

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY

BELIZE

3. PROJECT NUMBER

505-0020

4. BUREAU/OFFICE

LAC

05

5. PROJECT TITLE (maximum 40 characters)

Training for Employment & Productivity

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
019 | 310 | 910

7. ESTIMATED DATE OF OBLIGATION

(Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY | 8 | 5 |

B. Quarter | 4 |

C. Final FY | 8 | 9 |

8. COSTS ( \$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 85				LIFE OF PROJECT	
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total						
(Grant)	( 1,558 )	( 442 )	( 2,000 )	( 3,894 )	( 1,106 )	( 5,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other						
U.S.	1.					
	2.					
Host Country	ESF Counterpart	--	20	20	--	500
Other Donors	Part. Institutions	--	235	235	--	1,373
TOTALS		1,558	697	2,255	3,894	2,979

9. SCHEDULE OF AID FUNDING (\$000)

A. APEX/RELATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EH						2,000		5,000	
(2)									
(3)									
(4)									
TOTALS						2,000		5,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

15. PROJECT PURPOSE (maximum 480 characters)

To provide the management, public administration, and skills training necessary to promote private enterprise development and growth of export and tourism-oriented enterprises in Belize.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
012 | 88 | | | 016 | 910 |

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY

Signature

*Deborah J. Smith*

Title

AID Representative

Date Signed

MM DD YY  
017 | 11 | 38 | 5 |

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY  
| | | | | |

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\*Available as a bulk annex in LAC/DR.

DRAFT  
PROJECT AUTHORIZATION

Name of Country/Entity: Belize

Belize Chamber of Commerce & Industry  
(BCCI)

The Government of Belize (GOB)

Name of Project: Training for Employment and Productivity  
Project for Belize

Number of Project: 505-0020

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Training for Employment and Productivity Project for Belize, encompassing a grant to the Belize Chamber of Commerce and Industry (BCCI), and a grant to the Government of Belize (GOB), and involving planned obligations not to exceed Five Million United States Dollars (U.S.\$5,000,000) in grant funds over a five-year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is 60 months from the date of initial obligation.

2. The project consists of technical and financial support to develop the capacity of Belize's private and public sectors to provide training to private firm and government employees.

3. The Project Agreements, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following terms and conditions, together with such terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Grant shall have their source and origin in Belize or in the United States,

except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Belize or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Grant shall be financed only on flag vessels of the United States or countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing.

b. Conditions Precedent to Disbursement

Except as A.I.D. may otherwise agree in writing:

(i) Prior to any disbursement or the issuance by AID of documentation under the Agreement with BCCI, the BCCI will, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID:

(a) A statement by the Board of Directors of BCCI in which it names the person empowered in BCCI to receive the funds provided under the Cooperative Agreement and of any additional representatives, together with a specimen signature of each person so designated.

(b) Evidence that BCCI has established a separate bank account to control the receipt and disbursement of all project funds.

(c) Evidence of the establishment of BIM Executive and Advisory Boards, together with evidence that the boards contain majority representation by the private sector.

(d) A statement by BCCI which indicates that the BIM Director has been appointed by the BIM Executive Board, together with evidence of an appropriate plan for staffing and office space.

(ii) Prior to any disbursement of project funds, or the issuance of any commitment document under the Project Agreement with the GOB to finance any discrete activity, the Grantee shall furnish in form and substance satisfactory to AID, a complete description of such activity which shall include, but not be limited to its budget and implementation schedule.

(iii) Prior to any disbursement, or the issuance of any commitment document under the Project Agreement with the GOB to finance any implementing entity for an approved activity(ies) under the project, the GOB shall furnish in form and substance

satisfactory to AID, a statement of the name of the person holding office in said entity and legally empowered to act for said entity with reference to the Agreement.

c. Covenants

(i) The GOB and BCCI shall covenant that they will submit to AID for approval annual implementation plans and budgets for project-financed activities.

(ii) The GOB shall covenant that equipment and materials funded by the project will be adequately maintained and that such maintenance will include adequate inventory control and security measures.

d. Waivers

(i) Competition in the procurement of goods is hereby waived and a single-source negotiated contract is hereby authorized in order to permit the procurement of approximately seven Ford vehicles and spare parts with a value of approximately \$119,000.

(ii) The requirement for shipping by U.S. flag vessels is hereby waived. The waiver will permit payment for shipment on vessels registered in A.I.D. Geographic Code 899 countries.

(iii) The requirement for training in the U.S. or the host country is waived. Third country training is anticipated for Jamaica, Barbados, Costa Rica, or another Central American or Caribbean country.

(iv) The requirement for host country funding of A.I.D.-financed participant travel is waived.

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Dwight Ink  
Assistant Administrator  
Bureau for Latin America  
and the Caribbean

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Date

Clearances:

## ACRONYMS

AAT	Association of Accounting Technicians
AMA	American Management Association
APS	Administrative Public Service
BCCI	Belize Chamber of Commerce and Industry
BEIPU	Belize Export and Investment Promotion Unit
BELCAST	Belize College of Arts, Science and Technology
BIM	Belize Institute of Management
BTA	Belize Telecommunication Authority
BTC	Belize Technical College
CAIC	Caribbean Association of Industry and Commerce
CARICAD	Caribbean Center for Development Administration
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CDSS	Country Development Strategy Statement
CPA	Certificate in Public Administration
CSO	Central Statistical Office
CVSS	Council for Voluntary Social Services
GOB	Government of Belize
ILO	International Labor Organization
IMF	International Monetary Fund
INCAE	Central American Institute of Business Administration
MOE	Ministry of Education
NDFB	National Development Foundation of Belize
NVTAC	National Vocational Training Advisory Council
OECS	Organization of Eastern Caribbean States
OED	Office of Economic Development
PDAP	Project Development Assistance Project
PVO	Private Voluntary Organization
REAP	Rural Education and Agriculture Program
TEP	Training for Employment Project
UK	United Kingdom
UWI/B	University of West Indies/Belize
VED	Vocational Education Division
VT	Vocational/Technical
VTC	Vocational Training Center

## I. PROJECT RECOMMENDATIONS AND SUMMARY

### A. Recommendations

USAID/Belize recommends the authorization of a \$5.0 million grant to support the Management and Vocational and Technical Training efforts to be made by the private and public sectors of Belize.

### B. Summary

The early 1980's have seen small or even negative rates of growth in the economy of Belize due to a steady deterioration in terms of trade and a lack of adequate infrastructure. However, Belize's long-term prospects for economic growth look promising. The country has advantages, including a government that encourages both domestic and foreign investment, relatively slow population growth, abundant natural resources, a history of social and political stability, proximity to U.S. markets, and sound government policies which seek to diversify productive sectors and expand infrastructure.

The recently elected administration (December 1984) has embarked on a development strategy which emphasizes growth in the export and tourism sectors of the economy.

However, expansion of the private sector required for export and tourism development is constrained by a critical shortage of trained people in managerial and technical areas, and of government administrators with the skills and experience to promote and cooperate effectively with new export and tourism enterprises.

The shortage of trained people is due to a number of problems including lack of management and public administration training capabilities in Belize, need for management and professional training in new areas, inadequate identification of training needs, limited participation of the private sector in managing training activities, and inadequate training facilities.

There is a consensus among the Belizean private sector and foreign firms interested in investing that addressing such constraints and thereby adequately training Belizeans will have a major impact on making export and tourism development a reality. This project provides the Belizean private and public sectors with the means to implement relevant training of a significant part of its workforce.

The project goal is to increase productivity, leading to greater foreign exchange earnings generated from new and expanded export-oriented activities and tourism.

The project purpose is to provide the management, public administration, and skills training necessary to promote growth of export- and tourism-oriented enterprises in Belize.

The project consists of two components: (1) Private Sector Management and Technical Training for Export and Tourism Development; and (2) GOB Training for Vocational Education and Export and Tourism Development.

The private sector component of the project supports the reestablishment of a private training institute (Belize Institute of Management) with expanded management training activities and new technical training activities, management training of private firm supervisors and of public administrators, and skills training of industrial and tourist service firms' technicians and workers.

The public sector component of the project supports improvement of the GOB's capabilities in vocational and technical skills training, enhancement of the status of skilled workers and vocational educators, and improved capacity within the GOB in providing timely services to execute the country's export and tourism development strategies.

Both components will focus on developing skills relevant to increasing exports and tourism.

The Mission will sign a Project Agreement with the GOB and a Cooperative Agreement with the BCCI. The Ministry of Education will be the implementing entity for improving the GOB's capabilities in vocational and technical skills training while the Ministry of Foreign Affairs and Economic Development will be responsible for implementing training related to export and tourism development. The BCCI will have overall coordination and management responsibility for the private sector training component.

The total cost of the project is \$6.8 million. AID will provide \$2.75 million in project grant funds for the private sector component and \$2.25 million for the public sector component. An additional \$500,000 in local currency from USAID's Economic Support Fund (ESF) balance of payments program will be made available as counterpart to cover local currency costs of the public sector component, as well as the private sector revolving loan fund for training. Participating institutions and private sector firms will contribute an additional estimated \$1.33 million in local currency in the form of cash and in-kind contributions. The life of the project is five years.

## II. BACKGROUND

### A. Country Setting

Belize is a country of approximately 155,000 people which attained its independence from Great Britain in 1981. The country's principal economic activity is sugar production, accounting for approximately 20% of the GDP, followed by citrus, fishing, bananas, and livestock. The service sector accounts for almost half of GDP and is primarily comprised of government services, trade and tourism.

The economy of Belize expanded steadily during the 1960's and most of the '70's but, in common with many other Latin American and Caribbean states, suffered a sharp economic downturn at the end of the period due to a drop in the price of sugar and the effects of a worldwide recession. The 1980's have seen small or even negative rates of economic growth. Underlying this slowdown are factors associated with the steady deterioration in terms of trade for many LDC's and a lack of adequate infrastructure to spur foreign investments.

The economic outlook in the short- to medium-term appears to be one of slow growth, but in the longer term, Belize's prospects for economic growth look promising. The country has advantages, including a government that encourages both domestic and foreign investment, relatively slow population growth, abundant natural resources, a history of social and political stability, proximity to U.S. markets, and sound government policies which seek to diversify productive sectors and expand infrastructure.

The recently elected administration (December 1984) has embarked on a development strategy which emphasizes growth in the export sector of the economy. The GOB capital investment program has been designed to address the need for more physical infrastructure.

The GOB actively encourages private foreign investors to invest in productive ventures to increase employment through a variety of incentives and policies. Its goal is to attract investments that (1) help the country diversify its economic base, (2) increase exports and foreign exchange earnings, (3) utilize local raw materials, (4) are largely self-financing, (5) produce an inflow of technological and managerial resources not otherwise available in Belize, and (6) provide for the gradual transfer of both skills and control to Belizeans.

The Government has identified tourism, agriculture and livestock, fisheries, forestry and light industry as priority areas for export-led economic growth.

However, expansion of the private sector in these and other areas is constrained by a critical shortage of trained people in managerial and technical areas, and of government administrators with the skills and experience to promote and cooperate effectively with new export enterprises. At the same time there is high unemployment and underemployment, and existing training institutions continue to produce graduates who lack the skills to enter businesses in government's priority areas.

B. Profile of the Private Sector

Belize's economy was historically controlled by a very small group of foreign-owned companies which limited the economy to the extraction of forest products and the import of foodstuffs and consumer goods. Part of the private sector maintains a mercantile flavor, and is more interested in trading than investing. The major agricultural enterprises of sugar and citrus processing are dominated by three large firms, with Belize Sugar Industries (a division of Tate and Lyle of Great Britain) remaining the largest private sector employer. A vital local private sector has been a very recent development in Belize, and much infrastructure necessary to its continued growth is still in rudimentary form. Table 1 presents employment and GDP contribution by sector.

In the last 30 years a group of more venturesome local and foreign businesses has begun to expand into service industries, food processing, construction, tourism, and transport. All have been limited by the very small domestic market for most products, and by a lack of capital and management expertise.

TABLE 1  
Employment by Sector of the Economy in Belize, 1980

<u>Sector</u>	<u>Number Employed</u>	<u>GDP (BZ\$000)</u>
Total	39,806	245,820
Agriculture	14,745	113,896
Manufacturing	4,142	20,602
Electricity and Water	604	3,873
Construction and Quarrying	1,804	14,738
Finance and Insurance	360	3,004
Government	4,639	30,853
Trade, restaurants, hotels	6,146	28,739
Transportation & Communication	1,726	9,706
All other services	5,604	20,409

Source: World Bank Country Report, 1984.

### C. Training Needs

The educational system in Belize is academically oriented, and graduates few students qualified to enter the workplace without further training. Private employers and government have been very much on their own in training new recruits, further hampered by a lack of adequate supervisory and management personnel.

Because of the lack of existing data, AID consultants carried out detailed surveys of private and public sector training needs between January and April 1985. The studies included: Assessment of the Adequacy of Public Sector Institutions to Promote the Private Sector, Belize Training Needs Survey, Management Training Needs and Design in Belize, and Skilled Training in Belize.

#### 1. Private Sector

The Belize Training Needs Survey interviewed officers of 41 private sector businesses and five parastatals (most of the 46 with actual or potential export/foreign exchange earnings or savings), who identified the following areas of urgent training needs (ranked in descending order):

Table 2

Rank	Areas of Need	% of Firms
1	Leadership - supervisory techniques	52%
2	Marketing - sales	43%
3	Personnel - labor relations	41%
4	International trade and finance - export marketing, joint venturing, dealing with foreign investors	39%
5	Business administration	35%
5	Quality control - stock control warehousing	35%
6	Production	33%
7	Management information systems	29%
8	Computer, as a tool - bookkeeping, planning	28%
9	Accounting - credit - finance planning	22%
10	Office management - secretarial, etc.	20%
11	Transportation control	11%
Other:	Skilled crafts and technical areas	63%

Nearly all the firms interviewed wanted training for their employees and were willing to pay for it. 20% of the firms already have training budgets ranging from Bz.\$1,200 to Bz.\$112,000 per year, and seven firms paid for formal training abroad.

In addition to the major management training needs, the survey found that worker attitudes are a major problem (cited by 60% of the employers). However, responses from those not having the problem indicate that good supervisory techniques and enlightened management can overcome this problem. The vast majority of employers expect training to result in increased productivity, and felt that some training for managers can be given in a central location (Belize City), for extended periods up to three or more weeks. Skills training, on the other hand, needs to be more decentralized with on-site courses during non-working hours.

Within the sample of businesses there is a need for immediate training of 800 managers. Extrapolated to the many small businesses around the country on a longer-term basis the total number of workers requiring management training is about 3,000.

Numerically, skills training needs were much higher, with the greatest demand cited for mechanics (95%), electricians (36%), machinists (32%), welders (27%), carpentry (14%), and airconditioning (14%). Many other more specific and specialized skills were also cited.

Employers indicated their desire for a training institution that would have adequate equipment, and qualified teachers offering competency-based instruction on a regular and continuing basis. They also want help in order to design more specialized in-house training programs. 83% of the firms said they would be willing to pay for training at a rate of \$200 per week per person.

There is also a high demand for newly-trained skilled personnel. Belize is a nation of young people with approximately 58% of the population under 20 years of age and 73% under 30 years. This puts a considerable strain on the educational system, especially for programs to prepare young people for the world of work, upgrading programs for those currently employed whose skills are obsolete or insufficient, and retraining for new opportunities as the private sector expands. Projected annual average demand for new skilled workers has been estimated at 1,460.

## 2. Public Sector

The Assessment of the Adequacy of Public Sector Institutions to Promote the Private Sector identifies two general areas of public sector training needs in regard to priority areas for economic development.

First is the general need for administrative and management training throughout the public service. The report observes

that there are only minor differences between most public administration training needs, and the management training desired by private business.

Of the approximately 3,000 public service employees, approximately 500 are in positions that require management skills, yet few have even basic management training. To date Government has met these needs through participation in the Belize Institute of Management (BIM) and the Belize College of Arts, Science and Technology (BELCAST) seminars, which have been inadequate, while overseas training has mainly been in highly technical, rather than managerial subjects.

The second area of Government training need lies in specific technical skills needed to improve responsiveness to new business and export initiatives. Two consultants to this project design have identified a number of offices and ministries within the Government that require targeted training for specific individuals. The following are offices within Government which administer, regulate and promote enterprises within economic areas that are of high priority for economic development:

- . Agriculture (extension service) - Ministry of Natural Resources (MNR)
- . Fisheries Department - Ministry of Commerce
- . Forestry Department - MNR
- . Tourist Board - Ministry of Tourism, Transport, Archaeology, Education and Youth (MOE)

Next are offices that are administratively involved in the promotion and finance of new ventures through and in cooperation with the Government's concept of the 'one stop shop' for investor services. Those requiring specialized training are:

- . Office of Economic Development - Ministry of Foreign Affairs and Economic Development (MOFA&ED)
- . Development Finance Corporation (MOFA&ED)
- . Central Bank (MOF)
- . Division of Cooperatives and Credit Unions - Ministry of Commerce, Industry, Fisheries, and Cooperatives

Government also provides support services for businesses that include vocational/technical education of required manpower, and the collection and dissemination of employment statistics, and projection of future training needs. Targeted training is therefore required for the Central Statistical Office, and the Vocational/Technical teachers and trainers in the Ministry of Education.

D. Problem Areas

1. Vocational and Technical Training (VT)

a. Lack of Planning and Responsiveness of Training Programs

The most striking feature of vocational and technical education in Belize is the lack of emphasis in those areas within the Ministry of Education (MOE) until recently. There is no specific division within the MOE for vocational education; it is subsumed under secondary education. V/T educators do not participate in the planning process individually or through a professional association.

Little is being done by training institutions to develop a comprehensive plan for technical and skills training. Institutions do not evaluate the efficiency and relevance of their programs to labor market requirements and, consequently, programs are not responsive to the needs of the private sector.

The concentration of training programs in building construction and auto mechanics does not reflect the broad needs of the country. For example, the "1984 Labor Force Survey" shows 4.9% of those employed work in construction while 10.3% are employed in manufacturing. The tourism industry is rapidly expanding but there are no training programs in hotel-motel services, maintenance or management. Diesel power generation is commonplace, yet no diesel mechanic training is offered.

b. Limited Technical and Vocational Material in General Education

General education in Belize does not prepare students for the world of work, leads to attitudinal problems regarding vocational and technical jobs and provides little incentive to enter those occupational areas. In the secondary schools the few courses relating to technology are not oriented towards occupational requirements and do not produce many marketable job skills. There is a serious lack of instructors, scientific and technological equipment, textbooks and other teaching aids, as well as facilities for technical training.

c. Inadequate Identification of Training Needs

Few manpower surveys are conducted and a lack of information exists regarding the actual training needs of new firms, investment programs, existing employers for new workers, and upgrading skills of existing workers. These training needs should be identified by economic sector and location, so that training programs can be targeted to appropriate areas.

d. Limited Participation of the Private Sector in Managing Skill Training Activities

The Belizean private sector has little input into the management or planning of skills training activities. The

major skills training institutions are public sector agencies which make only limited use of private sector consultative boards. Thus, their training programs fail to reflect the competencies required by local industry resulting in a lack of required skills on the part of new entrants in the work force and a considerable waste in training resources and funds.

e. Absence of Occupational Norms and Certification Procedures  
Adequate certification procedures for measuring performance levels of existing workers or skills training graduates do not exist in Belize. As a result, graduates are trained without reference to any labor force performance standards and employers generally view graduates of training institutions as ill-prepared.

f. Poor Quality Instructors

Technical and skills training instructors and administrators do not have the preparation necessary to provide high quality training. There is an urgent need to establish teacher certification standards and to provide in-service programs to bring the current teachers up to the required level. Although 14 VT teacher candidates attend BELCAST, most teachers come directly from industry or their trades and are not adequately trained. There is little reward for those who choose this career, since the salary (on the MOE salary scale below academic teachers) and prestige of VT teachers are low.

g. Inadequate Training Facilities

The Belize Technical College has the most comprehensive facilities in the country with six major buildings spread out on a large campus. But, all the shops need to have their equipment and tools upgraded. These are old and non-functional, parts are difficult to obtain, since much of the original equipment came from the UK. While the shops do not require "state of the art" equipment (which is not common to Belize industry), it is critical that all equipment be repaired or replaced. Some new equipment needs to be added, for example for diesel repair training. Similar problems are found at the Vocational Training Center.

Instructional materials are largely non-existent in all programs. The problem is not only a financial one, but reflects the lack of required teacher training in selection and acquisition of instructional aids. Library and curriculum resources for vocational and technical programs are extremely limited. There are no instructional materials such as demonstration units, or audio-visual equipment.

h. Low Status for Vocational and Technical Professions

Belize's colonial history lies behind the present low status accorded to most trade and craft activities (including

agriculture) today. The educational system reflects this status in its treatment of VT educators (low paid) and facilities. The populace at large sees education as a path to white-collar work and the professions through academic achievement. The general populace does not appreciate the absolutely critical role played by skilled craftsmen in the age of technology and the workforce is demoralized, with 60% of employers surveyed citing worker attitudes as a major problem. Considering that the U.S. and other importers of Belizean products expect high quality, and in view of the increasing intensity of competition within the CBI countries, the negative attitude of and toward skilled workers forms a significant manpower constraint to growth in export activity.

## 2. Management and Public Administration

### a. Need for Basic Management and Technical Training and the Lack of National Institutional Capability in Management and Public Administration Training

The Belize Training Needs Survey identified managers' inability to lead, motivate and supervise, poor worker attitudes and managers' lack of technical competence as basic problem areas hindering productivity. At present, almost all managerial training takes place abroad, which prevents in-service training and increases the total cost to the employer. This has effectively limited training to high-level managers, who often return to positions where more basic management skills are needed, rather than the advanced techniques they have learned. What are most needed are middle- and low-level managers trained in basic techniques, and the bulk of this training can and must be provided in country. This will also help reduce the alarming drain of highly trained management to higher-paid positions in developed countries.

The existing institutions in Belize have not been able to meet even a substantial fraction of this demand. Most of the seminars offered have been given in Belize City; the rural towns and districts have been almost totally neglected. Programs are scattered and intermittent, and have not built up the track record and reputation which will convince companies and Government that their training is cost-effective. Government does not have the resources to build and staff such an institution at the present time.

### b. Need for Training Targeted to Demands of Changing Private and Public Sectors

The private sector's needs for trained managers are changing rapidly, and new kinds of export and tourism-oriented enterprises are expected to grow in the next few years. In both the private and public sectors, managers are unprepared to

deal with opportunities presented by the CBI. They lack knowledge in dealing with foreign investors, joint venturing, export marketing, and quality control and financing for export, among other important areas. Present programs are unable to respond both in training new personnel and in retraining existing managers. Also, entrepreneurship is lacking in most of the Belize private sector, and training institutions must take initiative in fostering dynamic and targeted training programs that will help change this situation.

E. Relationship to AID Strategy and the CDSS

In its 1986 Country Development Strategy Statement (CDSS), USAID/Belize identified three major barriers to economic growth: fiscal instability, a narrow productive base, and a lack of infrastructure. The Mission's long-term strategy focuses on economic growth and diversification to enhance the equitable distribution of economic assets among the population.

The CDSS formulates an assistance strategy with four immediate objectives: stability of fiscal accounts, agricultural diversification, export promotion, and infrastructure development. Export promotion is expected to involve the revitalization of existing industries with export potential, as well as the expansion of new areas of the economy and the capture of new markets.

This project is part of the strategy supporting the private sector growth and diversification objectives in that it addresses one of the constraints to growth. It works on the supply side of the equation (i.e., training as an input) as an approach to remove critical obstacles to expansion of the private sector.

This project will contribute to the overall CDSS strategy, to the Mission's export promotion objectives, and to human resource infrastructure development. Skills and management training support to private producers and entrepreneurs will help make industry more attractive as an investment, more productive and more competitive.

Long-term export and investment promotion goals will be met by improving the quality of Government services to the private sector, especially in the area of export and investment development. The general management and specific targeted training activities to Government will also have positive effects in the areas of stability of fiscal accounts through improved managerial efficiency.

AID projects most related to TEP include the Agricultural Diversification and Production Project (505-0008) to begin in late FY 85, the Export and Investment Promotion Project (505-0027) to begin early FY 86, and the ongoing Guidance, Counselling and Placement Service OPG (505-026). In regard to the first project, TEP will provide management and skills training to employees of firms seeking to export agricultural products and to public employees involved in agricultural export development. As to the second project, the improved human resource element will make Belizean firms and projects more attractive to foreign investors in the undertaking of coventures. Finally, the Guidance, and Placement Center established by the OPG named above will have more qualified young people to place as a result of TEP.

This project will also complement ongoing and planned AID-financed credit projects. The Commercial Bank Discount Fund (505-0005) established a discount fund against which commercial banks discount new loans for productive, foreign exchange earning projects. The National Development Foundation OPG (505-0011) is successfully providing credit and technical assistance for small-scale entrepreneurs. The Agricultural and Industrial Development Credit Project (505-0019) will stimulate growth through the creation of a private sector financial institution for investment capital. In essence, the Training for Employment and Productivity Project will better prepare small- and medium-size businesses to assume loans through the above-mentioned credit projects by providing the business and management expertise and the skilled workforce necessary to improve productivity and expand operations.

#### F. Other Donor Activities

Last year the World Bank held preliminary discussions with the previous Government about a possible \$750,000 loan to upgrade the GOB public sector through training and structural change. In their discussions the World Bank prescribed conditions that would require very specific GOB retrenchment commitments. The present Government, according to the Financial Secretary, is considering these proposals.

The Peace Corps Director has expressed an interest in providing consulting services to Belize's small businesses, though plans have not yet reached an advanced stage. Also, there are a number of volunteers in country who have skills relevant to this project, such as mechanics, who will be utilized.

The British Voluntary Service Overseas (BVSO) has four industrial arts teachers in Belize assisting in the vocational district schools and an electrical engineer at BTC. BVSO is adding six industrial arts volunteers in September 1985. These

volunteers will mainly be working at the district level, and to the extent possible, will collaborate with the skills advisor in the TEP project.

\$300,000 has been made available by the Caribbean Development Bank (AID funds) for the construction of an extension to the Vocational Training Center. The extension will provide three additional shops for body and fender work, welding, small engine repair and basic electronics (radio/TV). This will facilitate the project by expanding the available training resources.

### III. PROJECT DESCRIPTION

#### A. Goal and Purpose

1. Goal: To increase productivity, leading to greater foreign exchange earnings generated from new and expanded export-oriented activities and tourism.

2. Purpose: To provide the management, public administration, and skills training necessary to promote private enterprise development and growth of export and tourism-oriented enterprises in Belize.

#### B. Project Strategy

This project aims to support the efforts of the private sector and the GOB to develop tourism and to substantially reorient Belize's productive capacity to generate non-traditional exports to extra-regional markets. The project is timely and feasible because:

--the GOB is committed to an extra-regional, non-traditional export and tourism promotion strategy for future economic development of Belize;

--the private sector is willing and has already taken significant steps in the implementation of strategies for export development and tourism promotion;

--the private sector and the Government have constructively coordinated export and tourism promotion efforts;

--effective management and appropriately skilled labor is widely perceived as a major ingredient to export and tourism development.

The lack of qualified managers and skilled workers is considered to be the major constraint which must be addressed prior to proceeding with export and tourism development

activities. For this reason, the private sector management and skills training contemplated under the project will be on a quick-response, demand-driven basis to meet the immediate, short-term training requirements for export and tourism development.

The private sector training component will wed the training capabilities of the Belize Institute of Management (BIM) to the Belize Chamber of Commerce and Industry (BCCI), the largest and most effective association of private firms in Belize. While BIM has access to the most experienced management trainers in Belize, BCCI has the best access to companies which need training for their employees and to effective managers and skilled craftsmen who could serve as trainers. The BCCI will also be instrumental in facilitating the use of private firm equipment and facilities as practical classroom settings.

The GOB will cooperate in the quick-response management and skills upgrading by making available public institution training facilities and vocational trainers to the BCCI/BIM program.

The public sector component, to the extent possible, will support the quick-response efforts of the private sector, but will be focused on the formal vocational and technical education system, which has the long-term responsibility of training Belizean youth. Public administration within key Government agencies will be improved.

--GOB facilities will be upgraded in order to support formal daytime technical instruction and the part-time skills upgrading administered by the BCCI/BIM program.

--Vocational and technical teachers will be better trained and will have higher performance standards.

--Manpower data gathering indispensable to targeting training will be improved.

--Public administrators working in areas related to export and tourism development will be better trained to implement strategies.

--Vocational and technical occupations and training will become more culturally acceptable in Belizean society.

Both the quick-response and the formal, long-term efforts will be established on a permanent basis and will do much to provide the needed labor component to export and tourism development. Initial emphasis will be placed on quick-response efforts, but

by the end of the project both skills upgrading and improvements in the formal system will have been addressed in an integrated, concerted effort.

The private and public sector components of the project will be mutually reinforcing and interdependent. For example, in the private sector quick-response effort, public sector facilities will be utilized by the private sector while public administrators will have access to private sector management training. Activities in improving the formal vocational training system, in the sense that they will better equip future Belizean supervisors and technicians with skills contributing to increased productivity will reduce, although not entirely eliminate, the need for skills upgrading.

The training of public officials in jobs related to export and tourism development will be an indispensable contribution to growth in those areas. Because of the lack of institutional infrastructure in general and the trader orientation of the private sector, constructive Government incentive and stimuli (as opposed to interference) in export and tourism development are very important. The timing is good, the Government is pro private sector and is taking a fresh approach to development.

### C. Outputs and Inputs

The project consists of two components: (1) Private Sector Management and Technical Training for Export and Tourism Development; and (2) GOB Training for Vocational Education and Tourism/Export Development.

The private sector component of the project supports the re-establishment of a private training institute (Belize Institute of Management) with expanded management training activities and new technical training activities, management training of private firm supervisors and of public administrators, and skills training of industrial and tourist service firms' technicians and workers.

The public sector component of the project supports improvement of the GOB's capabilities in vocational and technical skills training, enhancement of the status of skilled workers and vocational educators, and training for improved capacity within the GOB in providing timely services to execute the country's export and tourism development strategies.

Implementation of activities under both the private and public sector components will be guided by a project-funded long-term technical assistance contractor with advisors in private management, technical training and public administration augmented by short-term technical assistance in specialized management and technical areas.

1. Private Sector Management and Technical Training for Export and Tourism Development

a. Outputs

(i) Belize Institute of Management

The project is designed to provide a quick-response mechanism to management and technical training needs related to export and tourism development. In order to accomplish this, BIM will work in association with and be physically located in the offices of the Belize Chamber of Commerce and Industry (BCCI). (The BIM organizational chart is presented in the Administrative Analyses Annex.) As explained below, BIM will retain its independent and voluntary nature while benefiting from closer ties to the private sector. Its structure and relationship with the BCCI are designed to assure that it not become an institutional or financial burden to the BCCI and that, in providing training, it be responsive to a variety of businesses while being resourceful in utilizing facilities, equipment and trainers from both the public and private sectors. BIM will accept subscribed members who, for the most part, will include the BCCI membership and other elements of the private sector and educational community. The subscription of members will give BIM both an additional source of revenue and a basis for its administration.

The BIM executive board and management will be advised by an eleven-member Advisory Board, currently consisting of the following representatives: four from private firms and one parastatal firm, three from management and training institutions, one from the BCCI, one from the private National Development Foundation of Belize (NDFB) and one from the Ministry of Education (MOE). Final authority will rest with an Executive Board of Directors which will consist of four members elected from the BIM membership. The AID project manager will sit on both boards as an ex-officio member. The composition will guarantee coordination among all the actors involved in providing training resources under the project. Although the boards will be re-elected on an annual basis, they will retain representation by educators from management and technical schools, managers from firms, and one member each from the BCCI, NDFB and MOE.

The BIM staff will consist of a full-time director, and an administrative assistant. They will be the only full-time employees of the Institute. Course instructors and management consultants will be hired and trained by BIM on a part-time, as-needed basis. For much of its administrative support BIM will depend on current BIM and BCCI member volunteers.

The BCCI will provide the essential linkages to the private sector. Its Belizean Export and Investment Promotion Unit (BEIPU) and tourism committee will provide input into course content. The BCCI will communicate with its member- and other firms to identify training needs, training participants and trainers, both in management and technical skills. The accessibility to the private sector will be complemented by use of facilities, equipment and instructors of public vocational institutions. The two principal public institutions involved will be the Belize Technical College and the Vocational Training Center.

It is expected that BIM will be a financially-sound institution by the end of the third year of the project. This is demonstrated in BIM Cash Flow Tables in the Financial Analysis Annex. To assist companies to pay for management and technical training, BIM will establish a revolving loan fund in the NDFB. The NDFB has been very successful in the past several years in providing affordable and accessible credit to small businesses and has contained its default ratio to only 2.8% of its portfolio. The NDFB will be paid 6% of the total interest revenue to administer the fund, and NDFB clients will receive a 10% discount in BIM training activities. The Root Report, completed in March 1985, disclosed that 83% of the firms surveyed indicated willingness to pay (about \$200 per week) for each trainee. The fee structure is based on this, with the average cost per participant per course slightly over \$200. The purpose of the revolving fund is to make money readily available to enable courses to be carried out when needed and as scheduled.

The combination of the inputs and arrangements described above, (i.e., a lean full-time staff supported by an active Board of Directors, BCCI member volunteers, access to private and public facilities' equipment and expertise, and a viable means of financing training courses) will result in BIM becoming an effective outreach service for organizing on-demand training in industry and tourism. As described below, once geared up after the first year, BIM will be able to impart twenty-six courses per year making for a total of over 1700 participants over the life of the project.

Project funds will contribute to start-up costs, BIM administrative expenses, and BCCI overhead during the first two years until BIM revenues are adequate to meet expenses. The expenses will include salaries for the director, administrative assistant, accounting and janitorial services, office rental and equipment, supplies, transportation, insurance and miscellaneous costs.

(ii) Management Training

The process of establishing BIM as a viable program associated with the BCCI will be assisted by a project-funded management specialist who will be the technical assistance team leader, as well as the chief advisor for the management training activity. Working closely with the director of BIM, the management specialist will assist in all gearing up efforts. Start-up activities will include determining content of management courses and identification of at least ten part-time trainers to conduct the training seminars.

Some of the management courses were recommended by the Belize Training Needs Survey and the Management Training Needs and Design Report, completed during March and April 1985, respectively. Recommendations included: general business administration, small business management, leadership and supervision, personnel and labor relations, financial management, international and investment management, quality control and management information systems.

In order to determine detailed, appropriate content of seminars, and adapt courses to client firms, BIM will conduct needs assessments of target groups prior to offering seminars. Needs assessments will be conducted through an evaluative process, including discussions with supervisors, potential trainees, officers of BEIPU, members of BCCI, and public administrators. Course material will include case studies and training modules from the U.S., as well as Caribbean and Central American states. In addition, on an as-needed basis, BIM will develop its own management training materials. The project will fund the acquisition of training packages and modules. The project will also fund short-term technical assistance to help in needs assessment and curriculum development.

The BIM director and management advisor, with the assistance of BEIPU and BCCI members will select ten to fifteen part-time trainers, subject to the approval of the BIM Executive Board of Directors. This strategy of training Belizean business men and women as BIM part-time trainers is fundamental to BIM's long-term development. Supervisors, mid- and upper-level managers, and owners of enterprises who are involved in managing in Belize on a daily basis will be the core of the teaching staff. Several persons will be trained for each content area to permit flexibility in scheduling courses with busy executives as the trainers. The trainers will be paid for their services. The project will fund short-term technical assistance to "train the trainers" in-country as well as participant training in the U.S. to improve their training skills and technical expertise.

Once the BIM management training program is geared up (end of the second year of the project), it will be able to offer 18 courses per year with an average of 20 participants in each course. During the life of the project, BIM will offer approximately sixty-four management courses to 1,280 participants. It is estimated that 1,000 of the participants will be from the private sector, while 280 will be public administrators. These numbers do not refer to individuals -- many will take more than one course and some may take as many as four. To the extent possible, public administrators will be placed in the same courses as business managers. For example, Development Finance Corporation and commercial bank loan officers could be placed together in a course dealing with appraisal of proposals for investment credit.

As BIM gains experience in conducting specific training interventions, it will develop its capacity to extend more comprehensive management advisory services to BEIPU and BCCI clientele organizations. Such experience will help BIM create a pool of persons with organizational diagnostic and structuring skills, including skills development in job evaluation techniques. This will enable BIM to contract with organizations to conduct reorganization, management improvement, or other consulting studies. It is estimated that 15 firms will receive such consultative services from BIM.

### (iii) Skills Training

The immediate skilled labor needs of new and expanding export- and tourism-oriented enterprises will be addressed through non-formal training organized by BIM. This training will be developed in collaboration with the two key vocational training institutions: the Belize Technical College and the Vocational Training Center. At the same time, private sector facilities and highly skilled craftsmen as trainers will be utilized.

The project will provide a long-term technical skills advisor to work out of BIM but also with the MOE. In collaboration with the BIM Advisory Board and BEIPU's Advisory Panels, this advisor will develop an 'on-demand' capacity to respond promptly to the urgent training requirements of industry. Priority will be given to firms which are export oriented.

A manpower data base to be developed under the public sector component of the project will necessarily be a longer term process with the GOB's Central Statistical Office, Computer Center, and Ministry of Education. To more quickly upgrade the skills of technicians, craftsmen and service workers already in the workforce, the vocational training advisor will look to the BCCI membership for information on priority training areas, identification of skilled craftsmen to become trainers and private sector facilities to be used as practical "classrooms."

The Belize Training Needs Survey identified the following workers and technicians as being in high demand: mechanics, electricians, machinists, welders, and hotel and motel service workers. Areas for skills training also will include some of the fledgling export industries such as garment making, furniture manufacturing, and fruit and condiment processing. To facilitate the process of identifying priority training areas, determining course content, and equipment and facility requirements, the skills advisor, BIM and the BCCI will organize Trade Advisory Committees made up of representatives from private firms with export and tourist development potential. The Trade Advisory Committees will also be instrumental in the identification of both trainees and skilled craftsmen to become trainers for the courses. For example, two or three managers of well-run hotels will be trained to lead hotel/restaurant management courses. The project will fund short-term technical specialists to assist in this process.

At the same time, BIM and the skills advisor will identify MOE vocational teachers to be trained to serve as part-time teachers in the BIM skills upgrading program. As described under the GOB component, the project will fund repair of the facilities of the Belize Technical College and the Vocational Training Center, and the repair or replacement of urgently needed shop equipment for these institutions. These facilities and equipment will be made available to BIM during weeknights, weekends, vacation periods and other times when not being utilized by full-time students.

Given the importance of skilled workers to the everyday operations of their firms, courses will be scheduled on a part-time basis, during weeknights and weekends, and as appropriate on one or two days during the work week. Where the importance of the technical subject warrants, and depending on the firms' willingness, skills training will be offered full-time during the work week for one or two weeks. As in the case of management training, firms will either pay for the courses from their own funds or they may draw down on the revolving loan fund in the NDFB. The project will fund short-term technical assistance to train the trainers (both vocational trainers in the BTC and VTC and the selected skilled craftsmen from firms), short-term technical assistance to provide expertise in technical areas new to Belize, and training supplies and equipment as needed.

The skills upgrading effort carried out by BIM will result in the training of approximately 120 craftsmen, technicians, and service workers per year by the second year of the project, for a total of 435 trained participants. Unlike the management training component where individuals will probably take more

than one management course, numbers cited above for skills training participants are more representative of separate individuals since courses will be in distinct technical specializations.

It should be noted that the information gathered, course content decided upon and direct ties established with firms will all feed into the public sector skills training component. The direct tie to that component will be the long-term skills advisor who, in addition to concentrating on private sector skills upgrading during the first few years of the project, will provide assistance to the public formal skills training system. In addition, the National Vocational Advisory Council (made up of private firm representatives) will provide guidance to the GOB skills training activities. Such linkages are further described below.

b. Inputs

The total cost of the private sector management and technical training component is estimated at \$3.82 million. The \$2.75 million DA grant will fund:

(i) A technical assistance team in BIM (approximately 11.5 person years at a cost of \$1,920,000). This technical assistance consists of:

--48 person months of the technical assistance team leader who will also serve as the management advisor (\$720,000),

--48 person months of the skills training advisor. This advisor will provide most of his services to skills upgrading in the private sector component but also to the GOB component (\$720,000),

--40 person months of short-term technical assistance in program development, training of trainers, specialized areas and evaluation (\$480,000);

(ii) Participant Training - U.S. training for BIM trainers (\$138,000);

(iii) Training Equipment and Supplies - purchase of training equipment and material (\$110,000);

(iv) BIM/BCCI operations (\$100,000);

(v) Evaluations and audits (\$124,000);

(vi) Contingencies and inflation (15%) (\$358,000).

Counterpart contributions by participating institutions including BIM/BCCI and beneficiary private firms and public agencies are estimated at \$1,068,000 in local currency equivalent. Of this amount, an estimated \$350,000 in local currency cash will be contributed by private firms and public agencies as direct payment to BIM for training fees. These revenues will be applied to BIM management and technical training course expenses. Any excess of revenues over expenses will be placed in a BIM endowment fund to be utilized for BIM after project termination. A GOB \$300,000 cash contribution will be the local currency used to establish the revolving loan fund. \$418,000 will consist of in-kind contributions in the form of volunteered time, and use of private and public sector facilities and equipment.

## 2. GOB Training for Vocational Education and Export and Tourism Development

### a. Outputs

#### (i) Improvement of GOB System to Provide Vocational Training

The project will provide the long-term skills advisor who, while giving major assistance to the BIM skills upgrading activity, will also work with the Ministry of Education (MOE) in its efforts to strengthen training, planning and management functions, upgrade its vocational instructors' capabilities, and better equip its vocational and technical training institutions. This advisor will also assist in the channeling of public sector inputs to the private sector administered skills upgrading component.

In addition to the skills advisor, the project will provide a public administration specialist, who with the skills advisor, will assist in organizing the new Vocational Education Division within the MOE and will also assist the GOB in better organizing itself to meet its export and tourism development tasks, as described below.

The activity will begin with a survey of MOE facility, equipment and instructor resources for the purpose of identifying BTC and VTC equipment replacement and acquisition needs and identifying instructors employed at BTC and VTC who could serve as part-time trainers on the BIM skills upgrading activity. The skills advisor, with the assistance of BTC and VTC administrators and instructors, will complete the survey. Expedient replacement and acquisition of new equipment will be an important input not only to the quick-response skills upgrading but also to the improvement of the formal system's capacity to effectively train new graduates. The project will fund replacement and acquisition of equipment.

The other important initial activity will be that of creating and staffing the Vocational Education Division (VED) within the MOE. Within several months of initiation of the project, the MOE will have appointed a director for the division who will be the principal contact for the skills advisor.

Another important initial task will be completion of a national plan for vocational training. Developing the national plan will require analysis of existing training facilities, programs, staff and administration. The project will fund short-term technical assistance to establish a manpower data base and assist in carrying out an up-to-date manpower survey in order to obtain a detailed assessment of manpower needs by occupation. The skills advisor, with counterpart personnel will use the survey and analysis of existing vocational/technical (VT) programs to prepare the national VT plan. An important element of the plan will be the identification of new areas to be included in the formal VT system. Examples are diesel mechanics, air conditioning, and hotel/restaurant maintenance, service, management and related areas. Once the plan is completed (around the end of the first year), the project will provide short-term assistance in curriculum development and specialized technical areas to define course content.

The project will also fund the travel of the VED director and another key VED official to the U.S. to study a well-functioning state vocational training system. This study tour will take place prior to completion of the national plan.

In order to encourage involvement of those who employ graduates of VT training programs and ensure that these programs become more responsive to the actual needs of the community, a National VT Advisory Council will be established consisting of representatives from business management and labor. The Council will provide guidance and advice to the MOE in relation to national training needs, program planning and development, assessment of program quality, apprenticeship, and on-the-job training. The skills advisor will provide orientation and guidance to the Council through a training seminar and will act as an ex-officio member.

The project will provide participant training, both for MOE administrators and for vocational teachers. The Minister of Education and administrators from the BTC, VTC, BELCAST, and St. John's College will participate in leadership study tours to appropriate U.S. vocational training institutions. The vocational instructors employed by the Belizean VT institutions will participate in a series of teacher training seminars during summer months when teachers are available. This program will start towards the end of the first year of the project and

will continue every summer to the end of the fourth year. The first in-country seminar will be in curriculum development, covering job analysis, competency-based training and curriculum resources. During the second summer, shop teachers will go to the U.S. to upgrade their technical skills. The third summer in-country seminar will cover shop organization and management and the fourth in-country seminar will review methods of teaching, use and development of instructional materials and equipment and career guidance.

Once the national plan is complete, the National Advisory Committee functioning, and practical knowledge gained, the Vocational Education Division and administrators of the technical schools will develop occupational standards and training specifications for at least ten basic trades. These will be incorporated in the formal vocational training system. In addition to improving current technical program areas, the project will initiate three or four new technical programs at the secondary level. The project will provide short-term technical assistance to accomplish these tasks.

(ii) Enhancement of the Status of Skilled Workers and Vocational Educators

Given the low status of skilled workers and vocational educators, public relations and association-building activities will be required. As part of the planning process and organization of the new division, a phased plan will be developed to increase salaries for vocational education instructors to a level equivalent to that of public school academic teachers.

A professional association of vocational instructors will be organized as a means toward building status, cohesiveness and professional identification, as well as providing a forum through which VT instructors can make contributions to the formal VT process. To assist in the development of the association, the project will provide for the attendance of approximately eight VT teachers at the U.S. American Vocational Association Convention. The Belize Vocational Teachers Association and the vocational training institutions will cooperate in forming vocational industrial clubs for students, similar to the Vocational Industrial Clubs of America (VICA). The project will fund the attendance of four VT students at either a state or national VICA conference.

(iii) GOB Training Related to Export and Tourism Development

Under this activity the project will fund training for public administrators in areas relevant to implementing a successful GOB strategy for developing exports and tourism. Given the

small population of Belize and the dominant "trader" mentality of the Belizean private sector and, conversely, its lack of entrepreneurship and export orientation, the GOB's role in export and tourism development is very important. Its functions are to devise a workable tax investment code, streamline the investment and export documentation process, i.e., "one-stop documentation", provide tax breaks to investors, devise land ownership policies to promote the production of non-traditional export crops, and provide other incentives to export development. Other GOB functions are to facilitate the provision of credit to export and tourism projects, and gather information to carry out the above functions and to track data related to export, tourism and foreign exchange generation, employment and other areas.

The Feldman report of January 31, 1984 identified the following GOB agencies as players in the export and tourism development process:

- Office of Economic Development, Ministry of Foreign Affairs and Economic Development,
- Development Finance Corporation, Ministry of Foreign Affairs and Economic Development,
- Agricultural Extension Service, Department of Agriculture, Ministry of Natural Resources,
- Fisheries Department, Ministry of Commerce, Industry, Fisheries and Cooperatives,
- Department of Forestry, Ministry of Natural Resources,
- Tourism Board, Ministry of Tourism, Transport, Archaeology, Education and Youth,
- Cooperatives and Credit Unions Department, Ministry of Commerce.

In addition, USAID has identified the Central Statistical Office, the Central Bank and the Computer Center as important agencies in export and tourism development. The Feldman report also identified major weaknesses of the above listed institutions. Constraints and weaknesses included lack of adequately trained personnel (i.e., lack of technical expertise in specific areas), lack of effective organization, and lack of commercial orientation. In agencies which have existed for a long time, constraints are related to the fact that personnel are not trained in the priorities entailed by new export and tourism development strategies. For example, the country's agricultural system and extension system have not been

commercially oriented and have not effectively assisted farmers in commercial farm management. In the newer agencies, functions have not been clearly defined, and new offices have not been completely formed and staffed.

This activity will not address all the weaknesses and constraints identified in the Feldman report. It will focus on training GOB personnel in specific areas related to export and tourism development and in important administrative analyses relevant to developing training programs and essential organizational improvements. The activity will be framed in the training context and to the extent possible, public administrators will receive training from BIM as described in the private sector component. There are, however, technical areas specific to public administrators which will not be covered by BIM courses. To provide training in these areas, short-term technical expertise will be brought in to teach courses and GOB participants will go to the U.S. for short-term training.

The project will fund a long-term public administration expert to plan and coordinate the short-term training, as well as the institutional/administrative analyses. This advisor will be based in the Office of Economic Development (OED) which has the major responsibility for coordinating the implementation of the GOB's export and tourism development strategies. As discussed above, the advisor will also work closely with the vocational skills advisor in providing assistance to the MOE and the newly formed Vocational Education Division.

The public administration advisor will work with the OED to develop short courses. As needed, short-term expertise will be brought in to define short-course curricula and content. The following is an illustrative list of trainees and course areas:

- OED personnel - current practices in export and investment promotion, free trade zone development, one-stop documentation;
- CSO, Computer Center, Ministry of Finance personnel - state-of-the-art statistical methods, manpower data gathering, national income accounts analysis, quantitative tracking systems for economic benchmarks (including exports and tourism);
- Central Bank/Ministry of Finance personnel - introduction to international financing mechanisms and operations (IMF arrangements, EXIM Bank trade credit guarantees, etc.);
- DFC/credit unions (and commercial banks) personnel - loan proposal and credit worthiness analysis, collection methods and procedures, computerized portfolio management.

--Tourist Board personnel: tourist promotion strategies, tourist market analysis, advertisement and public relations.

b. Inputs

The total cost of the GOB component is estimated at \$3.06 million. The \$2.25 million DA grant will fund:

(i) Technical Assistance - a total of approximately 6.3 person years (\$984,000):

--24 person months of a long-term advisor in public administration for OED (\$360,000),

--29 person months of short-term technical assistance in institutional analyses, manpower surveys, U.S. trainers in technical areas related to export and tourism development, etc. (\$348,000),

--23 person months of short-term technical assistance for curriculum development, studies, special skills areas in vocational training (\$276,000).

(ii) Participant Training (\$611,000)

--MOE administrators to the U.S. for study tour for three weeks (\$14,000),

--4 VT educators to the U.S. for VT skills training and experience (\$35,000),

--summer training for VT teachers, four seminars (\$240,000),

--skills upgrading attendance at conferences, and study tours in the U.S. for all VT teachers (\$175,000),

--42 person months training in the U.S. for personnel of GOB agencies involved in export and tourism development (\$147,000).

(iii) Training Equipment and Supplies (\$362,000)

Purchase of spare parts, equipment, instructional material and aids for BTC, and VTC reorganizing, remodelling and maintenance (\$362,000).

(iv) Contingencies and Inflation (\$293,000)

The GOB's counterpart contribution will total \$805,000.

These are predominately in-kind contributions and will consist of public administrators salaries and use of public vocational training facilities and conference room space for short courses for public administrators as well as costs involved in establishing the new vocational education division.

It is important to note that in addition to the above amounts, GOB counterpart is also programmed for the private sector component.

D. Cost Estimate and Financial Plan

This project will total \$6.87 million, of which \$5.0 million (73%) will be an AID DA grant, with the remaining coming from ESF local currency and participating institutions' counterpart contributions.

The life of the project is five years, from FY 86 through FY 90. Table 3 presents Summary Financial Plan. Table 4 reflects summary cost estimates by component and activity. Table 5 reflects planned expenditures by year and source of funding.

Table 3  
SUMMARY FINANCIAL PLAN  
(US\$000)

Inputs	USAID		LC Host PI	Country EST LC	Total
	FX	LC			
Technical Assistance	2,142	762	0	0	2,904
Personnel	0	38	133	60	231
Equipment/Supplies	410	62	140	0	612
Participant Training	729	20	310	0	1,059
Logistic Support	0	32	131	75	238
Project Management	0	30	30	0	60
Facilities	0	0	438	0	438
Revolving Fund	0	0	0	300	300
Evaluation/Audit	105	19	12	0	136
Sub-total	3,386	963	1,194	435	5,978
Inflation	169	48	58	22	297
Contingency	339	96	120	43	598
TOTAL	3,894	1,107	1,367	500	6,873

Table 4  
SUMMARY COST ESTIMATE BY COMPONENT  
(US\$000)

Activity	USAID	GOB	PS	Total
<b>Private Sector Training:</b>				
Long-term TA	1,440			1,440
Short-term TA	480			480
Participant Training	138		40	178
BIM Personnel		56	115	171
BIM Rent and Utilities		3	10	13
BIM Trans/Misc.		5	12	17
BIM Training Cost		29	81	110
BIM Contingency	100	6	52	158
Training Equip/Supplies	110		70	180
Revolving Fund		300		300
Facilities			138	138
Evaluation/Audit	124	12		136
Sub-total	2,392	411	518	3,321
Inflation	119	21	25	165
Contingency	239	41	52	332
Sub-total	2,750	473	595	3,818
<b>Public Sector Training:</b>				
Long-term TA	360			360
Short-term TA	624			624
Participant Training	611	270		881
Training Equip/Supplies	362	70		432
Salaries		60		60
Facilities		300		300
Sub-total	1,957	700	0	2,657
Inflation	97	35		132
Contingency	196	70		266
Sub-total	2,250	805	0	3,055
TOTAL	5,000	1,278	595	6,873

Table 5  
SUMMARY EXPENDITURE SCHEDULE  
(US\$000)

Year	USAID	LC Host Country		TOTAL	%
	FX/LC	PI	ESF		
1985					0
1986	1,517	214	41	1,772	26
1987	1,283	369	110	1,762	26
1988	1,048	270	130	1,448	21
1989	743	264	117	1,124	16
1990	409	256	102	767	11
TOTAL	5,000	1,373	500	6,873	100

The largest category, totaling \$2.91 million, or 42% of total project costs, is for technical assistance. Of this amount, 66% is allocated to the private sector component, and 34% to the GOB public sector component. The technical assistance financed under the private sector component will consist principally of the long-term BIM skills and management advisors, and short-term technical assistance in the training of trainers and program development. The technical assistance in the public sector component will be concentrated on the development of trained personnel to implement the GOB strategies for export and tourism development, and for immediate improvement in the MOE VT system.

Other costs related to training, including personnel, equipment and supplies, participant training, logistical support, project management, facilities and revolving fund, total \$2,936,000 and represent 43% of total project costs. Of this amount \$1,575,000 or 54% will be contributed by participating institutions.

The project has a total of \$136,000 budgeted for two evaluations and five annual audits. Budget line items for both inflation (5%) and contingencies (10%) have been included in both components.

The Methods of Implementation and Financing for this project as currently envisioned by the Mission are discussed in Table 6 of the Financial Plan and Analysis Annex. As shown in that table, the Mission proposes to utilize Direct Payment and Direct Reimbursement methods of financing for most project inputs, with the exception of commodity procurement requiring foreign exchange for which it proposes to use the Direct Letter of Commitment method. The reason for using the latter mechanism is that neither the GOB nor BCCI have hard currency to pay in advance for the goods. The use of Direct Letters of Commitment will permit AID to review documentation prior to disbursement and achieve greater accountability over payments. Use of this method of payment also minimizes the need for advances.

All AID appropriated funds for foreign exchange costs of the private sector component will be managed directly by AID. The BCCI will be charged with the responsibility of sound cash management and fiscal control of all funds, including the detailed accounting and reporting on cash receipts, cash outlays and expenditures by obligating documents (any contract to which BCCI is a party). Forms to be used and procedures to be followed by BCCI for discharging its responsibilities will be established by the Mission for local currency and U.S. dollar financing.

To provide the GOB, BCCI and the Mission with assurance that adequate financial management practices are exercised in handling resources provided under the project, an independent audit of GOB and BCCI financial records for the project will be carried out annually. The cost of these audits will be funded out of the Evaluations and Audits line item.

The subject of recurrent costs of the private sector component is discussed in detail in the Financial Plan and Analysis Annex. BIM is expected to become financially self-sustaining during the life of the project, while the need for training services will slightly decrease and firms will be in a better position to pay for training. Additional recurrent costs of the GOB as a result of the project are not expected to be burdensome. They will mainly consist of paying the salary of the director of the VED, and maintaining equipment. As the economy of Belize improves, the GOB will be able to support these costs. Greater detail on recurrent GOB costs is included in the Administrative Analysis Annex.

#### IV. IMPLEMENTATION PLAN

##### A. Implementation Responsibilities and Administrative Arrangements

The \$5.0 million grant will be obligated by means of two grant agreements. The agreement for the public sector component will be signed with the GOB and will have the Ministries of Foreign Affairs and Economic Development and Education as the primary GOB implementing entities. The agreement for the private sector component (a cooperative agreement) will be signed with the BCCI.

##### 1. GOB

On an annual basis, detailed budgets and workplans for activities to be implemented under GOB ministries/agencies will be approved by AID, and the authorized representative(s) of the implementing entities. Approval for costs according to the workplans may be made by way of Implementation Letters, or by AID and the GOB signing PIO/T's, PIO/C's or PIO/P's for the activity.

In all cases, the specific objectives, budget, implementation requirements and responsibilities for each activity will be specified in the approval documentation related to that activity.

AID will contract all TA from the U.S.

A USAID Project Review Committee will (a) periodically review existing and proposed resource allocation under the project, including any need to make major changes in it; (b) review obligating documents, and clear and/or make recommendations to the AID Representative according to normal Mission procedures.

A project coordination committee consisting of a member each from OED, MOE, BCCI/BIM, and USAID/Belize will meet quarterly to assure the coordination of project activities between the three entities. In addition, the committee will also assist in coordinating project activities with other programs and policies of the GOB, USAID/Belize and BCCI/BIM.

## 2. BCCI/BIM

As in the case of the GOB, detailed budgets and workplans will be submitted and reviewed on an annual basis and approval for costs consistent with the workplan will be made by Implementation Letters, or PIO's.

BCCI/BIM will be responsible for negotiating and managing contracts with local entities for conducting a variety of in-country training, technical assistance and research activities. Contracts for all U.S. assistance required by the project will be made directly by AID USAID/Belize will rely on BCCI/BIM to see that the activities of the U.S. contractor(s) are performed in a manner that is in the best interests of the composite program for which BCCI/BIM is the main implementing entity.

BIM/BCCI through its professional staff, will maintain constant liaison with the participating Belizean entities. The principal liaison between BCCI/BIM and USAID will be performed by the BIM director, the management and skills advisors, and the USAID project manager.

## 3. Eligibility Criteria for Participation in the TEP Program

The following general criteria will be utilized by BCCI/BIM as guidelines for screening and approving assistance requests from enterprises and business associations:

--requests for training indicate the importance of that assistance to the development of tourism or of non-traditional exports from Belize;

--the type and level of training requested by enterprises/business associations are consistent with the project objectives;

--requests for training will indicate a degree of certainty that the assistance will be effectively utilized in its organization for a purpose that is consistent with the project objectives;

--enterprises/business associations wishing to obtain training indicate their willingness to contribute to the costs of training.

BCCI/BIM will actively promote the project. The availability of the services offered will be made known through direct contact with potential beneficiaries and periodic announcements through appropriate media.

#### B. Disbursement Procedures

A variety of standard AID disbursement methods are employed, depending upon the nature of the activities. AID direct disbursement is used under the project for financing activities at the Mission level. In addition, AID funds will be utilized for procurement of goods and foreign exchange.

#### C. Procurement Procedures

The selection of consultants and contractors, procurement of equipment and material, shipping and insurance will be done in accordance with standard AID procedures. For those DA grant-funded acquisitions for which BCCI/BIM are responsible, terms and conditions will be specified in the Cooperative Grant Agreement and subsequent Implementation Letters. Project-funded procurements for the GOB component will, in accordance with the Project Authorization, be done by the Mission or AID/W, except on an exceptional basis where it is determined that sufficient capability exists for a particular host-country contracting action.

TA Contracting Arrangements: One prime contractor will be awarded the contract for all three long-term TA positions, including two for BCCI/BIM and one for the GOB. The prime contractor will have responsibility for selecting and subcontracting all short-term TA but final approval of short-term contractors will be by USAID/Belize and BCCI/BIM for the private sector component and USAID and GOB for the public sector component.

Every consideration will be given to minority firms for award of the prime contract. Project implementation plans also call for completion of 94 person months of short-term technical assistance projects by TEP. \$1,128,000 has been budgeted for

this purpose. The prime contractor, BCCI and USAID will make an effort to identify minority, disadvantaged firms to provide these services. To that end, the prime contractor will consult the Office of Small and Disadvantaged Business Utilization for a list of potential contractors.

D. Schedule of Major Events

Disbursement of funds is scheduled over a period of five fiscal years. The Project Assistance Completion Date (PACD) will be 60 months from the date of signing of the Grant Agreements (planned for August 31, 1985).

There is time allowed (6 months) at the beginning of the project for project startup and initiation.

ESTIMATED IMPLEMENTATION SCHEDULE

Major Action	Estimated Project Month	Responsible Organization
<u>Private Sector Component</u>		
--AID/W PP authorization	8/85	USAID
--Signing of agreement	8/85	USAID/BCCI/BIM
--Initial conditions precedents met	10/85	BCCI/BIM
--BIM hires Executive Director	10/85	BCCI/BIM
--Advertisement for TA	10/85	USAID/BCCI/BIM
--BIM hires staff	11/85	BCCI/BIM
--Submit annual plan and budget	11/85	BCCI/BIM
--T.A. proposals received	12/85	USAID/BCCI/BIM
--BIM equips office	12/85	BCCI/BIM
--T.A. contract awarded	2/86	USAID/BCCI/BIM
--Arrival of T.A. team	3/86	USAID/BCCI/BIM
--Programs initiated	3/86	BCCI/BIM
--Program development, training of trainers started	4/86	BCCI/BIM
--Annual review, submittal of plan and budget	11/86	BCCI/BIM
--Annual review, submittal of plan and budget	11/87	BCCI/BIM
--In-depth evaluation	2/88	USAID/BCCI
--Annual review, submittal of plan and budget	11/88	BCCI/BIM
--In-depth evaluation	12/88	USAID/BCCI/BIM
--Annual review, submittal of plan and budget	11/89	BCCI/BIM
--Advisors leave	3/90	Contractor
--Independent, in-depth evaluation	6/90	Contractor
--Project termination	8/90	USAID

<u>Public Sector Component</u>		
--AID/W PP authorization	8/85	USAID
--Signing of agreement	8/85	USAID/GOB
--Initial conditions precedent met	10/85	GOB
--Advertisement for T.A.	10/85	USAID
--T.A. proposals received	12/85	USAID
--T.A. contracts awarded	2/86	USAID/GOB
--Cabinet seminar	3/86	USAID/GOB
--Manpower survey, and equipment analysis carried out	4/86	USAID/GOB
--Equipment ordered	4/86	USAID
--Training audits start in 7 GOB offices	5/86	USAID
--Short-term T.A. arrives for CSO, Computer Center, Central Bank and other agencies	6/86	GOB
--Participants leave for 6 months U.S. training	7/86	GOB
--Equipment arrives	7/86	GOB
--MOE VT administrators tour	7/86	GOB
--VT teachers' summer training	7/86	GOB
--Annual review, submittal of plan and budget	11/86	GOB
--Manpower survey	4/87	GOB
--Start setting up VT organization, student association	5/87	GOB
--VT conference	5/87	GOB
--VT teacher training	7/87	GOB
--Annual review, submittal of plan and budget	11/87	GOB
--In-depth evaluation	2/88	USAID/GOB
--Manpower survey	4/88	GOB
--VT teacher training	7/88	GOB
--Annual review, submittal of plan and budget	11/88	GOB
--Manpower survey	4/89	GOB
--VT teacher training	7/89	GOB
--Annual review, submittal of plan and budget	11/89	GOB
--Independent, in-depth evaluation	6/90	Contractor
--Project termination	8/90	USAID

In addition to the above schedule of major events, quarterly progress reviews will be held with USAID/Belize.

V. MONITORING PLAN

A. AID Project Monitoring Arrangements

Project monitoring will be exercised by a Project Manager assigned from USAID's General Development Office (GDO). The GDO Project Manager will work closely with BIM, BCCI and GOB implementing entities to assure that project implementation plans and objectives are met.

In accordance with Mission policy, project review meetings will be held monthly to review and direct project implementation. The AID Representative will chair the meetings. Representatives from the Private Sector Office, the Program and Project Development Office, the General Development Office, and the Controller's Office will attend the meetings.

The GDO Project Manager will also call upon other Mission offices as needed. This will include:

--the Program and Project Development Office (PDO), which will monitor project implementation to assure that the terms and conditions of the project agreement are met; which will assist in carrying out AID/BIM project reviews and evaluations;

--Private Sector Officer who will assist GDO in all BCCI/BIM activities and actions involving private sector;

--the Mission Controller, who will review disbursement and reimbursement requests for conformity with AID regulations and ensure that adequate financial controls are exercised.

B. Assessment of AID Monitoring Capability

It is expected that given the level of Mission staff, on-board and planned, there will be no difficulty in carrying out project monitoring responsibilities.

## VI. EVALUATION AND AUDIT ARRANGEMENTS

As project implementation moves forward, it is anticipated that some problems and a need for modifications may emerge. Regular monitoring and evaluation will have an important role in the identification of those problems, and the project plans three levels of reviews to maximize their input to contribute to the achievement of project objectives.

A mid-project evaluation to be conducted after two-and-one-half years will involve USAID/Belize, AID/W, BCCI/BIM staff, and two independent consultants. This evaluation will be conducted to examine the progress of activities under each component, the appropriateness of the training being provided, the responsiveness of BIM, MOE, and OED towards private sector needs and the management of the project.

Complementing this evaluation will be quarterly reports provided to USAID/Belize by BCCI/BIM, the OED, and the MOE. The reports will cover all major activities and accomplishments, including actual versus planned progress, factors affecting implementation, financial status, and training effectiveness, as well as a financial report.

A final evaluation will be conducted at the end of year five. It will be carried out by an independent consultant team and will focus on an assessment of the overall success of the project. To do so, country developments, problems, and accomplishments will be examined.

The project has budgeted \$24,000 for five annual audits. The audits will examine and render audit opinions in financial statements, analyze and make recommendations on internal control and vulnerability, and focus on assessing and making recommendations on BIM's financial viability, cost structure, etc. The audits will also include a management audit section which will examine how well BIM and the project in general is being administered.

VII. CONDITIONS, COVENANTS, WAIVERS AND NEGOTIATING STATUS

Two separate agreements will be signed to obligate the project's funds. A Cooperative Agreement will be signed with BCCI for obligating project funds for the private sector component. A Grant Agreement will be signed with the GOB for obligating project funds for its component. The conditions and covenants to be included in each of the two obligating instruments are as follows:

A. Cooperative Agreement

1. Conditions Precedent to Disbursement

a. Conditions Precedent to Initial Disbursement

Prior to any disbursement of project funds under the Cooperative Agreement, or the issuance by AID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID:

(i) A statement by the Board of Directors of BCCI in which it names the person empowered in BCCI to receive the funds provided under the Cooperative Agreement and of any additional representatives, together with a specimen signature of each person so designated.

(ii) Evidence that BCCI has established a separate bank account to control the receipt and disbursement of all project funds.

(iii) Evidence of the establishment of BIM Executive and Advisory boards, together with evidence that the boards contain majority representation by the private sector.

(iv) A statement by BCCI which indicates that the BIM Director has been appointed by the BIM Executive Board, together with evidence of an appropriate plan for staffing and office space.

(v) Evidence that BCCI has established and will maintain, in accordance with generally accepted accounting principles and practices consistently applied, books and records related to the Cooperative Agreement, adequate to show without limitation, the receipt and use of all goods and services acquired under the Cooperative Agreement. Such books and records will be audited annually, in accordance with generally accepted auditing standards and be maintained for at least three years after the date of last disbursements to BCCI under the Cooperative Agreement.

2. Covenants

BCCI will submit to AID for approval annual implementation plans and budgets for project-financed activities.

B. GOB Grant Agreement

1. Conditions Precedent to Disbursement

a. Prior to any disbursement of project funds, or the issuance of any commitment document under the Grant Agreement to finance any specific activity, the Grantee shall furnish in form and substance satisfactory to AID, a complete description of such activity which shall include, but not be limited to its budget and implementation schedule.

b. Prior to any disbursement, or the issuance of any commitment document under the Grant Agreement to finance any implementing entity for an approved activity(ies) under the project, the GOB shall furnish in form and substance satisfactory to AID, a statement of the name of the person holding office in said entity and legally empowered to act for said entity with reference to the Agreement.

2. Covenants

The GOB covenants that equipment and materials funded by the project will be adequately maintained and that such maintenance will include adequate inventory control and security measures.

C. Waivers for Both BCCI and GOB Agreements

1. Competition in the procurement of goods is hereby waived and a single-source negotiated contract is hereby authorized in order to permit the procurement of approximately seven Ford vehicles and spare parts with a value of approximately \$119,000.

2. The requirement for shipping by U.S. flag vessels is hereby waived. The waiver will permit payment for shipment on vessels registered in AID Geographic Code 899 countries.

3. The requirement for training in the U.S. or the host country is waived. Third country training is anticipated for Jamaica, Barbados, Costa Rica, or another Central American or Caribbean country.

4. The requirement for host country funding of AID-financed participant travel is waived.

D. Negotiating Status

The project has been jointly developed with representatives of the GOB and BCCI and other organizations which will be involved in the project. Enthusiasm is high and USAID/Belize expects that Agreements will be signed expeditiously after the project is authorized.

VIII. SUMMARIES OF PROJECT ANALYSES

A. Technical Analysis Summary

This technical analysis is based on the data gathered and analyzed by consultants from the U.S. Department of Labor, the Academy for Educational Development, the National Association of Schools of Public Affairs and Administration and other private technical experts. Their full reports are available for interested readers. USAID/Belize has utilized some of their recommendations in formulating the project and drawn on their findings for this section and others. The Belize Training Needs Survey, carried out in the Spring of 1985, is probably the most valuable analysis in that it documents the results of interviews on training demand with a sample of 41 private and five parastatal firms with existing or potential export possibilities or sources of foreign currency (e.g., tourism).

The following are the major issues which have been analyzed during the project design process and the findings for establishing the technical feasibility of the proposed project.

1. Private Sector Management and Technical Training for Export and Tourism Development

a. Is there a demonstrated need for training which will justify a significant investment by AID? Are firms willing to pay for the training?

The project analysis team concluded that the lack of capable managers and adequately prepared skilled workers in the Belizean private sector is the most serious constraint to increased productivity. Furthermore, the need for training in

the public sector agencies that are key to the success of the Government's investment promotion, export-led strategy has been well documented by project analysts and GOB officials. The Belize Tourist Trade Association, which has been recently rejuvenated due to the new Government's clear support of "tourism as the number one priority in the short term," has publicly stated at the general meeting its intention to utilize BIM for implementing a wide range of training programs. Any visitor to Belize can attest to the serious deficiencies at all levels of the "tourism system."

The Belize Training Needs Survey, which identified the unmet needs for training, also documented that over 80% of the firms interviewed want training for their employees and are willing to pay for it. Furthermore, 20% of the firms already have fixed training budgets and an additional 15% have paid for formal training abroad. In the past BIM courses, for which up to Bz.\$300 each has been charged, have always been oversubscribed. The BCCI leadership feels that once firms experience the high quality and relevance of the courses, they will be willing to pay even higher fees than are currently planned for by the project.

b. Is a permanent management training center justified given the small size of the workforce in Belize? Would other alternatives for training be more appropriate? The economic analysis demonstrates that the project's strategy for training in Belize is the most cost-efficient alternative. The size of the current and future demand is also quantified.

In fact, the firms interviewed expressed the view that training institutions must not be "one-shot" affairs, here today and gone tomorrow. While not recommending the establishment of a center to the degree visualized in the PID, the project design team recommends the expansion and strengthening of the Belize Institute of Management (BIM) through a training of trainers approach utilizing for the most part business leaders and skilled supervisors to teach the courses. The full-time administrative staff will be limited. Therefore, a large costly institution will not be created. Part-time trainers will only be utilized and paid when they are teaching a course which will be generating sufficient income to pay them.

More importantly, BIM courses will take full advantage of the private sector facilities of the BCCI, the Belize Tourist Trade Association and other private sector members for its courses. This practical on-site training will be most effective in the unique home environment. Teaching diesel mechanics while using Belize Caterpillar facilities will be more relevant to the trainee than similar training abroad. BIM will also establish a linkage with selected MOE vocational education institutions which will be upgraded by the project.

Continuing education in management is an opportunity that even well-trained managers welcome. In addition, as fortunes shift in individual firms and country-wide priorities change and markets fluctuate, new or revised courses will be needed. BIM and BCCI plan to aggressively identify training needs and develop appropriate programs in the rural districts of the country. The population and private sector investment opportunities are growing in the rural areas. Even if the Belize City market were to become saturated, opportunities for training in the rural districts, where the less well-trained employees are living, are projected to increase.

The project analysis team feels that a small but dynamic training program will always be justified, providing it can respond to a variety of management training needs. The TEP project envisions BIM as a "one stop shop" for the private sector to train its managers, plan and organize skills training programs, and provide management consultant assistance.

c. What types of management training are needed for export-led development and tourism?

Interviews with Belizean business persons and representatives of organized groups have indicated that the following areas are fundamentally important to developing their enterprises:

--personnel management (supervision, leadership, labor relations, motivation, human relations);

--investment and export management (joint venturing, dealing with multinationals, international trade/finance, marketing);

--financial management (budgeting, accounting, auditing, planning, etc.);

--management information systems (data processing, desk computers, programming, etc.);

--small business management (loans, credit, office management, bookkeeping, cost-benefit analysis);

d. What are the most suitable methods for management training in Belize?

The consensus of Belizean professionals and the project analysis team is that courses should be taught to equip participants to cope with the realities facing them. This means a radical change from the strict academic, lecture-type, theoretical education that is the style of the Belizean educational system.

In order to determine the appropriate content of seminars, and adapt them to participant/clientele groups, BIM will conduct needs assessments prior to offering seminars. An evaluation process will also be instituted including followup with both employees and supervisors in order to assess the change in performance of the participants.

Coupled with measures to ensure relevant course content, BIM will develop its capacity to employ, so far as possible, an experiential, reality-based mode of training. The strategy will involve BIM developing/adapting case studies and role plays which involve the trainees. In addition, competency-based training, especially for skills, will be instituted. Competency-based instruction is based on specific labor market requirements by tailoring courses to tasks of specific jobs. The Belize Training Needs Survey reported that employers expressed the need for a competency test included in training. They said that in the past, too many certificates were merely awards for attendance.

A large proportion of the long-term management advisor's time and most of the short-term TA will be devoted to training of trainers in how to effectively teach management topics. Successful trainers from INCAE, CAIC, CARICAD, and other regional organizations will be brought in to consult on methods, and to share teaching tools.

e. What types of skills training are needed for export-led development and tourism?

Consultants identified two main categories of skills required for export-led development and tourism: (1) skilled trades -- welders, mechanics (diesel, auto, boat, general), machinists, electricians and electronics technicians, carpenters, refrigeration and air-conditioning technicians, and printing technicians; and (2) tourist-related skills -- hotel and restaurant managers, cooks, waiters/waitresses, tour guides, arts and crafts workers, etc.

Many new investment and export opportunities are coming up and investors will be consulted on training needs. The list of potential investment and export projects that would be requesting training is included in the Institutional Analysis Annex.

In addition to content areas, attitudinal change is a critical training need. The design team recognizes that this factor is partly a management/supervisory issue that will be addressed by management training; however, workers themselves are responsible, too. Poor worker attitude is a complicated

social/psychological matter which will be tackled in a variety of ways, i.e., enhancement of vocational education status, establishment of relevant trade certification, better supervisory techniques, etc. The attention focused on the worker, the training per se, and the fact that skills training will be offered by the same organization which offers management training will have a positive impact on the status of workers. The project will generate publicity to promote pride in workmanship.

f. Will the private sector contribute to the cost of sustaining a training program?

The project analysis team concludes that the private sector will contribute enough to BIM to make it a self-sustaining training center before the end of the project. (See data provided in the financial analysis.) This project has been designed using a collaborative approach involving the BCCI leadership, BIM Advisory Board members and representatives of several small, private sector organizations. They have freely contributed their time and effort to analyzing the issues, discussing alternative institutional arrangements and reviewing priorities. Enthusiasm is high and competition seems to be intense from the private sector for positions on the BIM Advisory and Executive boards.

The BCCI leadership has in the past devoted its own financial and human resources to provide training for its members. There is a community development committee of the BCCI which identifies international training opportunities and organizes local training for members, albeit haphazardly. Members have paid their own way for training abroad which they view as making them better able to manage their enterprises and increase profits.

The BCCI officers have committed their organization to providing leadership and logistic support to ensure BIM's success. They have suggested ways of linking BEIPU's resources with BIM's, both technically and materially. For example, the BEIPU's Advisory Panels for Tourism, Industry and Agriculture will consult regularly with the BIM Executive Director regarding training needs of their constituencies. The BCCI accountant will spend a large proportion of his time monitoring/advising BIM financial concerns.

g. Are there wage constraints to generation of skilled worker employment?

The project analysis team has concluded that this double-headed concern is not a potential problem for Belize. One side of the issue is whether firms will be able and willing to pay

to retain skilled trained workers. The other possibility is that skilled trained workers will be demanding wages that are too high for new and expanding enterprises to bear. As productivity improves as a result of improved training, so too will corporate incomes. Belize has a long history of reasonable salaries in relation to revenues available and we see no reason why this tradition would change as prosperity increases. Second, the forecast for the economy is favorable, and particularly for export-led development. As the diversification investment promotion strategy evolves, the quality of life in Belize, including housing which is perhaps a bigger concern than salary, is predicted to improve.

With respect to the private sector wage structure, the Belize Training Needs Survey revealed that (1) there does not seem to be a correlation between wages and turnover, and (2) there is enough breadth in the wage structure to provide opportunities for salary increases. In the public sector, the GOB has a policy of promoting people who have taken training and indeed monitors who takes what training program. From vocational education instructors to bureaucrats, the GOB tends to reward qualified people with higher status and more responsible positions.

h. What is the role of the private sector in the National Vocational Training Advisory Council (NVTAC)?

The NVTAC will be created to ensure that vocational training programs of the MOE and private sector are responsive to the actual needs of the community. The Council will consist of representatives from industry, business and labor. The Council will provide guidance and advice to the MOE in relation to national training needs, program planning and development, assessment of program quality, apprenticeship, on-the-job training and related matters. The NVTAC, therefore, is the link between the private sector and the formal educational system.

## 2. GOB Vocational Training and Export and Tourism Development Training

a. Is public administration training a valid solution for redressing the inadequacy of public sector institutions to promote private sector investments?

The consensus of the project analysis team is that public administration training, coupled with specialized technical courses for carefully targeted professionals is fundamental to strengthening those public sector agencies which are charged with carrying out the investment and export promotion policy of the new Government. The GOB is developing the capacity to respond in a flexible and timely manner to realize its goal of

private sector growth. It is evident that efficient administration is essential to realize this economic vitalization. The project analyses have confirmed the need for management audits followed by training for managers in the key Government offices. The need is particularly critical at this time since virtually all of the senior-level decision makers have only recently taken up their posts.

b. What strategy will be developed to address constraints other than those of public administration that prevent public agencies from providing adequate support to private sector investments?

Project analyses have identified numerous inadequacies in a large group of public sector institutions related to achieving GOB economic goals. Limited training assistance will be provided by this project to help the GOB meet its structural and human resource needs. The project design team feels that given the stated focus on private sector training needs and the secondary supportive public sector component, that the assistance mix proposed is the optimal.

This project does not stand alone, but rather is part of the Mission's multiple effort to improve economic development. USAID's strategy is to attack the three constraints to economic growth: fiscal instability, a narrow productive base, and lack of infrastructure. The Mission's portfolio is composed of interrelating projects which will all contribute towards economic improvement through a combination of public and private sector initiatives. Export promotion efforts, for example, will involve institutional development within both the private and public sectors. Also, technical assistance is planned for two GOB offices which need to improve their economic data collection analysis.

As the economy grows and the country moves from trading to entrepreneurship, training needs will increase. This project will enable Belize to meet those requirements.

c. How will the GOB vocational education activities be linked to the private sector labor market and how will the project ensure that students are trained in skills for which there is presently an unsatisfied market in Belize?

The project strategy envisions several linkages between MOE vocational education and the job market. First, the "on demand" skills training element of the BIM program will involve two key MOE vocational training centers in Belize City and industrial arts facilities in the outlying districts as needs arise. The instructors of these institutions will be employed as part-time BIM trainers and will receive guidance in

structuring the courses to meet the demands of the industries paying for training their employees. The instructors will also utilize private sector facilities and gain greater insight into the realities of the Belizean enterprises.

Second, the National Vocational Training Advisory Council (NVTAC) will be charged with addressing the above concern. As noted in the private sector section of this analysis, the NVTAC is the link between the MOE Vocational Division and the private sector job market.

Third, the project plans to assist the GOB improve its capacity to gather manpower data in a timely manner and utilize this data for planning. The CSO, MOE and OED are to be involved in this activity.

Finally, the Mission is already supporting a Pilot Guidance, Counseling and Placement Service through the Council for Voluntary Social Services. This program is assisting young adults plan careers that are realistic given their own abilities and the needs of the job market, and to help place these youngsters in jobs.

e. What is the role of the National Vocational Training Advisory Council in the Ministry of Education system?

The MOE has recently raised vocational education to the second priority within its system (after primary education). The MOE has made vocational education a high priority to be in tune with the new focus of the GOB on economic development through private sector initiatives. A Division of Vocational/Technical Education is being created. The stated goal of the Vocational/Technical Education Division is to establish a proper system "...aimed at supplying the economic sectors with skilled manpower..." The NVTAC will advise this Division on matters of policy, planning and implementation of its programs. The NVTAC will ensure that the concerns of private enterprise are voiced to those who are responsible for the education.

## B. Administrative Analysis Summary

This section provides a summary description of the institutions involved in the project, an analysis of how they will contribute to the project's goal and purpose, and how institutional deficiencies will be resolved.

1. The Belize Chamber of Commerce and Industry and the Belize Institute of Management

a. The Belize Chamber of Commerce and Industry

(i) Organization and Staffing

The Belize Chamber of Commerce and Industry (BCCI) is a private voluntary organization which has been in existence for the past 65 years and claims a membership of nearly 400. BCCI was certified as a PVO by USAID in June 1984.

The BCCI has a board of directors, a president, and a full-time manager. Under an AID financed Technical Assistance Contract with Coopers & Lybrand, BCCI also avails itself of the services of a Project Development Assistance Program (PDAP) Advisor who shares BCCI office facilities. This advisor provides full-time assistance to the Belize Export and Investment Promotion Unit (BEIPU) in carrying out its work.

In late 1984 BCCI agreed with the Office of Economic Development to establish the Belize Export and Investment Promotion Unit (BEIPU) under the auspices of BCCI "to attract domestic and foreign private investment to the country" and "to increase export sales volume of the country." BEIPU, for all practical purposes, carries out the BCCI functions which most interest AID.

The BEIPU's already-established board comprises three representatives of the private sector and two of the public sector: a BCCI chairperson of the board, two other BCCI board members, the Acting Director of GOB's Office of Economic Development (OED), and the Deputy Minister of Education and Transport.

The BEIPU full-time professional staff will eventually include an executive director, an assistant director and two to three export and investment promotion officers. Although BEIPU is not yet fully operational within BCCI, it is expected that both BEIPU and BCCI will provide guidance to BIM concerning its member's training needs.

BCCI's organization also includes the following working committees made up of members who serve on a voluntary basis: Economic Development Committee, Community Development (Training) Committee, Membership Committee, Special Projects Committee, Public Relations Committee and the Tourism Committee.

(ii) Financial Status

The BCCI has authority from the GOB to commit its own funds and receives no funds or subsidy from the GOB budget. Other than AID support (currently a \$125,000 OPG), its support comes from the private sector chiefly in the form of dues from members, fund-raising and contributions for special projects. For example, BCCI's bill for its pavillion at the New Orleans World Fair (May-November 1984) came to approximately \$200,000. AID funded \$75,000, while the Belizean private sector funded most of the remainder. BCCI annual and special financial reports are prepared by Pannel, Kerr and Forster, chartered accountants, in accordance with generally accepted accounting principles.

(iii) BCCI Functions Under the Project

In this project, some of the BCCI's functions will be to provide:

- full support through BCCI volunteers;
- publicity for BIM in the BCCI newsletter and other publications;
- a continual needs assessment to BIM of the private sector labor market;
- input to BIM regarding possible skills and management teachers from the private sector;
- feedback to BIM regarding the effectiveness of its courses;
- the overall format and informal linkages needed by BIM for its training to be responsive to private sector needs;
- management support services and office space. BIM will have office space in BCCI offices, and will share accountants with BEIPU and BCCI. The BCCI general manager will assist in the running of day-to-day operations;
- financial services. The BCCI accountant and bookkeeper will account for BIM funds, which will be maintained in a bank account separate from all other BCCI accounts. (Approval to make expenditures will be by the BIM executive board.)

b. Belize Institute of Management (BIM)

BIM is an institution dedicated to professional, effective management training for Belize. With the BCCI, it will have primary responsibility for implementing the project.

Constituted as a non-profit organization, BIM was created in 1976, primarily due to the efforts of a Belizean management expert. At its inception, the president of BIM was selected, the managerial expert/founder took charge of program development, and an executive council met periodically.

BIM conducted its seminars at UWI/Belize at charges ranging from Bz.\$50 to Bz.\$300 or more, depending on the level of seminars.

BIM has filled a vacuum in Belize with apparent success. More than 25 organizations and 150 individuals have participated in BIM's programs. A cover letter to elicit training needs stated: "Every program the Institute advertizes is overbooked and applicants have to be placed on a waiting list."

The voluntary nature of BIM limited its ability to expand and meet the wider needs of business and Government. Although BIM's activities all but ceased in the early 1980's, the demand and need for management training in the private and public sectors continued. Starting up in early 1985, BIM now has a new, active Board of Directors, and is currently engaged in a new series of seminars and courses with the Central Bank and other institutions.

BIM will interrelate primarily with BCCI which will provide BIM with much-needed institutional and logistical support.

c. Conclusion

The project will install the BIM program without making it a full-fledged institution, burdensome to itself and to the BCCI. The success of the project will greatly depend on the volunteerism of BIM and BCCI members.

Nevertheless, the following steps will be taken to ensure viable financial and administrative systems. (A BIM cashflow is included in the Financial Analysis Annex. An organizational chart is included in the Administrative Analysis Annex.)

Financial:

--BIM will raise funds through membership dues.

--A cost structure and revolving loan fund will be established in order to make BIM training self-sustaining during the third year of the project.

--As special needs arise, the BCCI will raise funds for BIM through BCCI membership.

--BIM accounts and reporting will be completely separate from other BCCI activities.

--BIM and the project in general will undergo financial and management audits on an annual basis.

Administrative:

--Under its current OPG, the BCCI will hire a full-time accountant to assist in the financial administration of TEP.

--Under its current OPG, BCCI will also hire a full-time director for BEIPU who will direct substantial time and effort to TEP.

--Although it is anticipated that BIM will become self-sustaining in three years, the project will provide contingency funding for BIM operations, including salaries for its small staff.

2. Public Sector Institutions

a. Ministry of Education (MOE)

As noted previously, the most striking feature of vocational and technical education in Belize is the lack of representation in the MOE. There is no national plan for VT education, and no GOB agency currently capable of designing and implementing such a plan. Yet, in the long-term, the MOE is the only logical place to centralize the administration of VT education. The MOE has established VT education as the second priority in its list of five priorities and has outlined specific actions to be taken in its 1986-91 program.

The project will allow BIM to respond to immediate private sector needs, while in the long-term, creating and rationalizing the MOE's VT capabilities so that it can respond to long-term country training needs. With the exception of non-traditional VT training (diesel mechanics, air-conditioning and refrigeration, hotel management), BIM will only be involved in the upgrading of skills, while the MOE's focus will remain on the initial training and education of Belize's untrained labor force. The institutions within the MOE which the project will assist are as follows:

b. Belize College of Arts, Science and Technology (BELCAST)

BELCAST, as the institution responsible for all tertiary-level education offers a wide variety of programs at several levels. At the three-year level it provides programs in Pharmacy, Veterinary Technician, Nursing, Secondary Teacher Education, including Business Studies and the first Vocational/Technical programs. The one-year programs include another secondary teacher education program covering Accounting and Architectural Technology plus the following: Certificate of Public Administration, Association of Accounting Technicians, Post Diploma Teacher Education (part-time), Intensive English Language Course and Bilingual Secretarial Studies.

BELCAST currently enrolls 250 students in the technical college programs, 70 in the Bio-Technology studies and 70 in the nursing program (in coordination with the School of Nursing). There are 30 full-time staff to provide instruction.

The project interest in BELCAST is that it is the only institution in Belize providing secondary teacher training and currently enrolls 10 students in the initial vocational/technical teacher training effort. VT teacher training will be centered in this program.

c. Belize Technical College (BTC)

BTC is the only technical college in Belize and offers full-time and part-time courses at both the craft- (vocational) and technician-level programs in Building, Engineering, Business, Science and Mathematics. In effect, it is both a technical high school and a technical college.

It is equipped with shops, laboratories and drawing rooms for the following programs: Craft Level (2-year courses) - Carpentry and Joinery, Plumbing, Masonry, Automotive, Electrical, Mechanical and Commercial. Admission to this program requires at least three years of secondary school and leads to a Basic Building Trades Certificate, City and Guilds of London. The senior courses - Technician Level (two-year courses) - Building and Civil Engineering, Mechanical and Electrical Engineering, lead to the Ordinary Technician Diploma also of the City and Guilds of London Institute. There is, in addition, a one-year Senior Secretarial Course. There are approximately 400 secretarial students and 225 technical students with a faculty of 44 full-time and six part-time teachers.

The project proposes to upgrade the curriculum to reflect the needs of industry and raise the skills and professional level

of the instructional staff. Equipment and security will also be upgraded. Additionally, if the manpower-needs analysis determines that a diesel program is a priority, it may be located at BTC. As is true of the other shop programs, diesel mechanics could be offered at both the craft- and technical-level and would be the only such program in the country.

d. Belize Vocational Training Center (VTC)

The VTC is a specialized vocational training center designed for youths (14 to 16 years of age) who leave primary schools and do not attend secondary schools. One-year craft-level training is offered at basic skill levels for plumbing, electricity, carpentry and auto mechanics. The objective is to provide employment training to youth "who would otherwise be lost to the labor force." The MOE has planned an expansion of the facilities to double its size and offer evening classes for adults for basic and skills upgrading. They currently have about 75 students enrolled and a staff of five faculty.

The project proposes to assist the VTC by upgrading the equipment, skill levels and professional preparation of the staff. The equipment and building security will also be immediately upgraded.

The institutions of the MOE selected to receive assistance, i.e., BELCAST, BTC, and VTC, constitute the core of vocational and technical training in Belize. They already have in-place school buildings, shops and equipment, classroom, staff and support services capable of absorbing the proposed upgrading program. Their leaders seem to be dedicated and motivated and have expressed a sincere interest in participating in the project. For these reasons they were selected as prime recipients of assistance to ultimately provide skilled manpower to new and emerging export industries. As such, the MOE's focus will continue to be on initial VT training, while BIM will focus on skills upgrading and responding to immediate private sector demand.

e. Other GOB Institutions

Several studies were carried out by USAID/Belize to provide the background information on the GOB necessary for this project. These studies reported common deficiencies restricting the capabilities of the GOB to properly and effectively promote increased foreign exchange earnings generated by new and expanded export-oriented activities. These deficiencies can be summarized as follows:

--a chronic lack of human resources in key Government agencies, which are necessary to plan, support and promote export-oriented activities;

--weakness or total absence of an appropriate educational structure to provide training in skills and management;

--no comprehensive manpower data, and no effective means for gathering such data;

--no diagnosis of the situation on which to base priorities for human resource training.

In order to help counteract these deficiencies, the project has also developed as a central element of its design some specific targeted activities to those GOB bodies which are directly concerned with new and existing private sector ventures and activities. This component of the project is important to the success of the GOB's prime goal of enhancement of export promotion and investment. More specifically, management audits will be conducted in six key Government offices (OED, Fisheries, Agricultural Extension, Forestry, Tourism, coops, and credit unions) to assist in planning training needs, and the CSO, computer center, OED, and the Central Bank will receive technical assistance and participant training to improve their capabilities concerning private sector investment and exports.

## C. Economic Analysis

### 1. Introduction

The purpose of the analysis is to assess the impact of the proposed project on the economy of Belize by measuring its impact on the export subsector. The project would finance management, public administration and skills training activities which would support the GOB export- and private sector led development strategy. To accomplish this objective, the analysis presents a brief economic overview, examines the project within the context of the demand and supply of labor, and presents an economic analysis of the project using benefit-cost, internal rate of return and cost-effectiveness analyses.

The prospects for economic growth in Belize appear favorable. The country has some apparent advantages, including abundant natural resources (especially agricultural land), a history of social and political stability, proximity to U.S. markets, relatively slow population growth, and government policies which seek to encourage investment, diversify productive

sectors and expand infrastructure. Moreover, the AID development strategy is seeking solutions to the major barriers to economic growth through projects concerned with investment promotion, access to credit and marketing, small business development and agricultural production and diversification.

Some of the major constraints to economic growth in Belize are human resource shortages in critical areas and limited access for upgrading already employed workers. A representative survey of managers and owners of primarily export-oriented firms revealed that the lack of employee skills was the major problem facing them.<sup>1/</sup> There is keen interest in the Belizean private sector in developing quality management and skills training programs and 83% of the firms indicated a willingness to pay for such services. Moreover, an analysis of the employment prospects to 1990 indicates that the demand for new workers will be substantial.

When the demand for new workers and the demand for skills upgrading are added, it appears that the potential demand for training greatly exceeds the potential beneficiaries over the project life. The total demand for managerial training is 3,600 persons, while the total demand for skilled workers is 4,750. The project is expected to upgrade a maximum of 1,580 public- and private-sector managers and 435 skilled workers over the life of the project. When the potential beneficiaries of the project are subtracted from the potential demand by occupational group, it appears that more than 2,000 (3,600 - 1,580) managers and 4,000 (4,750 - 435) skilled workers will still require training. From these estimates it is apparent that there is ample demand to support the project over the project life.

The Training for Employment Project is designed to remove deficiencies in critical management, public administration and technical skills that are necessary to facilitate Belize's private sector, and export-led development strategy. The management and skills training services provided by the proposed project will fill a wide spectrum of training needs and it is anticipated that, with enhanced managerial and skill capacity, Belizean enterprises will be able to improve productivity and incur lower production costs. In addition, Belizean entrepreneurs and managers will be better able to market their products and obtain needed capital for profitable business expansions. The product should make Belizean goods and services more competitive and increase sales in both the domestic and international markets.

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<sup>1/</sup> N. Root, Belize Training Needs Survey, USAID, Belize, Spring 1985.

## 2. Economic Rate of Return

The economic analysis of the project consists of three related analyses, including benefit-cost analysis, internal rate of return and cost-effectiveness analysis. The economic soundness of the project is analyzed through a comparison of projected benefits resulting from an accelerated expansion of Belize's non-agricultural export sector and estimated project costs.

As can be seen from the following illustration, the proposed project is a sound economic investment. Moreover, the project is a sound economic investment even with a low 1% impact on exports.

Indicators of Economic Soundness

<u>Scenarios</u>	<u>Benefit-Cost Ratio 10% Discount Rate</u>	<u>Internal Rate of Return</u>
Project impact: additional 3% growth in exports	3.63	57.8%
Project impact: additional 1% growth in exports	1.11	12.6%

Over a ten-year period of analysis, the present worth of the wage benefits would be U.S.\$5.2 million at a discount rate of 10%. The benefit-cost ratio under these conditions would equal 1.11. The internal rate of return for this scenario is calculated to be 12.6%.

In fact, the number of additional factors suggests that the project will produce an IRR considerably in excess of 12.6%. First, given the small size of the export sector and its historically high rate of growth, a 1% increase per year in the value of exports is a very conservative estimate of project impact. Second, the wage benefits would continue beyond the period of analysis, so that over twenty years the project would show even greater returns. Third, as mentioned earlier, only value added to labor in the non-agricultural export sector is included as a quantified benefit. All other sectors are ignored because of data problems. Fourth, again for data problem reasons, no attempt has been made to calculate the increased domestic value added to land, capital and management.

When the impact of the project is estimated to be a 3% annual increase in value added of exports, the present value of total wage benefits over a ten-year period would exceed the present value of the project costs (at a discount rate of 10%) by more

than \$12.5 million or a B/C ratio of 3.63. An analysis of the internal rate of return (IRR) indicated an IRR on the order of 58%. Given the strong GOB and private sector emphasis on export and tourism development and the many examples of progress in these areas (See list of actual and potential export and tourism projects in the BCCI administrative analysis annex), 3% is not unreasonable.

Based on the high rates of return obtained in the economic analysis, the Mission concluded that there is a clear justification for the investment in the project. The economic feasibility of the project seems all the more assured given that the net wage benefits of only one subsector of the economy has been considered and that the wage benefits would continue beyond the ten-year period of the analysis. Were it possible to measure the benefits created by the project in other industries and firms providing services, the total would be considerably higher than those estimated in this analysis.

The economic analysis also focused on the relationship between project inputs and project outputs to determine the most cost effective approach. Several alternatives were considered for both management and skills training. The review of the alternatives revealed that the proposed project is the least cost alternative for supplying the package of services.

### 3. Cost-effectiveness: Project Alternatives

#### (i) Management Training

The proposed management training by the Belize Institute of Management will cost AID and the private sector \$1.692 million over five years and is projected to provide a total of 82 seminars to 1,640 people. The average cost of a 20-hour seminar operated by BIM is \$1,031 per person.

One alternative to the creation of BIM is to train Belizeans in the United States or Jamaica. A simple comparison between costs of management training in the U.S. or Jamaica and at BIM indicates a significant cost difference. The cost of a similar seminar in the U.S. is 2.4 times as expensive, and the cost of a seminar in Jamaica is two times as expensive as the cost of the same training offered in Belize. The cost of seminars in the U.S. and Jamaica include travel expenses, per diem and participant's opportunity costs. Similar comparisons can be made for longer- or shorter-duration seminars. Also, BIM seminars are planned for weekends and nights and thereby the opportunity costs for participants in Belize are nearly zero. The BIM alternative in Belize is clearly less costly than the alternative of sending managers to the U.S. or Jamaica for seminars.

(ii) Skills Training

A similar set of alternatives exists for skills training, namely, (1) training in the United States, or (2) utilizing foreign advisors, and existing local resources. The first alternative yields similar results as those for BIM -- the cost of U.S. training is 3.6 times as expensive as the cost of the same kind of training in Belize, and the cost of training in Jamaica is approximately 9.3 times as expensive as the average cost of the same training in Belize. The second alternative, utilizing existing local resources in the public and private sectors, is the alternative chosen for the project because it is the least costly choice.

4. Conclusion

The economic soundness of the proposed project has been determined using a variety of analyses. While the exact impact of the project is not known, it was determined that the wage benefits alone would exceed project costs and would produce a rate of return no less than 12.6%. Moreover, the project is the least cost alternative for supplying the needed services. Based on these analyses the Mission concludes that the project is a sound economic investment.

D. Social Soundness Analysis

1. Social Context

Belize is a multi-ethnic country of approximately 155,000 people in 1984. In spite of a high fertility rate, the population is growing slowly due to emigration which occurs mostly from Belize City. Unlike other LDC's, the rural population is growing at a faster rate than the urban.

Belize's history of involvement in extractive industry, the profoundly unfair labor system in the colonial and slavery eras and a long tradition of denigration for all forms of manual labor except logging, have all produced a legacy which pervades the workplace. This attitude is reflected in the Belizean educational system which serves a few at the top very well, but leaves the majority unprepared for economic realities. The majority of the population receives a primary school education, but no vocational or technical training to provide marketable skills. The educational system includes no provision for management training since high school programs are academically oriented towards certificate examinations. Practical and applied training is looked down upon and reserved for poorer students.

## 2. Project Beneficiaries

In the broadest sense, the entire Belizean workforce of about 46,500 stands to benefit indirectly from this project. Training supervisors may lead to better working conditions and employee relations; management training will lead to more vital and stable industries; improved government services for the private sector will improve the economy generally; and vocational and skills education will enhance the performance and status of craftsmen and workers. To the extent that the economy as a whole benefits, through increased exports of existing firms and the creation of new exporting enterprises, new employment will be created and higher salaries will be paid to employees. It is expected that the Belizean private sector and government strategies in agricultural diversification and export and investment promotion, complemented by AID projects, will result in new or expanded export activities and the creation of new export-oriented firms.

The private sector component of the project will train at least 1,000 supervisors/managers from the private sector and at least 280 from the public sector in basic managerial skills and related subjects and will upgrade the vocational skills of 435 craftsmen or workers. Assistance to the Ministry of Education and vocational training institutions will improve the vocational education of approximately 500 students in formal vocational education programs throughout the country during the life of the project. Training to be provided to public officials will enable them to more effectively perform their functions related to investment and export development. Over the long-term, the general improvement in the economy will result in economic benefits to those public sector officials.

## 3. Impact of the Project on Social Issues

--Urban/rural distribution: Management and vocational training will not be limited to Belize City, but will also be carried out in district towns. Such an outreach program takes into account the shift away from Belize City implied by increased and diversified agricultural production and investment and export promotion.

--Attitudes towards vocational education and occupations: Training in itself will enhance the status of vocational and technical occupations. Status enhancement is directly addressed by the formation of a Belize Vocational Teachers' Association and vocational industrial clubs for students.

--Women in development: There is significant participation by women in the Belizean workforce (approximately 21%). While there are few women in trades, crafts and agriculture, women are proportionately well-represented in professional, technical and administrative areas and dominate in the clerical and service occupations. A good number of women hold important government positions. Therefore, the project will benefit women mainly with management training and also with the vocational training provided to service workers in the tourist industry. Improved status for certain vocational/technical occupations may attract women into those occupations.

--Emigration: There are an estimated 60,000 Belizeans in the U.S., many of which are highly trained. By stimulating private sector development in Belize, the project will help provide the high quality jobs to lure some emigrants back. By increasing training efforts in rural areas and for less advantaged people (who have fewer cultural factors pulling them towards the U.S.), less loss of training effort through emigration will be ensured.

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TAGS:

SUBJECT: BELIZE TRAINING FOR EMPLOYMENT PROJECT

A DAEC REVIEW OF THE SUBJECT PID WAS HELD ON DECEMBER 14, 1984 AND THE PROJECT APPROVED SUBJECT TO THE FOLLOWING GUIDANCE FOR DEVELOPMENT OF THE PP:

1. LABOR MARKET AND DEMAND ANALYSIS: THE FOUNDATION UPON WHICH ALL THE PROJECT TRAINING ACTIVITIES (MANAGEMENT, PUBLIC ADMINISTRATION AND SKILLS) MUST BE LAID IS A THOROUGH LABOR MARKET AND DEMAND ANALYSIS WHICH DESCRIBES IN DETAIL BOTH THE MAGNITUDE AND CHARACTER OF TRAINING NEEDS IN BELIZE. THE STRUCTURE OF DEMAND BY FIRM SIZE, AND FIRMS ABILITY/WILLINGNESS TO PAY FOR TRAINING SERVICE SHOULD ALSO BE ASSESSED. AS THE ANALYSIS IS ESSENTIAL TO THE DESIGN OF EACH PROJECT COMPONENT, THE COMMENTS BELOW ASSUME ~~AN ADEQUATE DATA AND INFORMATIONAL BASE ON WHICH TO ACCURATELY IDENTIFY TRAINING NEEDS AND COST ESTIMATES IN THE AREAS OF MANAGEMENT, PUBLIC ADMINISTRATION AND TECHNICAL SKILLS.~~ UNLESS MISSION INDICATES OTHERWISE, AID/W WILL PROCEED WITH SCOPE OF WORK FOR THE DEMAND ANALYSIS.

2. MANAGEMENT TRAINING: THE PP SHOULD PROVIDE A PROFILE OF THE PRIVATE SECTOR IN BELIZE AND DESCRIBE THE TARGET

GROUP OF BUSINESS FIRMS AND ORGANIZATIONS THAT WILL BENEFIT FROM THIS ACTIVITY. POSSIBLE IMPACT ON EXPORT-LED DEVELOPMENT AND EMPLOYMENT GENERATION SHOULD BE DISCUSSED. THE TYPES OF MANAGEMENT TRAINING NEEDED SHOULD BE DESCRIBED AND HOW THEY WILL BE CARRIED OUT WITH LONG AND SHORT TERM TECHNICAL ASSISTANCE. THE PP SHOULD EXAMINE CAREFULLY THE MIX OF SHORT- AND LONG-TERM TA THAT WOULD BE APPROPRIATE TO THOSE NEEDS. PARTICULAR ATTENTION SHOULD BE GIVEN TO WHETHER A PERMANENT MANAGEMENT TRAINING CENTER COULD BE JUSTIFIED GIVEN THE SMALL SIZE OF THE WORK FORCE IN BELIZE. THE NATURE OF THE TRAINING NEEDS IDENTIFIED PER PARA 1R AND AVAILABILITY OF MANAGEMENT TRAINING OUTSIDE THE COUNTRY. IN ANY EVENT, CENTERS PERMANENT STAFF SHOULD BE MINIMAL, WITH TRAINING PERFORMED, TO MAXIMUM EXTENT POSSIBLE, BY PERSONS CONTRACTED FOR THAT PURPOSE RATHER THAN BY FULL-TIME EMPLOYEES.

IT IS TROUBLESOME TO USE AID FUNDS FOR ITEMS SUCH AS SALARY, RENTR LOGISTIC SUPPORT, ETC. SINCE THESE ITEMS FOR TRAINING CENTER TOTAL ONLY DOLS 30,000 IT SEEMS REASONABLE TO ASK PRIVATE SECTOR TO MEET THE COSTS.

3. PUBLIC ADMINISTRATION: THE IDENTIFICATION OF PUBLIC ADMINISTRATION TRAINING AS A VALID SOLUTION FOR REDRESSING THE INADEQUACY OF PUBLIC SECTOR INSTITUTIONS TO PROMOTE PRIVATE SECTOR INVESTMENT WAS NOT CLEARLY DEMONSTRATED IN THE PID. PRIOR TO DESIGN OF THE PP, A SEPARATE ANALYSIS OF GOVERNMENT AND PARASTATAL AGENCIES THAT DEAL WITH THE PRIVATE SECTOR SHOULD BE COMPLETED. THE ANALYSIS SHOULD SURVEY THE PUBLIC SECTOR AGENCIES IDENTIFIED IN THE PID, AND OTHERS AS APPROPRIATE, AND IDENTIFY ANY CONSTRAINTS TO THESE AGENCIES PROVIDING ADEQUATE SUPPORT OF PRIVATE SECTOR INVESTMENT (INCLUDING POLICY, REGULATORY, PERSONNEL OR OTHERS). TO THE EXTENT THAT PROJECT DOES NOT ADDRESS ALL OF THESE CONSTRAINTS, THE PP MUST DESCRIBE A STRATEGY WHEREBY THEY WILL ALL BE DEALT WITH.

THE MISSION IS ENCOURAGED TO SUBMIT THE PUBLIC ADMINISTRATION ANALYSIS, AND ANY PROPOSED PUBLIC ADMINISTRATION TRAINING ACTIVITIES, TO AID/W FOR REVIEW PRIOR TO SUBMISSION OF THE PP IN ORDER TO ENSURE APPROVAL OF THIS COMPONENT FOR INCLUSION IN THE PROJECT. AID/W WILL PREPARE AND CABLE TO MISSION ASAP A SCOPE OF WORK FOR THE PUBLIC ADMINISTRATION SPECIALIST TO ASSIST USAID IN CARRYING OUT THE ANALYSIS.

4. SKILLS TRAINING: BASED ON THE DEMAND ANALYSIS IN 1 SUPRA, THE PP SHOULD PROVIDE A CLEAR DESCRIPTION OF THE TYPES OF SKILLS FOR WHICH THERE IS PRESENTLY AN UNSATISFIED MARKET IN BELIZE, AND WHAT TRAINING ACTIVITIES WILL BE CARRIED OUT TO MEET THIS NEED. THE WAGE STRUCTURE SHOULD BE EXAMINED TO DETERMINE IF ANY CONSTRAINTS TO GENERATION OF EMPLOYMENT FOR SKILLED LABORERS ARE PRESENTED HERE. A DISCUSSION OF THE FACILITIES OR INSTITUTIONS THAT WILL PROVIDE THE COURSES, THE ADEQUACY OF OR NEED FOR TRAINED INSTRUCTORS, AND THE ROLE OF THE NATIONAL SKILLS TRAINING ADVISORY COMMITTEE SHOULD BE INCLUDED. GIVEN THE IMPORTANCE OF PRIVATE SECTOR PARTICIPATION IN THE COMMITTEE, THE LINKAGES BETWEEN TRAINERS AND EMPLOYEES, THE ANTICIPATED TYPE OF RELATIONSHIP SHOULD BE INDICATED, INCLUDING THE COMPOSITION AND ROLE OF THE PRIVATE SECTOR ON THE ADVISORY COMMITTEE. THE PP SHOULD ALSO DISCUSS HOW WORKERS WILL BE PLACED FOLLOWING SKILLS TRAINING ON OTHERWISE ABSORBED INTO THE LABOR MARKET.

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5. SKILLS TRAINING FUND: IN DESIGNING THE FUND FACILITY WHICH WILL PROVIDE NEW FIRMS WITH FINANCING FOR TRAINING THEIR WORKERS, THE USE OF LOAN VERSUS GRANT FUNDS SHOULD BE CAREFULLY WEIGHED. THE PP TEAM SHOULD CONSIDER POSSIBLE ADVANTAGES TO BE FOUND IN THE USE OF A REVOLVING FUND, PERHAPS SET UP IN A LOCAL BANK, AND TERMS WHICH MIGHT ALLOW NEW INVESTMENT FIRMS TO REPAY LOANS ONCE THEIR INVESTMENTS BECOME PROFITABLE SHOULD A GRANT FUND FACILITY BE ESTABLISHED, AID RESOURCES SHOULD NOT BE USED AND THE MISSION MIGHT EXPLORE THE FEASIBILITY OF USING ESF COUNTERPART FOR THIS PURPOSE.

6. PROJECT IMPLEMENTATION: IN VIEW OF THE LARGE NUMBER OF INSTITUTIONS BOTH PUBLIC AND PRIVATE SECTOR, THAT WILL BE PARTICIPATING IN THE PROJECT, THE PP SHOULD PARTICULARLY ATTEND TO IMPLEMENTATION ASPECTS, INCLUDING (A) HOW PROJECT ACTIVITIES WILL BE COORDINATED BY THE BCCI; (B) HOW PUBLIC SECTOR ACTIVITIES WILL BE SUPERVISED AND CARRIED OUT UNDER PROJECT ADMINISTRATION BY THE PRIVATE SECTOR (BCCI); AND (C) GIVEN THE LIMITED PERSONNEL RESOURCES OF THE MISSION, PROVISIONS TO MINIMIZE USAID RESPONSIBILITIES IN PROCUREMENT OF TRAINING SERVICES (SUCH AS SEEKING AN INSTITUTIONAL CONTRACT FOR ALL TRAINING ACTIVITIES CONTEMPLATED UNDER THE PROJECT).

7. PP DEVELOPMENT: PP PREPARATION MAY REQUIRE UP TO DOLS 100,000 FOR TAR THE OYB FOR EHRD PD AND S IS PRESENTLY DOLS 50,000 AS PER BELIZE 3631. DOES MISSION AGREE TO DOLS 50,000 REDUCTION IN FY85 PROJECT FUNDING TO ALLOW INCREASE IN PD AND S? PLEASE ADVISE.

8. PP SHOULD BE SUBMITTED TO AID/W FOR REVIEW AND APPROVAL.  
 SHULTZ  
 BT

ANNEX B

PROJECT DESIGN SUMMARY--LOGICAL FRAMEWORK

Project Title and Number: Training for Employment and Productivity (505-0020)

Total U.S. Funding: \$5 Million  
Date Prepared: July 10, 1985

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<p><u>Goal</u></p> <p>To increase productivity leading to greater foreign exchange earnings generated from new and expanded export-oriented activities and tourism.</p>	<p>1. Increased exports in non-traditional goods.</p> <p>2. Increased foreign exchange earned from tourism.</p> <p>3. Increased productivity in export-oriented business community.</p>	<p>GOB Statistics (GSO and Central Bank) Project Reports and Evaluations</p>	<p>Market advantages offered to Caribbean and CA countries through CBI continue.</p>
<p><u>Purpose</u></p> <p>To provide the management, public administration and skills training necessary to promote growth of export- and tourism-oriented enterprises in Belize.</p>	<p><u>End of Project Status</u></p> <p>1. A permanent management and skills training program established under the auspices of the Belize Chamber of Commerce and responding to the training needs of the private sector.</p>	<p>Project Evaluations BIM Reports Project Annual Reports Manpower Surveys</p>	<p>BCCI is able to adapt its organization to meet the requirements of BIM.</p>

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<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
	2. Private sector managers and skilled workers trained and applying new skills and knowledge.		
	3. Selected government personnel in organizations critical in export and tourism promotion trained and contributing to the country's growth strategy.		3. GOB continues to give high priority to export and investment promotion and tourism.
	4. Ministry of Education vocational and technical skills training capability improved and responding to the needs of the labor market.		4. GOB continues to give high priority to vocational and technical training.

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<u>Outputs</u>	<u>Magnitude of Outputs</u>	<u>For all outputs</u>	
1. BIM developed and staffed, offering diverse management public sector and skills training courses.	1. a. Director of Training and Research and a secretary hired; b. 15 Part-time instructors selected and trained in teaching methods and course content; c. An Advisory Board and Executive Board appointed and functioning; d. 93 courses given; e. Outreach service created for organizing on-demand training in industry and tourism.	Project Reports BIM Reports Project Evaluations  On-site inspections Surveys of firms Feedback from BCCI member firms	a) Qualified personnel are available.  b) Qualified personnel are available.     e) Firms are willing to pay for this service.

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<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
2. Supervisors trained in appropriate skills in existing and new enterprises.	2. a. 1,000 private sector managers trained. b. 350 public sector officials trained. c. 435 skilled and semi-skilled workers trained.		2. Firms and trainees able to arrange schedules for training.
3. Skilled craftsmen trained in appropriate skills in existing and new enterprises.			
<u>GOB</u>			
4. Ministry of Education vocational and skills training, planning and management functions strengthened, instructors' capabilities upgraded, and key institutions better equipped.	4. a. Ministry of Education Vocational Education Division created and staffed. b. National Advisory Committee on Technical and Skills Training created and advising Ministry of Education.		a) GOB able to incur any additional costs in establishing division.



<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
6. Improved capacity within the Government of Belize for providing timely Government services to execute the country's export and tourism promotion strategy.	<ul style="list-style-type: none"> <li>c. A country-wide professional association organized.</li> <li>d. A country-wide vocational education students club formed.</li> <li>6. a. OED personnel with upgraded skills and knowledge.</li> <li>b. DFC staff with improved capability.</li> <li>c. Central Bank, CSO, and Computer Center, with improved capability to gather and analyze economic and manpower data. Personnel trained.</li> <li>d. 5-10 other departments improved and their personnel trained.</li> <li>e. Management audits conducted in key government offices to plan training needs.</li> </ul>		6. GOB remains committed to export and investment promotion and tourism.

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<u>Inputs</u>			
1. AID a. AID Grant	a. \$5,000,000	1. AID records	
2. Belize a. Participating entities' counterpart contribution.	\$1,327,000	2. Implementing agency records, reports and audits.	2. Implementing agencies able to make contributions.
b. ESF local currency.	\$500,000	3. Min. of Finance records	3. GOB makes available sufficient local currencies.

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## 5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESP.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT? Yes.  
Yes.

### A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;  
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

A Congressional notification has been issued.

The project is included within the operational year budget.

2. FAA Sec. 611(a)(1) Prior to obligation in excess of \$100,00, will there be

N/A.

(a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? None required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A.

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.
- No.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
- Through providing training oriented towards export and tourism development, the project will increase the flow of international trade, foster private initiative and competition, and improve technical efficiency of industry, agriculture and commerce.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- One of the project's objectives is to promote U.S. investments in Belizean non-traditional exports and tourism by providing training to private sector managers and workers and to GOB employees involved in implementing GOB export and tourism development strategies.

9. FAA Sec. 612(b), 636(h);  
FY 1982 Appropriation  
Act Sec. 507. Describe  
steps taken to assure  
that, to the maximum  
extent possible, the  
country is contributing  
local currencies to meet  
the cost of contractual  
and other services, and  
foreign currencies owned  
by the U.S. are utilized  
in lieu of dollars. The project will primarily  
fund foreign exchange  
costs. Most requirements  
for local currency will  
be met through host  
country contributions.
10. FAA Sec. 612(d). Does  
the U.S. own excess  
foreign currency of the  
country and, if so, what  
arrangements have been  
made for its release? No.
11. FAA Sec. 601(e). Will  
the project utilize  
competitive selection  
procedures for the  
awarding of contracts,  
except where applicable  
procurement rules allow  
otherwise? Yes.
12. FY 1982 Appropriation Act  
Sec. 521. If assistance  
is for the production of  
any commodity for export,  
is the commodity likely  
to be in surplus on world  
markets at the time the  
resulting productive  
capacity becomes  
operative, and is such  
assistance likely to  
cause substantial injury  
to U.S. producers of the  
same, similar or  
competing commodity? No.
13. FAA 118(c) and (d).  
Does the project comply  
with the environmental  
procedures set forth in  
AID Regulation 16? Does Yes.

the project or program take into consideration the problem of the destruction of tropical forests?

Yes.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

N/A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

(a) Some training will be provided out of Belize City at the district level. The project has major skills training components. U.S. contractors will be used to provide technical assistance and U.S. institutions will be used for participant training.

(b) N/A.

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

(c) The project is designed to improve private and public capabilities for in-country training.

(d) The project will train women in both the management and skills training components.

(e) Caribbean country sources will be used for didactic material.

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

Yes.

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

N/A.

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Yes.

e. FAA Sec. 110(b).  
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.

N/A.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes.

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

The project will be based on a continuing training needs assessment of the private sector; the project will "train the trainers" (i.e., Belizeans);

institutional development;  
and supports civil  
education and training in  
skills required for  
effective participation in  
governmental processes  
essential to self-government.

the project will train  
both private firm managers  
and workers and government  
officials involved in  
implementing the export  
and tourism development  
strategies.

2. Development Assistance Project  
Criteria (Loans Only)

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest. N/A.
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? N/A.
- c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)? N/A.

3. Economic Support Fund  
Project Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic or political Yes.

stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? No.
- c. FAA Sec. 534. Will ESP funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives? No.
- d. FAA Sec. 509. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A.



# BELIZE CHAMBER OF COMMERCE AND INDUSTRY

for commerce, industry, tourism, agriculture and trades

Secretariat: 168 North Front St.  
P.O. Box 291, Belize City

Cable:  
BZ CHAMBER

Telex:  
121 CHAMBER BZ

Telephone:  
02-3148

Ref:

19th July, 1985

Mr. Neboysha Brashich,  
A.I.D. Representative,  
USAID Mission to Belize,  
Gabourel Lane,  
Belize City,  
BELIZE.

Dear Mr. Brashich,

The purpose of this letter is to request an A.I.D. Grant in the amount of \$2.8 million to assist the Belize Chamber of Commerce and Industry (BCCI) in carrying out the Private Sector Management and Technical Training Component of the Training for Employment Project.

The BCCI will be involved in the re-establishment of the Belize Institute of Management with expanded management training activities and new technical training activities, management training of private firm supervisors and of public administrators, and skills training of industrial and tourist service firms' technicians and workers.

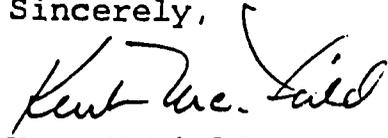
According to conversations with A.I.D. staff and our review of documentation provided to us, we understand that the goal of the project is to increase productivity leading to greater foreign exchange earnings generated from new and expanded export-oriented activities and tourism. The purpose is to provide the management, public administration and skills training necessary to promote growth of export-oriented enterprises in Belize.

The BCCI is committed to work closely with the Government of Belize and other institutions involved in the project, as well as with its own members in terms of indentifying training needs, potential trainers, training candidates and facilities, etc.

2.

The Chamber believes that the Project will make an important contribution to providing the trained labour required by existing and new export-oriented enterprises.

Sincerely,



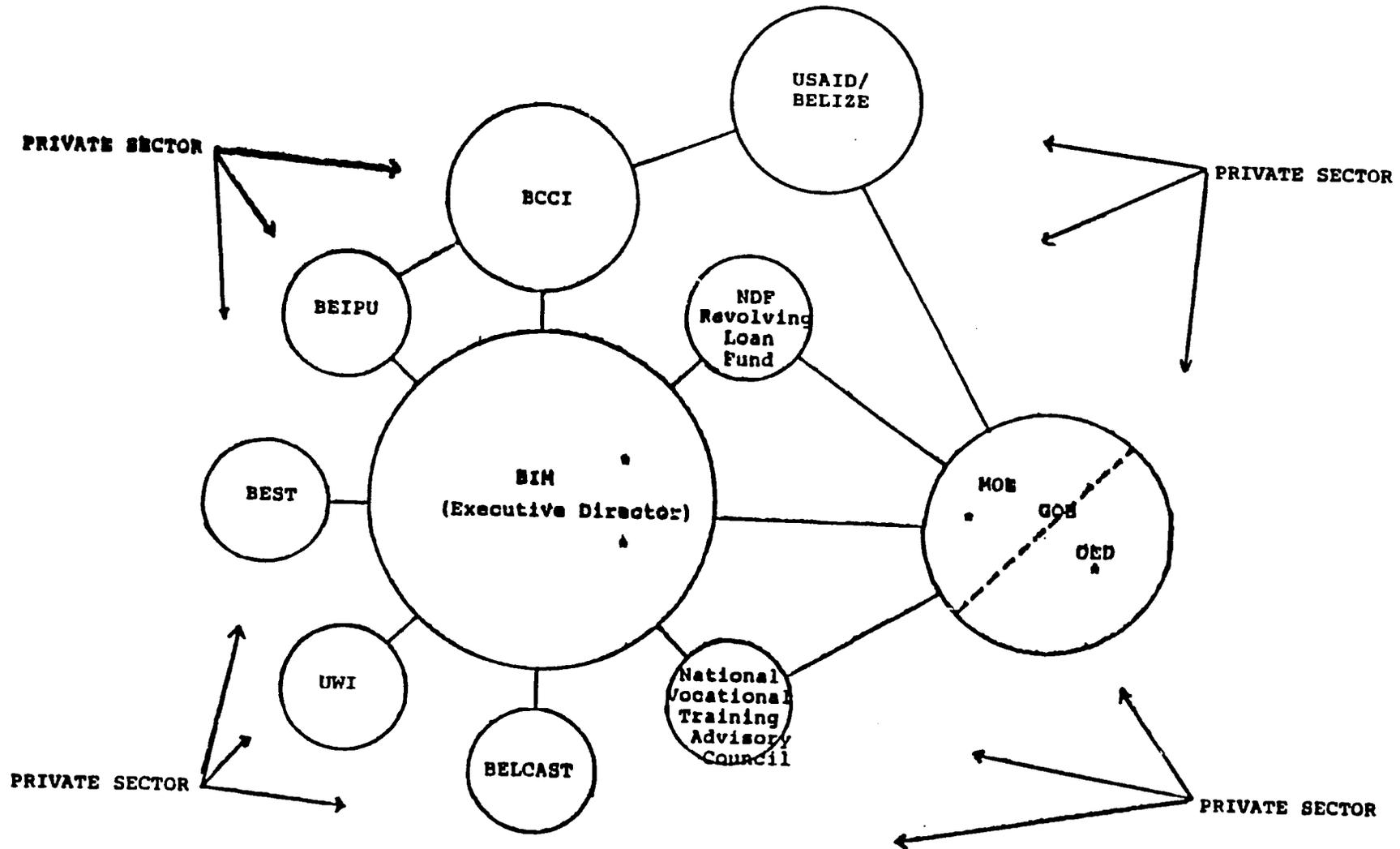
Kent McField  
President, BCCI

KM/maj

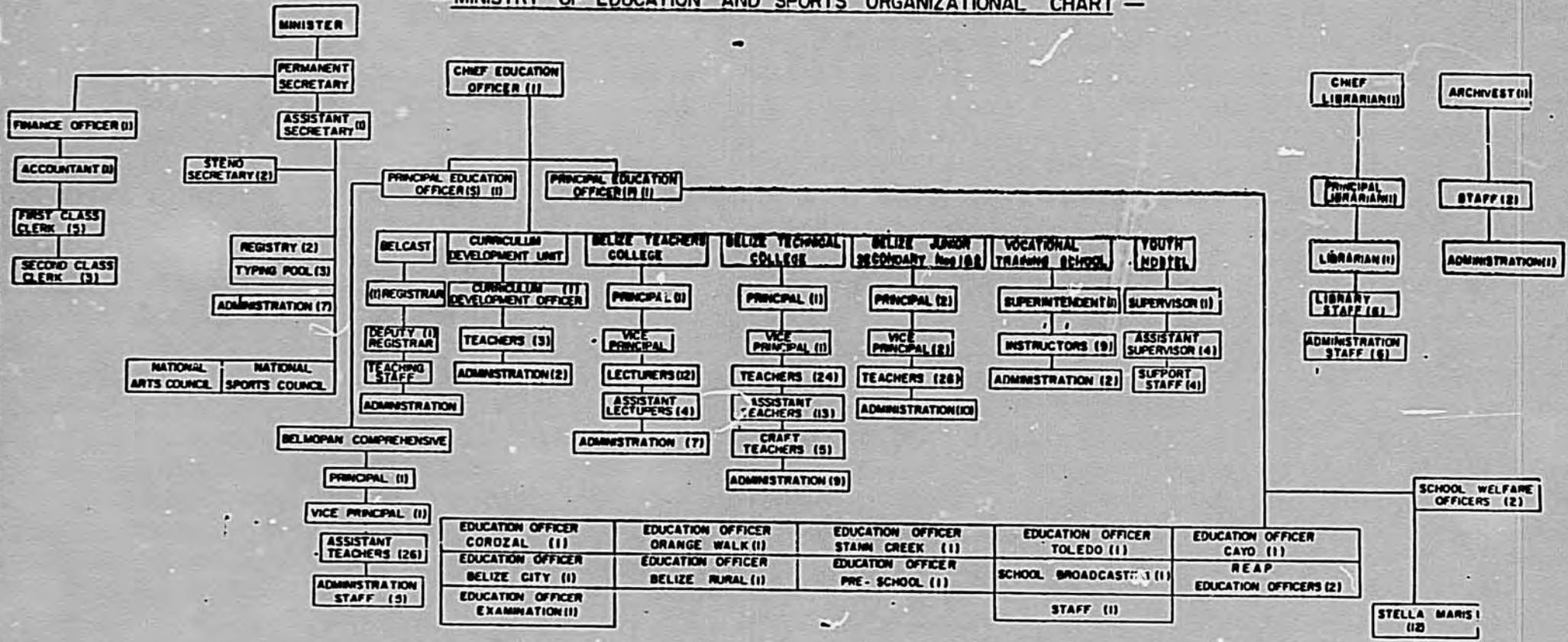
ANNEX E

ADMINISTRATIVE ANALYSIS ANNEX

TRAINING FOR EMPLOYMENT AND PRODUCTIVITY PROJECT ORGANIZATION



— MINISTRY OF EDUCATION AND SPORTS ORGANIZATIONAL CHART —



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1. Summary of Existing Programs: Vocational Training and Management Training

a. GOB/MOE Vocational Training Programs

There are two major vocational programs in Belize City, and an industrial arts program at St. John's College, plus four secondary schools in various areas of the country that offer some vocational education.

The Belize Vocational Training Center (BVTC) provides vocational programs for school leavers of 14 to 16 years of age in the building trades plus auto mechanics with about 80% of the time spent in practical training. No general education subjects are included. Their output is about 12 students per year in each of the five trade areas. An addition for a separate auto mechanic shop is underway which will allow for expansion of the other shops.

The second major vocational training program is housed at the Belize Technical College (BTC) which offers both post-secondary, and high school programs using the same facilities. The vocational courses include auto mechanics, machine shop with welding and all the building trades. Technical programs include a mechanical-engineering curriculum and a building-trades curriculum along with drawing. Programs are also provided in business, science and mathematics. The industrial training programs are highly theoretical, reflecting the technical orientation. The programs are aimed at qualifying for certificates, such as that of the City Guilds of London Institute in Basic Building Trades and Basic Engineering Trades and the CXC (Caribbean Examination Council) in Basic and General Proficiencies.

An act of the legislature in 1983 established BELCAST, Belize College of Arts, Science and Technology, as a means of coordinating tertiary-level programs offered at the Technical College, St. John's College, Teachers' College and the School of Nursing. Additionally, BELCAST introduced other programs including secondary teacher education for business and vocational technical education. BELCAST offers certification programs in pharmacy (12 students), veterinary technical (18), secondary school teaching (34), accounting (12), architectural technology (12), and various secretarial skills.

More limited VT programs, often with very limited facilities, are offered at a number of secondary schools in the districts. Only four have equipped shops. There is also one small church-run vocational center for primary-school leavers in one district that presently has about 15 students.

In-service training is offered by a number of Government departments, including the Medical Department, Survey Department and Public Works Department.

Skills training in agriculture is offered at the Belize School of Agriculture, Ministry of Natural Resources. The two-year program offering a diploma aims at producing middle-level technicians in agricultural technology or farmers. Other pre-vocational-level programs in agriculture are offered by the Rural Education and Agriculture Program (REAP) and the Belize Junior School of Agriculture. The former program aims to change attitudes toward agriculture and develop relevant skills in primary schools, while the latter aims at providing vocational agricultural programs for non-secondary school graduates who have shown interest through the REAP programs of pursuing careers in agriculture.

b. Existing Management Programs

(i) The Belize Institute of Management (BIM)

BIM is the only institution in Belize offering any sort of management training for the private sector. It was established in 1976 as a non-profit voluntary organization, through private sector initiative. It is supported by fees charged member companies for training, and is led by an executive board which is responsive to the members' needs. The board includes members of the BCCI, Government educational institutions, UWI Extension, and parastatals. Instructors have been drawn from the business community and from visiting UWI faculty.

Courses have been offered in basic management, conference leading, basic instruction and work simplification. Seminars typically enrolled 12-15 persons, leading to a certificate signed by the BIM president and the UWI resident tutor. The facilities at UWI Extension have been used for the classroom sessions, though aids and materials are lacking. At its peak, BIM had 70 member-companies, but the voluntary nature of the organization has limited its ability to expand and meet the wider needs of business and government. In the last two years BIM has become much less active than before, mostly because the president could not take the time away from his own job to run BIM on an expanded basis. More recently, BIM's board has revived and is currently engaged in a new series of seminars

and courses, partially at the request of the Central Bank of Belize, which required training in supervision and human relations for the lower-level supervisors.

(ii) Belize Chamber of Commerce and Industry (BCCI)

While BCCI is mainly occupied with other business-related activities, it has presented management training courses on an irregular and occasional basis over the years. Trainers and advisors have been drawn from the Caribbean Association of Industry and Commerce (CAIC) in Barbados, the Caribbean Development Bank, also in Barbados, and the training unit of the CARICOM secretariat in Guyana.

Both CAIC and CARICOM developed this capability through USAID's Caribbean Regional Development Training Project (538-0014). At present, however, BCCI is not actively engaged in any training activity and has expressed a willingness to cede these activities to BIM.

(iii) Belize College of Arts, Science, and Technology (BELCAST)

BELCAST instituted in 1983-84 a certificate program in public administration (CPA) in response to Government's need for in-service training. Prior to this, only occasional management courses were offered, with a poor response.

The present program has 13 students on a two-year, part-time basis, including five courses. No plans for expansion presently exist, and GOB has recently decided to reduce support for BELCAST overall.

The BELCAST director is prepared to offer BELCAST credit for BIM management courses.

(iv) GOB Personnel Development Committee

Given a lack of in-country management training and a very high turnover rate among management positions, the GOB established a Training Advisory Committee in 1975 which was charged with setting training policy and deciding who will be sent overseas for training. The group is now called the Personnel Development Committee, and includes all 17 Permanent Secretaries in Government.

(v) Public Service Training Unit

This division of the Establishment Department has a staff of three but no training facilities of its own. Short talks are given on request within Government on specific skills and

management topics, and lecturers have been recruited at times from UWI and CARICAD. Otherwise, the unit acts merely to coordinate overseas training, and to arrange to send a small number of people to BELCAST programs. Its budget is only Bz.\$50,000 per year. The Permanent Secretary has strongly affirmed his division's interest in an expanded and strengthened BIM, and would encourage management training at that institution at every level of government service.

(vi) University of the West Indies

The Extramural Department of the University of the West Indies of Belize (UWI/B) is located on the outskirts of Belize City in a building that has often been used for training by other organizations. The building houses a library, an auditorium that can seat 150-200 persons, and three classrooms seating from 15 to 30 students. As one of the outer campuses of the University of the West Indies headed by a Resident Tutor, UWI/B offers the first year of university instruction, students of which may thereafter matriculate to one of the main UWI campuses in Jamaica, Barbados, or Trinidad.

In cooperation with UWI/Mona, UWI/B plans to establish a certificate in management program on a part-time "challenge" examination basis similar to BELCAST's CPA certificate program. UWI/B also hopes to utilize in its management program UWI's satellite training system when it becomes operable.

2. Financing of Educational Services

a. Current Expenditures

When the Government of Belize (GOB) expenditures on education are measured relative to other countries with similar Gross Domestic Product (GDP) per capita, its performance can be considered good. In 1983, the GOB spent 5.2% of its GDP on education and those expenditures represented 21.0% of the total government budget. These expenditures are commensurate with countries with similar GDP per capita like Jamaica, and higher than all other Central American countries, except Costa Rica and Panama. Moreover, these data reflect a significant shift in resource allocation and the enormous efforts of the GOB to develop education. Ten years ago, the education share of the budget was less than 14% of total government expenditures.

An analysis of recurrent public education expenditures by level of education indicates that about 52% is spent on primary education, 24% on secondary education and 8% on tertiary education. Expenditures on technical education and vocational training are included in both secondary and tertiary education and cannot be easily separated from those categories.

The GOB 1984 per capita expenditures by level of education in Belize dollars were as follows: primary -- \$258; secondary -- \$789; tertiary -- \$2,111.

b. Additional Recurrent Costs

The Ministry of Education in its Education Program for the Period 1986 to 1991 has ranked vocational/technical education as its second priority out of five priorities (primary education is ranked as number one). The program includes upgrading of facilities, equipment and curriculum, as well as reorganization of secondary school programs to strengthen vocational and technical training.

The MOE wants to establish the Vocational Education Division and has designated one of its principal education officers as acting Vocational and Technical Education Officer in the meantime. One of the constraints to establishing new positions for the division is the Government's austerity program which in effect bans raises in salary and the establishment of new positions. The MOE and Ministry of Finance favor the establishment of a new position for a director of the Vocational Education Division if ESF local currencies can fund the salary for the first several years. Presumably after several years economic conditions will have improved and the Government will be able to establish and fund such important, key positions. Additional recurrent costs are expected to be minimal as the Vocational Education Division would receive support from the already existing Education Office in Belize City. Also, the GOB over the next few years plans to shift resources from non-priority to priority areas, staying within current levels rather than increasing expenditures to meet priorities. A.I.D.-financed costs are, for the most part, technical assistance or capital costs (purchase of equipment, etc.) which do not have to be continued. After the project, maintenance of equipment will be important but it is anticipated that the cost will be met by reallocating resources.

BELIZE CHAMBER OF COMMERCE AND INDUSTRY  
PROGRAM OF WORK 1984-85

(Issued January 1984)

Communications Committee

The Committee's function is to communicate the workings and benefits of the Chamber internally to its members and externally to the community. Whenever possible, it will also enhance the image of Belize as a great place to live, to visit and to do business.

- Produce the 1984-85 Program of Work and circulate it to all members.
- Print and distribute widely a minimum of six issues of the Chamber's newsletter.
- Support the Membership Committee by publishing a Directory and Buyers' Guide.
- Develop and circulate widely different displays about Chamber activity through the use of a portable exhibit.
- Conduct a Chamber membership survey to assess member needs and feedback.
- Provide public speakers for civic organizations, schools, etc., to promote the Chamber and explain Chamber policies.
- Produce a draft new Constitution for consideration by the Chamber's general membership.

Community Development Committee

The Committee's function is to encourage the improvement of the environment and improve job skills training primarily through the use of private enterprise.

- Develop, as needed, timely, relevant seminars or conferences to provide Chamber members and the public-at-large with important information.
- Coordinate and manage training and human resource development opportunities.
- Initiate a Junior Achievement program in Belize.
- Coordinate and manage a Chamber-sponsored Arts and Crafts Project financed by a US\$5,000 grant from USAID.

Economic Development Committee

The Committee has but two goals: to achieve the creation of jobs by attracting new business to Belize and by helping existing businesses expand and develop new markets.

- Inventory on a quarterly basis industrial, commercial and office properties available in the country for sale or rent.

EXECUTIVES OF THE BELIZE CHAMBER  
OF COMMERCE & INDUSTRY - 1985

President	-	Mr. Kent McField
Vice Presidents	-	Mr. Mike Heusner
	-	Mr. Steve Maestre
Treasurer	-	Mr. Douglas Erskine
Secretary	-	Mr. Richard Jones
		( Mr. Albert Moore
		(
Councillors	-	( Mr. Mike Williams
		( Mr. Evan Young
		(
		( Mr. Robert Usher
Past President	-	Mr. Elton Jones
-----		
Manager	-	Mr. Leo Balderamos

-10-

- Expand domestic and foreign trade opportunities for Belizean businesses by working with Government and other organizations.
- Publicize in the Chamber's newsletter business opportunities.
- Act as hosts for visiting dignitaries.
- Participate in trade missions and expositions to promote Belize.
- Foster good relations with our "twin" Chambers in Martinique and Salt Lake City.

#### Membership Committee

The Committee's responsibility is two-fold: (1) to acquire and maintain sufficient funding for the Chamber's overall operation through membership recruitment and retention, and (2) to secure the voluntary manpower necessary to implement the Chamber's Program of Work through membership participation.

- Host New Member Orientation luncheons to acquaint incoming members with the benefits, purposes and operation of the Chamber.
- Implement a new investment schedule to raise the base rate to meet increased and expanded Program of Work.
- Evaluate membership investment equity by determining "fair share" schedules in terms of historical dollars versus constant dollars.
- Conduct evaluation and summation interviews with new members at the end of their first year to receive feedback and encourage continued involvement.
- Contact all major Chamber investors to retain and upgrade membership.

#### Special Projects Committee

The Committee's function is to enhance general membership involvement in the workings of the Chamber and to organize, manage or coordinate such special projects as may from time-to-time be allocated to them by the Executive Council.

- Organize and manage the planning of a Membership banquet.
- Coordinate with other Committees to offer meaningful quarterly general membership meetings including the Annual General Meeting.
- Plan a Board Retreat to familiarize those involved with the Chamber organization and to plan and implement Chamber programs.
- Coordinate the Chamber's participation in the National Agriculture and Trade Show.
- Organize and run one or more fund-raising events to supplement the revenue derived by the Chamber from membership investments.

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Tourism Committee

The Committee's function is to enhance the image of tourism as a worthwhile economic activity and to promote Belize as a tourist destination.

- Provide a visitors' Fun Packet offering a variety of coupons for discounts on activities, merchandise, food and lodging purchases. The packet will also contain a brochure of attractions throughout the country, and events calendar and some basic information on the country.
- Produce statistics which indicate the economic impact of tourism to be used for educational purposes.
- Contact politicians and Government officials to educate them on the economic importance of tourism to our country.
- Seek to secure better signposting and maintenance of tourism to attractions throughout the country.
- Develop a program to educate tourism-related personnel on the benefits of tourism and how to treat visitors.
- Work with Belize International Airport officials to improve services and passenger handling.

Proposal for the Belize Export and Investment Promotion Unit

INTRODUCTION:

Over the past twenty months, meetings have taken place between the Belize Chamber of Commerce and Industry, and the Belize Government's Office of Economic Planning, Investment and Export Promotion. The principal proposal emerging from these meetings is the establishment of a private sector export and investment promotion capabilities under the auspices of the Chamber. This facility has been provisionally named the Belize Export and Investment Promotion Unit (BEIPU)

THE UNIT OBJECTIVES:

1. To attract domestic and foreign private investment to the country.
2. To increase export sales volume of the country.

THE UNIT STRUCTURE

In its final forms the unit will be under the direction of a Board of Directors composed of:

- Two Nominees from the Public Sector
- Two Nominees from the Private Sector
- Private Sector Chairman - Mutually agreed to by both sectors
- The Unit Director (ex-Officio)
- Technical Advisors ( " )
- Head of Sections ( " )

The unit will employ a Director, Administrative Assistant and two Export and Investment Promotion Officers. Annex I Details the Structure.

THE UNIT FUNCTIONS

- A. The Board will be responsible for:
  - the appoint of the Units staff and the hiring of consultants.
  - the establishment of specific corporate objectives and policies for the unit.
  - continuously reviewing performance of the staff and consultants.
  - the appointment of auditors and the approval of annual accounts.
  
- B. The Director's main function will be to plan, co-ordinate and administer the work of the unit in consultation with the Technical Advisors and Division Heads. He (or she) will on a monthly basis, review with the Export and investment promotion Officers their contact reports, work programmes and follow-up activity. He will in particular document from these meetings any environmental inhibitors which may have solutions in the political or financial systems. The information will be fed into these systems by the Director in his proposed role as a member of the Government sponsored Economic Task Force.

In addition to his other duties, the Director will take responsibility for maintaining and administering a small but comprehensive trade information system. Assistance will be available from external agencies in maintaining and upgrading such a system.

- C. The Technical Advisors. Under a contract recently signed by USAID and Coopers and Lybrand the Project Development Assistance Program (PDAP) has been renewed for a period of 3 years with a possibility of a two year extension. Under the terms of the contract PDAP II will provide investment services to the country of Belize and will be charged with the responsibility of:

1. Generating employment opportunities in agriculture agri-business, manufacturing, tourism and service activities.
2. Expanding extra-regional exports in both traditional and non-traditional products (Both of the above would benefit from an already established Coopers and Lybrand investor search network based in Washington D.C.)
3. Assisting appropriate private sector institutions and firms in upgrading their capability in the field of employment generation. Policy development and associated activities will be carried out where appropriate, with related public sector institutions.

Within this framework, it is felt that PDAP can play a significant role in assisting with the development of the Export and Investment Promotion Unit.

It is proposed that the resident PDAP Adviser, who has been working in Belize for the past two years in the field of investment promotion, be assigned to the unit for the duration of the PDAP contract, in the capacity of a Technical Adviser. The Adviser would be directly responsible to the Minister of Economic Development and to the Chairman of the Unit's Board of Directors. The Chairman would monitor the work programme and performance of the Adviser. The Adviser would only serve in this capacity for the duration of the PDAP contract. The adviser would work closely with the director of the Unit and assist him or her in planning, co-ordinating and carrying out the programme of work for the unit.

- D. The Administrative Assistant will support the Director by carrying out the duties related to the Trade Information System, Technical Library and other support services. Maintain and record the daily financial transactions of the unit.
- E. The Officers. It is proposed to appoint two export and investment promotion Officers who will work with existing companies, currently exporting or having the potential to export, and their expansion and the creation of new ones. One Officer will work with companies requiring Agricultural (Forestry, Fishery) Production and Processing expertise, the other with those requiring Tourism, Manufacturing and Development services.

The Officers should have a basic business or business related degree and, if possible, a few years of industrial experience. The main characteristics that should be looked for are:

- i) the ability to empathize with the businessman and his problems
- ii) good analytical skills
- iii) the ability to conceptualise a realistic work programme with the businessman and help him follow through on it.
- iv) Strong or Public Relations and salesmanship

The programme of work to be carried out by the Officers in Export Promotion would include the following:

- i) becoming thoroughly familiar with his panel of companies and maintaining continuous contact with them
- ii) becoming thoroughly familiar with the business sectors represented by these companies.
- iii) building a relationship based on professional competence and trust with the key marketing decision makers in his panel of companies
- iv) drawing up a realistic work programme with this key decision maker which would include:
  - identifying a key target market or markets,
  - identification of price, quality, servicing and distribution requirements and a work programme to meet these
  - identification of tariff and non-tariff barriers and how these may be overcome
  - identification of, and introduction to, selected buyers or agents in the target market.
  - the arrangement of suitable inward buyer missions
  - the organization of suitable trade missions to selected target markets.

The programme of work to be carried out by the Officers in Investment Promotion would include the following

- a) assisting existing and prospective investors with relevant information to help them in their decision making process
- b) preparing investment promotion tools (brochures, investors' guide, project lists, etc.) to be used in attracting investment
- c) Arranging for the preparation of project profiles/Dossiers of projects for promotion
- d) Directing appropriate investors to the Office of Economic Development for preparations and submission of request for custom duty and/or income tax exemption under the Government's development incentives necessary for the implementation of projects.
- e) identifying and cataloguing sources of investment capital and Directing investors to these sources.
- f) organizing investment and trade missions both to and from Belize

The Director and all staff of the unit will be locals recruited within Belize.

F. SUPPORT SERVICES. In order to carry out the work programmes effectively, the following support services will be required:

- 1. A small but comprehensive trade information service. This would include:
  - trade and telephone directories for relevant markets
  - import/export directories and directories of stores and buyers
  - basic trade statistics
  - information on customs, tariff and health regulations into relevant countries
  - currency and travel requirements
  - names and addresses of trade associations and other help agencies

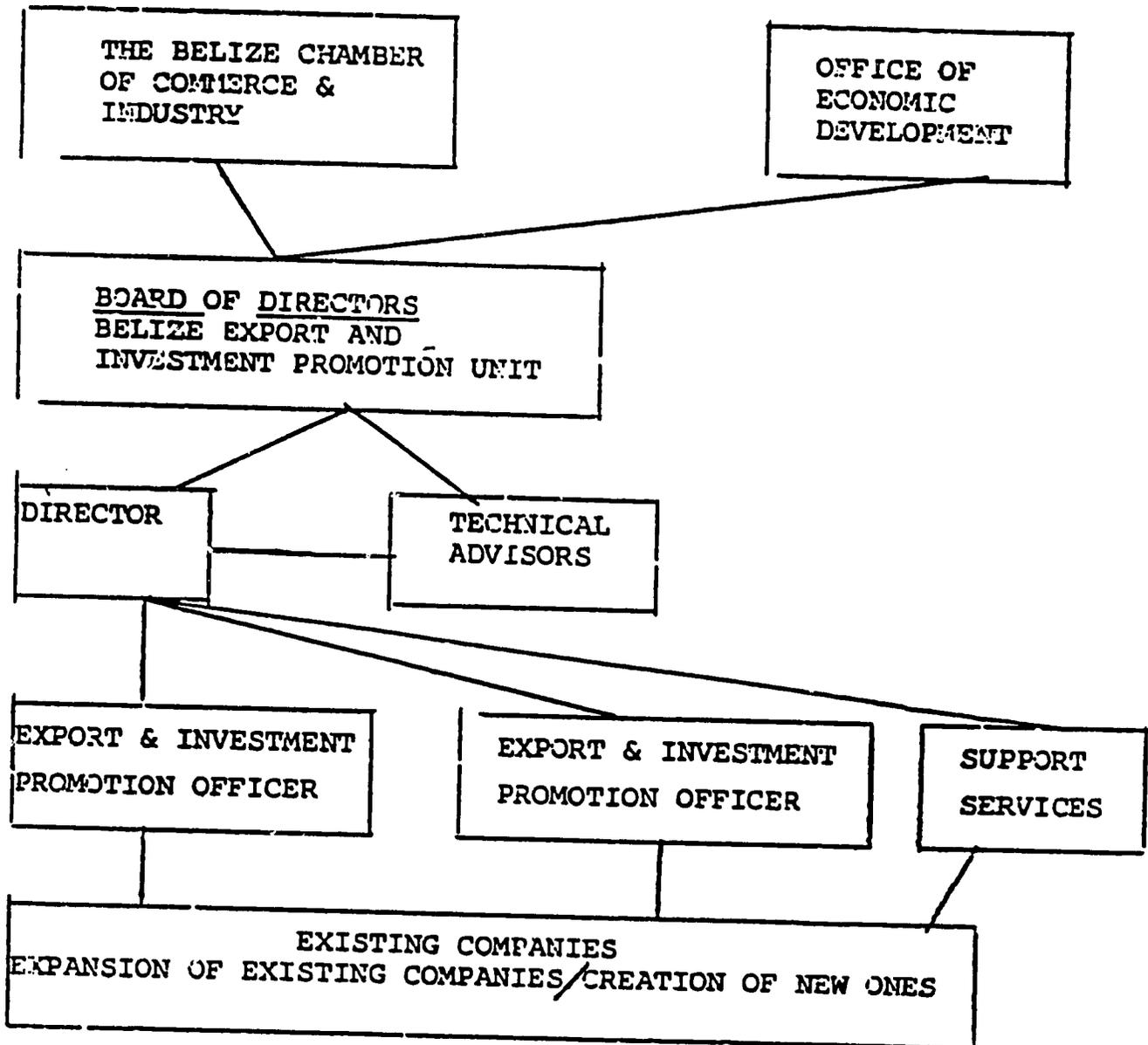
Technical assistance will be available from External Agencies in establishing and maintaining such service.

- 2. A Network of trade correspondents will be maintained in relevant markets. The correspondents are generally self employed researchers specializing in this area. They are paid an agreed per diem for work done and are not on a retainer. Experience shows that a typical brief requires about four days work.
- 3. A promotion fund is extremely important to support the activities of the Export and Investment Promotion Officers. Such a fund would be used for the following activities:
  - a) to pay for research briefs carried out by trade correspondents
  - b) trips to selected trade Fairs and markets to remain in touch with market trends and to establish new contacts
  - c) assistance to companies on a selective basis to help with, for example:
    - packaging or sales literature design
    - the cost of travelling to an agreed market as part or an overall work programme
    - the cost of exhibiting at a trade fair
  - d) to pay for export and investment seminars for Belize businessmen
  - e) to produce audio-visual slide and video presentations
  - f) for travel and subsistence both in-country and external
  - g) to purchase and subscribe to directories, trade information services and statistical services.

A detailed budget will be drafted based upon the above Proposal.

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The Belize Export and Investment Promotion Unit



## Export and Investment Achievements and Opportunities

The following results and opportunities in expanding the private sector of the economy have been achieved as a result of the cooperation and combined efforts of USAID, the Belize Chamber of Commerce, the Belize Export and Investment Unit, and the Government of Belize.

### Investments:

- o Citrus - Coca Cola has purchased 50,000 acres of land for the establishment of citrus groves and a citrus processing plant; \$6 million invested to date.
- o Shrimp Farming - Maya Mariculture is establishing a shrimp breeding and commercial shrimp farming venture; \$3.5 million invested to date. American Russ Allen is developing a shrimp farm on 2200 acres south of Belize City.
- o Cacao - Hummingbird Hershey is establishing cacao research for production and processing; \$4 million invested to date.
- o Tourism - Water Caye is a planned new hotel and water resort to be located south of Belize City on a small island; \$3.5 million invested to date.

### Exports:

- o Fruits and Vegetables - export figures showed a ten-fold increase from 1983 to 1984, increasing from \$350,000 to \$4 million. This included a large increase in new exports of non-traditional items, i.e., cucumbers, watermelons and cantelopes.
- o Crabs - retired Executive Secretary of the Fisherman's Cooperative, Peter Vasquez, is planning to use the technology developed in the USAID-funded Smithsonian Mariculture Project on the Turks and Caicos Island to farm crabs in Belize.
- o Light Apparel - Sportex, and 2 other local producers are now exporting garments to markets in the U.S., Sweden, and other countries. Sales volume has doubled since 1982.
- o Meat - Belize Meats Ltd. is now exporting meat to the U.S. and other countries.
- o Miscellaneous - 2 local companies are in the process of signing deals to export doors, and mats and brooms to the U.S. and other Caribbean countries. In addition, 2 other companies are now export jams, jellies, and hot pepper

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sauce.

**Facilitation:**

- o Fishing Coops - linkages are being developed between fish buyers in U.S. markets and the Belizean fishing coops.
- o Airlines - there are now weekly non-stop flights to New York and Los Angeles. The initial flights have been full.
- o Advertising - advertisements are being placed in the USDOC Business Bulletin for Belizean producers, joint ventures and investment opportunities. Ads are also being placed in the USDOC CBI Catalog by the Belizean business and tourist community.
- o Cattle - Bechtel Company has a client interested in purchasing the 36,000 acre Big Falls Cattle Ranch.
- o CBI Product Exhibition - to be held in 3 European cities in September for exposure in new export markets.
- o Export and Investment Promotion Trips - members of BEIPU and BCCI have traveled to Miami, New Orleans, Salt Lake City, the AID-sponsored investment workshop in Puerto Rico, and the Far East. Such trips have resulted in sales of arts and crafts, real estate and tourist packages, as well as visits by potential investors which are being followed up.
- o Far East Trip - Before and after its visit to the Far East, the BCCI had received numerous letters from major corporations in Korea, Hong Kong, Taiwan, and Japan interested in investing in Belize. More specifically, in Korea, four companies have made commitments to visit Belize. The companies are involved in nail manufacturing, plywood, deep sea fishing, and sweater manufacturing. Another individual wants to explore the possibility of growing cotton in Belize. A 9-member delegation from Korea will visit Belize on August 9, 1985.

In Hong Kong, a glove manufacturer and a shirt manufacturer made commitments to visit Belize in the very near future. Both would ultimately employ 750 people if located in Belize.

In Taiwan, seven different companies made commitments to visit Belize in the near future. Two were involved in shoe manufacturing, and one manufactures roofing materials. Also considered were a plastics operation, a paint factory, a furniture factory, and a plywood manufacturer. Discussions are continuing.

In Japan, the Japan Travel Bureau has agreed to publish tourist information on Belize, and BCCI has agreed with

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several counterpart Chamber of Commerce's in Japan to exchange investment information on a continuing basis. One group of Japanese investors were particularly interested in investing in a paper mill in Belize which would utilize sugar cane bagasse.

o Trend - due to increased local production, and an increase in the amount of exports, Belize's trade deficit has fallen from \$86 million in 1981 to an estimated \$63 million in 1985. This trend is expected to continue.

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ANNEX F

Social Soundness Analysis Annex

1. Social Context

Belize is a multi-ethnic country of approximately 155,000 people in 1984. Population density is very low, divided evenly between urban and rural areas, with more than a quarter of the population living in Belize City. While the city is predominately English-speaking Creole (Afro-American), the rest of the country is diverse, and a majority of the rural population speaks Spanish as a first language. Nationally, the largest group are Creoles (39.7% of total population in 1980), followed by Mestizos of mostly Maya ancestry (33.1%), Garifuna (Afro-Indians, 7.6%), Yucatec and Mopan Maya (6.8%), Mennonite (3.3%), Kekchi Maya (2.7%) and East Indians (2.1%). A substantial number (estimated between five and ten thousand) of refugees from El Salvador and Guatemala have entered the country in the last five years, scattering in rural areas and the cities, and forming several villages of their own.

This complex mix does not break down easily into groups by class, wealth, or economic role, and mixed communities are common. The only single-ethnic communities are the Mennonite settlements, the Amerindian villages of the south, and some Mestizo villages in the west and north. Belize City, the old capital, is still culturally, economically and politically dominant in the country. Most of the health and education infrastructure is still found there, and parents all over the country send their children to Belize City for education if they can afford it. Belize City is predominately Creole, and most inhabitants aspire to professional and managerial positions in services or industry, shunning agriculture and trades.

Belize has one of the highest fertility rates in the world, yet the country's population is growing slowly. Legal and illegal emigration (mostly to the U.S.) seems to balance immigration from neighboring countries and natural increase. Because most immigrants are ethnically Mestizo, and because so many emigrants are Creole, the ethnic balance of the country is changing, though Government is still largely dominated by Creoles. Belize City is the main stage for emigration to other countries, and this has led to a rare situation among the urban. All these trends tend to increase the cultural differences between Belize City and the rest of the country.

The educational system has historically tended to maintain cultural, social and economic differences. It serves a few at

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the top very well, but leaves the majority unprepared for economic realities. The urban elite and the Catholic church have concentrated resources on a small group of schools which provide high-quality scholastic education aimed at college preparation for professional careers, with many graduates going for prestige degrees abroad upon graduation. Students tend to be drawn from the existing elite.

For the rest of the population, primary school education in basic subjects remains the basic fare. Local high schools in the districts and lower-ranking high schools in Belize City are still seen as an avenue for social mobility; and prestige-conscious parents insist on scholastic programs oriented towards the General Certificate of Education (GCE) examinations. Practical and applied training is looked down upon, and reserved for the poorer students. High school graduates have high expectations for professional employment which are not met by the marketplace (an incentive to emigration), and they lack the job skills for those jobs that are available. Culturally, education is seen as a ticket out of the rural areas, out of the shop or factory, and into the office or the United States.

## 2. Project Beneficiaries

In the broadest sense, the entire Belizean workforce of about 45,000 stands to benefit indirectly from this project. Training supervisors may lead to better working conditions and employee relations, management training can lead to more vital and stable industries, improved government services for the private sector should improve the economy generally, and vocational and skills education reaches the workforce directly and indirectly through secondary training.

The Belizean workforce is extremely heterogeneous, with widespread underemployment and an unemployment rate of at least 14.3%. Of the employed, many are self-employed in micro-enterprises and petty trading, while many unemployed are involved in the "informal sector". Outside of Belize City and the sugar industry, many people work at more than one job, and employment opportunities are extremely limited, low paid (in comparison to living costs) and seasonal. The common rural life history includes many short periods of full- or part-time local work on farms or in town, seasonal farm labor, and short-term urban migration, interspersed with periods of residence and work on a family subsistence farm. Education is seen as the main avenue to a secure job in government or in the professions. Trades, on the other hand, are considered to be part-time specializations which provide insecure income, but are not considered to be careers per se.

Each sub-component of the project targets a sub-group within this highly differentiated workforce.

a. Management and Skills Training

The total number of managers is estimated to be at least 3,000. The vast majority are completely untrained in management and business skills. Those who are trained are heavily concentrated in a few, large, Belize City firms and the sugar and citrus industries. The largest training gap, therefore, lies among the managers of small businesses. This sector is notably quiescent in Belize, which lacks a tradition of entrepreneurship and small-scale capitalism. This can be traced directly to Belize's historical concentration in extractive industry and trading.

Through the Belize Institute of Management, this project will train approximately 1,000 people from the private sector and 280 from the public sector in basic managerial skills and related subjects. These direct benefits will be spread through a much larger population through the increased activity and viability of private sector enterprises, through improved employer-employee relationships, and through increases in outputs of goods and services.

The Belize Training Needs Survey estimated that there are 5,000 craftspeople (excluding clerical workers) in Belize. This is a very heterogeneous group, which now includes many refugees and immigrants from El Salvador, Guatemala, Honduras and Mexico who compete with Belizeans for jobs. While there are some traditional crafts (boatbuilding, carpentry, woodcarving, food processing) which still retain informal apprenticeship systems and family-based continuity, most craftspeople acquire their training informally and practice intermittently. Most craftspeople remain unspecialized, for in an economy as small and changeable as Belize's, the jack-of-all-trades is more likely to have continuous employment.

b. Vocational Education

Belize is a young country with 58% of the population under 20 years of age in 1980. Almost one-third of the nation's population is in school (approximately 45,000 students of whom 37,000 are in primary school). In rural areas the vast majority of students never enter secondary school at all, so their exposure to vocational and skills training is very low (though the REAP program provides some agricultural

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education). As presently constituted, this project will make no direct effort to reach the approximately 70-80% of rural children who never enter secondary school and who are from the poorest families. In addition, the quality of primary education in rural areas tends to be much lower than that available in the city and towns.

The percentage of children going on to secondary or tertiary institutions in urban areas is much higher, probably close to 60%. Of all secondary students, it is very difficult to estimate the total who receive some vocational training, and the amount and quality of that instruction. Some of the more prestigious high schools have no vocational/skills requirement at all, while even in the technically-oriented junior secondary schools the actual technical subjects occupy no more than one-third of the actual class hours. Gender-based tracking of training appears universal, with boys assigned to metal work, woodshop and technical drawing and girls to food and nutrition, sewing, clerical work and secretarial skills. In no case is on-the-job training provided, nor is job placement or internship common.

This project will bring direct benefits to approximately \_\_\_\_\_ students in vocational education programs throughout the country during the life of the project. By stimulating GOB to upgrade the status of vocational and skills training, and promoting trades as respectable careers for young people, substantial indirect benefits will accrue to the rest of the economy. Existing craftspeople will benefit from the improved stature of their positions, and from efforts to certify the crafts and promote crafts associations. Employers and prospective investors will benefit from increased availability of skilled workers.

#### c. Public Sector

Though the actual count of public service employees is about 3,000, this does not include educators and many lower-level employees which bring total public sector employment to about 7,000. The occupants of public sector positions are the products of Belize's educational system, and reflect its imperfections. They are often highly trained in professional and technical fields, but are untrained in the administrative and managerial jobs that they generally fill. Education and training are used as rewards and incentives within the system, rather than being aimed at improving job performance. Given the low salaries in public service, many see government jobs as stepping-stones to the private sector, or as the employment of last-resort when times are bleak. There is also a cadre of highly devoted and motivated public servants who serve despite

the poor pay. Still, job turnover is quite high when the private sector offers alternate employment. The turnover problem is most acute in certain jobs and ministries (especially in education), but it can be argued that the loss of a trained person to the private sector does not result in a net loss to the country.

This project is targeted at a much smaller group of public servants who have been identified carefully as having the most potential impact in improving government services to the private sector. This group of direct beneficiaries includes about 350 people. It is hoped that training will have the long-run benefit of improving understanding and cooperation between public and private sectors. This relationship has often been a difficult one in the past. The entire government system will benefit from improved management and public administration, and the entire economy will be stimulated by a vital and growing private sector.

### 3. Impact of the Project on Social Issues

There are a number of social issues which warrant further scrutiny in the design and execution of this project. Most of them fall under the broad heading of equity, which is a sensitive issue in a country as diverse and historically unequal as Belize. Unless new educational opportunities are equally open to all groups, this project runs the danger of increasing divisiveness and the potential for conflict. Below are outlined some of the general social issues which arose during project analysis.

#### a. Rural/Urban Division

While Belize City is dominated by Creoles of African ancestry, the countryside and district towns are predominately inhabited by Mestizos, Mayas and Garifuna, many of whom have a long history of agricultural enterprise. Wage rates, employment patterns and educational opportunities are quite different in urban and rural areas, though there is increasing interchange. Many urban people depend on remittances from abroad for part of their subsistence, and therefore lack certain incentives to employment. They also tend to have more avenues of education and emigration open to them; they are culturally more cosmopolitan and look towards the United States.

At present, industry is concentrated in Belize City, with few major exceptions. In the long-run there is a need to disperse employment opportunities more widely throughout the country, especially into the district towns, where there are growing unemployment problems (Dangriga Town has the highest

unemployment rate in the country at 28%). This project will approach this existing unequal distribution of management skills through BIM training programs in the districts. At the vocational and skills level it is suggested that every effort be made to upgrade the quality of training in the districts, and to involve candidates from the districts in Belize City based programs and projects. It is important that training and other activities be implemented on a country-wide basis.

An additional rural/urban distribution problem stems from the salient role of agriculture in Belize's development plans. The urban Creole population has little interest in agricultural employment at the same time that there is an urgent need for trained agricultural managers, for agricultural supervisors, and for people trained in technical farming skills. The project will reach some of the rural population through training of public sector agricultural extension officers, but BIM's efforts in this direction must be based in district towns. It may be necessary to make additional outreach efforts to find and train rural Belizeans to fill the many expected openings in agriculture in the immediate future.

b. Attitudes Towards Vocational Education and Occupations

Education in Belize has an important social, cultural and political dimension which must be considered in designing vocational and skills training programs. The low status of trades is deeply ingrained in urban (and to a lesser extent rural) Belizean culture, and this is reflected in a lack of interest in and a downplaying of vocational/skills training.

People in general will oppose increased emphasis on vocational training in their children's schools, because they see it as an attack on the quality of education. Quality tends to be equated with academic subjects and performance on foreign examinations. Poorer people in particular may see vocational emphasis as a means of keeping them out of the higher status schools, programs and careers.

Changing the entire culture of education in Belize is clearly out of the scope of this project, and a substantial change in attitudes towards vocational education will take quite some time, and will have to be linked to changes in attitudes about work and careers in general. But the project includes several components which can begin the process, though undivided government support is absolutely essential.

One essential ingredient in increasing public support for vocational/technical education will be the presence of jobs for graduates. Performance, more than anything else, is the best

recommendation. The prestige institutions must be involved, to demonstrate that V/T training is not just for the poor and disadvantaged. Government can do its share by demonstrating financial support and upgrading facilities and salaries. And the prestige of foreign institutions and organizations should be drawn upon to increase the legitimacy of vocational schools. Government should also be encouraged to support placement and career counselling services for V/T graduates rather than just pushing them out into the job market.

c. The Role of Women

Female roles in Belize vary greatly between cultural groups. Women take a strong public role in community decision-making among both Garifuna and Creole, but are much less visible in community affairs in Maya and Mestizo areas. There is surprisingly large participation by women in the workforce (8,024 out 39,806 employed in 1980), and while there are few women in trades, crafts and agriculture, women are proportionately well represented in professional, technical, and administrative areas. They dominate in clerical and service occupations. A major obstacle to full participation in the workplace by many women is the lack of child-care facilities. Many Belizean women have to support their children on their own. Lack of educational opportunities is also a problem.

While gender-based stereotyping is pervasive throughout the school system and in the job market, there are good possibilities for change in this situation, though it is likely to be a gradual process. There are quite a few "crossover" fields where women have already established a presence, and where participation can be increased by involving more women in training programs. Management, supervision, administration, and government are all target areas where education and training inputs can have a major impact. Some active advertisement to the public, and involvement of the government Womens' Bureau in recruiting would be important in furthering the project's ability to reach women.

d. Worker Attitudes

Cultural attitudes towards work are generally resistant to change in the short-term. Belize's history of involvement in extractive industry, the profoundly unfair labor system in the colonial and slavery eras (a form of debt servitude was common), and a long tradition of denigration for all forms of manual labor except logging, have all produced a legacy which today pervades the workplace.

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From the workers' point of view, jobs in the private sector are often short-term, as firms come and go, offering little job security and therefore little incentive to become involved in the firm or upgrade skills. In addition, the educational system has led many workers to aspirations that just cannot be met in the job market. Supervisors are often untrained, and workers often do not have clearly-defined duties or performance standards. Because so many workers have alternate sources of income (remittances for example), or a family they can fall back on, they are often not highly committed to their jobs and absenteeism is very high.

Many of these problems are structural, rather than cultural. If more secure jobs become available, and management improves, this should have a very positive effect. All possible efforts should be made in the workplace and in educational contexts to foster pride in craftsmanship and trades. There are deeply-held positive cultural values placed on hard work and good craftsmanship in Belize, and these values need to be drawn upon and emphasized. Increased avenues for advancement within the workplace through skills training should have a very positive effect. Employers' attitudes, as well as those of workers, need to change.

e. Emigration

As mentioned above, emigration is predominately from Belize City rather than the rest of the country. Current estimates are that about 60,000 Belizeans live in the United States, with perhaps a few more thousand elsewhere in the world. Many Belizean emigrants retain close ties with the country, and return to Belize periodically. Many highly trained Belizeans do return from abroad, despite very low pay scales and few opportunities.

One of the major factors which keeps more from returning after their training is that there are few employment opportunities outside the public sector, which itself pays poorly. By stimulating private sector development in Belize, the project may help provide the high-quality jobs that will lure some emigrants back.

While the outflow of highly trained people is the most conspicuous, emigrants' skills reflect the entire spectrum of Belizean society. While increased training efforts within Belize are not likely to stop the continuing outflow of trained people from the country, they are also not likely to increase that flow. By increasing training efforts in rural areas and for less advantaged people (who have fewer cultural factors pulling them towards the U.S.), less loss of training effort through emigration can be ensured.

Economic Analysis Annex

A. Introduction

The purpose of this study is to assess the impact of the proposed project on the economy of Belize. The project would finance management, public administration and skills training activities which would support the GOB export- and private sector led development strategy. The kinds of training activities to be promoted through the Belize Institute of Management (BIM) are described elsewhere in the Project Paper. The economic analysis presented here proposes to assess the developmental impact of the portfolio of project activities by measuring its impact on the export subsector of the economy of Belize. To accomplish this objective, the paper presents a brief economic overview, examines the project within the context of the demand and supply of labor, and presents an economic analysis of the project using benefit-cost, internal rate of return and cost-effectiveness analyses.

B. Economic Context

Belize, with approximately 155,000 persons in 1984 and a total land area of 8,866 square miles, has the lowest population density in Central America and one of the lowest in the world at sixteen persons per square mile. The country has many different ethnic groups, with the Creoles (African and Afro-European) comprising about 40% of the population and the remainder made up of Maya, Mestizo, Afro-Carib, East-Indian, Asian and European sub-groups.

During the period 1970-80, the average annual population growth rate was 2.1%, fairly modest in relation to the annual birth rate (4.2%) and the country's capacity to sustain a significantly larger population. The slow population growth has resulted mainly from a large emigration, mostly to the U.S.A., where more than 25,000 Belizeans have settled since 1970. Although remittances sent to Belize by nationals living abroad are substantial, the migration has had a detrimental impact on Belizean development as skilled, trained Belizeans rarely return home and many leave for employment at higher wages in the U.S.

More than 58% of the population is under 20 years of age, and more than 73% under 30 years. Nearly one-third of the population is of school age and less than one-quarter comprises the adult workforce, so the country's educational

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system is burdened with large enrollments and a relatively limited population base to generate the wealth necessary to maintain the social infrastructure.

Agriculture and services are the most important sectors of the Belizean economy, with agriculture accounting for more than 70% of domestic exports. Sugarcane, citrus and bananas are dominant in agriculture. Manufacturing contributes about 14% of the Gross Domestic Product (GDP), but this includes sugar and citrus processing. Construction is a small sector, contributing about 5% of GDP -- a percentage that could increase if large investment projects are implemented. Trade and transportation contribute about 28% of GDP and includes the value added generated by re-exports to Mexico which had, until recently, been an expanding economic activity.

Real GDP grew at an average annual rate of nearly 5% in the period 1970-1980. Because the economy in Belize is small and vulnerable to external shocks, its growth is sensitive to fluctuations in commodity prices and the costs of imported inputs. During the period 1978-81, real GDP grew at less than 2%. Sugar, which accounts for about 25% of GDP, largely accounts for the decline in the growth of GDP.

Since 1982, the components of GDP have displayed an uneven behavior and the economic performance has been mixed. In 1982 the economy suffered from the international economic recession and a sharp decline in construction, and the slowdown in international trade had a desultory effect on government revenues and expenditures. The economy in 1983-84 has reversed 1982's decline, but the return to positive growth has been in the neighborhood of only one to 2%, government remains squeezed for revenues, and the balance of trade has worsened.

Total employment in Belize was about 42,000 persons in 1983. Employment in the Belizean economy is heavily concentrated in the agricultural and service sectors, comprising about 37% of the total. Manufacturing, construction and installation, utilities and transportation are the principal sectors for skills training graduates, and employ only about 20% of the employed workforce, or about 8,500 workers. Managers, of course, are employed across all economic sectors, but appear to number about 4,000 persons. The age profile of the workforce by economic sector suggests that there are relatively large numbers of workers over 50 years of age in both the construction and transportation sectors. These sectors may therefore present some increased employment opportunities due to death and retirement.

No unemployment data are available in Belize since the last population census in 1980 when unemployment was estimated at more than 14.3% of the labor force -- a sharp increase from 5.7% in 1970. Unemployment is an acute problem in Belize City and among the young. Nearly 50% of the unemployed live in Belize City, and more than two-thirds were in the 15- to 19-year-old group. Unemployment is believed to have increased since 1980 as economic activity has slowed. Moreover, unemployment is expected to increase further unless the economy grows very rapidly, as more than 13,000 new workers are expected to join the labor force over the next five years.

Unemployment and underemployment in Belize present some complex features. The country apparently offers good opportunity to work in agriculture. These opportunities, however, are low wage, short-term positions and may represent substantial relocation costs. Moreover, they do not appear to meet the expectations or the training of large segments of the population, particularly those persons living in Belize City who may be the most inclined to emigrate. Because of these social and economic factors, there is often seasonal employment available in the rural areas of the country and unemployment and underemployment in Belize City at the same time.

Although the level of economic development is low, the nominal level of public welfare, compared to other Central American countries, is relatively high and well distributed. There are few disadvantaged groups, and income distribution is perhaps the most equitable in Central America. Health indicators show a great deal of progress, with life expectancy at 67 years and infant mortality at 30 per thousand; however, the country has limited capacity to deal effectively with a number of problems, including access to potable water, malaria, malnutrition and environmental sanitation. Educational attainment is relatively high, with 92% of the population nominally literate and 85-90% of all children completing primary education.

The prospects for economic growth in Belize appear favorable, but depend largely on the international economic situation. To the extent that an international recovery takes place, Belize can be expected to achieve steady economic growth. The economic outlook in the short- to medium-term appears to be one of slow growth, but in the longer term, Belize's prospects for economic growth look promising. The country has some apparent advantages, including a government that encourages both domestic and foreign investment, relatively slow population growth, abundant natural resources (especially agricultural land), a history of social and political stability, proximity to U.S. markets, and sound government policies which seek to diversify productive sectors and expand infrastructure.

C. Demand for Training

The Mission examined the effective demand for management, public administration and skills training from several different perspectives and at several different levels. First, the Mission conducted a formal survey of export firms to determine the demand for upgrading the skills of their labor forces. Secondly, the Mission analyzed the employment prospects of the Belizean economy on the medium-term (1985-1990). Finally, the Mission through informal meetings and contacts, attempted to gather a sense of the extent to which untrained manpower was a problem within individual sectors of the economy at large.

(i) Demand for Skill Upgrading

An in-depth representative survey of export, trade, service and industrial firms was conducted by a consultant from the Bureau of Labor Statistics (BLS), United States Department of Labor (USDOL). The study, carried out through interviews of managers and business owners, revealed that most firms are not training and developing middle- and supervisory-level personnel. Skill training occurs only informally and on-the-job in about half the firms. The public sector has a meager budget of U.S.\$25,000 for training and relies mostly on catch-as-catch-can assistance from donor nations. At the same time managers and public officials indicated an awareness of the need for quality management and skills training, an interest in promoting or upgrading staff once they were adequately trained, and 83% indicated a willingness to pay for such services.

In addition to obtaining business leaders' perceptions of management and skills training, the survey's objectives were to quantify the number of potential users for management and skills training services, and obtain information about training needs and problem areas of the Belizean private sector, especially export-oriented firms. The survey, which sampled about 10% of the firms representing 14% of the employed labor force, estimated that approximately 4,000 managers and 5,000 craftsmen was the potential base for training. Of that potential base, the survey estimated that 800 export-oriented managers and 2,500 craftsmen were in need of skill upgrading. The survey also indicated that more than 50% of the non-export firms indicated they had management problems and wanted training for their managers, supervisors and foremen. When the export and non-export sectors are added, the potential demand for training already employed persons in the private sector is approximately 2,400 managers and 3,750 skilled workers. Public sector officials indicated that approximately 400 public officials were in need of management training. From

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all sources then, perhaps 2,800 managers (800 export-oriented) and 3,750 craftsmen need upgrading (see Table I). Findings of the labor market survey are summarized in this Annex, Tables 1 - 12.

(ii) Employment Prospects in the Medium-Term; Demand for New Workers

Several estimates of economic activity and manpower demand in 1990 were developed. Because there is uncertainty about the nature of future economic activity and the effect of the nation's export and investment thrust, two basic economic scenarios were posited. The first no-change scenario assumed that the economy of Belize in 1990 will grow following the same pattern exhibited over the period 1960-1980. The second optimistic scenario assumed that the economy will grow slowly in the short- to medium-term, and rapidly toward the end of the decade, with leading growth sectors in agriculture, agri-business and light manufacturing.

Estimates for employment levels by sector in 1990 were obtained by applying the ratios of GDP per worker per sector in the base year to the GDP forecast for 1990. Such a procedure makes the simplifying, but useful, assumption that there is no significant change in the structure of the economy over the period analyzed. The projected employment levels were disaggregated using an industry occupation matrix by broad groups for the base year, and summed across all sectors for each occupational group to yield 1990 projections of employment by broad occupation. Estimates of the replacement demand (attrition due to death, retirement, or other separations from the labor force) were estimated by occupational group and added to the employment projections to yield estimates of employment by broad occupational group in 1990.<sup>1/</sup>

Although the employment numbers generated under each economic scenario are crude estimates, they are useful as parameters of the possible growth in employment. Based on the two growth scenarios, projection for total employment in 1990 would fall in a range of 48,000 and 52,000. When broken down by occupational category, the demand for new managers would range between 800-950 managers and 1,000-1,500 skilled workers over the five-year period.

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<sup>1/</sup> Estimates of replacements were based on the age distribution of the labor force by occupational group found in BELCAST Labor Force Survey, Belmopan, 1982.

(iii) Demand and Supply

When the demand for new workers and the demand for skills upgrading are added, it appears that the potential demand for training greatly exceeds the potential beneficiaries over the project life. The total demand for managerial training is 3,600 persons, while the total demand for skilled workers is 4,750 (see Table 2). The project is expected to upgrade a maximum of 1,580 public and private sector managers and 435 skilled workers over the life of the project. When the potential beneficiaries of the project are subtracted from the potential demand by occupational group, it appears that more than 2,000 (3,600 - 1580) managers and 4,000 (4,750 - 435) skilled workers will still require training. From these estimates it is apparent that there is ample demand to support the project over the project life.

TABLE 2  
Potential Demand for Management and Skill Training  
Over Life of Project

	Managers	Skilled Workers
Demand for Skill Upgrading <sup>1/</sup>	2,800	3,750
Demand for New Workers <sup>2/</sup>	800	1,000
	<u>3,600</u>	<u>4,750</u>

(iv) Informal Survey of Employers

The perceived needs of the private and public sectors directly support the conclusion that existing resources are inadequate to provide the short-duration, practical skills and management training needs of Belize. Interviews and observations indicate that economic growth is constrained by an acute shortage of trained managerial, supervisory and skilled workers. Several comments by Belizean entrepreneurs and public officials bear witness to the perceived needs and appear to be representative of the general consensus:

"If quality management training programs were offered in Belize I would grab them with both hands."

"My small export furniture operation has only myself and my foreman to guide it. If I could find another man like him I could double my output. As it is, I have to turn down good opportunities to supply U.S. customers."

<sup>1/</sup> Labor Force Survey

<sup>2/</sup> Mission estimates

"Every training program advertised by the Belize Institute of Management or the Belize Chamber of Commerce and Industry is overbooked and applicants have to be placed on a waiting list."

#### D. Benefit-Cost Analysis

##### (i) Introduction

Human resource development projects generally do not lend themselves to a quantitative analysis in which costs and benefits are easily compared. This project is no exception and the dearth of data in Belize compounds the problem.

The thrust of the project is to remove deficiencies in critical management, public administration and technical skills that are necessary to facilitate Belize's economic development strategy. The management training and consulting service provided by the proposed project will fill a wide spectrum of Belizean management and public administration needs in the areas of general management, marketing, finance, management information systems and data processing, personnel management, project planning and development, small business management, and investment-export management. It is anticipated that with enhanced managerial capacity, Belizean enterprises will be able to improve productivity and consequently incur lower production costs. In addition, Belizean entrepreneurs and managers will be better able to market their products and obtain needed capital for profitable business expansions. Improved vocational training, both institutional and in-plant, provided by the project will have similar effects of improving productivity and lowering production costs. The project should make Belizean goods and services more profitable and more competitive, and should increase production, thence sales, in both the domestic and international markets. These developments should be especially important for the export sector of Belize.

##### (ii) Methodology

The methodology for assessing the economic impact of the project involves the following steps:

--assessing the economic impact of the project on the value added to non-agricultural export earnings; such an approach obviously understates the total effect of the project. However, data limitations made estimates of the other sectors problematic;

--determining the employment and wage benefits resulting from increased export earnings;

--performing a sensitivity analysis on key assumptions of the analysis;

--calculating the benefit-cost ratio and internal rate of return for the various scenarios. Because of data limitations, the analysis considers only the value added to labor resulting from the project. Value added to land, management, and capital, which remains in Belize, is ignored. Such an omission clearly understates the quantified results.

(iii) Financial Analysis

This analysis measures the impact of the proposed project using with- and without-project scenarios. The without-project scenario accepts the estimate of the World Bank that the annual growth rate in real terms of exports will be 5%. According to available data, the non-agricultural export sector in Belize has grown at an average annual rate of 25% over the last ten years, although annual rates have fluctuated widely (see Table 3). The sub-sector is small, but it has been the fastest growing segment of the economy within the last decade. Moreover, the sector has created nearly 4,000 jobs in the last 15 years. In this light, the World Bank estimates may be considered conservative.

The World Bank projections are based upon the assumptions of a slow-down in the U.S. economic expansion and a fuller utilization of Belizean capacity. These factors could be offset by CBI-induced growth, the new Belizean development finance institution and a weaker local currency position. Under this scenario, non-agricultural exports would grow from \$25 million in 1985 to \$40.7 million in 1995 (see Table 4).

Next, a with-project scenario was posited. Analysis of the Belize situation indicates that the skills change anticipated under the project should produce an additional 3% growth in non-agricultural exports per year. When compared to the without-project scenario, the increased value of exports attributable to the project would be \$13.3 million (\$54.0 - \$40.7) (Table 4).

Using these projections, estimates of the employment impact generated from the project were derived by assuming that for every 1% increase in exports, employment increases 0.6%. With limited data, it is difficult to determine the impact of the project on employment generation, but the estimate of 0.6% appeared reasonable given the data available and LAC experience in other Central American countries. Under the two scenarios,

if exports grow at 5% per year, employment is expected to grow at 3% ( $5\% \times 0.6\%$ ) per year without the project, while with the project employment is expected to grow at 4.8% ( $8\% \times .06\%$ ), if exports grow at 8% per year. These estimates and the impact on job creation for the two scenarios are compared and shown in Table 5.

From these data, the direct wage benefits were estimated for the with-project scenario. The estimate of wages distributed was estimated to be 60% of the value added of exports. This estimate appeared to be reasonably accurate given the production characteristics of Belizean export firms, the inputs of imported materials in Belizean exports, and the experience in other Central American export firms. After subtracting the opportunity cost for unskilled labor<sup>1/</sup> from the attributable wages, the wage benefits due to the project are found to increase to more than \$34 million over the period to 1995; employment gains would go from 71 jobs in 1986 to nearly 5,000 jobs in 1995 (Table 6).

The wage benefit would continue beyond the initial five years of the project even if the project were terminated. Over a ten-year period, total wage benefits would be \$34 million with a present worth of more than \$17 million (Table 7). If the present worth of the wage benefits is compared with the present worth of the project costs at a discount rate of 10% for a ten year period, the benefit cost ratio would equal 3.64. A discount rate of 10% was used to calculate the present value of project benefits and costs because that rate is used by the GOB in its evaluative process. Perhaps even more meaningful, the internal rate of return for the project is calculated to be 57.8%.

It is important to note that the project costs used in the analysis include the AID investment and the private sector costs of operating the Belize Institute of Management. These costs are incremental to Belize. The GOB costs in the project were not included because they are not incremental to the GOB and are in-kind contributions which the GOB is already undertaking without the project. These costs, taken from the financial analysis (section ), are shown in Table 9.

In an effort to conduct a sensitivity analysis on the key assumption of the analysis, a second with-project scenario was

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<sup>1/</sup> The opportunity cost for unskilled labor is estimated at \$2 per day which, given the available data on wage rates, appears to be a reasonable estimate of the average income of the unskilled, unemployed in Belize.

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posited and compared to the without-project scenario. The second with-project scenario assumes that the impact of the project would be a low 1% growth in non-agricultural exports. Using the same methodology outlined above, the analysis determined that:

--the increased value of non-agricultural exports attributable to the project would be \$4 million (Table 10),

--the employment impact of the project would be more than 1,500 new jobs (Table 11), and

--the wage benefits attributable to the project would total more than \$10 million (Table 12).

Over the ten-year period of the analysis, the present worth of the wage benefits would be \$5.2 million at a discount rate of 10% (Table 13). The benefit-cost ratio under these conditions would equal 1.11. The internal rate of return for this scenario is calculated to be 12.6%.

As can be seen from the following illustration, the proposed project is a sound economic investment. Moreover, the project is a sound economic investment even with a low 1% impact on exports.

Indicators of Economic Soundness

<u>Scenarios</u>	<u>Benefit-Cost Ratio 10% Discount Rate</u>	<u>Internal Rate of Return</u>
Project impact: additional 3% growth in exports	3.63	57.8%
Project impact: additional 1% growth in exports	1.11	12.6%

In fact, the number of additional factors suggests that the project will produce an IRR considerably in excess of 12.6%. First, given the small size of the export sector and its historically high rate of growth, a 1% increase per year in the value of exports is a very conservative estimate of project impact. Second, the wage benefits would continue beyond the period of analysis, so that over twenty years the project would show even greater returns. Third, as mentioned earlier, only value added to labor in the non-agricultural export sector is included as a quantified benefit. All other sectors are

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ignored because of data problems. Fourth, again for data problem reasons, no attempt has been made to calculate the increased domestic value added to land, capital and management.

Considering the country's potential for agri-business exports and tourism sectors, whose benefits from the project have not been measured, one would expect large net benefits to accrue from the project. Moreover, the project will assist in the transformation of Belizean businessmen from a mentality of traders to a more entrepreneurial, export-oriented mentality.

In summary, the wage benefits from only one sector justify the costs of the project. Were it possible to measure the benefits created by the project in other industries producing for the local market and the firms providing services, the total would be considerably higher than those estimated in this analysis.

Finally, this analysis has attempted to measure only the direct economic benefits associated with the project. Given that Belize has severe unemployment problems, there may be substantive secondary benefits to the proposed project which have not been measured. There are, for example, certainly benefits from the proposed project owing to intangibles such as better income distribution, political stability, increased quality of life and improved performance of labor markets.

#### E. Cost-effectiveness: Project Alternatives

##### (i) Management Training

The BIM will cost AID and the private sector \$1.692 million over five years and is projected to provide a total of 82 seminars to 1,640 people. The average cost of a 20-hour seminar operated by BIM is \$1,031 per person.

The first alternative to the creation of BIM is to train Belizeans in the United States or Jamaica. A simple comparison between costs of management training in the U.S. or Jamaica and at the BIM shows a significant cost difference (see Table 15). The cost of a similar seminar in the U.S. is 2.4 times as expensive, and the cost of a seminar in Jamaica is two times as expensive as the cost of the same training offered in Belize. The costs of seminars in the U.S. and Jamaica include travel expenses, per diem and participant's opportunity costs. Similar comparisons can be made for longer- or shorter-duration seminars. Because seminars are planned for weekends and nights, the opportunity costs for participants in Belize are nearly zero. The BIM alternative in Belize is clearly less costly than the alternative of sending managers to the U.S. or Jamaica for seminars.

A second alternative to creating the BIM would be to utilize foreign presenters to run seminars in Belize -- the kind of catch-as-catch-can training that currently exists in Belize. Although this alternative might offer lower cost training, it could not offer a comprehensive, sequence of courses that would meet the needs of the Belizean private sector. The failure of this approach is manifest in Belize now. As a result, this alternative was rejected by the Mission.

The final alternative to creating BIM would be to utilize existing local resources capable of offering seminars in management training. Unfortunately, there are no local institutions which offer courses oriented toward private sector managers. Moreover, the few programs that do exist have had little impact on the private sector (they are academically-oriented programs aimed at public sector administrators) and businesses are not satisfied or willing to use these programs because of their low quality. These programs are not of similar type or quality as envisioned under BIM and hence are not a viable alternative.

(ii) Skills Training

A similar set of alternatives exists for skills training, namely, (1) training in the United States, or (2) utilizing foreign advisors, and existing local resources. The first alternative yields similar results as those for BIM: the cost of U.S. training is 3.6 times as expensive as the cost of the same kind of training in Belize and the cost of training in Jamaica is approximately 9.3 times as expensive as the average cost of the same training in Belize (see Table 16). The second alternative, utilizing existing local resources in the public and private sectors, is the alternative chosen for the project because it is the least costly choice.

In addition to management seminars and skills-upgrading workshops, the proposed BIM would provide some currently unavailable services, including consulting services and management training and assistance for the small-business sector. BIM will assist firms to both qualify for loans and to implement training projects. BIM will also provide basic management skills courses to micro-businesses and public sector agencies. With these activities under the same organizational structure as the management seminar programs, the project should reap economies of scale for clerical and administrative support activities and each activity may be enhanced by creative interaction among the staff and support sectors. As a result, the project is expected to be the most cost-effective means of delivering management training, public administration training, skills training and basic management training for small businesses.

## F. Conclusion

The economic soundness of the proposed project has been determined using both benefit-cost analysis and cost-effectiveness analysis. While the exact impact of the proposed project is unknown, it was determined that the present value of wage benefits alone would exceed the present value of project costs. The potential impact of the project on other sectors and on non-wage benefits suggests that the project will produce benefits well in excess of costs. The Mission is confident, therefore, that the proposed project will produce a rate of return in excess of 12.6% and possibly as high as 57%. The review of alternatives to the proposed project revealed that the project is the least cost alternative for supplying the package of services outlined in the proposed project. The Mission, thus, concludes that the project will be a sound economic investment.

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**TABLE 1**  
**ESTIMATED DEMAND FOR MANAGEMENT AND SKILLS TRAINING DUE TO UPGRADING**

Occupational Group	Potential demand, Survey Results (1)	Export firms (2)	Non-Export Firms 1/2 (1-2)	Public Sector (4)	Total Needs for Upgrading 2, 3 & 4 (5)
	(1)	(2)	(3)	(4)	(5)
Managers	4,000	800	1,600	400	2,800
Skilled Workers	5,000	2,900	1,250	--	3,750

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TABLE 3

Value of Miscellaneous Manufactured Articles Exports 1970-1983

(1983 US\$000)

Year	Miscellaneous Manufactured Articles	% Increase
1970	779	--
1971	978	+26%
1972	1,969	+101%
1973	3,139	+59%
1974	4,205	+34%
1975	3,745	-11%
1976	6,076	+62%
1977	9,572	+58%
1978	9,476	- 1%
1979	10,697	+13%
1980	14,422	+35%
1981	11,064	-23%
1982	6,374	-43%
1983	9,500	+49%

Source: Abstract of Statistics, 1984  
 Central Statistical Office  
 Ministry of Economic Development

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**TABLE 4**  
**PROJECTED VALUE OF NON-AGRICULTURAL EXPORTS WITHOUT PROJECT AND WITH PROJECT,**  
**AND THE ESTIMATED INCREMENTAL IMPACT**

Year	Without Project - 5% Growth		With Project - 8% Growth		
	Value Non-Agric. Exports (World Bank Estimates) <sup>1/</sup> (1)	Growth Rate (2)	Value of Non-Agric. Exports (3)	Growth Rate (4)	Incremental Change Col. 3 - Col. 1
1985	25.0	--	25.0	--	
1986	26.3	5%	27.0	8%	700,000
1987	27.6	5%	29.2	8%	1,600,000
1988	29.0	5%	31.5	8%	2,500,000
1989	30.4	5%	34.0	8%	3,600,000
1990	31.9	5%	36.7	8%	4,800,000
1991	33.5	5%	39.7	8%	6,200,000
1992	35.2	5%	42.8	8%	7,600,000
1993	36.9	5%	46.3	8%	9,400,000
1994	38.8	5%	49.9	8%	11,100,000
1995	40.7	5%	54.0	8%	13,300,000

<sup>1/</sup>Source: Economic Memorandum on Belize, World Bank 1984

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TABLE 5  
 PROJECTED EMPLOYMENT IN EXPORT SECTOR  
 WITH AND WITHOUT PROJECT

Year	Without Project 5% Growth in Exports	With Project 8% Growth in Exports	
	3% Employment Increase (1)	4.8 Employment Increase <sup>1/</sup> (2)	Impact on Job Creation (2)-(1)
1985	3908	3908	--
1986	4,025	4,096	71
1987	4,146	4,292	146
1988	4,270	4,498	228
1989	4,398	4,714	316
1990	4,530	4,940	410
1991	4,666	5,178	512
1992	4,806	5,426	620
1993	4,950	5,687	737
1994	5,098	5,959	861
1995	5,251	6,245	994

$\frac{1}{8}\% \times .6 = 4.8\%$ , i.e., for every 1% increase in GDP, employment increases 0.6%.

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TABLE 6  
PROJECT IMPACTS ON EXPORTS, EMPLOYMENT AND WAGE BENEFITS

Year	Project Impact on Value-added of Exports <sup>1/</sup>	Project Impact on Employment <sup>2/</sup>	Wages Distributed (1 x .6) <sup>3/</sup>	Opportunity Cost of Labor (II x 250 x \$2) <sup>4/</sup>	Incremental Wage Benefits (III - IV)
	(I)	(II)	(III)	(IV)	(V)
1986	700,000	71	420,000	35,500	384,000
1987	1,600,000	146	960,000	73,000	887,000
1988	2,500,000	225	1,500,000	114,000	1,386,000
1989	3,600,000	316	2,160,000	158,000	2,002,000
1990	4,800,000	410	2,880,000	205,000	2,675,000
1991	6,700,000	512	3,720,000	256,000	3,464,000
1992	7,600,000	620	4,560,000	310,000	4,250,000
1993	9,400,000	737	5,640,000	368,000	5,272,000
1994	11,100,000	861	6,660,000	430,500	6,229,000
1995	13,300,000	994	7,980,000	497,000	7,483,000
<b>Total</b>	<b>66,800,000</b>	<b>4,895</b>	<b>36,480,000</b>	<b>2,445,000</b>	<b>34,034,000</b>

<sup>1/</sup> Table 4

<sup>2/</sup> Table 5

<sup>3/</sup> Value added to Belizean capital, land, labor

<sup>4/</sup> 250 work days per year at \$2 per day

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TABLE 7  
 COMPARISON OF GROSS WAGE BENEFITS AND TOTAL COST OF PROJECT,  
 DISCOUNT RATE 10%  
 (US\$000)

Year	Wage Benefits <u>1/</u>	Present Worth <u>2/</u>	Project Cost <u>3/</u>	Present Worth <u>2/</u>
1986	385	350	1,929	1,754
1987	887	733	1,511	1,248
1988	1,386	1,041	972	730
1989	2,002	1,367	980	669
1990	2,675	1,661	117	73
1991	3,464	1,954	17	66
1992	4,250	2,180	117	60
1993	5,272	2,462	117	55
1994	6,230	2,642	117	50
1995	2,483	2,888	117	45
<b>Total</b>	<b>34,034</b>	<b>17,278</b>	<b>6,094</b>	<b>4,750</b>

1/ Table 6, Col V

2/ At 10%

3/ Table 9

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TABLE 8  
 COMPARISON OF GROSS WAGE BENEFITS AND TOTAL COSTS OF PROJECT,  
 DISCOUNT RATE 15%  
 (000's)

Year	Wage Benefit <u>1/</u>	Present Worth <u>2/</u>	Project Cost <u>3/</u>	Present Worth <u>2/</u>
1986	385	335	1,929	1,678
1987	887	671	1,511	1,142
1988	1,386	912	972	640
1989	2,002	1,145	980	561
1990	2,675	1,329	117	58
1991	3,464	1,496	117	51
1992	4,250	1,598	117	44
1993	5,272	1,724	117	38
1994	6,230	1,769	117	33
1995	7,483	1,848	117	29
<b>Total</b>	<b>34,034</b>	<b>12,827</b>	<b>6,094</b>	<b>4,324</b>

1/ Table 6, Col. v

2/ At 15%

3/ Table 9

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TABLE 9  
PROJECT COSTS  
(\$000's)

Year	AID <sup>1/</sup>	Private Sector <sup>1/</sup>	Total Costs
1986	1,878	51	1,929
1987	1,427	84	1,511
1988	858	104	972
1989	836	112	980
1990	--	117	117
1991	--	117	117
1992	--	117	117
1993	--	117	117
1994	--	117	117
1995	--	117	117

<sup>1/</sup> Financial tables, financial analysis

TABLE 10  
PROJECT VALUE OF NON-AGRICULTURAL EXPORTS WITHOUT PROJECT AND WITH PROJECT,  
AND THE ESTIMATED INCREMENTAL IMPACT

	Without Project 5% Growth		With Project - 6% Growth		Incremental Change (Col. 3 - Col. 1)
	Value Non-Agric. Exports World Bank Estimates <sup>1/</sup> (1)	Growth Rate (2)	Value of Non-Agric. Exports (3)	Growth Rate (4)	
1985	25.0	--	25.0	--	--
1986	26.3	5%	26.5	6%	200,000
1987	27.6	5%	28.1	6%	500,000
1988	29.0	5%	29.7	6%	700,000
1989	30.4	5%	31.4	6%	1,000,000
1990	31.9	5%	33.4	6%	1,500,000
1991	33.5	5%	35.4	6%	1,900,000
1992	35.2	5%	37.4	6%	2,300,000
1993	36.9	5%	39.8	6%	2,900,000
1994	38.8	5%	42.2	6%	3,400,000
1995	40.7	5%	44.7	6%	4,000,000

<sup>1/</sup> Sources: World Bank Estimates

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TABLE 11  
PROJECT EMPLOYMENT IN EXPORT SECTOR,  
WITH AND WITHOUT PROJECT

Year	Without Project -		Impact on Job Creation
	5% Growth in Exports 3% Employment Increase	3.6% increase in Employment <sup>1/</sup>	
1985	3,908	3,908	--
1986	4,025	4,049	24
1987	4,146	4,194	48
1988	4,270	4,345	75
1989	4,398	4,502	104
1990	4,530	4,664	134
1991	4,466	4,832	166
1992	4,806	5,006	200
1993	4,950	5,186	236
1994	5,098	5,373	275
1995	5,251	5,566	315
<b>Total</b>			<b>1,577</b>

<sup>1/</sup> 6% x .6 = 3.6%, i.e., for every 1% increase in GDP, employment increases 0.6%

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TABLE 12  
PROJECT IMPACTS ON EXPORTS, EMPLOYMENT AND WAGE BENEFITS

Year	Project Impact Added Value of Exports <sup>1/</sup>	Project Impact on Employment <sup>1/</sup>	Wages Distributed (I x .6) <sup>1/</sup>	Opportunity Cost of Labor (II x 250 x \$2) <sup>4/</sup>	Incremental Wage Benefits (III-IV)
	I	II	III	IV	
1985	--	--			
1986	200,000	24	120,000	12,000	108,000
1987	500,000	48	300,000	24,000	276,000
1988	700,000	75	420,000	37,500	383,000
1989	1,000,000	104	600,000	52,000	548,000
1990	1,500,000	134	900,000	67,000	833,000
1991	1,900,000	166	1,140,000	83,000	1,057,000
1992	2,300,000	200	1,380,000	100,000	1,280,000
1993	2,900,000	236	1,740,000	118,000	1,622,000
1994	3,400,000	275	2,040,000	137,500	1,903,000
1995	4,000,000	315	2,400,000	157,500	2,242,500
<b>Total</b>	<b>18,404,000</b>	<b>1577</b>	<b>11,040,000</b>	<b>788,000</b>	<b>10,252,500</b>

<sup>1/</sup> Table 10

<sup>2/</sup> Table 11

<sup>3/</sup> Value added to Belizean capital, land, labor

<sup>4/</sup> 250 Workdays per year at \$2 per day

TABLE 13  
 COMPARISON OF GROSS WAGE BENEFITS AND TOTAL COSTS OF PROJECT,  
 DISCOUNT RATE 10%  
 (\$000's)

Year	Wage Benefits <u>1/</u>	Present Worth <u>2/</u>	Project Cost <u>3/</u>	Present Worth <u>2/</u>
1986	108	98	1,929	1,754
1987	276	228	1,511	1,258
1988	383	288	972	730
1989	548	374	980	669
1990	833	517	117	73
1991	1,057	596	117	66
1992	1,280	657	117	60
1993	1,622	757	117	55
1994	1,903	807	117	50
1995	2,443	943	117	45
<b>Total</b>	<b>10,252</b>	<b>5,265</b>	<b>6,094</b>	<b>4,750</b>

1/ Table 12

2/ At 10%

3/ Table 9

TABLE 14  
 COMPARISON OF GROSS WAGE BENEFITS AND TOTAL COSTS OF PROJECT,  
 DISCOUNT RATE 15%  
 (\$000'S)

Year	Wage Benefits <u>1/</u>	Present Worth <u>2/</u>	Project Cost <u>3/</u>	Present Worth <u>2/</u>
1986	108	94	1,929	1,678
1987	276	209	1,511	1,142
1988	383	252	972	640
1989	548	313	980	561
1990	833	414	117	58
1991	1,057	457	117	51
1992	1,280	481	117	44
1993	1,622	530	117	38
1994	1,903	540	117	33
1995	2,443	603	117	29
<b>Total</b>	<b>10,252</b>	<b>3,893</b>	<b>6,094</b>	<b>4,324</b>

1/ Table 6, Col. IV

2/ At 15%

3/ Table 9

12/1

Table 15  
Comparative Costs of Management Training

Type of Seminar 20-hour Management Training	Cost Per Person		
	USA <sup>1/</sup>	Jamaica <sup>2/</sup>	BIM
Seminar Costs	\$995	\$400	\$103
Travel Expenses	\$600	\$600	--
Per diem x 5	\$325	\$530	--
Opportunity Cost x 5	\$500	\$500	--
<b>TOTAL</b>	<b>\$2420</b>	<b>\$2030</b>	<b>\$103</b>

Table 16  
Comparative Costs of Skills Training

Type of Seminar 80-hour Skill Upgrading	Cost Per Person		
	USA <sup>3/</sup>	Jamaica <sup>4/</sup>	TEP
Seminar Costs	\$500	\$200	\$388
Travel Expenses	\$320	\$600	--
Per diem x 16	\$1040	\$1696	--
Opportunity Cost x 14	\$560	\$560	--
Salary	\$560	\$560	--
<b>TOTAL</b>	<b>\$2980</b>	<b>\$3616</b>	<b>\$388</b>

<sup>1/</sup> Wharton, U. of Penn., Fundamentals of Finance for Non-Financial Executives.

<sup>2/</sup> Institute of Management and Production, Principles of Finance.

<sup>3/</sup> Miami-Dade Junior College.

<sup>4/</sup> HEART Trust, Government of Jamaica.

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FINANCIAL PLAN AND ANALYSIS ANNEX

Table 1

Summary Financial Plan by Component  
US(\$000)

Inputs	USAID		LC Host Country			TOTAL
	FX	LC	PI	ESF	LC	
Private Sector Training:						
Long-Term TA	1130	310				1440
Short-Term TA	320	160				480
Personnel		38	133			171
Equipment/Supplies	90	20	70			180
Participant Training	132		40			172
Training Fees		62	161		75	298
Facilities			138			138
Revolving Fund					300	300
Evaluation/Audit	105	19	12			136
Sub-total	1783	609	554		375	3320
Inflation	89	30	28		19	166
Contingency	178	61	55		38	332
Total Component	2050	700	637		431	3818
Public Sector Training:						
Long-Term TA	248	112				360
Short-Term TA	444	180				624
Personnel					60	60
Equipment/Facilities	320	42	70			432
Participant Training	591	20	270			881
Facilities			300			300
Sub-total	1603	353	641		60	2656
Inflation	80	18	32		3	133
Contingency	160	35	64		6	266
Total Component	1843	406	737		68	3055
PROJECT TOTAL	3894	1106	1373		500	6873

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Table 2

Summary of Project Cost by Year  
US(\$000)

Activity	Year 1			Year 2			Year 3			Year 4			Year 5			Total			TOTAL	
	AID	GOB	PS	AID	GOB	PS	AID	GOB	PS	AID	GOB	PS	AID	GOB	PS	AID	GOB	PS		
Private Trng:																				
Long-Term TA	180			360			360			360			180			1440	0	0		
Short-Term TA	120			132			120			84			24			480	0	0		
Participant Trng	28		8	30		10	28		8	28		8	24		6	138	0	40		
ESSI/BIM Support	50	11	12	30	22	46	20	22	63				24		22	100	99	270		
Trng Equip/Sup	38		10	18		15	18		15	18	22	19	18	22	18	110	0	70		
Trng Evolving Fund		20			70			70			70			70		0	300	0		
Facilities			18			30			30			30			30	0	0	138		
Evaluation/Audit	6			6	6		50			6			56	6		124	12	0		
Sub-total	422	31	48	576	98	101	596	92	116	496	92	126	302	98	127	2392	411	518	3320	
Inflation	21	2	2	29	5	5	30	5	6	25	5	6	15	5	6	120	21	26	166	
Contingency	42	3	5	58	10	10	60	9	12	50	9	13	30	10	13	239	41	52	332	
Sub-total	485	36	55	662	113	116	685	106	133	570	106	144	347	113	146	2750	473	595	3818	
Public Trng:																				
Long-term TA	90			180			90									360	0	0		
Short-Term TA	408			72			60			60						624	0	0		
Participant Trng	158	57		258	132		135	54					24			611	270	0		
Trng Equip/Sup	242	14		30	14		30	14		30	14		30	14		362	70	0		
Salaries		12			12			12			12			12		60	60	0		
Facilities		60			60			60			60			60		0	300	0		
Sub-total	898	143		540	218		315	140		150	113		54	86		1957	700	0	2657	
Inflation	45	7		27	11		16	7		8	6		3	4		98	35	0	133	
Contingency	90	14		54	22		32	14		15	11		5	9		196	70	0	266	
Sub-total	1032	164		621	251		362	161		173	130		62	99		2250	805	0	3055	
TOTAL	1517	200	55	1283	363	116	1048	267	133	743	236	144	409	212	146	5000	1278	595	6873	

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Table 3

Summary of Project Cost by Fiscal Year  
US (\$000)

Activity	1985	1986			1987			1988			1989			1990			Total		TOTAL	
		AID	GOB	FS	AID	GOB	FS	AID	GOB	FS	AID	GOB	FS	AID	GOB	FS	AID	GOB	FS	
State Trng:																				
Long-Term TA	-	180			360			360			360			180			1440	0	0	
Short-Term TA	-	120			132			120			84			24			480	0	0	
Participant Trng	-	28		8	30		10	28		8	28		8	24		6	138	0	40	
SIM Support	-	50	11	12	30	22	46	20	22	63	22	73	22	76	22	76	100	99	270	
Equip/Sup	-	38		10	18		15	18		15	18		15	18		15	110	0	70	
Living Fund	-		20			70			70			70			70		0	300	0	
Utilities	-			18			30			30			30			30	0	0	138	
Evaluation/Audit	-	6			6	6		50			6			56	6		124	12	0	
<b>-total</b>	-	<b>422</b>	<b>31</b>	<b>48</b>	<b>576</b>	<b>98</b>	<b>101</b>	<b>596</b>	<b>92</b>	<b>116</b>	<b>496</b>	<b>92</b>	<b>126</b>	<b>302</b>	<b>98</b>	<b>127</b>	<b>2392</b>	<b>411</b>	<b>518</b>	<b>3320</b>
Contingency	-	21	2	2	29	5	5	30	5	6	25	5	6	15	5	6	120	21	26	166
<b>-total</b>	-	<b>485</b>	<b>36</b>	<b>55</b>	<b>662</b>	<b>113</b>	<b>116</b>	<b>685</b>	<b>106</b>	<b>133</b>	<b>570</b>	<b>106</b>	<b>144</b>	<b>347</b>	<b>113</b>	<b>146</b>	<b>2750</b>	<b>473</b>	<b>595</b>	<b>3818</b>
Public Trng:																				
Long-Term TA	-	90			180			90									360	0	0	
Short-Term TA	-	408			72			60			60			24			624	0	0	
Participant Trng	-	158	57		258	132		135	54		60	27					611	270	0	
Equip/Sup	-	242	14		30	14		30	14		30	14		30	14		362	70	0	
Utilities	-		12			12			12			12			12			60	0	
Contingency	-		60			60			60			60			60		0	300	0	
<b>-total</b>	-	<b>898</b>	<b>143</b>		<b>540</b>	<b>218</b>		<b>315</b>	<b>140</b>		<b>150</b>	<b>113</b>		<b>54</b>	<b>86</b>		<b>1957</b>	<b>700</b>	<b>0</b>	<b>2657</b>
Contingency	-	45	7		27	11		16	7		8	6		3	4		98	35	0	133
<b>-total</b>	-	<b>1032</b>	<b>164</b>		<b>621</b>	<b>251</b>		<b>362</b>	<b>161</b>		<b>173</b>	<b>130</b>		<b>62</b>	<b>99</b>		<b>2250</b>	<b>805</b>	<b>0</b>	<b>3055</b>
<b>TOTAL</b>	-	<b>1517</b>	<b>200</b>	<b>55</b>	<b>1283</b>	<b>363</b>	<b>116</b>	<b>1048</b>	<b>267</b>	<b>133</b>	<b>743</b>	<b>236</b>	<b>144</b>	<b>409</b>	<b>212</b>	<b>146</b>	<b>5000</b>	<b>1278</b>	<b>595</b>	<b>6873</b>

Costing by Inputs/Outputs  
US(\$000)

Table 4

Inputs	Outputs	USAID		LC Host Country			TOTAL
		FX	LC	PI	ESF	LC	
<b>I. Private Sector</b>							
<b>A. BCCI/BIM</b>							
Personnel	BIM developed & staffed 5 full-time, 2 part-time						
Logistic Support	93 courses given		38	133			171
Revolving Fund	200 loans to companies		62	161	75		298
Evaluation/Audit	2nd and 5th years	105	19	12		300	536
<b>Total BCCI/BIM</b>		105	119	306	375		605
<b>B. Management Trng</b>							
Long-Term TA	1280 managers trained BIM operating/trained	565	155				720
Short-Term TA	23 courses developed	320	160				480
Equip/Supplies	modules for 23 courses	90	20	70			180
Part Training	15 trainers trained	138		40			178
<b>Total Management Training</b>		1113	335	110	0		1557
<b>C. Skills Training</b>							
Long-Term TA	435 workers trained BIM VT/MOE VT developed	565	155				720
Facilities	private/public cooperation in 29 courses			138			138
<b>Total Skills Training</b>		565	155	138	0		858
<b>Sub-total Private Sector</b>		1783	609	554	375		3320
Inflation		89	30	28	19		166
Contingency		178	61	55	38		332
<b>Project Sub-total</b>		2050	700	637	431		3818
<b>II. Public Sector</b>							
<b>A. GOB VT Dept</b>							
Short-Term TA	500 workers trained status, teaching improved	213	87				300
Personnel	VT dept (1 professional)				60		60
Equip/Supplies	new equip for 2 VT schools	320	42	70			432
Part Training	60 teachers trained	444	20	228			692
Facilities	VT schools & equip in-kind			300			300
<b>Total GOB VT Dept</b>		977	149	598	60		1692
<b>B. PuAd/Export Trng</b>							
Long-Term TA	OED capacity improved	248	112				360
Short-Term TA	10 key dept's trained	231	93				324
Part Training	70 administrators trained	147		42			189
<b>Total PuAd/Export Trng</b>		626	205	42	0		873
<b>Sub-total Public Sector</b>		1603	353	640	60		2656
Inflation		80	18	32	3		133
Contingency		160	35	64	6		266
<b>Project Sub-total</b>		1844	406	736	69		3055
<b>PROJECT TOTAL</b>		3894	1106	1373	500		6873

TABLE 5

ILLUSTRATIVE TA AND TRAINING SCHEDULE  
(Person Months)

	1	2	3	4	5	Total
<u>ate Sector</u>						
Long-term TA						
--Skills Advisor	6	12	12	12	6	48
--Management Advisor	6	12	12	12	6	48
Total						<u>76</u>
Short-term TA						
--Training Methods	5	2	2	3		12
--General Management		1	1	1		4
--Investment & Export	1	1	1	1		4
--Financial Mgmt.		1	1	1		3
--Mgmt. Information		1	1	1		3
--Personnel		1	1			2
--Small business	1	1				2
--On-Demand	2	2	2	2	2	10
Total						<u>40</u>
Participant Training						
--BIM Director	2	2	2	2	2	10
--Personnel	1	1	1	1	1	5
--Investment and Export	2	2	2	2	2	10
--Financial Mgmt.	1	1	1	1	1	5
--Mgmt. Information	1	1	1	1	1	5
Total						<u>40</u>
<u>ic Sector</u>						
Long-term TA						
--OED	6	12	6			24
Total						<u>24</u>
Short-term TA						
Skills Training						
--Manpower survey	1	1	1	1		4
--Professional Org.		1	1	1		3
--Equipment Analysis	2					2
--Security Analysis	1					1
--Curriculum/Program Dev.	3	3	3	3	3	15
Total						<u>25</u>

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ANNEX H

b) Public Administration			
on-site training			
--Institutional Audits	7		7
--CSO	6		6
--Central Bank	6		6
--Computer Center	6		6
--Cabinet Seminar	2		2
Total			<u>27</u>
3. Participant Training			
--OED (3 per/6 mo.)	6	12	18
--CSO (2 per/6 mo.)	6	6	12
--Computer Center			
(1 per/6 mo.)	6		6
--Central Bank			
(1 per/6 mo.)	6		6
Total			<u>42</u>

TABLE 6  
METHODS OF IMPLEMENTATION AND FINANCING  
(US\$000)

Inputs	Implementation	Financing	Approx Amount
<b>I. <u>AID Grant</u></b>			
<b>A. <u>BCCI</u></b>			
Long-term T.A.	Contract	Direct Pay	\$1,440
Short-term T.A.	Contract	Direct Pay	480
Commodities/training materials	Contract for Comm.	Direct L/Comm.	90
		Direct Reimbursement	20
Invit. Travel/Training	Direct Placement	Direct Pay	138
Evaluation/Audit	Contract	Direct Pay	124
Overhead/BIM Contingency	Non-profit Contract	Direct Reimbursement	100
Inflation	N/A	N/A	119
Contingency	N/A	N/A	239
Total AID Grant-BCCI			<u>\$2,750</u>
<b>B. <u>GOB</u></b>			
Long-term T.A.	Contract	Direct Pay	\$360
Short-term T.A.	Contract	Direct Pay	624
Commodities	Contract for Comm.	Direct L/Comm.	300
	Profit or Non-profit	Direct Reimbursement	62
Invit. Travel/Training	Direct Placement	Direct Pay	611
Inflation	N/A	N/A	97
Contingency	N/A	N/A	196
Total AID Grant-GOB			<u>\$2,250</u>
<b>II. <u>Host Country Counterpart</u></b>			
Counterpart			
BCCI Private Sector/GOB			<u>\$1,873</u>
Total Project			<u>\$6,873</u>

## BIM Cashflow Analysis

As a non-profit organization, BCCI/BIM's objective is to match income with expenses while maintaining its ability to provide services to the country. The project provides \$50,000 for the first two years of the project to cover any shortfall in BIM cashflow, and \$50,000 to BCCI to cover its contributions to the project.

The cashflow analysis in Table 7 assumes a demand for skills and management training below what the Root study identifies as the target population. In addition, the cost of training is within the parameters of "willingness to pay" that the Root study identifies. And finally, according to comparable organizations in Belize, the overhead costs for BIM illustrated in Table 8 are realistic. For these reasons, it is felt that BIM has a reasonably strong chance of becoming a long-standing, financially-viable, and stable institution.

As BCCI/BIM gains increased expertise and experience, it will raise its fees for management courses, from \$100 in its first operating year to \$175 in its fourth operating year. Initially, the fee will be lower than one would expect, since it will be necessary to demonstrate, first, that its services are valuable to Belize's businesses, second, that the potential savings and increased revenues warrant paying the costs of the training, and third, that BCCI/BIM can provide the training services on a timely and effective basis.

As demonstrated in Table 7, BIM is expected to have a surplus of \$88,255 at the end of the project. This, or any surplus, will be put into an endowment fund at the end of the project. This BIM endowment fund will be used for capital expenditures needed in BIM's continuing operations, as decided by BIM's Board of Directors.

Training demand will be re-examined at the end of the project to determine the future needs of BCCI/BIM's services. It is expected that demand for management and skills training may decrease slightly by the end of the project. Yet whether training demand increases or decreases, BCCI/BIM, because of its flexible approach to training, should be able to respond accordingly. First, because BIM will have a small full-time staff, its overhead is low, so as to allow it to handle low-demand training periods without financial difficulty. Second, because BIM's trainers work full-time elsewhere, BIM will only have to pay its trainers while they are training, and not for down time. And third, since the project will train 15 trainers, BIM will have a good nucleus of trainers to call on in peak training periods; and because the trainers are part-time, it would not cause any hardship to not use them fully in low demand training periods. Thus, BCCI/BIM should be able to respond effectively to any increase or decrease.

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Table 7

	BIM Cashflow US(\$)				
	Operating Year				Total
	Year 1	Year 2	Year 3	Year 4	
<b>Revenue:</b>					
Management Fee	100	125	150	175	
Participants	200	360	360	360	1280
No of Courses	10	18	18	18	64
<b>Sub-total</b>	<b>20000</b>	<b>45000</b>	<b>54000</b>	<b>63000</b>	<b>182000</b>
<b>Skills Trng Fee</b>					
Participants	75	120	120	120	435
No of Courses	5	8	8	8	29
<b>Sub-total</b>	<b>22500</b>	<b>42000</b>	<b>48000</b>	<b>54000</b>	<b>166500</b>
<b>Total Revenue</b>	<b>42500</b>	<b>87000</b>	<b>102000</b>	<b>117000</b>	<b>348500</b>
<b>Expenses:</b>					
Management Course	510	510	510	510	
No of Courses	10	18	18	18	64
<b>Sub-total</b>	<b>5200</b>	<b>8720</b>	<b>8720</b>	<b>8720</b>	<b>31360</b>
<b>Skills Course</b>					
No of Courses	5	8	8	8	29
<b>Sub-total</b>	<b>13625</b>	<b>21620</b>	<b>21620</b>	<b>21620</b>	<b>78485</b>
<b>Total Expenses</b>	<b>18825</b>	<b>30340</b>	<b>30340</b>	<b>30340</b>	<b>109845</b>
<b>Overhead</b>	<b>45450</b>	<b>48500</b>	<b>51700</b>	<b>54750</b>	<b>200400</b>
<b>TOTAL BIM COSTS</b>	<b>64275</b>	<b>78840</b>	<b>82040</b>	<b>85090</b>	<b>310245</b>
<b>USAID Contingency</b>	<b>40000</b>	<b>10000</b>	<b>0</b>	<b>0</b>	<b>50000</b>
<b>NET CASHFLOW</b>	<b>18225</b>	<b>18160</b>	<b>19960</b>	<b>31910</b>	<b>88255</b>

Table 8

BIM Estimated Overhead  
US(\$)

	Operating Years				Total
	Year 1	Year 2	Year 3	Year 4	
<b>Salaries:</b>					
Exec Director	20000	22000	24000	26000	92000
Admn Assistant	8000	8500	9000	9500	35000
Accounting Serv	4000	4000	4000	4000	16000
Secretarial	4000	4000	4000	4000	16000
Maint/Janitorial	3000	3000	3000	3000	12000
<hr/>					
Sub-total	39000	41500	44000	46500	171000
<b>Expenses:</b>					
Rent & Utilities	3000	3250	3500	3750	13500
Office Equipment	250	250	300	300	1100
Office Supplies	300	300	400	400	1400
Maintenance	500	500	500	500	2000
Transportation	1500	1750	2000	2250	7500
Insurance	500	500	500	500	2000
Miscellaneous	400	450	500	550	1900
<hr/>					
Sub-total	6450	7000	7700	8250	29400
<hr/>					
TOTAL	45450	48500	51700	54750	200400

Table 9

Cost of Training  
US (\$)

	Course	Operating Year				Total 64 crs	
		Year 1 10 crs	Year 2 18 crs	Year 3 18 crs	Year 4 18 crs		
Management Trng:						792	
Teacher Salaries	\$20/hr	240	2400	4320	4320	4320	15360
Training Mtrls	\$10/tra	200	2000	3600	3600	3600	12800
Classroom Rent	\$50/mo	50	600	600	600	600	2400
Travel/Per Diem	\$300/yr	20	200	200	200	200	800
<b>Total</b>		<b>510</b>	<b>5200</b>	<b>8720</b>	<b>8720</b>	<b>8720</b>	<b>31360</b>
	Course	Year 1 5 crs	Year 2 8 crs	Year 3 8 crs	Year 4 8 crs	Total 29 crs	
Skills Training:							
Teacher Salaries	\$70/wk	910	4550	7280	7280	7280	26390
Cons Materials	\$5/tr wk	975	4875	7800	7800	7800	28275
Facilities/Equip	\$20/wk	260	1300	2080	2080	2080	7540
Training Mtrls	\$20/wk	260	1300	2080	2080	2080	7540
Testing Services	\$20/wk	260	1300	2080	2080	2080	7540
Travel/Per Diem	\$300/yr	30	300	300	300	300	1200
<b>Total</b>		<b>2695</b>	<b>13625</b>	<b>21620</b>	<b>21620</b>	<b>21620</b>	<b>78485</b>

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## DRAFT SCOPES OF WORK FOR LONG-TERM ADVISORS

MANAGEMENT ADVISOR/CHIEF OF PARTY

General: The Management Advisor/Chief of Party for the Training for Employment and Productivity Project is responsible for the implementation, management and day-to-day monitoring of the two major project components: (1) Private Sector Management and Training, and (2) GOB Training for Vocational Education and Export Promotion. This advisor will provide administrative and technical supervision to the Skills Advisor and the Public Administration Advisor as well as the short-term consultants.

The Chief of Party will be responsible to the USAID/Belize General Development Officer on matters of project implementation, procurement, training, technical assistance, and evaluation.

The Chief of Party must be a U.S. citizen, be in good health, have a minimum of four years overseas experience in a responsible position and have demonstrated superior management skills. He/she will work at the BIM office.

Educational Requirements: The Management Advisor/Chief of Party must have a Master's Degree or Ph.D. in business administration, management or closely related field. Spanish capability is desirable but not required.

Experience: It is mandatory that the candidate for this position have at least four years of overseas experience in business management training programs. It is preferable that the overseas experience include export-related investment promotion activity. The candidate should have demonstrated supervisory skills and capability to work collaboratively with a team of professionals. The Chief of Party must have supply procurement experience. Previous overseas work experience with AID program requirements and systems is highly desirable.

Specific Responsibilities: Under the overall supervision of the General Development Officer (GDO), or delegated alternative officer of USAID/Belize, the Management Advisor will undertake but not be limited to the following duties:

a. Provide technical and management support to the Training for Employment and Productivity Project to meet the stated objectives of the project.

b. Supervise and support the Skills Advisor and the Public Administration Advisor.

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- c. Prepare periodic reports as directed on project activities for AID.
- d. Work closely with the Executive Director of BIM to schedule and recruit all short-term technical consultants.
- e. Provide technical consultation as required in planning and implementing training of BIM part-time trainers. Together with the BIM Executive Director and with guidance of the Executive Board, plan and organize required short-term training programs in the U.S. and third countries.
- f. With the assistance of the Skills Advisor and the Public Administration Advisor and with concurrence of the BIM Executive Director, prepare and finalize commodity procurement requirements and documents.
- g. Advise the BIM Executive Director on management and other technical content areas for seminar/course development.
- h. Administratively and approve project expenditures as valid expenditures, ensure that vouchers are prepared correctly and transmit vouchers to approving offices within USAID/Belize.
- i. Identify and secure appropriate management training materials in the U.S., Caribbean and Central American countries.
- j. Other duties as required.

#### SKILLS ADVISOR

General: The Skills Advisor for the Training for Employment and Productivity Project will be involved in both on-demand private sector skills training and long-term vocational education programs. This advisor should have significant experience working in a developing country and in involving the private sector enterprises in skills training programs.

This individual must be in good health, be prepared to travel frequently within the country, and have demonstrated teaching skills. This advisor will report to the Chief of Party. Re/she will be based in Belize City and work at both the Education Office and the BIM office.

Educational Requirements: The Skills Advisor should have a graduate-level degree in vocational/technical education. The candidate will need to be familiar with a broad range of vocational skills. Spanish fluency is desirable but not required.

Experience: This Advisor must have a minimum of five years working in vocational technical education. Overseas work in developing countries for at least two years as well as experience working with training for private sector needs are required. Previous supply procurement experience is desirable.

Specific Responsibilities: Under the overall supervision of the Chief of Party the Skills Advisor will:

- a. Work with the BIM Executive Director to plan, organize and implement on-demand skills training courses for the private sector.
- b. Assist in the formation of the National Vocational Training Advisory Council.
- c. Together with the BIM Executive Director and the project Chief of Party, plan and implement training for part-time skills trainers for BIM courses.
- d. Assist BIM in conducting an inventory of public and private sector training facilities.
- e. Prepare procurement plans, including specifications for equipment, with public and private sector counterparts.
- f. Work with the Chief of the Vocational Education Division of the MOE to formulate annual vocational education plans, schedule and organize short-term training courses for VET instructors and arrange for consultants as required.
- g. Provide technical and management support for the Vocational Education Division to meet the stated objectives of the project.
- h. Collaborate with the Public Administration Advisor, Office of Economic Development, the MOE and other agencies as appropriate to develop a system for ongoing labor market surveys and analysis.
- i. Identify and secure appropriate training materials in the U.S., the Caribbean and Central America.
- j. Other duties as required.

PUBLIC ADMINISTRATION ADVISOR

General: The Public Administration Advisor for the Training for Employment and Productivity Project is responsible for development and implementation of the public administration and specialized technical training programs for public sector organizations involved in the project. He/she will be administratively responsible to the Chief of Party.

This person must have a minimum of three years international development experience and have demonstrated public administration training skills. He/she will work in Belmopan and must be in good health.

Educational Requirements: This Advisor must have a graduate degree in Public Administration or closely related field.

Experience: It is mandatory that the Public Administration Advisor have at least three years overseas development experience in public administration programs. Training program development experience is needed. Investment and export promotion experience and previous work with AID programs are desirable.

Specific responsibilities: Under the overall supervision of the Chief of Party, the Skills Advisor will undertake but not be limited to the following duties:

- a. Provide technical support to the Training for Employment and Productivity Project to meet the stated objectives of the project.
- b. Together with the OED and Establishment Division, develop a workplan for management audits and public administration training for selected public sector offices as well as for specialized technical training for key professionals.
- c. With Chief of Party and counterpart, identify and arrange for short-term consultants and training courses in Belize and abroad. Participate in training Belizean public administrators for teaching the public administration courses as required.
- d. Assist the Skills Advisor and the MOE in setting up the Division of Vocational Education.
- e. With counterparts and Skills Advisor, develop the labor market survey system.
- f. Prepare periodic reports as directed on project activities.
- g. Identify and secure appropriate public administration training materials in the U.S., Caribbean and Central America.
- h. Other duties as required.

## JUSTIFICATION FOR WAIVERS

1. Sole Source Procurement of Vehicles and Spare Parts

The BCCI and GOB have requested that the vehicles procured under this Grant be of a specific manufacture, thereby requiring a sole source proprietary procurement waiver. The items in that category are as follows:

Make	Type	Proprietary procurement Number	Total Cost (US)
FORD	Van	2	\$28,000
FORD	BRONCO	4	68,000
FORD	Pick-up 1/2 Ton	1	18,000
FORD	Spare parts, all vehicles		<u>5,000</u>
	TOTAL	7	\$119,000

The waiver is justified by the following factors:

a) The GOB has begun to standardize its vehicle fleet around the US manufactured Ford Motor Company line. The Ministry of Works, the Ministry of Natural Resources and the Ministry of Trade and Industry have, for example, upon retirement of trucks of other manufacturers, purchased Ford equipment as replacements. The GOB has set this policy based on its experience with local costs, availability of parts and service, and their desire to reduce spare parts and specialized tool inventories to a minimum.

b) The local Ford dealer is the only US manufacturers' representative to stock spare parts and provide maintenance and repair services.

In light of the above factors, the Mission requests a waiver for sole source proprietary procurement for Ford vehicles and spare parts.

2. Shipping

There is no ocean freight service to Belize from the US on US registered bottoms or by US shipping firms. While one Miami-based shipping firm maintains a biweekly container

schedule to Belize, it is incorporated in Grand Cayman. Further, project procurement will not be made in such a coordinated fashion to make it feasible to hire an entire vessel for a single shipment.

Given these constraints, it will be necessary to grant blanket certification on non-availability of US flag vessels and a waiver to permit payment for shipment on vessels registered in AID Geographic Code 899 countries, subject to reexamination if a US flag vessel becomes available at a later date.

### 3. Third Country Training and Procurement of Didactic Material

A limited amount of the training needs defined by the Project Paper design team is expected to be best met through third country training opportunities. Such training is expected to include training at UWI in Jamaica, BIMAP in Barbados, and INCAE in Costa Rica. The Mission also anticipates acquisition of didactic material from these institutions.

### 4. A.I.D. Financed Participant Travel

Chapter 15 of the A.I.D. Handbook 10 requires that the international travel of A.I.D.-financed participants be paid by the Host Country, the participant, or other sponsor unless waived by the USAID Director in the case of USAID-funded programs.

Grant funding training is envisaged under the project. USAID/Belize considers that A.I.D. funding of international travel costs is justified based on the overall substantial Host Country contribution planned for the project, and current foreign exchange difficulties of the GOB. Accordingly, the USAID Director, in approving this Project Paper waives the requirement of Host Country funding of participant travel under the Project. This Project Paper serves as the required notification.