2023

ANNUAL REPORT
& STATEMENT OF ACCOUNTS

www.centralbank.org.bz

CENTRAL BANK
of BELIZE

1 Gabourel Lane
P.O. Box 852
Belize City, Belize

CENTRAL BANK
of BELIZE

Submitted to the Minister of Finance, in accordance with Section 58 of the Central Bank of Belize Act, Chapter 262, Revised Edition 2020.

CENTRAL BANK OF BELIZE
FORTY-SECOND ANNUAL REPORT
&
STATEMENT OF ACCOUNTS

FOR THE YEAR ENDING
31 DECEMBER 2023

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MISSION

To promote the stability of monetary and financial systems for the wellbeing of Belize.

VISION

A model Central Bank committed in service to the people of Belize.

LIST OF ACRONYMS AND ABBREVIATIONS

APSSS	Automated Payment and Securities Settlement System
AML/CFT/CPF	Anti-Money Laundering/Combatting the Financing of Terrorism/Countering Proliferation Financing
BSI/ASR	Belize Sugar Industries Limited/American Sugar Refining
BPO	Business Process Outsourcing
BTB	Belize Tourism Board
CAR	Capital adequacy ratio
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CDD	Customer Due Diligence
CFZ	Commercial Free Zone
COVID-19	Coronavirus Disease 2019
CPI	Consumer price index
EU	European Union
FATF	Financal Action Task Force
FOB	Free on board
FY	Fiscal year
GDP	Gross domestic product
Government	Government of Belize
IAUD	Internal Audit Department
ITD	Information Technology Department
IDB	Inter-American Development Bank
IMF	International Monetary Fund
M1	Narrow money supply
M2	Broad money supply
Midway	Midway Investments Limited
MLTPA	Money Laundering and Terrorism (Prevention) Act
MOF	Ministry of Finance
NFIS	National Financial Inclusion Strategy
NIC ratio	Net institutional capital to total assets ratio
NPL	Non-performing loan
NRA	National Risk Assessment
OFID	OPEC Fund for International Development
PBL	Port of Belize Limited
ROA	Return on assets
Taiwan	Republic of China/Taiwan
ROE	Return on equity
SFXCU	St. Francis Xavier Credit Union Limited
SIB	Statistical Institute of Belize
SSN	Shared Services Network Limited
SWIFT	Society for Worldwide Interbank Financial Telecommunications
T-bills	Treasury bills
T-notes	Treasury notes
UK	United Kingdom
US	United States
Waterloo	Waterloo Investment Holdings Limited

Abbreviations:

$	Belize dollar unless otherwise stated
bn	billion
mn	million
ps	pound solid
RHS	Right hand side
LHS	Left hand side
n.a.	not available or applicable
n.i.e.	not included elsewhere

Conventions:

1. Since May 1976, the Belize dollar has been fixed to the US dollar at the rate of US$1.00 = BZ$2.00.
2. The 2023 figures in this report are provisional and figures for 2022 may have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.

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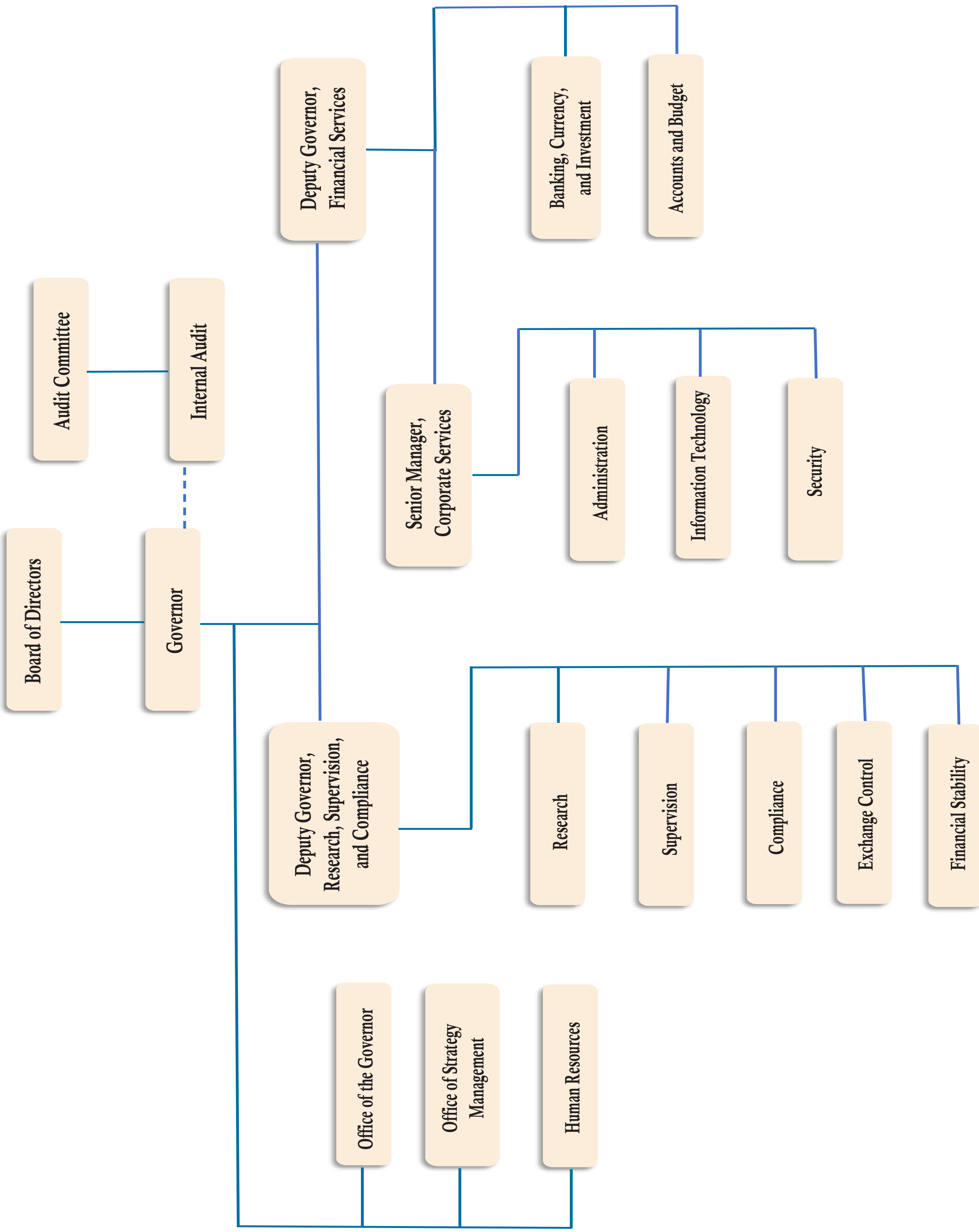


FUNCTIONS OF DEPARTMENTS AND UNITS

At 31 December 2023

Internal Audit Department ***Mr. Benedict Terry***	Enhances and protects organisational value by providing risk-based, objective assurance, advice, and insight, while providing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes
Office of the Governor, Legal Unit ***Vacant***	Provides legal advice, strategic policy support, and corporate secretariat services
Office of Strategy Management ***Dr. Sheree Smiling Craig***	Supports the development, execution, and monitoring of the Central Bank's approved strategic objectives by employing industry-leading best practices and methodologies in communication, content management, project oversight, and strategy management.
Human Resources Department ***Mr. Timothy Grant***	Promotes efficiency, productivity, employee and organisational development, and satisfaction by fostering a performance culture and positive work environment that advances the successful attainment of the Central Bank's strategic objectives
Research Department ***Mr. Emory Ford***	Acts as the monetary policy and intelligence arm of the Central Bank and produces critical macroeconomic statistics and analyses of economic developments in Belize for internal and external stakeholders
Supervision Department ***Mrs. Diane Gongora***	Implements efficient supervisory and regulatory mechanisms (for banks, credit unions, and other financial institutions, such as moneylenders and payment service providers and operators) to ensure that financial services and products are provided in a safe and sound manner, public confidence in the financial sector is maintained, and the interests of depositors are protected
Compliance Department ***Mrs. Carolyn Morris***	Ensures that regulated institutions (banks, credit unions, moneylenders including pawnbrokers, payment service providers including remittance service providers and e-wallets, and payment system operators) maintain an effective programme for anti-money laundering combatting the financing of terrorism, and countering the financing of proliferation (AML/CFT/CPF) in accordance with the Money Laundering and Terrorism (Prevention) Act (MLTPA) and accompanying guidelines and guidance notes, and that the Board-approved internal AML/CFT/CPF Compliance Program is aligned with international standards.

FUNCTIONS OF DEPARTMENTS AND UNITS *(continued)*

At 31 December 2023

Exchange Control Department ***Vacant***	Provides administrative controls for maintaining the fixed exchange rate regime, while processing and monitoring current foreign exchange transactions in accordance with the Exchange Control Regulations, approving applications for justifiable foreign-denominated investments, providing confirmation of notices for transactions involving securities and property transfers, and participating in the management of the country's foreign exchange resources
Financial Stability Unit ***Mr. Barrington Sutherland***	Conducts macroprudential surveillance to monitor and mitigate systemic risks
Administration Department ***Mr. Raul Avila***	Provides administrative, corporate, facilities, and records management services, and a high standard of support services to enable departments and units to achieve their goals and objectives in a safe and comfortable environment
Information Technology Department ***Mr. Marcos Marin***	Governs the Central Bank's information systems and the strategic use of information, communication, and network technology, while ensuring the secure, efficient, and effective use of information technology to enhance the Central Bank's functions and operations
Security Department ***Mr. Francis Thomas***	Protects the Central Bank's staff, property, and members of the public who come to the Central Bank, while analysing potential threats to the Central Bank's security and devising strategies for avoiding or mitigating all such risks
Banking, Currency, and Investment Department ***Ms. Michelle Estell***	Manages the issuance of the Central Bank's notes and coins and provides payment services for the Government and financial institutions, while supporting the management of the Central Bank's foreign reserves and administrating the trading of Government securities
Accounts and Budget Department ***Ms. Wendy Gillett***	Ensures the integrity of the Central Bank's financial information by preparing and presenting its financial statements following International Financial Reporting Standards and the laws of Belize, while preparing the Central Bank's budget, managing the accounting records, and performing procurement and payment functions

DIRECTORS AND PRINCIPALS

At 31 December 2023

Board of Directors

Mr. Sydney Campbell - Executive Chairman

Mr. Joseph Waight - Vice-Chairman/Financial Secretary (*ex officio*)

Mr. Giacomo Sanchez - Member

Mrs. Sol Espejo-Molina - Member

Mrs. Neri Matus - Member

Mr. Kareem Michael - Governor (*ex officio*)

Mr. Hollis Parham - Deputy Governor (*ex officio*)

Mrs. M. Laetitia Murillo - Deputy Governor (alternate)

Dr. Sheree Smiling Craig - Board Secretary

Principal Officers

Mr. Kareem Michael - Governor

Mr. Hollis Parham - Deputy Governor, Financial Services

Mrs. M. Laetitia Murillo - Deputy Governor, Research, Supervision, and Compliance

Mr. I. Rabey Cruz - Senior Manager, Corporate Services

Mr. Benedict Terry - Chief Internal Auditor

Dr. Sheree Smiling Craig - Manager, Office of Strategy Management

Mr. Timothy Grant - Manager, Human Resources

Mr. Emory Ford - Manager, Research

Mrs. Diane Gongora - Manager, Supervision

Mrs. Carolyn Morris - Manager, Compliance

Vacant - Manager, Exchange Control

Mr. Raul Avila - Manager, Administration

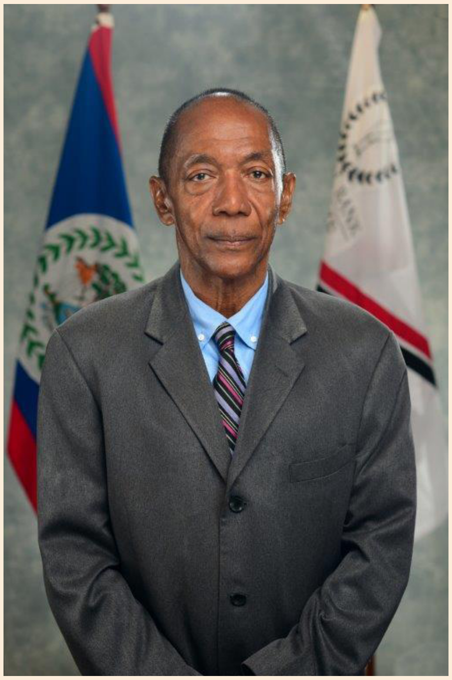
Mr. Marcos Marin - Manager, Information Technology

Mr. Francis Thomas - Manager, Security

Ms. Michelle Estell - Manager, Banking, Currency, and Investment

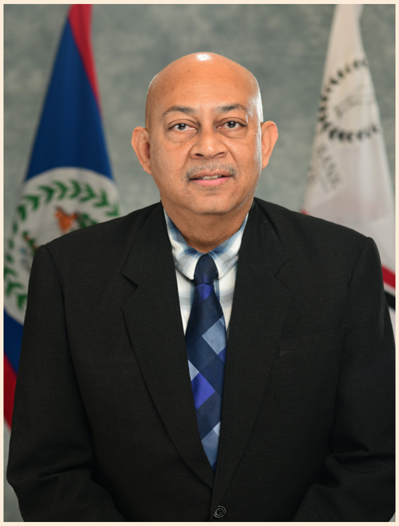
Ms. Wendy Gillett - Manager, Accounts and Budget

EXECUTIVE MANAGEMENT



SYDNEY CAMPBELL
EXECUTIVE CHAIRMAN

KAREEM MICHAEL
GOVERNOR



HOLLIS PARHAM
DEPUTY GOVERNOR
FINANCIAL SERVICES

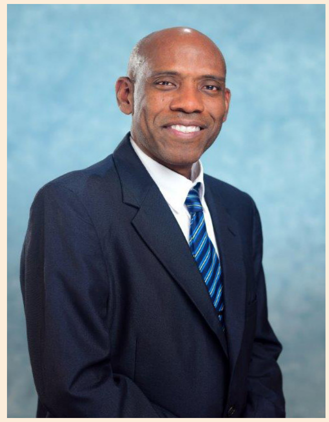
M. LAETITIA MURILLO
DEPUTY GOVERNOR
RESEARCH, SUPERVISION,
AND COMPLIANCE

I. RABEY CRUZ
SENIOR MANAGER
CORPORATE SERVICES

MANAGEMENT

BENEDICT TERRY
CHIEF INTERNAL AUDITOR
INTERNAL AUDIT

SHEREE SMILING CRAIG
MANAGER
OFFICE OF STRATEGY MANAGEMENT



TIMOTHY GRANT
MANAGER
HUMAN RESOURCES

EMORY FORD
MANAGER
RESEARCH

DIANE GONGORA
MANAGER
SUPERVISION

CAROLYN MORRIS
MANAGER
COMPLIANCE

RAUL AVILA
MANAGER
ADMINISTRATION

MARCOS MARIN
MANAGER
INFORMATION TECHNOLOGY

FRANCIS THOMAS
MANAGER
SECURITY

MICHELLE ESTELL
MANAGER
BANKING, CURRENCY, AND INVESTMENT

WENDY GILLETT
MANAGER
ACCOUNTS AND BUDGET


Photography by #RichardHolder

I. CENTRAL BANK OPERATIONS

GOVERNANCE

The Central Bank of Belize Act, 2020 (the Central Bank Act) prescribes the framework for the governance of the Central Bank of Belize (the Central Bank). As per the Central Bank Act, the Governor General appoints the Governor on the advice of the Prime Minister. The Minister of Finance appoints the Board of Directors (the Board), comprising three ex officio members—the Governor, a Deputy Governor, and the Financial Secretary—and not less than three nor more than four other members. Appointed members are drawn from diverse backgrounds and are selected based on their competencies and qualifications, particularly in finance, accounting, economics, and law.

The Board is the policymaking body of the Central Bank. It is tasked with several key responsibilities, which include ensuring compliance with all regulatory requirements, determining the strategic direction and budgetary allocations, making critical decisions regarding resource allocation and appointments, and conducting thorough reviews of the organisation's performance and financial management.

As the chief executive officer of the Central Bank, the Governor oversees the strategic management and day-to-day operations of the institution in accordance with the policies established by the Board.

Membership

The members of the Board remained unchanged in 2023.

Meetings

The Board is required to meet at least 10 times each year on dates designated by the Chairperson.

Figure 1.1: Board of Directors

Standing from Left to Right | Sol Espejo-Molina, Hollis Parham, M. Laetitia Murillo, Giacomo Sanchez, Sheree Smiling Craig, and Neri Matus
Seated from Left to Right | Kareem Michael, Sydney Campbell, and Joseph Waight

Table 1.1: Period of Appointment in 2023

Member	Position	Appointment Period
Mr. Sydney Campbell	Executive Chairman	January to December
Mr. Joseph Waight	Vice-Chairman/Financial Secretary (*ex officio*)	January to December
Mr. Giacomo Sanchez	Member	January to December
Mrs. Neri Matus	Member	January to December
Mrs. Sol Espejo-Molina	Member	January to December
Mr. Kareem Michael	Governor (*ex officio*)	January to December
Mr. Hollis Parham	Deputy Governor (*ex officio*)	January to December
Mrs. M. Laetitia Murillo	Deputy Governor (alternate)	January to December

A quorum of three members, one of whom must be the Governor or a Deputy Governor, is required for each Board meeting. Decisions of the Board are by majority of votes cast, with the Chairperson casting a second if votes are equal.

In 2023, the Board met 12 times. In these meetings, consideration was given to 32 board-decision papers and 41 information papers. All meetings were held at the Central Bank building in Belize City.

Conduct of Board Members

Board members are required to meet the general qualification criteria outlined in Section 15 of the Central Bank Act. Additionally, Section 18(1) prohibits Board members from disclosing to any person any information obtained in performing their duties, except for the purposes provided for in the Central Bank Act. Furthermore, each Board member is obligated to adhere to the Code of Conduct, which entails:

- Performing their duties with utmost care and diligence;
- Acting in good faith and the best interests of the Central Bank;
- Refraining from exploiting their position for personal gain or to the detriment of the Central Bank or any individual;
- Abstaining from using any privileged information obtained through their position for personal benefit or to the disadvantage of the Central Bank or any individual; and
- Promptly disclosing any substantial personal interests that conflict with the interests of the Central Bank.

Standing Committees

The Central Bank employs standing committees to assess and oversee activities that fall under their respective mandates. These committees also suggest policies relevant to their functional domains to the Board. Once new policies or tasks are established, they are incorporated into the work programmes of the corresponding departments or units and then cascaded to staff.

Audit Committee

The Central Bank's Audit Committee (the Audit Committee) is a subset of the Board. In 2023, the Audit Committee comprised the following members: (i) two non-executive Board members—Chairman, Mr. Giacomo Sanchez, and member, Mrs. Neri Matus; and (ii) one executive Board

Table 1.2: Standing Committee Meetings in 2023

Committee	Chair	Mandate	Meetings
Audit	Mr. Giacomo Sanchez Director of the Board	To assist the Board in overseeing and providing strategic direction for managing the Central Bank's operations	11
Investment and Reserve Management	Mr. Kareem Michael Governor	To define the operational framework for reserve management activities, including the execution of the investment strategy in accordance with the Central Bank's investment policy	14
Monetary Policy Committee	Mr. Kareem Michael Governor	To formulate and execute monetary policy to protect the stability of the exchange rate and promote credit and exchange conditions conducive to the development of Belize using a market-based approach to managing liquidity conditions in the banking system, along with other monetary policy tools	12
Pension Scheme	Mr. Hollis Parham Deputy Governor	To ensure the daily financial and administrative operations of the pension plan by implementing adequate means to protect the benefits of the plan's members and to conserve and enhance pension fund assets	5
Capital Projects	Mr. I. Rabey Cruz Senior Manager	To provide broad oversight for significant projects	4
Disposal	Mr. Hollis Parham Deputy Governor	To make recommendations for the disposal of the Central Bank's assets and property	2

member—Deputy Governor, Financial Services, Mr. Hollis Parham, from January to July and Deputy Governor, Research, Supervision, and Compliance, Mrs. M. Laetitia Murillo, from August to December. In addition, the Chief Internal Auditor, Mr. Benedict Terry, served as secretary.

The Audit Committee assisted the Board in overseeing and providing strategic direction for managing the Central Bank's operations by:

- Assuring the Board that adequate arrangements are in place to track the Central Bank's exposure to material risks across its operations, and that there are regular and reasonable reporting of risk exposures;
- Approving the Internal Audit Department's (IAUD's) annual risk-based work plan and assessing its performance against the approved plan;
- Reviewing the effectiveness of the IAUD, emphasising conformance with The Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing;

- Informing the Board of material findings and salient recommendations of audits and other activities;
- Reviewing all significant concerns with management and the external auditors, including litigation, contingencies, claims or assessments, and all material accounting issues affecting the financial and operational conditions of the Central Bank; and
- Reviewing the Central Bank's audited financial statements and letter of recommendation with the external auditors before board submission.

Internal Audit

Internal audit is an independent, objective assurance, and consulting activity designed to improve and add value to the Central Bank's operations. This function helps the Central Bank to accomplish its objectives by employing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The IAUD is guided by the profession's Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Central Bank's Internal Audit Charter.

The IAUD conducted 45 engagements—comprising audits, ad hoc investigations, and real-time observations across business units within the Central Bank.

The IAUD completed audit engagements on:

- Management of foreign reserve investments;
- Compliance with the legal and regulatory requirements of the Central Bank Act;
- Compliance with the provisions for abandoned properties under the Domestic Banks and Financial Institutions Act;
- Management of international payment processes;
- Operations of the Information Technology Department's (ITD's) asset management, backup, and recovery controls;
- Adherence to the Society for Worldwide Interbank Financial Telecommunications (SWIFT) Customer Security Controls Framework;
- Administration of the Central Bank's loan scheme, particularly the execution of loan security;
- Management of the Commonwealth Meridian System;
- Management of talent acquisition and development processes involving recruitment and selection, termination, and succession planning;
- Administration of the Central Bank's Pension Scheme;
- Execution of vault stock-taking and reporting process;
- Compliance with the procedures for licensing and supervision of non-financial institutions and other financial institutions; and
- Administration of the Central Bank's annual budget.

In addition, the IAUD observed and monitored real-time critical activities, including:

- Treasury functions, inclusive of securities auctions and account reconciliations;
- Local currency activities, comprising shipment, stock-taking, verification, and destruction; and
- Foreign currency activities, inclusive of packing and remittance.

Furthermore, IAUD conducted random verification exercises of cash accounts, as well as inventories of security weapons and ammunition. Results from these activities were communicated to Senior Management and the Audit Committee.

Box 1.1 | The Central Bank's Strategic Planning Approach

Strategic planning plays a vital role in ensuring good governance at a central bank. It helps identify the most important challenges a central bank faces, influences the outcomes of critical decisions, and guides the organisation towards continuous improvement and proactive performance. With well-defined goals, the Central Bank develops a planned approach to achieving its mandate. The Central Bank's direction for the next five years will be guided by its 2023-2027 strategic plan.

The Central Bank follows a participatory strategic planning process in five-year cycles. The process involves the development of a high-level strategy by the Executive and Management team, with significant contributions from a broad cross-section of staff to identify the actions necessary to achieve the strategic objectives. The resulting plan directs the Central Bank's strategic focus to support its vision for transforming its operations and culture.

The strategic plan is then cascaded from the organisation-wide strategic objectives to the operational and individual levels, with each officer having a quantifiable objective aligned with the plan. Emphasis is placed on building awareness, understanding, and engagement among all staff members. The Office of Strategy Management oversees the progress of strategic projects and initiatives to ensure effective planning and project execution. The performance of the strategic objectives is tracked and monitored monthly.

At the close of the last strategic cycle, the Central Bank had met 70.0% of the key objectives initiated from its 2018-2022 strategic plan. The plan progressed significantly despite the unexpected, challenging operating environment caused by the Coronavirus Disease 2019 (COVID-19) pandemic. Some residual strategic actions from this cycle have been incorporated within the succeeding strategy.

Figure 1.2: Strategic Management Group Discussions

People Focused. Purpose Driven.

THE 2023-2027 STRATEGIC PLAN

The Central Bank's 2023-2027 strategic plan was launched in the first quarter of 2023. It charts the organisation's strategic direction for the next five years, shaped by the continually evolving environment in which the Central Bank operates. This new strategic plan underscores the Central Bank's determination to effectively respond to the accelerated pace of change in Belize's economy and financial system.

Mission, Vision, and Core Values

The Central Bank's modified mission remains steadfast to the institution's mandate—to promote the stability of monetary and financial systems for the well-being of Belize. The new vision—a model central bank committed in service to the people of Belize—highlights the Central Bank's ever-strengthening resolve to become a people-focused, purpose-driven organisation. The entire plan rests on the organisation's foundational beliefs and core values of teamwork, accountability, respect, dependability, integrity, and transparency.

Strategic Themes

The Central Bank's 2023-2027 strategic plan has four connected themes: human resource excellence, operational excellence, strategic partnerships, and monetary and financial policy execution.

- **Human Resource Excellence:** Human resource excellence aims to cultivate a high-performance culture by recruiting, training, compensating, and retaining staff to meet the organisation's evolving needs. In 2023, the Central Bank launched an organisational development programme to improve talent management.

- **Operational Excellence:** Operational excellence focuses on improving operating performance by implementing stronger policies, processes, and cutting edge technology. The Central Bank will undertake several initiatives to leverage innovative, secure information and communication technology to improve productivity, and deliver customer value.

- **Strategic Partnerships:** The Central Bank seeks to formalise arrangements and strengthen relationships with strategic partners in addressing issues of national interest, social impact, and sustainability. Initiatives include joint collaborations and advocacy projects, technical assistance programmes, and exchange programmes.

- **Monetary and Financial Policy Execution:** The Central Bank's key objective is monetary and financial stability, achieved through promoting exchange rate stability, enhancing regulatory and supervisory effectiveness, and ensuring the safe and sound development of the financial system.

Strategic Objectives

The new strategic plan identifies 12 strategic objectives for the 2023-2027 cycle.

- **Improve Talent Management:** To enhance organisational performance and maximise workforce potential by ensuring the availability of skilled staff who are motivated, engaged, and equipped to address and support the management of complex regulatory issues in an ever-evolving central banking landscape.

- **Improve Organisation Infrastructure:** To create a safe, secure, and modern work environment, which enhances organisational productivity and operational resilience.

- **Increase Use of Technology:** To maximise the use of technology to enable and support business strategy execution, enhance customer service and user experience, improve productivity, and deliver customer value.

- **Improve Monetary and Financial System Resilience:** To ensure that monetary and financial systems are adaptable and capable of withstanding economic shocks to promote stability and facilitate sustainable economic growth.

- **Improve Communications:** To enhance the efficiency and effectiveness of the Central Bank's communications to foster a more informed workforce and support its mandate.

- **Strengthen Policies and Procedures:** To create and maintain policies and procedures to ensure effective governance, compliance, and operational efficiency.

- **Improve Information and Communication Technologies:** To implement and leverage innovative, secure technologies and communication solutions to improve the efficiency and effectiveness of the Central Bank's operations.

- **Increase Public Awareness:** To design and execute strategies and campaigns to build stakeholders' understanding of the functions of the Central Bank and empower individuals to manage their financial lives.

- **Strengthen Financial Management:** To boost the efficiency and effectiveness of the Central Bank's financial management process in supporting operational excellence and strategy execution through improved forecasting, especially in the budget function, using automated processes where feasible.

- **Strengthen Partnerships:** To deepen the Central Bank's collaboration and cooperation with various stakeholders to leverage resources and achieve shared goals.

- **Improve Services to Stakeholders:** To establish and pursue service delivery standards, ensuring a seamless and efficient experience that meets stakeholders' needs and expectations. Targeted services include providing advice to the Government, as well as exchange control, banking, and payment and settlement services to the public.

- **Increase Public Confidence:** To bolster confidence in the Central Bank by continuing to deliver on its mandate and be a trusted source of information and analysis.

The new strategic plan aims to enhance the Central Bank's performance, operational efficiency, and responsiveness to changes, while boosting public trust in fulfilling its mandate. These objectives signify the Central Bank's strong determination to realise its vision of becoming a model central bank dedicated to serving the people of Belize.

Box 1.2 | Projects and Initiatives Launched in 2023

STRATEGIC OBJECTIVES	PROJECTS AND INITIATIVES
Improve Talent Management	• Organisational Development, Leadership Development, Job Analysis, and Performance Appraisal System
Improve Organisation Infrastructure	• New Building Construction
Increase Use of Technology	• Technology One Upgrade • APSSS Upgrade • FAME Upgrade • Exchange Control Administrative System • Audit Management System • Strategy Management System
Improve Monetary and Financial System Resilience	• Money Changers Project • Credit Reporting System • Shared Services Network Limited Expansion • Fast Payments Initiation • National Financial Inclusion Strategy • New Family of Currency Notes • Legal and Regulatory Framework Strengthening: Credit Union Bill, National Payment System Regulation, and Financial Consumer Protection Bill
Strengthen Policies and Procedures	• Policies and Procedures Framework Development • Risk-based Supervision Framework Development
Improve Information and Communications Technology	• Information and Communications Technology Infrastructure Development

THE BELIZE NATIONAL FINANCIAL INCLUSION STRATEGY

The Belize National Financial Inclusion Strategy (NFIS) was launched in 2019, following consultations with public and private sector stakeholders. The first phase, which started in 2019 and ended in 2022, was a joint venture led by the Central Bank and the Ministry of Finance (MOF), with technical assistance from the World Bank. The project was administered by the Technical Secretariat, with active participation from relevant government ministries, including the Office of the Prime Minister, the Ministry of Economic Development, and the Ministry of Education.

The vision of the NFIS was to ensure that every individual and enterprise in Belize is equipped to make full use of accessible, quality, and affordable financial services, aligned with national development policies such as Horizon 2030: National Development Framework for Belize (2010-2030) and the Growth and Sustainable Development Strategy (2016-2019).

At the end of Phase I in 2022, the Technical Secretariat reported significant progress in the completion of NFIS goals. An encouraging 42.0% of actions were completed, while 50.0% remained in progress. While most indicators saw a positive increase, some indicators surpassed the target set for 2022. These indicators included the number of access points (comprising bank and credit union branches, automated teller machines, and point-of-sale terminals) per 100,000 adults (2023: 82.3; target 2022: 80.0) and the percentage of adults who made or received digital payments in the previous year (2023: 68.7%; target 2022: 65.0%).

Also, there was a notable increase in bank account ownership over the three-year period, rising from 64.9% in 2020 to 69.9% in 2022. Enhancements in digital infrastructure, such as the integration of credit unions into the national payments system and the introduction of digital wallets, contributed to the improvement in access to and utilisation of digital payment services.

The Technical Secretariat and four Thematic Financial Inclusion Task Forces were established and worked towards: (i) incorporating information and communication technologies and financial infrastructure for financial inclusion, (ii) developing tailored financial products and innovation, (iii) promoting financial consumer protection and financial education, and (iv) conducting data collection, analysis, and reporting. The monitoring and evaluation framework included quarterly meetings, quarterly progress reports, and an annual report.

One of the main challenges impacting the execution of the NFIS was the non-establishment of the Governing Council. Human and financial resource constraints were also identified as challenges to the progress of some projects in fulfilling the NFIS vision. Additionally, stakeholders reported inadequate funding as a reason for not completing NFIS actions, especially during the COVID-19 pandemic.

Lessons learned from the implementation of the Belize NFIS included: (i) the need for strong involvement and commitment from a broad and diverse base of public and private stakeholders; (ii) the implementation of a comprehensive monitoring and evaluation framework; (iii) the need for disaggregated data to facilitate targeted interventions; (iv) the importance of adopting legal frameworks that support financial digitalisation, given the development of innovative digital solutions, accelerated by the pandemic; and (v) the criticality of financial education and literacy programs, which empower individuals to make informed financial decisions and use financial services effectively.

To continue the vision of Belize's NFIS, the Technical Secretariat is working on a second phase with technical support from the Inter-American Development Bank (IDB). Phase II will focus on closing remaining gaps, such as access to finance in rural areas, consumer protection legislation, financial education, and improved data collection, especially in the agricultural sector. The second phase will also address new challenges, such as fostering the development and use of fintech, adopting infrastructure to enable fast payments and cross-border payments, and advancing deposit insurance and credit reporting systems.

HUMAN RESOURCES

Human resource activities focused on managing employees' performance, redesigning the organisational structure, maintaining labour and employee relations, and providing training and development. These efforts aimed to build a highly engaged, motivated, and satisfied workforce with improved technical and managerial skills.

XXV Annual Conference of Human Resources Managers of Central Banks in the Caribbean Region

The Central Bank hosted the XXV Annual Conference of Human Resources Managers of Central Banks in the Caribbean Region from 6 to 9 September 2023 under the theme "Leveraging Technology to Drive Strategic HR." The conference aimed to promote cooperation and maintain close communication among human resource practitioners of central banks in the region. Attendees exchanged ideas and shared information on topical issues, such as the

Figure 1.3: XXV Annual Conference of Human Resources Managers of Central Banks in the Caribbean Region

latest human resource management strategies that impact talent management, compensation, performance, training, retention, and other matters. Participants discussed their experiences in using technology—including artificial intelligence to enhance talent management strategies—and utilising modern Human Resources Information Systems to enable a paperless workplace and improve communication.

Staff Appreciation Week

The Central Bank held its first Staff Appreciation Week in July to recognise its staff's hard work and commitment and to show appreciation for their valuable contribution. During this week-long celebration, the Central Bank organised various activities to boost employee morale, promote engagement, and foster a culture of togetherness within the organisation. These activities included

Figure 1.4: Staff Appreciation Week

a prayer service, a health fair, live entertainment, games, and other team-building events. The inaugural Staff Appreciation Week was a success with positive feedback from staff members. Staff Appreciation Week will become an annual event.

Employee Recognition Ceremony

The annual Employee Recognition Ceremony was held to honour long-standing staff members. The Central Bank recognised and rewarded 25 employees who reached years-of-service

Figure 1.5: Annual Employee Recognition Ceremony

milestones between 1 July 2022 and 30 June 2023. Several long-service awards were issued to employees: four for 10 years, six for 15 years, eight for 20 years, two for 25 years, two for 30 years, and three for 35 years of service.

Training and Development

Continued emphasis was placed on building talent and capacity, with a number of staff participating in a wide range of learning and development opportunities. The training strategy utilised a mix of overseas, online, local, and onsite courses. Staff attended overseas training hosted by several international institutions such as the Bank for International Settlements, the International Monetary Fund's (IMF's) Caribbean Regional Technical Assistance Centre, and the Toronto Centre. Technical and professional skills were acquired in a variety of specialised areas, including:

- Regulatory and supervisory international standards to advance financial stability and inclusion;
- General macroeconomic analysis in external, monetary, financial, and trade statistics, nowcasting, and capital markets;
- Financial sector policies dealing with international reporting standards and currency and payments programmes;
- Anti-money laundering (AML) issues;
- Information technology, covering cybersecurity risks; and
- Project management.

Employees completed numerous specialised online courses from various learning platforms to build technical knowledge on central bank digital currencies, international accounting standards, fintech, project management, financial and supervisory regulation, and macroeconomic

Figure 1.6: Onsite GDP Nowcasting Training Facilitated by the Inter-American Development Bank

frameworks. Meanwhile, one officer received AML certification, and three completed master's degrees in business analytics, project management, and information technology.

Furthermore, staff benefited from local training on international financial reporting and accounting standards, public speaking, minute-taking, preparing and delivering presentations, and first aid. Security officers also received skills training in field intelligence collection, basic intelligence, cardiopulmonary resuscitation, first aid, and tactical defence.

Onsite training focused on improving staff's skills in customer due diligence procedures and risk assessment, cybersecurity risks, network security, Technology One use, macroeconomic analysis, and nowcasting quarterly gross domestic product (GDP). Finally, Holy Redeemer Credit Union Limited received training on administrating exchange controls after becoming a foreign exchange Authorised Dealer in May.

Staffing and Employee Relations

At year end, the Central Bank's staff totalled 209 persons. During the year, 15 new employees joined the Central Bank, while five retired and eight resigned. Consequently, the Central Bank's turnover rate contracted from 8.3% in 2022 to 6.2% in 2023. Additionally, there were 20 promotions: six to the Management level, two to the Professional I grade, five to the Professional II grade, three to the Professional III grade, and four to the Senior Auxiliary grade.

Career Day

The Human Resources Department actively participated in the University of Belize's Career Day in Belmopan. This event provided a valuable

Figure 1.7: University of Belize's Career Day

platform for the Central Bank to promote the institution as an employer of choice, connect with potential candidates, and attract individuals who fit the organisation's culture and values.

Community Service

In 2023, the Central Bank continued to support the community by providing internships to 13 university and junior college students, as well as two high school students, to help them meet their graduation requirements. Under the Summer Employment Programme, 10 students pursuing bachelor's and associate degrees were also hired, providing them with practical work experience and skill development to support their career goals. In addition, the Central Bank donated to various organisations to support education goals, social causes, sporting events, and the arts. The organisations that received assistance included the Belize Kidney Association, the Belize Cancer Society, the Salvation Army, Marla's House of Hope, and the Young Women's Christian Association.

INFORMATION TECHNOLOGY

ITD achieved several milestones to ensure that the Central Bank maintained a reliable, safe, and secure global payment system. With respect to SWIFT, IAUD attested that the Central Bank fully complied with SWIFT's mandatory and advisory security control requirements under its annual Customer Security Programme. Also, the SWIFT configuration to send and receive ISO 20022 messages was completed and testing to confirm ISO 20022 compatibility with stakeholders will be finalised in 2024. Further, ITD implemented two-factor authentication on the SWIFT application to enhance login security by requiring an additional form of identification.

In 2023, the global financial sector experienced the second-largest share of cyberattacks. The Central Bank remained proactive by completing several essential upgrades to its National Payment System and its information technology infrastructure in its main and disaster recovery sites. The updated components included virtual host servers, storage area networks, perimeter security devices, and network access controls. Additionally, ITD upgraded the email system and added the Domain Messaging Authentication Reporting and Conformance security feature. Significant efforts were also dedicated to upgrading and patching third-party systems and devices to reduce the institution's vulnerability to supply chain attacks. To strengthen its defence against ransomware and phishing attacks, the Central Bank ensured staff received adequate cybersecurity training and knowledge throughout the year.

ITD is participating in strategic projects to upgrade three major systems software. These include upgrading the FAME database software, the Central Bank's enterprise business solution, and the Automated Payment and Securities Settlement System (APSSS). The latter includes improvements to three components of the payment infrastructure: the Automated Transfer System, which handles high and low-value payments; the Central Securities Depository module, which provides a secure environment for the safekeeping of dematerialised financial instruments; and the ISO 20022 format, which is an international messaging standard for real-time gross settlement transactions. These upgrades will improve the functions and features of each software, including data submission, validation, and management processes, and contribute to achieving several strategic objectives under the Central Bank's new strategic plan.

ITD led the technical evaluation for three credit unions to join APSSS through the Shared Services Network Limited's (SSN's) connection. SSN was granted a license to act as an operator of credit unions in APSSS. The credit unions that were integrated into SSN's network in June were the Holy Redeemer Credit Union Limited, St. Francis Xavier Credit Union Limited (SFXCU), and St. Martin's Credit Union Limited.

The CyberArk's Privilege Access Management system was implemented to secure, manage, and monitor privileged accounts used by information technology administrators on the Central Bank's systems. The system's components were installed and configured in 2023. The onboarding and testing phases will commence in 2024.

The Board approved a Cloud Services Policy to ensure data security, availability, and good governance using cloud services. The organisation adopted cloud services as a strategic option to boost its flexibility while improving cost efficiency, innovation, and scalability of software solutions.

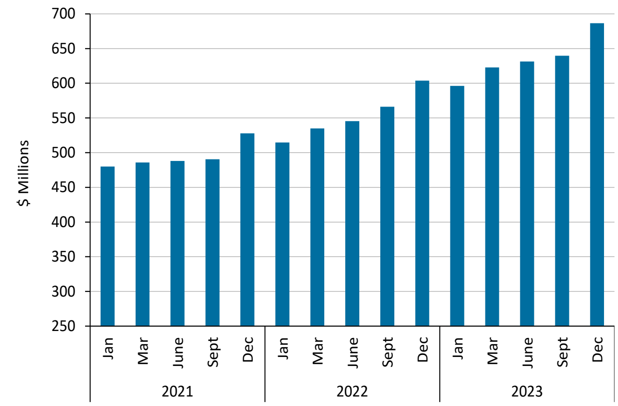
The Cyber Security Committee for the Financial System, comprising representatives from banks, met three times during the year to discuss and collaborate on cyber threats to the financial system, the National Payment System, and other related issues. Two participants reported customer incidents, but thankfully, none resulted in financial losses to customers.

CURRENCY AND FOREIGN EXCHANGE TRANSACTIONS

Currency Operations

The total value of currency in circulation increased by 13.7% to $686.5mn in 2023 from $603.8mn in

Chart 1.1: Currency in Circulation



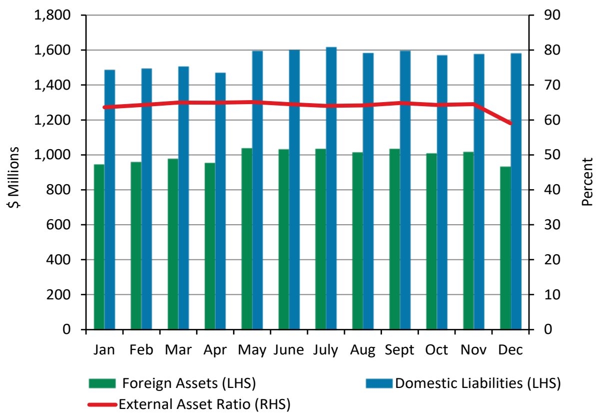
2022, driven largely by the growth of the economy and price changes of goods and services. The public's heightened demand for currency resulted in a 14.1% increase in banknotes in circulation, which rose to $643.2mn at year end. The $50.00 and $2.00 bills, the most widely circulated banknotes, accounted for 23.5% and 19.1% of total banknotes in circulation, respectively, at year end. Coins in circulation also rose substantially, up 8.1% for the year to $43.3mn.

Banknotes continued to dominate currency in circulation, accounting for 93.7% of the total in 2023, a marginal increase from 93.4% in the previous year. In contrast, the share of coins in circulation experienced a slight dip to 6.3% from 6.6% a year earlier. The public's demand for banknotes increased domestic banks' vault holdings from $80.7mn in 2022 to $98.8mn in 2023. As a result, currency with the public (the difference between currency in circulation and domestic banks' vault cash) grew by $64.6mn to $587.7mn in 2023.

External Asset Ratio

Under section 25(2) of the Central Bank Act, the Central Bank is required to maintain a reserve

Chart 1.2: Monthly External Asset Ratio



of external assets of not less than 40.0% of the aggregate amount of notes and coins in circulation and deposit liabilities. This legal threshold ensures that the Central Bank maintains sufficient foreign reserves to meet the country's external obligations.

The external assets ratio remained comfortably above the legal requirement in 2023. At the beginning of the year, the external asset ratio stood at 63.3%, peaked at 65.1% in May, and settled at its lowest position of 58.8% at the end of December.

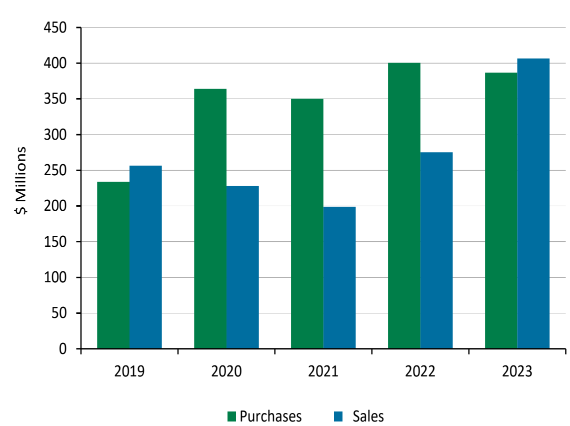
On 1 January 2023, the Central Bank's foreign asset position stood at $950.5mn. Between January and March, it rose by $27.5mn to $978.0mn. This was due to inflows from foreign loans, international grants, sugar export receipts, and interest income from investments abroad. However, in April, the foreign assets declined by $24.3mn to $953.8mn after payment of the first bi-annual interest instalment on the *"Blue Loan."*

In May, the Central Bank experienced an upsurge in its foreign assets, which peaked at $1,037.9mn upon receipt of an $84.0mn loan disbursement from the Republic of China/Taiwan (Taiwan). The foreign asset position remained over the billion-dollar mark until November. This result occurred even after dipping by $19.8mn and $25.8mn in August and October, respectively, due to payments related to servicing the Government's external debt. Notably, in October, the reduction was mainly attributable to outflows to cover the second interest payment on the Blue Loan.

In December, the foreign asset position declined by a significant $85.0mn, ending the 12-month span at its lowest level of $932.2mn. This sharp decline reflected the impact of the Government's $90.0mn payment towards the acquisition of the Port of Belize Limited (PBL) and settlement of outstanding arbitral awards and litigations.

Over the year, the foreign asset portfolio became less liquid, as the amount of cash and fixed deposits as a share of total foreign assets contracted substantially from 37.6% in 2022 to 26.1% in 2023. In turn, the share of foreign securities increased markedly from 50.1% in 2022 to 61.3% in 2023, while the portion of special drawing rights inched up from 12.3% in 2022 to 12.6% in 2023.

Chart 1.3: Trade in Foreign Currency



Foreign Exchange Transactions

Foreign currency transactions, excluding CARICOM currencies, shifted significantly in 2023, turning from net purchases of $125.2mn in 2022 to net sales of $19.9mn in 2023. This change was primarily driven by a decline in foreign currency purchases alongside a rise in foreign currency sales. Compared to the previous year, total foreign purchases contracted by $13.7mn or 3.4% to $386.8mn. Furthermore, foreign currency sales grew by $131.4mn or 47.7% to $406.7mn. While the decline in foreign currency purchases was attributed to a reduction in external loan disbursement receipts, the increase in foreign currency sales was due primarily to Government's one-off payments towards the acquisition of PBL ($76.0mn) together with the settlement of outstanding arbtiral awards and litigations ($14.0mn) as well as a surge in external debt service payments ($55.7mn).

Trading in CARICOM currencies also yielded a small deficit, with net sales of $4.0mn in 2023. However, this deficit reflected a slight improvement over the previous year's outturn, which resulted in net sales of $4.2mn. Notably, trades in CARICOM currencies mainly comprised the settlement of official transactions, which did not significantly affect the overall outcome.

RELATIONS WITH CENTRAL GOVERNMENT

Overdraft Advances

Section 34 of the Central Bank Act allows the Central Bank to provide direct advances to the Government, provided that the total outstanding amount at any time does not exceed 12.0% of its current revenues collected during the preceding fiscal year (FY). For FY 2023/24, the limit of direct advances to the Government that could have been outstanding at any point in time was $158.4mn. This amount reflected a 16.1% increase over the $136.4mn ceiling calculated for the previous period. Direct advances are credited to an overdraft facility linked to the Government's Consolidated Revenue Fund, held with the Central Bank. However, the Government has not utilised the overdraft facility since July 2021.

Treasury Bills

The nominal value of outstanding Treasury bills (T-bills) issued by the Government increased from $245.0mn in 2022 to $335.0mn in 2023, following a $90.0mn issue in December, with a maturity period of 91 days. This issuance raised the aggregate amount of outstanding T-bills to 83.8% of the authorised limit of $400.0mn from 61.3% in 2022. At year end, the Government had outstanding four 91-day tranches valued at $83.2mn, $64.0mn, $67.4mn, and $90.0mn and one six-month tranche valued at $30.0mn. Competitive bidding at Dutch auctions caused the weighted average yield to decline gradually from 0.85% at the start of the year to 0.63% at the end of 2023. This year, there were no new entrants in the T-bill market.

Chart 1.4: T-bill Yield

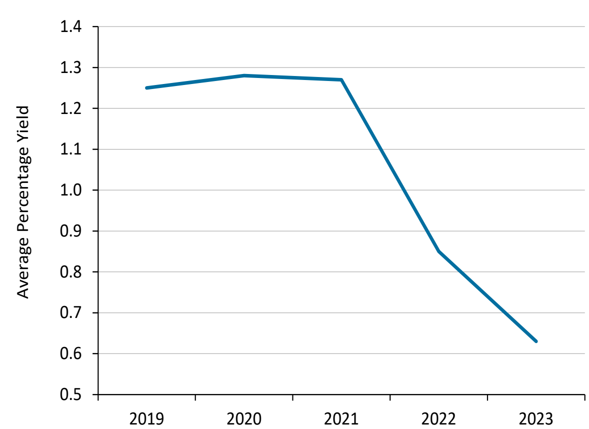


Chart 1.5: T-bill Distribution by Holder

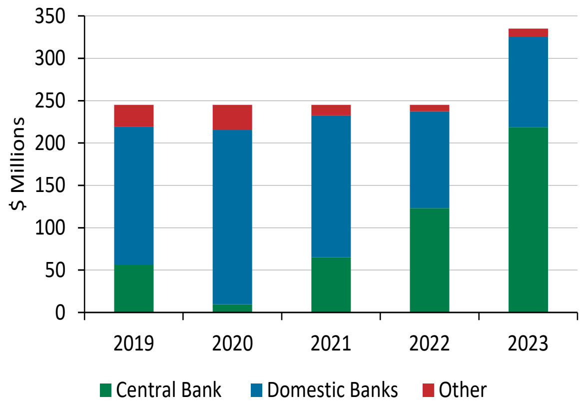
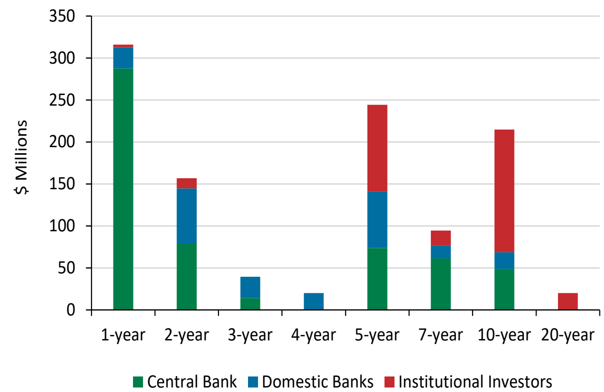


Chart 1.6: T-note Distribution by Maturity and Holder



Fifteen auctions were held in 2023, comprising 13 91-day and two six-month issues. Over the year, the face value of Central Bank's portfolio of T-bills rose sharply, increasing from $123.0mn to $218.7mn and accounting for 65.3% of total issuances. Domestic banks' holdings peaked at $135.7mn in April, but closed the year at $107.1mn, equivalent to 32.0% of the outstanding amount. As for institutional investors, their holdings rose modestly from $7.5mn to $9.2mn, 2.7% of the outstanding amount. T-bills trading on the secondary market remained low. Altogether, there were only three sales between the Central Bank and private entities.

Treasury Notes

In 2023, Government issued $93.5mn in Treasury notes (T-notes), raising the outstanding amount to $1,105.9mn from $1,012.4mn in 2022. The new issuances elevated the share of outstanding T-notes to 92.2% of the aggregate legal limit of $1,200.0mn. Government's repricing strategy, which commenced in 2021, continued with the issuing of a two-year tranche in February 2023 at a coupon rate of 2.25%. This rate was substantially lower than the inflation-indexed two-year Floating Rate Notes with principal value of $13.7mn that was redeemed and replaced in May. Additionally, the first principal instalment of $14.2mn (US$7.1mn) on the United States (US) dollar-denominated five-year T-note was repaid in June with proceeds from a 14-million-dollar three-year note with a coupon rate of 3.60%.

In December, the Government issued T-notes in aggregate amounts of $90.7mn to finance the acquisition of PBL and $16.6mn to settle judgement debts in favour of judgment creditors. The T-notes were issued in five tranches as follows: (i) two tranches of two-year T-notes of $16.6mn and $25.2mn at 3.5%, (ii) one three-year tranche of $25.5mn at 3.6%, (iii) one four-year tranche of $20.0mn at 3.7%, and (iv) one five-year tranche of $20.0mn at 3.8%.

During the year, Government reissued 15 tranches of one-year T-notes at 2.0%, three tranches of two-year T-notes at 2.25%, and one tranche of seven-year T-notes at 4.0%. The coupon rate for the 10-year and 20-year T-notes remained unchanged at 5.25% and 5.75%, respectively.

RELATIONS WITH DOMESTIC BANKS

Cash Reserves

The secondary cash reserve requirement for domestic banks was unchanged at 6.5% of average deposit liabilities in 2023. Domestic banks' average cash holdings grew by 5.4% or $37.8mn to $739.3mn in 2023, as their aggregate T-bill holdings declined. In tandem, domestic banks' average required holdings increased by 4.9% or $11.6mn to $249.8mn in 2023, up from $238.2mn in 2022. As a result, domestic banks' excess cash holdings averaged $489.5mn during the year.

Despite the growth in excess cash holdings, there were two revolving short-term interbank loan transactions in 2023. The interbank loans were issued and refinanced at a rate of 2.25%, which has been unchanged since 2022.

Automated Payment and Securities Settlement System

The use of digital credit transfers via APSSS gained further momentum in 2023. This year's upward trend was supported by domestic banks' heavy promotion of online banking services to the public. Furthermore, three credit unions began

Chart 1.7: Cash Reserves

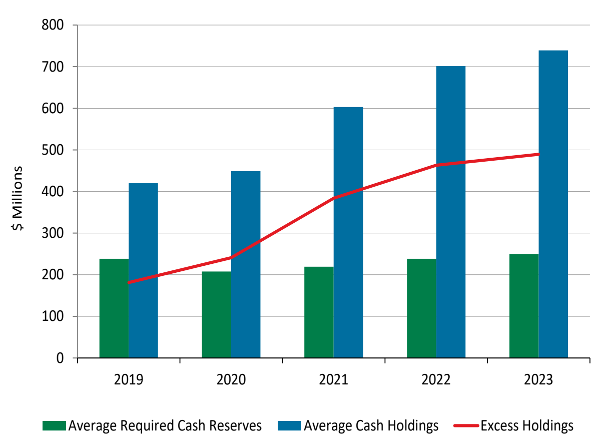
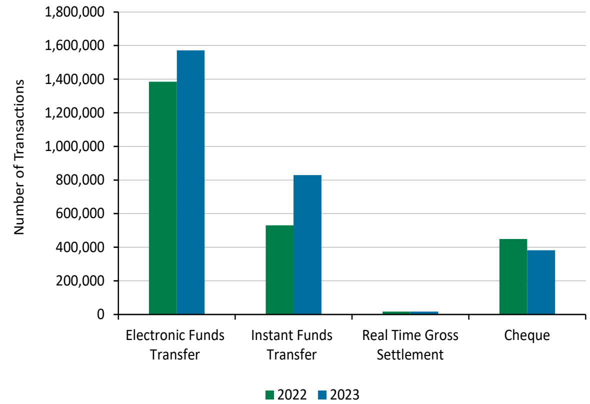


Chart 1.8: Non-Cash Payment Methods



offering online banking services to members in 2023 through SSN. As a result, the number of transactions processed through APSSS increased by 17.6%, rising from 2.4mn in 2022 to 2.8mn in 2023, with upswings of 0.2mn electronic funds transfers and 0.3mn instant funds transfers. These increases were partially offset by a 1.2% decrease in real-time gross settlement transfers. Cheque usage as a means of payment further declined, down 14.8% in 2023, following a 16.3% drop in 2022.

CENTRAL BANK FINANCIAL PERFORMANCE

Balance Sheet

The Central Bank's total assets grew by 5.3% or $90.9mn to $1,808.8mn in 2023, marking the fourth consecutive year of balance-sheet growth. This increase was due to a $108.6mn (14.1%) expansion in domestic assets, resulting from an upsurge in the Central Bank's holdings of Government securities. However, this upswing was partly offset by an $17.7mn (1.9%) decrease in the Central Bank's foreign assets, owing to rising external debt servicing costs throughout the year and the one-off payments associated with the nationalisation in December.

Income Statement

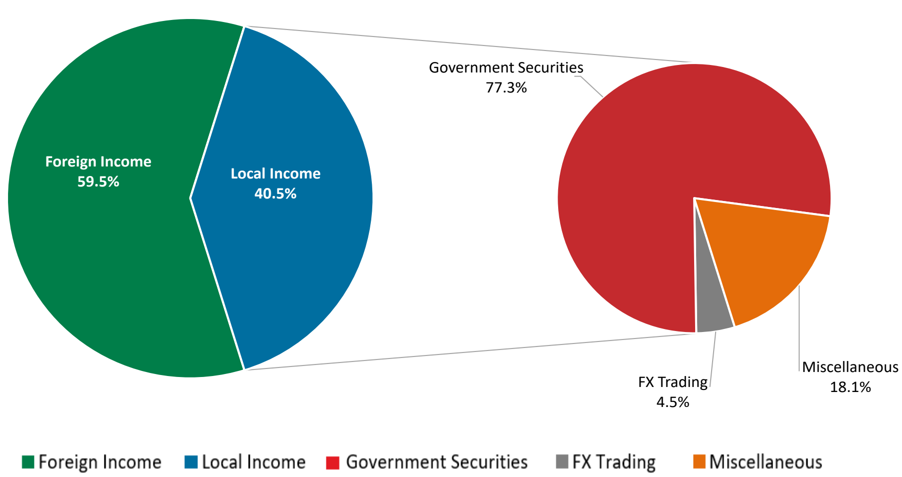
The Central Bank's gross income increased by $20.7mn to $57.2mn in 2023, marking the second consecutive year of growth, with a 56.7% increase over the previous year. The hike in earnings was due to a significant rise in foreign income, which more than doubled from $13.1mn in 2022 to $34.1mn in 2023 and accounted for 59.6% of total earnings. This outcome was due primarily to the repeated hikes in US policy rates to curb inflation. Additionally, a larger average foreign asset balance, which increased from $891.1mn in 2022 to $992.3mn in 2023, also contributed to the stellar performance. Consequently, the Central Bank's average rate of return rose from 1.4% in 2022 to 3.7% in 2023.

However, local income declined by $0.3mn to $23.1mn in 2023 compared to the previous year. Local income comprised 40.5% of the total revenue in 2023, down from 64.1% in 2022, due to the reduction in income earned on local securities because of lower Treasury yields. Nevertheless, interest earned on Treasuries accounted for 77.3% of local income, with the rest coming from the commission on foreign currency trading and revenue from other miscellaneous sources, such as licencing fees from financial institutions and transaction fees on payments through APSSS.

Total expenditure went up by $9.0mn to $37.8mn in 2023, reflecting a 31.1% increase compared to 2022. Outlays rose across all major operating spending categories, with the most significant expense being staff costs, which accounted for 49.8% of total expenditure. Administrative and operational expenses accounted for 30.4%, followed by interest and currency costs at 12.0% and 7.8%, respectively.

The Central Bank generated a surplus of $19.4mn in 2023, which will be distributed following Section 9 (1) of the Central Bank of Belize (Amendment) Act, 2022. As per the section, 30.0% of the Central Bank's net profit for 2023, amounting to $5.8mn, will be paid into its General Reserve Fund. The remaining 70.0%, equivalent to $13.6mn, will be paid to the Accountant General for deposit into the Consolidated Revenue Fund.

Chart 1.9: Distribution of Central Bank's Income




SUB UMBRA FLOREO
BANK


Photography by #RichardHolder

II. ECONOMIC REVIEW

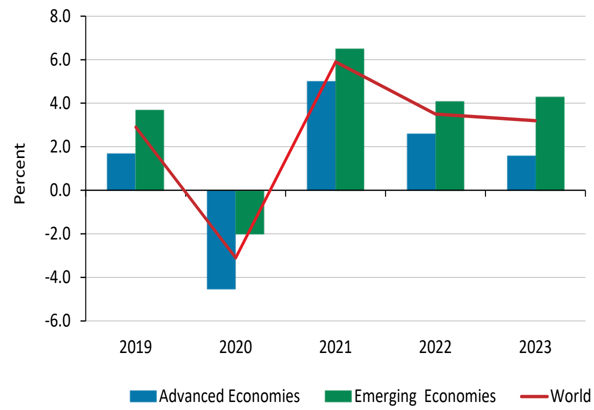
INTERNATIONAL DEVELOPMENTS

During 2023, global economic growth slowed but remained resilient amid multiple headwinds, including the recent conflict in the Middle East, the Russia-Ukraine war, higher cost of living, tighter financial conditions, and extreme weather events. According to the IMF, world output expanded by 3.2% in 2023, down slightly from 3.5% in 2022. This narrative of post-pandemic recovery remained complex, as growth was uneven across regions—slower in advanced economies than in emerging and developing ones—and on a lower path than before the pandemic. Despite the economic slowdown, global employment growth remained strong, and labour participation rates mostly recovered from their pandemic lows. At the same time, inflationary pressures eased during the year due to resolved supply-side issues but persisted in many economies, triggering tighter monetary policies in response.

Advanced and Emerging Economies

Advanced economies grew by 1.6% in 2023, declining from 2.6% in 2022. Among this group, the US performed stronger than expected, with a moderate 2.5% growth rate, up from the previous year's 1.9%. The growth trajectory was underpinned by several factors, including significant surges in consumer spending and non-residential fixed investment, higher government spending at both the state and federal levels, and a substantial rise in exports. Over the year, 1.9mn jobs were added to the economy compared to 2.7mn jobs in 2022. Hence, the unemployment rate nudged up to 3.7% from 3.5% a year earlier. Meanwhile, inflation for the 12 months ending December eased to 3.4%, down from 6.5% last year, tamed by a series of monetary tightening measures that culminated in four 25 basis-point increments in the federal funds rate this year to a range of 5.25% to 5.50% in July, which was kept for the rest of the year. As expected, the restrictive monetary policy stance exerted a contractionary effect on certain activities, particularly residential fixed investment.

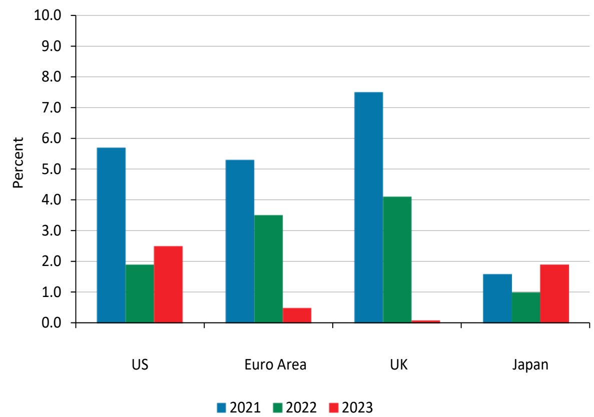
Chart 2.1: Global GDP Growth Rate



Source: IMF

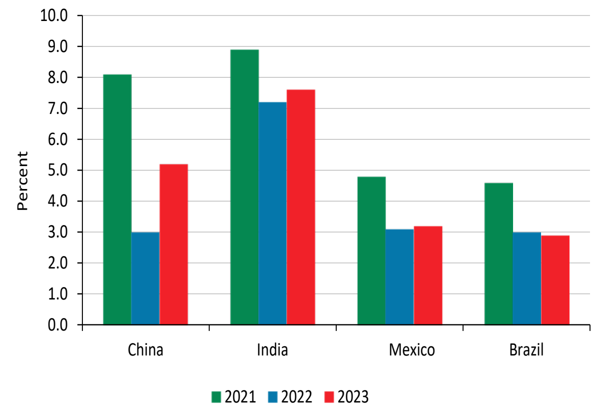
Although the United Kingdom (UK) economy contracted over the last two quarters of the year, the country's real GDP grew minimally by 0.1% in 2023, significantly down from 4.1% in 2022. This subdued performance was attributed to persistently high inflation, structural issues in the labour market, low productivity, and adverse weather conditions. From a sectoral approach, growth was mixed as services, particularly transport and rental and leasing activities, grew modestly, while production and construction declined. Despite a marked decrease to 6.8% from 7.9% in 2022, the annual inflation rate remained above the UK's economic peers, exerting continued pressure on household finances and growth. Similarly, the euro area closely avoided recession, growing marginally by 0.5% in 2023, relative to the 3.5% performance recorded last year. This slowdown was primarily attributed to

Chart 2.2: Select Advanced Economies: GDP Growth Rate



Source: IMF

Chart 2.3: Select Emerging Economies: GDP Growth Rate



Sources: Statistical offices of China, India, Mexico, and Brazil

weakened consumer spending, investment, and exports, amid disruptions in the Red Sea. To combat inflation, which peaked at 8.4% in 2022, the European Central Bank raised key interest rates to record highs in September, successfully lowering inflation to 5.4%. In Japan, real GDP grew by 1.9% in 2023, reflecting an improvement over 2022's expansion of 1.0%. Marginal pick-ups in private consumption and investment, government consumption and investment, and net exports largely drove this outturn.

Growth among emerging and developing economies inched up to 4.3% compared to the 4.1% increase recorded in 2022. India retained its position as one of the fastest-growing economies in the world, expanding by 7.6% in 2023. Concurrently, China's economy rose by 5.2%, buoyed by upticks in industrial production and services and a modest recovery in the manufacturing sector. Meanwhile, Russia recorded a better-than-expected 3.6% increase in output in 2023, underpinned by government intervention and favourable commodity market conditions. Brazil, Latin America's largest country, grew by 2.9%, stimulated by strong domestic demand and higher-than-expected growth in large trading partner economies.

Central America and Mexico

Central American economies grew by 3.5% on average in 2023, reflecting a slowdown from the 4.1% recorded in 2022. The first half of the year recorded strong growth, underpinned by a surge in tourism activities and significant remittance flows from the US. However, as the year progressed, the region's growth momentum slowed due to persistent inflationary pressures, a sharper-than-expected global economic slowdown, and a regional dip in export performance. Over the year, all Central American countries grew, albeit at varied paces.

The Honduran economy grew by 2.9%, down from 4.0% in 2022, with key contributions from the financial intermediation, transportation, construction, and agriculture sectors. The financial sector grew on the strength of an expanded loan portfolio and commissions, while agriculture benefited from better production yields. Furthermore, inflation showed a significant decrease to 5.0% year-on-year, falling within the authority's tolerance range for the first time since November 2021.

El Salvador grew by 3.2%, underpinned by increased demand for professional services and strong performances in electricity production, construction, and recreation linked to international events. Notably, inflation dropped to 4.0% in 2023 from a high of 7.2% in 2022, driven by declining food prices, lower input costs, and stable fuel prices.

Nicaragua and Guatemala expanded by 3.0% and 3.5%, respectively. Stronger exports, record-high remittances, and foreign investments stimulated growth in Nicaragua, while increased domestic demand, government consumption, and investment strengthened Guatemala's economy. However, supply restrictions and higher commodity costs dampened growth, leading to a 5.6% inflation rate in Nicaragua and 4.2% in Guatemala.

The Costa Rican economy displayed remarkable resilience with a 5.1% GDP growth rate fuelled by a surge in domestic demand, particularly in consumption and private investment, alongside notable export expansion. This period of economic expansion was mirrored in the labour market, where improvements were observed through reduced unemployment and a rise in real wages. Moreover, inflation receded to 1.8%, the lowest in the region, and below the Central Bank of Costa Rica's policy target.

Panama was among the strongest performers in the region despite growth slowing to 6.0% in 2023 from 10.8% in 2022. Output was underpinned by robust service exports. However, shipping disruptions in the Panama Canal, civil protests over the high cost of living, and lower copper exports moderated economic activity in 2023. Notwithstanding, Panama's inflation rate stood at 2.2%, one of the lowest in the region.

Closer to home, Mexico's economy expanded by 3.2% in 2023, supported by growth across various sectors, including notable recoveries in construction and contact-intensive services. Manufacturing, particularly auto production, recorded a 14.0% growth due to robust domestic demand. The economic upturn and a near-record high in manufacturing capacity utilisation led to a drop in unemployment to 2.8%. Adding to this positive outcome, headline inflation fell to 4.7% in 2023 from 7.8% at the end of 2022, influenced by a proactive monetary policy and declining global commodity prices.

Caribbean

Economic growth in the Caribbean slowed to 6.7% in 2023, following an increase of 11.0% in 2022. This deceleration stemmed from heightened inflationary pressures and stringent monetary policies in developed countries that resulted in elevated borrowing costs, lower regional investment, and weakened trade. Despite these challenges, Caribbean economies were resilient, with 11 countries estimated to have returned to their pre-pandemic output levels. A 13.8% growth in commodity-exporting countries, led by Guyana, was the main driving force behind the region's improvement. The ongoing tourism recovery also boosted the regional expansion, with service exporting nations recording an average growth of 2.4%. Supported by continued economic growth, the region's debt-to-GDP ratio fell by 4.8 percentage points to 51.8% in 2023.

Buoyed by robust tourism-related activities, the Eastern Caribbean Currency Union grew by an estimated 5.0% in 2023, which was below the 8.9% expansion recorded in the previous year. The post-pandemic recovery in tourism and related services supported rapid growth in member countries, namely Anguilla (9.6%), Montserrat (6.9%), and Antigua and Barbuda (6.2%). Still, this growth was tempered by a moderation in manufacturing and construction-related activities.

Despite a downturn from last year's double-digit increase, Barbados registered a moderate growth rate of 4.4% in 2023. This expansion was fuelled by a 17.9% boost in tourist arrivals, which drove developments in construction, wholesale and retail trade, and other service sectors. The continued economic recovery influenced the narrowing of the country's debt-to-GDP ratio to 115.5% in 2023 from 120.3% in 2022. Meanwhile, the Bahamian economy grew by an estimated 4.3%, down from the 14.4% achieved in 2022, as tourist arrivals approached pre-pandemic levels. Robust tourism output steered growth, with 7.2mn tourist arrivals recorded in the first three quarters of 2023, surpassing the 4.8mn visitors in 2022. To a smaller extent, expansions in foreign investment projects and construction services also supported growth in 2023. Jamaica's economy grew by 2.9%, mainly reflecting expansions in tourism and associated industries such as transport, entertainment, and manufacturing.

Among commodity-exporting member states, Guyana recorded the highest growth rate of 32.9% in 2023, bolstered by a 35.2% upsurge in oil production, alongside moderate gains in the construction, agriculture, and service industries. Furthermore, Suriname's output grew by an estimated 2.3%, driven by the performance of the mining and service sectors. In tandem, Trinidad and Tobago gained momentum with a 2.7% growth, up from the 1.5% in the previous year. The acceleration in economic activity was supported by improvements in the non-energy sector, which overshadowed downturns in crude oil and natural gas production.

DOMESTIC OVERVIEW

Real Gross Domestic Product

Belize's economy grew by 4.7% in 2023, which was primarily driven by growth in service-oriented industries. While the tertiary sector's expansion contributed significantly to this outcome with a 9.6% increase, output in the primary and secondary sectors declined by 6.3% and 1.6%, respectively. Growth among service industries was underpinned by the post-pandemic rebound in inbound tourism, which boosted the "*Accommodation and Food Service Activities*" and "*Transportation*" industries by 34.7% and 19.0%, respectively. The sector's activities were also supported by increased value added from business process outsourcing (BPO) services, which lifted "*Administrative and Support Service Activities*" by 16.5%. However, primary output was suppressed by reductions in traditional crop production and crude oil extraction, which exceeded value-added gains from non-traditional crop and livestock production. Secondary output also contracted as declines in agro-processing and electricity generation outweighed positive contributions from beverage production and construction activities.

Unemployment

The unemployment rate reached a new record low in 2023, averaging 3.4% for the year. New employment was primarily created in the services sector, while the labour force participation rate dipped.

Prices

The consumer price index (CPI) grew by 4.4% in 2023, which was below the near-record high of 6.3% in 2022 but remained above the long-run average of 1.9%. The inflationary momentum was driven mainly by rising food and restaurant service costs. Notably, the "*Food and Non-Alcoholic Beverages*" and "*Restaurants and Accommodation Services*" subindices accounted for 72.7% and 18.1%, respectively, of the change in the all-items index. The disinflationary trend was influenced by reduced prices for motor fuels, liquefied petroleum gas, and internet services.

Fiscal and Debt

In fiscal operations, total revenues and grants grew by 3.9% ($52.6mn) to $1,394.2mn, owing to solid tax intakes, as non-tax revenue and grants fell. Meanwhile, total expenditure rose by 7.8% ($107.4mn) to $1,493.0mn, spurred mainly by increased interest payments to external creditors and emoluments to public workers. Consequently, the Central Government's primary surplus narrowed to 0.6% of GDP ($39.2mn) in 2023 from 0.9% ($53.4mn) in 2022. Furthermore, the overall deficit increased to 1.6% ($98.8mn) of GDP from 0.8% ($43.9mn) in 2022.

The overall deficit was financed from a mix of external and domestic sources, contributing to a 7.3% ($296.1mn) rise in total public sector debt to $4,338.9mn (70.8% of GDP). In more detail, the public sector's external debt increased by 3.8% ($103.7mn) to $2,831.0mn (46.0% of GDP), while Central Government's domestic debt rose by 14.6% ($192.3mn) to $1,507.9mn (24.5% of GDP). The surge in domestic government borrowings reflected the Government's financing requirements to cover the re-acquisition of PBL and other settlement payments tied to the transaction.

External Sector

The current account deficit narrowed from $471.1mn (9.5% of GDP) in 2022 to $181.3mn (3.1% of GDP) in 2023. Although the merchandise trade deficit and interest payments on the public sector's external debt rose significantly, the external deficit narrowed due to a substantial increase in tourism earnings and inward transfers. Additionally, reduced outflows to cover international freight costs and profit repatriation to foreign investors helped reduce the external deficit.

Net inflows on the capital account declined by $8.6mn to $50.3mn, as grants from an international financial institution to fund infrastructural projects curtailed with the winding down of a major road project. Meanwhile, net liabilities on the financial account fell by $258.4mn to $117.0mn, with steep declines in both net direct investments and other net investments. Although inward foreign direct investments rose, net direct investments fell due to outflows tied to the nationalisation of PBL, real estate transfers, and profits of a former domestic bank.

The Central Bank utilised $18.4mn from its gross international reserves, which at year end stood at $946.5mn, the equivalent of 4.1 months of merchandise imports.

Monetary Sector

In monetary developments, sharp increases in the net foreign assets ($80.4mn) and net domestic credit ($389.6mn) of the banking system drove growth in broad money supply (M2). The net foreign assets grew by $80.4mn to $1,599.0mn, owing to a $98.3mn increase in domestic banks' holdings to $651.1mn, while the Central Bank's position declined by $17.9mn to $948.8mn. Whereas the domestic banks' foreign balances were strengthened by the upswing in tourism earnings, the Central Bank's position was weakened mostly by payments linked to the PBL transfer. Net domestic credit ballooned, rising by $389.6mn to $3,610.4mn, with increased lending to Central Government ($214.6mn), other public sector entities ($31.0mn), and the private sector ($143.9mn). Notably, the sharp increase in Central Government's financing was tied to the Treasury securities purchased by the banking system to fund PBL's acquisition.

Nevertheless, liquidity conditions remained buoyant. Domestic banks' holdings of excess liquid assets expanded by $41.2mn to $744.1mn, which was 91.6% above the secondary reserve requirement. Interestingly, a sizeable share of this year's growth in approved liquid assets was invested in foreign short-term market securities. Furthermore, excess cash reserves grew by $10.5mn to $509.8mn, which was 202.8% above the primary (cash) reserve requirement.

Credit conditions tightened, as the 12-month (rolling) weighted average interest rate on new loans increased by 14 basis points to 8.68% due to hikes in both mortgage and commercial loan rates. At the same time, the 12-month (rolling) weighted average interest rate on new deposits contracted by 22 basis points to 1.80% because of a drop in time deposit rates. Consequently, the average interest rate spread widened by 36 basis points to 6.88%.

Concerning other financial institutions, the Development Finance Corporation's loan portfolio expanded by $14.3mn in 2023.

Economic Prospects

Global economic growth is expected to remain stable at 3.2% in 2024, with varied outcomes across regions, according to the IMF. The world economy should face multiple challenges and uncertainties due to tight monetary policy, weak global trade and investment, and climate-related disasters.

Belize's economic growth is projected to slow to 4.1% in 2024, decelerating for the third consecutive year in the post-pandemic era but remaining well above the long-run average. Growth will be supported by a complete recovery in stay-over arrivals, coupled with a partial recovery in traditional crop output, agro-processing, beverage production, and electricity generation. Central Government operations are expected to maintain a marginal primary surplus, which should help keep debt on a downward path to create more room for investments in infrastructure, human development, social welfare, and climate-related initiatives. In the external sector, the current account deficit is projected to decrease even further due to additional tourism revenues.

MONETARY DEVELOPMENTS

Money Supply

In 2023, M2 growth accelerated significantly, rising by 7.1% or $293.0mn to $4,447.6mn. This positive development was driven by notable increases in credit to the Central Government (net) and the private sector, along with a marked expansion in domestic banks' foreign assets. Narrow money supply (M1) grew by $245.1mn

Chart 2.4: Deposit Growth

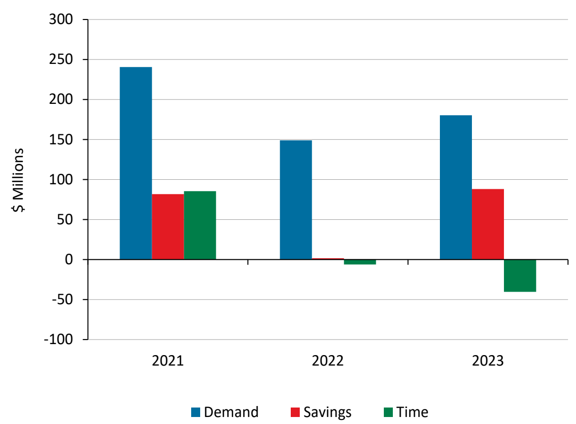
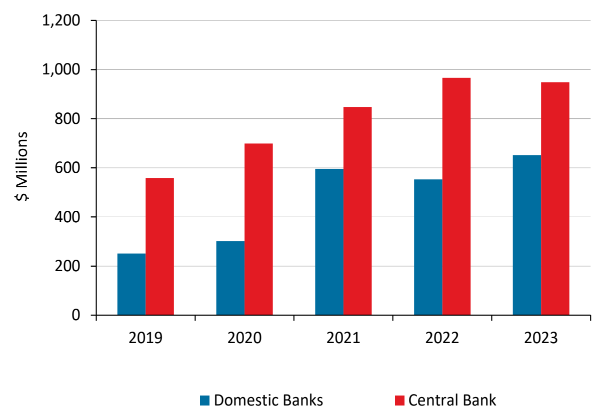


Chart 2.5: Net Foreign Assets



(10.1%) to $2,668.6mn, accounting for 83.7% of the expansion, with increases in all its sub-components. The largest sub-component, demand deposits, jumped by $180.4mn (9.5%). The sharp upturn reflected a surge in local deposits belonging to businesses, the nonfinancial public sector, and households, as well as foreign currency deposits held by regional organisations. The two smaller sub-components, currency held with the public and savings/chequing deposits, grew by $64.6mn (12.3%) and $0.2mn (38.4%), respectively. Additionally, quasi-money rose by $47.8mn (2.8%), as an $88.1mn increase in savings deposits was partly offset by a $40.3mn decrease in time deposits. The latter was mostly linked to a sizable reclassification of time deposits to demand deposits of a former bank, most of which were later repatriated to shareholders abroad.

Net Foreign Assets

In 2023, the net foreign assets of the domestic banking system increased by $80.4mn (5.3%) to $1,599.9mn, surpassing the $75.4mn (5.2%) expansion recorded last year. Whereas the Central Bank drove foreign asset growth in 2022, this year's accumulation was solely attributable to domestic banks, whose net holdings expanded by 17.8%. Conversely, the Central Bank's position weakened by 1.9%.

Domestic banks' net foreign assets climbed by $98.3mn to $651.1mn, a turnaround from the $43.7mn decline recorded in the previous year. This improvement was due to an 8.8% uptick in gross foreign currency inflows, while outflows remained stable when compared to 2022. Most of the foreign currency growth emanated from a surge in tourism earnings, which rose by 21.3% over the previous year. Other notable sources of inflows included a loan disbursed to a domestic bank from an overseas creditor, transfers to regional organisations stationed in Belize, inward remittances, commercial free zone (CFZ) sales, and BPO revenues. Foreign currency inflows were mainly used to pay for imports, which accounted for 81.7% of total outflows. The share of payments for international freight (4.2%) and profit repatriation (3.4%) followed distantly behind.

Meanwhile, the Central Bank's net foreign assets dipped by $17.9mn to $948.8mn after an $84.6mn drop in December erased gains made in the first eleven months of the year. The month's decline was due to Government's compensation for the acquisition of PBL and the settlement of outstanding arbitral awards, which required two upfront payments in US dollars to Waterloo Investment Holdings Limited (Waterloo, $76.0mn) along with Midway Investments Limited (Midway) and Belize Social Development Limited ($14.0mn) in December.

At the end of November, and prior to the compensation payments, the Central Bank's net foreign assets stood at $1,033.4mn, $66.7mn higher than its December 2022 position. The foreign asset growth over the 11 months was supported mainly by a considerable loan disbursement from Taiwan to the Central Government in May, loan and grant receipts from other external creditors, purchases of sugar export receipts, and other miscellaneous sources, including returns on the Central Bank's overseas investments. Altogether, these inflows, which were 1.9% lower than 2022's receipts, outstripped a 12.4% increase in outflows between January and November, which was due mostly to higher external debt service payments.

For the year, cross-border payments made on behalf of the Central Government accounted for 88.1% of all outflows, leading to an $18.4mn reduction in the gross international reserves to $946.5mn. Notwithstanding, the import coverage was unchanged from the year before at 4.1 months of merchandise imports, as the decline in value of imports was greater than the decrease in the Central Bank's external position.

Net Domestic Credit

Net domestic credit rose by $389.6mn, or 12.1%, to $3,610.4mn, more than double the $173.5mn (5.7%) upturn recorded in 2022. This expansion represents the largest nominal increase ever recorded and the fastest growth pace since 2015, as credit to the Central Government, quasi-government entities, and the private sector recorded solid performances.

Net credit to Central Government soared by $214.6mn (30.1%) to $927.8mn, bolstered by the $188.9mn upsurge in December, primarily linked to the nationalisation of PBL and the settlement of outstanding claims between the Government and other parties. Accordingly, net financing from the Central Bank rose by $132.2mn, owing to a $105.4mn surge in the acquisition of Government Treasuries and a $26.8mn reduction in deposits, owing to increased withdrawals. The pickup in securities holdings primarily reflected the Central Bank's uptake of newly issued 91-day T-bills valued at $90.0mn, used to fund the upfront US-dollar payment to acquire PBL. Similarly, net borrowings from domestic banks increased by $82.4mn as domestic banks took up $91.9mn in additional Treasury securities, moderated by a $9.5mn uptick in deposits for Central Government. Although domestic banks reduced their T-bill holdings by $7.4mn in 2023, their T-note holdings rose by $99.3mn. The latter was due to a domestic bank's receipt of $107.3mn in T-notes in connection with the nationalisation of PBL and settlement of outstanding arbitral awards.

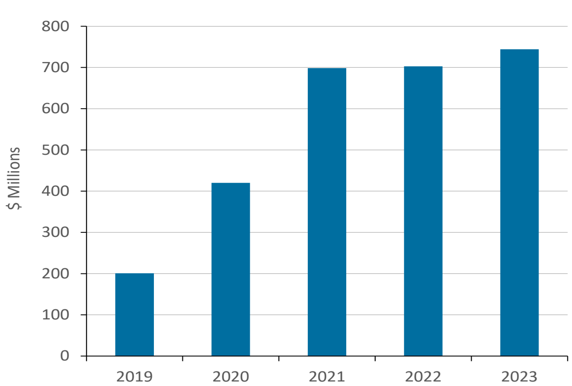
At the same time, credit to other public sector entities increased by $31.0mn (35.5%), lifting outstanding claims to a new record high of $118.3mn after nearly doubling in 2022. This outcome was the result of a sizeable loan disbursement to a public utility, a domestic bank's subscription to the Belize Tourism Board's (BTB's) bonds, and smaller disbursements to local governments, which exceeded amortisation payments by statutory bodies.

Credit to the private sector grew by $143.9mn (5.9%) to $2,564.3mn, representing the largest nominal growth since 2008 and outperforming the $104.0mn increase in 2022.

Domestic Bank Liquidity

Domestic banks' holdings of excess liquid assets grew for the fourth consecutive year, reaching $744.1mn, 91.6% above the secondary reserve requirement, after a $41.2mn (5.9%) expansion in 2023. This increase resulted from an $88.6mn growth in liquid asset holdings, which was partially offset by a $47.5mn rise in the minimum amount of liquid assets domestic banks were required to possess. During the year, domestic banks increased their investments in short-term securities abroad, while retaining larger amounts of currency to meet consumer demand and holding higher deposit balances with the Central Bank. The latter resulted from greater foreign exchange transactions between the Central Bank and the private sector, a decline in domestic bank financing to Central Government, and increased transfers from quasi-government institutions to domestic banks. As a result, excess cash reserves grew by $10.5mn (2.1%) to $509.8mn, 202.8% above the primary (cash) requirement. Notably, the distribution of cash liquidity in the system remained highly uneven, leading to the use of the interbank market for seven consecutive months of the year.

Chart 2.6: Excess Statutory Liquidity



Interest Rates

The interest rates for new loans and deposits moved in opposite directions over the year. Compared to the end of 2022, the 12-month (rolling) weighted average interest rate for new loans increased by 14 basis points to 8.68%. The rise in the average lending rate was propelled by the 65- and 13-basis-point rate hikes on mortgages and commercial loans, respectively. However, loan rates for "other" purposes and personal consumption declined by 21 and 17 basis points, respectively, tempering the upward momentum.

In contrast, the corresponding interest rate on new deposits decreased by 22 basis points to 1.80%. This reduction was underpinned by a 25-basis-point drop in time deposit rates, which overshadowed a 69-basis-point increase in savings/chequing deposit rates and a six-basis-point uptick in savings deposit rates. Although the rise in savings/chequing deposit

Chart 2.7: Annualised Interest Rates on New Loans and Deposits

rates was sizeable, its weighted impact was insignificant because it accounted for less than 1.0% of total deposits in the system. As a result, the spread between lending and deposit rates widened by 36 basis points to 6.88%.

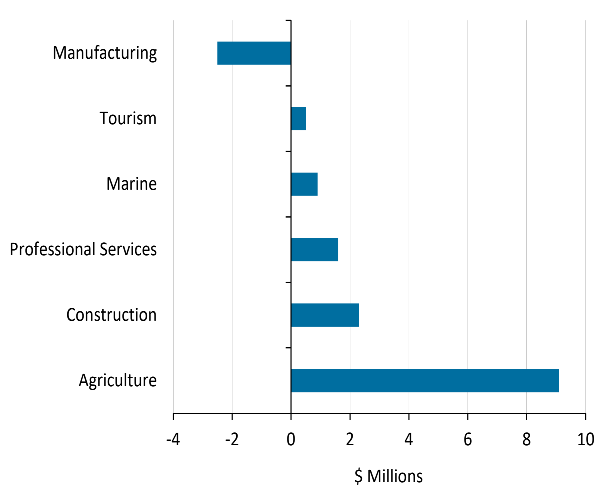
Development Bank Lending

The Development Finance Corporation's loan portfolio grew by $14.3mn (10.6%) to $149.2mn in 2023, building upon the $14.8mn (12.3%) growth realised in 2022. This year, new loans were advanced mainly for agricultural ($9.1mn), and construction ($2.3mn) activities alongside professional services ($1.6mn).

Open Market Operations

The Central Bank maintained an active presence in the T-bill market throughout 2023, aiming to enhance liquidity conditions to spur lending. At the same time, domestic banks attempted to diversify their investment portfolios, increasing their demand for short-term securities, as three of the four domestic banks consistently participated in auctions. Nonetheless, the heightened competition in the market resulted in a slight redistribution of holdings from domestic banks

Chart 2.8: Annual Change in Development Finance Corporation's Lending



($7.4mn or 6.4%) to the Central Bank ($5.7mn or 4.7%) and institutional holders ($1.7mn or 21.8%). Moreover, in the 12 months between the last auction of 2022 and 2023, the weighted average yield fell by 15 basis points to 0.58%.

CENTRAL GOVERNMENT OPERATIONS AND PUBLIC DEBT

Central Government Operations

In 2023, Central Government's revenue growth slowed due to the deceleration in economic activity. Nevertheless, the revenue outturn benefited from the withdrawal of the fuel tax relief measures last year. Meanwhile, Central Government's expenses rose because of rising external interest rates, the reinstatement of public officers' wages, and the settlement of outstanding arbitral awards and litigations with other parties. The Central Government also nationalised PBL, which was financed from domestic borrowings. However, the acquisition did not affect Central Government's net financial position since PBL's value matched the liabilities incurred to purchase it.

As a result, Central Government recorded a primary surplus of $39.2mn (0.6% of GDP) in 2023, which was below the surplus of $53.4mn (0.9% of GDP) in 2022. However, Central Government's operations yielded an overall deficit of $98.8mn, equivalent to 1.6% of GDP. This outturn was $54.8mn higher than the $43.9mn deficit observed in 2022, which was 0.8% of GDP.

Revenue

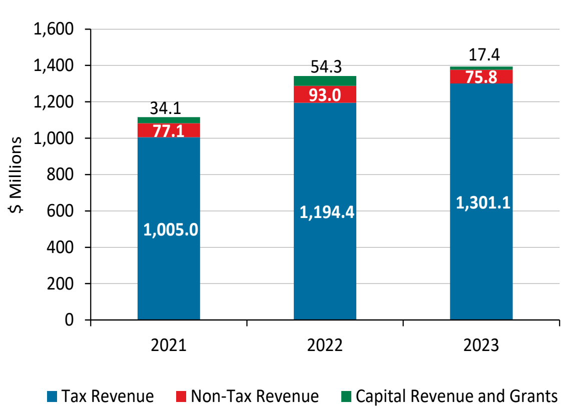
Total revenue and grants rose by 3.9% ($52.6mn) to $1,394.2mn in 2023, decelerating from the 21.9% growth in 2022 when the economy bounced back strongly from the pandemic. The uptick in revenue was driven by a modest rise in tax receipts, as non-tax revenue and grants fell. Tax revenue amounted to $1,301.1mn, $106.7mn higher than the previous year's collections. "*Taxes on Goods and Services*" expanded by 16.0% to $729.1mn, which accounted for 94.2% or $100.5mn of the total increase in tax revenue. Excise duties, a sub-component of this standard item, grew by $46.6mn, registering the largest increase across all revenue items. Notably, excise duties normalised this year after the seven-month cap on motor fuels to control inflationary pressures was lifted in October 2022. Two other sub-components, general sales tax and stamp duties, also significantly contributed, rising by $36.3mn and $17.1mn, respectively. Additionally, "*Taxes on Income and Profits*" increased by 6.2% ($21.3mn) to $364.5mn, primarily due to a $15.6mn upturn in personal income taxes. This outcome resulted as the tax base expanded with the growth in economic activities and the full reinstatement of public officers' emoluments on 1 July 2022. These gains were partly offset by a $6.8mn reduction in "*Taxes on International Trade and Transactions*" to $200.2mn, as import duties, social fees, and environmental receipts declined with the reduction in value of imported goods.

Non-tax revenue fell by 18.5% ($17.2mn) to $75.8mn for the year. The significant drop was due to a $23.0mn decline in property income, owing to a decrease in dividend and profit transfers from quasi-corporations. Furthermore, grants contracted by 76.6% ($37.4mn) to only $11.4mn, with major grant-funded infrastructural projects winding down.

Expenditure

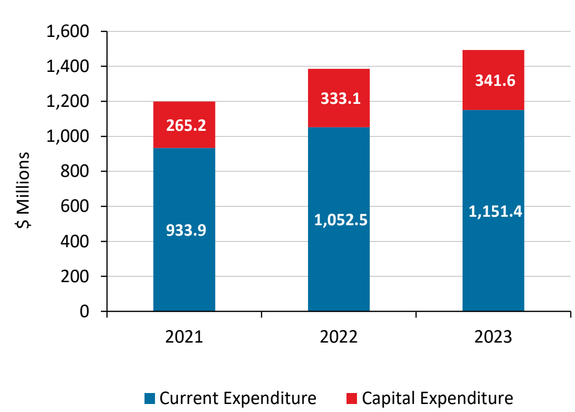
Total expenditure increased by 7.8% ($107.4mn) to $1,493.0mn, owing to a surge in current outlays alongside a marginal rise in capital spending. Current expenditure rose by 9.4% ($98.9mn) to $1,151.4mn, with increased outlays across all spending categories. However, the major cost pressures stemmed from escalating interest costs and a ballooning wage bill. "*Interest Payments*" grew by $40.7mn to $138.0mn due to a 28.0% increase in the average interest rate on Central Government's variable interest loans with external creditors from 5.0% in 2022 to 6.4% in 2023. Meanwhile, the interest rate on the Blue Loan stepped up from 3.0% in 2022 to 3.55% in 2023. Spending on "*Wages and Salaries*" increased by $36.5mn (8.4%) to $473.2mn, following the restoration of public officers' emoluments and allowances in July 2022 and increments in April

Chart 2.9: Central Government Revenue



Sources: MOF and Central Bank

Chart 2.10: Current and Capital Expenditure



Sources: MOF and Central Bank

Box 2.1 | Major Fiscal Initiatives in 2023

1 January 2023 - The Wages Council (Amendment) Order increased the minimum wage for workers to $5.00 per hour from $3.30 per hour.

4 January 2023 - The Customs and Excise Duties (Amendment) Act, 2022, was amended to introduce the first phase of duty reductions in accordance with the Belize/Taiwan Economic Cooperation Agreement and the ninth phase of duty reductions in accordance with both the CARIFORUM-EU Economic Partnership Agreement and the CARIFORUM-UK Economic Partnership Agreement.

7 March 2023 - The Fiscal Incentives Act, 2023 streamlined the fiscal incentive programme by improving the regulatory functions, allowing foreign companies to apply for incentives, offering new fiscal incentives, and improving access to incentives for micro-, small- and medium-sized enterprises.

10 March 2023 - The Credit Reporting Act, 2023 established a credit reporting system to enable the sharing and reporting of credit information, provide for the regulation of credit reporting and credit reporting services, and provide for the protection of consumer information.

21 June 2023 - The Public Sector Emoluments and Allowances Reduction (Amendment) Act, 2023, ended the increment freeze imposed on public officers and teachers as of 31 March 2023 instead of 31 March 2024.

28 August 2023 - The Customs and Excise Duties (Amendment) Act, 2023, implemented the tenth phase of duty reductions under the CARIFORUM-EU Economic Partnership Agreement and the tenth phase of reduction of duties in accordance with the CARIFORUM-UK Economic Partnership Agreement.

11 December 2023 - The Belize City Port Acquisition and Settlement Deeds Act, 2023 facilitated the nationalisation of PBL. It also settled certain arbitral awards owed by the Government and outstanding litigation among the parties. Additionally, it provided for certain exemptions from the General Sales Tax Act to facilitate the renovation of the Fort George Hotel.

14 December 2023 - The Municipals Securities Act of 2023 provided for the regulation of municipal securities. A local authority, subject to the approval of the Minister, can borrow through the issuance of Municipal Securities.

2023. Outlays on "*Goods and Services*" posted an $8.9mn growth to $245.6mn, driven by increased spending on medical supplies, training, and food. "*Pensions*" also rose by $6.6mn to $103.9mn, with an uptick in gratuities and indemnity costs. Finally, "*Subsidies and Current Transfers*" increased by $6.3mn to $190.7mn due to the Government's settlement of certain arbitral awards.

Central Government's capital expenditure inched up by 2.6% ($8.6mn). This modest increase was due to a 3.9% rise in spending on locally funded projects, while outlays on externally financed projects edged down by 1.6%. Public investment as a ratio of GDP decreased to 5.5% in 2023 from 5.9% in 2022. Spending on infrastructural projects, which accounted for 36.5% of total capital outlays, rose by 0.2 percentage points to 2.0% of GDP. Other significant capital spending shares were allocated to general public services (22.9%), environmental protection and land management (10.9%), health (7.9%), and economic sectors (6.2%).

Financing

Central Government's financing requirement for 2023 was $365.5mn, equivalent to 5.9% of GDP. This amount was borrowed to cover the overall fiscal deficit of $98.8mn, amortisation payments of $100.0mn, and compensation payments for the nationalisation of PBL of $166.7mn. These funds were obtained from domestic and external sources, totalling $211.5mn and $82.6mn, respectively.

Total Public Sector Debt

In 2023, the total public sector debt rose by 7.3% ($296.1mn) to $4,338.9mn. The rise in the debt stock was attributed to increased borrowing from both domestic and external creditors. On the one hand, the Government ramped up domestic borrowing to finance principal repayments on US dollar-denominated securities, as well as to cover costs of acquiring PBL and settling outstanding judgement awards. On the other hand, external borrowing intensified as new loan disbursements outpaced amortisation payments. Consequently, the share of domestic debt in the public debt

Chart 2.11: Main Development Spending Categories as Percentage of GDP

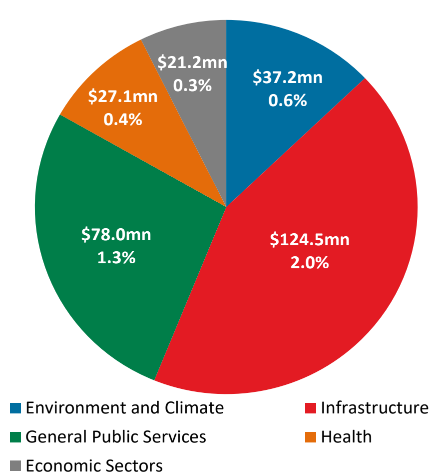
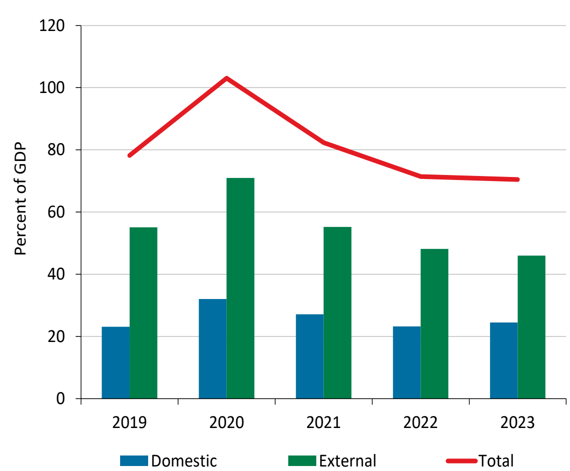


Chart 2.12: Public Sector Debt-to-GDP Ratio



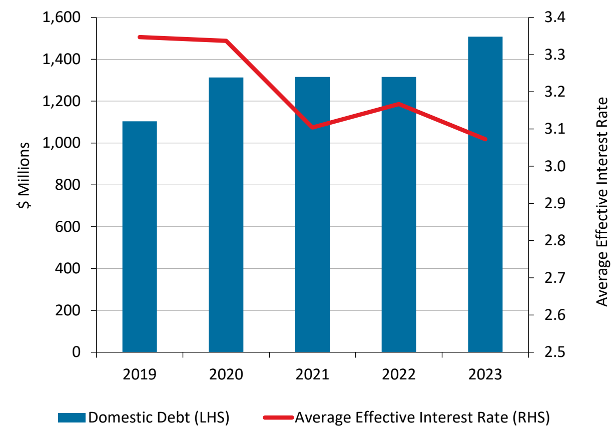
portfolio increased by 2.2 percentage points to 34.8%, while the share of external debt fell by the same amount to 65.2%. Underpinned by a positive economic performance, the public debt-to-GDP ratio fell by 0.9 percentage points to 70.5% of GDP in 2023, maintaining a virtually stable debt trajectory. This downward trend followed a peak of 103.0% of GDP in 2020, owing to borrowings linked to cover expenses related to the COVID-19 pandemic.

Central Government's Domestic Debt

Central Government's domestic debt surged by $192.3mn (14.6%) to $1,507.9mn (24.5% of GDP) in 2023, following the issuance of $211.3mn in debt securities. In June, Central Government issued $14.0mn in three-year T-notes to cover the first principal repayment on the $30.0mn five-year US dollar-denominated T-notes, launched in June 2020. The proceeds from this special offering were utilised to bolster the country's foreign exchange reserves during the pandemic. In December, the Government issued $197.3mn in new securities to finance the acquisition of the Belize City Port and settlement payments for outstanding judgment awards. Specifically, $90.0mn worth of T-bills were issued to meet upfront settlement sums. Additionally, $107.3mn worth of T-notes with maturities from two to five years, and an average coupon rate of 3.65%, were used to settle the balance. Of the $211.3mn in securities issued in June and December, a domestic bank and the Central Bank acquired all, with $107.3mn and $104.0mn, respectively.

Domestic debt servicing, including interest and principal repayments, rose by 42.3% ($18.0mn) to $60.7mn. The main reason for this increase was a sharp rise in Central Government's principal repayments, which grew from $1.0mn in 2022 to

Chart 2.13: Domestic Debt and Average Effective Interest Rate



$17.3mn in 2023. This year's repayments included the redemption of $16.3mn in T-notes in May and June and $1.0mn in amortisation payments on three outstanding loans.

Interest payments grew at a slower pace, inching up by $1.7mn to $43.4mn. The majority went to T-note holders, who received $41.5mn. T-bill holders got $1.8mn as well. When disaggregated by creditors, non-bank entities earned $18.0mn in interest income on their securities holdings, while the Central Bank and domestic banks received $17.5mn and $7.9mn, respectively. Notwithstanding, the average annual effective interest rate decreased from 3.2% in 2022 to 3.1% in 2023, reflecting the impact of continued efforts to keep domestic debt servicing costs low.

At year end, the Central Bank held 51.9% of the Central Government's domestic debt, the largest amount among domestic creditors, comprising $783.3mn in securities. Meanwhile, domestic banks accounted for 29.0%, and non-bank entities held the remaining 19.1%, both consisting of a mix of securities and loans.

Chart 2.14: Holders of Domestic Debt

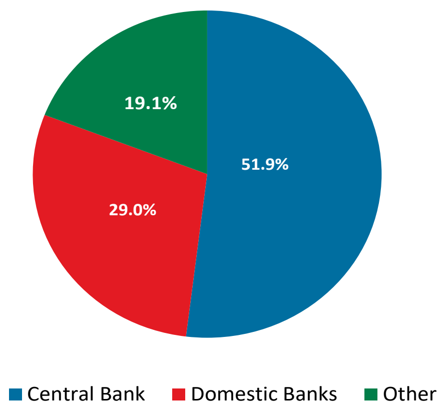
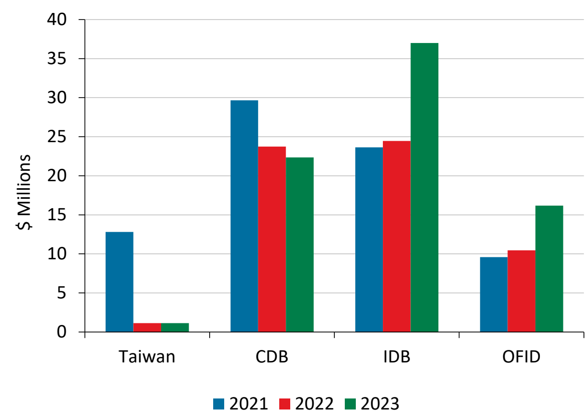


Chart 2.15: External Debt by Major Creditors



Public Sector External Debt

The public sector external debt expanded by 3.8% ($103.7mn) to $2,831.0mn, equivalent to 46.0% of GDP in 2023, as loan disbursements of $216.6mn overshadowed principal payments of $113.7mn.

External loan disbursements rose sharply, almost doubling the $137.0mn received in 2022. Central Government was the primary recipient of new loans with $185.0mn, which accounted for 85.4% of the total disbursed by bilateral and multilateral partners. Disbursements to the Central Government from bilateral creditors amounted to $90.3mn, comprising $86.3mn from Taiwan for budgetary support and upgrading the Sarteneja Road. The Kuwait Fund for Arab Economic Development, another bilateral donor, provided $4.0mn for the Caracol Road Upgrading Project. Multilateral creditors issued $94.6mn. This sum included $42.1mn from the Caribbean Development Bank (CDB), $20.0mn from the OPEC Fund for International Development (OFID), and $17.9mn from the IDB, totalling $80.0mn altogether. The Caribbean Community Climate Change Centre also purchased $2.4mn of Treasury securities.

Loan proceeds to Central Government were directed towards a range of projects. Approximately half (50.8%) was allocated for an array of initiatives, such as budget financing and efforts to strengthen tax administration and improve public expenditure management. Then, 35.7% or $66.0mn was channelled into infrastructural projects to rehabilitate highways, roads, and bridges. Additionally, smaller amounts were invested in education (3.9%), climate change adaptation (3.1%), and health (2.8%).

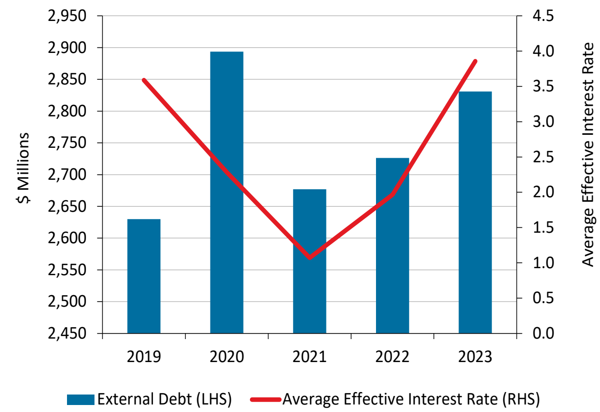
New disbursements also benefited other entities within the public sector, both non-financial and financial. The Belize Electricity Limited, a public non-financial sector enterprise, received $8.6mn from CDB to fund its Seventh Power Project. Meanwhile, the Development Finance Corporation, a public financial sector entity, got $23.0mn combined from several institutions, namely CDB, the International Cooperation and Development Fund, and IDB to strengthen its consolidated lines of credit to bolster productive activity.

Table 2.1: Use of External Disbursement Proceeds in 2023

	$mn
Disbursements to Central Government	**185.0**
Budget Support	84.0
Philip Goldson Highway Project	29.4
Caracol Road Project	17.4
Coastal Road Project	10.2
Haulover Bridge Replacement Project	6.7
Education Quality Improvement Project	6.5
Integral Security Program	4.6
COVID-19 Response Project	4.2
Strengthening of Tax Administration Project	3.6
Caribbean Community Climate Change Centre's Treasury Purchases	2.4
Sarteneja Road and Bridge Project	2.3
Social Investment Fund III	2.2
Program for Strengthening Public Expenditure Management in Belize	2.1
Climate Vulnerability Reduction Program	2.0
Program for Digital Innovation to Boost Economic Development	1.8
Road Safety Project	1.5
Climate Resilient and Sustainable Agriculture Project	1.4
Support to Health Sector to Contain and Control COVID-19	1.0
Belize Education Sector Reform Program	0.7
Trade and Investment Facilitation Program for Belize	0.4
Disbursements to the Public Non-Financial Sector	**8.6**
Belize Electricity Limited Seventh Power Project	8.6
Disbursements to the Public Financial Sector	**23.0**
Agricultural and Industrial Line of Credit	10.0
Program for Safeguarding the Productive Sector and Employment	5.9
Other Consolidated Lines of Credit	5.0
Program for Safeguarding the Productive Sectors and Women (Micro-, Small- and Medium-Sized) Enterprises	2.1
TOTAL PUBLIC SECTOR DISBURSEMENTS	**216.6**

Principal repayments totalled $113.7mn. Central Government accounted for $100.7mn, or 88.6% of the total. Of this amount, $85.5mn went to multilateral lenders, including $37.0mn to the IDB, $22.4mn to the CDB, and $16.2mn to OFID. US dollar-denominated T-note holders got $11.5mn, while bilateral lenders received $3.6mn, split between the Government of Kuwait ($2.5mn) and Taiwan ($1.1mn). Additionally, the public non-financial and financial sectors repaid $8.8mn and $4.2mn, respectively, in principal to multilateral lenders.

Chart 2.16: External Debt and Average Effective Interest Rate



Central Government's interest and other payments totalled $94.7mn, 37.9% higher than the $56.8mn recorded in 2022. The upswing in interest payments was primarily attributed to an upturn in external interest rates due to efforts by central banks in major advanced economies to curb inflationary pressures. Additionally, there was a step-up in the interest rate on the Blue Loan from 3.0% in 2022 to 3.55% in 2023.

As a result, the annual effective interest rate averaged 3.9%, up 1.9 percentage points from 2.0% in 2022. The last instance when the rate lingered around 4.0% occurred between 2009 and 2012. Subsequently, it averaged approximately 2.8% up to 2022. Notwithstanding, Central Government was responsible for 93.7% of total interest and other payments, with $43.2mn going to multilateral creditors, including $18.4mn to the IDB and $12.7mn to the CDB, $25.8mn to Blue Loan creditors, $23.8mn to bilateral creditors, and $1.9mn to US dollar T-note holders. The non-financial and financial public sectors paid $3.2mn and $3.1mn to various institutional creditors, respectively.

At the end of 2023, the Central Government held 90.9% of the outstanding external public sector debt. The public financial and non-financial sectors held the next largest shares, with 6.9% and 2.3%, respectively. When distributed by creditors, multilateral lenders were owed 41.4%, bilateral lenders 32.0%, and commercial lenders 26.5%.

Box 2.2 | The Belize City Port Acquisition and Settlement Deeds Act

The Belize City Port Acquisition and Settlement Deeds Act was enacted on 11 December 2023 and came into force four days later. This Act restored public ownership of PBL and settled all remaining judgment awards and outstanding litigations against the Government by Ashcroft companies. This means that the Belize City Port is now under the public's control, and any benefits derived from its operations will be for the public good.

The PBL Acquisition and Settlement Deeds Act authorised the Government to:

i) Enter the Port and Waterloo Settlement Deed that facilitated the purchase of shares and assets of PBL, provided for tax and exchange control exemptions associated with the compensation pay-out, and facilitated the withdrawal of all claims, appeals, and cases against the Government by Waterloo Investment Holdings Limited (Waterloo);

ii) Enter the Midway and Social Development Settlement Deed that settled the arbitral awards between the Government and Midway Investments Limited (Midway) and Belize Social Development Limited and provided for tax and exchange control exemptions associated with this settlement payout; and

iii) Provide for certain General Sales Tax exemptions to facilitate the renovation of the Fort George Hotel.

Belize City Port Acquisition

The Port and Waterloo Settlement Deeds facilitated the purchase of PBL. It also outlined the compensation payment and tax exemptions to facilitate this asset transfer. At the agreed purchase price of US$83.37mn, the Government purchased from Waterloo a total of 26,545,984 ordinary shares and all unissued share capital of PBL as well as approximately 600 acres of adjoining lands owned by PBL, the Belize Ports Limited, the Belize Logistics Terminal Limited, and all movable assets and other assets owned by PBL.

To fund these significant asset acquisitions, the Government made an initial payment of US$38.0mn and committed to paying the remaining balance over five years via domestic T-notes. As part of this agreement, $90.7mn worth of T-notes in domestic currency was issued to Waterloo at varying values, tenors, and fixed interest rates.

Box 2.2 | The Belize City Port Acquisition and Settlement Deeds Act *(continued)*

Table 2.2: T-notes Issued to Waterloo

Face Value ($mn)	Tenor	Coupon Rate (%)
25.24	Two-year	3.5
25.50	Three-year	3.6
20.00	Four-year	3.7
20.00	Five-year	3.8

Settlement of Outstanding Litigation

The Port and Waterloo Settlement Agreement also provided for the withdrawal of all Ashcroft claims, appeals, and cases against the Government, including:

i) A lawsuit against the Christian Workers Union and the stevedores relating to an unlawful strike and claiming business interruption damages;

ii) An injunction blocking the Christian Workers Union from distributing to its stevedore members a $1.5mn ex gratia payment;

iii) An appeal by Waterloo pending against the Department of the Environment relating to the denial, on environmental grounds, of PBL's Cruise Ship Terminal and Cargo Expansion Project;

iv) A judicial review claim challenging the Department of the Environment's decision to grant Portico Enterprises Limited environmental clearance for a port project;

v) An international arbitration against the Government under the agreement between the UK-Belize for the Promotion and Protection of Investments; and

vi) A constitutional claim against the Minister of Sustainable Development challenging a Statutory Instrument.

Settlement of Judgement Awards

The Midway and Social Development Settlement Deed released and discharged the Government from all actions, claims, and costs related to two 2009 issued London Court of International Arbitration awards: the "Midway Award" in favour of Caribbean Investment Holdings Limited and the Belize Bank Limited and the "BTL Award" assigned to Belize Social Development Limited in favour of Belize Telemedia Limited. The total amounts due by the Government under the Midway and Belize Telemedia Limited Awards summed to US$31.0mn and US$28.0mn, respectively.

Box 2.2 | The Belize City Port Acquisition and Settlement Deeds Act *(continued)*

However, these long-outstanding judgment awards were resolved at a much-reduced settlement of US$15.3mn. The Government paid US$7.0mn up front and the balance of $16.6mn with two-year T-notes in domestic currency at a fixed interest rate of 3.5%.

PRODUCTION

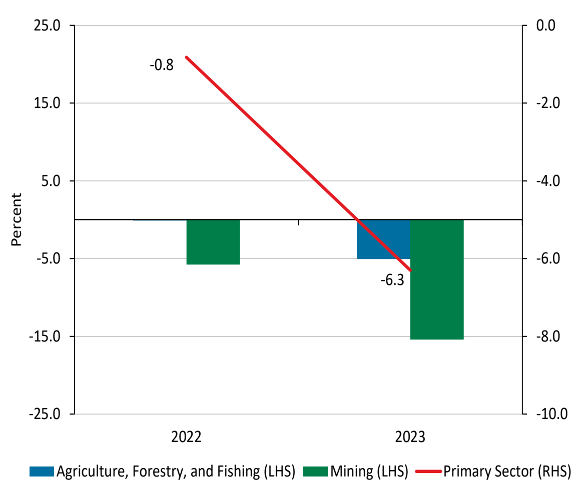
Real Gross Domestic Product

Belize's economy grew by 4.7% to $5,266.6mn in 2023. This performance led to a cumulative GDP increase of 15.4% above the pre-pandemic level of 2019. Although the pace of economic growth continued to decelerate from the 17.9% and 8.7% achieved in 2021 and 2022, respectively, output remained above its long-term trend, as the post-COVID-19 recovery neared to an end. This year's slowdown was primarily due to declines in the production of major crops and marine goods in the primary sector, along with agro-processing activities and renewable electricity production in the secondary sector. However, growth was driven mainly by heightened output among service-based industries, particulary from industries that benefited from the ongoing toursim rebound.

In 2023, primary sector output contracted by 6.3%, owing to declines in agriculture, fishing, and mining activities. Production in the "*Agriculture, Forestry, and Fishing*" industry contracted by 5.1%, with downturns in citrus, banana, and sugarcane yields, constrained to varying degrees by diseases, rising input costs, and labour shortages. However, increased outturns of non-traditional crops, such as sorghum, soybean, and coconut, moderated the agricultural downturn. The production of marine goods also slumped as the reduction in wild catches of lobster and conch outweighed contributions from an upturn in farmed shrimp. Furthermore, a steep reduction in crude oil extraction led to a 15.4% decrease in "*Mining*," as the commercial fields aged.

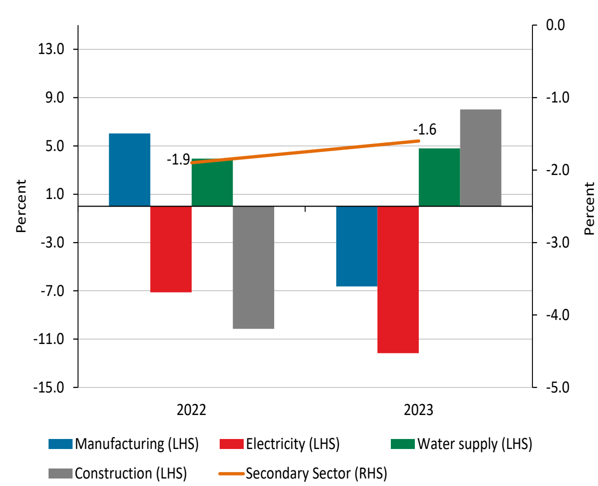
Production in the secondary sector dipped by 1.6% during the year, as the value-added losses in manufacturing and electricity output outweighed gains from increased water use and construction. "*Manufacturing*" declined by 6.6%, following substantial downturns in producing citrus juices (81.4%), sugar (18.8%), and molasses (15.1%). However, the production of beverages, such as soft drinks (15.2%), rum (4.4%), and beer (0.7%), ramped up with demand, tempering the industry's overall downturn. Furthermore, output in the "*Electricity*" industry decreased by 12.2%, with the falloff of renewable energy production from the cogeneration and hydropower plants due

Chart 2.17: Percentage Change in Primary Industries



Source: SIB

Chart 2.18: Percentage Change in Secondary Industries



Source: SIB

to reductions in sugarcane deliveries and rainfall, which fuelled the respective systems. Conversely, "*Water Supply*" rose by 4.8% due to increased water consumption, while "*Construction*" grew by 8.0% on account of increased private investment.

The tertiary sector grew by 9.6%, accounting for most of the overall expansion in 2023. Tourism continued to be the principal driver of growth, underpinned by solid rebounds in both overnight and cruise ship arrivals. Accordingly, the "*Accommodation and Food Services Activities*" industry grew by 34.7%, while the "*Transportation*" and "*Wholesale and Retail Trade*" industries expanded by 19.0% and 4.7%, respectively. Meanwhile, the "*Public Administration and Defence*" industry, representing government services, expanded by 11.0%. Additionally, "*Professional, Scientific, and Technical Activities*" and "*Administrative and Support Service Activities*" grew by 21.4% and 16.5%, respectively, with the latter being driven by a solid expansion in BPO services. Lastly, "*Financial and Insurance Activities*" grew by 9.1% due to improved outcomes in the banking and insurance industries.

Agriculture

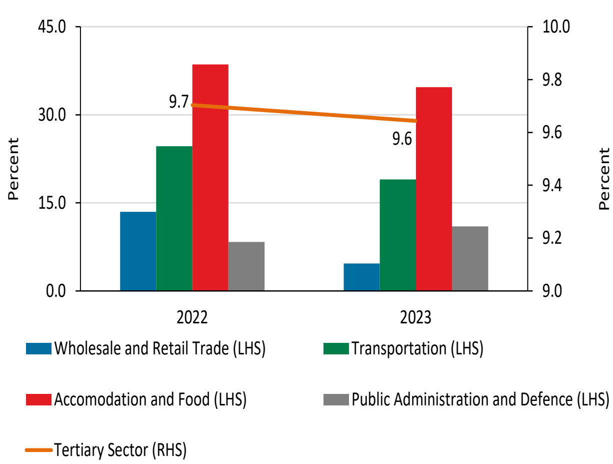
Sugarcane

Sugarcane deliveries to both mills for the 2022/23 crop year decreased by 16.9% to 1,485,129 long tons. Inclement weather, rising input costs, and a late start to the harvest season hampered production.

In the northern region, harvesting was set to commence on 17 December 2022. Delayed by heavy rains and a commercial dispute between the mill and farmers, sugarcane deliveries began on 27 December 2022, the same date as the previous cycle. The 2022/23 harvest period concluded on 15 June 2023, spanning 171 days and ending 44 days earlier than the last cycle. As a result, sugarcane deliveries decreased by 14.2% to 981,915 long tons compared to the previous crop cycle, with the average grinding rate up 7.9% to 5,742 long tons per day. This output was the lowest since 2020.

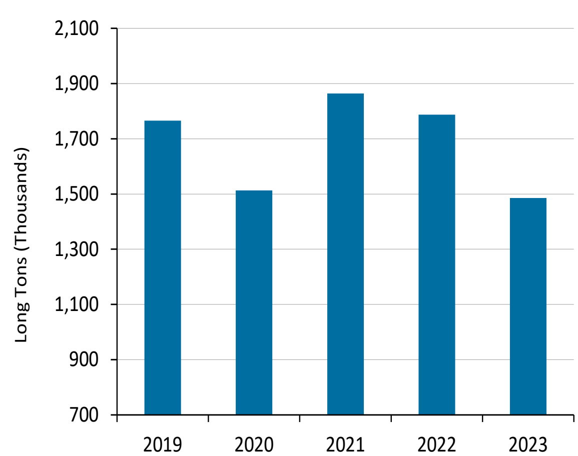
In the western region, the sugarcane harvest began on 4 January 2023, two days earlier than the previous crop cycle. However, harvesting

Chart 2.19: Percentage Change in Select Tertiary Industries



Source: SIB

Chart 2.20: Sugarcane Deliveries



Sources: BSI/ASR and Santander Group

concluded on 29 May 2023, lasting only 163 days, 89 days earlier than in 2022. Consequently, sugarcane deliveries contracted for the second consecutive year, down 21.8% to 503,213 long tons, despite a 22.7% increase in the average daily grinding rate to 3,087 long tons. The slackened performance was attributable to multiple factors, including adverse weather, higher input costs, and increased minimum wage for agricultural workers.

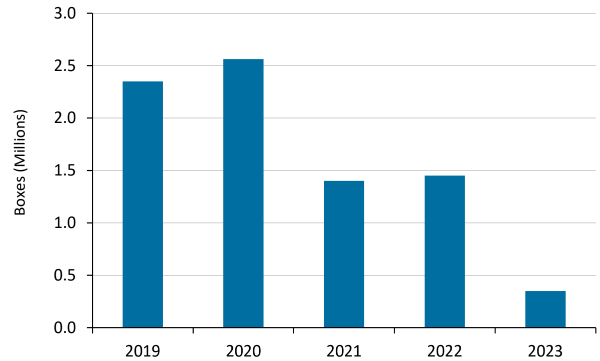
Meanwhile, the final price paid to farmers for delivering sugarcane to the northern mill increased by 21.9% ($15.50) from $70.78 per long ton in the 2021/22 crop cycle to a record high of $86.28 per long ton in the 2022/23 crop year. The significant price jump was due to supply constraints among major sugar producers, as Brazil ramped up its ethanol production, and India's and Thailand's sugar output fell short of expectations. Furthermore, the northern mill strengthened its strategic investments to improve shipping logistics and reduce costs, which, in turn, contributed to higher prices for farmers.

Citrus

The 2022/23 citrus harvest commenced on 17 October 2022, 16 days after the 2021/22 crop season. Fruit deliveries for processing ended on 5 October 2023, extending the season by more than 45 days relative to the previous crop year to a record high of 354 days. While the past two crop seasons ended in September, this crop year stretched into October to capture sporadic fruit development in response to the adverse effects of climatic factors and citrus greening.

Nevertheless, total citrus deliveries contracted by 75.8% to 0.4mn boxes of fruits. When disaggregated, orange and grapefruit deliveries decreased by 78.3% to 0.3mn boxes and 53.5% to 0.1mn boxes, respectively, as the industry's 14-year struggle with the citrus greening disease continued. The industry was also challenged by rising fertiliser costs, labour shortages, and minimum wage hikes in January.

Chart 2.21: Citrus Fruit Deliveries



Sources: Citrus Products of Belize Limited and Citrus Growers' Association

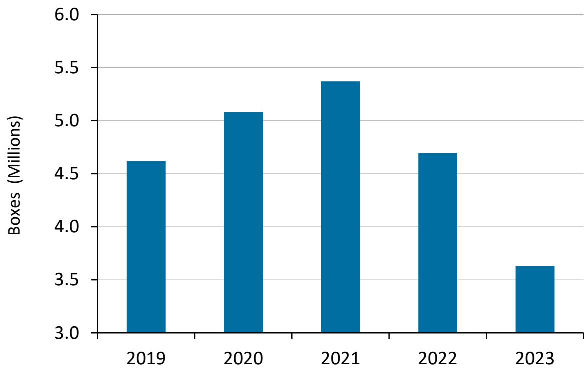
The final price paid to farmers for orange and grapefruit weakened compared to the previous crop year due to reduced prices on international markets. Final prices for orange and grapefruit declined by 6.8% ($0.18) to $2.46 per pound solid (ps) and 12.7% ($0.51) to $3.50 per ps, respectively.

Banana

Banana production contracted by 22.7% to 3.6mn boxes in 2023, down for the second consecutive year. Production was suppressed by the adverse impact of Black Sigatoka disease amid rising fertiliser costs, labour shortages, and upward pressure on wages.

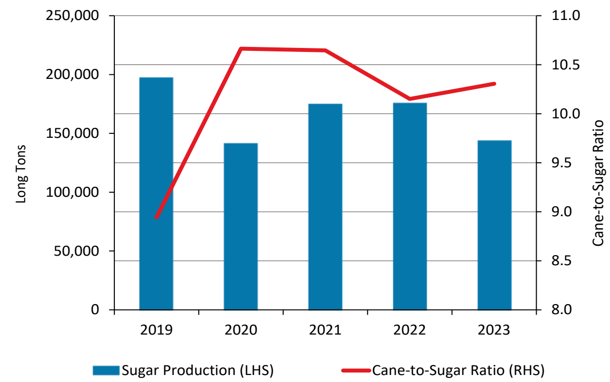
Total acreage under production declined by 6.1% to 7,438.0 acres, leading to an 8.4% decrease in harvestable acreage to 6,941.8 acres. Acreage under plantilla also fell, down 20.6% to 224.2

Chart 2.22: Banana Production



Source: Banana Growers' Association

Chart 2.23: Sugar Production and Cane-to-Sugar Ratio



Sources: BSI/ASR and Santander Group

acres. As a result, the output per unit of acre under production dropped by 17.7% to 488 boxes per acre. Nevertheless, the area under rehabilitation almost doubled from 57.0 acres in 2022 to 112.0 acres in 2023, reflecting prospects of a strong rebound from the Black Sigatoka disease in the year ahead.

Of note, Fyffes PLC and the Banana Growers' Association signed a new marketing contract, extending the current regime for two additional years, ending in 2025.

Marine Products

Total marine production declined by 4.7% to 2.2mn pounds, owing to marked declines in lobster, conch, and farmed fish output. Lobster catch decreased by 25.3% to 0.8mn pounds, slowed by heavy rains in the early part of the season. Conch outturns also shrank, down 4.9% to 0.9mn pounds. Meanwhile, fish output contracted by 91.6% to a miniscule amount. Farmed shrimp was the only major marine commodity that recorded a higher outturn relative to the year before. Farmed shrimp production rose by 65.9% to 0.5mn pounds due to a breakthrough in controlling the devastating effects of the Early Mortality Syndrome disease.

Manufacturing

Sugar and Molasses

In line with the downturn in sugarcane deliveries, sugar production contracted by 18.2% to 144,090 long tons. As a result, the overall long-tons cane to long-ton sugar ratio worsened by 1.6% to 10.3. Additionally, molasses output fell by 15.1% to 53,922 long tons.

Citrus Juices, Citrus Oil, and Pulp

Total citrus juice production nosedived by 79.1% to 1.7mn ps during the 2022/23 harvest cycle. The free fall in juice output was due primarily to a 75.8% reduction in citrus fruit deliveries to 0.4mn boxes. Orange concentrate output contracted by 81.3% to 1.4mn ps, owing to an 11.7% worsening in the average juice output to 5.1 ps per box. Meanwhile, grapefruit concentrate outturn decreased by 56.3% to 0.2mn ps, with a 1.7% decline in grapefruit juice yield to 3.9 ps per box. Similarly, not-from-concentrate citrus juices plunged 58.5% to 0.1mn ps. Meanwhile, the output of citrus by-products all slumped, with citrus oil and pulp production down by 78.4% and 92.9%, respectively, to 0.1mn pounds each.

Box 2.3 | The Decline of the Citrus Industry in Belize

Belize's citrus industry began more than 100 years ago, in 1913, and has been a major foreign exchange earner and driver of economic development in the southern Stann Creek district. The citrus industry experienced remarkable growth over three decades, from 1984 to 2013, despite being affected by pests and natural disasters such as Hurricane Mitch in 1998 and Hurricane Iris in 2002. The industry's peak years of production spanned from 2004 to 2013. Citrus fruit deliveries for processing averaged 6.5mn boxes annually, peaking at an all-time high of 7.8mn boxes in 2005. Furthermore, the acreage under cultivation reached 47,106 acres in 2013. Meanwhile, earnings benefited greatly from favourable prices in European markets, netting $914.0mn between 2004-2013.

However, following the detection of the bacterial citrus greening disease and its ensuing countrywide outbreak, the industry faced a severe setback. Output, earnings, and productive acreage plummeted to historic levels. In 2005, the citrus greening or yellow dragon disease was first detected, and by May 2009, the disease rapidly spread along Belize's coast, particularly in Hopkins, and then to the main citrus-producing areas. As a result, deliveries declined by 7.7% to 6.7mn boxes, while earnings contracted by a larger margin of 17.5% to $74.0mn in 2009 relative to the harvest period before. One year later, in 2010, Hurricane Richard hit the struggling industry, leading to an 18.8% contraction in deliveries. Notwithstanding, the adverse impact on the industry was cushioned by a 26.6% increase in earnings, following favourable price improvements in the European and Caribbean markets.

Over the next decade, export earnings averaged a 15.9% contraction, as export receipts fell yearly from 2014 to 2023. Farmers faced a critical decision, either boost field investments or leave the orchards without rehabilitation due to limited financial capacity. The Government and development agencies stepped in, providing financial assistance and technical support to the Citrus Growers' Association. They also developed a task force in 2021 to assist farmers, demonstrating their commitment to the industry's revival. Notwithstanding, production continued to plummet due to several factors, including:

i) The process of supplying seedlings to the industry via certified nurseries was challenging.
ii) The cost of cultivating citrus more than doubled as the plants needed additional inputs, such as insecticides and fertiliser.
iii) The lack of rapid financial assistance provided to farmers affected their ability to care for their trees as the disease reduced the quality, size, flavour, and general visual attributes of plants, causing them to die approximately five years after being infected.

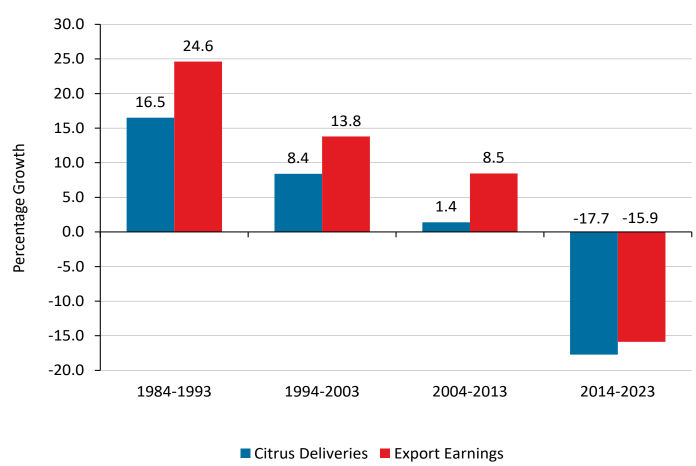
Box 2.3 | The Decline of the Citrus Industry in Belize *(continued)*

iv) The Citrus Growers' Association was split, further dividing the farmers on how to control the disease and spurring disagreements between the growers.

More recently, the industry faced skyrocketing fuel and fertiliser costs, compelling farmers to use less inputs, which reduced the marketable yield per tree. The industry also became over-reliant on migrant workers from Central America. However, in 2021, the industry faced severe labour shortages due to strict protocols placed for border entries during COVID-19. The health restrictions contributed to the 41.4% contraction in fruit deliveries to the factory for processing in 2021 since it was difficult to find workers to cultivate the fields. Labour issues were exacerbated in January 2023 when the Government increased the minimum wage from $3.00 to $5.00 per hour, raising operation costs for growers. The combined impact of the citrus greening disease and worker shortages led to a steep 76.1% contraction in fruit deliveries to 0.3mn boxes in 2023, reflecting the lowest levels of deliveries since 1983. This new low resulted in the processing facility performing at only 17.0% capacity, decreasing export earnings by 37.4% to $14.7mn in 2023.

The decline in citrus deliveries and earnings in Belize, was also experienced in other major citrus producing countries, such as the US and Brazil. While some are hopeful the citrus industry will revert to pre-disease levels, growers have been selling and diversifying former citrus groves to plant other crops such as coconut, sorghum, and soybean. These products fetch higher prices on regional markets and are easier to manage. Meanwhile, to mitigate the local supply shortfalls, the processing plant began importing concentrates from the US in 2022 for juice production.

Chart 2.24: Citrus Deliveries and Export Earnings Percentage Growth from 1984 to 2023



Other Manufacturing Production

The production of other manufactured goods was mixed in 2023. Beverage production rebounded strongly, driven by the continued recovery in tourism arrivals and a strengthening in domestic demand. Soft drinks increased by 15.2% to 10.2mn gallons, while rum and beer rose by smaller margins of 4.4% to 25,192 gallons and 0.7% to 3.9mn gallons, respectively. In the dairy industry, ice cream and flavoured milk production rose by 9.5% to 600.1 metric tons and 0.2% to 0.2mn gallons, respectively, as cheese production decreased by 13.7% to 160.8 metric tons. Additionally, growth of wheat flour production slowed to 0.8% at 14,434.4 metric tons after a 20.0% upturn in 2022.

In contrast, crude oil extraction contracted for the 14th consecutive year, as output from the only commercially viable wells at Never Delay Field was slashed by more than half to 83,475 barrels. This amount was the smallest volume ever produced over a calendar year, whilst global oil prices dipped from US$80.82 in 2022 to US$77.60 per barrel in 2023.

Lastly, fertiliser output increased by 8.9% to 19,093 metric tons, following a steep 25.9% contraction last year when the components for fertiliser production skyrocketed.

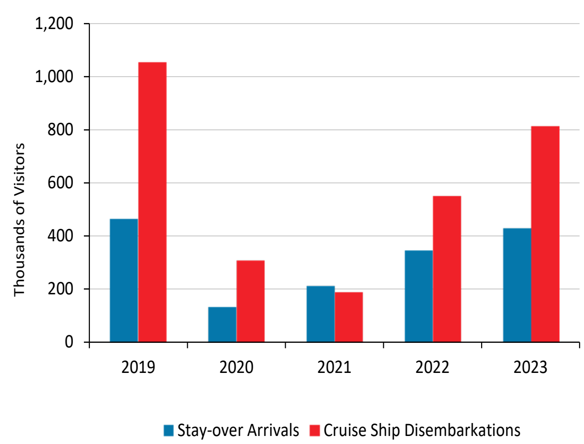
Tourism

According to the World Tourism Organization, international tourism recovered to 88.0% of 2019's pre-pandemic level, driven by unleashed pent-up demand and increased air connectivity. The Middle East drove growth, surpassing 2019's outturn by 22.0%. Meanwhile, Europe reached 94.0%, accounting for 54.0% of the world's total visitors. Africa recovered 96.0%, while Asia and the Pacific attained 65.0% of the 2019 benchmark. Within the western hemisphere, the Americas recovered 90.0%, while Central America and the Caribbean exceeded the pre-pandemic levels by 5.0% and 1.0%, respectively. As a result, international tourism arrivals are projected to fully rebound by 2024, stimulated by increased demand, flight availability, and growth in Asian markets and destinations. Notwithstanding, downside risks to this forecast include economic disruptions in critical markets and international geopolitical challenges.

In Belize, the robust post-pandemic rebound continued into 2023. Catalysed by increased airlift capacity and intensified international marketing efforts, stay-over arrivals rose by 24.2% to 429,541, just 7.4% shy of 2019's level. Increased direct flight connectivity with major key markets lifted air arrivals by 18.5% to 347,674 visitors. Concurrently, land and sea arrivals rose sharply by 54.5% to 67,611 and 66.8% to 14,256, respectively.

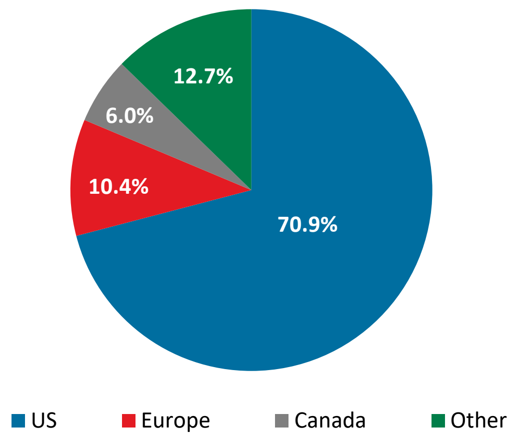
Visitors from the US made up the bulk of overnight tourists, even though its share of total stay-overs slid by 5.3 percentage points to 70.9%. Conversely,

Chart 2.25: Tourist Visitors



Sources: BTB and Central Bank

Chart 2.26: Shares of Stay-over Arrivals by Source Markets



Sources: BTB and Central Bank

the shares of European, Canadian, and all other nations rose by 1.5, 1.6, and 2.2 percentage points to 10.4%, 6.0%, and 12.7%, respectively.

Cruise ship disembarkations increased by 46.9% to 813,579 passengers in 2023, settling at 23.1% behind 2019's level. For the year, 308 ships docked in Belize. Of this amount, 238 were anchored at the Fort Street Tourism Village port with 615,562 passengers disembarking, and 70 were anchored at Harvest Caye with 198,017 passengers coming ashore.

Employment

The average unemployment rate fell to a historic low of 3.4% in 2023 from 5.0% in 2022. Job gains occurred mainly in service industries, while the labour force participation rate dipped slightly.

In April's labour force survey, the unemployment rate fell to 2.8%, the lowest level on record. Amid the tourism high season, the number of unemployed persons declined by 42.4% (4,085) from 9,644 in October 2022 to 5,559. At the same time, the number of persons employed grew by 4.4% (7,953) to 190,037. New employment was concentrated primarily in service industries, with 6,925 additional employees. Nevertheless, the number of persons not in the labour force grew by 3.1% (4,180), outpacing the 2.0% (3,868) growth in the labour force. Consequently, the labour force participation rate edged down slightly to 58.5%.

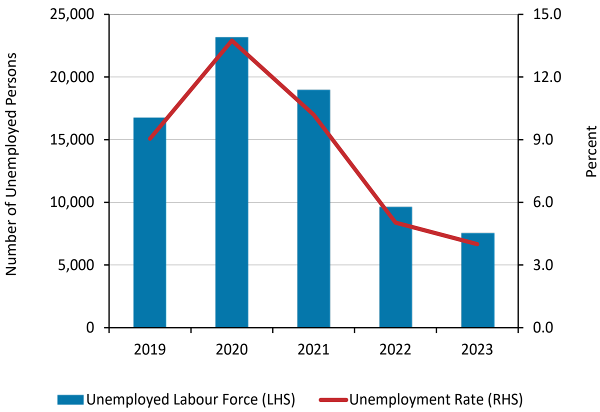
In September's labour force survey, the unemployment rate stood at 4.0%, 1.0 percentage point lower than the 5.0% observed in October 2022. The number of unemployed persons fell by 21.7% (2,089) to 7,555. Meanwhile, the employed population grew by only 0.7% (1,201 persons) to

Table 2.3: Belize Labour Force Statistics

Indicators	Oct 2022	Apr 2023	Sept 2023
Working Age Population	326,503	334,551	330,771
Employed Population	182,084	190,037	183,285
Unemployed Population	9,644	5,559	7,555
Persons Not in the Labour Force	134,775	138,955	139,931
Labour Force	191,728	195,596	190,840
Labour Force Participation Rate	58.7%	58.5%	57.7%
Underemployment Rate	6.7%	6.5%	4.5%
Unemployment Rate	5.0%	2.8%	4.0%

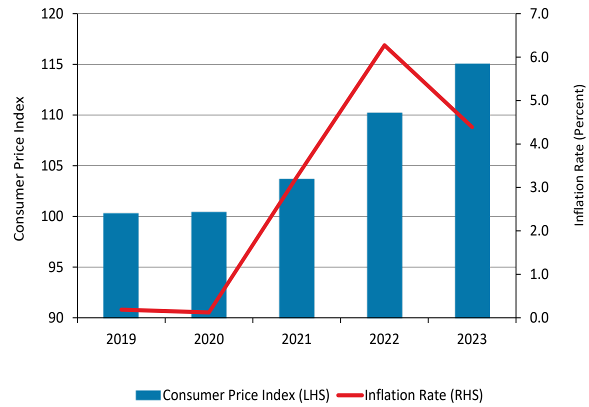
Source: SIB

Chart 2.27: Unemployed Labour Force and Unemployment Rate



Source: SIB

Chart 2.28: Consumer Price Index and Inflation Rate



Source: SIB

183,285. Persons not in the labour force grew by 3.8% (5,156), while the labour force shrank by 0.5% (888 persons). As a result, the labour force participation rate slid from 58.7% in October 2022 to 57.7% in September 2023.

Prices

In 2023, the CPI decelerated to 4.4% relative to the near-record high of 6.3% in 2022, but remained well above the historical average of 1.9%. This year's inflation was driven primarily by rising food costs. The *"Food and Non-Alcoholic Beverages"* subindex rose by 12.4%, accounting for 72.7% of the overall weighted price change. Heightened food prices were observed among rice, flour, poultry, bread, milk, and vegetable products. The *"Restaurants and Accommodation Services"* subindex was next, increasing by 12.2% and made up 18.1% of the total weighted change, owing to higher restaurant service costs.

Increases in the *"Recreation, Sport, and Culture"* (6.6%) and *"Furnishing, Household Equipment, and Routine Household Maintenance"* (5.0%) subindices also contributed towards the upward price momentum. While the former was due to higher pet food prices, the latter was attributable to increased costs of household cleaning products.

However, the inflationary pressure was dampened by a 2.4% reduction in *"Transport"*, owing to lower motor fuel prices. Furthermore, *"Housing, Water, Electricity, Gas, and Other Fuels"* edged down by 0.2% due to a drop in liquefied petroleum gas prices, while *"Information and Communication"* dipped by 2.0% in response to a decline in internet service costs.

BALANCE OF PAYMENTS

The external current account deficit contracted from $471.1mn in 2022 to $181.3mn in 2023, resulting in a 6.4 percentage point decline in the current account deficit to GDP ratio to 3.1%. The external deficit shrank due to a $334.5mn increase in surplus on trade in services, as tourism revenue skyrocketed and international freight rates retreated. Furthermore, the deficit on the primary income account declined by $45.6mn, owing mainly to a steep falloff in profit repatriation in the energy sector. Moreover, the surplus on the secondary income account increased by $52.6mn due to heightened inward remittances and inflows to a regional organisation. Together, these improvements outweighed the $142.9mn growth in the merchandise trade deficit.

Net capital and financial inflows to finance the current account deficit amounted to $167.3mn, less than half the $434.3mn recorded a year earlier. The steep reduction in net liabilities was due to a substantial decline in net direct investments—owing to outflows related to the nationalisation of PBL and the continued repatriation of a former bank's profits—alongside an increase in domestic banks' foreign balances. A marked upswing in the public sector's net borrowings, however, did contribute to the buildup of net financial inflows. In addition, the gross international reserves fell by $18.4mn to $946.5mn due to a bump in payments to service the country's external debt and to finance domestic investments. Despite the marginal increase in usage of reserves assets, the merchandise import coverage ratio remained stable at 4.1 months.

Merchandise Trade

Over the year, the merchandise trade deficit widened by 10.1% ($142.9mn) to $1,554.7mn, as the value of imports rose while export revenue fell. Imports (FOB) expanded by 3.4% ($83.6mn) to $2,530.8mn, driven by a 5.9% ($121.5mn) increase in domestic imports, which was tempered by a 10.1% ($38.0mn) decrease in CFZ imports. Meanwhile, exports (FOB) contracted by 5.7% ($59.3mn) to $976.1mn, following an 11.0% ($57.6mn) decline in domestic exports and a marginal 0.3% ($1.7mn) dip in the value of re-exported goods.

Imports

The value of imports (FOB) increased by $83.6mn (3.4%) to $2,530.8mn in 2023. The "*Machinery and Transport Equipment*" subcategory recorded the largest gain, up $45.6mn, accounting for

Chart 2.29: Current Account and Trade Deficit

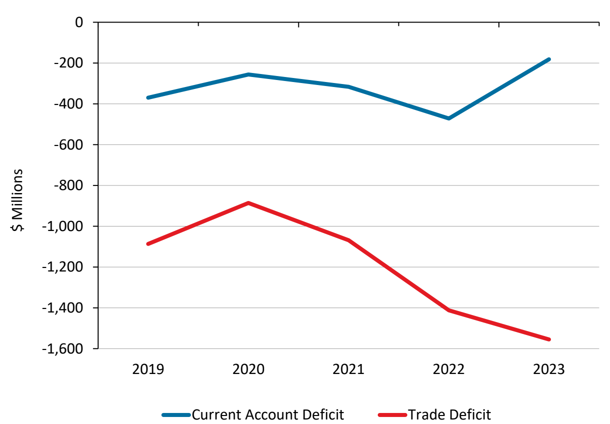
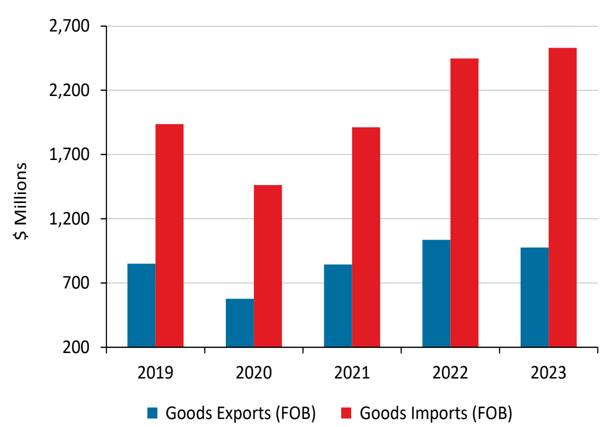


Chart 2.30: Merchandise Exports and Imports



one-fifth of total imports. The substantial growth in this subcategory was due to the receipt of high-valued capital donations—comprising a Cessna Caravan aircraft for the military and radar equipment for the civil aviation authority—and the purchase of electric cables. "*Food and Live Animals*" rose by $13.2mn, with increased spending on orange concentrates, instant noodles, and margarine. "*Miscellaneous Manufactured Goods*" climbed by $11.7mn, owing to greater outlays on surveying instruments and plastic items. "*Crude Materials*" grew by $8.8mn on account of higher imports of treated pine lumber and table salt.

However, the additional spending in these subcategories was partially offset by reduced spending in others. For instance, the "*Commercial Free Zone*" category contracted by $63.8mn, with lower outlays on cigarettes, clothing, and footwear. "*Chemicals*" saw a $30.6mn decline after cuts in the importation of diagnostic testing kits, vaccines, and fertilisers. Meanwhile, "*Manufactured Goods*" fell by $27.9mn because of reduced outlays on carton boxes, steel pipes, and various metal items. Lower spending on bottling machines, European oak, and computers also contributed to an $8.9mn fall in "*Designated Processing Areas*." Lastly, "*Beverages and Tobacco*" dipped by $1.6mn, owing to declines in whiskey, wine, and food supplement imports.

<u>Domestic Exports</u>

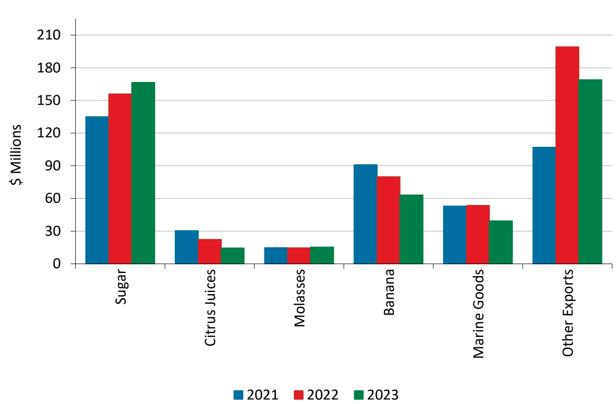
Domestic export revenue declined by 11.0% ($57.6mn) to $467.9mn for the year. Earnings slid due to lower receipts from non-traditional goods ($30.3mn), bananas ($16.7mn), marine goods ($14.1mn), and citrus juices ($7.9mn), which were moderated by increased revenue from sugar ($10.6mn) and molasses ($1.0mn).

Sugar and Molasses

Sugar export receipts increased by 6.8% ($10.6mn) to $166.5mn despite a 7.5% downturn in export volume to 132,199 long tons. This outcome resulted from a 15.4% uptick in the average unit price, as unfavourable weather conditions affected the crop yields of major exporters on the international market. In Europe, Belize's leading export destination for sugar, the average market price rose by 16.2%, as extended drought conditions reduced sugar beet plantings amid heightened consumer demand. Accordingly, 75.4% of total sugar shipments (99,679 long tons) went to Europe, valued at $116.3mn. The remaining export mix was distributed between the US (12.5%) and the Caribbean (12.1%). Sales to the US increased by 23.9% to $21.0mn, as the 2.7% dip in average unit prices was eclipsed by a 27.4% surge in export volume to 16,552 long tons. In contrast, export receipts from the Caribbean Community (CARICOM) fell by 3.5% to $29.3mn, ameliorated by a 31.4% jump in the average unit price for value-added bagged sugar, as shipments to the region declined by 26.6% in volume to 15,969 long tons.

Furthermore, molasses export receipts increased by 4.9% to $15.4mn. Similarly, this improvement

Chart 2.31: Domestic Exports



Sources: SIB and Central Bank

was due to a 27.1% average price increase, which outweighed the impact of a 17.4% reduction in export volume to 37,576 long tons.

Citrus Juices and Pulp

Export earnings from citrus products plunged by 37.4% ($8.7mn) to $14.7mn on account of a 58.4% contraction in citrus juice export volume to 3.1mn ps. The revenue decline was partially offset by a 53.2% surge in the average unit price for orange concentrates, which represented 81.0% of total export earnings. The upward price trajectory was attributable to global supply constraints, resulting from the adverse effects of citrus greening and severe weather conditions among major producers.

Once again, CARICOM was the largest export market for orange juice concentrates. The region purchased 98.6% of total orange concentrates, equivalent to 2.6mn ps. However, this amount was 51.5% lower than last year's sale volume, resulting in a 27.9% revenue squeeze to $11.7mn after a 48.5% average unit price increase. The remaining 1.4% of orange concentrates, sold to other countries, generated $0.2mn. Meanwhile, grapefruit concentrate revenue increased by 21.6% to $2.6mn, boosted by a 26.8% average unit price uptick, which easily outweighed a 4.1% dip in export volume. Not-from-concentrate sales and pulp exports were minuscule.

Banana

Banana export revenue plummeted by 20.9% ($16.7mn) to $63.1mn due to a 22.7% decline in export volume to 65,841 metric tons. However, the downturn in earnings was cushioned slightly by premiums for preparing customised fruit packages for supermarkets abroad.

Marine Exports

Receipts from marine exports tumbled by 26.3% ($14.1mn) to $39.4mn, as lobster and conch faced substantially lower market prices, while their sale volumes fell. Lobster receipts decreased by 32.0% to $23.4mn, following a 25.3% plunge in export volume and a 9.0% price reduction. Concurrently, conch export earnings contracted by 25.2% to $13.1mn, as a 21.3% price decline was exacerbated by a 4.9% dip in export volume. On the upside, farmed shrimp revenue rose to $2.9mn, driven by a 65.9% upsurge in export volume and a 15.1% price increase. The recent turnaround in farmed shrimp exports can be attributed to a partial

Chart 2.32: Citrus Prices

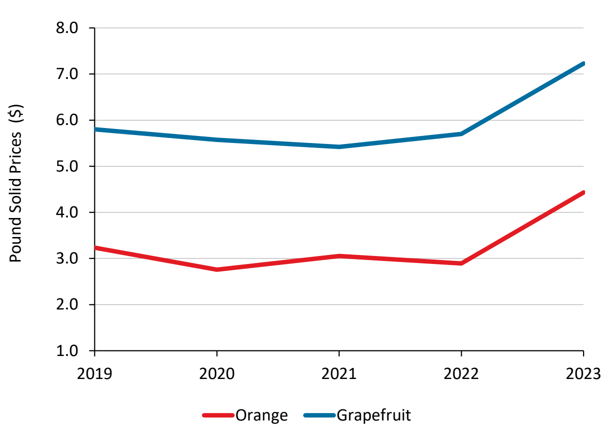
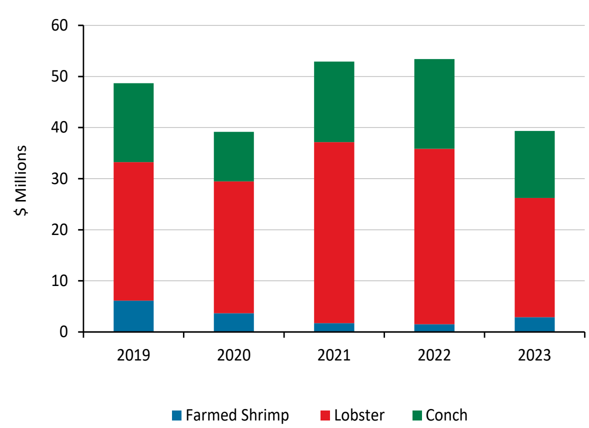


Chart 2.33: Exports of Marine Products



Source: SIB

breakthrough in controlling the devastating effects of the early mortality syndrome, plus an upswing in higher-valued headless shrimp in the export mix. Exports of other fish, namely tilapia, were miniscule.

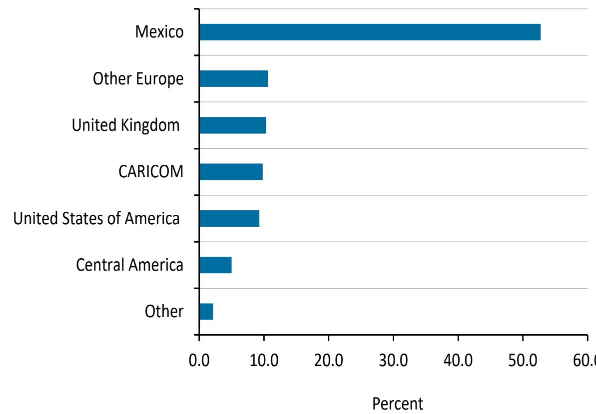
Other Domestic Exports
Receipts from other merchandise exports dipped by 15.2% ($30.3mn) to $168.9mn. This downturn was underpinned by reduced earnings from animal feed ($17.7mn), red kidney beans ($3.9mn), orange oil ($2.5mn), sorghum ($2.1mn), and grapefruit oil ($0.1mn). However, the fall in revenue was softened mainly by a $12.5mn uptick in cattle exports.

Re-Exports
Total re-exports edged down by 0.3% ($1.7mn) to $508.3mn due to a dip in CFZ sales, while other re-exports inched up. On the one hand, CFZ sales slid by 0.7% ($2.9mn) to $437.9mn after plateauing a year earlier. On the other hand, other re-exports rose by 1.7% ($1.2mn) to $70.4mn, with increased sales of mechanical juice extractors, aircraft engines, and agricultural sprayers.

Direction of Visible Trade

Like in previous years, Mexico was Belize's largest export destination for goods, accounting for 52.8% of total merchandise exports, including re-exports from the CFZ area. The share of Belize's exports to the bordering country further expanded in 2023, rising by 5.1 percentage points due to increased re-exports of machinery and hairnets. Conversely, the share of exports to the UK dipped by 2.0 percentage points to 10.3% due to the reduction in banana and sugar sales to that destination. Likewise, the share of exports to the US fell by 1.6 percentage points to 9.3%, underpinned by reduced shipments of lobster, conch, and red kidney beans. Trade with other European countries, excluding the UK, decreased by 2.3 percentage points to 10.6% owing to a downturn in banana and lobster exports.

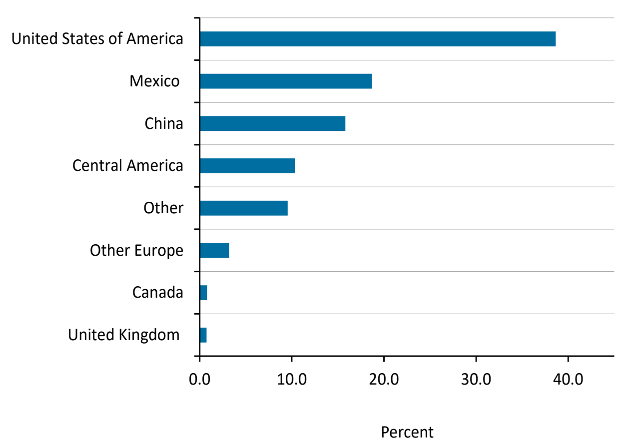
Chart 2.34: Direction of Visible Trade - Exports



Sources: SIB and Central Bank

The US maintained its position as Belize's primary source of imported goods. The share of goods originating from the US rose by 5.5 percentage points to 38.6%, with heightened purchases of liquefied petroleum gas, surveying instruments, margarine, and soups. Mexico

Chart 2.35: Direction of Visible Trade - Imports



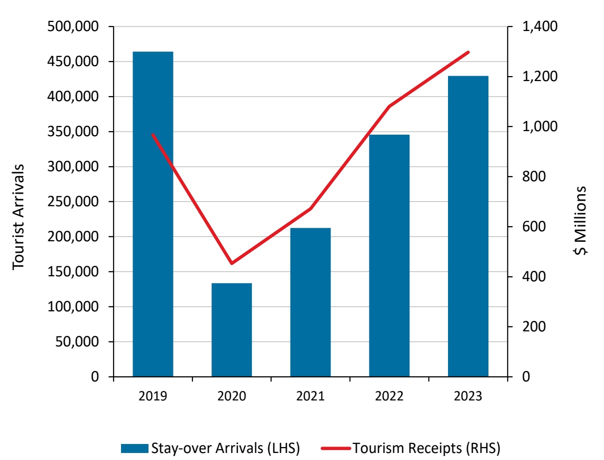
Source: SIB

ranked second, but its share fell by 1.1 percentage points to 18.7%. Although this decline was marginal, reduced spending on flat-rolled iron, steel products, building cement, detergents, and vegetable fats and oils all contributed to this outcome. In contrast, imports from China rose by 1.4 percentage points to 15.8%, from heightened outlays on motorcycles, plastic-insulated copper conductors, engines, tiles, flat-rolled iron, and steel products. Furthermore, the import share from Central America shrank by 3.2 percentage points to 10.3%, with lower purchases of rods, diesel oil, paper, plastics, and herbicides.

Services

Net inflows on the services account ballooned by 33.4% ($334.5mn) to $1,337.3mn. This record-breaking balance on trade in services was due primarily to an upsurge in tourism revenue and a downturn in international freight rates. Net tourism earnings, recorded under the "*Travel*" subaccount, rose by 20.1% ($216.6mn) to $1,297.0mn. Tourism receipts skyrocketed for several reasons, including the sharp increase in the number of visitors, longer stays by overnight visitors, and increased expenditure on food, restaurant, and accommodation services in line with movements in the price level. Furthermore, net transportation outflows contracted by 47.7% ($138.3mn) to $151.7mn after container shipping freight rates peaked in 2022. That year, international freight rates jumped because of the simultaneous surge in global containerised trade volume and disruptions in global supply chains due to COVID-19. However, the surplus on all other services combined declined by 9.6% to $192.0mn, weakened by an $87.3mn downturn in net receipts from a host of miscellaneous business services. This development overshadowed the impact of heightened inflows to a regional organisation stationed in Belize and increased revenue from BPO services. While the former drove up the surplus on the "*Government Services*" subaccount by $46.4mn, the latter boosted the surplus on the "*Telecommunications, Computer, and Information Services*" subaccount by $23.5mn.

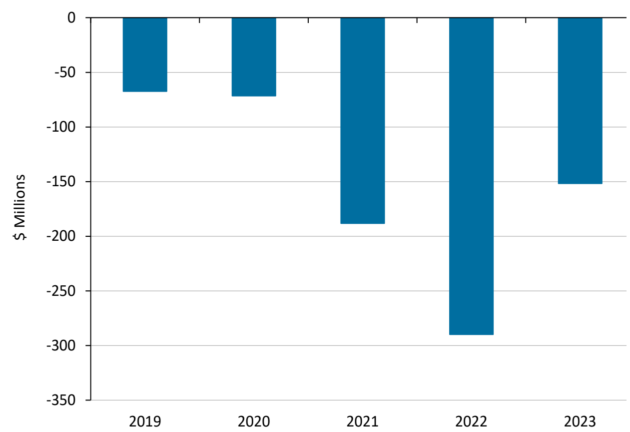
Chart 2.36: Tourist Arrivals and Tourism Receipts



Sources: BTB and Central Bank

Note: Tourism receipts represent net travel inflows in the balance of payments.

Chart 2.37: Net Transportation Outflows



Primary Income

Net outflows on the primary income account fell by 17.0% ($45.6mn) to $222.3mn. The smaller deficit in primary income was due to a reduction in profit repatriation alongside an increase in investment income, which outweighed a surge in interest payments and reinvested earnings. Investment income outflows contracted by 16.4% to $218.4mn, as profit repatriation by the energy and manufacturing sectors decreased by $89.2mn and $13.3mn, respectively, after spiking a year earlier due to transitory factors. This development more than compensated for the $39.0mn (65.9%) increase in the public sector's interest payments on its liabilities to external creditors caused by unforeseen rate hikes on variable interest loans and a predetermined step up in rates on the Blue Loan. However, investment income inflows more than doubled to $37.0mn, as the climb in US interest rates to tame inflation boosted the returns on reserve assets. Additionally, domestic banks' retained earnings, payable to non-resident owners, more than doubled to $65.4mn as their profitability strengthened.

Secondary Income

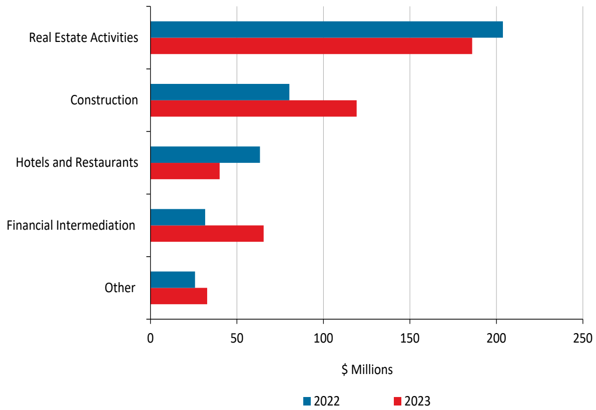
The surplus on the secondary income account grew by 25.6% ($52.6mn) to $258.4mn as the net deficit on government transfers more than halved, while the surplus on private transfers rose modestly. The deficit on net government transfers contracted by 57.0% to $25.7mn since the Government's out-of-court settlement payments, tied to the reacquisition of PBL ($30.6mn), were lower than the year before, when the settlement of an outstanding arbitral award was made with Belize International Services Limited ($65.0mn). Furthermore, the surplus on net private transfers grew by $18.6mn (7.0%) to $284.1mn, boosted by net remittance inflows of $14.1mn. Increased inward transfers to religious and other non-profit organisations ($22.0mn) and insurance companies ($12.7mn) also contributed to the larger surplus.

Capital and Financial Accounts

In 2023, net inflows on the capital account contracted by 14.6% ($8.6mn) to $50.3mn, as investment grants made by international organisations to Government waned. More specifically, capital transfers towards upgrading the Coastal Road from the CDB ended this year when the project was officially completed in July. This led to a 48.3% ($19.2mn) decline in cash transfers from this institution to $20.6mn. However, the downturn was softened by capital donations in kind, comprising a CESSNA Caravan Aircraft ($15.7mn) for the Belize Defence Force and radar equipment ($6.1mn) for the Civil Aviation Department. These donations were made by the US Government and COCESNA, respectively.

Net liabilities on the financial account plunged by $258.4mn to $117.0mn in 2023 compared to 2022. The curb in net liabilities was linked to a $184.5mn reduction in net direct investment to $94.9mn, as the net incurrence of direct investment liabilities (foreign direct investments and reinvested earnings) was partly offset by the net acquisition of direct investment assets (nationalisation of PBL) and the repatriation of nonresidents' investments in a former bank and real estate. Whereas inward foreign direct investments and reinvestments grew in total by $28.9mn to $443.4mn, outward foreign direct investments more than doubled to $348.5mn. The modest growth in the former was dominated by nonresidents' investments in real estate ($186.0mn), construction ($119.2mn), and hotels and restaurants ($40.0mn), along with reinvested earnings belonging to foreign shareholders of domestic banks ($65.4mn). The surge in the latter entailed outflows directly related to the acquisition of PBL ($166.7mn), real estate purchases from non-residents ($114.5mn), and

Chart 2.38: Gross Foreign Direct Investment



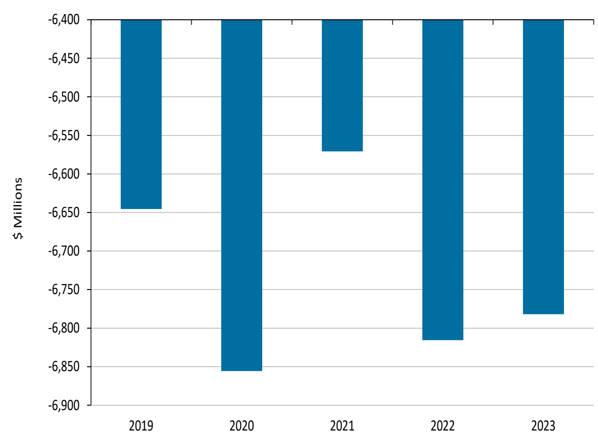
retained earnings belonging to a former domestic bank ($62.8mn).

Furthermore, other investment inflows netted to $22.1mn, as the incurrence of $206.7mn in other external liabilities was almost offset by a $184.6mn foreign asset buildup. The sharp rise in other investment liabilities reflected the face value of T-notes transferred to a domestic bank arising from the PBL acquisition and out-of-court settlements ($107.3mn), an increase in the public sector's net external debt, and a reduction in net liabilities (loans and trade credits) by other sectors ($44.6mn). Meanwhile, the surge in other assets emerged from domestic banks' accumulation of foreign assets ($133.3mn) and the Government's unused funds in a custody account ($53.4mn) from the refinancing operations of the "*Super Bond*."

International Investment Position

Belize's net international investment position stood at $6,781.3mn at the end of December. This outcome reflected the difference between the country's stock of external assets of $1,908.8mn and outstanding foreign liabilities of $8,690.1mn. On the one hand, the net external assets rose by $170.8mn due to the surge in domestic banks' foreign currency holdings and the recording of the Government's unused funds in the custody account related to the financing of the Super Bond. On the other hand, net external liabilities surged by $306.2mn because of the increase in net public sector borrowings and the T-notes transferred to a domestic bank from a shareholder. As a result, the country's net international investment deficit widened by $135.4mn in 2023.

Chart 2.39: Net International Investment Position



Box 2.4 | The Tourism Industry’s Resilient Recovery from the Pandemic

Belize's tourism industry demonstrated remarkable resilience, bouncing back sharply after the closure of its ports of entry in early 2020 due to the COVID-19 pandemic. The recovery was driven by a surge in demand as travel restrictions gradually eased. Notably, air travel emerged as a key driver of growth, bolstered by the industry's intensification of its marketing campaigns. This strategic approach resulted in earnings recovering at a faster pace than arrivals, underscoring the industry's adaptability and strength.

In March 2020, the COVID-19 pandemic caused widespread travel restrictions and containment measures, which dealt a severe blow to international travel and Belize's tourism industry. Consequently, tourism expenditure plummeted by 53.1% ($559.1mn) to $494.2mn in 2020, the lowest earnings on record since 2010. Additionally, stay-over arrivals decreased by 71.2%, while cruise arrivals contracted by 70.7%, leaving the industry in a critical state.

The journey to recovery from the pandemic's impact commenced six months after the borders were sealed. The Philip Goldson International Airport reopened on 1 October 2020, while the land and sea borders partially reopened on 1 June 2021. Air arrivals, which constituted approximately 80.0% of total arrivals before the pandemic, rebounded briskly. The number of annual stay-over visitors rose by 83.4%, 48.7%, and 18.5% between 2021 and 2023, reclaiming 92.8% of the pre-pandemic level by the end of the latter year.

This steady recovery was a result of a combination of increased marketing efforts and inbound flights, with the latter boasting a higher average tourist-per-flight ratio, showcasing the industry's resilience and steady progress. The surge in air arrivals benefitted from an increase in the average number of tourists per flight, which climbed from 73 in 2022 to 86 in 2023. This figure significantly surpassed 2019's average of 75 tourists per flight.

In comparison, land arrivals recovered at a faster rate after the full reopening of land borders on 1 January 2022. Within a two-year span, the number of visitors arriving through land borders surpassed 2019's pre-pandemic level.

However, sea-based arrivals lagged behind. At the end of 2023, the total number of visitors by sea accounted for only 64.1% of 2019’s pre-pandemic level, suggesting room for future improvement in this sector.

Box 2.4 | The Tourism Industry's Resilient Recovery from the Pandemic *(continued)*

Cruise tourism resumed after a 15-month pause due to the pandemic. Given the late start, the number of ships scheduled to dock still remained below pre-pandemic trends, while the average number of passengers per ship since the restart was 7.0% below that of 2019.

Despite the lag in number of visitors for stay-over and cruise visitors to pre-pandemic levels, tourism expenditure has already fully bounced back. In 2021, the recovery began with a sharp 51.4% ($253.9mn) expansion to $748.2mn relative to 2020. In 2022, tourism expenditure surpassed pre-pandemic levels, with total inflows amounting to $1,201.0mn, reflecting a 14.0% increase over the $1,053.4mn recorded in 2019. At the end of 2023, tourism earnings expanded by 36.1% to $1,434.0mn compared to 2019.

Tourism revenue recovered faster than the number of inbound visitors for four reasons. First, there was a surge in room rates charged by accommodations, partly due to the implementation of COVID-19-related health protocols, which immediately constrained room supply and later limited room availability during the recovery period. Second, the composition of visitors comprised a larger proportion of high spenders, as budget-friendly accommodations and flights took longer to restart. Third, the average length of stay increased somewhat relative to the pre-pandemic period. Fourth, the average change in price level has risen markedly above its long-term trend during the recovery phase.

In 2024, the number of stay-over tourists is expected to surpass the level seen in 2019. This development will be supported by increased airline capacity and upticks in arrivals by land and sea routes, as cruise ship arrivals remain stable. These outcomes should boost tourism expenditure over the $1.5bn mark.


Photography by tonyrath.com

III. FINANCIAL SYSTEM OVERSIGHT

FINANCIAL SUPERVISION

The Central Bank oversees financial institutions to ensure that their operations are safe, sound, and efficient. To this end, the Central Bank employs a supervisory approach, involving continuous off-site surveillance and targeted on-site examinations.

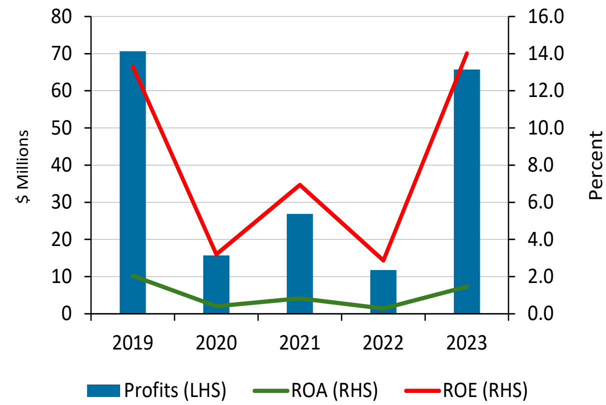
In 2023, the Central Bank conducted risk-focused and thematic on-site examinations on four domestic banks, three international banks, five credit unions, three remittance service providers, and five moneylenders. The risk-focused examinations evaluated each institution's compliance with applicable laws, regulations, and prudential requirements. The thematic examinations assessed banks' compliance with the implementation of Basel II/III and the International Financial Reporting Standard 9, the latter of which ensured that banks were adequately accounting for expected credit losses.

DOMESTIC BANK PERFORMANCE

Domestic banks' financial performance improved markedly, with aggregate profits of $65.7mn in 2023. This was a significant increase from the $18.1mn averaged in the three years following the onset of the pandemic, which was attributable to a reduction in loan loss provisioning. As a result, domestic banks' return on assets (ROA) and return on equity (ROE) increased from 0.3% and 2.9% in 2022 to 1.5% and 14.0% in 2023, respectively.

The sustained economic expansion stimulated a 5.9%, or $144.0mn, growth in credit to the private sector to $2,564.3mn in 2023, reflecting a substantial rise over the $104.0mn outturn recorded in 2022. Two banks were responsible for

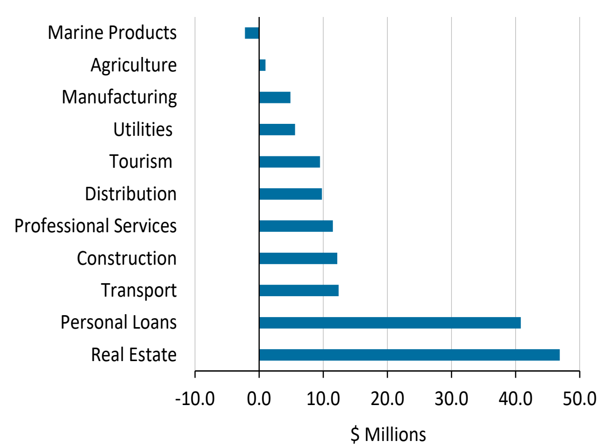
Chart 3.1: Profitability of Domestic Banks



70.0% ($100.8mn) of the overall increase. Most of the aggregate lending went towards real estate ($46.9mn) and personal ($40.8mn) activities. Smaller disbursements for transportation ($12.4mn), construction ($12.2mn), professional services ($11.5mn), distribution ($9.8mn), and tourism ($9.5mn) also contributed, overshadowing reduced loan balances for marine products ($2.2mn) and mining ($0.5mn).

Loan write-offs increased by $8.0mn, or 46.8%, to $25.1mn at the end of 2023. This jump was mainly driven by one bank, which accounted for

Chart 3.2: Annual Change in Lending by Domestic Banks



Box 3.1 | Loan Concentration

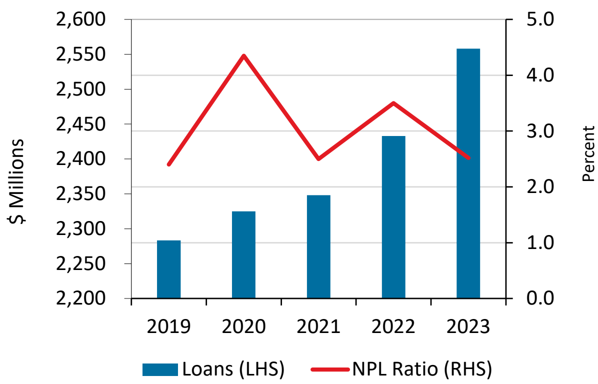
Surveillance of loan concentration in financial institutions' portfolios provides deeper insight on how concentration risks could be propagated across connected sectors of the economy. To maintain financial stability, it is crucial to ensure credit is efficiently allocated and to address information asymmetries.

The largest concentrations of credit exposure among deposit-taking institutions in Belize are contained in four industries: building and construction, real estate, tourism, and agriculture. At the end of 2023, the loans in these industries were valued at $938.3mn, $473.9mn, $310.6mn, and $310.4mn, respectively, comprising 63.9% of total private sector loans.

Concentration risks are managed in several ways. The Central Bank's supervision and economic surveillance plays a vital role in identifying and addressing emerging threats and fostering responsible lending practices. The tools used include limiting single-entity exposures (in terms of bank capital) and conducting stress testing on large credit exposures. In regard to the former, the Domestic Banks and Financial Institutions Act was amended in August to change the measure for single-borrower limits among banks and financial institutions. Encouraging loan diversification and monitoring the transmission channels of shocks are essential aspects of prudential regulation and supervision, especially during credit booms.

Chart 3.3: Top Four Loan Categories as a Share of Total Private Sector Credit

Chart 3.4: Asset Quality of Domestic Banks

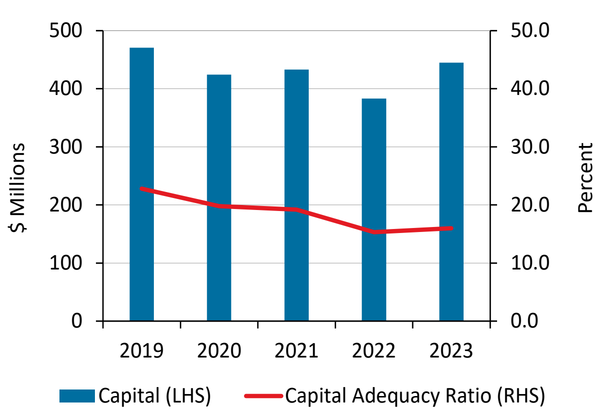


$14.6mn, or 58.0%, of total write-offs. The stock of non-performing loans (NPLs) contracted by $32.2mn (19.4%) to $133.8mn on account of the surge in loan write-offs, $13.2mn in NPL payouts, and improvements in credit quality.

The ratio of aggregate NPLs (net of specific provisions) to total loans (NPL ratio) fluctuated modestly but remained below the 5.0% prudential benchmark. This year, domestic banks' NPL ratio contracted by 1.0 percentage point to 2.5% due to the reduction in NPLs and credit expansion.

The combined capital of domestic banks rose by $61.7mn to $444.6mn, reflecting a 16.1% growth compared to the previous year. This

Chart 3.5: Domestic Banks' Capital and Capital Adequacy Ratio



surge in capital accumulation was due primarily to heightened profit retention. Consequently, the capital adequacy ratio (CAR) improved from 15.3% in 2022 to 16.0% in 2023, with all institutions surpassing the statutory requirement of 9.0%.

CREDIT UNION PERFORMANCE

On 10 March 2023, the Governor, in his capacity as Registrar of Credit Unions, appointed an Administrator for SFXCU. This unprecedented development was triggered by critical deficiencies in governance and risk management practices combined with material weaknesses in internal controls at the credit union. Thus, the primary objective for the appointment was to support the long-term success of SFXCU, the second-largest credit union in the sector.

The credit union sector's profits grew for a second consecutive year after declining in 2021. Aggregate profits rose by $1.7mn to $39.9mn, owing to an increase in interest income generated from loans and investments, coupled with a reduction in provision expense. The largest credit union accounted for $28.2mn (70.8%) of total profits. The improvement in profitability resulted

Chart 3.6: Profitability of Credit Unions

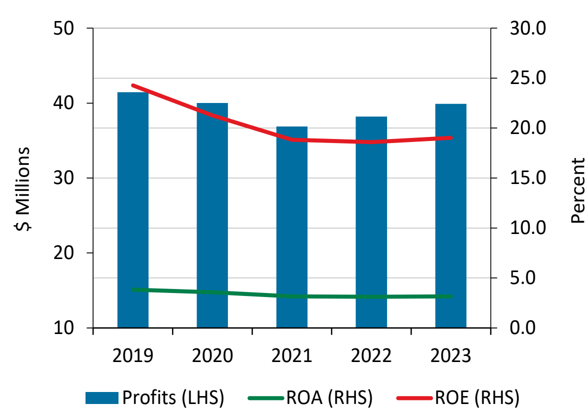


Chart 3.7: Asset Base of Credit Unions

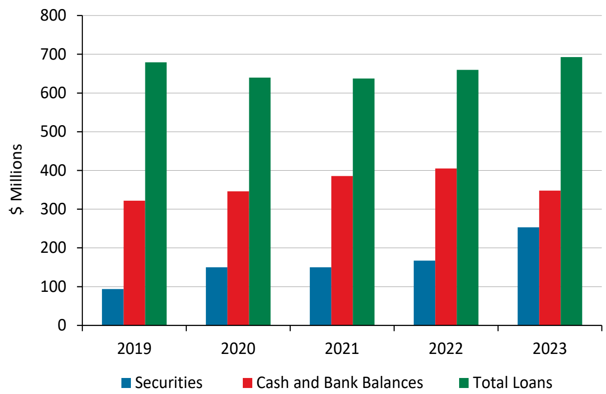
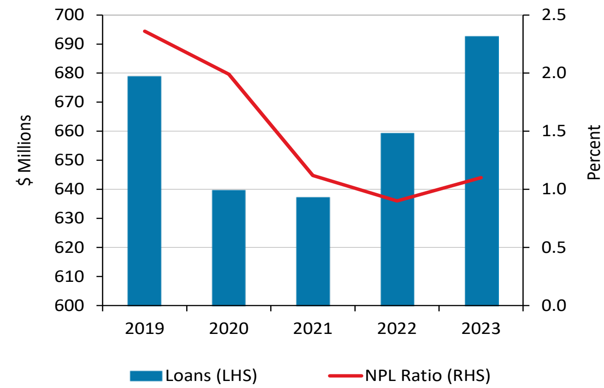


Chart 3.9: Asset Quality of Credit Unions



in the sector's ROA and ROE climbing from 3.1% and 18.6% in 2022 to 3.2% and 19.0% in 2023, respectively.

Credit unions' asset base rose by $74.8mn (5.6%) to $1,329.5mn, driven by increases in investments ($85.6mn) and loans ($33.2mn). However, the sector's liquidity contracted by $57.4mn, as cash resources were used to fund new investments.

Credit union lending strengthened, increasing for the second year in a row. Credit unions expanded their aggregate loan portfolio by $33.3mn (5.1%) in 2023 compared to $21.9mn (3.4%) in the previous year. This expansion was fuelled by net disbursements for agriculture ($12.2mn), construction ($9.6mn), real estate ($6.9mn), and manufacturing ($5.7mn) activities, which were partially offset by contractions in loan balances for personal consumption ($12.4mn) and distribution ($2.1mn). At the same time, write-offs of non-performing loans increased from $4.2mn in 2022 to $5.9mn in 2023. Most write-offs were applied against loans for construction ($2.8mn) and household consumption ($2.4mn).

Notwithstanding, the group's NPL ratio rose from 0.9% in 2022 to 1.1% in 2023 due to a reduction

Chart 3.8: Annual Change in Lending by Credit Unions

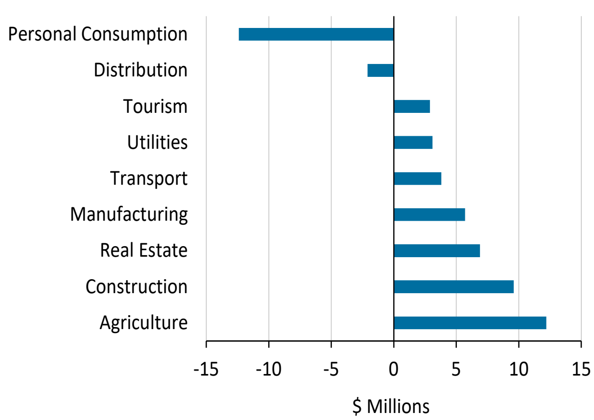
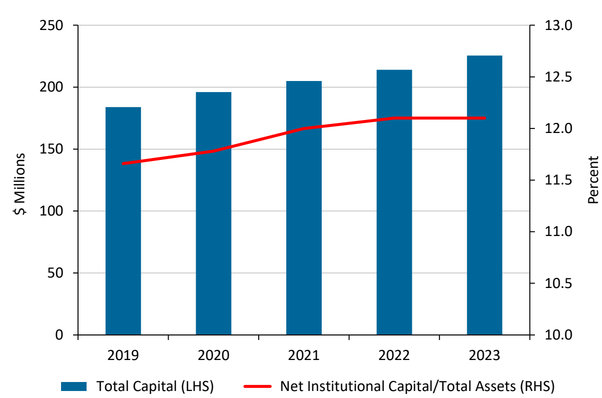


Chart 3.10: Credit Unions' Total Capital and Net Institutional Capital Ratio



in surplus allowances for loan losses. Against this backdrop, all eight credit unions maintained an NPL ratio below the 5.0% prudential benchmark.

The sector's combined capital grew by $11.5mn (5.4%) to $225.5mn in 2023, arising from increased profit transfers to both reserves and retained earnings. Despite the growth in total capital, the net institutional capital to total assets ratio (NIC ratio) remained relatively unchanged at 12.1% compared to 2022 due to the simultaneous expansion in total assets. All credit unions maintained their NIC ratio above the 10.0% regulatory requirement.

INTERNATIONAL BANK PERFORMANCE

In 2023, profits for the international banks rebounded to US$2.1mn, significantly more than 2022's outturn of US$0.6mn. This level of profitability is also the highest amount realised since 2016. Furthermore, for the first time since 2013, all international banks closed the calendar year in a positive position. The primary reason for this broad-based outcome was the US$1.5mn reduction in expected credit loss provision expense alongside gains from current investments.

Chart 3.11: Profitability of International Banks

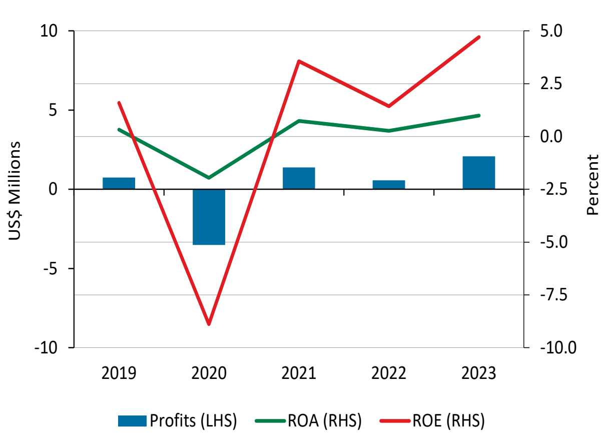
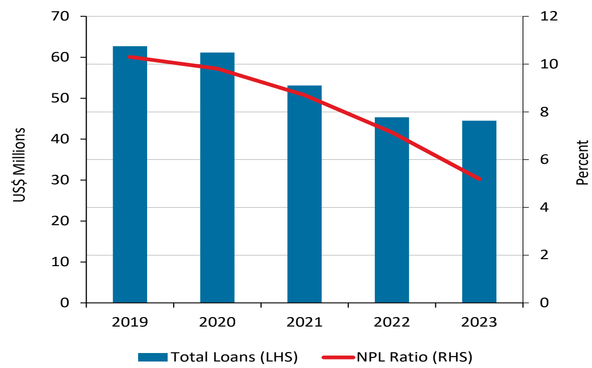


Chart 3.12: Asset Quality of International Banks



Consequently, the industry's ROA and ROE increased from 0.3% and 1.4% in 2022 to 1.0% and 4.7% in 2023, respectively.

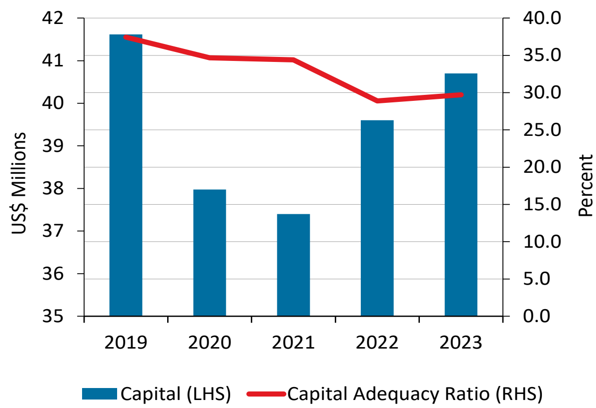
The loan portfolio for international banks further contracted, albeit by only US$0.9mn to US$44.5mn in 2023. However, the industry's NPL ratio strengthened from 7.1% in 2022 to 5.2% in 2023, just above the prudential benchmark of 5.0%. This improvement was due to increased regulatory provisions for NPLs and payouts by customers.

International banks' capital increased for the second year in a row, rising by US$1.1mn to US$40.7mn in 2023. This marginal increase resulted from profits transferred to legal reserves and retained earnings. As a result, the industry's CAR ratio improved from 28.9% in 2022 to 29.7% in 2023, almost tripling the 10.0% regulatory requirement.

AML/CFT/CPF COMPLIANCE

The Compliance Department continued to ensure that Central Bank-regulated institutions maintained an effective AML/CFT/CPF compliance programme. It also ensured that the Board-approved internal

Chart 3.13: International Banks' Capital and Capital Adequacy Ratio



AML/CFT/CPF compliance programme aligned with international standards. In 2023, 18 risk-based AML/CFT/CPF on-site examinations were conducted across four domestic banks, three international banks, seven credit unions, three remittance service providers, and one moneylender. On-site examinations focused on targeted financial sanctions to ensure compliance with recent amendments to the MLTPA. Concurrently, off-site surveillance ensued with activities such as ongoing monitoring, follow-up, and outreach. These activities included the issuance of two questionnaires to capture and assess the level of compliance with local legal requirements and international standards. Further, compliance officers' meetings and training sessions were conducted to increase reporting entities' awareness of AML/CFT/CPF obligations.

The Compliance Department participated in several ongoing projects of national importance, including contributions to the Caribbean Financial Action Task Force Mutual Evaluation Exercise, updating Belize's National Risk Assessment (NRA), and supporting NFIS.

The on-site visit for the Fourth Round of Mutual Evaluation of Belize's AML/CFT/CPF systems concluded in December 2023. During the mutual evaluation process, Belize was assessed against two interrelated components: technical compliance and the effectiveness of implementation measures. To meet the technical compliance obligations, the Central Bank, along with other supervisory and law enforcement agencies, collaborated to undertake a comprehensive suite of legislative reforms to satisfy the Financial Action Task Force (FATF) Recommendations. Several sector-specific laws were amended, namely the MLTPA, the Central Bank Act, the Credit Unions Act, the Moneylenders Act, the Domestic Banks and Financial Institutions Act, the International Banking Act, and the National Payment System Act.

Additionally, the Central Bank published several guidance notes and guidelines. These included the Guidance Notes for Implementing Targeted Financial Sanctions, the Money Laundering/Terrorist Financing/Proliferation Financing Risk Assessment Guidance Notes, and the AML/CFT/CPF Guidelines, which were updated to support the recent legislative amendments. These guidance notes and guidelines were issued to regulated institutions to assist them with implementing an effective AML/CFT/CPF compliance programme aligned with obligations in the MLTPA.

Simplified Customer Due Diligence (CDD) Guidance Notes were also issued to achieve a more effective risk-based approach to CDD. This guidance was aligned with the FATF standards and national efforts to promote financial inclusion and encourage institutions to apply reduced CDD measures, where applicable.

Updating of Belize's NRA continued throughout the year. This process aimed to identify, assess, and understand Belize's AML/CFT/CPF risks and ensure that these risks are mitigated effectively, per FATF Recommendation 1. The NRA was led by the National Anti-Money Laundering Committee and coordinated by the Financial Intelligence Unit. The Central Bank served as chair, co-chair, or support across 10 working groups tasked with identifying AML/CFT/CPF risks and developing sector-specific action plans, which steered the national action plan to address deficiencies in the AML/CFT/CPF framework.

REGULATORY AND SUPERVISORY PROJECT

Internal Capital Adequacy Assessment Process

In the first quarter of 2023, domestic and international banks submitted their first Internal Capital Adequacy Assessment Process reports as part of the supervisory review process for Pillar 2 of the Basel II/III implementation project. These reports marked a significant milestone in advancing banks' risk management practices. The Central Bank reviewed each bank's report, then provided feedback and recommendations to aid in identifying risks promptly and measuring capital needs appropriately.

Box 3.2 | Caribbean Group of Banking Supervisors

The Central Bank assumed the Chairmanship of the Caribbean Group of Banking Supervisors for 2023-2025. Their mission is to promote financial institutions' financial stability and soundness through effective banking supervision, regulation, and supervisory collaboration in line with international standards.

As Chair, the Central Bank takes the lead role in maintaining interface with the Basel Committee on varying technical issues, as well as with international regulatory agencies on relevant matters, including the planning and organisation of various training courses for the benefit of all 17 member countries.

Figure 3.1: Caribbean Group of Banking Supervisors XL Annual Conference and Supervisory College

Box 3.3 | Private Sector Credit-to-GDP Gap for Belize

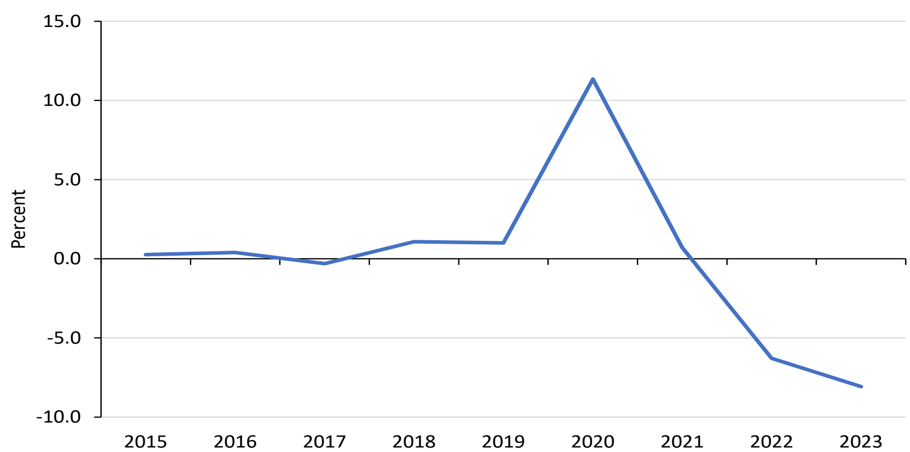
Private sector credit from deposit-taking institutions is critical in financing the development of Belize's economy. However, "excessive credit" growth can lead to financial system risks. Internal or external shocks may affect the borrower's ability to repay, which, in turn, can lead to a rapid increase in NPLs and bank losses. In the literature on financial crises, the build-up of excessive credit has been a reliable early warning indicator of banking crises or severe distress. Therefore, it is crucial to monitor Belize's credit-to-GDP gap, especially with the openness of its small economy and susceptibility to adverse climatic events.

This analysis focuses on the deposit-taking institutions' private sector credit-to-GDP gap ($pgap_t$). This metric is defined as the difference between the deposit taking institutions' private sector credit-to-GDP ratio (pc_t/y_t) and its long-run trend, t_t:

$$\mathrm{pgap}_t = \frac{\mathrm{pc}_t}{\mathrm{y}_t} - \mathrm{t}_t$$

The long-run trend was generated using the Hodrick-Prescot filter with a large smoothing parameter. From a policy perspective, a significant positive gap signals a credit boom, while a significant negative gap points to restricted credit access or a credit bust.

Chart 3.14: Private Sector Credit-to-GDP Gap for Deposit Taking Institutions



Note: Deposit-taking institutions in Belize are comprised of domestic banks, international banks, and credit unions.

Box 3.3 | Private Sector Credit-to-GDP Gap for Belize (*continued*)

Chart 3.14 indicates that Belize's credit-to-GDP gap remained relatively stable between 2015 and 2019, fluctuating between -0.3% and 1.0% over the five-year span. In 2020, the metric skyrocketed to 11.3% amid the height of the COVID-19 pandemic, signalling a credit boom. Credit expanded by 0.8%, facilitated by an easing of monetary and macro-prudential measures to support borrowers, as output collapsed due to the adverse effects of COVID-19. In 2021, the gap normalised, returning to 0.7%. Output had rebounded strongly from the pandemic's effects, up 18.4%, while credit growth accelerated by 1.1%.

After that, in 2022 and 2023, the gap turned negative, signalling a false credit bust or tightened access to credit. This outcome resulted as output grew much faster than credit during the post-pandemic rebound phase. Nominal GDP growth for the two years was significantly above potential at 16.7% and 8.8%, respectively, driven mainly by the post-pandemic rebound in tourism. Meanwhile, credit grew at a slower pace of 3.8% and 5.7%, respectively, but was significantly higher than its 2.7% long-term average and, therefore, not indicative of weak loan growth. In the medium term, the gap is expected to return to its historical range as the positive output gap further narrows and credit growth subsides nearer to its long-term trend.


SUB UMBRA FLOREO
BANK


Photography by #RichardHolder

IV. STATISTICAL APPENDIX

Table A.1: Major Economic Indicators

	2016	2017	2018	2019	2020	2021	2022[R]	2023[P]
POPULATION AND EMPLOYMENT								
Population (Thousands)	378.0	387.9	395.9	408.5	421.5	432.5	444.8	n.a.
Employed Labour Force (Thousands)	145.6	150.1	155.9	167.7	145.5	174.2	182.1	183.3
Unemployment Rate (%)[(1,2)]	9.5	9.3	9.4	9.0	13.7	10.2	5.0	3.4
INCOME								
GDP at Current Market Prices ($mn)[(3)]	4,481.2	4,533.3	4,585.6	4,773.6	4,095.5	4,849.2	5,661.0	6,156.9
Per Capita GDP ($, Current Market Prices)	11,856.3	11,687.7	11,583.2	11,686.3	9,717.2	11,211.5	12,727.0	n.a.
Per Capita GDP Growth (%)	-0.5	-1.4	-0.9	0.9	-16.8	15.4	13.5	n.a.
Real GDP Growth (%)	0.0	-1.8	1.0	4.2	-13.9	17.9	8.7	4.7
Sectoral Distribution of Constant 2014 GDP (%)								
Primary Activities	9.5	10.6	10.4	9.8	10.7	11.3	10.3	9.3
Secondary Activities	14.9	14.1	13.9	13.9	16.2	15.8	14.3	13.5
Tertiary Activities	62.3	62.8	63.1	63.6	61.2	60.5	61.1	64.0
MONEY AND PRICES ($mn)								
Inflation (Annual Average Percentage Change)	0.7	1.1	0.3	0.2	0.1	3.2	6.3	4.4
Currency and Demand Deposits (M1)	1,471.8	1,565.9	1,598.5	1,681.8	1,965.5	2,233.1	2,423.5	2,667.7
Quasi-Money (Savings and Time Deposits)	1,478.4	1,372.6	1,418.8	1,510.4	1,568.3	1,735.5	1,731.1	1,778.9
Annual Change of Money Supply (%)	2.7	-0.4	2.7	5.8	10.7	12.3	4.7	7.0
Ratio of M2 to GDP (%)	65.8	64.8	65.8	66.9	86.3	81.8	73.4	72.2
CREDIT ($mn)								
Domestic Banks' Loans and Advances	2,015.0	2,018.2	2,119.9	2,238.0	2,278.1	2,313.0	2,418.8	2,572.2
Public Sector	8.7	5.3	50.6	58.0	41.3	27.8	26.0	41.8
Private Sector	2,006.3	2,012.9	2,069.3	2,180.0	2,236.8	2,285.2	2,392.8	2,530.4
INTEREST RATES (%)								
Weighted Average Lending Rate	9.7	9.3	9.0	8.8	8.5	8.7	8.7	8.4
Weighted Average Deposit Rate	1.3	1.2	1.2	1.1	1.3	1.3	1.2	1.2
Weighted Average Interest Rate Spread	8.4	8.1	7.7	7.6	7.3	7.4	7.5	7.2
CENTRAL GOVERNMENT FINANCES ($mn)								
Current Revenue	1,002.6	1,047.9	1,139.4	1,147.7	944.2	1,082.2	1,287.4	1,376.9
Current Expenditure	950.9	1,005.8	1,052.9	1,084.5	1,007.4	933.9	1,052.5	1,151.4
Current Account Surplus (+)/Deficit(-)	51.6	42.1	86.5	61.9	-63.2	148.3	234.9	225.5
Capital Expenditure and Net Lending	207.5	171.8	168.4	222.2	345.1	265.2	333.1	341.6
Overall Surplus (+)/Deficit(-)	-119.1	-103.4	-27.6	130.3	-365.9	-98.3	-43.9	-98.8
Ratio of Budget Deficit to GDP at Current Prices (%)	-2.7	-2.3	-0.6	-2.8	-8.9	-2.0	-0.8	-1.6
Domestic Financing (Net)[(4)]	66.0	13.3	-2.9	54.3	162.2	-66.3	31.8	44.7
External Financing (Net)	47.1	90.0	23.1	37.2	201.7	74.2	54.9	82.6

Table A.1: Major Economic Indicators *(continued)*

	2016	2017	2018	2019	2020	2021	2022[R]	2023[P]
BALANCE OF PAYMENTS (US $mn)								
Merchandise Exports (FOB)[(5)]	442.8	457.1	451.7	425.3	289.0	422.1	517.7	488.1
Merchandise Imports (FOB)	875.1	848.3	896.9	968.5	731.4	956.1	1,223.6	1,265.4
Trade Balance	-432.3	-391.1	-445.2	-543.2	-442.4	-534.0	-705.9	-777.3
Remittances (Inflows)	87.2	87.9	89.7	94.5	118.3	133.0	140.1	149.7
Tourism (Inflows)	390.4	389.2	439.2	526.7	246.9	374.1	600.5	717.0
Services (Net)	293.1	300.3	396.8	442.5	255.2	327.5	501.4	668.6
Current Account Balance	-151.6	-143.7	-151.7	-184.6	-127.9	-157.9	-235.6	-90.6
Capital and Financial Flows	89.6	67.3	134.5	145.7	183.1	290.8	217.1	83.6
Gross Change in Official International Reserves	-60.3	-64.6	-17.8	-17.8	70.2	75.1	58.4	-9.2
Gross Official International Reserves	376.6	313.0	295.6	277.9	348.1	424.0	482.5	473.3
Monthly Import Coverage	4.7	4.0	3.6	3.2	5.2	5.2	4.1	4.1
PUBLIC SECTOR DEBT								
Disbursed Outstanding External Debt (US $mn)	1,204.1	1,256.9	1,284.5	1,321.8	1,453.2	1,338.5	1,363.6	1,415.5
Ratio of External Debt to GDP at Current Prices (%)	53.7	55.4	56.0	55.4	71.0	55.2	48.2	46.0
External Debt Service Payments (US $mn)[(6)]	83.2	85.9	85.8	90.7	81.2	625.7	71.9	107.4
External Debt Service Ratio (%)	11.3	11.3	10.1	10.5	14.9	9.6	7.1	9.3
Disbursed Outstanding Domestic Debt ($mn)	747.8	1,026.5	1,045.3	1,103.4	1,313.2	1,315.8	1,315.6	1,507.9
Domestic Debt Service Payments ($mn)	18.3	34.1	35.9	36.6	40.9	41.3	42.6	60.7

Sources: MOF, SIB, and Central Bank

(1) Figures represent the annual average unemployment rate when two labour force surveys were conducted within the year except for 2018, 2020, and 2022.

(2) The unemployment rate from 2020 onwards was measured using a revised methodology.

(3) 2023 figure is estimated by the Central Bank

(4) A total of $196.5mn (2016), $208.3mn (2017) and $166.7mn (2023) were deducted, as payments for the acquisition of shares in utility companies (2016 and 2017) and the Port of Belize Ltd (2023).

(5) Includes CFZ gross sales.

(6) Debt service payments for 2021 include the US $552.9mn paid to external bondholders to repurchase and retire the 2034 US Dollar Bond.

n.a. means not available or applicable

R- Revised

P- Provisional

Table A.2: Central Bank Dealings in Foreign Exchange in 2023

$mn

Month	US $, Canadian $, and UK £			CARICOM Currencies		
	Purchases	Sales	Net	Purchases	Sales	Net
January	16.7	23.0	-6.3	0.0	0.1	-0.1
February	24.1	9.0	15.1	0.0	0.0	0.0
March	31.5	14.4	17.1	0.0	0.6	-0.6
April	18.9	43.5	-24.6	0.0	0.0	0.0
May	116.4	30.6	85.8	0.0	0.5	-0.5
June	23.7	30.1	-6.4	0.0	0.7	-0.7
July	27.8	26.5	1.3	0.0	0.1	-0.1
August	9.7	28.3	-18.6	0.0	0.2	-0.2
September	31.4	9.8	21.6	0.0	0.2	-0.2
October	19.1	45.0	-25.9	0.0	0.6	-0.6
November	43.2	36.9	6.3	0.0	0.8	-0.8
December	24.3	109.6	-85.3	0.0	0.2	-0.2
Total	**386.8**	**406.7**	**-19.9**	**0.0**	**4.0**	**-4.0**

Table A.3: External Asset Ratio in 2023

Month	Foreign Assets $mn	Domestic Liabilities $mn	External Asset Ratio (%)
January	946.0	1,486.4	63.6
February	959.3	1,493.4	64.2
March	978.0	1,505.0	65.0
April	953.8	1,469.2	64.9
May	1,037.9	1,593.6	65.1
June	1,031.8	1,599.1	64.5
July	1,034.4	1,615.8	64.0
August	1,014.5	1,581.7	64.1
September	1,034.9	1,594.6	64.9
October	1,009.1	1,569.4	64.3
November	1,017.2	1,576.6	64.5
December	932.2	1,586.4	58.8

Table A.4: Domestic Banks' Balances with the Central Bank in 2023

$mn

Month	Average Deposit Liabilities	Required Cash Reserves	Actual Cash Holdings	Excess/ (Deficit)
January	3,701.8	240.6	703.8	463.2
February	3,703.5	240.7	719.2	478.5
March	3,774.9	245.4	755.1	509.7
April	3,867.5	251.4	707.0	455.6
May	3,885.6	252.6	731.7	479.1
June	3,892.3	253.0	722.9	469.9
July	3,875.9	251.9	751.8	499.8
August	3,891.4	252.9	741.0	488.1
September	3,894.9	253.2	751.7	498.5
October	3,886.7	252.6	757.1	504.5
November	3,874.4	251.8	769.2	517.4
December	3,867.1	251.4	761.2	509.8
Average	**3,843.0**	**249.8**	**739.3**	**489.5**

Table A.5: Currency in Circulation in 2023

$mn

Month	Notes	Coins	Total	Domestic Banks' Vault Cash	Currency with the Public
January	555.9	40.2	596.1	78.2	518.0
February	564.6	40.5	605.1	81.3	523.8
March	582.0	40.8	622.8	87.7	535.1
April	590.4	41.1	631.5	86.5	545.1
May	589.8	41.4	631.2	86.5	544.7
June	589.7	41.7	631.4	82.9	548.5
July	599.8	42.0	641.8	85.6	556.2
August	599.7	42.3	642.0	89.2	552.8
September	596.9	42.8	639.7	86.7	553.1
October	593.2	42.8	636.0	88.4	547.6
November	607.3	43.0	650.3	90.6	559.7
December	643.2	43.3	686.5	98.8	587.7

Table A.6: Composition of Treasury Notes

$mn

Tenor	Amount	Allocation			Percentage	
		Central Bank	Domestic Banks	Others	Previous Yield	Current Yield
1-Year	316.0	287.7	25.0	3.3	2.25	2.00
2-Year	156.8	78.8	65.8	12.2	3.00	2.25
3-Year	39.5	14.0	25.5	0.0	n.a.	2.80
4-Year	20.0	0.0	20.0	0.0	n.a.	3.70
5-Year	216.0	73.8	63.1	79.1	4.50	3.50
5-Year (US$ denominated notes)	28.3	0.0	4.0	24.3	6.50	6.50
7-Year	94.4	61.5	15.0	18.0	4.50	4.00
10-Year	214.9	48.8	20.0	146.1	7.75	5.25
20-Year	20.0	0.0	0.0	20.0	5.75	5.75
Total	**1,105.9**	**564.6**	**238.4**	**303.0**	n.a.	n.a.

Table A.7: Central Bank Credit to Central Government in 2023

$mn

Month	Treasury Bills	Treasury Notes	Overdraft Facility[1]	A	B
January	119.0	555.0	0.0	9.3	0.0
February	108.0	557.0	0.0	9.2	0.0
March	108.0	555.0	0.0	9.2	0.0
April	99.0	555.0	0.0	9.1	0.0
May	139.0	549.0	0.0	9.5	0.0
June	139.0	563.0	0.0	9.7	0.0
July	154.0	563.0	0.0	9.9	0.0
August	139.0	561.0	0.0	9.7	0.0
September	129.0	565.0	0.0	9.6	0.0
October	131.0	565.0	0.0	9.6	0.0
November	129.0	564.0	0.0	9.6	0.0
December	219.0	565.0	0.0	10.9	0.0

(1) Overdraft facility represents monthly averages rather than end of month positions.
A: The Central Bank's holdings of Government securities as a multiple of its paid-up capital and reserves.
B: Advances to Government as a percentage of Government's estimated recurrent revenues for the previous fiscal year.

Table A.8: Key Indicators for Advanced, Emerging, and Developing Economies

	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)	
Country	**2022R**	**2023P**	**2022R**	**2023P**	**2022R**	**2023P**
Advanced Economies	2.6	1.6	7.3	4.6	4.5	4.4
United States	1.9	2.5	6.5	3.4	3.6	3.7
Euro Area	3.5	0.5	8.4	5.4	6.7	6.5
United Kingdom	4.1	0.1	7.9	6.8	3.9	4.0
Canada	3.6	1.2	6.8	3.9	5.3	5.4
Japan	1.0	1.9	2.5	3.2	2.6	2.6
Emerging and Developing Economies	4.1	4.3	9.8	8.5	n.a.	n.a.
China	3.0	5.2	2.0	0.2	5.6	5.2
India	7.2	7.6	6.7	5.7	7.6	6.6
Mexico	3.1	3.2	7.8	4.7	3.3	2.8
Russia	-1.2	3.6	13.8	5.9	3.7	2.9
Brazil	3.0	2.9	9.3	4.6	9.3	8.0

Sources: IMF, UN, Bureau of Economic Analysis (US), Bureau of Labour Statistics (US), European Union Statistical Office (Eurostat), Office for National Statistics (UK), National Bureau of Statistics of China, Indian Central Statistics Office, Mexican National Institute of Statistics and Geography, and the Brazilian Institute of Geography.

Table A.9: Key Indicators for Central America

	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		Net International Reserves (US$bn)	
Country	**2022R**	**2023P**	**2022R**	**2023P**	**2022R**	**2023P**	**2022R**	**2023P**
Guatemala	4.1	3.5	9.2	4.2	5.7	3.1	20.0	21.3
Honduras	4.0	2.9	9.8	5.0	8.9	8.1	8.4	7.6
El Salvador	3.1	3.2	7.2	4.0	3.8	5.5	2.4	2.6
Nicaragua	3.8	3.0	11.6	5.6	3.3	3.9	4.4	5.4
Costa Rica	4.3	5.1	7.9	1.8	11.7	7.3	6.8	11.6
Panama	10.8	6.0	2.1	2.2	9.9	8.0	10.4	6.5

Sources: World Bank, ECLAC, and Central Banks of Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica.

Table A.10: Key Indicators for Selected Caribbean Countries

	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US $mn)		Fiscal Balance (% of GDP)	
Country	2022R	2023P	2022R	2023P	2022R	2023P	2022R	2023P	2022R	2023P
The Bahamas	14.4	4.3	5.6	3.9	12.3	8.8	2611.0	2,516.8	-5.8	-3.9
Barbados	13.8	4.4	4.9	5.2	7.2	8.3	2,770.3	2,997.4	0.4	-0.1
Belize	8.7	4.7	6.3	4.4	5.0	3.4	482.5	473.3	-0.8	-1.6
Eastern Caribbean Currency Union	8.9	5.0	8.4	3.8	n.a.	n.a.	1,866.6	1,970.4	-1.4	n.a.
Guyana	62.3	32.9	7.2	2.0	12.3	n.a.	676.2	932.4	-5.1	-6.7
Jamaica	5.4	2.9	9.4	6.5	6.6	6.5	4,517.8	4,748.1	6.1	5.6
Suriname	2.4	2.3	54.6	38.6	10.9	10.6	1,194.6	1,346.1	-0.9	-1.0
Trinidad and Tobago	1.5	2.7	5.8	4.6	4.9	3.9	6,832.4	6,257.9	0.7	-1.7

Sources: IMF, IDB, CDB, ILO, the central banks of Belize, Barbados, Guyana, Eastern Caribbean, Jamaica, Suriname, The Bahamas, and Trinidad and Tobago plus the statistical institutes of Belize, Jamaica, Barbados, Guyana, and Trinidad and Tobago.

Table A.11: Determinants of Money Supply[(1)]

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Net Foreign Assets	1,444.0	1,519.5	1,599.9	80.4
Central Bank	847.5	966.7	948.8	-17.9
Domestic Banks	596.5	552.8	651.1	98.3
Net Domestic Credit	3,047.4	3,220.8	3,610.4	389.6
Central Government (Net)	687.2	713.2	927.8	214.6
Other Public Sector	43.9	87.3	118.3	31.0
Private Sector	2,316.3	2,420.3	2,564.3	144.0
Central Bank Foreign Liabilities (Long-term)	121.7	115.7	116.7	1.0
Other Items (Net)	401.2	469.9	646.0	176.1
Broad Money Supply (M2)	3,968.5	4,154.6	4,447.6	293.0

[(1)] Transactions associated with the Universal Health Services loan with Belize Bank Limited are not included in this table.

Table A.12: Money Supply

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Broad Money Supply (M2)	3,968.5	4,154.6	4,447.6	293.0
Narrow Money Supply (M1)	2,233.0	2,423.5	2,668.6	245.1
Currency with the Public	456.9	523.1	587.7	64.6
Demand Deposits	1,750.9	1,900.0	2,080.3	180.4
Savings/Chequing Deposits	25.2	0.4	0.6	0.2
Quasi-Money	1,735.5	1,731.1	1,778.9	47.8
Savings Deposits	964.7	966.4	1,054.5	88.1
Time Deposits	770.8	764.7	724.4	-40.3

Table A.13: Net Foreign Assets of the Banking System

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Net Foreign Assets	1,444.0	1,519.5	1,599.9	80.4
Central Bank	847.5	966.7	948.8	-17.9
Foreign Assets	850.3	969.4	951.5	-17.9
Foreign Liabilities (Demand)	2.8	2.7	2.7	0.0
Domestic Banks	596.5	552.8	651.1	98.3
Foreign Assets	643.9	576.9	710.1	133.3
Foreign Liabilities (Short-term)	47.4	24.1	59.0	34.9

Table A.14: Net Domestic Credit of the Banking System

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Total Credit to Central Government	937.0	931.1	1,128.5	197.4
From Central Bank	611.2	677.5	782.9	105.4
From Domestic Banks	325.8	253.6	345.6	92.0
Less Central Government Deposits	249.9	217.9	200.6	-17.3
Net Credit to Central Government	687.2	713.2	927.8	214.6
Plus Credit to Other Public Sector	43.9	87.3	118.3	31.0
Plus Credit to the Private Sector	2,316.3	2,420.3	2,564.3	144.0
Net Domestic Credit of the Banking System	3,047.4	3,220.8	3,610.4	389.6

Table A.15: Domestic Banks - Sectoral Composition of Loans and Advances

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
PRIMARY SECTOR	**251.8**	**265.7**	**264.1**	**-1.6**
Agriculture	221.2	236.9	237.9	1.0
Sugar	94.7	94.6	94.2	-0.4
Citrus	17.0	16.8	11.9	-4.9
Banana	48.7	55.6	56.7	1.1
Other	60.8	69.9	75.1	5.2
Marine Products	24.5	23.2	21.0	-2.2
Forestry	1.3	1.3	1.4	0.1
Mining and Exploration	4.8	4.3	3.8	-0.5
SECONDARY SECTOR	**628.2**	**825.7**	**848.4**	**22.7**
Manufacturing	65.0	70.3	75.2	4.9
Building and Construction	523.4	723.3	735.5	12.2
Utilities	39.8	32.1	37.7	5.6
TERTIARY SECTOR	**915.0**	**937.9**	**1,029.4**	**91.5**
Transport	48.9	55.5	67.9	12.4
Tourism	286.7	289.0	298.5	9.5
Distribution	171.2	192.3	202.1	9.8
Real Estate	325.6	325.6	372.5	46.9
Professional Services	66.2	57.4	68.9	11.5
Other(1)	16.4	18.1	19.5	1.4
PERSONAL LOANS	**518.0**	**389.5**	**430.3**	**40.8**
TOTAL	**2,313.0**	**2,418.8**	**2,572.2**	**153.4**

(1) Includes government services, financial institutions, and entertainment.

Table A.16: Credit Unions - Sectoral Composition of Loans and Advances

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
PRIMARY SECTOR	**63.9**	**62.1**	**74.2**	**12.1**
Agriculture	54.4	54.1	66.3	12.2
Sugar	6.2	5.7	5.2	-0.5
Citrus	1.4	1.3	1.2	-0.1
Banana	0.7	0.0	2.0	2.0
Grains	18.8	17.9	25.3	7.4
Poultry and Eggs	7.9	7.5	9.2	1.7
Cattle and Dairy	4.7	5.3	6.5	1.2
Other	14.7	16.4	16.9	0.5
Marine Products	9.1	7.7	7.7	0.0
Forestry	0.1	0.1	0.1	0.0
Mining and Exploration	0.3	0.2	0.1	-0.1
SECONDARY SECTOR	**216.0**	**221.7**	**240.0**	**18.4**
Manufacturing	25.4	29.8	35.5	5.7
Building and Construction	187.3	187.4	196.9	9.6
Residential	94.1	100.2	109.7	9.5
Home Improvement	76.2	72.5	72.4	-0.1
Commercial	14.2	12.1	11.9	-0.2
Infrastructure	2.8	2.6	2.9	0.3
Utilities	3.3	4.5	7.6	3.1
TERTIARY SECTOR	**107.8**	**117.2**	**132.5**	**15.3**
Transport	1.2	1.0	4.8	3.8
Tourism	0.8	0.8	3.7	2.9
Distribution	21.7	22.6	20.5	-2.1
Real Estate	70.4	79.3	86.2	6.9
Residential	3.5	3.2	2.5	-0.7
Commercial	37.7	41.1	41.7	0.6
Land Acquisition	29.2	34.9	41.9	7.0
Other[1]	13.7	13.5	17.3	3.8
PERSONAL LOANS	**249.9**	**258.4**	**246.0**	**-12.4**
TOTAL	**637.6**	**659.4**	**692.7**	**33.3**

[1] Includes government services, financial institutions, professional services, and entertainment.

Table A.17: Development Finance Corporation - Sectoral Composition of Loans and Advances

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
PRIMARY SECTOR	**30.2**	**33.3**	**43.2**	**9.9**
Agriculture	20.1	23.2	32.3	9.1
Sugar	3.3	2.9	3.8	0.9
Citrus	0.5	0.5	0.5	0.0
Bananas	2.8	3.4	8.6	5.2
Grains	2.8	2.7	5.1	2.4
Cattle and Dairy	4.6	7.8	8.8	1.0
Other	6.0	5.8	5.5	-0.3
Marine Products	9.6	9.7	10.6	0.9
Other(1)	0.5	0.4	0.3	-0.1
SECONDARY SECTOR	**37.0**	**46.6**	**46.4**	**-0.2**
Manufacturing	7.0	8.2	5.7	-2.5
Building and Construction	30.0	38.4	40.7	2.3
TERTIARY SECTOR	**36.4**	**38.5**	**43.0**	**4.5**
Transport	1.7	1.6	1.6	0.0
Tourism	18.0	17.8	18.3	0.5
Professional Services	14.4	17.3	18.9	1.6
Other(2)	2.3	1.8	4.2	2.4
PERSONAL LOANS	**0.4**	**0.4**	**0.5**	**0.1**
STUDENT LOANS	**16.1**	**16.1**	**16.1**	**0.0**
TOTAL	**120.1**	**134.9**	**149.2**	**14.3**

(1) Includes forestry and mining.
(2) Includes financial institutions, distribution, real estate, and entertainment.

Table A.18: Domestic Banks - Holdings of Approved Liquid Assets

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Holdings of Approved Liquid Assets	**1,442.1**	**1,467.5**	**1,556.2**	**88.6**
Notes and Coins	97.7	98.7	119.6	20.8
Balances with Central Bank	644.6	741.0	765.7	24.7
Money at Call and Foreign Balances (due in 90 days)	487.0	467.7	454.3	-13.4
Central Government Securities Maturing within 90 days(1)	186.3	135.7	125.6	-10.1
Other Approved Assets	26.4	24.4	91.0	66.6
Required Liquid Assets	**743.7**	**764.6**	**812.1**	**47.5**
Excess/(Deficiency) Liquid Assets	**698.3**	**702.9**	**744.1**	**41.2**
Daily Average Holdings of Cash Reserves	645.8	735.9	761.2	25.2
Required Cash Reserves	230.2	236.7	251.4	14.7
Excess/(Deficiency) Cash Reserves	**415.6**	**499.3**	**509.8**	**10.5**
Actual Securities Balances(2)	167.8	114.5	107.1	-7.4
Excess/(Deficiency) Securities	**167.8**	**114.5**	**107.1**	**-7.4**

(1) Four-week average of domestic banks' T-bill holdings
(2) Face value of domestic banks' T-bill holdings at month end

Table A.19: Domestic Banks - Weighted Average Interest Rates

Percentage

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Weighted Lending Rates				
Personal Loans	10.10	11.54	11.45	-0.08
Commercial Loans	8.41	8.25	7.89	-0.36
Residential Construction	7.76	7.20	7.06	-0.13
Other	6.54	7.06	7.18	0.11
Weighted Average	8.68	8.72	8.42	-0.30
Weighted Deposit Rates				
Demand	0.10	0.13	0.13	0.00
Savings/Chequing	0.49	2.63	2.62	-0.01
Savings	2.64	2.64	2.66	0.01
Time	2.25	2.16	2.11	-0.05
Weighted Average	1.25	1.22	1.18	-0.04
Weighted Average Spread	**7.43**	**7.51**	**7.24**	**-0.27**

Table A.20: Domestic Banks - Weighted Average Interest Rates on New Loans and Deposits

Percentage

	Rolling Averages			Changes During
	Jan 2021 to Dec 2021	Jan 2022 to Dec 2022	Jan 2023 to Dec 2023	Dec 2022 to Dec 2023
Weighted Lending Rates				
Personal Loans	10.16	10.17	10.00	-0.17
Commercial Loans	8.10	8.01	8.14	0.13
Residential Construction	8.42	8.42	9.07	0.65
Other	6.87	6.10	5.89	-0.21
Weighted Average	8.64	8.54	8.68	0.14
Weighted Deposit Rates				
Demand	0.00	0.00	0.00	0.00
Savings/Chequing	0.68	0.85	1.54	0.69
Savings	2.45	2.42	2.48	0.06
Time	2.77	2.42	2.17	-0.25
Weighted Average	2.05	2.02	1.80	-0.22
Weighted Average Spread	**6.59**	**6.52**	**6.88**	**0.36**

Table A.21: Central Government - Revenue and Expenditure

$'000

	Estimated Budget 2023/2024	Actuals			
		Fiscal Year 2022/2023	Jan - Dec 2021	Jan - Dec 2022	Jan - Dec 2023[P]
TOTAL REVENUE AND GRANTS (1+2+3)	**1,408,268**	**1,344,914**	**1,116,304**	**1,341,636**	**1,394,246**
1). Current Revenue	1,372,743	1,310,660	1,082,186	1,287,383	1,376,895
Tax Revenue	1,260,400	1,215,726	1,005,038	1,194,401	1,301,084
Income and Profits	360,756	358,479	244,216	343,118	364,455
Taxes on Property	6,764	7,754	8,321	7,882	7,364
Taxes on Goods and Services	667,492	644,354	581,423	628,551	729,076
International Trade and Transactions	225,388	205,139	171,078	214,850	200,189
Non-Tax Revenue	112,344	94,934	77,148	92,982	75,811
Property Income	51,263	36,229	22,710	36,177	13,182
Licenses	17,652	17,280	15,316	18,756	17,743
Transfers from Government Departments	28,309	29,872	28,078	25,467	34,697
Repayment of Old Loans	416	391	414	307	783
Rent and Royalties	14,704	11,161	10,498	12,275	8,938
2). Capital Revenue	5,525	5,681	3,908	5,476	5,942
3). Grants	30,000	35,000	30,211	48,777	11,409
TOTAL EXPENDITURE (1+2)	**1,496,282**	**1,377,230**	**1,199,161**	**1,385,576**	**1,493,008**
1). Current Expenditure	1,112,855	1,030,433	933,914	1,052,499	1,151,379
Wages and Salaries	466,547	449,355	423,037	436,632	473,176
Pensions	100,000	96,758	97,080	97,458	103,860
Goods and Services	230,743	212,930	192,947	236,720	245,646
Interest Payments	109,195	101,714	69,999	97,300	137,961
Subsidies and Current Transfers	206,370	169,676	150,851	184,389	190,736
2). Capital Expenditure	383,427	346,798	265,247	333,077	341,629
Capital II (Local Sources)	218,125	258,174	130,417	249,202	258,931
Capital III (Foreign Sources)	158,004	88,031	102,920	83,479	82,110
Capital Transfer and Net Lending	7,299	593	31,910	396	589
CURRENT BALANCE	259,888	280,228	148,272	234,884	225,516
PRIMARY BALANCE	21,181	69,397	-12,858	53,360	39,199
OVERALL BALANCE	-88,013	-32,317	-82,857	-43,940	-98,762
OVERALL BALANCE WITHOUT GRANTS	-118,013	-67,317	-113,068	-92,717	-110,171
PRIMARY BALANCE WITHOUT GRANTS		34,397	-43,068	4,583	27,790

Table A.21: Central Government - Revenue and Expenditure *(continued)*

$'000

	Estimated Budget 2023/2024	Actuals			
		Fiscal Year 2022/2023	Jan - Dec 2021	Jan - Dec 2022	Jan - Dec 2023[P]
FINANCING	**88,013**	**32,317**	**82,857**	**43,940**	**98,762**
Nationalisation	0	0	0	0	-166,740
Domestic Financing		19,717	-66,278	31,820	211,464
Central Bank		31,980	34,231	72,183	132,267
Net Borrowing		20,225	48,344	66,215	105,472
Change in Deposits		11,755	-14,113	5,968	26,794
Commercial Banks		-23,710	-69,279	-51,917	82,372
Net Borrowing		-31,674	-38,306	-77,769	91,944
Change in Deposits		7,964	-30,973	25,852	-9,572
Other Domestic Financing		11,447	-31,230	11,553	-3,174
Financing Abroad		54,345	74,163	54,914	82,604
Disbursements		124,782	154,192	126,162	182,590
Amortisation		-70,437	-80,022	-71,248	-99,986
Other		-41,745	74,972	-42,794	-28,566

Sources: Central Bank and MOF

Table A.22: Central Government - Domestic Debt 2023

$'000

	Disbursed Outstanding Debt 31/12/22R	TRANSACTIONS THROUGH DECEMBER 2023				Disbursed Outstanding Debt 31/12/23P
		Disbursement/ New Issue of Securities	Amortisation/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft/Loans	0	0	0	0	0	0
Central Bank	0	0	0	0	0	0
Domestic Banks	0	0	0	0	0	0
Treasury Bills	245,000	90,000	0	1,840	0	335,000
Central Bank	123,012	90,000	0	1,014	5,746	218,764
Domestic Banks	114,465	0	0	777	-7,453	107,015
Other	7,515	0	0	49	1,707	9,221
Treasury Notes	977,800	121,340	16,294	41,512	-1,700	1,081,146
Central Bank	554,755	14,000	6,000	16,458	1,749	564,504
Domestic Banks	139,212	107,340	8,000	7,139	0	238,552
Other	283,833	0	2,294	17,915	-3,449	278,090
Belize Bank Limited(1)	91,000	0	0	0	0	91,000
Social Security Board	35	0	35	1	0	0
Fort Street Tourism Village	765	0	765	0	0	0
Debt-for-Nature Swap	1,000	0	211	27	0	789
Total	**1,315,601**	**211,340**	**17,306**	**43,381**	**-1,700**	**1,507,936**

(1) Caribbean Court of Justice award in November 2017 against the Government of Belize in favour of Belize Bank Limited relating to the loan guarantee. Since the first quarter of 2018, the Belize Bank has been offsetting its business tax against the Universal Health Services debt. At 2023 end, the Belize Bank Limited set-off approximately $79.0mn in taxes against the debt, split between principal payments ($53.1mn) and interest payments ($25.9mn).

Table A.23: Public Sector External Debt by Creditor

$mn

	Outstanding Debt 31/12/2022R	Disbursements	Amortisation	Interest and Other Charges	Valuation Adjustments	Outstanding Debt 31/12/2023P
Bilateral	824.1	90.3	7.5	25.3	0.0	906.9
Multilateral	1,140.5	126.2	94.7	48.0	0.9	1,173.0
Commercial	762.6	0.0	11.5	27.7	0.0	751.1
Total	**2,727.2**	**216.6**	**113.7**	**101.1**	**0.9**	**2,831.0**

Table A.24: Public Sector - External Debt 2023

$'000

	Disbursed Outstanding Debt 31/12/22R	TRANSACTIONS THROUGH DECEMBER 2023				Disbursed Outstanding Debt 31/12/23P
		Disbursements	Principal Payments	Interest and Other Payments	Parity Change	
CENTRAL GOVERNMENT	**2,489,254**	**184,990**	**100,686**	**94,720**	**-32**	**2,573,526**
Government of Venezuela[(1)]	429,692	0	0	0	0	429,692
Kuwait Fund for Arab Economic Development	32,771	4,017	2,487	944	-10	34,292
Mega International Commercial Bank Company Ltd.	45,714	0	0	3,145	0	45,714
Republic of China/Taiwan	286,754	86,330	1,121	19,675	0	371,963
Caribbean Development Bank	336,440	42,132	22,359	12,704	0	356,214
CARICOM Development Fund	6,000	0	292	179	0	5,708
European Economic Community	4,029	0	437	26	-29	3,562
Inter-American Development Bank	303,652	17,859	37,011	18,350	0	284,501
International Fund for Agriculture Development	8,198	0	1,373	399	7	6,832
International Bank for Reconstruction and Development	71,825	5,629	4,618	3,917	0	72,837
OPEC Fund for International Development	182,632	20,032	16,181	6,215	0	186,483
Central American Bank for Economic Integration	18,947	6,590	2,574	1,445	0	22,963
Caribbean Community Climate Change Centre	0	2,400	700	3	0	1,700
Belize Blue Investment Company LLC	728,000	0	0	25,844	0	728,000
US $30.0mn Fixed-Rate Notes	34,600	0	11,533	1,875	0	23,067
NON-FINANCIAL PUBLIC SECTOR	**61,822**	**8,589**	**8,782**	**3,217**	**0**	**61,630**
Caribbean Development Bank	32,656	8,589	4,893	1,635	0	36,352
International Cooperation and Development Fund	29,167	0	3,889	1,582	0	25,278
FINANCIAL PUBLIC SECTOR	**176,155**	**23,000**	**4,237**	**3,146**	**900**	**195,818**
Caribbean Development Bank	48,735	15,000	3,601	2,360	0	60,134
European Investment Bank	1,976	0	636	61	-42	1,299
Inter-American Development Bank	9,700	5,900	0	725	0	15,600
International Cooperation and Development Fund	0	2,100	0	0	0	2,100
International Monetary Fund	115,744	0	0	0	941	116,685
GRAND TOTAL	**2,727,232**	**216,579**	**113,705**	**101,084**	**868**	**2,830,974**

(1) Since September 2017, debt service payments for oil imports have been suspended due to US sanctions on Petroleos de Venezuela, S.A. Unpaid debt service payments up to the end of December 2023 amounted to principal of $111.9mn and interest of $23.1mn.

Table A.25: GDP by Activity at Current and Constant 2014 Prices

$mn

	2021	2022	2023
GDP at Current Market Prices[(1)]	**4,849.2**	**5,661.0**	**6,156.9**
GDP at Constant 2014 Prices	**4,630.3**	**5,032.3**	**5,266.6**
Primary Sector	**525.0**	**520.7**	**487.9**
Agriculture, Forestry, and Fishing	459.0	458.5	435.3
Mining	66.0	62.2	52.6
Secondary Sector	**733.7**	**720.1**	**708.6**
Manufacturing	329.3	349.2	326.0
Electricity	90.0	83.6	73.5
Water Supply	34.1	35.4	37.1
Construction	280.2	251.8	272.0
Tertiary Sector	**2,802.4**	**3,074.4**	**3,370.8**
Wholesale and Retail Trade	636.7	722.5	756.3
Transportation	173.1	215.8	256.7
Accommodation and Food Service Activities	147.3	204.1	274.9
Information and Communication	173.8	177.2	157.3
Financial and Insurance Activities	418.8	417.1	454.9
Real Estate Activities	237.1	240.6	245.0
Professional Scientific and Technical Activities	46.7	43.3	52.5
Administrative and Support Service Activities	200.7	224.8	261.8
Public Administration and Defence	328.5	356.0	395.1
Education	238.2	230.2	244.0
Human Health and Social Work Activities	73.0	76.1	79.8
Arts, Entertainment, and Recreation	42.8	61.3	77.8
Other Service Activities	55.9	75.1	82.3
Activities of Households as Employers	29.9	30.2	32.3
Taxes and Subsidies	**569.2**	**717.2**	**699.2**
Gross Value Added	4,061.1	4,315.1	4,567.3

Source: SIB
(1) 2023 figure is estimated by the Central Bank

Table A.26: Annual Percentage Change in GDP by Activity at Current and Constant 2014 Prices

Percentage

	2021	2022	2023
GDP at Current Market Prices[1]	**18.4**	**16.7**	**8.8**
GDP at Constant 2014 Prices	**17.9**	**8.7**	**4.7**
Primary Sector	**24.4**	**-0.8**	**-6.3**
Agriculture, Forestry, and Fishing	19.1	-0.1	-5.1
Mining	79.7	-5.8	-15.4
Secondary Sector	**15.1**	**-1.9**	**-1.6**
Manufacturing	13.7	6.0	-6.6
Electricity	-19.9	-7.1	-12.2
Water Supply	-0.7	3.9	4.8
Construction	39.4	-10.1	8.0
Tertiary Sector	**16.5**	**9.7**	**9.6**
Wholesale and Retail Trade	20.4	13.5	4.7
Transportation	33.0	24.7	19.0
Accommodation and Food Service Activities	61.6	38.6	34.7
Information and Communication	7.2	2.0	-11.2
Financial and Insurance Activities	7.8	-0.4	9.1
Real Estate Activities	1.0	1.5	1.8
Professional Scientific and Technical Activities	8.0	-7.3	21.4
Administrative and Support Service Activities	48.0	12.0	16.5
Public Administration and Defence	23.2	8.3	11.0
Education	-0.2	-3.3	6.0
Human Health and Social Work Activities	18.3	4.3	4.9
Arts, Entertainment, and Recreation	15.3	43.3	26.9
Other Service Activities	-1.3	34.3	9.5
Activities of Households as Employers	1.3	1.2	6.9
Taxes and Subsidies	**22.5**	**26.0**	**-2.5**
Gross Value Added	17.2	6.3	5.8

Source: SIB
(1) 2023 figure is estimated by the Central Bank

Table A.27: Sugar Cane Deliveries

	2020/2021	2021/2022	2022/2023
Deliveries (long tons)	1,863,756	1,787,488	1,485,129

Sources: BSI/ASR and Santander Group

Table A.28: Citrus Fruit Deliveries

	2020/2021	2021/2022	2022/2023
Deliveries (‘000 boxes)	**1,364**	**1,451**	**350**
Oranges	1,259	1,308	284
Grapefruits	105	143	67

Sources: Citrus Products of Belize Limited and Citrus Growers’ Association

Table A.29: Banana Acreage and Production

	2021	2022	2023
Production (40-pound Boxes)	**5,370,916**	**4,696,194**	**3,629,052**
Total Acreage Under Production	**7,788.0**	**7,917.6**	**7,438.0**
Harvestable Acreage	7,518.0	7,578.4	6,941.8
Acreage under Plantilla	157.4	282.2	224.2
Area ready to Plant	0.0	0.0	160.0
Area under Rehabilitation	112.7	57.0	112.0

Source: Banana Growers’ Association

Table A.30: Production of Sugar and Molasses

	2020/2021	2021/2022	2022/2023
Sugar Processed (long tons)	**175,065**	**176,089**	**144,090**
Molasses Processed (long tons)	**67,763**	**63,536**	**53,922**
Performance			
Factory Time Efficiency (%)	96.8	62.1	72.3
Cane Purity (%)	84.4	54.5	62.4
Cane-to-Sugar Ratio	10.7	10.2	10.3

Sources: BSI/ASR and Santander Group

Table A.31: Production of Citrus Juices, Pulp, and Oil

	2020/2021	2021/2022	2022/2023
Production (‘000 ps)	**7,714**	**8,112**	**1,695**
Orange Concentrate	7,131	7,385	1,381
Grapefruit Concentrate	396	549	240
Not-from-Concentrate	186	179	74
Production (‘000 pounds)			
Pulp	1,106	1,148	81
Citrus Oil	435	478	103

Source: Citrus Products of Belize Limited

Table A.32: Tourist Arrivals

	2019	2020	2021	2022	2023
Stay-over Arrivals	**464,086**	**133,695**	**212,568**	**345,728**	**429,541**
Air	374,759	107,561	197,261	293,412	347,674
Land	67,084	20,144	12,644	43,769	67,611
Sea	22,243	5,991	2,663	8,547	14,256
Cruise Ship Disembarkations	**1,053,502**	**308,789**	**189,196**	**551,280**	**813,579**

Sources: BTB and Central Bank

Table A.33: Labour Force Statistics

	Oct 2022	Apr 2023	Sept 2023
Working Age Population	326,503	334,551	330,771
Employed Population	182,084	190,037	183,285
Unemployed Population	9,644	5,559	7,555
Persons Not in the Labour Force	134,775	138,955	139,931
Labour Force	191,728	195,596	190,840
Labour Force Participation Rate	58.7%	58.5%	57.7%
Underemployment Rate	6.7%	6.5%	4.5%
Unemployment Rate	5.0%	2.8%	4.0%

Source: SIB

Table A.34: Annual Percentage Change in Consumer Price Index Components by Major Commodity Group

Major Commodity	Weights	Average Annual Index			Annual Change
		2021	2022	2023	
Food and Non-Alcoholic Beverages	258	103.8	111.9	125.7	12.4
Alcoholic Beverages, Tobacco, and Narcotics	35	101.0	101.6	104.2	2.5
Clothing and Footwear	44	100.6	101.2	100.8	-0.3
Housing, Water, Electricity, Gas, and Other Fuels	195	102.1	104.2	104.0	-0.2
Furnishing, Household Equipment, and Routine Household Maintenance	51	100.7	104.0	109.2	5.0
Health	26	102.1	103.1	108.0	4.8
Transport	153	112.8	133.4	130.3	-2.4
Information and Communication	46	100.1	98.9	96.9	-2.0
Recreation, Sport, and Culture	43	100.5	105.5	112.5	6.6
Education Services	25	99.9	100.0	100.3	0.4
Restaurants and Accommodation Services	65	102.8	108.6	121.9	12.2
Insurance and Financial Services	8	100.0	99.9	103.6	3.7
Personal Care, Social Protection, and Miscellaneous Goods and Services	51	100.2	101.3	105.0	3.7
All Items	**1,000**	**103.7**	**110.2**	**115.1**	**4.4**

Source: SIB

Table A.35: Balance of Payments - Merchandise Trade

$mn

	2021	2022	2023	Percent Change
Goods Exports, FOB	**844.2**	**1,035.5**	**976.1**	**-5.7**
of which: Domestic Exports	423.2	525.5	467.9	-11.0
Re-exports	421.1	510.0	508.3	-0.3
CFZ Sales	353.2	440.8	437.9	-0.7
Other Re-exports	67.9	69.2	70.4	1.7
Goods Imports, FOB	**1,912.2**	**2,447.3**	**2,530.8**	**3.4**
of which: Domestic Imports	1,645.6	2,070.3	2,191.9	5.9
CFZ(1)	266.5	376.9	339.0	-10.1
Merchandise Trade Balance	**-1,067.9**	**-1,411.8**	**-1,554.7**	**10.1**

(1) CFZ excludes fuel and goods obtained from the free circulation area.

Table A.36: Domestic Exports

$mn

	2021	2022	2023	Percent Change
Traditional Exports	324.1	326.3	299.0	-8.4
Sugar(1)	135.1	155.9	166.5	6.8
Citrus Juices(1)	30.4	22.4	14.5	-35.1
Citrus Concentrate	30.1	22.1	14.5	-34.6
Not-from-Concentrate	0.3	0.3	0.1	-73.0
Molasses(1)	14.7	14.6	15.4	4.9
Banana(1)	91.0	79.9	63.1	-20.9
Marine	53.0	53.5	39.4	-26.3
Non-traditional Exports	106.9	199.2	168.9	-15.2
Total Exports	**431.1**	**525.5**	**467.9**	**-11.0**

Sources: SIB, BSI/ASR, Banana Growers' Association, Santander Group, Geology and Petroleum Department, and Citrus Products of Belize Limited

(1) Reported exports by industry stakeholders.

Table A.37: Exports of Sugar and Molasses[1]

	2021		2022		2023	
	Volume (long tons)	**Value ($'000)**	**Volume (long tons)**	**Value ($'000)**	**Volume (long tons)**	**Value ($'000)**
Sugar	**157,730**	**135,062**	**142,864**	**155,916**	**132,199**	**166,524**
Europe	124,607	96,793	108,036	108,478	99,679	116,267
US	14,616	17,351	12,989	16,938	16,552	20,994
CARICOM	18,464	20,829	21,741	30,322	15,969	29,264
Other	42	88	98	178	0	0.0
Molasses	**55,394**	**14,736**	**45,500**	**14,642**	**37,576**	**15,366**

Sources: BSI/ASR and Santander Group
[1] Reported exports by industry stakeholders.

Table A.38: Exports of Citrus Juices and Pulp[1]

	2021	2022	2023	Percent Change
Concentrate Exports ('000 ps)	9,511	7,276	3,037	-58.3
Orange	9,070	6,907	2,684	-61.1
Grapefruit	441	369	354	-4.1
Concentrate Value ($mn)	30.1	22.1	14.5	-34.6
Orange	27.7	20.0	11.9	-40.5
Grapefruit	2.4	2.1	2.6	21.6
Not-from-Concentrate Exports ('000 ps)	50.6	49.9	13.7	-72.6
Orange	41.5	33.9	11.0	-67.6
Grapefruit	9.1	16.0	2.7	-83.2
Not-from-Concentrate Value ($mn)	0.3	0.3	0.1	-73.0
Orange	0.2	0.2	0.1	-66.1
Grapefruit	0.1	0.1	0.0	-82.8
Total Citrus Juice Exports ('000 ps)	**9,561**	**7,326**	**3,051**	**-58.4**
Total Citrus Juice Receipts ($mn)	**30.4**	**22.4**	**14.5**	**-35.1**
Pulp Export ('000 pounds)	1,984	1,315	145	-89.0
Pulp Value ($mn)	1.5	1.0	0.1	-86.0

Source: Citrus Products of Belize Limited
[1] Reflects actual sales as reported by the processor and not the value of export shipments as reported by SIB. Export shipments go into inventory for sale at a later point in time.

Table A.39: Exports of Banana

	2021	2022	2023
Volume (metric tons)	97,444	85,202	65,841
Value ($mn)	91.0	79.9	63.1

Source: Banana Growers' Association

Table A.40: Exports of Marine Products

	2021		2022		2023	
	Volume ('000 lbs)	**Value ($'000)**	**Volume ('000 lbs)**	**Value ($'000)**	**Volume ('000 lbs)**	**Value ($'000)**
Lobster	974	35,448.9	1,015	34,360.9	758	23,357.1
Farmed Shrimp	371	1,718.7	328	1,512.1	544	2,887.8
Conch	958	15,761.3	951	17,526.2	905	13,118.2
Whole/Fillet Fish	5	58	23	98.5	2	62.0
Other	0	0.0	0	0.0	0	0.0
Total	**2,308**	**52,986.6**	**2,318**	**53,497.6**	**2,209**	**39,425.1**

Source: SIB

Table A.41: Other Domestic Exports

	Jan - Dec 2022	Jan - Dec 2023
Other Domestic Exports ($'000)	199,174	168,883
Of which:		
Cattle	54,613	67,067
Animal Feed	52,355	34,609
Red Kidney Beans	10,437	6,529
Pepper Sauce	7,041	8,551
Orange Oil	5,346	2,874
Grapefruit Oil	967	193

Source: SIB

Table A.42: Gross Imports (CIF) by Standard International Trade Classification (SITC)

$mn

	2021	2022	2023
Food and Live Animals	246.9	288.6	301.8
Beverages and Tobacco	65.7	53.1	51.6
Crude Materials	34.2	40.2	48.9
Mineral Fuels and Lubricants	324.8	483.8	477.8
Of which: Electricity	56.6	61.2	82.5
Oils and Fats	23.1	32.2	32.5
Chemicals Products	225.5	297.1	266.5
Manufactured Goods	344.6	399.9	372.1
Machinery and Transport Equipment	411.8	544.5	590.1
Other Manufactures	160.2	198.8	210.4
Commodities - n.i.e.	0.3	0.5	0.0
Designated Processing Areas	34.8	48.0	39.0
Personal Goods	3.8	3.7	3.4
Total	1,875.6	2,390.5	2,394.1
CFZ Direct Imports	302.3	433.4	369.6
Grand Total	**2,177.8**	**2,823.9**	**2,763.7**

Sources: SIB and Belize Electricity Limited
n.i.e. - not included elsewhere

Table A.43: Extended Balance of Payments Services Classification

$mn

		2021	2022	2023
Total Services	**Net**	**655.0**	**1,002.8**	**1,337.3**
	Credits	1,241.7	1,702.6	1,948.1
	Debits	586.7	699.9	610.8
Manufacturing Services	Net	0.0	0.0	0.0
	Credits	0.0	0.0	0.0
	Debits	0.0	0.0	0.0
Maintenance and Repair Services	Net	0.5	0.8	0.2
	Credits	0.5	0.8	0.2
	Debits	0.0	0.0	0.0
Transportation	Net	-188.2	-289.9	-151.7
	Credits	60.6	67.4	69.1
	Debits	248.7	357.3	220.8
Travel	Net	671.8	1,080.3	1,297.0
	Credits	748.2	1,201.0	1,434.0
	Debits	76.5	120.7	137.1
Telecommunications, Computer, and Information Services	Net	130.1	165.7	189.2
	Credits	152.8	183.0	210.2
	Debits	22.7	17.3	21.0
Construction Services	Net	0.0	0.6	0.0
	Credits	0.0	0.6	0.0
	Debits	0.0	0.0	0.0
Insurance and Pension Services	Net	-46.2	-44.0	-50.6
	Credits	1.1	1.1	1.1
	Debits	47.3	45.1	51.7
Financial Services	Net	-32.7	11.7	14.1
	Credits	9.0	20.6	24.1
	Debits	41.7	8.9	10.0
Charges for the use of Intellectual Property, n.i.e.	Net	-18.5	-25.4	-24.5
	Credits	0.0	0.0	0.0
	Debits	18.5	25.4	24.5
Other Business Services	Net	75.1	69.5	-17.8
	Credits	168.0	147.1	75.8
	Debits	92.9	77.6	93.6
Personal, Cultural, and Recreational Services	Net	6.4	2.7	4.4
	Credits	7.2	5.2	6.9
	Debits	0.8	2.5	2.4
Government Services, n.i.e.	Net	56.6	30.6	77.1
	Credits	94.2	75.8	126.8
	Debits	37.6	45.2	49.7

Table A.44: Balance of Payments - Service and Income Balances

$mn

	2021			2022			2023		
	Credit	**Debit**	**Net**	**Credit**	**Debit**	**Net**	**Credit**	**Debit**	**Net**
Services	**1,241.7**	**586.7**	**655.0**	**1,702.6**	**699.9**	**1,002.8**	**1,948.1**	**610.8**	**1,337.3**
Transportation	60.6	248.7	-188.2	67.4	357.3	-289.9	69.1	220.8	-151.7
Travel	748.2	76.5	671.8	1,201.0	120.7	1,080.3	1,434.0	137.1	1,297.0
Other Goods and Services	338.7	223.9	114.8	358.4	176.7	181.7	318.1	203.2	114.9
Government Goods and Services, n.i.e.	94.2	37.6	56.6	75.8	45.2	30.6	126.8	49.7	77.1
Primary Income	**12.5**	**168.4**	**-155.9**	**21.4**	**289.3**	**-267.9**	**41.7**	**263.9**	**-222.3**
Labour Income	4.7	12.6	-7.9	4.7	11.4	-6.7	4.7	8.6	-3.8
Investment Income	7.8	155.8	-148.0	16.7	277.9	-261.2	37.0	255.4	-218.4
Secondary Income	**338.3**	**85.3**	**253.0**	**352.8**	**147.0**	**205.8**	**394.2**	**135.8**	**258.4**
Government	10.0	8.9	1.1	12.5	72.2	-59.7	0.1	25.8	-25.7
Private	328.3	76.4	251.9	340.3	74.8	265.5	394.1	110.0	284.1

Table A.45: Percentage Distribution of Visible Trade by Country/Area

Percentage

	Exports			Imports		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
US	12.4	10.7	9.3	32.5	38.0	38.6
Mexico[(1)]	44.6	49.7	52.8	20.3	19.2	18.7
UK	15.2	13.3	10.3	0.9	1.0	0.7
EU	12.3	10.1	10.6	3.8	3.5	3.2
Central America	4.9	4.2	5.0	15.3	12.1	10.3
CARICOM	8.8	9.8	9.8	2.4	1.9	2.2
Canada	0.1	0.1	0.0	0.6	0.9	0.8
China	0.0	0.0	0.0	14.5	16.0	15.8
Other	1.6	2.1	2.1	9.6	7.5	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: SIB and Central Bank

[(1)] Includes exports and imports by the CFZ.

Table A.46: Balance of Payments - Capital and Financial Accounts

$mn

	2021 Net	2022 Net	2023 Net
CAPITAL ACCOUNT	**482.9**	**58.9**	**50.3**
Government	482.9	58.9	50.3
Other Sectors	0.0	0.0	0.0
FINANCIAL ACCOUNT	**98.7**	**-375.4**	**-117.0**
Direct Investment Abroad	3.1	2.4	4.5
Direct Investment in Belize	251.0	281.8	99.5
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities	-1,129.8	0.0	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Other Investment Assets	326.5	-69.5	184.6
Monetary Authorities	0.0	0.0	0.0
General Government	0.0	0.0	53.4
Banks	322.2	-67.0	133.3
Other Sectors	4.3	-2.5	-2.0
Other Investment Liabilities	1,109.8	26.4	206.7
Monetary Authorities	-0.1	-0.1	0.0
General Government	894.4	56.1	109.2
Banks	26.5	-11.8	142.2
Other Sectors	116.3	-17.8	-44.6
Special Drawing Rights	72.7	0.0	0.0
NET ERRORS AND OMISSIONS	81.7	153.7	-4.4
CHANGES IN RESERVES	**150.2**	**116.9**	**-18.4**

Table A.47: Official International Reserves

$mn

	Position as at			Changes During 2023
	Dec 2021	Dec 2022	Dec 2023	
Gross Official International Reserves	**848.1**	**964.9**	**946.5**	**-18.4**
Central Bank of Belize	828.0	946.1	927.7	-18.4
Holdings of SDRs	128.6	99.4	100.2	0.7
IMF Reserve Tranche	17.3	17.0	17.4	0.4
Other	682.0	829.6	810.1	-19.5
Central Government	20.2	18.9	18.9	0.0
Foreign Liabilities	**4.3**	**3.8**	**3.8**	**0.0**
CARICOM	0.5	0.2	0.2	0.0
Other	3.7	3.7	3.6	-0.1
Net Official International Reserves	**843.8**	**961.1**	**942.7**	**-18.4**

Table A.48: Long-Term Private Sector External Debt by Economic Sector[1]

$'000

		TRANSACTIONS THROUGH DECEMBER 2023			
Economic Sectors	Disbursed Outstanding Debt 31/12/2022	Disbursements	Principal Payments	Interest Payments	Disbursed Outstanding Debt 31/12/2023
Agriculture	33,568	1,842	0	0	35,411
Arts, Entertainment, and Recreation	0	0	0	0	0
Construction	22,134	0	12,929	2,330	9,205
Economic Diversification	0	0	0	0	0
Education	0	0	0	0	0
Electricity and Gas	14,130	0	1,092	1,805	13,037
Financial and Insurance	111	0	0	0	111
Fishing	9,355	0	0	0	9,355
Information and Communication	0	0	0	0	0
Real Estate	0	0	0	0	0
Tourism	88,505	0	4,565	15	83,939
Transportation	37,543	0	6,305	2,285	31,238
Wholesale and Retail Trade	2,964	0	811	217	2,153
Other	1,500	0	0	0	1,500
Total	**209,811**	**1,842**	**25,703**	**6,651**	**185,950**

[1] Data on contracted external private sector loans reported by residents to the Central Bank.

Table A.49: Balance of Payments Summary

$mn

	2021	2022	2023
CURRENT ACCOUNT	**-315.7**	**-471.1**	**-181.3**
Goods: Exports FOB	844.2	1,035.5	976.1
Goods: Imports FOB	1,912.2	2,447.3	2,530.8
Trade Balance	-1,067.9	-1,411.8	-1,554.7
Services: Credit	1,241.7	1,702.6	1,948.1
Transportation	60.6	67.4	69.1
Travel	748.2	1,201.0	1,434.0
Other Goods and Services	338.7	358.4	318.1
Government Goods and Services	94.2	75.8	126.8
Services: Debit	586.7	699.9	610.8
Transportation	248.7	357.3	220.8
Travel	76.5	120.7	137.1
Other Goods and Services	223.9	176.7	203.2
Government Goods and Services	37.6	45.2	49.7
Balance on Goods and Services	-412.9	-409.0	-217.4
Primary Income: Credit	12.5	21.4	41.7
Compensation of Employees	4.7	4.7	4.7
Investment Income	7.8	16.7	37.0
Primary Income: Debit	168.4	289.3	263.9
Compensation of Employees	12.6	11.4	8.6
Investment Income[(1)]	155.8	277.9	255.4
Balance on Goods, Services, and Income	-568.8	-676.9	-439.6
Secondary Income: Credit	338.3	352.8	394.2
Government	10.0	12.5	0.1
Private	328.3	340.3	394.1
Secondary Income: Debit	85.3	147.0	135.8
Government	8.9	72.2	25.8
Private	76.4	74.8	110.0
CAPITAL ACCOUNT, n.i.e.	**482.9**	**58.9**	**50.3**
Capital Account: Credit	552.0	58.9	50.3
Capital Account: Debit	69.1	0.0	0.0

Table A.49: Balance of Payments Summary (*continued*)

$mn

	2021	2022	2023
FINANCIAL ACCOUNT, n.i.e.	**98.7**	**-375.4**	**-117.0**
Direct Investment Abroad	3.1	2.4	4.5
Direct Investment in Belize, n.i.e.	251.0	281.8	99.5
Net Direct Investment	-247.9	-279.4	-94.9
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities, n.i.e.	-1,129.8	0.0	0.0
Net Portfolio Investment	1,129.8	0.0	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Net Financial Derivatives	0.0	0.0	0.0
Other Investment Assets	326.5	-69.5	184.6
Other Investment Liabilities	1,109.8	26.4	206.7
Net Other Investment	-783.2	-96.0	-22.1
NET ERRORS AND OMISSIONS	81.7	153.7	-4.4
RESERVE ASSETS	**150.2**	**116.9**	**-18.4**

(1) Data include an estimate for profit remittances from the tourism and petroleum industries.

Table A.50: International Investment Position

$mn

	Position as at Dec 2022	Financial Account Transactions Jan - Dec 2023	Position as at Dec 2023
Net Position	**-6,645.8**	**-135.4**	**-6,781.3**
A. Assets	**1,738.1**	**170.8**	**1,908.8**
1. Direct Investment Abroad	151.8	4.5	156.3
2. Portfolio Investment	33.8	0.0	33.8
2.1 Equity Securities	33.8	0.0	33.8
2.2 Debt Securities	0.0	0.0	0.0
3. Other Investment	587.5	184.6	772.1
3.1 Trade Credits	-0.7	0.0	-0.7
3.2 Loans	1.4	0.0	1.4
3.3 Currency and Deposits	586.9	185.3	772.2
3.4 Other Assets	0.0	-0.7	-0.7
4. Reserve Assets	964.9	-18.4	946.5
4.1 Monetary Gold	0.0	0.0	0.0
4.2 Special Drawing Rights	99.4	0.7	100.2
4.3 Reserve Position in the Fund	17.0	0.4	17.4
4.4 Foreign Exchange	829.6	-19.5	810.1
4.5 Other Claims	18.9	0.0	18.9
B. Liabilities	**8,383.9**	**306.2**	**8,690.1**
1. Direct Investment	5,357.4	99.5	5,456.8
2. Portfolio Investment	0.0	0.0	0.0
2.1 Equity Securities	0.0	0.0	0.0
2.2 Debt Securities	0.0	0.0	0.0
3. Other Investment	3,026.5	206.7	3,233.2
3.1 Trade Credits	34.9	-1.2	33.7
3.2 Loans	2,936.8	120.9	3,057.7
3.3 Currency and Deposits	54.0	-14.6	39.4
3.4 Other Liabilities	0.9	101.6	102.5

Table A.51: List of Licensed Banks

Domestic Banks	International Banks
Atlantic Bank Limited	Belize Bank International Limited
Belize Bank Limited	Caye International Bank Limited
Heritage Bank Limited	Heritage International Bank and Trust Limited
National Bank of Belize Limited	

Table A.52: List of Credit Unions

Blue Creek Credit Union Limited	St. John's Credit Union Limited
Holy Redeemer Credit Union Limited	St. Martin's Credit Union Limited
La Inmaculada Credit Union Limited	Spanish Lookout Credit Union Limited
St. Francis Xavier Credit Union Limited	Toledo Teachers Credit Union Limited

Table A.53: Capital for All Credit Unions

Capital Adequacy	Dec 2021	Dec 2022	Dec 2023
Total Capital/Deposits (%)	21.1	20.8	20.7
Total Capital/Total Assets (%)	17.3	17.1	17.0
Net Institutional Capital/Total Assets (%)	11.9	12.1	12.1
Total Capital ($mn)	**204.9**	**214.0**	**225.5**


SUB UMBRA FLOREO
BANK

V. FINANCIAL STATEMENTS

MOORE

CENTRAL BANK OF BELIZE

Financial Statements

For the years ended 31 December 2023 and 2022
and Independent Auditor's Report

CENTRAL BANK OF BELIZE

Table of contents

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE CENTRAL BANK OF BELIZE

Report on the Audit of the Financial Statements

Opinion on International Financial Reporting Standards

We have audited the accompanying financial statements of **Central Bank of Belize (the Bank)**, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in capital and reserves, the statement of cash flows for the year then ended and explanatory notes to the financial statements, comprising a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our opinion.

MOORE

Emphasis of Matter

We draw attention to the statement of comprehensive income and Note 24 to the financial statements, which show the effects of Section 50 of the Central Bank of Belize Act Revised Edition 2020, which requires the profits or losses from any revaluation of the Bank's net assets or foreign securities as a result of any change in the par value of the Belize dollar, or of any change in the par value of the currency unit of any other country shall be excluded from the computation of the annual profits and losses of the Bank. International Financial Reporting Standards require any foreign exchange gains and losses on monetary assets and liabilities to be recognised in profit or loss contrary to Section 50 of the Central Bank of Belize Act. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Annual Report 2023, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

MOORE

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

• Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

MOORE

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Moore Belize LLP.

Chartered Accountants
Belize City, Belize, C.A.
24 April 2024

Central Bank of Belize

Statements of financial position as at 31 December 2023 and 2022

(in Belize dollars)

	Notes	2023	2022
Assets			
Approved external assets			
Balances and deposits with foreign banks	2h,2i,3	**6,221,839**	4,752,621
Reserve Tranche and balances with the International Monetary Fund	2h,2j,4	**117,566,734**	116,428,505
Other foreign credit instruments	2h,2k,5	**237,157,969**	352,285,994
Cash-in-transit	2h,2l,6	**-**	422,375
Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions	2h,2m,7	**571,239,484**	475,969,261
Total approved external assets		**932,186,026**	949,858,756
Domestic assets			
Balances with local banks and cash on hand	2h,2n,8	**1,593,069**	1,511,066
Government of Belize securities	2h,2o,9	**787,760,775**	682,611,090
Other assets	10	**30,500,946**	26,229,119
Equity instruments	2h,2r,11	**20,000,000**	20,000,000
Property and equipment	2s,2u,12	**34,536,293**	34,961,991
Intangible assets	2t,2u,13	**2,239,649**	2,702,678
Total domestic assets		**876,630,732**	768,015,944
Total assets		**1,808,816,759**	1,717,874,700
Liabilities			
Demand liabilities			
Notes and coins in circulation	14	**686,469,151**	603,843,092
Deposits by licensed financial institutions	2h,2v,15	**747,865,975**	726,867,763
Deposits by and balances due to Government and Public sector entities in Belize	2h,2v,16	**149,612,166**	171,049,259
Deposits by international agencies	2h,2v,17	**2,468,594**	2,553,858
Total demand liabilities		**1,586,415,886**	1,504,313,972
Balances due to CARICOM central banks	2h,18	**225,573**	181,175
Other liabilities	19	**28,920,671**	27,205,675
Defined benefit plan net obligation	2w,20	**2,341,500**	2,341,500
International Monetary Fund SDR Allocations	2h,21	**117,496,998**	116,274,340
Commercial banks' discount fund	2h,22	**1,654,033**	1,654,033
Total liabilities		**1,737,054,662**	1,651,970,695
Capital and reserves			
Capital account	2y,23	**40,000,000**	40,000,000
Revaluation account	2z,24	**165,853**	126,949
Assets revaluation reserve	25	**163,732**	162,349
Post employment obligation reserve	2w,20	**(766,102)**	(766,102)
General reserve fund	2aa,26	**32,198,614**	26,380,809
Total capital and reserves		**71,762,097**	65,904,005
Total liabilities, capital and reserves		**1,808,816,759**	1,717,874,700

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2024 and are signed on its behalf by:

Chairman

Governor

Deputy Governor
Financial Services

Central Bank of Belize

Statements of comprehensive income for the years ended 31 December 2023 and 2022

(in Belize dollars)

	Notes	2023	2022
Interest income	2ab		
Approved external assets	27	34,086,127	13,105,528
Government of Belize securities	28	16,227,081	16,833,600
		50,313,208	29,939,128
Interest expense	2ab,29	(4,549,410)	(1,416,830)
Net interest income		45,763,798	28,522,298
Other income			
Discount on Government of Belize securities		879,087	1,039,144
Commissions and other income	30	5,251,458	5,026,908
Dividends on equity instruments	11	800,000	520,000
Total other income		6,930,545	6,586,052
Other expenses			
Printing of notes and minting of coins	31	(2,913,376)	(2,337,292)
Salaries and wages, including superannuation contribution and gratuities	32	(18,824,846)	(15,773,933)
Depreciation and amortisation	2s,2t,12,13	(3,375,711)	(3,144,608)
Administrative and general expenses	2ac,33	(8,187,726)	(6,190,458)
Total other expenses		(33,301,659)	(27,446,291)
Profit for the year		19,392,684	7,662,059
Transfers			
General reserve fund	2aa,26	5,817,805	2,298,618
Consolidated revenue fund	2aa	13,574,879	5,363,442
		19,392,684	7,662,060
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation	24, 37(ii)	38,904	(1,103,044)
Post employment obligation reserve	20	-	(728,775)
Artwork	25	1,383	-
Other comprehensive income (loss) for the year		40,287	(1,831,819)
Total comprehensive income for the year		19,432,971	5,830,241

The accompanying notes form an integral part of these financial statements.

Central Bank of Belize

Statements of changes in capital and reserves for the years ended 31 December 2023 and 2022

(in Belize dollars)

	Capital account	Revaluation account	Asset revaluation reserve	Post employment obligation reserve	General reserve	Total
Balance as at 01 January 2023	**40,000,000**	**126,949**	**162,349**	**(766,102)**	**26,380,809**	**65,904,005**
Comprehensive income						
Profit for the year	**-**	**-**	**-**	**-**	**19,392,684**	**19,392,684**
Other comprehensive income	**-**	**38,904**	**1,383**	**-**	**-**	**40,287**
Total comprehensive income	**-**	**38,904**	**1,383**	**-**	**19,392,684**	**19,432,971**
Transfer to consolidated revenue fund					**(13,574,879)**	**(13,574,879)**
Balance as at 31 December 2023	**40,000,000**	**165,853**	**163,732**	**(766,102)**	**32,198,614**	**71,762,097**
Balance as at 01 January 2022	20,000,000	1,229,993	162,349	(37,327)	24,082,192	**45,437,207**
Comprehensive income						
Profit for the year	-	-	-	-	7,662,060	**7,662,060**
Other comprehensive loss	-	(1,103,044)	-	(728,775)	-	**(1,831,819)**
Total comprehensive income	**-**	**(1,103,044)**	**-**	**(728,775)**	**7,662,060**	**5,830,241**
Transfer to consolidated revenue fund	-	-	-	-	(5,363,440)	**(5,363,440)**
Transfer to paid up capital of the Bank	20,000,000	-	-	-	-	**20,000,000**
Balance as at 31 December 2022	**40,000,000**	**126,949**	**162,349**	**(766,102)**	**26,380,812**	**65,904,008**

The accompanying notes form an integral part of these financial statements.

Central Bank of Belize

Statements of cash flows for the years ended 31 December 2023 and 2022

(in Belize dollars)

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		**19,392,684**	7,662,060
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation of property and equipment	12	**2,642,157**	2,435,768
Amortisation of intangible assets	13	**733,554**	708,840
Gain on disposal of property and equipment		**(46,862)**	(12,903)
Revaluation account		**38,904**	(1,103,044)
Assets revaluation reserve		**1,383**	-
Change in expected credit loss, net		**4,452**	11,195
Accrued interest expense		**4,549,410**	1,416,830
Cash provided by operating activities before operating assets and liabilities		**27,315,682**	11,118,746
Changes in:			
Government of Belize securities		**(10,496,000)**	(18,103,000)
Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions		**(95,270,223)**	(237,824,120)
Reserve tranche in the International Monetary Fund		**(168,413)**	786,194
Other assets		**(4,271,827)**	(667,863)
Other liabilities		**1,714,996**	(2,795,405)
Net cash used in operating activities		**(81,175,785)**	(247,485,448)
Cash flows from investing activities			
Acquisition of property and equipment	12	**(2,324,347)**	(2,289,625)
Acquisition of intangible assets	13	**(270,525)**	(309,608)
Proceeds from sale of assets		**583,428**	334,827
Net cash used in investing activities		**(2,011,444)**	(2,264,406)
Cash flows from financing activities			
Net deposits (disbursements) made by CARICOM central banks		**44,398**	(335,915)
Net disbursements made by Government and Public sector entities in Belize		**(34,929,397)**	(4,117,270)
Net deposits (disbursements) deposits made by international agencies		**(85,264)**	229,293
Net deposits made by licensed financial institutions		**20,998,212**	96,012,840
Net change in International Monetary Fund SDR Allocations		**410,667**	(5,459,501)
Net change in notes and coins in circularisation		**82,626,059**	76,063,202
Increase in paid-in capital		**-**	20,000,000
Interest paid		**(4,268,246)**	(861,531)
Net cash provided by financing activities		**64,796,429**	181,531,118
Cash and cash equivalents at the beginning of the year		**938,388,278**	1,006,607,012
Net decrease in cash and cash equivalents		**(18,390,802)**	(68,218,734)
Cash and cash equivalents at the end of the year		**919,997,476**	938,388,278
Cash and cash equivalents comprise of the following:			
External assets			
Balances and deposits with foreign banks	3	**6,221,839**	4,752,621
Other foreign credit instruments	5	**237,181,530**	352,324,679
Cash-in-transit	6	**-**	422,375
SDR Holdings	4	**100,850,264**	99,880,447
		344,253,633	457,380,122
Domestic assets			
Balances with local banks and cash on hand	8	**1,593,069**	1,511,066
Current portion of Government of Belize securities		**574,150,776**	479,497,089
		575,743,845	481,008,155
		919,997,476	938,388,278

The accompanying notes form an integral part of these financial statements.

1. General information

Central Bank of Belize (the Bank), was established under the Central Bank of Belize Act (the Act), Chapter 262 of the Substantive Laws of Belize. Legislation covering the Bank's operations were revised in 2020 and includes the Central Bank of Belize Act and its related amendments, the Domestic Banks and Financial Institutions Act, the International Banking Act, Credit Unions Act, the Money Laundering and Terrorism (Prevention) Act, Treasury Bills Act, the Financial Intelligence Unit Act along with associated Statutory Instruments, Circulars and Guidance Notes, the Exchange Control Regulations Act, the National Payment Systems Act along with associated Practice Directions, Circulars, Requirements and Statutory Instruments. The principal objectives of the Bank are to foster monetary stability, especially regarding the exchange rate, and to promote banking, credit and exchange conditions conducive to the growth of the economy of Belize. The address of the Bank's registered office is Gabourel Lane, Belize City, Belize, C.A.

2. Summary of significant accounting policies

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the financial reporting provisions of the Central Bank of Belize Act. These and any amendments thereto have been used as a model for the presentation and disclosure framework to provide additional information and analysis of key items in the financial statements.

b. Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. All amounts are rounded to the nearest dollar unless otherwise indicated.

c. Functional and presentation currency

The financial statements are presented in Belize dollars, which is the Bank's functional currency and is being represented throughout these financial statements with the symbol $.

d. Foreign currency transactions and translations

Transactions in foreign currencies are translated into Belize dollars at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of other comprehensive income. Non-monetary items are not retranslated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rates when fair value was determined.

e. Foreign investment policy

Section 25(1) of the Act requires that the Bank shall, at all times, hold assets of an amount in value sufficient to cover the value of the total amount if its notes and coins fully for the time being in circulation. As at 31 December 2023, the value of total assets was $1,808,816,758 (2022: $1,717,874,700) while the value of notes and coins in circulation was $686,469,151 (2022: $603,843,092).

2. Summary of significant accounting policies (continued)

e. Foreign investment policy (continued):

Section 25(2) of the Act requires that the Bank maintains at all times a reserve of external assets of not less than 40.0% of the aggregate amount of notes and coins in circulation and of the Bank's liabilities to customers in respect of its sights and time deposits. As at 31 December 2023, total approved external assets approximated 58.8% of such liabilities (2022: 63.2%).

Section 25(3) of the Act requires that the reserve shall consist of any of the following:

• Gold in any form and at such a valuation as may be determined by the Bank;

• Foreign exchange in the form of demand or time deposits with foreign central banks, agents and correspondents, documents and instruments customarily used for making payments or transfers in international transactions;

• Notes and coins;

•Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions;

• Belize's drawing facility equivalent to its reserve position in the International Monetary Fund;

• Belize's holdings of special drawing rights in the International Monetary Fund.

f. Significant accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Defined benefit obligation (DBO)

The estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change information technology equipment and software.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2. Summary of significant accounting policies (continued)

g. Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Bank. Some, however, may give rise to additional disclosures or changes to the presentation of the financial statements in future periods.

The following amendments to IFRSs have become effective for the annual periods commencing on or after 01 January 2023 and have been adopted:

• IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17);

• Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies;

• Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

• Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules;

• Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates.

The adoption of the Standard and amendments stated above has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following standard and amendments will become effective for the annual periods beginning on or after 01 January 2024:

• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

• Amendments to IAS 1 Classification of Liabilities as Current or Non-current;

• Amendments to IAS 1 Non-current Liabilities with Covenants;

• Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements;

• Amendments to IFRS 16 Lease Liability in a Sale and Leaseback.

The amendments will be adopted when they become effective. Their effects, if any, will be quantified at that time.

h. Financial instruments

Recognition and derecognition of financial assets

Financial assets are recognised when the Bank becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued):

Classification and initial measurement of financial assets (continued):

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost;

• fair value through other comprehensive income (FVOCI).

• fair value through profit or loss (FVTPL);

All income and expenses relating to financial assets that are recognised in profit or loss are presented within administrative and general expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost (AC)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Fair value of assets stated at amortised cost is close to their carrying value as at the reporting date.

Financial assets at fair value through other comprehensive income (FVTOCI)

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued):

Impairment of financial assets

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Bank uses forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
• financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

The mechanics of the ECL calculations are outlined below and the key elements are as follows:
ECL = EAD x LGD x PD. See also Note 37(i).

EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

PD – The Probability of Default is an estimate of the likelihood of default over a given period of time.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Bank recognises loss allowances for ECL on the following financial instruments that are not measure at the fair value through profit or loss:

• financial assets that are debt instruments;
• financial guarantee contracts issued; and
• loan commitments issued.

No impairment loss is recognised on equity investments.

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued):

Impairment of financial assets (continued):

For regular receivables, the Bank applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

• financial assets measured at amortised cost: as a deduction from gross carrying amount of the assets;

• loan commitments and financial guarantee contracts: generally as a provision;

• debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Recognition and derecognition of financial liabilities

Financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities, which are measures at amortised cost.

Financial liabilities are classified at fair value through profit or loss if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using effective interest method, with interest expense recognised on an effective yield basis in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

2. Summary of significant accounting policies (continued)

i. Bank balances and deposits with foreign bankers

Comprises of cash at overseas correspondent banks and demand deposits including highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

j. Reserve tranche and balances with the International Monetary Fund (IMF)

The Reserve Tranche represents the difference between the assigned quota and the IMF currency holdings. The Reserve Tranche can be accessed at any time without fees or economic reform conditions. The remainder of the quota is held in Special Drawing Rights (SDR) which is a supplementary international reserve asset.

The SDR interest rate provides the basis for calculating the interest charged and the interest paid to members of the IMF for the use of their resources for regular (nonconcessional) IMF loans. It is also the interest paid to members on their SDR holdings and charged on their SDR allocation. The SDR interest rate is determined weekly and is based on a weighted average of representative interest rates on short-term debt instruments in the money markets of the SDR basket currencies.

k. Other foreign credit instruments

Comprises of short-term financial assets including fixed deposits and overnight deposits held at overseas financial institutions with maturities of a year or less. The Bank's intention is to hold these until maturity.

Other foreign credit instruments are measured at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, by reference to external credit ratings, the instrument is then measured at the present value of its estimated future cash flows.

l. Cash-in-transit

Comprises of cash on hand held for shipment and in transit.

m. Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions

Comprises of short-term financial assets including bonds, debentures and US Treasury notes with maturities beyond a year.

n. Balances with local banks and cash on hand

Comprises of cash on hand and deposits held at local financial institutions that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

o. Government of Belize securities

Comprises of locally held financial assets including treasury bills and treasury notes issued and guaranteed by the Government of Belize.

2. Summary of significant accounting policies (continued)

o. Government of Belize securities (continued)

Section 35 of the Act permits the Bank to purchase or sell treasury bills or notes issued or guaranteed by the Government of Belize for a period of maturity not exceeding 10 years. The Central Bank of Belize Amendment Act No. 28 of 2017 amended Section 35(2) of the principal Act on 31 March 2017 to stipulate that the Bank shall not at any time hold Government of Belize securities in an aggregate amount exceeding thirty times the aggregate amount at that time of the paid-up capital and general reserves of the Bank. As at 31 December 2023 the Bank's aggregate holding of these Government of Belize securities approximated 10.84 times (2022: 10.21 times), respectively, the amount of paid-up capital and general reserves of the Bank.

p. Advances to Government of Belize

Comprises of advances made to the Government of Belize as governed by section 33 and 34 of the Act. During 2023, GOB's current account remained as a deposit account, and continued to operate as a deposit account.

q. Other assets

Loans and other receivables

Loans are recognised when cash is advanced. It is stated at amortised cost using the effective interest method. Loans receivable are derecognised when the rights to receive cash flows from the financial assets have expired or extinguished. Their net carrying value is considered a reasonable approximation of fair value as these financial assets are callable.

Inventory of notes and coins

Inventory of notes and coins are measured at cost upon initial recognition. After initial recognition, they are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost method.

Supplies

Stationary, computer, building, kitchen and administrative supplies are held at cost and expensed when used.

Collectible coins inventory

Collectible coins, which are minted or packaged as collector items, are legal tender. However, no liability is recorded in respect of these coins since they are not expected to be placed in circulation as currency. Minting cost is charged against income in the year incurred. Income is recognised when sales are made. As of 01 January 2011, new purchases of special coins are held as inventory and are charged against income when they are sold.

r. Equity instruments

Equity instruments are measured at FVTPL. Fair value of equity instruments held by the Bank cannot currently be measured reliably; thus, the cost is considered the best estimate of fair value. Impairment charges are recognised in profit or loss.

2. Summary of significant accounting policies (continued)

s. Property and equipment

Land

Land held for use in the ordinary course of business is stated at costs. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Property (buildings), equipment, vehicles

Buildings, equipment and vehicles are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Bank's management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. The cost of software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Buildings, equipment and vehicles are subsequently carried at cost less accumulated depreciation and impairments. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The following rates are applied:

Category	**Percentage**
Property	1% – 5%
Furniture	10%
Equipment	10% – 25%
Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

t. Intangible assets

Application software and licenses

Costs that are directly attributable to acquiring application software and licenses asset are recognised as intangible assets, provided they meet the following recognition requirements:

Category	**Percentage**
Application Software	33.3% – 10%
Application License	33.3% – 10%
Website	20%

Initial recognition of other intangible assets

• the costs can be measured reliably;

2. Summary of significant accounting policies (continued)

t. Intangible assets (continued)

• the asset is technically and commercially feasible;

• the Bank intends to and has sufficient resources to complete the asset and the Bank has the ability to use or sell the application or licenses;

• the software will generate probable future economic benefits.

Costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent measurement

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing annually.

Application software are amortised over a useful life of 3-10 years. Application licenses are amortised over the period the license is granted. Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

u. Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable of the non-financial asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increase carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant non-financial asset is carried at a revalued amount, in which case the reversal of the impairment loss will be treated as an increase in the revaluation.

v. Deposits

Comprised of deposits accepted on behalf of licensed banks, other licensed financial institutions including Government of Belize and Public Sector entities. Their carrying value is considered a reasonable approximation of fair value.

2. Summary of significant accounting policies (continued)

v. Deposits (continued)

Under the revised provisions of Domestic Banks and Financial Institutions Act (No. 11 of 2012), it stipulates that every licensed bank shall maintain on account in its name with the Central Bank a minimum balance which on average shall be equivalent to at least five per centum of its average deposit liabilities represented by demand deposits, plus at least three per centum of its average deposit liabilities not represented by demand deposits, or such higher proportion of such demand deposits or other deposit liabilities as may from time to time be prescribed or specified by the Central Bank.

w. Defined benefit plan

Under the Bank's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Bank, even if plan assets for funding the defined benefit plan have been set aside.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO every 3 years with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality.

x. Short-term employee benefits

Gratuity - the Bank is liable to pay gratuity for contract employees who are not eligible to participate in the pension scheme. In order to meet this liability, a provision is carried forward in the statements of financial position equivalent to an amount calculated on 20% of the annual salary for each completed year of service, commencing from the first year of service.

The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of a year is dealt within the statement of income. The gratuity liability is neither funded nor actuarially valued.

Severance benefits payable – severance obligations are recognised at the point of not being able to withdraw from provision of the benefit to qualifying employees. The provision is calculated in accordance with the Labour Act of Belize Chapter 297.

Other short-term employee benefits – short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

y. Capital account

In 2022, amendment was made to the Central Bank of Belize Act, approved on 31 March 2022 and gazetted on 02 April 2022. In accordance with Section 8, 'Capital of the Bank', the authorised capital was increased to $50,000,000 and the paid-up capital was increased to $40,000,000.

11. Equity instruments (continued)

These instruments are secured by the Government of Belize with no valuation exposure to the Bank. As at 31 December 2023, BTL had declared dividends for the fiscal year 2023 at $0.20 (2022: $0.13) per share for a total of $800,000 (2022: $520,000).

2. Summary of significant accounting policies (continued)

ae. Presentational changes

In these financial statements the Bank changed presentation of the statement of financial position due to reclassification of accrued interest. The Bank made reclassifications to prior period comparatives to be consistent with the current period classifications. Management considers that the amended presentation results in a more informative and relevant presentation of the financial information and is more consistent with the market practice.

The effect of presentational changes is as follows:

Statement of financial position (extract):

	2022 (as previously reported)	**Re-classification**	**2022**
Reserve Tranche and balances with the International Monetary Fund	115,906,800	521,705	116,428,505
Other foreign credit instruments	349,627,645	2,658,349	352,285,994
Cash-in-transit	-	422,375	422,375
Accrued interest and cash-in-transit	5,571,012	(5,571,012)	-
Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions	474,000,678	1,968,583	475,969,261
Approved external assets	**945,106,135**	**-**	**945,106,135**
Government of Belize securities	677,460,419	5,150,671	682,611,090
Other assets	31,379,789	(5,150,670)	26,229,119
Domestic assets	**708,840,208**	**-**	**708,840,209**

af. Segment-reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Board of Directors as its chief operating decision maker. The Bank has one operating segment for financial reporting purposes.

3. Balances and deposits with foreign banks

	2023	2022
Balances with other central banks and foreign banks	**5,173,343**	4,486,227
Foreign currency notes	**1,048,496**	266,394
	6,221,839	4,752,621

10. Other assets

	2023	2022
Financial assets		
Staff loans receivable	**8,312,364**	6,959,815
Accounts receivable	**1,441,587**	303,075
Expected credit losses	**(2,834)**	(2,613)
	9,751,117	7,260,277
Escrow accounts (Note 19)	**9,537,025**	9,564,320
	9,537,025	9,564,320
	19,288,142	16,824,597
Non-financial assets		
Inventory of circulation notes and coins	**5,768,296**	6,387,302
Prepayments	**3,459,267**	1,144,951
Collectible coins inventory	**1,065,645**	1,072,816
Supplies	**265,140**	337,355
Artwork	**167,889**	166,505
Other assets	**486,567**	295,593
	11,212,803	9,404,522
	30,500,946	26,229,119

Movements in expected credit losses on accounts receivable and staff loans receivable were as follows:

	2023	2022
At the beginning of the year	**(2,613)**	(476)
Charge during the year	**(221)**	(2,137)
At the end of the year	**(2,834)**	(2,613)

11. Equity instruments

	2023	2022
Belize Telemedia Limited	**20,000,000**	20,000,000

The equity instruments represent the Bank's investment of 4,000,000 shares in Belize Telemedia Limited at a value of $5.00 per share totaling $20,000,000. Share certificates numbered 3165, 3166, 3167, 2668 and 2669 dated 17 June 2011 for 800,000 shares each have been received by the Bank. The Bank is committed not to dispose of the shares for at least four years after the date of purchase under a “Share Purchase” agreement. Thereafter the Bank can dispose of the shares at the rate of one million shares per annum. If the Bank chooses to sell the shares, it shall offer the Government of Belize the right of first refusal and the right to object to any buyer before concluding the sale of any of the shares.

7. Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions

Amounts comprise debt securities at amortised cost:

	2023	2022
US Treasury notes	**488,545,861**	474,434,111
Bonds	**81,325,367**	-
Debenture	**1,382,636**	1,545,299
Expected credit losses	**(14,380)**	(10,149)
	571,239,484	475,969,261

US Treasury Notes represent securities issued by the government of the United States of America that bear a weighted average interest of 2.24% (2022: 2.15%) and mature through 2031.

Bonds represented bonds managed by foreign financial institution that beared an interest of 4.37% in 2023.

Debenture represents a foreign government debenture that bears an interest of 3.5% and matures in 2034.

Movements in expected credit losses on marketable securities issued or guaranteed by foreign governments and managed by international financial institutions were as follows:

	2023	2022
At the beginning of the year	**(10,149)**	(1,091)
Charge during the year	**(4,231)**	(9,058)
At the end of the year	**(14,380)**	(10,149)

8. Balances with local banks and cash on hand

	2023	2022
Balances with local financial institutions	**1,344,354**	1,313,803
Cash on hand	**248,715**	197,263
	1,593,069	1,511,066

9. Government of Belize securities

Amounts comprise debt securities at amortised cost:

	2023	2022
Treasury notes	**569,165,105**	559,684,807
Treasury bills	**218,595,670**	122,926,283
	787,760,775	682,611,090

10. Other assets

	2023	2022
Financial assets		
Staff loans receivable	**8,312,364**	6,959,815
Accounts receivable	**1,441,587**	303,075
Expected credit losses	**(2,834)**	(2,613)
	9,751,117	7,260,277
Escrow accounts (Note 19)	**9,537,025**	9,564,320
	9,537,025	9,564,320
	19,288,142	16,824,597
Non-financial assets		
Inventory of circulation notes and coins	**5,768,296**	6,387,302
Prepayments	**3,459,267**	1,144,951
Collectible coins inventory	**1,065,645**	1,072,816
Supplies	**265,140**	337,355
Artwork	**167,889**	166,505
Other assets	**486,567**	295,593
	11,212,803	9,404,522
	30,500,946	26,229,119

Movements in expected credit losses on accounts receivable and staff loans receivable were as follows:

	2023	2022
At the beginning of the year	**(2,613)**	(476)
Charge during the year	**(221)**	(2,137)
At the end of the year	**(2,834)**	(2,613)

11. Equity instruments

	2023	2022
Belize Telemedia Limited	**20,000,000**	20,000,000

The equity instruments represent the Bank's investment of 4,000,000 shares in Belize Telemedia Limited at a value of $5.00 per share totaling $20,000,000. Share certificates numbered 3165, 3166, 3167, 2668 and 2669 dated 17 June 2011 for 800,000 shares each have been received by the Bank. The Bank is committed not to dispose of the shares for at least four years after the date of purchase under a "Share Purchase" agreement. Thereafter the Bank can dispose of the shares at the rate of one million shares per annum. If the Bank chooses to sell the shares, it shall offer the Government of Belize the right of first refusal and the right to object to any buyer before concluding the sale of any of the shares.

11. Equity instruments (continued)

These instruments are secured by the Government of Belize with no valuation exposure to the Bank. As at 31 December 2023, BTL had declared dividends for the fiscal year 2023 at $0.20 (2022: $0.13) per share for a total of $800,000 (2022: $520,000).

Central Bank of Belize
Notes to the financial statements for the years ended 31 December 2023 and 2022
(in Belize dollars)

12. Property and equipment

	Property	Furniture	Equipment	Vehicle	Work in progress	Total
Cost						
Balance at 01 January 2023	35,241,272	1,990,141	17,075,943	726,219	252,609	**55,286,184**
Additions	92,132	75,348	1,317,737	565,815	273,315	**2,324,347**
Disposals	-	(35,009)	(265,802)	(222,023)	-	**(522,834)**
Transfers	147,546	4,430	69,248	-	(221,224)	**-**
Balance as at 31 December 2023	35,480,950	2,034,910	18,197,126	1,070,011	304,700	**57,087,697**
Accumulated depreciation						
Balance at 01 January 2023	7,441,355	1,481,433	11,096,023	305,383	-	**20,324,194**
Charge for the year	789,296	94,251	1,611,860	146,750	-	**2,642,157**
Disposals	-	(33,145)	(246,516)	(135,286)	-	**(414,947)**
Balance as at 31 December 2023	8,230,651	1,542,539	12,461,367	316,847	-	**22,551,404**
Net book value as at 31 December 2023	**27,250,299**	**492,371**	**5,735,759**	**753,164**	**304,700**	**34,536,293**

	Property	Furniture	Equipment	Vehicle	Work in progress	Total
Cost						
Balance at 01 January 2022	32,675,497	1,961,569	16,508,291	533,982	2,584,306	**54,263,645**
Additions	937,725	89,768	504,100	505,423	252,609	**2,289,625**
Disposals	(334,919)	(64,861)	(390,813)	(476,493)	-	**(1,267,086)**
Transfers	1,962,969	3,665	454,365	163,307	(2,584,306)	**-**
Balance as at 31 December 2022	35,241,272	1,990,141	17,075,943	726,219	252,609	**55,286,184**
Accumulated depreciation						
Balance at 01 January 2022	7,138,794	1,453,766	9,900,663	340,366	-	**18,833,589**
Charge for the year	637,480	91,551	1,581,192	125,545	-	**2,435,768**
Disposals	(334,919)	(63,884)	(385,832)	(160,528)	-	**(945,163)**
Balance as at 31 December 2022	7,441,355	1,481,433	11,096,023	305,383	-	**20,324,194**
Net book value as at 31 December 2022	**27,799,917**	**508,708**	**5,979,920**	**420,836**	**252,609**	**34,961,991**

13. Intangible assets

	Application software and licenses	Work in progress	Total
Cost			
Balance at 01 January 2023	**7,357,498**	**176,068**	**7,533,566**
Additions	**142,276**	**128,249**	**270,525**
Transfers	**176,068**	**(176,068)**	**-**
Balance as at 31 December 2023	**7,675,842**	**128,249**	**7,804,091**
Accumulated amortisation			
Balance at 01 January 2023	**(4,830,888)**	**-**	**(4,830,888)**
Charge for the year	**(733,554)**	**-**	**(733,554)**
Balance as at 31 December 2023	**(5,564,442)**	**-**	**(5,564,442)**
Net book value as at 31 December 2023	**2,111,400**	**128,249**	**2,239,649**
Cost			
Balance at 01 January 2022	6,957,442	266,516	**7,223,958**
Additions	133,540	176,068	**309,608**
Transfers	266,516	(266,516)	**-**
Balance as at 31 December 2022	7,357,498	176,068	**7,533,566**
Accumulated amortisation			
Balance at 01 January 2022	(4,122,048)	-	**(4,122,048)**
Charge for the year	(708,840)	-	**(708,840)**
Balance as at 31 December 2022	(4,830,888)	-	**(4,830,888)**
Net book value as at 31 December 2022	2,526,610	176,068	**2,702,678**

14. Notes and coins in circulation

	2023	2022
Notes in circulation	**643,154,885**	563,770,976
Coins in circulation	**43,314,266**	40,072,116
	686,469,151	603,843,092

15. Deposits by licensed financial institutions

As at 31 December 2022 and 2023 deposits by local financial institutions comprised deposits of licensed financial institutions located in Belize.

16. Deposits by and balances due to Government and Public sector entities of Belize

	2023	2022
Government of Belize accounts	**144,546,214**	158,665,340
Public sector entities accounts	**5,065,952**	12,383,919
	149,612,166	171,049,259

17. Deposits by international agencies

The Bank acts as an agent for and accepts deposits from international financial agencies.

	2023	2022
Caribbean Development Bank	**2,257,240**	2,343,970
International Monetary Fund	**181,614**	180,148
International Bank for Reconstruction and Development	**29,740**	29,740
	2,468,594	2,553,858

18. Balances due to CARICOM central banks

	2023	2022
Central Bank of Barbados	**166,900**	50,561
Bank of Jamaica	**56,200**	99,160
Central Bank of Trinidad and Tobago	**2,473**	2,688
Bank of Guyana	**-**	28,766
	225,573	181,175

19. Other liabilities

	2023	2022
Financial liabilities		
Escrow accounts (Note 10)	**9,537,025**	9,564,320
Abandoned property	**7,736,509**	6,482,785
Deposits by licensed international offshore financial institutions (i)	**3,779,647**	3,851,329
Contribution (deposit insurance) (ii)	**1,000,000**	1,000,000
Accounts payable	**758,077**	326,273
Corozal Freezone Municipals Bonds – Sinking Fund	**214,937**	207,820
Unclaimed balances of Belize Unit Trust	**45,986**	46,089
	23,072,181	21,478,616

19. Other liabilities (continued)

	2023	2022
Non-financial liabilities		
Severance and gratuities	**4,374,431**	4,111,687
Other staff costs payable	**953,523**	893,353
Deferred income	**520,536**	722,019
	5,848,490	5,727,059
	28,920,671	27,205,675

(i) Under Section 21 A (1) of the International Banking Act, licensed international offshore financial institutions are required to maintain an account of a minimum balance of $200,000 with the Bank. At 31 December 2023 total amount of such deposits included $3,164,462 (2022: $3,187,167) that relate to balances with international offshore financial institutions with active licenses and $615,185 (2022: $664,161) that relate to the Bank's liabilities in respect of minimal balances of such financial institutions, whose licensed have been revoked/surrendered by the Bank.

(ii) In accordance with Section 19 of the Deposit Insurance Act, 2020, the Central Bank is holding in escrow its contribution due on the commencement of the Deposit Insurance Corporation.

20. Defined benefit plan net obligation

The Bank operates a defined benefit pension scheme that receives contributions from the Bank and its eligible employees. The scheme is financially separate from the Bank and is managed by a Board of Trustees. Under the plan, the employees are entitled to annual retirement benefits capped at a maximum of 66 percent of the final pensionable salary on attaining the retirement age of 60. In addition, the Bank provides an optional post-retirement medical benefit. During the year under review, the Bank contributed $3,230,997 (2022: $616,564) to the scheme.

Significant actuarial assumptions used in the valuation were:	2021	2016
I. Discount rate at the end of the year (pa)	6.0%	5.0%
II. Future salary increases (pa)	3.5%	3.5%
III. Future pension increases (pa)	0.0%	0.0%

The Bank has performed an actuarial valuation on its defined benefit pension scheme for the year ended 31 December 2021. The results of the valuation are captured below:

Reconciliation of actuarial losses as at 31 December 2020

Deficit as at 31 December 2016	(877,855)
Fair value of the plan assets	24,775,300
Present value of defined benefit obligation	(26,380,700)
Non-current pension liability as at 31 December 2020	(1,605,400)
Actuarial losses as at 31 December 2020	(727,545)

20. Defined benefit plan net obligation (continued)

Presentation of actuarial losses as at 31 December 2016	
Amounts to recognise in statement of financial position:	
Non-current pension liability as at 31 December 2020	(1,605,400)
Amounts to recognise in statement of other comprehensive income:	
Remeasurement losses	(727,545)

Reconciliation of actuarial losses as at 31 December 2021	
Present value of the obligation at the start of the year	26,380,700
Interest cost	1,633,089
Current service cost	1,346,000
Benefits paid	(1,017,105)
Remeasurement gain on obligation through other comprehensive income	(376,284)
Present value of the obligation at the end of the year	**27,966,400**
Fair value of the plain assets at the start of the year	24,775,300
Interest income on plan assets	1,478,205
Administrative expense	(26,009)
Contributions	766,014
Benefits paid	(1,017,105)
Remeasurement gain on assets through other comprehensive income	(351,505)
Fair value of the plain assets at the end of the year	25,624,900
Net change in non-current pension liability for the year ended 31 December 2021	**2,341,500**
Non-current pension liability 01 January 2021	1,605,400
Net interest cost	154,884
Administrative expense	26,009
Current service cost	1,171,906
Contributions to the pension as per actuarial report	(591,920)
Remeasurement gain on obligation through other comprehensive income	(376,284)
Remeasurement loss on assets through other comprehensive income	351,505
Non-current pension liability 31 December 2021	**2,341,500**

Revaluation of the pension plan is done on a 3-year rotation. An IAS 19 evaluation was done during 2022 for the 2021 fiscal year, which shows a defined benefit plan net obligation of the plan of $2,341,500. Full revaluation of the plan will be done in the 2024 fiscal year.

20. Defined benefit plan net obligation (continued)

Reconciliation of pension reserve	
Reserve as at 31 December 2016	(37,327)
Actuarial losses 31 December 2020	(727,545)
Administrative expense	(26,009)
Remeasurement gain on obligation through other comprehensive income	376,284
Remeasurement loss on assets through other comprehensive income	(351,505)
	(728,775)
Reserve as at 31 December 2021	**(766,102)**

21. International Monetary Fund SDR Allocations

	2023	2022
IMF SDR Allocations	**116,685,007**	115,743,513
Interest payable	**811,991**	530,827
	117,496,998	116,274,340

A general allocation of Special Drawing Rights (SDRs) equivalent to approximately US$ 250 billion became effective on 28 August 2009. The allocation is designed to provide liquidity to the global economic system by supplementing the Fund's member countries' foreign exchange reserves. The general SDR allocation was made to IMF members that are participants in the Special Drawing Rights Department (currently all 186 members) in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The Quota for the country of Belize is SDR 26,700,000 (2022: SDR 26,700,000) based on this Quota, the allocation for the country of Belize stood at SDR 43,485,004 (2022: SDR 43,845,004). At 31 December 2023, the SDR's were revalued at SDR 2.683339 to BZ$ 1.00 (2022: 2.661688 to BZ$ 1.00).

22. Commercial banks' discount fund

	2023	2022
Interest paid to United States Agency for International Development	**(2,311,316)**	(2,311,316)
Interest received by the Bank	**3,965,350**	3,965,350
	1,654,034	1,654,034

Commercial Bank Discount Fund (Fund) is a facility which was established by an agreement signed in March 1983 by the Government of Belize and the United States of America, providing for a discount fund to be operated through the Bank. The United States Government acting through United States Agency for International Development (USAID) earmarked US$ 5 million in loan funds up to 30 June 1987 to finance this facility. The facility enabled commercial banks in Belize to discount with the Bank up to 100% of loans made to sub-borrowers for projects approved by the Bank and USAID. The Bank is expected to accumulate significant net interest earnings over the repayment term of the USAID loan to form a permanent fund. In 1993, USAID and the Bank agreed that $2 million and $1.5 million from the reflows to the Discount Fund could be used as a line of credit to National Development Foundation of Belize and Development Finance Corporation, respectively.

23. Capital account

	2023	2022
Authorised capital	**50,000,000**	50,000,000
Paid-up capital	**40,000,000**	40,000,000

In 2022, amendment was made to the Central Bank of Belize Act, approved on 31 March 2022 and gazetted on 02 April 2022. In accordance with Section 8, 'Capital of the Bank', the authorised capital was increased to $50,000,000 and the paid-up capital was increased to $40,000,000.

24. Revaluation account

	2023	2022
At the beginning of the year	**126,949**	1,229,993
Revaluation of foreign funds and marketable securities	**38,904**	(1,103,044)
At the end of the year	**165,853**	126,949

25. Assets revaluation reserve

Historical and contemporary pictures and paintings were revalued in 2009 by independent appraiser, Carlos Bardalez, of Belize City whose report is dated 09 November 2009.

26. General reserve fund

	2023	2022
At the beginning of the year	**26,380,809**	24,082,191
Transfer from net profit	**5,817,805**	2,298,618
At the end of the year	**32,198,614**	26,380,809

Amendment to Section 9 of the Central Bank of Belize Act provides for the establishment of a General Reserve Fund into which is paid 20 percent of the net profit of the Bank in each financial year until the fund is equal to the amount of the Bank’s paid up capital. Thereafter, 10 percent of the net profit of the Bank in each financial year is paid into the Fund. In 2022, Section 9 on was amended to indicate that 30 percent of the Bank's profit shall be paid into the General Reserve Fund and the remainder to the Accountant General for the Consolidated Revenue Fund.

27. Interest on approved external assets

	2023	2022
Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions	**13,230,767**	6,220,523
Fixed deposits with foreign financial institutions	**12,805,235**	4,388,444
International Monetary Fund' facilities	**4,349,206**	1,378,216
Overnight deposits with foreign financial institutions	**3,644,554**	1,105,080
Other balances with foreign financial institutions	**56,365**	13,265
	34,086,127	13,105,528

28. Interest on Government of Belize securities

	2023	2022
Treasury notes	**16,227,081**	16,833,600

29. Interest expense

	2023	2022
International Monetary Fund facilities	**4,432,593**	1,381,219
Other interest expense	**116,817**	35,611
	4,549,410	1,416,830

30. Commissions and other income

	2023	2022
Automated Payment and Securities Settlement System (APSSS) transaction fees	**1,365,035**	1,265,677
Cash shipment income	**1,130,490**	1,316,323
Commissions	**1,051,650**	1,188,136
License and examination fees	**932,545**	961,818
Penalty fees	**406,057**	5,500
Interest on staff loans	**167,531**	132,905
Miscellaneous income	**157,465**	117,778
Sales of collectible coins	**25,562**	26,905
Gain on sale/purchase of financial instruments	**15,123**	11,866
	5,251,458	5,026,908

31. Printing of notes and minting of coins

	2023	2022
Miniting of circulation coins	**1,741,036**	1,385,569
Printing of currency notes	**1,145,290**	935,275
Currency publicity campaign expenses	**27,050**	16,448
	2,913,376	2,337,292

32. Salaries and wages, including superannuation contribution and gratuities

	2023	2022
Salaries and wages	**10,082,962**	9,801,302
Employee benefits expenses	**5,211,684**	4,327,941
Pension contributions	**3,230,997**	616,564
Social security costs	**299,203**	293,256
Pension actuarial cost	**-**	734,870
	18,824,846	15,773,933

At the end of 2023 the Bank staff count was 209 employees (2022: 206).

33. Administrative and general expenses

	2023	2022
Professional services and technical support	**1,270,731**	775,203
Computer software licenses	**1,145,675**	958,510
Utilities	**926,523**	879,217
Meetings and conferences	**907,288**	237,458
Repairs and maintenance	**770,574**	707,631
Supplies and small equipment	**628,230**	579,720
Miscellaneous	**559,136**	508,890
Directors' fees	**346,332**	152,428
Legal fees	**301,188**	402,276
Advertising	**209,296**	87,382
Membership fees	**185,343**	208,239
Foreign investment professional fees	**166,218**	-
Insurance	**148,818**	127,845
Donations	**133,038**	104,267
Travel	**125,956**	79,421
Audit fees	**106,714**	101,230
Subscriptions	**55,320**	50,585
Bank charges	**50,220**	56,516
Freight charges	**48,108**	43,952
Firearm license and ammunition	**30,990**	19,606
Books and publications	**23,893**	38,280
Entertainment	**23,218**	17,709
Surveys	**12,420**	12,420
Business continuity	**8,044**	32,481
Expected credit losses on financial instruments	**4,453**	9,192
	8,187,726	6,190,458

34. Related party transactions

The Bank considers a party to be related if control or significant influence over the Bank is exercised. The Bank's related parties include the Governor of the Central Bank, members of the Board of Directors (key management personnel) Government of Belize and other related public sector entities and the Bank's Defined Benefit Plan. Unless otherwise stated, none of the transactions include special terms and conditions and no guarantees were given or received.

Transactions with key management personnel

Transactions with key management personnel includes short-term benefits, post employment benefits and termination benefits. The following is an analysis of these amounts.

34. Related party transactions (continued)

	2023	2022
Short-term benefits	**987,466**	881,822
Termination benefits	**127,058**	84,542
	1,114,524	966,364

As part of its normal operations, the Bank also makes loans and advances to key management personnel. As at 31 December 2023, a total of $77,519 (2022: $94,529) was receivable from key management personnel as approved advances made by the Bank. No expected credit losses have been recognised in respect of loans given to related parties. The amount of collateral in respect of loans to related parties as at 31 December 2023 $242,300 (2022: $242,300). The Bank has a residential mortgage loan program for qualifying permanent staff. This facility is available for a maximum period of 25 years with a variable interest rate initially set at 2% (2022: 2%).

The 2022 balances have been updated to correspond to 2023 reporting.

Transactions with the Government of Belize and public sector entities in Belize

Receivables and payables to the Government of Belize and other related public sector entities arise mainly from the Bank carrying out one of its key functions as a fiscal agent for all transactions with International financial institutions (Section 31, 33, 34 and 35 of the Central Bank of Belize Act Revised Edition 2011). Section 24 also permits the Bank to make direct advances to the Government of Belize. Below is an analysis of the transactions with the Government and other related public sector entities:

	01 January 2023	**Disburse-ments**	**Deposits**	**31 December 2023**
Social Security Board	(76,488)	113,310	(40,391)	(3,569)
Development Finance Corporation	(1,752,732)	26,112,641	(24,454,546)	(94,637)
Financial Intelligence Unit	(481,627)	2,770,351	(3,340,001)	(1,051,277)
Belize Tourism Board	(2,480,972)	13,482,457	(12,796,633)	(1,795,148)
Belize Electricity Limited	(24,925)	4,524,419	(4,524,419)	(24,925)
Belize City Council Sinking Fund	(2,753,182)	6,870,209	(4,427,109)	(310,082)
Belize Water Services Limited Sinking Fund	(2,027,808)	18,319,799	(16,292,119)	(128)
Financial Services Commission	(2,786,185)	1,000,000	-	(1,786,185)
Government of Belize (current account)	(60,723,869)	934,221,416	(941,954,840)	(68,457,293)
	(73,107,788)	**1,007,414,602**	**(1,007,830,058)**	**(73,523,244)**

34. Related party transactions (continued)

Transactions with the Government of Belize and public sector entities in Belize (continued)

	01 January 2022	Disburse-ments	Deposits	31 December 2022
Social Security Board	(39,167)	33,233	(70,554)	(76,488)
Development Finance Corporation	(5,393,059)	14,730,697	(11,090,370)	(1,752,732)
Financial Intelligence Unit	(51,686)	2,369,870	(2,799,811)	(481,627)
Belize Tourism Board	(930,405)	7,114,794	(8,665,361)	(2,480,972)
Belize Electricity Limited	(24,925)	2,930,081	(2,930,081)	(24,925)
Belize City Council Sinking Fund	(1,404,553)	8,928,333	(10,276,962)	(2,753,182)
Belize Water Services Limited Sinking Fund	(378,833)	4,478,027	(6,127,002)	(2,027,808)
Financial Services Commission	(3,326,185)	540,000	-	(2,786,185)
Government of Belize (current account)	(69,022,678)	722,124,732	(713,825,923)	(60,723,869)
	(80,571,491)	**763,249,767**	**(755,786,064)**	**(73,107,788)**

Transactions with the Central Bank of Belize Pension Scheme

The Bank accumulates the pension contributions for the Scheme's members and remits it to the Scheme on a monthly basis along with its own contributions. In addition, the Bank acts as an intermediary for payments of benefits to the Scheme's members and payment of professional fees. The Scheme periodically reimburses the Bank for such expenses.

34. Related party transactions (continued)

Transactions with the Central Bank of Belize Pension Scheme (continued)

	01 January 2023	Contributions paid by the Bank to the Scheme	Contributions due to the scheme	31 December 2023
Contributions to the scheme	**-**	**3,230,997**	**(3,230,997)**	**-**
	-	**3,230,997**	**(3,230,997)**	**-**

	01 January 2022	Contributions paid by the Bank to the Scheme	Contributions due to the scheme	31 December 2022
Contributions to the scheme	-	**616,564**	(616,564)	-
	-	**616,564**	**(616,564)**	**-**

35. Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies on Note 2h describes how financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

35. Analysis of financial assets and liabilities by measurement basis (continued)

As at 31 December 2023	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other compre-hensive income	Total
Financial assets				
Balances and deposits with foreign banks	-	6,221,839	-	6,221,839
Reserve Tranche and balances with the International Monetary	-	-	117,566,734	117,566,734
Other foreign credit instruments	-	237,157,969	-	237,157,969
Marketable securities issued or guaranteed by foreign governments and international	-	571,239,484	-	571,239,484
Balances with local banks and cash on hand	-	1,593,069	-	1,593,069
Government of Belize securities	-	787,760,775	-	787,760,775
Other assets	-	19,288,142	-	19,288,142
Equity instruments	20,000,000	-	-	20,000,000
Total financial assets	**20,000,000**	**1,623,261,278**	**117,566,734**	**1,760,828,012**

As at 31 December 2023	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Financial liabilities			
Notes and coins in circulation	-	686,469,151	686,469,151
Deposits by licensed financial institutions	-	747,865,975	747,865,975
Deposits by and balances due to Government and Public sector entities in Belize	-	149,612,166	149,612,166
Deposits by international agencies	-	2,468,594	2,468,594
Balances due to CARICOM central banks	-	225,573	225,573
Other liabilities	-	23,072,181	23,072,181
International Monetary Fund' SDR Allocations	-	117,496,998	117,496,998
Commercial banks' discount fund	-	1,654,033	1,654,033
Total financial liabilities	**-**	**1,728,864,671**	**1,728,864,671**

35. Analysis of financial assets and liabilities by measurement basis (continued)

As at 31 December 2022	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other compre-hensive income	Total
Financial assets				
Bank balances and deposits with foreign banks	-	4,752,621	-	**4,752,621**
Reserve Tranche and balances with the International Monetary	-	-	116,428,505	**116,428,505**
Other foreign credit instruments	-	352,285,994	-	**352,285,994**
Cash-in-transit	-	422,375		**422,375**
Marketable securities issued or guaranteed by foreign governments and managed by international financial institutions	-	475,969,261	-	**475,969,261**
Balances with local banks and cash on hand	-	1,511,066	-	**1,511,066**
Government of Belize securities	-	682,611,090	-	**682,611,090**
Other assets	-	16,824,597	-	**16,824,597**
Equity instruments	20,000,000	-	-	**20,000,000**
Total financial assets	**20,000,000**	**1,534,377,004**	**116,428,505**	**1,670,805,509**

As at 31 December 2022	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Financial liabilities			
Notes and coins in circulation	-	603,843,092	**603,843,092**
Deposits by licensed financial institutions	-	726,867,763	**726,867,763**
Deposits by and balances due to Government and Public sector entities in Belize	-	171,049,259	**171,049,259**
Deposits by international agencies	-	2,553,858	**2,553,858**
Balances due to CARICOM central banks	-	181,175	**181,175**
Other liabilities	-	21,478,616	**21,478,616**
International Monetary Fund' SDR Allocations	-	116,274,340	**116,274,340**
Commercial banks' discount fund	-	1,654,033	**1,654,033**
Total financial liabilities	**-**	1,643,902,136	**1,643,902,136**

36. Fair value measurement

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing their fair value of financial instruments by valuation technique:

Level 1: quotes (unadjusted prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

As at 31 December 2023	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVOCI					
Reserve Tranche and balances with the International Monetary Fund	**4**	**117,566,734**	**-**	**-**	**117,566,734**
Financial assets at FVTPL					
Equity instruments	**11**	**-**	**-**	**20,000,000**	**20,000,000**
Total financial assets measured at fair value		**117,566,734**	**-**	**20,000,000**	**137,566,734**

As at 31 December 2022	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVOCI					
Reserve Tranche and balances with the International Monetary Fund	**4**	116,428,504	-	-	116,428,504
Financial assets at FVTPL					
Equity instruments	**11**	-	-	20,000,000	20,000,000
Total financial assets measured at fair value		**116,428,504**	**-**	**20,000,000**	**136,428,504**

Fair value of financial instruments carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

36. Fair value measurement (continued)

Financial assets and liabilities with carrying values that approximate fair value

For financial assets and liabilities that are liquid or have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. For all other financial instruments, it is assumed that the carrying amounts also approximate to their fair value.

37. Financial risk management

By its nature, the Bank's activities are principally related to the use of financial instruments. The strategy for using these financial instruments is embedded in the mission of the Bank to foster an economic and financial environment conductive to sustainable economic growth and development.

The Bank has exposure to the following risks from its use of financial instruments:
• Credit risk
• Currency risk
• Liquidity risk
• Interest rate risk
• Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. It has established two committees for this purpose:

(i) Investment Committee, which is responsible for providing oversight on the conversion of investment strategy into performance, risk exposure for the Bank's Foreign Reserves, financial structure, and performance of the portfolio and investments.

(ii) Audit Committee, which is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by the Internal Audit Department. This department undertakes both regular and ad hoc reviews of management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee.

(i) Credit risk

The Bank is exposed to credit risk, which is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligations to the Bank. Credit risk arises in the Bank's management of its financial assets, for example in the investment of the Bank's own funds and in the course of the banking services it provides to its customers and employees.

Credit risk is managed on a portfolio basis consisting of both foreign, local and internal designations. Credit risk in respect of foreign designations, are managed via diversification of investments and held by major reputable financial institutions. In respect of local securities, the Bank transacts primarily with or investments related to the Government of Belize. Internal designations are managed using internal policies of eligibility and security for employee loans.

37. Financial risk management (continued)

(i) Credit risk (continued)

In measuring the expected credit losses, the Bank's foreign and local investments are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Low credit risk are those with high-quality external credit ratings. The Bank has developed a model utilising external credit ratings to develop the probability of default (PD) against a loss given default of 25%.

Security

The Bank holds collaterals in respect of its internally designated financial assets as follows:

At 31 December 2023	Maximum exposure	Stamped value	Appraised value
Mortgage loans	**6,320,923**	**8,432,805**	**12,032,653**
Consumer loans (bills of sale)	**420,143**	**644,109**	**648,900**
Consumer loans (regular)	**1,571,299**	**-**	**-**
	8,312,365	**9,076,914**	**12,681,553**

At 31 December 2022	Maximum exposure	Stamped value	Appraised value
Mortgage loans	4,892,279	6,456,205	9,470,694
Consumer loans (bills of sale)	429,269	642,709	673,400
Consumer loans (regular)	1,638,267	150,000	150,000
	6,959,815	**7,248,914**	**10,294,094**

Significant increase in credit risk

The Bank continuously monitors all assets subject to ECL's. The Bank assesses whether there has been a significant increase in credit risk since initial recognition to determine whether a financial instrument is subject to 12 months ECL or life-time ECL.

37. Financial risk management (continued)

(i) Credit risk (continued)

Significant increase in credit risk (continued)

The following table details the gross carrying amounts and the corresponding ECL's by stage:

As at 31 December 2023	Notes	Level 1	Level 2	Level 3	Total
Other foreign credit instruments	5	237,181,530	-	-	**237,181,530**
Expected credit loss		**(23,561)**	-	-	**(23,561)**
		237,157,969	-	-	**237,157,969**
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	7	**571,253,864**	-	-	**571,253,864**
Expected credit loss		**(14,380)**	-	-	**(14,380)**
		571,239,484	-	-	**571,239,484**
Other assets	10	**9,753,951**	-	-	**9,753,951**
Expected credit loss		**(2,834)**	-	-	**(2,834)**
		9,751,117	-	-	**9,751,117**
Total net amounts		**818,148,570**	-	-	**818,148,570**
ECL as a % of carrying amounts		**0.00%**	-	-	**0.00%**

37. Financial risk management (continued)

(i) Credit risk (continued)

Significant increase in credit risk (continued)

As at 31 December 2022	Notes	Level 1	Level 2	Level 3	Total
Other foreign credit instruments	5	352,324,679	-	-	**352,324,679**
Expected credit loss		(38,684)	-	-	**(38,684)**
		352,285,995	-	-	**352,285,995**
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	7	475,979,410	-	-	**475,979,410**
Expected credit loss		(10,149)	-	-	**(10,149)**
		475,969,261	-	-	**475,969,261**
Other assets	10	7,262,890	-	-	**7,262,890**
Expected credit loss		(2,613)	-	-	**(2,613)**
		7,260,277	-	-	**7,260,277**
Total net amounts		835,515,533	-	-	**835,515,533**
ECL as a % of carrying amounts		0.01%	-	-	**0.01%**

Geographical concentration

The following tables break down the Bank's main credit exposure at their carrying amounts, as categorised by geographical regions as of 31 December 2023 and 31 December 2022. The Bank has allocated exposure to regions based on the country of domicile of the counterparties.

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37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2023

Financial assets	Belize	USA	Canada	UK	Europe	Dominica	Total
Balances and deposits with foreign banks	1,048,496	3,559,112	65,213	290,183	1,258,835	-	6,221,839
Reserve Tranche and balances with the International Monetary Fund	-	117,566,734	-	-	-	-	117,566,734
Other foreign credit instruments	-	181,833,758	-	55,324,211		-	237,157,969
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	-	569,857,326	-	-	-	1,382,158	571,239,484
Balances with local banks and cash on hand	1,593,069	-	-	-	-	-	1,593,069
Government of Belize securities	787,760,775	-	-	-	-	-	787,760,775
Other assets	19,288,142	-	-	-	-	-	19,288,142
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	829,690,482	872,816,929	65,213	55,614,394	1,258,835	1,382,158	1,760,828,012

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2023 (continued)

Financial liabilities	Belize	USA	Barbados	Jamaica	Guyana	Trinidad & Tobago	Total
Notes and coins in circulation	686,469,151	-	-	-	-	-	686,469,151
Deposits by licensed financial institutions	747,865,975	-	-	-	-	-	747,865,975
Deposits by and balances due to Government and Public sector entities in Belize	149,612,166	-	-	-	-	-	149,612,166
Deposits by international agencies	-	211,354	2,257,240	-	-	-	2,468,594
Balances due to CARICOM central banks	-	-	166,900	56,200	-	2,473	225,573
Other liabilities	23,072,181	-	-	-	-	-	23,072,181
International Monetary Fund' SDR Allocations	-	117,496,998	-	-	-	-	117,496,998
Commercial banks' discount fund	-	1,654,033	-	-	-	-	1,654,033
	1,607,019,473	119,362,385	2,424,140	56,200	-	2,473	1,728,864,671

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37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2022

Financial assets	Belize	USA	Canada	UK	Europe	Dominica	Total
Balances and deposits with foreign banks	266,394	2,526,282	70,433	700,211	1,189,301	-	**4,752,621**
Reserve Tranche and balances with the International Monetary Fund	-	116,428,505	-	-	-	-	**116,428,505**
Other foreign credit instruments	-	293,478,076	-	58,807,918		-	**352,285,994**
Cash-in-transit	-	422,375	-	-	-	-	**422,375**
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	-	474,424,496	-	-	-	1,544,765	**475,969,261**
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	**1,511,066**
Government of Belize securities	682,611,090	-	-	-	-	-	**682,611,090**
Other assets	16,824,597	-	-	-	-	-	**16,824,597**
Equity instruments	20,000,000	-	-	-	-	-	**20,000,000**
	721,213,147	**887,279,734**	**70,433**	**59,508,129**	**1,189,301**	**1,544,765**	**1,670,805,509**

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2022 (continued)

Financial liabilities	Belize	USA	Barbados	Jamaica	Guyana	Trinidad & Tobago	Total
Notes and coins in circulation	603,843,092	-	-	-	-	-	**603,843,092**
Deposits by licensed financial institutions	726,867,763	-	-	-	-	-	**726,867,763**
Deposits by and balances due to Government and public sector entities in Belize	171,049,259	-	-	-	-	-	**171,049,259**
Deposits by international agencies	-	209,888	2,343,970	-	-	-	**2,553,858**
Balances due to CARICOM central banks	-	-	50,561	99,160	28,766	2,688	**181,175**
Other liabilities	21,478,616	-	-	-	-	-	**21,478,616**
International Monetary Fund SDR allocations	-	116,274,340	-	-	-	-	**116,274,340**
Commercial banks' discount fund	-	1,654,033	-	-	-	-	**1,654,033**
	1,523,238,730	**118,138,261**	**2,394,531**	**99,160**	**28,766**	**2,688**	**1,643,902,136**

(ii) Currency risk

Currency risk is the risk that the market value of, or cash flow from, financial instruments will vary because of exchange rate fluctuations. The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Because of its conservative nature, the Bank's exposure is limited since a significant portion of its external assets are held in US funds and in SDR funds necessary to meet Belize's quota with the IMF and SDR allocations. Other external asset funds are kept at a minimum. Management seeks to manage this risk by monitoring the levels of exposure by currency.

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37. Financial risk management (continued)

(ii) Currency risk (continued)
As at 31 December 2023

Financial assets	BZD	USD	SDR	EUR	CAD	GBP	Total
Balances and deposits with foreign banks	-	5,543,706	-	547,551	65,213	65,369	6,221,839
Reserve Tranche and balances with the International Monetary Fund	-	-	117,566,734	-	-	-	117,566,734
Other foreign credit instruments	-	237,157,969	-	-	-	-	237,157,969
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	-	571,239,484	-	-	-	-	571,239,484
Balances with local banks and cash on hand	1,593,069	-	-	-	-	-	1,593,069
Government of Belize securities	787,760,775	-	-	-	-	-	787,760,775
Other assets	9,537,025	9,751,117	-	-	-	-	19,288,142
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	818,890,869	823,692,276	117,566,734	547,551	65,213	65,369	1,760,828,012

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2023 (continued)

Financial liabilities	BZD	USD	SDR	EUR	CAD	GBP	Total
Notes and coins in circulation	686,469,151	-	-	-	-	-	686,469,151
Deposits by licensed financial institutions	747,865,975	-	-	-	-	-	747,865,975
Deposits by and balances due to Government and Public sector entities in Belize	144,330,368	5,281,798	-	-	-	-	149,612,166
Deposits by international agencies	-	2,286,980	181,614	-	-	-	2,468,594
Balances due to CARICOM central banks	-	225,573	-	-	-	-	225,573
Other liabilities	13,535,156	9,537,025	-	-	-	-	23,072,181
International Monetary Fund' SDR Allocations	-	-	117,496,998	-	-	-	117,496,998
Commercial banks' discount fund	1,654,033	-	-	-	-	-	1,654,033
	1,593,854,683	17,331,376	117,678,612	-	-	-	1,728,864,671
Net currency position	(774,963,814)	806,360,900	(111,878)	547,551	65,213	65,369	31,963,341

37. Financial risk management (continued)

(ii) Currency risk (continued)
As at 31 December 2022

Financial assets	BZD	USD	SDR	EUR	CAD	GBP	Total
Balances and deposits with foreign banks	-	4,088,319	-	513,061	70,433	80,808	**4,752,621**
Reserve Tranche and balances with the International Monetary Fund	-	-	116,428,505	-	-	-	**116,428,505**
Other foreign credit instruments	-	352,285,994	-	-	-	-	**352,285,994**
Cash-in-transit	-	422,375	-	-	-	-	**422,375**
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	-	475,969,261	-	-	-	-	**475,969,261**
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	**1,511,066**
Government of Belize securities	682,611,090	-	-	-	-	-	**682,611,090**
Other assets	7,260,277	9,564,320	-	-	-	-	**16,824,597**
Equity instruments	20,000,000	-	-	-	-	-	**20,000,000**
	711,382,433	**842,330,269**	**116,428,505**	**513,061**	**70,433**	**80,808**	**1,670,805,509**

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2022 (continued)

Financial liabilities	BZD	USD	SDR	EUR	CAD	GBP	Total
Notes and coins in circulation	603,843,092	-	-	-	-	-	**603,843,092**
Deposits by licensed financial institutions	726,867,763	-	-	-	-	-	**726,867,763**
Deposits by and balances due to Government and public sector entities in Belize	165,069,388	5,979,871	-	-	-	-	**171,049,259**
Deposits by international agencies	-	2,373,710	180,148	-	-	-	**2,553,858**
Balances due to CARICOM central banks	-	181,175	-	-	-	-	**181,175**
Other liabilities	14,283,548	7,195,068	-	-	-	-	**21,478,616**
International Monetary Fund SDR allocations	-	-	116,274,340	-	-	-	**116,274,340**
Commercial banks' discount fund	1,654,033	-	-	-	-	-	**1,654,033**
	1,511,717,824	**15,729,824**	**116,454,488**	**-**	**-**	**-**	**1,643,902,136**
Net currency position	**(800,335,391)**	**826,600,445**	**(25,983)**	**513,061**	**70,433**	**80,808**	**26,903,373**

37. Financial risk management (continued)

(ii) Currency risk (continued)

Statement of revaluation as at 31 December 2023

	Foreign currency	Year-end rate	Belize dollar value
Euro Dollar Fund	**247,671**	**2.21080**	**547,551**
Canadian Fund	**43,239**	**1.50820**	**65,213**
SDR Fund	**43,813,597**	**2.68334**	**117,566,734**
USD Fund	**407,278,922**	**2.00000**	**814,557,844**
Sterling Fund	**25,695**	**2.54400**	**65,369**
Belize Dollar Fund	**(932,763,807)**	**1.00000**	**(932,763,807)**
Revaluation gain for the year	**-**	**-**	**38,904**
Revaluation balance as at 01 January 2023	-	-	**126,949**
Increase in revaluation	-	-	**38,904**
Revaluation balance as at 31 December 2023	**-**	**-**	**165,853**

37. Financial risk management (continued)

(ii) Currency risk (continued)

Statement of revaluation as at 31 December 2022

	Foreign currency	Year-end rate	Belize dollar value
Euro Dollar Fund	(240,332)	2.13480	**(513,061)**
Canadian Fund	(47,686)	1.47700	**(70,433)**
SDR Fund	(43,742,159)	2.66170	**(116,428,504)**
USD Fund	(416,726,451)	2.00000	**(833,452,903)**
Sterling Fund	(33,505)	2.41180	**(80,808)**
Belize Dollar Fund	949,442,665	1.00000	**949,442,665**
Revaluation loss for the year	**-**	**-**	**(1,103,044)**
Revaluation balance as at 01 January 2022	-	-	**1,229,993**
Decrease in revaluation	-	-	**(1,103,044)**
Revaluation balance as at 31 December 2022	**-**	**-**	**126,949**

The following table demonstrates the sensitivity of profit and equity to a reasonably possible change in the foreign exchange rates, with all other variables held constant.

A 10% strengthening of the Belize dollar against the following currencies as at 31 December would have increased/(decreased) equity and profit or loss by the following amounts (in $BZD'000):

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37. Financial risk management (continued)

(ii) Currency risk (continued)

	2023		2022	
	Profit or loss Effect of 10% increase/(decrease)	**Equity Effect of 10% increase/(decrease)**	**Profit or loss Effect of 10% increase/(decrease)**	**Equity Effect of 10% increase/(decrease)**
Financial assets				
SDR	**-**	**70**	-	50
CAD	**-**	**7**	-	7
EUR	**-**	**55**	-	51
USD	**-**	**-**	-	-
GBP	**-**	**7**	-	8
	-	**139**	-	116

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the future cash flows or fair values of financial instruments. CBB's objective in the management of interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to variations in interest rates. The strategy employed to achieve this involves keeping a significant portion of all financial assets in Belize and United States dollars. The only other major category is Special Drawing Rights (SDRs) that are necessary to meet Belize's requirements and quota with the IMF. Other financial assets are kept at a minimum.

37. Financial risk management (continued)

(iii) Interest rate risk (continued)

The following tables present interest rate gap analysis in BZD'000.

As at 31 December 2023	On demand/less than 1 month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Rate sensitive assets							
Fixed deposits	-	-	80.3	-	-	-	80.3
Treasury bills	-	-	-	-	-	-	-
Treasury notes	-	-	134.8	119.9	841.4	1,784.0	2,880.1
Bonds	-	-	-	-	837.7	-	837.7
Debenture	-	-	-	-	-	1.2	1.2
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	1,288.0	1,288.0
Total rate sensitive assets	-	-	215.1	119.9	1,679.1	3,073.2	5,087.3
Rate sensitive liabilities							
International Monetary Fund' SDR Allocations	-	-	-	-	-	1,287.0	1,287.0
Total rate sensitive liabilities	-	-	-	-	-	1,287.0	1,287.0
Interest sensitivity surplus	-	-	215.1	119.9	1,679.1	1,786.2	3,800.3

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37. Financial risk management (continued)

(iii) Interest rate risk (continued)

As at 31 December 2022	On demand/less than 1 month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Rate sensitive assets							
Fixed deposits	-	105.9	81.5	10.6	-	-	**198.0**
Treasury bills							
Treasury notes	-	-	-	13.3	438.0	337.2	**788.5**
Bonds	-	-	-	-	-	-	**-**
Debenture	-	-	-	-	-	1.1	**1.1**
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	289.8	**289.8**
Total rate sensitive assets	**-**	**105.9**	**81.5**	**23.9**	**438.0**	**628.1**	**1,277.4**
Rate sensitive liabilities							
International Monetary Fund' SDR Allocations	-	-	-	-	-	289.4	289.4
Total rate sensitive liabilities	**-**	**-**	**-**	**-**	**-**	**289.4**	**289.4**
Interest sensitivity surplus	**-**	**105.9**	**81.5**	**23.9**	**438.0**	**338.7**	**988.0**

37. Financial risk management (continued)

(iii) Interest rate risk (continued)

The table below analyses the average interest rates for the Bank's foreign deposit accounts and investments.

	2023	2022
Balances and deposits with foreign banks	**4.32%**	1.05%
Other foreign credit instruments - fixed deposits	**4.94%**	3.49%
Other foreign credit instruments - overnight deposits	**4.99%**	4.30%
Marketable securities - US Treasury notes	**2.24%**	2.15%
Marketable securities - bonds	**4.37%**	-
Marketable securities - debentures	**3.50%**	3.50%

(iv) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial liabilities as they fall due. Prudent liquidity management requires maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed standby credit facilities to meet commitments.

IFRS 7 requires an analysis of the Bank’s assets and liabilities at the Statements of Financial Position date into relevant maturity groupings based on the remaining period to the contractual maturity date. This requirement is not relevant to the Central Bank which is the ultimate source of Belize dollar liquidity. In managing the foreign currency liquidity risk, the Bank makes every effort to hold appropriate cash balances by forecasting and monitoring liquidity through cash flow matching and holding a portfolio of liquid foreign exchange reserves. The table below analyses the Bank’s assets into relevant maturity grouping based on the remaining period at the statements of financial position date to the contractual maturity date.

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2023

Financial assets	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Balances and deposits with foreign banks	6,221,839	-	-	-	-	-	6,221,839
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	117,566,734	117,566,734
Other foreign credit instruments	130,346,896	74,682,475	32,128,598	-	-	-	237,157,969
Marketable securities issued or guaranteed by foreign governments and managed by foreign financial institutions	2,431,412	39,975,857	89,856,485	29,972,847	210,780,987	198,221,895	571,239,484
Balances with local banks and cash on hand	1,593,069	-	-	-	-	-	1,593,069
Government of Belize securities	83,871,775	251,325,000	66,008,000	172,946,000	142,838,000	70,772,000	787,760,775
Other assets	-	-	-	19,288,142	-	-	19,288,142
Equity instruments	-	-	-	-	-	20,000,000	20,000,000
Total	224,464,991	365,983,332	187,993,083	222,206,989	353,618,987	406,560,629	1,760,828,012

37. Financial risk management (continued)

(iv) Liquidity risk (continued)
As 31 December 2023 (continued)

Financial liabilities	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Notes and coins in circulation	-	-	-	-	-	686,469,151	686,469,151
Deposits by licensed financial institutions	-	-	-	747,865,975		-	747,865,975
Deposits by and balances due to Government and public sector entities in Belize	-	149,612,166	-	-	-	-	149,612,166
Deposits by international agencies	-	2,468,594	-	-	-	-	2,468,594
Balances due to CARICOM central banks	225,573	-	-	-	-	-	225,573
Other liabilities	-	-	-	23,072,181	-	-	23,072,181
International Monetary Fund SDR allocations	-	-	-	-	-	117,496,998	117,496,998
Commercial banks' discount fund	-	-	-	-	-	1,654,033	1,654,033
Total	225,573	152,080,760	-	770,938,156	-	805,620,182	1,728,864,671
Net liquidity position	224,239,418	213,902,572	187,993,083	(548,731,167)	353,618,987	(399,059,553)	31,963,341

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37. Financial risk management (continued)

(iv) Liquidity risk (continued)
As 31 December 2022

Financial assets	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Balances and deposits with foreign banks	4,752,621	-	-	-	-	-	**4,752,621**
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	116,428,505	**116,428,505**
Other foreign credit instruments	120,711,479	139,465,770	81,502,125	10,606,620	-	-	**352,285,994**
Cash-in-transit	422,375	-	-	-	-	-	**422,375**
Marketable securities issued or guaranteed by foreign governments and managed by foreign	1,968,583	-	-	7,936,828	262,113,771	203,950,079	**475,969,261**
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	**1,511,066**
Government of Belize securities	58,167,071	188,690,000	72,008,000	160,632,019	179,071,000	24,043,000	**682,611,090**
Other assets	-	-	-	16,824,597	-	-	**16,824,597**
Equity instruments	-	-	-	-	-	20,000,000	**20,000,000**
Total	**187,533,195**	**328,155,770**	**153,510,125**	**196,000,064**	**441,184,771**	**364,421,584**	**1,670,805,509**

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2022 (continued)

Financial liabilities	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Notes and coins in circulation	-	-	-	-	-	603,843,092	**603,843,092**
Deposits by licensed financial institutions	-	-	-	726,867,763	-	-	**726,867,763**
Deposits by and balances due to Government and public sector entities in Belize	-	171,049,259	-	-	-	-	**171,049,259**
Deposits by international agencies	-	2,553,858	-	-	-	-	**2,553,858**
Balances due to CARICOM central banks	181,175	-	-	-	-	-	**181,175**
Other liabilities	-	-	-	21,478,616	-	-	**21,478,616**
International Monetary Fund SDR allocations	-	-	-	-	-	116,274,340	**116,274,340**
Commercial banks' discount fund	-	-	-	-	-	1,654,033	**1,654,033**
Total	**181,175**	**173,603,117**	**-**	**748,346,379**	**-**	**721,771,465**	**1,643,902,136**
Net liquidity position	**187,352,020**	**154,552,653**	**153,510,125**	**(552,346,315)**	**441,184,771**	**(357,349,881)**	**26,903,373**

37. Financial risk management (continued)

(v) Operational risk

The Bank is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Bank mitigates this risk by constantly revisiting internal controls, adhering to its fraud policy and reliance on the internal audit function.

38. Commitments and contingencies

(i) Claims and litigations

The Bank is subject to certain legal proceedings and claims that arise in the ordinary course of business operations. Management believes that the amount of liability, if any, from these actions would not have a material effect on the financial statement of the Bank.

(ii) Printing of notes and minting of coins

The Bank commits to order currency from several minters and printers. As at 31 December, the Bank was committed to the following payments for currency:

	2023	2022
Not later than one year	**1,205,631**	591,251

39. Subsequent events

Subsequent events have been evaluated through 24 April 2024. Management is unaware of any events after that date that they believe would materially and adversely affect these financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.