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STRATEGY/PROGRAMMING STATEMENT

FY 1986-1989

BELIZE

APRIL 1984

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I. COUNTRY SITUATION AND BACKGROUND

Belize, which became independent in September 1981, is a small, democratic country in Central America. It has friendly relations with most of its mainland neighbors, despite the cultural traditions and longstanding territorial claims by Guatemala against its southern district. Belize relates to the Caribbean Basin through a variety of regional institutions which foster economic cooperation, but it is dependent almost entirely on North America and Europe as markets for its exports and sources of economic assistance.

I. The Political Situation

Belize has a parliamentary system of government. Typical of many former British colonies, the British monarch remains the head of state and is represented in Belize by a Governor-General. Day-to-day policy, however, is made and administered by the Prime Minister, his Cabinet and the bicameral National Assembly. Cabinet Ministers are members of the majority political party and usually hold seats in the National Assembly concurrently with their cabinet positions. The National Assembly consists of a House of Representatives whose 18 members are popularly elected every five years and a Senate consisting of eight members. Five senators are appointed by the Prime Minister, two by the leader of the opposition and one by the Governor-General.

There are two principal political parties: The People's United Party (PUP) and the United Democratic Party (UDP). The PUP has dominated the political scene for thirty years. Prime Minister George Price has been in power since 1965.

The differences between the two parties are generally more of style than of ideology. The PUP is more inclined toward emphasizing its capacity to "deliver" when people have specific personal needs and to use this technique to garner support for the party and consolidate and maintain control. The UDP attacks the PUP on the ground of elitism, "machine" politics and its sometimes liberal stance on issues. In fact, both parties are, to varying degrees, dominated by "family politics" similar to a big city machine.

2. Social and Demographic Characteristics

Belize has a very small population (155,000), but one that is characterized by considerable racial and cultural diversity. With only six persons per square kilometer, the

country has the lowest population density in Central America and one of the lowest in the world. Within this small population coexist many different races, cultures and languages; the Creole population comprises about 40% of the population, Mestizos account for about 33%, Amerindians for 17%, and the rest includes peoples of European, Arabic, East Indian and other origins. The natural rate of population growth is around 3.4% per annum, but due to emigration, the annual rate of population growth was held to less than 2% during the past decade, a modest rate in relation to the economic potential of the country and its capacity to sustain a larger population.

About half the population is urban and not oriented toward agricultural and entrepreneurial endeavors. In the urban areas, unemployment is high, especially among heads of large families and urban youth. Poverty is a serious problem, as well, among small farmers in all regions of the country who lack access to inputs and markets.

Education attainment is relatively high, with 92% of the adult population having attained literacy and 85-90% of all children completing primary education. Curricula at all levels, however, have not always served development needs. This is now being remedied through a reorientation of the primary curriculum to give students practical knowledge and skills in agriculture, as well as through a strengthening of post-secondary education. But there remains a serious gap in the training of technically skilled persons.

Health indicators also show that a good deal of progress in social development has been achieved. Life expectancy is 67 years, and the infant mortality rate is 27 per thousand. Health services are accessible to most people, but the capacity to deal effectively with malaria, intestinal disease and malnutrition is severely limited. The sharply rising incidence of malaria is of particular concern. Environmental sanitation is a problem (53% of population has adequate coverage) and nearly three-fourths of the rural populace lacks access to potable water.

3. The Economy

A. Recent Economic Performance

Growth in the Belizean economy has slowed dramatically since the end of the last decade. Real GDP grew by an annual average of 4% in 1979-80. But GDP rose by only 1% in 1981, then declined by some 2% in 1982 and probably stagnated in

1983. The slump in the world price of sugar (the sugar sector generates about 20% of GDP) along with a slowdown in construction activity are the factors principally responsible for the economic decline. Associated with this has occured a deterioration in the internal and external accounts of the economy.

Public Sector Finances were the first casualty of the slowdown in economic activity. The financial position of the public sector remained strong through FY 1980/81, but weakened in the following two years. The overall deficit of the public sector rose from 4% of GDP in FY 1980/81 to some 9.5% of GDP in FY 1982/83.

Before FY 1982/83, public sector finances had been characterized by a modest current surplus of the central government and a small operating deficit of the public enterprises. However, in FY 1982/83, the fiscal situation deteriorated sharply. The current account was squeezed between salary increases that were awarded shortly before independence and falling revenues from foreign trade and income taxes. The operating deficit of the eight nonfinancial public enterprises also worsened due to generous wage increases in costs. The current account of the central government went from a surplus equaling 4.9% of GDP in 1979 to a deficit equaling 1.1% of GDP in FY 1982/83. The operating deficit of the state enterprises increased more than threefold between 1979 and FY 1982/83.

The fiscal situation in FY 1983/84 (ending March 31, 1984) was characterized by a severe liquidity problem at year's end. The complete financial picture is as yet unavailable, but early indications point to an overall deficit no larger than that of last year (about $15.0 million) if arrearages are included. These arrearages amount to some $17.5 million (including $8.0 million in external obligations) but cannot be met without recourse to rescheduling, which the government is attempting to do at the present time. Further domestic financing is not available; Central Bank advances are at the statutory limit and it is unlikely that commercial bank portfolios could accommodate more holdings of treasury bills without reducing credit to the private sector.

These problems are not likely to be easily resolved in FY 1984/85. The government has proposed several new taxes and these, if approved, together with an upturn in the economy will improve the revenue position of the central government. The government has proposed a 7% cut in recurrent expenditures,

TABLE 1

BELIZE: CONSOLIDATED OPERATIONS OF THE NONFINANCIAL PUBLIC SECTOR[1/]

	1978	1979	1980/81	1981/82	1982/83	1983/84
	(In Millions of Belize Dollars)[2/]					
Total Revenue and Grants	63.5	78.3	94.5	99.3	87.4	
General government revenue	55.9	64.3	81.6	86.0	79.8	
Grants	7.6	14.0	12.9	13.3	7.6	
Total Expenditure	87.0	104.0	108.0	121.7	119.4	
General government current expenditure	43.5	51.3	64.6	76.5	77.4	
Public enterprises operating deficit	3.7	1.4	1.2	1.5	4.8	
Development expenditure	39.8	51.3	42.6	43.7	37.2	
Current Surplus or Deficit (-)	8.2	10.9	15.5	7.7	-3.7	
Overall Deficit	-23.5	-25.7	-13.9	-22.4	-32.0	-30.0[4/]
Financing	23.5	25.7	13.9	22.4	32.0	
External	16.8	23.6	7.6	12.5	14.3	
Net drawings	(19.0)	(22.6)	(6.7)	(12.1)	(14.5)	
Change in foreign assets	(-2.2)	(1.0)	(0.9)	(0.4)	(-0.2)	
Domestic	6.7	2.1	6.3	9.9	17.7	
	(As percent of GDP)[3/]					
Total revenue and grants	26.7	28.4	28.5	28.0	26.0	
Total expenditure	36.6	37.7	32.7	34.3	35.5	
Current surplus or deficit (-)	3.5	4.9	4.7	2.2	-1.1	
Overall deficit	9.9	9.3	4.2	6.3	9.5	

Source: IMF

1/ Prior to 1980, the fiscal year coincided with the calendar year. Since 1980 the fiscal year runs from April 1 through March 31.

2/ Exchange rate: U.S.$1 = Bz.$2

3/ Calculated in relation to calendar year GDP

4/ Preliminary estimate.

but public sector employees have not had a raise in salaries since 1981 and this fact in an election year will put added pressures on the government. A problem also is the growing amount of domestic and foreign obligations that will fall due in 1984/85. Under this crisis, the government will be tempted to further cut the investment budget.

Total banking system credit increased by 18% in 1981 and about 22% in 1982. This expansion accommodated increases in credit to the public sector without significant reduction in credit to the private sector. Credit to the private sector increased by 16% in 1981 and by 9% in 1982. The data is incomplete, but indications point to a slowdown in credit expansion in 1983, a development that would be consistent with the continued slowdown in overall economic activity in general, and in the private sector in particular.

The Balance of Payments. Since 1978, when the government began to collect data on a systematic basis, the current account of Belize's balance of payments has been characterized by a large trade deficit offset in part by positive balances on the services and transfers account. Figuring prominently in these last two categories are expenditures of the 1,800 British garrison and remittances from some 50,000 Belizeans living abroad. Net flows on the capital account have usually been adequate to cover the current account deficits, as Belize has been receiving a steady flow of development assistance and the commercial banks increased borrowings from their home offices by some $20.0 million in 1982.

According to the preliminary figures made available by the Central Bank, the balance of payments in 1983 has deviated from this historical pattern. The trade balance improved slightly and net capital flows were up by more than $30.0 million; but net transfers were down by $10.0 million, resulting in an overall balance of payments deficit (and official reserves loss) of some $4.0 million. As yet, there is no clear explanation for this development. One possibility is the growth of the parallel market in Belize, fed by a growing proportion of foreign remittances that do not enter the legal reserves of the country. Another explanation is simple reporting error inasmuch as these numbers are very preliminary. But, the reserve loss -- if it turns out to be accurate -- has not yet put the financial system into a liquidity crisis. Net reserves at the end of February 1984 were at about $8.0 million, enough to meet the spate of foreign obligations that will fall due at the end of March 1984.

TABLE 2

BELIZE: BALANCE OF PAYMENTS

	1978	1979	1980	1981	1982[1/]	1983[2/]
	(In Millions of U.S. Dollars)					
Current account balance	1.0	-12.4	-12.4	-14.7	-10.5	-17.4
Trade balance	-26.3	-41.0	-38.9	-43.0	-37.7	-35.2
Exports (domestic)	(55.3)	(60.7)	(82.1)	(74.7)	(59.8)	(65.0)
Imports (retained)	(81.6)	(101.7)	(120.9)	(117.7)	(97.5)	(100.2)
Services (net)	15.0	15.3	12.2	13.0	10.9	11.8
Transfers	12.3	13.3	14.3	15.3	16.3	6.1
Capital account	4.1	9.7	14.2	12.3	10.1	13.3
Change in official reserves (increase -)	-5.1	2.7	-1.8	2.4	0.4	4.1
Memorandum item						
Re-exports	24.9	30.2	28.8	44.3	34.0	12.5

Source: IMF, Central Bank, Embassy and ROCAP estimates.

1/ Preliminary

2/ Estimated

An official estimate for the balance of payments in 1984 is not available, but some generalizations are possible. Receipts on the trade account are likely to improve with a doubling of garment exports and an improvement in citrus prices. However, the balance of payments will be under pressure from a continuing financial problem in the public sector, a decline in official assistance from the U.K. and attempts by the commercial banks to reduce their foreign liabilities. Under these conditions, the $8.0 million in net international reserves (about one month's imports), held by the financial system in December 1983, may prove to be a very slim margin.

B. Structural Problems in the Belizean Economy

Lack of Diversification in the productive sectors is probably the biggest constraint facing long-term economic growth in Belize. As the following table shows, the primary sector (agriculture, forestry and fishing) accounts for some 40% of all economic activity and half that is attributable to sugar. Other crops such as citrus and livestock are increasing in relative importance, but, in general, trends in sugar prices -- and in the U.S. sugar quota -- will have a powerful influence on overall economic performance.

Manufacturing has a very small participation in GDP and most of this is centered in activities with direct links to the agricultural sector such as sugar processing. This is not a surprising characteristic of the economy, given its small domestic market and limited opportunities for import substitution. Future diversification and growth in the manufacturing sector will, by necessity, be based on diversification in agriculture (processing of fruits and vegetables, for example) and will be oriented toward the foreign market.

The very narrow range of productive activities is, in large part, responsible for the unemployment problem in Belize. With a small population relative to the available natural resources, especially in agriculture, it would be difficult to argue that unemployment is a serious problem. Yet it exists and is very visible; in 1980 the unemployed numbered some 6,800, or 14% of the workforce, of which 50% were in Belize City. Even though employment opportunities exist in agriculture, and in the rural areas generally, they meet neither the training nor the expectations of the unemployed. In absolute terms, however, the problem is not large and will likely disappear with investment in manufacturing and services located near the urban areas.

TABLE 3

BELIZE: GDP BY SECTOR (%)

	1980	1981	1982
Primary Activities	46.3	43.6	39.6
(of which, sugar)	(24.7)	(19.4)	(15.0)
Manufacturing	8.4	8.2	7.0
Construction	5.7	6.6	5.7
Mining	.3	.3	.3
Services	39.3	41.3	47.3

Source: World Bank

The Fiscal Problem in Belize is serious and threatens to derail both economic stabilization and public sector investment in the social and productive infrastructure. There are two structural problems confronting public sector finances: the absence of current account savings and little control over the eight public sector enterprises. The low efficiency of collections and the lack of buoyancy of the tax system in the face of rising recurrent costs are responsible for the disappearance of current account savings.

Without savings, there will be no domestic resources to finance capital formation without recourse to borrowing from the financial system. The IMF has recommended a series of new taxes along with measures to increase the efficiency of collections; both will be difficult to institute in an election year.

The nonfinancial public sector enterprises as a group have been characterized as disorganized and mismanaged. Whereas the central government has exercised restraint in its wage policy, the state enterprises have allowed generous wage increases. These enterprises have also engaged in borrowing without central government control, complicating the debt

management of the public sector. Altogether, the state companies in FY 1982/83 received $5.5 million in transfers from the central government to cover their operating deficits and part of their investment budgets, a sizeable fiscal drain representing 15% of government revenue.

Of the eight, three constitute the greatest problem: the Belize Electricity Board (BEB), the Banana Control Board (BCB) and the Belize Marketing Board (BMB). The other five either operate near the break-even point or generate a small surplus. The electricity system is fragmented, inefficient and poorly managed. The BCB is plagued by high costs and a volume of production that does not make the operation profitable. The BMB is engaged in the trading of a wide variety of basic grains through which it sustains losses by subsidizing high prices to farmers. Of these three, the BEB represents the largest burden on central government revenues, accounting for probably half the operating deficit of all the public sector enterprises.

Financial transfers to these enterprises have become unmanageable with the growing crisis in public sector finances. The temptation will be to further cut the central government's capital or development budget. Expenditures in the areas of roads, health, education and agriculture fell by some 15% in nominal terms between FY 1981/82 and FY 1982/83, and probably fell further in FY 1983/84.

The tables below illustrate two possible scenarios of public sector finances over the near term. The accounts are presented in simplified form, with only the current surplus of the central government, the public enterprise operating deficit, development expenditures and the overall deficit. They include no grants and assume that the overall deficit must be constrained to the FY 1983/84 level due to statutory limits on Central Bank credit and to the absorptive capacity of the domestic banks' portfolio.

Under the first scenario, growth in international trade increases tax revenues; new taxes and improved collections do the same. Under these conditions, the current account of the government moves from a deficit in 1983/84 to a $3.5 million surplus in 1985/86. Divestiture of the BCB and the BMB cut the operating deficit of the public sector enterprises in half over the same period. Under these circumstances, investment expenditures could climb towards $25.0 million -- probably the minimum level consistent with high, long-term economic growth rates -- without recourse to additional foreign borrowing.

TABLE 4

BELIZE: FISCAL PERFORMANCE UNDER TWO SCENARIOS

(In Millions of Belize Dollars)

	FY 1983/84	FY 1984/85	FY 1985/86
With Revenue Improvement			
Current Surplus	-3.0	0	7.0
Public Enterprise Operating Deficit	-5.0	-4.0	-2.5
Development Expenditures	-35.0	-39.0	-47.5
Overall Deficit	-43.0	-43.0	-43.0
With No Revenue Improvement			
Current Surplus	-3.0	0	0
Public Enterprise Operating Deficit	-5.0	-5.5	-6.0
Development Expenditures	-35.0	-37.5	-37.0
Overall Deficit	-43.0	-43.0	-43.0

Source: PECAP estimates.

Under the second scenario, there are no improvements in the tax structure, nor in collections, and only the rebound in international trade reduces the current account deficit of the government. No divestiture or other revenue improvements result in an increase in the operating deficits of the public sector enterprises. Under these conditions, and without increased foreign borrowing, there will be a continuing low level of public sector investment cutting deeply into improvements in the social and productive infrastructure of Belize. Equally important, the government would find it very difficult to meet its counterpart funding obligations.

Lastly, Belize suffers from a paucity of productive infrastructure. There is a good national telephone system, but in all other areas the infrastructure is seriously deficient. Diesel generation supplies power to 60% of the population; but the service is expensive and unreliable. The only railroad fell into disuse over two decades ago. There is no natural deep water harbor; only at Belize City is there a deep water port facility accommodating ships up to a 17-foot draft. The road system is poor, having only a limited network of secondary and access roads.

4. U.S. Objectives

The overall U.S. objective is to maintain friendly relations with Belize and to assure a democratic, independent, economically viable country which is supportive of our policies and capable of maintaining its territorial integrity. Belize plays a strategic role as a stable, democratic bridge between the Caribbean and Central American regions. More importantly, it is poised on the edge of foment in Central America, where it serves as an important counterpoint to the unstable political and economic situations of its neighbors. The United States and Belize enjoy close and cordial relations. Belize also tends to look increasingly to the United States for economic and political support. Its human rights record is exemplary and, in general, the government firmly supports U.S. policies in the Caribbean and Central America.

II. GOALS AND THEIR SIGNIFICANCE

I. U.S. Assistance Rationale

The rationale for this assistance flows from the objectives cited above, as well as from the Caribbean Basin Initiative and the recently proposed Central America Democracy,

Peace and Development Initiative. An extended period of U.S. economic assistance for Belize is not envisaged. Its income level and human resources development place it relatively high among the LDCs. The size of the population relative to the natural resource base gives Belize an excellent chance of reaching middle income status within a decade. The obstacles that stand in the way of such an achievement have been discussed previously: fiscal instability, a narrow productive base and lack of infrastructure. These barriers to growth should not be underestimated for they are indeed formidable. But with a judicious blend of financial support and technical assistance, Belize could attain a high and sustainable rate of economic growth within this period of time.

These objectives, and the rationale for them, are consistent with the recommendations of the National Bipartisan Commission on Central America. The emphasis on economic stability and long-term growth are adequately supported in the above discussions. Spreading the benefits from growth will be achieved by diversification into small farmer commercial crops and the promotion of their sale abroad.

In Belize, with its strong democratic traditions, strengthening the institution of democracy is an objective that should not receive very high priority. Neither is the objective of promotion of equity, since income distribution is perhaps the most equitable in Central America.

2. Goals

The goal of this assistance over the program period is to attack the constraints to growth with a program that will focus on economic stability, agricultural diversification, export promotion, infrastructure development and selected human resources development. In the short term (1984-85), the priority will be on assisting the government to achieve stability in the fiscal sector. Over the long term (1986-89), stability will yield in importance to the other items in the program. Projects in health, skills training and housing are featured, but, given Belize's relatively high level of development in those areas, will be accorded lower priority.

A. Short Term, 1984-1985

In order to assist the government to achieve stability in its fiscal accounts, ESF budgetary support will be provided over the period 1984-85. These resources exactly equal the

anticipated transfers from the central government to the non-financial public sector enterprises. This assistance will not continue beyond 1985.

Initial DA support will concentrate on developing the infrastructure for increased agricultural production by: (1) providing farmers access to markets through improved rural roads and bridges; (2) introducing new production technology; (3) establishing an indigenous capacity for adaptive research; and (4) introducing an agricultural planning and policy network. Additional ESF/DA/HIG support will also be provided to enhance Belize's productive capacity through a healthier, more properly trained and adequately sheltered population.

B. Long Term, 1986-1989

Domestic food security and increased export earnings will come almost exclusively from the agricultural sector. The development of this sector is particularly challenging in that commercial agriculture, with the exception of sugar as an industrial crop, is relatively new to Belize. During much of its early colonial period, commercial agriculture was prohibited by law, reserving the domestic market for British imports. Commercial farming has little indigenous cultural heritage or infrastructure. The DA agriculture portfolio grew out of this fact, initially focussing on putting the requisite infrastructure in place. The subsequent longer term thrust will shift to production and marketing, both for domestic consumption and export, supported by production credit and a PL 480 program.

Expanding the non-traditional sectors, capturing new offshore markets and increasing the power generating capacity are governmental imperatives which will be addressed during this period. Long-term investments in non-traditional sectors will require capital and access to export markets. These requirements will be met through an ESF/DA funded Small Business Development Bank and Export Promotion Program. Export-Import Bank credits and OPIC insurance guarantees will complement these efforts. ESF funds will be applied to an energy sector structural adjustment program.

Enhancement of Belize's productive capacity, initiated during the short term, will continue to receive attention during this period.

III. PROGRAM STRATEGY, BENCHMARKS OF PROGRESS AND TIMING, AND MEANS OF ACHIEVEMENT

1. Economic Stabilization

As indicated previously, the Mission's short-term strategy focuses on the largest factor in the public sector which has led to chronic fiscal shortfalls in the GOB budget governmental transfers to parastatals. Several parastatals are in need of management reorganization and capital expansion.

ESF budgetary support grants of $8.6 million in FY 1984 and $4.0 million in FY 1985 are therefore proposed. Local currency generations will be used to cover the deficits of selected parastatals while reorganizations are underway. Absorptive capacity problems will not arise since these transfers almost exactly equal the anticipated deficits over the next two-year period.

Assistance for reorganization of parastatals will be preconditioned on the government developing and implementing a broad program to address the remaining structural elements of the recurrent fiscal shortfall. More importantly, the GOB will have to enter into serious negotiations with the IMF toward designing a financial program to support stability in the fiscal and balance-of-payments accounts. An initial letter of intent will have to be negotiated and signed by the end of 1984. It is expected that the IMF program would be fully functional with new taxes introduced, back taxes being collected and improved collection procedures in place by the end of 1985. Progress will be demonstrated via a surplus in the general government current account rising from about 0.5% of GDP in 1983/84 to 7-10% of GDP in 1985/86.

In addition, the government will be required to take steps to reduce deficits in public sector enterprises. The current subsidy program must be scaled back if not totally eliminated. As a start, the development of a national energy plan, as well as the reorganization plan for the most important parastatal -- the Belize Electricity Board -- will be undertaken by the end of 1984. It is expected that the BEB would have been reorganized and a plan for the expansion of generating capacity prepared by the end of 1985. During this timeframe, the GOB will also be required to submit a plan for the liquidation of the Belize Marketing Board and the Banana Control Board, with liquidation taking place over the period 1986-89. To ensure the success of this difficult undertaking, PL 480 local currency generations will be used

to create an agency whose role will be to provide food security through the medium of buffer stocks and additional storage construction. These funds will also be used to assist Belizean farmers to purchase banana holdings.

The budgetary transfers to public enterprises should be reduced by 50% by the end of 1987. Similarly, BEB revenue will be in equilibrium and the modernization of the distribution system will be underway. The cost of KWH to the public will have been reduced by 20-25%. BMB will have divested itself of the feed and rice mills by 1987 and its remaining activities phased out by 1989. Other basic indicators of progress will be: at least 50% of the buffer stocks and corresponding storage capacity in place and 100% divestiture of BCB holdings by the end of 1988.

2. Long-Term Growth

The Mission's long-term strategy focuses on economic growth and diversification to enhance the equitable distribution of economic assets among the population. These efforts, in turn, help nurture the established, viable traditions of political democracy in Belize.

By Central American comparisons, the welfare level of the Belizean populace is relatively well-developed and well-distributed. There are no glaringly disadvantaged groups. Income distribution is perhaps the most equitable in Central America. The main cause of poverty is the generally low level of development.

Constraints to growth will be addressed through a program which focuses on agricultural production, export promotion and selected human resources development.

A. Agricultural Production

The agricultural sector clearly holds the greatest potential for long-term economic growth in Belize. Sugar can no longer be relied upon as the main pillar for export earnings. Citrus will grow in importance as a result of the Caribbean Basin Initiative. However, in order for the sector to reach its full potential, other important segments must be tapped. High on the list of potential contributors are livestock products -- beef, pork and dairy; oilseed crops; and specialty crops such as fruits, vegetables and cocoa. Each of these potentially important products suffers from constraints which have retarded development.

- Livestock Development

While Belize has considerable potential to produce feed in the form of pasture grass and field crops for feed concentrates, current practices produce barely enough to maintain the 60,000 head national herd. Government shortsighted policy formulation has been a bottleneck to expanding production. Poor handling and processing of domestic meats turns consumer preference to imported products.

We propose to continue the activities initiated in FY 1983 through a $1.3 million DA Livestock Development Project with an additional infusion of $4.95 million DA funds tranched over two phases during the period 1984-89. Phase I will develop appropriate cultural practices and indigenous feed rations for swine; improve native pastures for beef and dairy animals; develop milk marketing information; provide a pilot modern dairy processing facility; improve the meat cutting and processing capability of local butchers; install a meat testing capability responsive to USDA import requirements; and assist the Ministry of Natural Resources in developing a long-term agricultural sector plan and a rational agricultural policy. Phase II will expand these activities along with additional efforts to improve the national beef herd and develop a dairy industry.

Three other donor projects complement this undertaking. The United Kingdom is presently engaged in providing technical assistance to the Toledo District Rural Development Program and the National Veterinary Diagnostic Laboratory which was constructed with EDF financing. The International Fund for Agricultural Development will be supporting a project designed to improve rural marketing infrastructure. These activities have been carefully orchestrated with governmental programs so that no absorptive capacity problems are presently evident. Productive employment implications are high, given the anticipated mobilization of available manpower.

Two critically important policy changes have already been extracted from the government. The operating control of the parastatal national abbatoir (sole facility capable of processing meat for export) has been transferred to the private sector. Wholesale and retail meat prices have been deregulated.

Import levels of pork and pork products (currently at $2.6 million) will be reduced by 20 percent by the end of 1985, with successive reductions of 15 percent per year over

the next four years. By 1986, at least 50 percent of the urban school age children will have been exposed to high quality fresh milk through the free milk program in the school system. By 1988, at least a 10 percent reduction in milk product imports (currently at $11.8 million) will be evident, with annual reductions of ten percent over the next five-year period. Beef exports to the U.S. will increase from zero to 2.5 million pounds in 1985 and continue to increase by 10 percent annually over the next four years. Beef exports to the Caribbean will increase from the current one million pounds per year to at least 3.0 million pounds by the end of 1986.

- Rural Access Roads and Bridges

Agricultural production is also constrained by the lack of regular access to markets via all-weather roads. During the recent past, what little budget support the GOB had provided for roads was spent on principal highways. Rural farm-to-market roads have deteriorated to a point where they are only passable in fair weather or, in some cases, not at all. In addition, and to a degree more serious, is the loss of capability, manpower and equipment to maintain or construct rural roads.

We propose to continue the activities initiated in FY 1983 through a $5.0 million DA Rural Access Roads and Bridges Project with an additional infusion of $3.95 million DA funds tranched over two phases during the period 1984-89. Phase I will create within the Ministry of Works a sustainable capacity to construct and maintain rural access roads. While some 300 miles of roads (27% of rural roads portfolio) and 54 bridge crossings will be constructed, the primary focus will be on training. During Phase II, an additional 33 percent of the rural roads and bridges portfolio will be addressed. There will be a reduced emphasis on training, with actual road construction receiving higher priority.

Two other donor projects complement this undertaking. The World Bank is focusing on the improvement of principal highways including drainage, while the United Kingdom is constructing four strategic high level highway bridges. There are no absorptive capacity problems, given high donor coordination. Productive employment implications are high as a result of opening remote areas to the marketplace.

Several highly important policy changes have already been extracted from the government. The Ministry established

a high-level management and planning department, as well as district-level maintenance offices in each of the six road districts. The heretofore concentration of budget funds and manpower on primary highways was shifted to rural access roads. Road and bridge selection is now based on sound economic rationale, rather than political imperatives.

By the end of 1986, at least 300 miles of rural access roads and 54 river crossings will have been completed. Fifty heavy equipment operators will not only have been trained, but also will have accumulated considerable operating experience. At least 15 mechanics will have reached the master mechanic level, and all six district maintenance offices will be staffed and fully operational with delegated authority to handle all routine maintenance problems.

- Agricultural Production and Diversification

Another constraint to agricultural production is the lack of an effective adaptive research program. While some research is being carried out, there remains a need to intensify the effort and develop a much closer relationship between research and extension.

We propose a $6.5 million DA Agricultural Production and Diversification Project tranched over two phases during the period 1985-89. Phase I will focus on strengthening the Ministry of Natural Resources' capacity for adaptive research coordinated with extension. Potential alternate crops for domestic consumption and export will be investigated. High priority will be given to oilseed crops in view of the current $3.5 million worth of lard imports. Soybeans will be imported under the PL 480 program in sufficient quantities to operate a private sector crushing plant. As domestic production increases, PL 480 imports will be phased out. Specialty crops of fruits and vegetables, for which there are off-season demands in the U.S. and European markets, will be screened for potential exports. Cacao will be in the forefront, since the Hershey Food Corporation guarantees the market. Phase II, while continuing to support adaptive research, will be more heavily focused on field trials and extension of crops developed under Phase I.

Only one donor-financed activity -- the Caribbean Agriculture and Rural Development Institute -- has been involved in applied research by screening and selecting crop varieties with potential in Belize. However, this activity needs to be accelerated and institutionalized within GOB

agricultural programs. Employment implications, both in crop and agro-business production, are high. No absorptive capacity problems are anticipated since the research and extension staffs will have been combined.

The GOB will be required to complete and formally accept an in-depth five-year agricultural plan. Research and extension activities will have to be combined under one institution. The 1977 National Nutrition Plan, which calls for vegetable oil to be substituted for lard, will be activated.

By early 1986, the agricultural sector plan will have been accepted by the GOB and the requisite budget for the upcoming Belizean fiscal year enacted. The research and extension departments will have been combined into one fully operational organization. A 10 percent reduction in the importation of animal fat will have been replaced by locally produced vegetable oil. A further 20 percent drop in imports of lard will be achieved by the end of 1987. New crops emerging from the adaptive research trials will be transferred to the field for testing. By the end of 1988, some 2,000 acres of new non-traditional crops will be grown for specific markets.

- Farming Systems for Milpa Farmers

To date, agricultural production in Belize has essentially rested on milpa farming (slash and burn shifting cultivation), an inefficient use of land resources. Increases in production are constrained by the absence of a modern farming system.

We propose a $4.0 million DA Farming Systems for Milpa Farmers Project tranched over two phases during the period 1985-89. Phase I will focus on the cultural transition from the communal livestyle of Amerindian milpa farmers to an improved system of farming which will result in larger marketable agricultural surpluses. This program will draw heavily on mixed farming and agroforestry systems developed by the Tropical Agricultural Research and Training Center (CATIE) in Costa Rica. Under Phase II, these activities will be reinforced and greater attention will be paid to export-oriented production.

No other donors are currently involved in this area of activity. Employment implications are positive, since the Amerindian milpa youth will move from reservation villages to their own farm units. No absorptive capacity problems are

anticipated, given the availability of land and the government's commitment to effect this transition to modern farming.

The government will be required to make suitable farmland available to the milpa farmers. Potential ownership of land will be another prerequisite. The GOB will also need to establish a farming systems department within the new national research and extension organization.

By 1986, the farming systems department will be fully staffed and operational. Some 100 milpa farm families will have been relocated in four districts in Belize and trials of selected farming systems initiated by early 1987. At least 35 percent of the overall production will be surplus to the domestic needs of the farm families participating in the program by the end of 1988.

- Agricultural Production Credit and Marketing

Agricultural production is constrained further by the lack of readily available production credit and effective marketing infrastructure. Currently, the principal agricultural lending institution, the Development Finance Corporation (DFC) has funding only for qualified borrowers with tangible fixed assets. For the most part, farmers in Belize have little in the way of physical assets to pledge, or regular access to urban markets.

We propose a $4.3 million DA Agricultural Production, Credit and Marketing Project tranched over two years during 1987-89 to meet these constraints. The program, to be administered through the Development Finance Corporation and the National Development Foundation of Belize will be designed to meet the need of the small commercial farmer and the milpa farm families who are on the way to becoming commercial farmers. A supervised credit program will be established in which lending will be secured by the farmers' crops, rather than physical assets. Interest will be charged at commercial rates. The development of assembly markets in the rural areas, with linkages to urban centers, will be provided to create an outlet for increased production.

The Caribbean Development Bank has provided limited funds to the DFC for small farmer credit. Nonetheless, in the absence of a specifically-tailored lending package, the disbursement of these funds has been slow. The availability of appropriate credit will accelerate production with

resulting increase in labor demand. No absorptive capacity problems are anticipated, since these funds will only become available in 1987.

The government will be required to establish a policy, as well as implement supporting legislation which institutionalizes a crop mortgaging program. The Development Finance Corporation will be required to open a supervised credit window and to ensure a high collection rate. The National Development Foundation will be required to establish a marketing department aimed at facilitating the marketing of domestic agricultural produce.

Based on present anticipated demand, it is expected that a reasonable drawn down rate will be achieved under this program. At least 50 percent of each yearly tranche will have been disbursed to farmers during a given year of the program's existence. Rural assembly markets will have been established in strategic locations in six districts by 1988.

B. Export Promotion

The move toward greater economic and trade self-reliance and self-sufficiency must be accelerated since Belize must trade to survive. The production base of the economy needs to be broadened, given that traditional exports (principally sugar) can no longer buttress the economy. Markets for non-traditional exports must be found and concerted efforts made to capture them. This will augment foreign exchange earnings and improve the balance-of-payments position of Belize.

- Small Business Development Bank

While there are some institutions, both public and private, assigned to locating markets and promoting Belizean products, these have proven only partially effective. The provision of additional capital to stimulate development and expansion of non-traditional sectors is of vital importance for Belize. The Mission's initial support of the private sector in Belize through a discount fund for investment in export-oriented agriculture and related industry needs also to be strengthened.

We propose a $1.0 million DA Small Business Development Project complemented by a $8.0 million ESF Private Sector Capital Development Loan tranched over the period 1985-89 to establish a new financial institution -- a small business development bank. The bank will provide production and capital financing for non-traditional sectors.

No other donors are involved in this area of activity. The availability of additional credit will accelerate production with resulting increases in labor demand. No absorptive capacity problems are anticipated since this additional credit will become available only in 1986.

The government will be required to enact legislation creating the Small Business Development Bank and to ensure that local currency generations are made available for the capitalization of this institution. The GOB will also be required to change current banking policies, such as that regarding acceptable collateral, in order to permit higher risk developmental loans.

A reasonable drawdown of the facility is expected. Progress will be measured by virtue of the fact that at least 50 percent of each yearly tranche will be been disbursed to productive enterprises during a given year of the program's existence

- Export Promotion

Additional technical assistance must be brought to bear on promoting the non-traditional sectors of Belize's economy Limited assistance has been provided up until now through a regionally-funded Project Development Assistance Program administered by Coopers & Lybrand. This process must now be institutionalized in Belize.

We propose a $1.7 million DA Export Promotion Project tranched over the period 1986-88. The focus of the program will be on financing searches for new markets, promoting Belizean products in the marketplace, locating joint-venture partners, and carrying out feasibility studies. The program will be housed in the small business development bank and will provide these services in support of the bank's lending activities.

No other donors are involved in this area of activity at present. A UNDP project investment program terminated in March 1984 with little accomplishment. The emphasis on non-traditional products and joint ventures will create significant demands for skilled and semi-skilled labor. No absorptive capacity problems are anticipated.

Conditionalities imposed on the government via the two previous projects will also hold for this activity.

It is expected that the effects of these combined efforts will be evidenced in a 10 percent increase in non-traditional exports by the end of 1987 and ten percent per annum over the next three years. Some ten feasibility studies will have been completed, six joint ventures in place and several markets for new Belizean products captured.

Energy Sector Structural Adjustment

An adequate energy supply is also critically important for Belize's export development. This underlying rationale forces the government to reorganize the Belize Electricity Board and undertake the implementation of a national energy plan which addresses the development of an integrated power system responsive to Belize's needs and financial possibilities. The government is working hard to bring order to the present electrical generation chaos which has resulted in daily breakdowns in Belize City. An interim gas turbine generation program, to be financed by the Export-Import Bank, has been approved in principle pending technical confirmation of this undertaking.

We propose to support these combined efforts through an $8.0 million ESF Energy Sector Structural Adjustment Loan tranched over the period 1986-09 at $2.0 million per annum. This program will provide additional capital requirements needed for the orderly expansion and modernization of the power sytem.

No other donors are involved in this area of activity. The World Bank has expressed some interest in undertaking a long-term program which would connect into the Mexican power grid. Employment implications are high, given the removal of a critical constraint to light industry expansion. No absorptive capacity problems are anticipated, given close coordination between the GOB, EXIM and the Mission.

In addition to the conditionality imposed on the Belize Electricity Board, the government will be required to adhere to a rational yearly expansion of generating capacity.

This orderly expansion will have been institutionalized by the end of 1986. Energy losses will have been reduced by 30 percent and lower costs per unit of output in the order of 20-25 percent per annum will have been realized by the end of 1987.

- Export-Import Bank and OPIC

Activities in this sector will be further enhanced by an additional $5.0 million in Export-Import Bank Credits and $77.0 million in OPIC Investment Guarantees tranched over the period 1984-89. No absorptive capacity problems are anticipated during this period.

C. Human Resources Development

Activities in this area support the private sector employment-income generation objectives of the agricultural production and export promotion programs cited above. The development of Belize's productive capacity is dependent upon a healthier, more properly trained and adequately sheltered population than has been the case thus far.

- Increased Productivity Through Better Health

Malaria has emerged as a growing deterrent to potential foreign investment and tourism, as well as a disabler of the population. In the last ten years, the incidence of malaria has increased 4600%. One out of every hundred persons develops malaria every year, representing one of the highest rates in Central America. Belize's inadequate water and hazardous sanitation conditions have also been identified as major sources of disease. A December 1983 Pan American Health Organization report demonstrates that diarrheal disease is one of the major causes of infant and early childhood mortality and morbidity in Belize. The worker population is also severely affected.

We propose to assist the government in overcoming these deterrents through a $3.0 million DA Increased Productivity Through Better Health Project tranched over the period 1985-87 As the livestock, rural roads/bridges and agricultural diversification components of the Mission's portfolio are being implemented, malaria, water and sanitation control activities will be installed.

Participation in the proposed joint GOB/PAHO/AID malaria control endeavor will be contingent upon the government's adherence to PAHO's guidelines regarding epidemiological surveillance and use of pesticides. The Ministry of Health's human resources are in place to execute the three sub-activities. No significant restructuring of Ministry management units is required, nor are absorptive capacity problems anticipated. Canada has provided assistance for the water and sewerage system in Belize City.

The yearly incidence of malaria will be reduced by 66 percent during the first three years of the program and malaria will be eradicated from major urban areas by 1988. All rural areas with populations over 250 will be provided with bored wells and handpumps (at the rate of one per every ten households) and a public rudimentary sanitation system by the year 1990.

- Training for Employment, Public Administration and Scholarships

The entire educational system in Belize is geared to satisfactory performance in meeting examination requirements rather than successfully competing in the labor market. Non-formal education is poorly developed and vocational training is inadequate. Problems related to education and training are neither the major nor the most immediate constraints to employment generation and income enhancement. In rural areas, developing internal and external markets for agricultural products and then linking farm units and agri-business/processing into this market is most important. In the urban areas, it is first obtaining a dependable source of energy for operating light manufacturing and processing operations, together with locating and exploiting suitable investments and markets which must receive priority attention. Only after these aspects of employment and income generation have been successfully dealt with that education and skills training make sound economic sense. The Mission's agricultural production and export promotion programs are, in fact, defining the potential for new employment activities.

We propose to attack these constraints through a three-pronged program: a $3.2 million DA Training for Employment Project; a $1.0 million DA Public Administration/IESC Project and a $1.6 million DA Scholarship Project, tranched over the period 1985-88. These programs will address skills training requirements in both the private and public sectors.

The government will be required to undertake a manpower/employment survey, as well as a policy analysis on how to further facilitate the employment/income generating capability of the private sector. The Belizean private sector will be required to identify its own management and skills training deficiencies/priorities. No absorptive capacity problems are anticipated. The European Development Fund is supporting the construction of the new Belize College of Arts, Science and Technology (BELCAST) campus in Belmopan.

By the end of 1985, the private sector's sensitivity and motivation to understanding its training needs will have been enhanced. This is a necessary first step in introducing more diversity and new product lines and industries in a traditionally trade and two-crop agriculture mentality which has characterized the private sector in the past. By 1986, the GOB Establishment Division will have made appropriate changes to facilitate public sector support of private sector employment/income generating efforts. By 1987, some 30 long-term and 40 short-term participant training programs will also have been undertaken in support of private sector human resources development efforts. By 1987/88, specific training programs for the private sector will be provided through the Belize College of Arts, Science and Technology; the Vocational Training Center; and the Belize Institute of Management.

- Housing Program

Housing is badly deteriorated in Belize City, the largest urban center because much of it was built hastily of wood after the disastrous 1961 hurricane destroyed a large portion of the city. Those units which survived the hurricane and subsequent floods are deteriorated by age and exposure to the tropical climate. The housing stock is inadequate for the country at large and many people are resorting to makeshift houses in squatter locations. Whatever limited new construction is taking place, it is not in locations where employment is expanding.

We propose to continue assisting the government through a $1.4 million ESF Grant and $13.0 million Housing Investment Guaranties tranched over the period 1984-89. Efforts in housing will complement health and skills training activities which strongly support agricultural production and export promotion programs.

The government will be required to develop an interest rate policy on shelter finance related to the cost of resources. The development of shelter financial policies which permit adequate returns and cover operating costs will be stressed, as well as secondary mortgage market operations. The GOB will need to undertake a pilot Belize City shelter renewal program, as well as target new construction activities to areas of the country with expanding employment. The Caribbean Development Bank loans to the Reconstruction and Development Corporation (RECONDEV) and a soon to be made loan to the DFC have financed low and middle income housing. No absorptive capacity problems are anticipated, given the current shortage of adequate housing in Belize.

Secondary mortgage market operations based on realistic interest rates will have been developed by 1987. The Belize City shelter renewal program will be fully underway by that time and at least 50 percent of new housing construction will be in locations with expanded employment. Some 450 units per year will be in the process of production toward meeting the country's estimated housing needs of 800 units per year.

- Special Development Activities - Private Voluntary Organizations

Additional resources for coordinated human resources development will be provided through private voluntary organizations and the Special Development Activities fund. We are proposing $4.3 million DA PVOs/OPGs and $0.3 million DA SDA tranched equally over the period 1984-89. These activities will be targeted pilot programs evolving into full-fledged GOB/AID programs in agricultural production and export promotion. OPGs such as the National Development Foundation of Belize (coordinated program of credit, business guidance and technical assistance to microbusinesses/producers); the Pan American Development Foundation (accelerated cocoa production program); CARE (nutrition education, rural wells and rural sanitation); and the Belize Chamber of Commerce (promotion of private sector activities) are examples of activities which will be undertaken during this period. No absorptive capacity problems are anticipated.

IV. SPECIAL CONCERNS

1. Relations with Other USG Agencies

Since the January 1983 inception of a bilateral AID program in Belize, the Mission has worked very closely with the Peace Corps which has operated in the country since 1962. Its early focus was on training teachers and helping improve the secondary school system. Over the years, the emphasis shifted so much that today AID and Peace Corps share the same goals -- agricultural production, export promotion and human resources development. There are currently some 85 Peace Corps Volunteers working in the areas of income generation/small business enterprise, food production, appropriate technology, primary health care, village water supply, education and tourism development.

This joint collaborative effort started with AID funding of a Peace Corps-administered Small Project Assistance Program aimed at food, energy, competitive enterprise

U.S. ECONOMIC ASSISTANCE TO BELIZE

($000)

PROGRAMS/PROJECTS	Short-Term		Long-Term				TOTALS
	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	
NOMIC STABILIZATION							
Counterpart Fund II (ESF)	8,600 G						8,600
Counterpart Fund III (ESF)		4,000 G					4,000
G-TERM GROWTH							
Agricultural Production							
Livestock Development/Phase II (DA)	900 L 1,050 G					1,000 L 2,000 G	4,950
Rural Access Roads & Bridges/Phase II (DA)	950 G				1,000 L 2,000 G		3,950
Agricultural Production/Diversification/ Phase II (DA)		1,000 L 410 G 250 G	2,090 G 1,150 L	600 G	1,000 L 2,000 G	2,000 G	6,500 4,000
Farming Systems for Milpa Farmers/ Phase II (DA)							
Agricultural Credit (DA)				2,500 L		1,800 L	4,300
PL 480 Title I Program			[2,200 L]	[2,200 L]	[2,200 L]	[2,100 L]	[8,700]
Export Promotion							
Small Business Development (DA)		500 G	250 G	250 G			1,000
Private Sector Capital Development (ESF)			2,000 L	2,000 L	2,000 L	2,000 L	8,000
Export Promotion (DA)			250 G	1,200 G	250 G		1,700
Energy Sector Structural Adjustment (ESF)			2,000 L	2,000 L	2,000 L	2,000 L	8,000
Export-Import Bank Credits	[700]	[700]	[750]	[850]	[950]	[1,050]	[5,000]
OPIC Insurance Guarantees	[5,300]	[2,300]	[2,250]	[2,250]	[2,850]	[2,050]	[17,000]

Human Resources Development							
Increased Productivity Through Better Health (DA)		500 G	1,100 G	1,400 G			3,000
Training for Employment (DA)		1,590 G	210 G	650 G	750 G		3,200
Public Administration/IESC (DA)		250 G	250 G	500 G			1,000
Scholarships (DA)		500 G	500 G	600 G			1,600
Housing Assistance Program (ESF)	1,400 G						1,400
Housing Investment Guaranties	[3,000]			[5,000]		[5,000]	[13,000]
PVOs and OPGs (DA)	730 G	650 G	650 G	800 G	800 G	800	4,430
Special Development Activities Fund (DA)	50 G	50 G	50 G	50 G	50 G	50 G	300
Other							
Project Development and Support (DA)	320 G	300 G	300 G	150 G	150 G	150 G	1,370
SUB-TOTAL							
ESF	10,000	4,000	4,000	4,000	4,000	4,000	30,000
DA	4,000	6,000	6,800	8,700	8,000	7,800	41,300
PL 480	-	-	2,200	2,200	2,200	2,100	8,700
EX-IM	700	700	750	850	950	1,050	5,000
OPIC	5,300	2,300	2,250	2,250	2,850	2,050	17,000
HIG	3,000	-	-	5,000	-	5,000	13,000
GRAND TOTAL	23,000	13,000	16,000	23,000	18,000	22,000	115,000

development and income generation. The Mission was also instrumental in managing the first tripartite efforts involving the Peace Corps, AID and voluntary agencies (both U.S. and local) in a credit program for microbusinessmen, a cocoa production program and an agricultural training program for school leavers.

We propose to continue these mutually-reinforcing efforts and to further involve the Peace Corps in the overall AID portfolio. For example, PCVs will be involved in the agricultural production/diversification, agricultural production credit/marketing, small business development, skills training, health and housing programs.

The Mission also worked very closely with the State and Commerce Departments in assisting Belize to meet the CBI certification requirements in December 1983. CBI efforts will continue over the short and long term through the proposed activities in agricultural production and export promotion.

While there are no United States Information Services personnel posted in Belize, the Mission will continue to coordinate training programs with the Embassy, particularly the scholarship effort under the Central America Democracy, Peace and Development Initiative.

2. Use of PVOs and Cooperatives

There is an ever-growing array of both national and foreign (mostly U.S.) private voluntary organizations working in Belize. Among the U.S. PVOs, CARE, Project Hope, Project Concern, Pan American Development Foundation, VITA, Cooperative Housing Foundation and Partners of the Americas have played increasingly pivotal roles on the Belizean scene. Belizean PVOs such as the Belize Council of Voluntary Social Services, Breast is Best League, National Development Foundation, Chamber of Commerce, Rotary and Lions Clubs, etc., are also providing important contributions to the economy. Through their unique placement within the local community along with their excellent grass-roots outreach, these institutions have an important and very effective impact on development at the local level.

The Mission plans to fully utilize this unique dimension to development in support of our overall program strategy. Nearly 12 percent of our development assistance portfolio will be channeled through operational program grants to private voluntary organizations during the period 1984-89. As indicated earlier, these activities will be essentially

pilot in nature, designed to complement the AID program. Additionally, these OPGs may also be used to fill an assistance gap that is not being addressed directly by the proposed AID projects.

3. Management and Staffing

The Mission's current staffing consists of two USDH, two FSN and two U.S. PSC positions. Add-on staffing per LAC/EMS/CONT 2/10/84 memorandum (The Central American Democracy, Peace and Development Initiative) consists of three USDHs, two U.S. PSCs and one FN contract. An additional requirement of five FN contracts has been identified through this programming exercise.

The AID Representative will be responsible for the overall program direction, management and policy dialogue with the government. This office will be supported by a U.S. PSC secretary, FSN General Services Officer and FN Contract Procurement Specialist. Financial control will be provided by a USDH Controller, FSN Financial Analyst and a FN contract secretary.

The USDH Project Development Officer will be responsible for the development of the Mission's portfolio, export promotion activities (including coordination with the Embassy economic officer on CBI, OPIC, and EXIM), justification/programming of the PL 480 program, local currency programming under the FY 1983 Balance of Payments Support Loan and subproject approval under the FY 1983 Credit Rediscount Fund. This office will be supported by a U.S. PSC Private Sector Officer and a FN Contract Program Analyst.

The USDH Agricultural Development Officer will be responsible for defining agricultural development requirements and for backstopping all projects in the agricultural sector. This office will be supported by a U.S. PSC Agricultural Officer and a FN Contract Agricultural Project Manager.

The USDH General Development Officer will be responsible for defining human resources development requirements and for backstopping projects in health, training, housing and PVO operational program grants. This office will be supported by a U.S. PSC Training Officer, FN Contract Development Officer and FN contract secretary who will also work for the Agricultural Development Officer.

BELIZE

MANAGEMENT AND STAFFING

FUNCTIONS	U.S. DIRECT HIRE	ON BOARD	U.S. CONTRACT	ON BOARD	PN/TCN DIRECT HIRE	ON BOARD	PN/TCN CONTRACT	ON BOARD
ADMINISTRATIVE	* AID Representative	1/83	* Secretary	2/83	* General Services Officer	5/84	(*) Procurement Specialist	12/84
	[*] Controller	9/84			* Financial Analyst	3/84	* Secretary	9/84
PROGRAM	[*] Project Development Officer	9/84	[*] Private Sector Officer	12/84			(*) Program Analyst	12/84
TECHNICAL	* Agricultural Development Officer	12/83	[*] Agricultural Officer	12/84			(*) Agricultural Project Manager	12/84
	[*] General Development Officer	12/84	* Training Officer	6/83			(*) Secretary	9/84
							(*) Development Officer	12/84

* Established Positions

[*] Add-on Staffing per LAC/EMS/CONT 2/10/84 Memorandum

(*) Additional Requirements

Best Available Document

4. Monitoring and Evaluation

Ongoing evaluation will be an integral part of all Mission projects. It is particularly important in that there is little backlog of AID activities in Belize.

Our project portfolio is so designed that most projects are financed in two distinct phases. Should the final project evaluation indicate the project is not achieving its intended purpose, the second phase will be modified. However, if there is little evidence the project will be successful even when modified, phase two will be cancelled.

A case in point is the Livestock Development Project. This multifaceted project has a number of sub-activities which, although closely monitored, must be evaluated on a regular basis. Three formal evaluations have been built into the project. The first two are at strategic points in project implementation at which time decisions must be made and a direction selected prior to proceeding further. The final evaluation will not only reflect on the effectiveness of the project, but will also provide the basis for the development of the second phase of this undertaking.