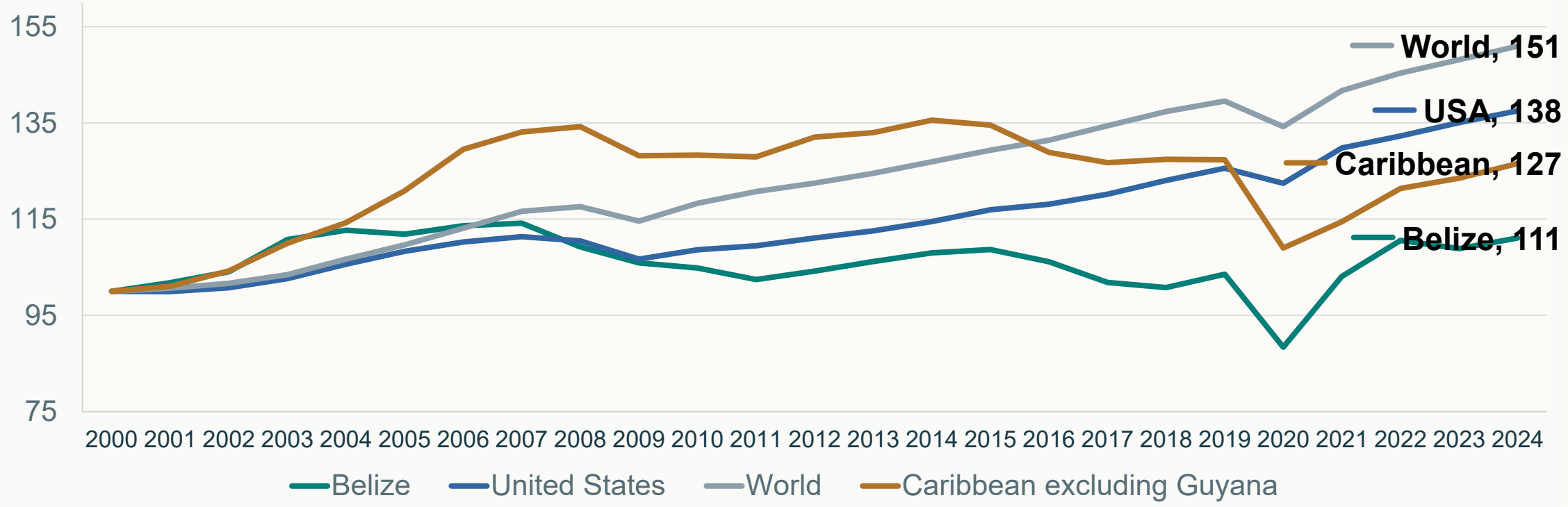
A connected strategy for convergence

Growth channel	Domestic capability	New opportunity
Higher output per worker	Learning, technology and effective capital	AI-assisted learning and production
More productive employment	Childcare, skills and access to work	New service-sector roles
Competitive production and exports	Finance, reliable power and predictable rules	Trade reconfiguration and nearshoring

Policy framework. The channels overlap and should reinforce one another.

Belize’s income gap has widened

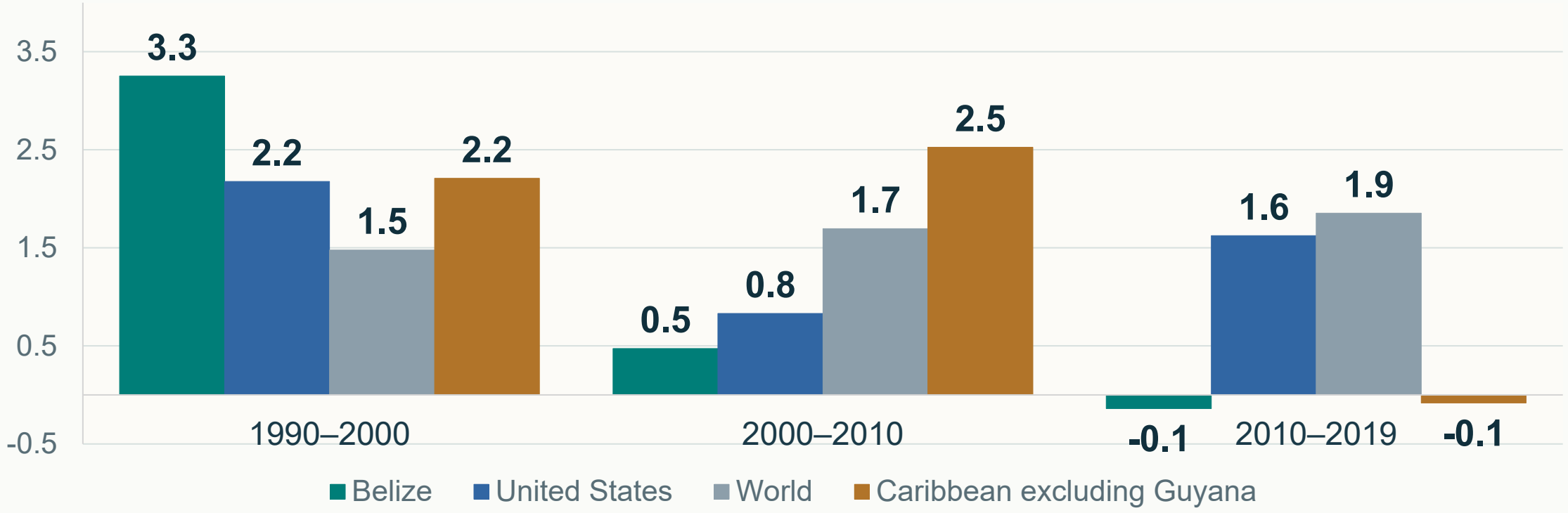
Real GDP per person, index 2000 = 100



World Bank Caribbean small states excluding Guyana, 11 economies including Belize. Excludes Jamaica. Constant-price growth, not PPP.

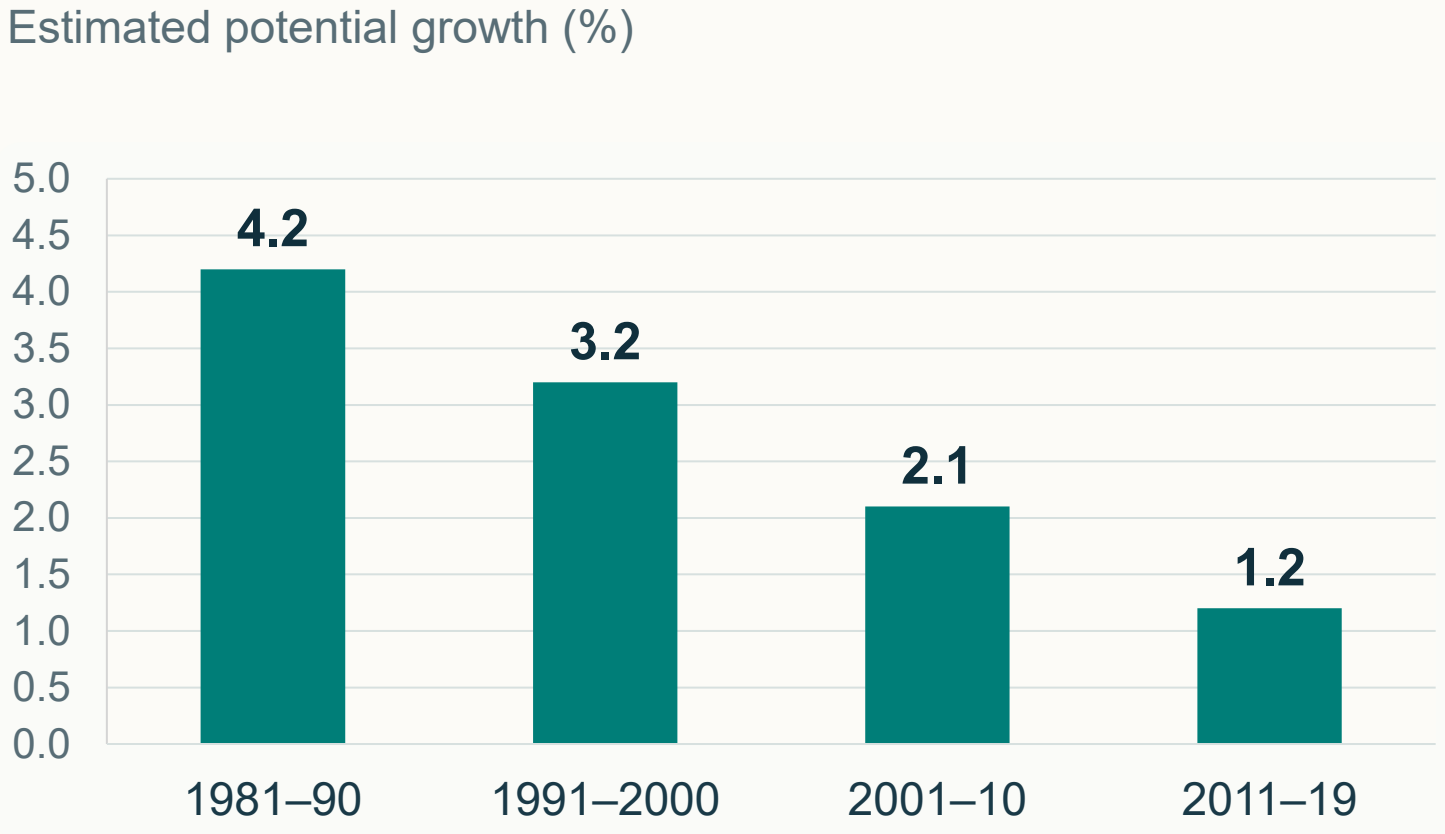
Belize's growth per person slowed sharply

Compound annual real GDP-per-capita growth (%)



Compound annual growth between endpoints. Caribbean small states excluding Guyana. This grouping differs from the IMF sample.

Regional productive capacity also weakened

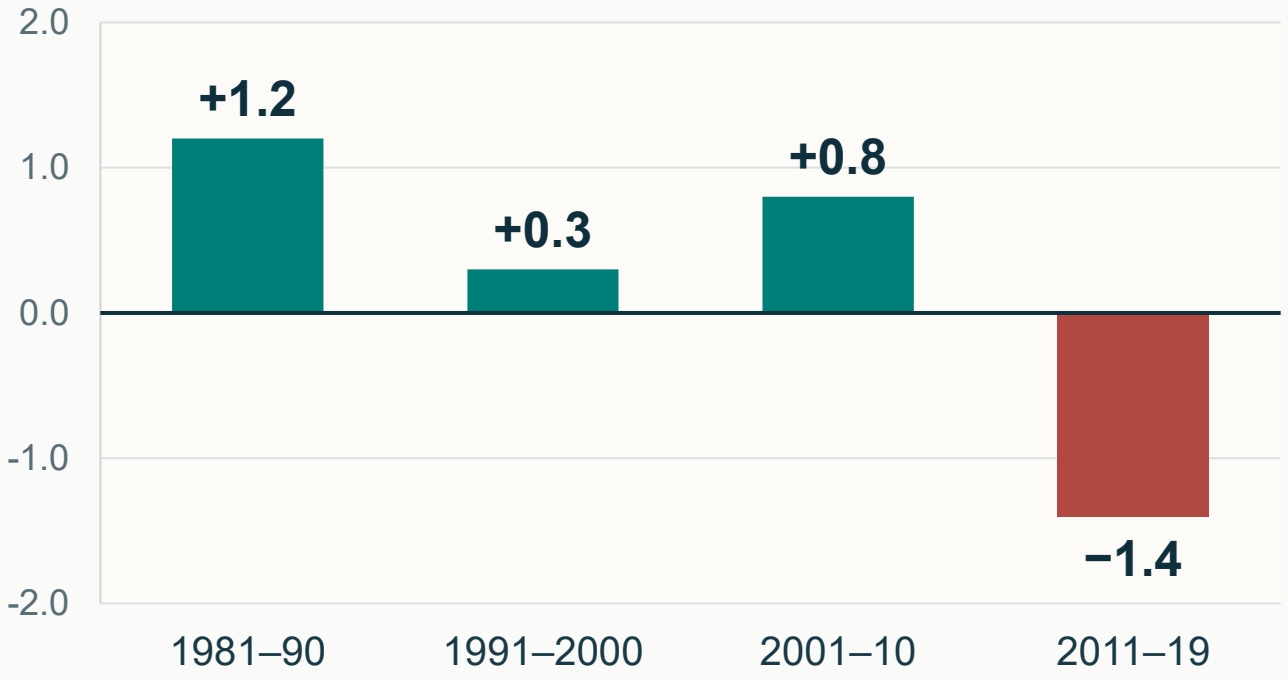


TFP contribution
1.1 to 0.1 pp
Human capital
1.6 to 0.2 pp

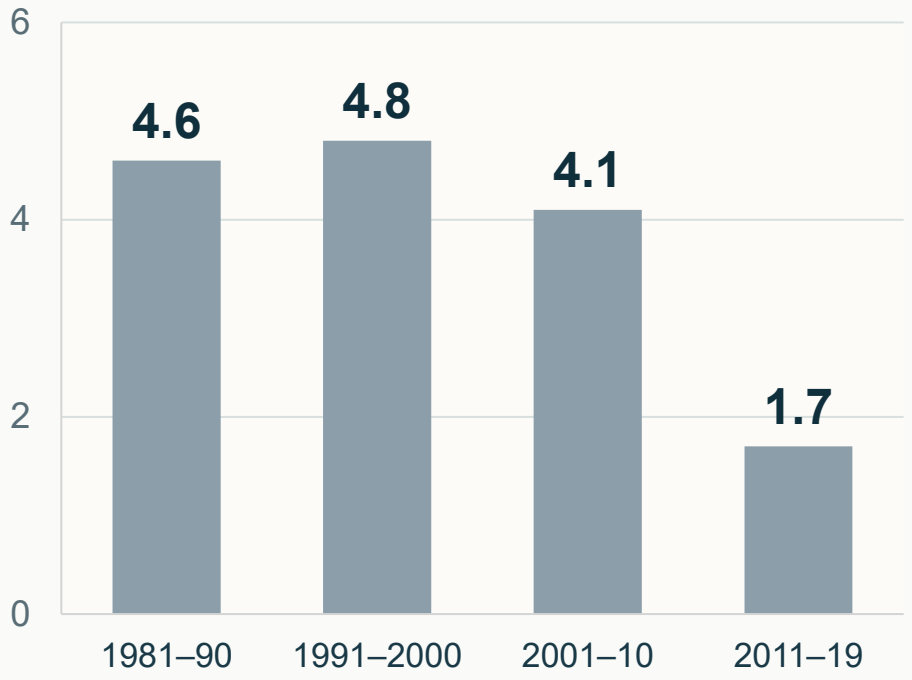
Regional median components. Potential growth differs from actual annual growth. Source: IMF WP/25/157, Figure 5.

Belize’s productivity contribution turned negative

TFP contribution to potential growth (pp)



Potential growth (%)



Uneven decline, then a negative contribution

Approximate readings of IMF Figure 6. TFP figures are contributions to annual potential growth, not TFP growth rates.

Misallocation restricts productive firms

101%

Estimated increase in the TFP level if all measured misallocation were eliminated

Second only to Guyana

Belize firms also report severe financing and institutional constraints

Theoretical benchmark from the IMF analysis, not a forecast or an annual growth rate.

Regional obstacles and Belize

Major or very severe obstacle	Caribbean sample	Belize
Access to finance	71.0%	85.4%
Customs and trade	65.6%	77.1%
Workforce education	57.5%	73.2%
Electricity	49.6%	69.4%
Cost of finance	42.1%	83.4%
Corruption	35.6%	87.9%
Tax administration	32.1%	54.8%
Digital payments	30.2%	65.0%
Licensing and permits	22.2%	64.3%

Unweighted IFPG 2020 pooled sample. Caribbean n=1,979 including Belize; Belize n=157. Sector composition differs. No population or equal-country weighting.

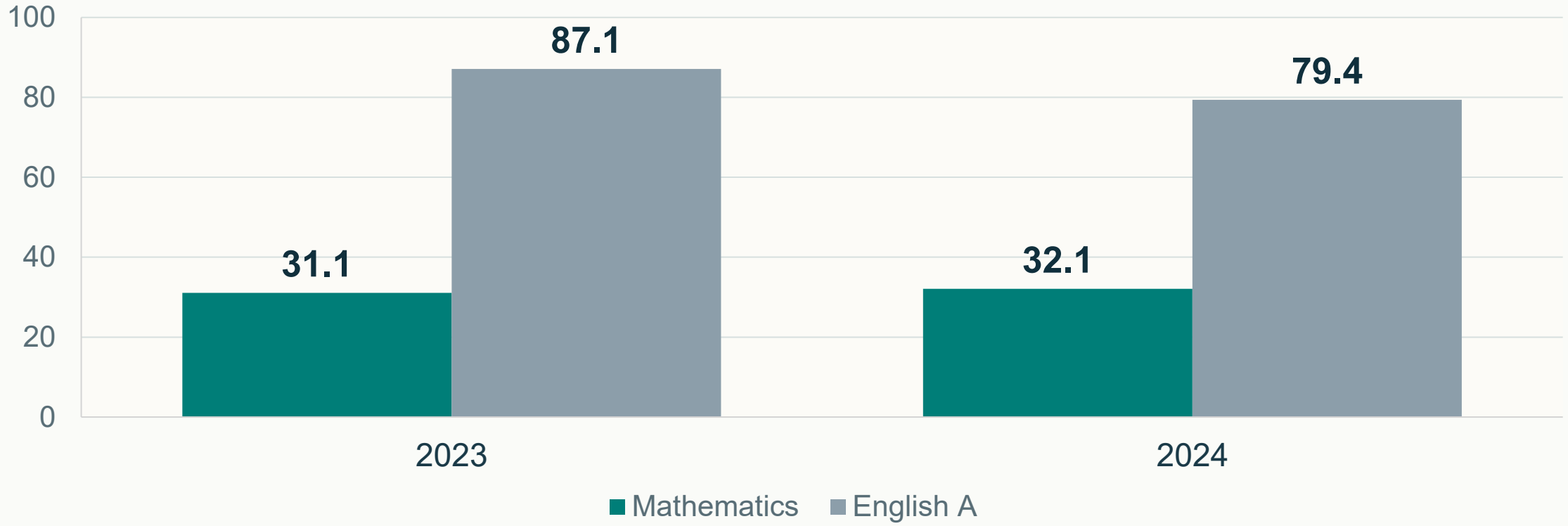
Belize: reported business obstacles

Rank	Obstacle	Firms	Share
1	Corruption	138	87.9%
2	Access to finance	134	85.4%
3	Cost of finance	131	83.4%
4	Customs and trade	121	77.1%
5	Workforce education	115	73.2%
6	Electricity	109	69.4%
7	Macroeconomic environment	106	67.5%
8	Digital payments	102	65.0%
9	Licensing and permits	101	64.3%

C14 ratings 3 or 4: major or very severe. All denominators 157. Multiple obstacles allowed. Unweighted.

Mathematics remains a major skills concern

CSEC satisfactory results among sitters, Grades I–III (%)



Grades I–III among selected subject sitters. These are examination outcomes, not proficiency estimates for the full age cohort.

Education resources and learning outcomes

1.2 pp

Historical education spending exceeded small-Caribbean peers by about 1.2 percentage points of GDP

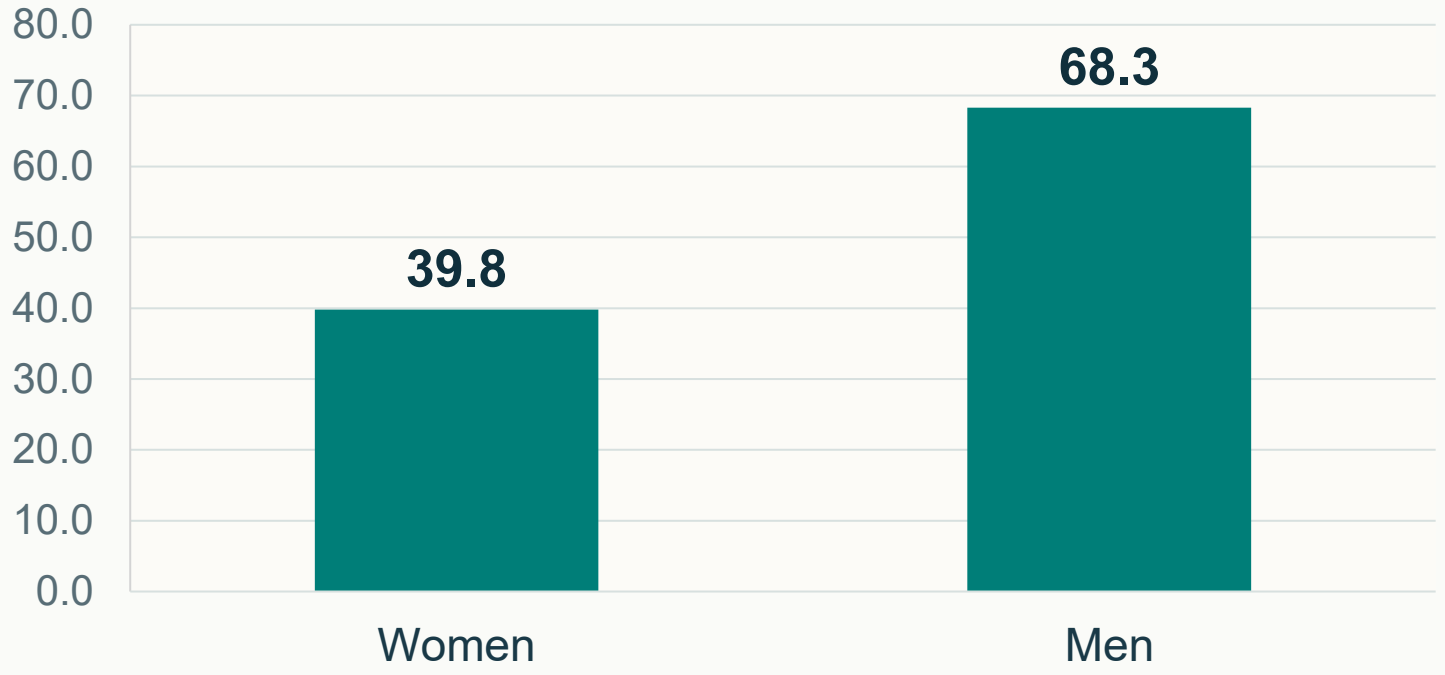
Examination results and the root-cause analysis identify learning and teaching constraints

Improved learning should be an explicit shared objective of government, educators and unions

Historical PER comparison.

Participation can expand productive employment

Labour-force participation, April 2026 (%)



28.5 pp gender gap

Unemployment: 1.9%
Participation: 53.6%

SIB preliminary April 2026 findings, population age 14+. Low unemployment concerns the labour force and does not establish widespread employment.

Childcare constrains access to productive employment

39%

Preschool enrolment among ages 3–4 in 2023–24

24

Registered daycare centres at World Bank appraisal

35.5% of people outside the labour force cited caregiving

Women represented 89.5% of that group

Project-profile baselines. World Bank and IDB projects address care and employability.

Finance affects investment and resource allocation

47.1%

Finance access or cost ranked first

200%

Median collateral / loan amount

Financing constraints affect which viable enterprises can expand

Credit histories and movable collateral can improve assessment

IFPG historical sample.

Belize priority rankings 1

Obstacle	First	Second	Third
Access to finance	25.5%	8.3%	8.3%
Corruption	24.2%	6.4%	7.0%
Cost of finance	21.7%	8.3%	6.4%
Tax rates	8.3%	5.7%	11.5%
Customs and trade	7.6%	7.0%	3.2%
Macroeconomic environment	6.4%	5.1%	7.0%
Workforce education	2.5%	10.2%	15.3%
Labour regulations	0.6%	9.6%	2.5%
Licensing and permits	0.6%	4.5%	1.9%

C15A–C15C ask for priorities in the absence of COVID-19. Each denominator 157. Percentages unweighted; each column totals approximately 100%. Ties in first-place share remain ties.

Belize priority rankings 2

Obstacle	First	Second	Third
Electricity	0.6%	3.8%	2.5%
Political environment	0.6%	3.2%	3.8%
Transportation	0.6%	2.5%	4.5%
Digital payments	0.6%	2.5%	1.9%
Crime, theft and disorder	0.0%	10.2%	12.1%
Informal competitors	0.0%	6.4%	4.5%
Tax administration	0.0%	5.1%	2.5%
Telecommunications	0.0%	1.3%	3.2%
Access to land	0.0%	0.0%	1.9%

C15A–C15C ask for priorities in the absence of COVID-19. Each denominator 157. Percentages unweighted; each column totals approximately 100%. Ties in first-place share remain ties.

Institutions and infrastructure support investment

46.0%

Applicants reporting an informal request

30 days

Median construction-permit wait

Published requirements, fees and deadlines for complete applications

Tracking, reasoned decisions, accessible review and public reporting

Electricity: 69.4% reported a major or very severe obstacle (2020 survey)

Historical, unweighted IFPG sample.

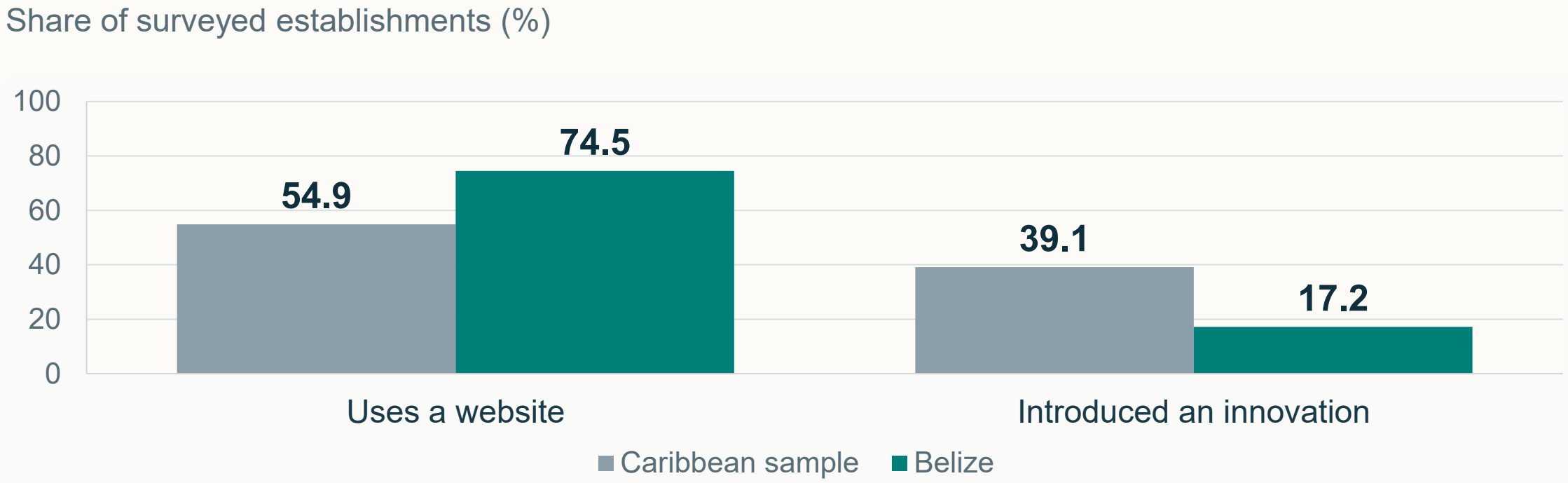
Evidence on AI assistance and learning

Setting	Finding	Implication
Nigeria	English gain of 0.23 SD over six weeks	Teacher-guided assistance can support learning
Turkey mathematics	Unrestricted AI weakened later unaided performance	Instructional safeguards matter
Belize	Local learning effects remain untested	Independent assessment should guide expansion

AI assistance tied to mathematics learning

Component	Proposed approach
Diagnosis and curriculum	Identify missing prerequisites and map content to Belize’s curriculum
Teacher-guided practice	Use explanations, feedback and remediation, with regular unaided work
Evaluation	Measure independent performance and retained learning
Expansion decision	Assess learning gains, equitable access and full cost per student

AI adoption must improve firm performance



Business extension: a defined task, staff training and verified results

Unweighted IFPG 2020 sample.

Global shifts create markets for productive capacity

01 Exports extend demand beyond Belize’s small domestic market

02 Trade reconfiguration creates opportunities to compete for contracts

03 AI raises the value of expertise as routine tasks automate

Domestic capabilities determine whether Belize can deliver

Regional integration and larger markets

Connection	Opportunity and qualification
Jalacte corridor	Alternative routes and port access, subject to freight demand and border arrangements
Potential rail integration	IDB-supported studies of connections with Mexico and Guatemala
CARICOM market	Qualifying production must meet Community origin and eligibility rules
Services	Logistics, processing and professional services need buyers and competitive delivery

Capital that reaches viable investment

Priority	Policy direction
Disclosure	Enforce existing duties and consult on comparable business disclosure
Service standards	Publish requirements and indicative decision times for complete applications
Credit assessment	Use credit histories, repayment capacity and suitable movable collateral
Investment fit	Working capital, leasing, term debt or equity according to the business need

Tourism and specialised services offer starting points

Commercial pathway	Policy action
Tourism suppliers	Buyer contracts, quality standards and supplier finance
Accounting and insurance support	Customer-led training and secure delivery systems
Logistics and software testing	Validated demand, domain skills and quality assurance

Selective goods and diversification opportunities

01 Specialised goods need evidence on delivered costs, standards and buyers

02 Food security requires affordable supply, storage and resilient trade

03 Data centres merit limited investigation where customer demand and infrastructure justify investment

Measuring progress toward convergence

Level	Evidence of progress
Constraints	Independent learning, effective borrowing cost, time to disbursement and approvals
Production	Output per worker, participation, sustained employment and domestic export value
Living standards	Real GDP per person relative to comparators, household incomes and poverty

Capacity must produce sustained convergence

01 Better learning and technology raise output per worker

02 Wider productive employment increases opportunity and income

03 Suitable capital, dependable energy and predictable institutions enable competitive production

Success means sustained improvements in living standards

Belize as a case study with lessons for Caribbean small states.