

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES A. I. D. MISSION TO BELIZE
EMBASSY OF THE UNITED STATES OF AMERICA
BELIZE CITY, BELIZE, CENTRAL AMERICA

505 0027 28
PO-RAM-165
141-46920

July 24, 1986

Mr. Kent McField
President
Belize Chamber of Commerce and Industry
P. O. Box 291
Belize City, Belize

Subject: Agreement No. 505-0027-CA-6004-00

Dear Mr. McField:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby enters into a Cooperative Agreement with the Belize Chamber of Commerce and Industry (hereby referred to as the BCCI or Recipient) for the sum of U.S. Nine Hundred Fifty Thousand Dollars (U.S.\$950,000) to provide support for the Private Sector Export and Investment Promotion program of activities as described in the schedule of this Agreement and Attachment 2, entitled "Program Description." Said program of activities constitutes a component of the A.I.D. Export and Investment Promotion Project.

The Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending July 23, 1991.

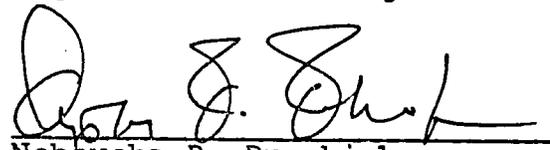
This Agreement is made to the BCCI on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description", and Attachment 3, entitled "Standard Provisions", which have been agreed to by your organization.

Mr. Kent McField
July 24, 1986
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Please sign the original and two (2) copies of this letter to acknowledge your receipt of the Agreement, and return the original and one (1) copy to USAID/Belize.

Sincerely yours,


Robert Ware
Regional Contracting Officer


Neboysha R. Brashich
A.I.D. Representative

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

RECEIVED:

By: 

Title: President

BELEZE CHAMBER OF COMMERCE AND INDUSTRY

FISCAL DATA

Appropriation	:	72-1161021
Budget Plan Code	:	LDAA-86-25505-DG13
Project No.	:	505-0027
Total Estimated Amount	:	US\$1,900,000
Total Obligated Amount	:	US\$ 950,000
Funding Source	:	USAID/Belize
PIO/T No.	:	505-0027-3-60033

SCHEDULE

A. Purpose of Agreement

The purpose of this Cooperative Agreement is to provide support for the Private Sector Export and Investment Promotion component of the Export and Investment Promotion Project. Through this Agreement, the Recipient will assist the Belize Export and Investment Promotion Unit (BEIPU), and, cooperatively with BEIPU, provide export and investment assistance to private sector firms, as more specifically described in Attachment 2 to this Agreement entitled "Program Description".

B. Period of Agreement

1. The effective date of the Agreement is July 24, 1986. The expiration date of this Agreement is July 23, 1991.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the date of this Agreement to June 3, 1988, as shown in the Illustrative Financial Plan below.

C. Amount of Agreement and Payment

1. The total estimated amount of this Agreement for the period shown in B.1 above is \$1,900,000.
2. A.I.D. hereby obligates the amount of \$950,000 for program expenditures during the period set forth in B.2 above and as shown in the Illustrative Financial Plan below.
3. Payment shall be made to the Recipient in accordance with procedures set forth in paragraph 14A, entitled "Payment - Periodic Advance", of Attachment 3, "Standard Provisions for Non-U.S. Non-Governmental Grantees and Non-U.S. Non-Governmental Subgrantees". An advance will be made to cover basic costs essential to the startup and implementation of the Project.
4. Additional funds up to the total amount of the Agreement shown in C.1 above may be obligated by A.I.D. subject to the availability of A.I.D. funds, and to the requirements of the Standard Provision of the Agreement entitled "Revision of Grant Budget".

D. A.I.D. Substantial Involvement Understandings

USAID/Belize will participate in the activities under this Agreement in the following manner:

1. USAID will be represented by an officer at the BEIPU Executive Board on a non-voting basis.
2. USAID will approve all procurement of technical assistance financed under this Agreement.
3. USAID will approve on an a priori basis all individual expenditures by BCCI which are financed under this Agreement when the amount of the expenditure exceeds \$5,000.
4. USAID will monitor project implementation to assure that the terms and conditions of this Agreement are met. Project monitoring will be exercised principally by a Project Manager assigned from USAID's Project Development Office.
5. All Project dollar funds for foreign exchange costs of activities financed under this Agreement will be disbursed directly by the USAID.
6. USAID will assist BCCI in the procurement of commodities financed under this Agreement and requiring foreign exchange through the issuance of Letters of Commitment or other appropriate methods.
7. USAID will actively participate in annual reviews of activities financed under this Agreement, as well as make arrangements for at least two formal evaluations of the Export and Investment Promotion Project, which includes the program of activities to be carried out by BCCI under this Agreement.

E. Financial Plan

1. The following is the Financial Plan of the A.I.D. Agreement for the total life of this Project, including local currency financing costs by line item for this obligation. The first column applies to the amount obligated under this Agreement for an estimated two year period. Future obligations will be subject to the availability of A.I.D. funds. Revisions to this Plan shall be made in accordance with the Standard Provision of this Agreement entitled "Revision of Grant Budget". Actual expenditures may vary by up to 15% from the line items shown below, without prior written approval by A.I.D. Any variations in excess of 15% must be approved, in writing, by the A.I.D. Representative.

2. Financial Plan in U.S.\$000

Line Item	This Obligation		Future Obligations		Total Obligations	
	24mos.LC Portion		36mos.LC Portion		60mos. LC Portion	
Personnel	198	(198)	36	(36)	234	(234)
Short-term						
TA/Studies	110	(30)	190	(51)	300	(81)
Long-term TA	230	(50)	115	(24)	345	(74)
Investor Search	30	0	45	0	75	0
Equipment/Supplies	63	(9)	24	(3)	87	(12)
Logistical Support	52	(52)	68	(68)	120	(120)
Promotional Costs						
Int'l Travel/ Trade Shows	75	(10)	135	(18)	210	(28)
Promotional Materials	75	(10)	135	(18)	210	(28)
Evaluation/Audit	<u>34</u>	<u>(14)</u>	<u>51</u>	<u>(20)</u>	<u>85</u>	<u>(34)</u>
SUB-TOTAL	867	(373)	799	(238)	1666	(611)
Inflation	28	(9)	55	(18)	83	(27)
Contingency	<u>55</u>	<u>(18)</u>	<u>96</u>	<u>(31)</u>	<u>151</u>	<u>(49)</u>
TOTAL	950	(400)	950	(287)	1900	(687)

3. Funds in the Contingency line item shall be used only for line items shown in this Financial Plan. Any variations must have the prior written approval of the Contracting Officer.

4. Counterpart contributions by the private sector including BCCI and beneficiaries, private firms and public agencies are estimated at \$830,000 and are further described in Attachment 2 Program Description.

F. Reporting and Evaluation

1. Financial Status Report. The financial reporting requirements are detailed in paragraphs 14 (A) and (B) of the attached Standard Provisions. The financial reports entitled "Public Voucher for Purchases and Services Other Than Personal, SF 1034, and Federal Cash Advance Status Report, W-245, shall be submitted to USAID/Belize Controller's Office on a quarterly basis or more often, if desired.

2. Program Progress Reports. The Recipient shall monitor performance under the Agreement and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. Based upon this monitoring, the Recipient shall submit quarterly technical performance reports to USAID that briefly present the following information for each activity under the Agreement:

- a. a comparison of actual accomplishments with the goals established for the period;
- b. reasons why established goals may not have been met;
- c. adequacy of remaining funds to reach goals; and
- d. other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit cost.

The Recipient shall submit the quarterly technical performance reports to USAID's Project Development Office. If any performance review conducted by BCCI discloses the need for change in the budget estimates, in accordance with the criteria established in Standard Provision 4 entitled "Revision of Grant Budget", BCCI shall submit a request for budget revision.

3. Annual Reviews. BCCI agrees to carry out, with A.I.D. participation, five annual reviews of program activities to assess performance in project implementation and progress toward achieving the Project's objectives. These reviews will also consider possible modifications to project implementation and design, as appropriate. Each review will serve as the basis for preparing the subsequent year's implementation plan and budget.

4. Evaluation. Two formal, in-depth evaluations of the Export and Investment Promotion Project, including the component implemented by the BCCI under this Agreement, will be undertaken, using AID/Washington specialists and/or independent contractors. USAID will make arrangements for the evaluations, the costs of which will

be covered under this Cooperative Agreement. The evaluations will take place at the end of the second and fifth years of the Project and will examine the progress made toward achievement of the Project's purpose.

G. Special Provisions

1. Prior to any disbursement of Project funds under the Cooperative Agreement, of the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Recipient will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:
 - 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. An implementation plan and detailed budget for the first year of program activities.
 - d. Evidence of the establishment of BEIPU Executive Board, together with evidence that the board contains majority representation by the private sector.
 - e. A statement by BCCI which indicates that the BEIPU Director has been appointed by the BEIPU Executive Board, together with evidence of an appropriate plan for staffing and office space, including detailed scopes of work for the Executive Director and account executives.
 - f. Evidence that BCCI has contracted an accountant for BCCI Export and Investment Promotion and Training activities.
 - g. 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. A.I.D. will directly administer Technical Assistance provided by Project SUSTAIN. Project SUSTAIN assistance involves no cost to the project.

H. Contracting and Procurement

Provisions regarding contracting and procurement are contained in the Standard Provisions, Attachment 3. The BCCI shall adhere to all contracting and procurement guidance provided by A.I.D.

I. Title to Property

Conditions governing title to property financed under the Grant are as set forth in Standard Provision No. 29A "Title to and Use of Property (Grantee Title)". All property acquired under the cooperative agreement shall be utilized for export and investment activities by BCCI and AID unless noted otherwise.

J. Authorized Geographic Code

The Authorized Geographic Code for procurement of goods and services under this Grant is 000, the United States, or Belize, except as A.I.D. may otherwise agree in writing.

K. Overhead Rates

No provision for overhead is made as of the signing of the letter. However, if the first or subsequent annual audits indicate a need for overhead and, based on adequate analysis, an overhead rate is recommended, the Grant budget may be reprogrammed to accommodate overhead, subject to all applicable A.I.D. regulations.

L. Responsibilities and Coordination

The BCCI (through BEIPU) will be responsible for implementing the private sector component described in Attachment 2. However, close coordination with the Government of Belize will be required in order to ensure successful implementation of the project as a whole.

M. Non-Applicable Standard Provisions

The following Standard Provisions do not apply to this Cooperative Agreement.

21. PATENT RIGHTS

- 25. VOLUNTARY POPULATION PLANNING
- 26. PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT
- 28. GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY
- 29B. TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT)
- 29C TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY)
- 30A. COST SHARING (NON-MATCHING)

PROGRAM DESCRIPTION

A. Goals, Purpose, Beneficiaries and End-of-Project Status

The goal of the project is to generate employment, income and foreign exchange in the Belizean economy. The purpose of the project is to develop the capacity of the private sector to promote, provide technical assistance for, and facilitate export and tourism projects undertaken in Belize.

Most sectors of the Belizean economy stand to benefit from this project either directly or indirectly. Promotion, technical assistance and facilitation services will directly benefit businesses involved in export and tourism. Foreign exchange attained from both exports and investment will improve the balance of payments position of Belize and enable businesses to purchase needed equipment and develop the infrastructure that supports production, transportation and capability. Jobs will be created as products are exported and tourism and industry are developed. Increased spending by a larger body of employed workers will benefit small businesses in general.

The End of Project Status will find BEIPU* a fully operational, effective, and financially viable private sector-oriented export and tourism/industry development program. In terms of its mandate and mission BEIPU will operate as the nation's focal point for a broad range of support services to the private sector. The measured impact on foreign exchange earnings and employment generation will be an increase as a result of facilitation and realization of projects in which BEIPU has been involved.

B. Outputs and Inputs

1. Outputs

a. Institutional Development of BEIPU

BEIPU will have a staff of seven, comprised of a Director, an Administrative Assistant, two Secretaries, two Account Executives, and an accountant (to be shared with BCCI and Belize Institute of Management). In addition, a long term technical assistance advisor will work exclusively with BCCI and BEIPU for at least two of the five year LOP.

*Throughout this Program Description BEIPU shall be synonymous with BCCI.

While the Director will be responsible for the overall direction, planning, management and accountability of BEIPU, the Account Executives will be specialized in agriculture and industry. The Account Executives will be advocates for exporters and investors, ushering them through the system and providing services.

The organization of BEIPU will be as follows:

BEIPU
Board of Directors (8)
(5 Voting Private Sector,
2 Non-voting GOB
1 Non-voting AID*)

Administrative
Staff

BEIPU
Director

Long-term
Technical
Advisor**

Account Executive
Industry/Tourism

Account Executive
Agriculture

* In addition, two support staff (BEIPU Exec. Director, BCCI Mgr.) and the long-term advisor will be given standing invitations to attend all board meetings.

** Advises BEIPU Director and reports to BEIPU Board.

The project will assist in providing salaries for the staff for the life of the project. However, income from loan points, commissions, and consulting fees is projected to enable BEIPU to gradually assume all salary costs which will comprise the bulk of BEIPU's operational costs. It is the intent of this project for BEIPU to operate as a not-for-profit business, and to develop the capacity to generate its own revenues, so that it does not have to rely on public funding. If needed, BEIPU will also develop a capacity for attracting grants from other international donors and assistance from other similar organizations. In this regard, within one year from the signing of this Cooperative Agreement, BCCI will present to A.I.D. a detailed plan to make BEIPU financially viable.

b. Technical Assistance

Under the guidance of A.I.D. and in accordance with A.I.D. procurement and contract regulations, BEIPU will contract consulting firms or individuals to assist in providing technical assistance to the private sector. The following categories of consulting assistance will be contracted:

- Long-Term Technical Advisor: Will provide overall guidance to BCCI in regard to investment and export promotion.
- Institutional Strengthening: A major technical assistance (TA) contract will be awarded to a U.S. firm or group of firms which will provide assistance directly to BEIPU in the area of institutional development. Such TA will begin with an institutional analysis of BEIPU and the BCCI, and will continue with periodic assistance to BEIPU over the life of the project. The TA will be for short periods of time and will focus on the definition and implementation of actions necessary for carrying out activities of BEIPU, as described below.
- Marketing, promotional and product improvement assistance to BEIPU clients through IESC and Project SUSTAIN, and other sources.
- Technical Assistance for special reports and studies for BEIPU
- Investor search services

c. Marketing Plan for Belize

Since BEIPU will be operated as a financially viable entity, it will be necessary to develop a strategy to identify and assess appropriate markets. BEIPU will prepare a Marketing Plan for Belize. The Marketing Plan will be a detailed strategy for increasing investments and exports, and will identify the products or services to be sold, target markets, and how the markets will be accessed. The marketing plan will also establish BEIPU's pricing policy, fee structure, sales projections, objectives and benchmarks, as well as financial plan and budget.

In the process of preparing a marketing plan, it will be necessary to develop an understanding of the capability of the producers in Belize and areas of comparative advantage. BEIPU will take an inventory of the export capability of producers in

Belize as well as develop a complete and detailed understanding of the investment needs of the productive sector.

BEIPU will develop a "sales pitch" for Belize. It will develop an understanding for certain products and markets (including an understanding of Belize's comparative advantage in the U.S. market vis a vis other Central American and Caribbean countries) while advocating the favorable, relatively unrestricted atmosphere for business development in Belize. In the area of investment promotion, analysis will determine what areas, disciplines, industries, etc. provide the best opportunities for concentrated and specific efforts to attract investment.

In formulating the marketing plan for Belize, BEIPU will need to perform two particular activities. First, BEIPU will consolidate all of the existing marketing studies that have been done - and second, BEIPU will use those consolidated results to formulate a strong consensus in Belize.

d. Promotion and Information Services

Promotional and information materials will be prepared for project generation and informing clients. Items such as the Belize Investment Code, a brochure with data and information about Belize (Investors' Guide to Belize), a brochure expounding the services of BEIPU, standard agreements for services, guidelines for business plans, advertisements for association newsletters and magazines, standard and suggested letters, information kits and other materials will be prepared. Agricultural information on soil area and type, rainfall, labor available conditions, etc. will also be made available through BEIPU.

In addition, a data base with investor, market and resource lists will be established within BEIPU. In this regard, BEIPU will have access to investors' search services through a contract with a U.S. firm. BEIPU will also investigate the other existing brokering/matching subscription services to either determine their usefulness in BEIPU's work, or at the very least, elicit technical assistance from these information networks on how best to set up a network for Belize. BEIPU may be able to work out a barter arrangement with an existing service (such as CBIN or OPIC's Opportunity Bank) to exchange investor and market opportunities information in Belize for interested foreign investor or trader leads. AID will also assist BEIPU in liaison with the Caribbean Basin Business Information Center (CBBIN), located in the Department of Commerce's U.S. Foreign and Commercial Services Division. As

one of its services, CBBIN publishes investor newsletters regularly, which announce opportunities and interested investors.

The project and BCCI will seek to develop relationships with trade associations, regions and small markets. BEIPU will conduct activities in the agricultural, manufacturing and tourism areas in coordination with industry trade associations active in those areas such as the Belize Tourism Industry Association (BTIA), the Belize Tourism Board (BTB), the Vegetable Growers' Association, and the Federation of Fishing Cooperatives.

It is envisioned that BEIPU will undertake several carefully selected trade missions for investment and export promotion purposes, based upon the reporting of positive cost-benefit results from previous trade missions conducted under Export Promotion Project 505-0025. It is anticipated that major investments from at least three different countries, on a joint venture basis, will be made. Also the BCCI will build on "twinning" relationships already initiated with certain U.S. business chambers.

e. Export Promotion Services

The following are functions that BEIPU will carry out for any type of export:

- assist exporters and potential exporters in identifying markets for their products, particularly in preferential markets as identified under the CBI, Lome and Caricom Conventions.
- establish a data base to assist exporters as well as provide a brokering service for exporters by finding buyers for particular products through tie-in to existing brokering services.
- participate in overseas trade exhibitions and organize trade exhibitions in Belize.
- sponsor technical training workshops for exporters in product marketing, packaging, and design.
- assist exporters in obtaining short-term working capital finance from the commercial banks and other institutions with lending experience in Belize such as LAAD, OPIC, and CDB as well as new lending institutions fostered by the GOB, Belizean private sector and/or AID.

f. Investment Promotion Services

The following are functions BEIPU will carry out for any type of investment - industrial, agricultural, or tourism:

- undertake feasibility studies for potential investors to identify sectors in which Belize can be competitive internationally, and also to analyze projects which can be profitable and useful in Belize.
- tie into an existing data base, or establish a suitable base with technical assistance from other services, to assist in evaluation of new investment opportunities.
- assist in identifying local partners for potential foreign investors and foreign investment partners for local entrepreneurs.
- provide assistance to potential investors requesting tax concessions from the Government, acting as an advisor and facilitator. To correct the inefficiencies of the present system of incentive and concession granting, BEIPU will involve itself closely in policy dialogue with GOB regarding the standardization of the incentive and concession granting process.
- consider sponsoring or participating in investment or trade missions to the United States as well as play a major role in hosting investment missions sponsored by groups in the United States. Decisions to commit funds to such activities will be carefully evaluated with a view to overall benefit to BEIPU's activities vis a vis time and cost.

The distinction between the Government BTB's role and BEIPU's role with respect to tourism promotion is as follows. Specifically, BTB will work with Tourism Destination Promotion (promoting Belize as a travel destination), while BEIPU will work with Tourism Investment Promotion. To fulfill their respective roles, obviously areas of duplication may occur. Thus, close co-ordination is required between BEIPU and BTB.

- BEIPU will develop a clear understanding of what exactly the tourism industry is seeking to promote, and set priority areas of intervention.

- BEIPU will coordinate a program that outlines priority investment needs in the tourist sector. The program should highlight upgrading and improvements in facilities and services that are needed.
- BEIPU will assist the BTB and the tourism industry in Belize in arranging a cooperative advertising effort with the U.S. tour operators and wholesalers.
- BEIPU will work with BTB and BTIA in encouraging joint ventures between airlines, hotels, and tour wholesalers to develop package tours to various destinations in Belize. Commercial operators will also be enlisted to assist BIM and BEIPU in the training of hotel operations, airport/customs management and other industry related training.

g. Project Analysis, Selection and Facilitation
Capabilities Established within BEIPU

Systems for screening prospects (qualification) and assisting them to exercise the "system" (one-stop shopping) will be developed. Experience has shown that it is critical to find the right investor/entrepreneur and to assist that investor from beginning to end in making the investment. Initial inquiries will involve a fee or suggested contribution, to be applied to other service costs should the client decide to follow up. In this way, casual inquiries can be weeded out, which are a drain on BEIPU's time and resources. A serious investor will understand such a fee and be willing to help maintain a private entity. For corporations or individuals needing special services (e.g., feasibility studies, technical support) a fee for service will be charged. BEIPU will be a "one-stop shop" for business services related to exports and investments. Assistance in business registration, clearances, and paperwork will be provided by BEIPU to maintain a speedy and efficient process for getting exports out of the country and for getting investors through the system and operating on the ground. Access, liaison and input with local government planning units is necessary and will be a part of the ongoing communications and information process of BEIPU. Should incentives and/or concessions be necessary, BEIPU will act as agent for the investor in preparing documentation and gaining access to government officials. As mentioned before, care will be taken so that the investor realizes BEIPU's facilitation role in the process, and not the approval of incentives or concessions, which is the role of Government entities.

BEIPU will develop a fee schedule for these and any other services they will provide, based on the costs involved to provide the service (ie. person hours, materials, consultant services, purchase of special materials, transportation costs, etc.) with a profit figured on a percentage of total costs.

h. Product Improvement and Marketing Services

The lack of an efficient and growing production base in Belize is a major constraint to export growth; technical assistance will assist BEIPU in expanding and strengthening that production base. The Project will provide short-term technical assistance aimed at product improvement, quality control, and solving special marketing problems. An experienced consulting firm will provide outside technical expertise on investment and export promotion for approximately 30 person-months. The services of the International Executive Service Corp (IESC) and Project SUSTAIN, as well as others will be utilized to provide marketing, packaging production and quality control assistance to local manufacturers. BEIPU will also budget for special studies to be conducted by specialized consultants as the need may arise.

i. Project Monitoring and Evaluation

The data base maintained at BEIPU will include a tracking system of all prospective and actual investors and projects. The tracking system will ensure that all steps and follow-up actions will be taken to assist potential investors to implement projects. It will also measure the results of realized projects in detail, including foreign exchange, tax revenue and employment generation implications. The tracking system will enable BEIPU to inform the private sector, the GOB and AID, of progress made in meeting export, investment and tourism development objectives.

b. Inputs

The total cost of the private sector component is estimated at \$2.83 million.* The \$1.9 million DA Agreement will fund:

- (i) A long-term technical assistance advisor in BEIPU for three years at a cost of \$345,000.
- (ii) A short-term technical assistance team in BEIPU of approximately 40 person months at a cost of \$300,000;
- (iii) Promotion - Promotional costs for BEIPU (\$420,000);

- (iv) Equipment and Supplies - purchase of equipment and supplies (\$87,000);
- (v) BEIPU operations (\$429,000)
- (vi) Evaluations and audits (\$85,000)
- (vii) Contingencies and inflation (15%)** (\$234,000)

*Over the five-year life of project, \$830,000 is expected to be generated by BEIPU revenues, including user fees, loan points, commissions, consulting fees, and contributions by the private sector and/or other donors.

**Only 5% represents inflation.

C. Institutional Arrangements

1. Organization

BEIPU is currently organized under the Belize Chamber of Commerce and Industry (BCCI), and the intent is for BEIPU to continue to operate as an entity incorporating representation from a variety of private sector interests and trade associations in Belize. BEIPU is a division of the Chamber, but is an entity responsive to its own Board of Directors.

BEIPU will be governed initially by a Board of Directors composed of five representatives from the private sector. The size of the Board could be modified later by the Board if deemed useful. These Board members should represent the broad interests of the private sector in Belize. In addition to the private sector Board members, three non-voting Board members will serve on the Board; two selected by the Government of Belize, one representing the USAID mission in Belize. The long-term advisor, the BEIPU Executive Director, and the Chamber Manager are to be given a standing invitation to all Board meetings. The two current Government members of the Board, namely the Deputy Minister that is responsible for tourism and the Director of the Office of Economic Development, will continue to be the representatives of the Government on the Board. The President of the BCCI will appoint the Chairman of BEIPU with the advice, consent, and concurrence of the Minister of Economic Development. The Chairman, in turn will select six prospective members for the Board, of which four will be selected by the BCCI Executive Council. All Board members will have one year terms.

2. Structure and Staffing

BEIPU will have a very small staff of highly qualified professionals and operate primarily through intermediaries, i.e., other private and public sector organizations. The staff will consist initially of seven people (see below), of whom five will be professionals, and the other two support staff.

Executive Director	1
Administrative Assistant	1
Secretary to Executive Director	1
Secretary	1
Account Executives*	2
Accountant	<u>1</u>
Total full-time personnel	7

* One each for agribusiness, manufacturing/tourism.

It is expected that the accountant hired by BCCI/BEIPU/BIM will report to the treasurer of BCCI, although BIM and BEIPU will use the majority of the accountant's time. Thus, the salary cost of the accountant will be shared "pro rata" by the three parties.

The Directors of BIM, BEIPU, and BCCI will meet together once each week to informally discuss possible collaboration, increased co-ordination, and any problems which may have arisen. This informal link between the Directors would probably be of equal importance as the formal link between the respective Boards of Directors.

3. Role of BEIPU regarding the GOB

The primary role of BEIPU will be to channel technical assistance to the private sector to promote exports, tourism and new investments.

Regarding BEIPU's role related to the concession granting process, the power to grant concessions will continue to be solely vested in the Government. The concession granting authority (Currently the Cabinet Subcommittee) should be expanded to include one or two non-voting private sector representatives. This will require some redefining of the Cabinet Sub-Committee structure since the current structure will not permit private sector representatives to be part of that entity. Government has however expressed its willingness

to consider redefining this entity to permit private sector participation. The recommendation to permit non-voting, private sector members on the concession granting authority is consistent with the Government having two non-voting members on the Board of BEIPU. BEIPU's additional role regarding the concession process will be to provide advice and technical assistance to concession applicants who have approached them directly or who have been referred to them by the Government. Care should be taken, however, not to posture itself as a broker in this process, but rather as an advisor. As recommended earlier, BEIPU should involve itself closely in policy dialogue with GOB regarding the much needed standardization of the incentive and concession granting process. In this vein, BEIPU should also be willing to provide assistance to the Committee granting concessions on policy related studies when requested to do so by the Government.

4. BEIPU's Role in Tourism

The area of tourism contains many different, interrelated components. One of the major components is promotion of a country for tourism and implementation of policies regarding tourism; the other is the promotion of tourism investments, expansion, enterprises and support facilities. The former function is traditionally one of Government, the latter a private function.

In this project, BEIPU's role is facilitation in the areas of export and investment promotion. Regarding tourism, BEIPU's role should be one of support to private investors.

The overall promotion for tourism to Belize, and the formulation of policies, laws, regulations and taxes concerning this industry is the ultimate responsibility of Government. In Belize's case, it is the Tourism Board in the Ministry which has responsibility for tourism. This particular Board will require institutional support in order to enable it to carry out these functions.

The following details the role that these and other entities will play in an integrated program of development of tourism for Belize.

The Role Of BEIPU In Tourism Investment And Export

- Investor assistance (Foreign) (Local)
- Expansion/upgrading present facilities

- Training and information for the local industry
- Strategic planning
- Financial Analysis
- Marketing, promotion and advertising assistance.

The Role Of The GOB In Tourism Promotion And Policy

- Action plan/implementation for tourism in Belize
- Promotional literature for Belize; entire country, by location; by interest area
- Policy formulation
- Interface with other pertinent GOB ministries and offices (i.e. Customs, Immigration, Archaeology, Lands, Environment, Transportation, etc.)
- Room taxes, industry regulations.

The Role Of The BTIA In Tourism Industry Advocacy And Representation

- Representation of the interests of the industry
- Seminars/workshops
- Joint advertising/promotional efforts
- Liaison with foreign tour companies/operators
- Liaison with passenger transportation industry
- Tour package development
- Industry standards