

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

PD-AA2-915  
62988

December 3, 1985

Mr. Carlos Santos  
Managing Director  
Belize Enterprise for  
Sustained Technology  
Belmopan  
Belize, C.A.

Subject: Grant 505-0030-86-001

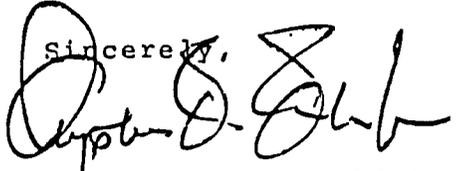
Dear Mr. Santos:

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 grants to the Belize Enterprise for Sustained Technology (hereby referred to as "Grantee"), the sum of U.S. \$385,000 to provide support for a program in Cooperative and Association Strengthening Activity as described in the Schedule of this grant and the Attachment 2 entitled "Program Description".

This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1988.

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

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original and six (6) copies to the Office of USAID Mission to Belize.

Sincerely,  
  
Neboysha R. Brashich  
A.I.D. Representative

Attachment:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED

BEST

By:

  
\_\_\_\_\_  
Carlos Santos

Title: Managing Director

Date:

December 3, 1985

FISCAL DATA

Appropriation:	72-1161021
Budget Plan Code:	LDAA-86-25505-AG13
Project No:	505-0030
Total Estimated Amount:	\$385,000
Total Obligated Amount:	\$50,000
Funding Source:	USAID

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for the Belize Enterprise for Sustained Technology (BEST), as more specifically described in Attachment 2 to this Grant entitled "Program Description".

B. Period of Grant

1. The effective date of this Grant is December 3, 1985. The expiration date of this Grant is September 30, 1988.
2. Funds obligated hereunder are available for program expenditures for the estimated period December 3, 1985 to September 30, 1988 as shown in the Grant Budget below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 above is \$385,000.
2. A.I.D. hereby obligates the amount of \$50,000 for program expenditures during the period set forth in B.2. above and as shown in the Grant Budget below.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision 14A entitled "Payment - Periodic Advance".
4. Additional funds up to the total amount of the Grant shown in C.1. above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Grant, entitled "Revision of Grant Budget".

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items. Revisions to this Plan shall be made in accordance with Standard Provision of this Grant, entitled "Revision of Grant Budget".

	Obligated Amount 12/85 - 9/88 US\$		Estimated Additional 1/86 - 9/88 US\$		Total Estimated 12/85 - 9/88 US\$	
	USAID	OTHER FUNDING	USAID	OTHER FUNDING	USAID	OTHER FUNDING
Salaries & Benefits	29,000	14,000	216,000	186,000	245,000	200,000
Management & Technical Svcs	-	57,000	-	228,000	-	285,000
Local Travel & Subsistence	12,000	8,000	61,000	60,000	73,000	68,000
Office Expenses	5,000	6,000	32,000	31,000	37,000	37,000
Int'l Travel & Subsistence	4,000	8,000	16,000	29,000	20,000	37,000
Training	-	-	10,000	5,000	10,000	5,000
Miscellaneous	-	-	-	3,000	-	3,000
<b>TOTAL</b>	<b>50,000</b>	<b>93,000</b>	<b>335,000</b>	<b>542,000</b>	<b>385,000</b>	<b>635,000</b>

E. Reporting and Evaluation

Financial reports will be submitted in accordance with Standard Provision 14A of Attachment 3.

BEST will prepare and submit detailed periodic reports from the date of signature of the Agreement until the Grant's termination, describing the progress and problems of project activities as contained in the Grant Proposal. These program performance reports, and a final report, will briefly present the following information:

- (1) A comparison of actual accomplishments with the goals established for the period.
- (2) Reasons why established goals were not met, and
- (3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns.

These reports will be submitted monthly for the first four months of the Agreement. Thereafter, beginning with the quarter beginning April 1986, reports will be submitted on a quarterly basis.

If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Agreement entitled "Revision of Grant Budget", the Recipient shall submit a request for budget revision.

A final comprehensive evaluation report will be submitted, unless A.I.D. agrees otherwise in writing, within 30 days following the termination of the Project.

Grantee will submit four copies of all reports and evaluation to USAID/Belize to be sent within 30 days of completion to Belize Desk, LAC/CAR, AID/W; LAC/DP, AID/W; and FVA/PVC, AID/W.

F. Special Provisions

Expenses incurred in these activities prior to the date of this Grant Agreement, and on or after October 1, 1985, shall be eligible under the terms of this Agreement.

Standard Provisions 14B, 28, 29B, 29C, and 30B are not applicable to this Agreement.

G. Overhead Rate

Not applicable.

H. Title to Property

Not applicable.

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BELIZE ENTERPRISE FOR SUSTAINED TECHNOLOGY

(BEST)

PROPOSAL

FOR

BEST'S PROGRAM

IN

BELIZE

Submitted To

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

April 9, 1985

BELIZE ENTERPRISE FOR SUSTAINED TECHNOLOGY  
(PEST)

Project Title/Location : BEST/Belize

Total OPG Request : \$500,000 for the period 10/85 to  
09/88

PVO Name and Location : BEST  
Post Office Box 6  
10/12 Turneffe Avenue  
Belmopan, Belize

Primary Contact : Mr. Carlos Santos  
Managing Director  
Telephone: 08-2101

Or

: Mr. Robert E. Graham  
President  
THE KATALYSIS FOUNDATION  
9264 Alhambra Avenue  
Stockton, California 95212 U.S.A.  
Telephone: 209/948-0200

Or

: Mr. G. L. Schmaedick  
Vice President/Latin America  
TECHNOSERVE, INC.  
11 Belden Avenue  
Norwalk, Connecticut 06850 U.S.A.  
Telephone: 203/846-3231  
Telex: 965 941

BEST OPG PROPOSAL

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## PROLOGUE

### Belize Enterprise for Sustained Technology (BEST)

The Belize Enterprise for Sustained Technology (BEST) is a local (Belizean) non-profit private voluntary organization formed for the purpose of assisting in the agricultural, agro-industrial and economic development of Belize. BEST is headquartered in Belmopan, Belize.

The purpose of BEST is threefold:

1. To provide an integrated package of management and technical services principally to low income local farmer groups within the agricultural and agro-industrial sectors of the Belize economy;
2. To coordinate the physical, human and financial resources that are available to these groups in order to further the development process; and
3. To work with local development institutions (both governmental and private voluntary organizations) to magnify and extend the impact of the services and resources available for the agricultural and agro-industrial development of Belize.

BEST is a locally controlled and managed organization registered as a private non-profit, limited liability corporation with the Government of Belize on March 26, 1985. (see Appendix 1 for copy of registration certificate). BEST's Board of Directors consists of three Belizean citizens and one representative each of BEST's two U.S. sponsor organizations, Katalysis Foundation and Technoserve, Inc.

BEST is a non-profit, non-political organization. Because of its local control, its operating approach will be acutely sensitive to the cultural ways and social needs of the groups which it assists. While BEST has access to expatriate agricultural and agro-industrial advisors, its human resource philosophy is to use a preponderance of local citizen technicians and management advisors wherever and whenever possible. Moreover, its operational philosophy is participative in nature. BEST listens first to the needs of the farmer groups and then works together with them for solutions. BEST's objectives are not only to increase the income level and management skills of Belizeans already engaged in community enterprises, but also to stimulate the creation of lasting new jobs for the future.

### The Katalysis Foundation

The Katalysis Foundation is a publicly supported non-profit California corporation dedicated to assisting the development of agricultural and agro-industrial enterprises owned by local farmer groups in Latin America. Katalysis was founded by Mr. Robert E. Graham in 1983 and became operational in 1984. The Foundation is headquartered in Stockton, California.

The two principal objectives of Katalysis are 1) to improve the economic well-being of low income local farmer group enterprises in Latin America by providing these groups with management and technical advise and services; and 2) to create worthwhile and lasting job opportunities for the members of the communities in which these enterprises are located because meaningful work is essential to the dignity of a human being. As a way of achieving its principal objectives, Katalysis has joined with Technoserve, Inc. of Norwalk, Connecticut in sponsoring the formation of BEST in Belize and providing BEST with initial organization, leadership and funding support.

The Katalysis Foundation is governed by a five member Board of Directors who are committed to the Foundation's goals and have a variety of backgrounds which combine to further the Foundation's purposes. Funding for Katalysis is provided by its Board of Directors, U.S. individuals, corporations, foundations and service clubs.

In February of 1984 the Katalysis Foundation submited a PVO registration statement and application with the Registration office of AID in Washington D.C.

#### Technoserve, Inc.

Technoserve, Inc. is a private, non-profit development organization incorporated in 1969 under New York State law. Since 1968 Technoserve has been assisting community based enterprises and local institutions in Africa and Latin America. The enterprises are high risk businesses of significant scale. They are usually related to agriculture. The institutions are complex, with political, economic, and social dimensions. Technoserve has developed a high level of competence and expertise. Most enterprises assisted have become viable and the institutions have become effective. Over 250 such enterprises and institutions have been helped in the past three years.

The Technoserve corporation is currently comprised of approximately 70 voting members from the international business, religious, academic, and development communities. Technoserve's affairs are guided by a Board of Directors, elected by the members which meets twice a year. When the Board is not in session, an Executive Committee acts in its place. Technoserve's headquarters are in Norwalk, Connecticut, U.S.A. and it maintains field offices in selected African and Latin American countries.

Technoserve prepares annual budgets, plans, and objectives for its activities. These are reviewed and approved by the Board of Directors each November. Actual performance is periodically compared with budgets and objectives by the Board and Executive Committee.

Technoserve programs are supported by contributions from churches, foundations, corporations, and individuals. Additional support comes from host country institutions, the U.S. Agency for International Development, and other development institutions.

## 1. PROPOSAL SUMMARY AND OPC PROGRAM DESCRIPTION

The purpose of this OPC is to finance a replicable, pilot program of management and technical services principally to Belizean agricultural cooperatives and associations resulting in positive solutions to and improvements in their economic and financial conditions. A Belizean private voluntary organization, Belize Enterprise for Sustained Technology (BEST), proposes to carry out this assistance program during a 3 year period commencing October 1, 1985.

Cooperatives and associations have had a mixed history -- those involved in marketing processing and marketing, such as the fishing and honey coops, have traditionally done fairly well while those involved in production have not fared as well. The reasons put forward for this phenomena are many and varied but can be summarized as follows:

### Production groups

- members collectively farm a parcel of land and thus do not have that feeling of "personal ownership";
- rewards are not necessarily commensurate with individual efforts;
- The purpose of joining together is more "to see what we can get free out of government or otherwise", than to see what "we can collectively achieve for greater economic and social well-being".
- are more socially and politically oriented than they are business or commercially oriented.

### Processing/Marketing Groups

- members farm/fish individually and employ management to undertake processing and marketing;
- rewards are directly proportioned to individual efforts;
- members are more commercially and business conscious;
- Boards of Directors are active, get directly involved and are democratically elected;

In spite of these problems, however, the coop movement plays a major role in the Belizean economy and is the dominant force in the fisheries and agricultural sub-sectors which together account for over 90% of total domestic exports. The major industries of sugar, citrus, bananas, fisheries, livestock, and honey are all organized into associations or cooperative societies as are the main producers of basic food crops--corn, rice, beans--and vegetables. The number of farmers and fishermen exceed 10,000--not including their dependents and the labor force, the latter estimated at an additional 15,000 people, including permanent and seasonal workers.

Agriculture, including forestry and fisheries, is the dominant sector of the Belizean economy and is the largest contributor to the national economy - employing over one third of the work force and accounting for close to one half of the GDP. It is also the most important source of foreign exchange earnings, contributing about 90% of total domestic exports.

BEST proposes a 3 year pilot program providing formal (i.e. contractual) management and technical services to 10-12 agrarian cooperatives/associations, concluding the assistance sequence with 5-6 of these by the end of the OPG. BEST also proposes to work on a formal or informal basis with at least one linked institution (preferably the DFC) to enable it to deal more effectively with the primary groups. Such institutional assistance could enable the DFC, for example, to see the primary groups in a different light, and permit possible readjustment of the relationship between them (i.e. more timely services, resource allocation, coordinating mechanisms, and policy/procedural alterations). Alternatively, BEST could assist certain parastatal institutions (e.g., Banana Control Board) to streamline or restructure their operations in order that they become more efficient service providers.

Advisory services by BEST will concentrate on carrying out a pilot program of integrated management and technical services to agricultural and agroindustry cooperatives and associations, which will treat these groups as productive enterprises contributing to local and national job creation, income and productivity. BEST will work with these cooperatives and associations to determine weaknesses in their operations, covering areas such as production, collection, processing, storage and marketing, as well as overall organization, management, finance and control issues.

The assistance sequence begins with preliminary contacts between BEST and a potential assistance recipient. In these initial contacts, BEST learns about the groups problems and needs while explaining its assistance program to the group. Based on a successful series of confidence building contacts, the recipient group and BEST then formally agree to an initial series of assistance services by BEST. These services would focus on completing a diagnostic assessment of the groups organization, with the goal being to come to a comprehensive understanding of the reasons behind the problems the group has enumerated. Given an adequate understanding of the reasons behind the problems, possible alternative solutions can then be planned with the group during a succeeding formal assistance period. After this planning stage, formal implementation of the proposed solutions to the groups problems can be undertaken leading to ongoing operations of a restructured cooperative or association entity. Once the group is adequately handling its new responsibilities under the revised structure and improved growth and returns are evident, BEST then gradually withdraws its assistance efforts leaving the group as a self-managed entity.

Throughout the assistance sequence the active participation of the members and employees of the cooperative or association is an absolute must. BEST will be very sensitive to the need of cooperative members and employees to express their desires and hopes openly in forum and in interviews, so that a full picture of problems emerges. This continues during the planning process as the group members are actively involved in definition of goals, strategies, and tasks to overcome the problems they have detected facilitated by BEST advisers. During

implementation and later operation of the restructured entity, a more intensive training process emerges in which BEST advisers concentrate on fully transferring capability to the designated members/employees.

The process of assisting agricultural cooperatives and associations to become economically and socially viable entities is not accomplished solely by the application of a time tested methodology. One of the real positive keys to success by the BEST program will lie in the way it structures its operation. BEST will create a permanent institutional presence in Belize providing management and technical services primarily to the agricultural and agroindustry sectors. Assistance recipients need not question whether BEST will be around after the termination of services to answer a consultation or make a site visit to inspect changes wrought by the concluded assistance program. By making a commitment to permanency in Belize as a Belizean institution, BEST will be able to serve countless as yet unorganized groups whose reason for being is perhaps not even in the eyes of its future founders.

Second, BEST intends to staff its organization mostly or entirely with Belizean professional and administrative personnel. Those selected must not only demonstrate academic and field experience appropriate to the job requirements, but also must show that as professionals they are committed to helping to develop their people and country. There are several reasons why BEST chooses to staff with nationals, even though this might prove more difficult to accomplish than hiring from a larger potential pool of third country citizens. First, the cultural and language familiarity of Belizean professionals will enable them to interact with recipients of assistance more quickly and with greater sensitivity. Second, the knowledge Belizean professionals have of local resources that can be brought to bear in resolving the problems of the recipient will allow for a more cost-effective provision of services. Third, as Belizeans there will be a lessened tendency to relocating after a period of service with BEST. The experience of one of BEST's sponsors, Technoserve, has demonstrated that average years of field service with its field programs has increased dramatically over the last several years as a result of its policy of hiring seasoned local nationals for its country programs. Finally, the use of Belizean professionals in the BEST program reinforces the permanency and character of BEST as a Belizean institution.

The structure of the Belizean professionals recruited will be based upon the broad gauged needs of the cooperatives and associations requiring assistance. In general, this means that the BEST program will be staffed by a multidisciplinary group of professionals, covering the fields of agronomy, economy, accounting, marketing, management and organization, finance, engineering and rural education. This multidisciplinary group will work on a team basis with a team manager named to head up the assistance effort with each group receiving BEST services.

During the period of the OPG, BEST will employ a full staff as follows:

1. Managing Director
2. Senior Technical Officers
  - a) Agriculturist
  - b) Marketing Expert
  - c) Accountant

- d) Food/Processing Technologist - To provide expertise in food processing and/or post harvest technology to train a young professional and to assist other organizations as needed.
  
  - e) Organization/Management - To provide organization, management and institutional analysis techniques to BEST and BEST's clients, to train trainers of coops and to assist other organizations as requested.
3. Junior Technical Officers
- a) Marketing (2)
  - b) Analyst/Economist - To evaluate coops and projects for assistance and to provide training for coops and other organizations.
  - c) Program Accountant- To keep up-to-date and accurate accounts of OPG and other pending sources
  - d) Food Processing/Technologist(1)
  - e) Rural Education - To "sensitize" technical personnel in social, ethnic, and other issues to be better able to deliver seminars
4. Office
- a) Secretary/Receptionist
  - b) Caretaker/Messenger

BEST's total permanent staff, when fully developed and operational in 1988, will consist of 17 people, made up of 15 Belizeans and 2 expatriates.

The direct beneficiaries of the program will be the coop members themselves who depend in one way or the other with the organization with which BEST will work. In addition, there are the employees and family members.

In the northern districts, BEST has identified the 4,300 members of the Belize Cane Farmers Association who in one way or the other will benefit from this program. There are also the 6,500 permanent and seasonal workers, for a total of 10,800 people. Benefits will also accrue indirectly to their families which would indicate that some 43,200 people would benefit.

In the southern districts of Stann Creek and Toledo and in the Cayo District some 5,000 farmers and a similar number of employees will directly benefit and some 500 fishermen and their families will enjoy a greater income through BEST's activities.

The members, employees and families of the cooperatives people are all located and living in the rural areas and depend almost exclusively on their coops or

associations for their livelihood. Living conditions vary from district to district and are generally better in the northern districts and would be considered sub-standard in Toledo where the Maya still lives in thatched roof houses with bush sticks as walls and ground flooring. Generally speaking, electric power is available only in the larger towns and only 29% of the normal population has access to this service. Similarly, potable and piped water is restricted to the major towns and the farmers and their families normally obtain water from nearby rivers or streams or in some cases from community-owned or government-dug water wells. About 30% of the rural community has access to piped water.

The per capita income of Belize is estimated at U.S. \$1,000 but this figure is estimated at only U.S. \$600 for the rural person. Many coop members are obligated to seek employment outside their farming activities.

Adult literacy is estimated at 92% and over 85% of children are enrolled in primary schools. Consequently, coop members have a very high absorptive capacity for training and are capable of disseminating their knowledge to their co-members.

The common goal of BEST, Katalysis and Technoserve is to improve the economic well-being of low-income people in Latin America through a self-help enterprise development process. Through the provision of technical and management services to enterprises engaged in agricultural and agroindustrial activities, BEST intends to increase the income and economic benefits of the enterprise participants; create job and employment opportunities for both the farming and non-farming communities; and improve the basic skills and technological expertise of Belizeans in order to better adopt, absorb and sustain the most modern and appropriate technology available. In addition, BEST believes this enterprise development process can be complemented by assisting governmental, parastatal and private voluntary organizations in the efficient provision of services and resources to the enterprise sector.

Specific end of project goals include the following:

Cooperative organizations assisted in the program will show positive improvements in real terms of gross value of production, net worth, annual capitalization, productivity and long-term viability and growth at a significantly improved rate as compared to the pre-project period.

Assisted cooperative organizations' directors and managers will possess and be applying modern business management skills based on practical experience. They will be efficiently applying production decision-making techniques, as well as tested production and financial planning and analysis systems.

Cooperative organization members and employees will have thorough knowledge and comprehension of the socioeconomic role of cooperative organizations and be effectively and efficiently carrying out their respective responsibilities within the cooperative organizations assisted.

To the extent lending institutions, like the DFC, utilize BEST's services they will enjoy a clearer set of credit policies and procedures. Loan losses and credit risks should be reduced, but at the same time agricultural credit extension will have been expanded. Because of the clarification of its

policies, management and staff will act with a greater degree of confidence and creativity.

Similarly, parastatal organizations who request to receive BEST's services will have a clearer focus of their institutions objectives and strategies and will carry out their respective charters in a more efficient and possibly streamlined way.

The cost of the above program is project at \$1.45 million US dollars over 3 years commencing 10/1/85. BEST requests that USAID/Belize provide \$500,000 of this total, with the remainder covered through Katalysis and Technoserve and their funding sources plus a small contribution by the recipients of assistance. Details of this financing may be found in Section X of this proposal.

## II. A GENERAL BACKGROUND, ANTECEDENTS AND PROBLEM SYNTHESIS

### A. A General Background

#### Recent Economic Development

Belize is the second smallest (22,960 km<sup>2</sup>) and the newest country in Central America but has strong cultural and economic ties with the Caribbean Community. Its population of some 150,000 people (1984 estimate) makes it one of the most sparsely populated in the world and is made up of a rich mixture of Caribs, Mestizo, East Indians, Creole, Ketchi Maya, Mopan Maya, Mennonites, Yucatec Maya and a sprinkling of Europeans and North Americans. Population increase is estimated at 1.6% per year net of migration.

Belize's Gross Domestic Product (GDP) is approximately U.S. \$1,000 per capita but its rate of growth while averaging around 4% for the period 1970 - 1981 has since virtually stopped due mainly to the worldwide recession and declining prices for her principal export-sugar.

Belize is a net deficit country both in terms of national expenditure and balance of trade and has been able to meet this deficit through private transfers (mainly remittances from Belizeans residing abroad estimated at U.S. \$26. million in 1982) and through loans and grants from bilateral and multilateral sources. The external public debt in 1982 was estimated at U.S. \$71. million.

Private consumption, nevertheless, has risen from 67% of the GDP in 1973 to over 80% in 1979 - 1981 and considering that the rate of population increase was slower than the real GDP growth, this appears to represent a significant improvement in the economic well-being of the population at large.

In spite of the hard times, Belize has been able to maintain a relatively high stable gross domestic investment of around 27% in 1980/81 made up of approximately one third from the private sector and two thirds from the public sector. This trend at capital formation must continue and in fact improve if Belize is to mount a serious economic recovery program.

#### The Agricultural Sector

Agriculture, including forestry and fisheries, is the dominant sector of the Belizean economy and is the largest contributor to the national economy - employing over one third of the work force and accounting for close to one half of the GDP. It is also the most important source of foreign exchange earnings, contributing about 90% of total domestic exports. The number of farmers is estimated at 10,000.

Because of the vagaries of the weather and of international commodity prices the rate of growth in this sector has been very uneven and at 4.1% per annum in the average was roughly equivalent to the GDP growth from 1970 - 1981. This sector, however, has been recently hard hit due to extremely low prices for sugar and partly to the overall slowdown in the economy which depressed

domestic agricultural prices as well. The outlook for sugar for the short to medium term appears particularly gloomy and requires a concerted effort by all the parties involved in agricultural development.

The estimated output and value of the major agricultural products in 1981, together with the areas under cultivation and the approximate number of producers, is shown in appendix 2.

### Sub-Sectoral Activities

#### Sugar

Sugar is by far the most important foreign exchange earner, accounting for over 40% of total domestic exports even when prices were low in 1982. Sugar also provides direct employment for 1,600 workers and provides a further demand for up to 5,000 seasonal field workers, in addition to the over 4,300 cane farmers.

There are some 60,000 acres planted to sugarcane in the northern districts of Orange Walk and Corozal, divided among over 4,300 cane farmers. Average yields have been abysmally low at an average of 18 tons per acre and this is projected to decrease even further due to uneconomic sugar prices which will force the majority of producers to "skimp" on the necessary cultural practices.

Because of the fairly good prices for sugarcane prevailing during the period 1974 - 1981, cane farmers became overly dependent on a single crop and with prices today (1984) projected to be only U.S. \$14 per ton (over 50% decrease from the 1970's prices) cane farmers are hard-pressed to make ends meet, much less make payments on overdue loans at the various banks.

The sugar industry, moreover, is facing very serious difficulties. Expansion is very unlikely as the two factories have just about reached their full capacities and world market prices remain low at around U.S. \$.04 cents per pound of sugar.

There is also a world-wide overproduction of sugar estimated at 100 million tons against consumption of 92 million tons and a lower level of increase in consumption because of the world-wide recession and greater competition from artificial and other alternative sweeteners.

Taking all these factors into consideration and the fact that the sugar industry internationally is notoriously unstable both in terms of price and of production, national economic policy has now shifted to active crop diversification.

Various aid agencies are currently involved in feasibility studies and market reports in an effort to advise the COB and farmers on diversification opportunities.

The Belize cane farmer is in a very precarious position as he is operating his farm on a net deficit basis, is normally very heavily indebted and thus does

not have access to further credit and does not possess the necessary technical, managerial and marketing skills to embrace diversification opportunities.

Fortunately, however, the Belize Cane Farmers' Association is very highly organized and is a very good instrument for transferring assistance to its farmers.

### Citrus

Unlike sugar, the citrus industry is booming and all indications are that conditions will remain favourable for the foreseeable future.

Citrus is the second largest foreign exchange earner accounting for about 10% of total domestic exports and employs 500 workers apart from its 400 citrus producers.

There are some 12,000 acres of citrus concentrated in the Stann Creek District of which orange groves accounts for about 70%. Expansion is progressing very rapidly and is estimated at 1,000 acres per annum. The two factories are capable of processing all the current production but at today's rate of expansion greater processing capacities will be required within the next few years.

The passage in the United States Congress of the Caribbean Basin Initiative coupled with the state of Florida's crippling freeze over the past few years have combined to give the citrus industry a boost and favourable markets and attractive prices are expected to prevail for the next 10 years or so. However, this pattern is heavily biased towards oranges as grapefruit prices remain low and are not projected to improve in the very near future. Nevertheless, as in any international commodity, world market prices are very unstable and grapefruit may yet become profitable.

The major constraint to the industry at this time continues to be the never-ending disputes among the growers themselves and between the growers and the processors. Fortunately, in the latter case, this problem has subsided as prices are very attractive and an equitable pricing formula is in force. Bitter infighting continues within the Citrus Growers' Association, nevertheless, and the collective bargaining power is thus diluted. This problem is further exacerbated since one of the factories has lately been bought by a few wealthy growers who also retain their seats as directors on the Association's Board of Directors. The future of the Association as a grower's representative and lobbying force must now be re-examined and government must play a part. The Association's management needs assistance.

### Bananas

Despite very attractive prices in a preferential market in the EEC and a long-term marketing contract with the Fyffes Group - a subsidiary of United Brands - the banana industry continues to struggle for survival and to lose money, having lost BZE \$5 million, \$3 million, and \$3 million in 1981, 1982 and 1983, respectively.

The industry has been plagued by inept contract management, unsuitable soil and agronomic conditions and diseconomies of scale. In spite of these,

however, there is every indication that the industry can become viable and can become a valuable foreign exchange earner.

There are currently some 1,600 acres planted to bananas producing some 550,000 boxes (42 pound) for export with a value of over \$3 million in 1983.

The industry has been operated on a plantation basis with the Banana Control Board employing expatriate management and technical services. Private sector interests have been slow in coming forward because of the poor performance of management and the rather bitter experiences of the few farmers who feel that management has contributed significantly to the plight of the industry.

Only lately has it been shown that some of the soils currently in bananas are unsuitable for this crop and thus cannot produce viable yields. In addition the very small acreage does not allow the industry to take advantage of economies of scale in packaging and, particularly, in shipping.

In view of the above, therefore, the GOB has lately agreed with the Banana Control Board that the industry must be placed in the hands of the private sector and costly management and technical services terminated. As a result of this decision, farmers will be given possession of the banana lands and will also handle all aspects of banana production, packaging and transportation. Substantial private sector interests have now come forward and the industry is expected to survive and become viable in the short to medium term.

The Banana Growers' Association will now be strengthened and will be the medium through which assistance will be channeled to growers.

### Livestock

It is generally believed that the livestock industry has a very high potential for growth in Belize. However, this has never materialized and although the reasons are many, two seem to prevail:

- i) A saturated internal market, and
- ii) An undeveloped export market.

Both reasons point to marketing as the problem and this position will not improve unless and until an export market can be developed and maintained. This, however, is to a large extent dependent on USDA certification of the local meat packing plant which would open the way for exports to the USA and the Caribbean.

Recently, markets for live animals to the French Caribbean and Mexico have managed to extract excess stock from some producers but this benefit has to a large degree accrued only to the few big producers while the majority of small producers scattered throughout the country have yet to benefit. On the other hand, it is estimated that 80% of the 50,000 head of cattle is owned by 20% of the estimated 2,000 cattle owners.

The cattle producer is generally inefficient, achieving calf crops in the region of 50% versus an achievable and realistic level of 75%. A very aggressive Belize Livestock Producers' Association (BLPA) is apparently more

interested in pursuing an undesirable animal live export market and, in fact, has done and is doing everything in its power to make life difficult for the existing packing plant which is the only unit capable today of mounting a viable export market for meats in all forms.

The BLPA can also do much more to advise the members on better animal husbandry practices and on generally more educational campaigns.

The livestock industry will not thrive in the absence of a viable export market.

## B. Antecedents and Problem Synthesis

### Cooperative/Farmer Associations and Their History

The cooperative movement in Belize was founded by a recently deceased Jesuit priest by the name of Rev. Marion Ganey who formed a credit union in the southern town of Punta Gorda in the late 1950s. The idea of pooling resources for the collective good and to provide services, such as credit to the needy who would not otherwise have access to these, caught on rapidly and soon spread to all parts of the country. This movement was facilitated in that the commercial banking system was then in its infancy and banking services were available only in the commercial city of Belize and only to the few wealthy or the fairly prosperous merchant class that dominated the Belizean economy.

With the advent of commercial agriculture, specifically citrus into the district towns where the farming community normally congregates on Wednesdays and Saturdays, the credit union movement began a slow but steady decline. Hitherto impoverished farmers or milperos now had savings accounts and collateral to obtain credit from commercial banks. Credit unions were now relegated to second class status catering mainly to housewives, pensioners and to those few inaccessible areas where the banking system, including the government's savings bank and passbook savings, could not or did not reach. Whereas at one time credit unions were in about every town and village, they now operate in only the main towns and Belize City and a sprinkling in a few villages. Nevertheless, the remaining credit unions are fairly strong and active and offer a viable alternative to the commercial banks, as character and a history of savings are more important criteria than security. Nevertheless, except in purely rural and agriculturally based communities, the credit unions' loan portfolio caters mainly to the purchase of consumer items. Repayment performance is considered good.

The formation of cooperative societies and farmers' associations also had its beginnings in the 1950s and has survived despite very serious problems of philosophy, uneven financial performance and severe management shortcomings. Cooperative societies and farmers associations (hereinafter referred to as coops) have as their basic premise the same as that of a credit union but also provide for their members management services, price negotiations, processing, packaging and marketing arrangements, the securing of lands and other fixed assets.

Coops have had a mixed history -- those involved in marketing processing and marketing, such as the fishing and honey coops, have traditionally done fairly

well while those involved in production have not fared as well. The reasons put forward for this phenomena are many and varied but can be summarized as follows:

#### Production coops

- members collectively farm a parcel of land and thus do not have that feeling of "personal ownership";
- rewards are not necessarily commensurate with individual efforts;
- The purpose of joining together is more "to see what we can get free out of government or otherwise", than to see what "we can collectively achieve for greater economic and social well-being".
- are more socially and politically oriented than they are business or commercially oriented.

#### Processing/Marketing Coop

- members farm/fish individually and employ management to undertake processing and marketing;
- rewards are directly proportioned to individual efforts;
- members are more commercially and business conscious;
- Boards of Directors are active, get directly involved and are democratically elected;

#### Role/Input of Cooperatives in the Belizean Economy

In spite of these problems, however, the coop movement plays a major role in the Belizean economy and is the dominant force in the fisheries and agricultural sub-sectors which together account for over 90% of total domestic exports. The major industries of sugar, citrus, bananas, fisheries, livestock, and honey are all organized into associations or cooperative societies as are the main producers of basic food crops--corn, rice, beans--and vegetables. The number of farmers and fishermen exceed 10,000--not including their dependents and the labor force, the latter estimated at an additional 15,000 people, including permanent and seasonal workers. The table below summarizes the estimated number of farmers, fishermen, and workers in the sub-sectors:

Estimated Number of Farmers, Fishermen, and Workers

	<u>Farmers</u>	<u>Fishermen</u>	<u>Workers</u>	
			Permanent	Seasonal
Sugar	4,300	-	1,600	5,000
Citrus	400	-	500	1,000
Livestock	2,000	-	200	-
Fisheries	-	500	100	-
Bananas	10	-	400	-
Honey	400	-	50	100
Staple Crops	5,000	-	500	5,000
Vegetables	50	-	-	1,000
TOTAL	12,160	500	3,350	12,100

A sizeable but yet undetermined number of farmers, particularly those involved in staple crops and honey production, are also involved in other sub-sectoral activities such as livestock (especially small animals), honey, and vegetables. Contrary to this, people involved in the more commercial activities such as sugar, citrus, bananas, and fisheries generally practice a monoculture system and are thus very vulnerable to fluctuating world market conditions.

There are currently six (6) active national umbrella farmers' associations and one (1) fishermen's association as follows:

- a) Belize Cane Farmers' Association 4,300 members
- b) Belize Citrus Growers' Association 400 members
- c) Belize Livestock Producers' Association 1,000 members
- d) Belize Federation of Honey Producers' Cooperative 4 members
- e) Belize Banana Growers' Association 10 members
- f) Belize Grain Growers' Association 1,000 members
- g) Belize Fishermen's Cooperative Association 4 members

Both the Federation of Honey Producers' Cooperatives and the Fishermen's Cooperative Association are comprised of member cooperative societies whose memberships total some 900 people. Also many individual members of the umbrella associations also are members of some 50 local and regional cooperative societies.

Current Government Laws and Policies

The Government of Belize (GOB) has always maintained a policy of support of the cooperative movement and has actively promoted the formation of cooperative societies and associations. The Ministry of Cooperatives is directly responsible for the formation, supervision, and evaluation of cooperative societies and maintains a Department of Cooperatives for those purposes.

The Coop Department is headed by a Registrar of Coops and a supporting staff of Coop officers, one for each of the six districts. Like other government departments, the Coop Department is understaffed and is short on the

supporting services. Its officers are underpaid, have generally no way of travelling within their areas--short of public transportation which is inadequate--and in most cases operate under severe budgetary constraints. As a result, motivation, morale and productivity are negatively impacted. On the other hand, Coop Officers are fairly well-trained and have a high absorptive capacity for learning and training.

The Coop Department undertakes training seminars prior to registering a farmers coop, but in many instances these seminars are too short--three days--and do not properly motivate the farmers in the vital area of profit making, but rather stress the sociological advantages of cooperativism. In many cases also, coops are formed to take advantage of collective representation in obtaining, for example, lands and other concessions and thus are politically oriented.

The Ministry of Natural Resources is responsible, under the direction of its Department of Agriculture, for providing agricultural extension, information, and technical services to the various coops scattered throughout the country. As in the case with the Department of Cooperatives, the Agriculture Department is thinly staffed, underpaid and has a high rate of attrition. As a result, coops do not have ready and reliable access to technical services. Farmers are then forced to operate on their own to a large extent and do not get the necessary management and technical training necessary.

The Department of Agriculture has personnel in each of the six districts and generally is comprised of a District Agricultural Office (DAO) in charge and a contingent of three or more Extension Officers (EO), depending on the size of the farming population in the district. However, because of reasons of mobility, staffing, and other support services, these otherwise dedicated officers are unable to perform their duties effectively.

Coops have been fairly successful in obtaining credit, both from the conventional commercial banking system and from the recently established (1973) government's Development Finance Corporation (DFC). Coops have generally utilized credit for activities as varied as working capital, plant, machinery and equipment purchases, capital investment in items such as land clearing, buildings, pasture establishment, etc. and for relending to their members for consumer items, medical purposes, but generally for productive uses in connection with their farming or fishing operations.

The coops report that repayment performance by their members is generally high in spite of the fact that loans have had to be rolled-over or rescheduled to suit particular circumstances. However, eventual loan recovery is reported at 95%.

The commercial banks have had fairly good repayment performance from coops but in most cases their loans are very short-term (not more than 3 years but generally less than one year) and well-secured. Lately, however, the bulk of the Coops' loan requirements have been met by the DFC.

The DFC's loan portfolio for coops approximates U.S. \$2 million and is fairly well distributed in the various sub-sectors. However, the DFC faces severe recoverability problems and claims that the arrears are in excess of U.S. \$1.5 million.

Among the reasons for this are cited late loan recovery by the coops from their members, a depressed economy and accompanying unfavorable market conditions, poor management practices, inadequate technical services and, in general, poor credit management. As a result, the DFC is drastically curtailing its lending operations to the coops and has stated it will continue lending only to those coops that are now meeting their obligations.

This decision is already placing an undue burden on the smaller coops who do not ordinarily have access to other credit sources. The DFC, on the other hand, takes the position that capital alone is not going to solve the coops' problems, that an integrated approach to development must be put in place and that BEST's input is of paramount importance in this regard.

BEST Activities Related to Cooperative Problems

BEST has just completed a country-wide assessment of the needs and requirements of all seven major associations in Belize and has held discussions with fishermen's coops, vegetable coops and livestock coops, in addition to making contact and interviewing numerous farmers and fishermen individually. The following is a synthesis of actual problems facing the coops in Belize:

	<u>Sugar</u>	<u>Citrus</u>	<u>Fish- eries</u>	<u>Live- stock</u>	<u>Ba- nanas</u>	<u>Honey</u>	<u>Staple Crops</u>	<u>Vege- tables</u>
1. Marketing								
a) Prices	X		X	X		X	X	X
b) Distribution				X			X	X
c) Packaging		X	X	X		X	X	X
d) Diversification	X	X	X		X	X	X	X
e) New Markets		X	X	X	X	X	X	X
f) Research	X	X	X	X	X	X	X	X
g) By-Products		X	X		X	X		
2. Management & Org.	X	X	X	X	X	X	X	X
3. Credit & Finance	X	X	X	X	X	X	X	X
4. Processing Technol.		X	X	X	X	X	X	X
5. Post Harvest Tech.					X		X	X
6. Project Identifica- tion & Preparation	X	X	X	X	X	X	X	X
7. Staff Training	X	X	X	X	X	X	X	X
8. Financial Mgmt.	X	X	X	X	X	X	X	X
9. Accounting & Record-Keeping	X	X	X	X	X	X	X	X

BEST is a private, non-profit, non-political organization registered under the laws of Belize with the purpose of assisting Belizean coops in the areas of marketing, technical services and training. As examples, BEST could seek in the first instance to assist low income farmers through the Belize Cane

Farmers' Association, the Belize Honey Producers' Federation of Cooperative Societies, the Belize Livestock Producers' Association, the Belize Vegetable Producers' Association and the Corozal Vegetable Producers' Cooperative Society in identifying diversification opportunities for cane farmers in the northern districts of Corozal and Orange Walk. BEST could seek to be the intermediary between the market source and the producers and will actively promote the establishment of farmers' coops and agribusiness enterprises in these districts. Since the farmers have identified marketing and diversification as two main constraints, BEST could concentrate its efforts in this regard initially but also may provide other identified requirements such as record-keeping, training seminars for staff and farmers and seek capital funding for viable projects upon request.

BEST, while recognizing the urgent need for diversification assistance in the northern districts, will not restrict its activities to that area but will attempt within its initial three-year period, for example, to assist the fishing coops in seeking new and better markets, investigating the potentials and economies of deep-sea fishing and further processing of fish and fish products. BEST may also work closely with the Citrus Growers' Association in its diversification plans and in training farmers in financial management.

In the Toledo District, BEST may work with the local chapter of the Grain Growers' Association in their efforts to own and operate their machinery and equipment for higher productivity and in this regard can provide assistance in organization and management, record-keeping, and the general economies and maintenance of farm equipment. In the Cayo and Belize Districts, BEST could assist the Vegetable Producers Coops and Association in marketing and distribution of fresh vegetables countrywide and in investigating storage and processing of vegetables. Special attention can also be given to the Belize Livestock Producers' Association in its efforts to seek new and better markets for its products and to embark upon an import-substitution effort of meats in all forms. See Appendix 3 for specific illustrative target group descriptions, including needs.

### C. General Methodological Description of Advisory Services

Advisory services by BEST will concentrate on carrying out a pilot program of integrated management and technical services to agricultural and agroindustry cooperatives and associations, which will treat these groups as productive enterprises contributing to local and national job creation, income and productivity. BEST will work with these cooperatives and associations to determine weaknesses in their operations, covering areas such as production, collection, processing, storage and marketing, as well as overall organization, management, finance and control issues. Seeing a cooperative as a business requires an integrated examination of the business and productive functions--their problems as well as solutions. Unless the whole operations of the cooperative are examined, changes in one area are liable to have negative consequences for another not taken into consideration.

BEST assistance to a group begins with preliminary contacts, BEST explaining the nature of services offered and listening to the groups' presentation of problems and opportunities to gauge their ability to deal with these and to determine if BEST (or possibly another more appropriate entity) can provide help. Once this preliminary step is completed, services typically follow a

sequential route which includes comprehensive diagnostic assessment of the current enterprise situation, follow-up planning, and, if feasibility of changes is demonstrated, implementation and operation of a restructured cooperative enterprise. Services are gradually withdrawn as the group's own personnel are trained to operate the restructured enterprise autonomously. Assistance services typically range between 10 and 36 calendar months.

Throughout the assistance sequence the active participation of the members and employees is an absolute must. BEST will be active in eliciting member and employee desires and hopes openly in forum or in separate interviews, so that a full picture of a cooperative's or association's situation emerges. This will continue during the follow-up planning process as the group members are actively involved in definition of goals, strategies, and tasks to resolve the problems they have detected. During implementation and later operation of the restructured entity, a more intensive training process emerges in which BEST advisers concentrate on fully transferring capability to select group participants. Participation in financial aspects is also covered by emphasis on equity contributions by members to their enterprise, and by requiring that each assisted group pay some part of the cost of BEST services via fee charges which will vary according to the group's ability to pay (but usually not exceeding 25% of BEST's local costs).

### III. PROGRAM DESIGN - ITS REACH AND LIMITS

#### A. Agrarian Cooperative/Association Pilot Projects

BEST is very aware that the problems faced by Belizean cooperatives and associations are broad and in many cases undetectable to outside institutions. Many of these groups have been past recipients of credit from the DFC under lending criteria that supposedly assured the lender of a credit worthy situation and ability, to pay back loans in full and on time. Yet, when the time came to amortize these loans, they were not, and refinancing of credits became necessary to avoid a high percentage of defaults. In fact, recent data obtained from the DFC indicate that \$1.5 million of \$2.0 million loaned to over 50 cooperatives- over 50% of which are in the ag sector-are delinquent (not repaid according to original terms).

Why has this happened? Nobody seems to have any sure answers, but the effect of this pattern has been to restrict liquidity to current agricultural group lenders and make credit access to potential cooperative/association recipients all but impossible, no matter how good their crop production or marketing prospects are. The DFC wants to serve clients that can provide it with a reasonably attractive return on invested funds, but it sees the track record to date, and feels forced to require terms under such restrictive conditions that few groups could possibly qualify. This becomes a vicious cycle as illiquidity chokes off legitimate growth and profit opportunities of cooperatives who in turn cannot generate cash to pay off existing obligations.

The lack of a Belizean institution that can complement the credit assistance program of the DFC with a technical and management assistance program to agricultural cooperative and association groups in Belize is serious. Individual and group meetings held over the past few months by BEST indicate the overwhelming need and potential demand for this kind of service. In the agricultural sector there are over 50 different cooperatives and associations who could benefit from the provision of this kind of assistance. A good number of these are groups who have not been able to obtain credit necessary to embark on worthwhile projects due to the restrictions noted above.

#### B. Segmentation and Delimitation of Groups to be Assisted

Given the need, but uncertainty about where to detect problems or how to proceed have left a gaping hole to be filled. BEST proposes to fill that hole by providing the resources and the methodology required to structure a permanent technical and management services institution capable of helping cooperative and association groups grow and prosper, making them credit worthy, dependable clients of financial lenders such as the DFC, and enable them to contribute substantially to the economic well-being of Belize. BEST recognizes that resolving the problems of this entire sector will not occur during the proposed period of the OPC, that is from 10/85 through 9/88. It does believe, however, that a pilot significant program can be created, which will demonstrate the feasibility of providing management and technical services primarily to agricultural cooperatives and associations, and further, lead to a later expansion and replication of this effort on an even more cost-effective basis, given the lessons learned and applied from working with the pilot groups.

BEST proposes a 3 year pilot program providing formal (i.e. contractual) management and technical services to 10-12 agrarian cooperatives/associations, concluding the assistance sequence with 5-6 of these by the end of the OPC. BEST also proposes to work on a formal or informal basis with at least one linked institution (preferably the DFC) to enable it to deal more effectively with the primary groups. Such institutional assistance could enable the DFC, for example, to see the primary groups in a different light, and permit possible readjustment of the relationship between them (i.e. more timely services, resource allocation, coordinating mechanisms, and policy/procedural alterations). Alternatively, BEST could assist certain parastatal institutions (e.g., Banana Control Board) to streamline or restructure their operations in order that they become more efficient service providers.

#### Methodological Approach To Assistance Services

BEST will follow a time tested methodology used successfully by one of its pvo sponsors, Technoserve, Inc. in over a dozen Latin American and African developing countries. This methodology requires that assisted cooperatives and associations be seen as productive enterprises contributing to job creation, income and productivity of the countries they are located in, as well as to their members, their families and local communities, by making efficient use of the resources they have, and by managing their entities as businesses seeking an adequate return on their investment. At the same time, the methodology used incorporates the active participation of the members and employees of those groups assisted, to augment and spread the decision-making apparatus involved in examining and restructuring, as appropriate, the assisted entities.

Through a phased, interim process, BEST will work with these cooperatives and associations to determine weaknesses in their operations, whether these be in terms of production, collection, processing, storage and marketing of products, or else in terms of overall organization, management, finance and control issues. Seeing these entities as businesses requires an integrated examination of the business and productive functions--their problems as well as solutions. Examining parts of a cooperative activity, for example, field production and extension, can help an association improve throughput and productivity, but unless the whole operations of the cooperative are examined, changes in one area are liable to have negative consequences for another not taken into consideration.

The assistance sequence begins with preliminary contacts between BEST and a potential assistance recipient. In these initial contacts, BEST learns about the groups problems and needs while explaining its assistance program to the group. Based on a successful series of confidence building contacts, the recipient group and BEST then formally agree to an initial series of assistance services by BEST. These services would focus on completing a diagnostic assessment of the groups organization, with the goal being to come to a comprehensive understanding of the reasons behind the problems the group has enumerated. Given an adequate understanding of the reasons behind the problems, possible alternative solutions can then be planned with the group during a succeeding formal assistance period. After this planning stage, formal implementation of the proposed solutions to the groups problems can be undertaken leading to ongoing operations of a restructured cooperative or association entity. Once the group is adequately handling its new responsibilities under the revised

structure and improved growth and returns are evident, BEST then gradually withdraws its assistance efforts leaving the group as a self-managed entity.

Throughout the assistance sequence the active participation of the members and employees of the cooperative or association is an absolute must. BEST will be very sensitive to the need of cooperative members and employees to express their desires and hopes openly in forum and in interviews, so that a full picture of problems emerges. This continues during the planning process as the group members are actively involved in definition of goals, strategies, and tasks to overcome the problems they have detected facilitated by BEST advisers. During implementation and later operation of the restructured entity, a more intensive training process emerges in which BEST advisers concentrate on fully transferring capability to the designated members/employees.

Seeking active participation of cooperative members/employees is not just a "do-gooders" idea; there are very practical and concrete reasons for doing so. The most important of these is that unless the assisted group sees itself as ultimately responsible for the affairs of its enterprise, there will be a tendency to depend on the technical assistance agency for decision-making, being seen as the "experts". Therefore, from the beginning of the assistance sequence to the end the group is told it must decide, with the appropriate intervening guidance and structure of the assistance process itself contributing to this result. Second, the practice of thinking through and making decisions is a training device which effectively contributes to the transfer of capability from BEST advisers skills and knowledge to those of the group. The group learns literally to elicit outside knowledgeable opinion before taking consequential actions-it learns how to acquire information to make decisions. Third, this process enables BEST advisers to gauge the progress of an assisted group along a mutually defined assistance path. If the process is evidently too complex for the group to effectively handle, this guides BEST advisers to helping the group choose alternative assistance possibilities which more easily will fall within the assimilation capabilities of that group.

The period of assistance to each cooperative or association will vary depending upon the size and scope of group activities, group capabilities, environmental and other institutional variables, and the complexity of the assistance sequence. Typically, assistance to a group could range between 10 and 36 months with the most complex interventions requiring as long as 60 months for a large (i.e. several thousand member association). BEST's approach will be to assist a mix of smaller and larger groups (e.g., 25 to 5,000 individual members) to assure that the most needy sectoral areas receive adequate attention without losing sight of the cost-effectiveness of the management and technical services to be delivered. More will be said later concerning criteria for selecting cooperatives and associations to assist.

A final important aspect of BEST's methodology is the group's financial commitment to their enterprise. A clear weakness among many Belizean cooperatives and associations is their scant equity base. Part of the assistance process will consist of motivating and demonstrating to the membership the necessity of contributing share capital on a regular basis to enable them to successfully leverage external debt capital to rehabilitate or expand their enterprises, as well as to cut the overhead expense of conducting their activities and strengthen their financial base. Further, each group will be expected to contribute to the cost of the technical and management

services provided by BEST. Final criteria to charge assisted groups have not yet been decided, but to date, BEST is considering something along the following lines:

- The assistance recipient will be required to provide BEST advisers with reasonable food, lodging and transportation while they are working on the project. BEST will provide transportation to and from the project.
- The assisted group will be expected to pay, in cash, between 10% and 25% of the cost (calculated at local market rates) of the services rendered by BEST. This payment will be determined in advance of any work being performed and will be based on an organizations ability to pay. In some cases, a portion of the payment may be structured on a percent of profits expected to be earned in the future.

C. Criteria Used To Select Cooperative/Association Recipients Of Assistance

Criteria used by BEST to select enterprises and groups to assist will generally follow those used successfully by Technoserve. Each enterprise should:

- have a measurable potential for achieving economic viability.
- have a potential for improving the social well-being of low income people.
- respond to the needs of low-income people and the local community.
- have a potential for replication.
- have as broad a base of ownership as is possible and practical.
- have appropriate local leadership.
- be labor intensive when technically and economically feasible.
- use locally available raw materials, particularly agricultural products, whenever possible.
- have adequate local participation in equity investment.
- be ecologically appropriate to the local environment.
- not discriminate in favor of a particular group or sex.
- not have ready access elsewhere to the services which BEST provides.

D. Geographic And Sectoral Coverage Of Best Program

BEST's program will emphasize assistance to agricultural production and agroindustry cooperatives and associations. This includes assistance to the fishing, livestock and apiary segments. Geographic coverage will encompass all of Belize initially, but as an assistance pattern emerges, coverage will be concentrated on those areas where both assistance targets, and assistance needs

offer the potential of replicating services provided to other groups on a more cost-effective basis.

E. Relationship With Development Finance Corporation (DFC)

BEST is aware that the problems faced by Belizean coops are very numerous and complex and that the development process cannot be addressed on a piece-meal basis. Coops have been actively promoted and have been recipients of land, extension services, institutional and legal advantages and credit. Unfortunately, loan repayment performance has been notoriously slow and low with a high degree of defaults creating the need for refinancing and new amortization schedules.

The biggest lender to coops has been the Development Finance Corporation (DFC), a fully government-owned statutory body founded to provide medium to long-term development credit for viable projects in agriculture, agroindustry, manufacturing, tourism, industry and generally for viable projects for greater economic development. The DFC is governed by a Board of Directors and administered by a General Manager and a highly qualified professional and technical staff. It is bound by its charter to examine and treat every loan application strictly on its financial and economic viability and to ensure that loans are adequately secured.

The DFC draws most of its loan funds from the original Caribbean Development Bank (CDB) but also obtains capital from the European Development Fund (EDF), the Canadian Agency for International Development (CIDA), the Commonwealth Development Corporation (CDC), the European Investment Bank (EIB), the United Kingdom Government and the Government of Belize (GOB). Its loan portfolio is around U.S. \$25 million for the period 1973-1984 and has made loans in the areas of agriculture and agroindustry, housing, hotels and restaurants, fisheries, manufacturing, light industry, transportation, etc.

Agriculture (including agroindustry utilizing local, raw material, forestry and fisheries) accounts for over 50% of the DFC lending portfolio and loans have been fairly equitably distributed throughout the various industries and areas of the country. Some 61 small cooperatives and credit unions have received loans totalling over U.S. \$2.0 million and reports are that some U.S. \$1.5 million of this amount can be considered in default as they were not or could not be repaid according to terms negotiated at the time of approval. The larger institutions such as the Cane Farmers Association and the fisheries cooperatives have also experienced difficulties in meeting their obligations and have also generally sought new and more generous repayment terms.

Many reasons have been offered for this state of affairs and nobody seems to have any definite answers but management, marketing and distribution, credit and financial management have been identified as the key reasons. However, institutional weaknesses whereby coop managers use funds set aside for capital expenditure on recurrent expenses, or permit financially unacceptable loan/equity ratios point out the need for greater emphasis on management training.

While the DFC is capable, through its staff, of providing technical services, such as advice on crop and animal husbandry practices, it finds itself unable

to provide even these services due to excessive demands on its staff for project appraisal and loan disbursement activities. Moreover, the DFC has not been able to address the critical problems of marketing and distribution, credit and financial management and institutional training.

The lack of a Belizean institution that can complement the credit assistance program of the DFC with a technical, management and training assistance program to coops is serious. Individual and group meetings held over the past 6 months by BEST indicate the overwhelming need and potential demand for these kinds of services and some 50 different cooperative societies, credit unions, associations, federations and other formal farmer's and fisherman's groups have been identified.

BEST proposes to fill this need by providing the resources and the methodology required to structure a permanent technical, management and training services institution capable of helping coops grow and prosper, making them credit-worthy, dependable clients of financial institutions such as the DFC and enable them to contribute substantially to the economic well-being of Belize. BEST appreciates that the problems of this agricultural sector will not be solved in the short term but that the creation of a pilot program which will demonstrate the feasibility of providing management, technical and training services primarily to coops in the first instance and later lead to an expansion and replication of this effort in an even more cost-effective basis, is a program needed in Belize today; and that has been voiced by the recipients or end users themselves.

BEST proposes a close working relationship with the DFC and would be providing the services necessary to qualify farmer organizations for DFC financing. The DFC has stated that this would allow them to reassess their current position whereby they are making loans only to the more vibrant and viable coops and also to trade off collateral security for improved management practices. This relationship with the DFC will be on an informal basis initially, but at a later date could be instituted along formal lines among the recipient coop, the DFC and BEST. While BEST's primary focus will be with the farmer organizations, the above is illustrative of ways in which it also can effectively link needed farmer services provided by secondary level institutions.

#### Other Complementary Institutional Relations

Apart from the DFC, there are also several Private Voluntary Organizations (PVO's) providing services to farming coops and individuals in Belize with which BEST can coordinate its activities. Among these are:

- a) Belize Agency for Rural Development - BARD
- b) Belize National Appropriate Technology Council - BNATC
- c) Help for Progress - Help
- d) Belize National Development Foundation - BNDF

BARD, BNATC and Help are all engaged in assisting small, subsistence farmers and farm groups to improve their production methods by providing credit, grants or limited technical assistance in the production process. These PVO's generally cater only to subsistence groups and are generally not geared to meet the needs and requirements of the more active larger coops. BEST has

held intensive discussions with BARD, BNATC and Help and it is generally agreed that the groups activities are definitely complementary.

BNDF has been chartered principally to provide credit assistance to small business enterprises within Belize. While agriculture and agroindustry fall within the board charter of BNDF, the institution has been concentrating its efforts on industrial micro-enterprises and has indicated that it is not targeting the agricultural sector as a primary object of its credit assistance program.

The Government of Belize has recently established an Export and Investment Promotion Unit (EIPU) within its Ministry of Economic Development. EIPU will actively attempt to identify export and investment promotion opportunities within Belize and to attract private investors from local and international circles to embrace these opportunities. Because the Chairman of EIPU is also a member of the Board of Directors of it will be possible to coordinate their activities in an effort to link up these investors with actual or potential coops and farmers groups, and to make contact with foreign investors under a program such as Joint Agricultural Consultative Cooperation (JACC).

In all of these linkages and cooperation programs, BEST must and will establish close working relationships and will keep open the communication channels with the Department of Agriculture, the Department of Cooperatives, the Ministry of Natural Resources, the Ministry of Cooperatives and Credit Unions and the Ministry of Economic Development.

#### I. Potential For Dissemination And Multiplication Of BEST Work

Although the reach of the current proposed program is circumscribed to the results to be obtained in the three years of the OPC program, it is expected that cooperative and association personnel involved in the pilot projects will have transmitted to non-assisted recipients both attitudinal as well as experiential information, which will enable them to re-examine their own policies and priorities hopefully ending in requesting BEST services to improve their own enterprises.

A self sustaining, self-prepetuating process will be promoted to further magnify BEST's work. In order to achieve this objective, recipient organizations must be inspired and encouraged to multiply the efforts of BEST by selecting trainers and committing to help others in the process of development. Through this training technique, the knowledge and expertise of BEST is disseminated to other members of the organization and other coops and associations in a multiplying pyramid effect. In turn, the development process is sustained and the economic and social gains become permanent and solid.

#### IV. IMPLEMENTATION OF PILOT PROGRAM

Given the potential size of the target assistance group--the 50 or so primarily agricultural cooperatives and associations--BEST considers it prudent, as mentioned, to carry out the 3 year OPC program by formally assisting 10-15 of these organizations, having concluded services with 5-7 by the end of the OPC period. In addition, informal or formal assistance would be provided to at least 1 linked institution, preferably the Development Finance Corporation or alternatively certain parastatal organizations. How BEST will methodologically approach this goal has been presented. How it will structure its program to carry out this work and how it will concretely address problems detected during the initial assistance sequence will be elaborated on in this section.

##### A. Structure Of The Best Program

The process of assisting agricultural cooperatives and associations to become economically and socially viable entities is not accomplished solely by the application of a time tested methodology. One of the real positive keys to success by the BEST program will lie in the way it structures its operation. BEST will create a permanent institutional presence in Belize providing management and technical services primarily to the agricultural and agroindustry sectors. Assistance recipients need not question whether BEST will be around after the termination of services to answer a consultation or make a site visit to inspect changes wrought by the concluded assistance program. By making a commitment to permanency in Belize as a Belizean institution, BEST will be able to serve countless as yet unorganized groups whose reason for being is perhaps not even in the eyes of its future founders.

Second, BEST intends to staff its organization mostly or entirely with Belizean professional and administrative personnel. Those selected must not only demonstrate academic and field experience appropriate to the job requirements, but also must show that as professionals they are committed to helping to develop their people and country. There are several reasons why BEST chooses to staff with nationals, even though this might prove more difficult to accomplish than hiring from a larger potential pool of third country citizens. First, the cultural and language familiarity of Belizean professionals will enable them to interact with recipients of assistance more quickly and with greater sensitivity. Second, the knowledge Belizean professionals have of local resources that can be brought to bear in resolving the problems of the recipient will allow for a more cost-effective provision of services. Third, as Belizeans there will be a lessened tendency to relocating after a period of service with BEST. The experience of one of BEST's sponsors, Technoserve, has demonstrated that average years of field service with its field programs has increased dramatically over the last several years as a result of its policy of hiring seasoned local nationals for its country programs. Finally, the use of Belizean professionals in the BEST program reinforces the permanency and character of BEST as a Belizean institution.

The structure of the Belizean professionals recruited will be based upon the broad gauged needs of the cooperatives and associations requiring assistance. In general, this means that the BEST program will be staffed by a multidisciplinary group of professionals, covering the fields of agronomy, economy, accounting, marketing, management and organization, finance, engineering and rural

education. This multidisciplinary group will work on a team basis with a team manager named to head up the assistance effort with each group receiving BEST services. The time and effort requirements of each team member will vary based upon the needs of each stage of the assistance effort.

Program aspects of BEST will be headed by a skilled administrator with a complementary clerical staff. This person, Carlos Santos will be in charge of all project development in addition to program responsibilities involving legal, fund-raising, promotion, representation, financial accounting and audit, and personnel matters. These responsibilities will be delegated and/or carried out by subordinates as the BEST program initiates activity and as it grows in the future.

BEST will not attempt to provide all the resources needed by a group requiring assistance services. Where outside and readily available human and institutional resources with specific expertise can be brought to bear on a problem more effectively than available BEST advisers, this will be done. BEST fully recognizes the interdependence which exists between cooperatives, for example, and secondary financial and other Belizean or international organizations who have important roles to play. BEST will, as appropriate, act as an intermediary linking these resources to assistance recipients, even seeking to work with the secondary institution to modify policies or procedures which aren't producing the desired effects for the primary cooperative group. In general, BEST acts as a catalyst to harness relevant and needed resources which go beyond its internal capabilities thus magnifying the impact of its direct service work.

#### B. Addressing The Problems Of Assisted Cooperatives/Associations

Previous discussion in this proposal has highlighted the need to address the situation of an assisted cooperative or association enterprise from an integrated business and productive function view point. For example, a group which cites marketing as a key problem to overcome may not be aware of the influence that production, or finance, or management decisions have on the marketing process. They assume that because there is a readily available product in adequate supply, but one which can't be sold at the right price and time or under the right conditions, that their problem is purely a marketing one. While it is evident that effective solutions to a perceived marketing problem will concentrate on the marketing area, it is clear from many years of experience by one of BEST's sponsors, Technoserve, that examining only the marketing aspects of the enterprise operation will lead to recommendations and restructuring which will inevitably place unwanted stress and problems on another area of the enterprise. In essence, only an integrated examination of all aspects of a groups activity will lead to the determination of solutions which take into consideration the whole business, and not just a part of it.

In the early stages of assistance to a group, BEST, using the participative methodology previously elaborated on, will work with the group to analyze the state of their current activities. Committees of selected members might be formed to address the situation of different enterprise functions, emphasizing the tie-in of the function addressed with the perceived marketing problem example noted above. By associating one area of activity with another and segmenting responsibilities for assessing the situation of different areas of the cooperatives enterprise activities, the members come to a greater understanding of how the different parts fit together and relate to each other. In follow-up

sessions, representatives of the different committees work together to develop a comprehensive analysis of their enterprise. This is often augmented by field data collected in interviews with a sample population of the membership to gather additional view points. The group carries out its own analysis of the information and data at hand, supplemented all along the way by specific BEST advisers who advise and interact, nudging here, suggesting there, adding a key variable not thought of by the group, in general facilitating the entire process.

This assistance pattern continues during the follow-up planning stages, except that now, the group may be structured in a way to allow for the determination of goals, strategies and tasks to reduce or eliminate the problems and their causes arrived at during the initial diagnostic assessment. Outside institutional resources may complement the work of the group and BEST advisers, by being present for the diagnostic and planning sessions held, offering their perspective of the situation, and in general providing potentially key information to the assisted cooperative to help the members make relevant and effective decisions to act.

These sessions constitute important training devices for BEST, and are significant aids in the efforts of BEST to have the assisted groups assume responsibility by becoming more capable practitioners of decision-making. This is only one part of the training process which will evolve under BEST assistance. Particularly as the solutions to problems detected are agreed upon, and a course of implementation decided upon, there are many areas involving technical and managerial training and assistance which will require specific and specialized advisory capabilities. Often, the packaging of a feasibility study to restructure an existing enterprise requires significant inputs by a professional adviser, in order to meet the requirements of a financing entity. The implementation of management systems to correctly administer the changes to be wrought by enterprise restructuring often must be designed with heavy adviser input. The determination of personnel capabilities needed to run the restructured system, and the recruitment and training of such required personnel take considerable amounts of advisory time and effort. Thus, the use of a participative methodology does not relieve the advisory group, BEST, of many and more sophisticated aspects of the enterprise restructuring. It does, however, avoid the adoption by the recipient group of a passive existence vis-a-vis the technical adviser. It does encourage a maximum of mutual sharing of opinions and conclusions. It does allow the BEST advisers to take advantage of the considerable resources and knowledge that most groups do in fact possess (even though they might not recognize this in the beginning). In short, it provides a more cost-effective way of carrying out a technical and management service program which further facilitates the assumption of full responsibility and transfer of operational capabilities to the assisted group.

## V. BEST PERSONNEL UTILIZATION

### A. Current Personnel

Current BEST personnel in Belize is limited to the Managing Director, Mr. Carlos Santos, who is charged with the responsibility, under chairmanship of Robert Graham, to lay the foundation for the BEST structure and whose duties and responsibilities can be summarized as follows:

1. Conduct a survey in the agricultural and agro-industrial sectors of pressing needs and requirements and prioritize these.
2. Consult and communicate closely with Government PVO's, statutory bodies, businessmen, bankers, aid agencies on their observations and on the BEST concept.
3. Arrange a meeting of farmers, coops, credit unions, associations, fisheries, government officials, the diplomatic corps, aid agencies, bankers, statutory bodies, PVO's for discussion in one gathering and together the needs and requirements of the end-users and the BEST concept;
4. Register BEST with the Government of Belize;
5. Register BEST as a local PVO with Belize AID Mission;
6. Secure BEST offices, interview potential staff, line up potential clients and generally promote the BEST concept;
7. Assist in raising funds to perpetuate BEST.

The Managing Director is 44 year old Carlos Santos, a Belizean residing in Belmopan. Carlos holds a B.S.C. (1970) from Michigan State University in Animal Science and holds a fellowship from the Economic Development Institute (EDI) of the World Bank in the area of financial and economic analysis of rural credit projects (1976). He is a graduate of the Escuela Agricola Panamericana, known as Zamorano, in Honduras, C.A., a school that offers a three-year course in the theory and practice of tropical agriculture. Prior to that, Mr. Santo had graduated from High School and had been a grade school teacher for two years.

Mr. Santos, until December 1984, was chief policy advisor to the Minister of Natural Resources advising on matters of agricultural options and policy. He also acted as Permanent Secretary in the same Ministry in the absence on leave of its substantive holder and served as Chairman of the Boards of the Meat and Livestock Commission, the Belize School of Agriculture, the Banana Control Board and as a member of the Belize Meats Limited. He was also the liaison officer between the Minister and the Belize Livestock Producers' Association.

In 1982 and part of 1983, Mr. Santos worked on contracts with the Belize Citrus Growers' Association as its General Manager, representing growers in price negotiations with the processors, seeking new and alternative markets, seeking and providing credit and technical services to members and in general responsible for the affairs of the Association

Mr. Santos worked for 9 years as the Chief Loans Officer for agriculture in the DFC and was personally instrumental in helping to establish this very important credit institution in Belize. He supervised a professional and semi-professional staff ranging from 10-15 people and represented the DFC in various fora locally and internationally. In his capacity as Head of the Agricultural Division of DFC, Carlos was a member of the management team that formulated policy and also enabled him to travel countrywide meeting people from all walks of life and, therefore, put him in an ideal position to discuss with them their real needs and aspirations.

For 6 years, Carlos worked as an agricultural extension officer, three in the Orange Walk District and three as regional livestock officer in the western and southern areas of the country.

B. Personnel to be Contracted Under OPG

It is proposed that for the period commencing in 1985, BEST will also recruit locally an Accountant, a Program Accountant, a qualified and experienced professional agriculturist, two young professionals (B.Sc. level or better) in management, economics, and/or accounting or any combination thereof, a Stenographer/Typist/Office Manager and a caretaker/messenger for a total of 8 Belizeans. In the same period, BEST will be recruiting an expatriate marketing expert for a two-year period who will be charged with the responsibility of setting up a comprehensive marketing research and information center and a complete marketing system within BEST and also to train the two young Belizean professionals referred to below in the vital area of marketing. This expert will also be available for assistance upon request to the GOB, PVO's statutory bodies and other related organizations. BEST will also recruit expatriate expertise for short-term assignments (90 days) in the area of fresh fruit and vegetable marketing. It is hoped that this expertise can be obtained at short notice through the International Executive Service Corps (IESC).

During the period of the OPG, BEST will employ a full staff as follows:

1. Managing Director
2. Senior Technical Officers
  - a) Agriculturist
  - b) Marketing Expert
  - c) Accountant
  - d) Food/Processing Technologist - To provide expertise in food processing and/or post harvest technology to train a young professional and to assist other organizations as needed.
  - e) Organization/Management - To provide organization, management and institutional analysis techniques to BEST and BEST's clients, to train trainers of coops and to assist other organizations as requested.

3. Junior Technical Officers

- a) Marketing (2)
- b) Analyst/Economist - To evaluate coops and projects for assistance and to provide training for coops and other organizations.
- c) Food Processing/Technologist(1)
- d) Rural Education - To "sensitize" technical personnel in social, ethnic, and other issues to be better able to deliver services

4. Office

- a) Secretary/Receptionist
- b) Caretaker/Messenger
- c) Program Accountant - To keep up-to-date and accurate accounts of OPG and other funding sources

BEST's total permanent staff, when fully developed and operational in 1988, will consist of 17 people, made up of 15 Belizeans and 2 expatriates. In 1989, the expatriates will have terminated their contracts and unless other expertise is required from abroad for an extended period, the permanent staff will be reduced to 15 Belizeans only. Of course, expatriate short-term expertise will be recruited as necessary and further permanent staff expansion will be dependent on the number of requests for assistance and the availability of financial resources.

C. Support Personnel to BEST

BEST proposes also to draw upon Belizean expertise for specialized assistance to coops and on a project consulting basis from individuals such as:

- a) Mr. Elias Juan - M.Sc. Livestock Science
- b) Mr. Agripino Cawich - M.Sc. Entomology
- c) Mr. Norris Wade - B.Sc. Agronomy
- d) Mr. Robert Mahler - B.Sc. Engineering
- e) Mr. James Hyde - M.Sc. Land and Estate Management
- f) Ms. Marla Holder - Ph.D. Soil Chemistry
- g) Mr. Jeronimo Cal - Ph.D. Agronomy
- h) Mr. Luis Frutos - M.Sc. Irrigation, Soil & Water Conservation
- i) Mr. Ray Fuller - B.Sc. Project Identification and Appraisal
- j) Mr. Charles Wright - Ph.D. Soil Mapping and Classification

People such as those listed have academic qualifications and years of practical experience both in Belize and elsewhere that will lend the necessary credibility to BEST's activities.

## Katalysis

Four members of the Board of Directors of the Katalysis Foundation currently are serving as support personnel for BEST.

Robert E. Graham, the Founder of the Katalysis Foundation, dedicates one-quarter to one-half of his time to the BEST organization. Mr. Graham has extensive experience in farming and food processing in California. He is President of a large farming company and executive Vice-President of a major tomato processing company in the United States. Additionally, Mr. Graham is a member of the Board of Directors of five diversified agribusiness and manufacturing companies and is Chairman elect of the Board of Trustees of St. Joseph's Health Care Corporation, a non-profit hospital and acute care center located in Stockton, California. Previously, he was a partner with an international certified public accounting firm where he specialized in agribusiness consulting. Mr. Graham has studied agricultural development in Mexico, Guatemala, Costa Rica, Panama, Israel, Cyprus and Kuwait, as a fellow of the California Agricultural Leadership Program.

Wendy Graham is involved in the activities of the Katalysis Foundation and BEST. Mrs. Graham holds a Bachelor of Arts degree in Art History from Wellesley College and has taken post-graduate courses in religion, spanish and peasant cultures, and is very active in philanthropic causes and fundraising. Mrs. Graham is the sponsor of a medical research fellowship at Baylor Medical College in Houston, Texas and has participated directly in new areas of fetal blood research.

Father Tennant Wright, S.J. is a Professor of English and Theology at the University of Santa Clara located in Santa Clara, California. He is a keen student of Belize and its citizens. For 16 years, Father Wright has worked with the population of various rural communities in Belize. He has written and published extensively about the social, cultural and economic patterns and needs of the Belizean people. Father Wright's role as teacher, trainer and social/cultural advisor broadens the perspective and capabilities of BEST's efforts.

Randall C. Pura is owner and President of an agricultural consulting and investment firm located in Lodi, California. Mr. Pura has served as a member of the Board of Directors of several agricultural supply and processing companies in California. His consulting clients include vegetable growers, food processors, livestock producers, meat packing concerns, a cotton farming and gin operation and an animal feed producer and processor. Previously, Mr. Pura headed the Agribusiness Development Department of one of California's largest farming and cattle companies. Mr. Pura has advised on agricultural development in Egypt and has studied agricultural development practices in Egypt, Saudi Arabia, Jordan and Israel as a fellow of the California Agricultural Leadership Program.

See Appendix 4 for full Curriculum Vitae.

### Technoserve

As a sponsor of BEST, Technoserve is planning to provide ancillary support services necessary to ensure that BEST's philosophy, methodology and performance reflect the traditional Technoserve programs operated in Latin America and Africa. Initially, Technoserve has committed time from its Norwalk headquarters management to scope out and carry to fruition the joint Katalysis/Technoserve sponsorship of BEST.

Technoserve has also assisted to date in (1) submission of OPC related documents to AID; (2) obtention and review of materials needed to legally register BEST as an operating entity in Belize; (3) acting as a sponsor representative to the initiation of BEST in Belize, including attendance at meetings, interviews, and contribution to matters pertinent to BEST's startup and orientation.

Technoserve will have one representative on the BEST 5 person Board of Directors, the Latin America Division Vice-President, Gerald L. Schmaedick. He will attend regular meetings of the BEST Board as it commences operations and provide over 20 years of related development experience in his own career.

Technoserve is also expected to provide ad hoc advisory services to BEST during its formative period by making available for mutually defined periods the assistance of select technical/management support personnel to orient the newly hired Belizean professional advisers in the application of Technoserve's successful methodology and procedures. Support is also expected to be provided in the form of visits by BEST management personnel to select Technoserve Latin America field programs to observe first hand the program and project services provided. See Appendix 4 for resumes of key Technoserve participants.

#### D. BEST Board of Directors

BEST's Board of Directors, under its charter, must be made up of no fewer than five members and its first directors who will serve for a period of two years will then be subject to re-election.

Reflecting the character of a Belizean private voluntary organization, 3 of the 5 members of the Board will be Belizean citizens. Carlos Santos, BEST Managing Director, brings extensive agricultural and administrative experience from the Belize public and private sectors. Elton Jones, current President of the Belize Chamber of Commerce, and Chairman of the Export Promotion Unit of the Ministry of Economic Development, will bring extensive private sector business experience and contacts to his position, while Father Lloyd Lopez will bring a PhD. in education and years of parish experience to bear in addressing social sensibility, training methods and educational issues related to BEST's work.

Robert Graham, founder of Katalysis Foundation, one of BEST's sponsors, will act as Chairman of the Board. Mr. Graham will bring some 25 years of international agriculture and private sector experience and contacts to BEST, as well as the moral and financial commitment to see BEST become an effective service provider in Belize.

Gerald L. Schmaedick, Vice President of Latin America for Technoserve will fill the fifth seat. Mr. Schmaedick brings more than 20 years of development experience, 10 of those with Technoserve, to BEST. He will act to see that BEST's operations reflect the philosophy and methodology successfully used by Technoserve during the last 18 years.

See Appendix 5 for Resumes of Board members.

VI. ACTIVITIES CALENDAR

In the chart below a calendar of activities is presented for those cooperative enterprises and institutions whose assistance process will be completed during the course of the 3 year OPC period. Although a number of other cooperative enterprises will also be assisted during this period, the assistance sequence will not be concluded; therefore, to avoid confusion in the chart below, BEST, has not to present a proposed activities calendar for those groups at this time. It should be assumed that several of these latter groups assisted will be carrying out the diagnostic, planning and implementation stages of the assisted cycle.

CALENDAR OF ACTIVITIES\*

	1985				1986				1987				1988		
Project Related Activities	4	1	2	3	4	1	2	3	4	1	2	3	4		
1. Identification & Selection of Projects to Assist	_____														
2. Cooperative Diagnostic Assessments	_____														
3. Cooperative Plans and Studies	_____														
4. Implementation of Plans	_____														
5. Operational Assistance to Restructured Coops	_____														
6. Credit Requests of Assisted Coops	_____														
7. Institutional Assistance to DFC or Others	_____														
8. Cooperative Training Seminars and On-The-Job Training	_____														
9. AID Narrative Reporting and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-		

\*Refer to 5-7 cooperative enterprises and institutions for which assistance will be completed during the OPC period.

## VII. BENEFITS AND BENEFICIARIES

### A. Key Benefits Of Program

The most important benefit of the BEST program in Belize will be the improvement of the managerial and entrepreneurial skills of the cooperative societies, credit unions, associations and other similar groups. The management team in these organizations will be trained by example to make decisions based on information and logic and to operate their organizations more efficiently.

Coops will be exposed to the experiences and track records of sister organizations in order to draw upon those experiences that have had a positive impact. As training will be an integral and important component of the BEST program, it is anticipated that these managerial and entrepreneurial skills will be replicated and disseminated into all levels of the farming and fishing population.

As a result of BEST's emphasis on farm diversification, it is anticipated that the northern districts of Corozal and Orange Walk will depart from the traditional monoculture systems and take advantage of opportunities that will become available in diversification. Consequently, the standard of living will rise and with it a general increase in the economic well-being of the people. With BEST's emphasis on marketing and in its efforts to be a direct link between buyer and producer, coops should begin to see and obtain better prices for their products and a resulting improvement in their production practices.

In the long-term, BEST's program is expected to help provide domestic food security, increase export earnings and promote import substitution. BEST realizes that the development of agriculture holds the greatest potential for the long term economic growth of Belize and that the lack of diversification in this sector has been one of the biggest constraints facing long-term growth.

### B. Beneficiaries

The direct beneficiaries of the program will be the coop members themselves who depend in one way or the other with the organization with which BEST will work. In addition, there are the employees and family members.

In the northern districts, BEST has identified the 4,300 members of the Belize Cane Farmers Association who in one way or the other will benefit from this program. There are also the 6,500 permanent and seasonal workers, for a total of 10,800 people. Benefits will also accrue indirectly to their families which would indicate that some 43,200 people would benefit.

In the southern districts of Stann Creek and Toledo and in the Cayo District some 5,000 farmers and a similar number of employees will directly benefit and some 500 fishermen and their families will enjoy a greater income through s activities.

Two kinds of benefits will accrue to members of coops - quantitative and qualitative. In the former case, benefits will accrue in increases or improvements of their farm income or levels of employment which will raise the level of expectations and will permit a higher standard of living while the qualitative benefits will result in the development of their technical, administrative and business skills.

#### C. Members, Employees and Family

These people are all located and living in the rural areas and depend almost exclusively on their coops or associations for their livelihood. Living conditions vary from district to district and are generally better in the northern districts and would be considered sub-standard in Toledo where the Maya still lives in thatched roof houses with bush sticks as walls and ground flooring. Generally speaking, electric power is available only in the larger towns and only 29% of the normal population has access to this service. Similarly, potable and piped water is restricted to the major towns and the farmers and their families normally obtain water from nearby rivers or streams or in some cases from community-owned or government-dug water wells. About 30% of the rural community has access to piped water.

The per capita income of Belize is estimated at U.S. \$1,000 but this figure is estimated at only U.S. \$600 for the rural person. Many coop members are obligated to seek employment outside their farming activities.

Adult literacy is estimated at 92% and over 85% of children are enrolled in primary schools. Consequently, coop members have a very high absorptive capacity for training and are capable of disseminating their knowledge to their co-members.

#### D. The Role of Women

The woman's role in the traditionally male dominated economy of Belize has been that of housekeeper, child-bearer and disciplinarian. While there appear to be signs that this trend is improving in the urban areas and that women are playing a more legitimate role in development, the same cannot be said for the women in the rural areas. The GOB has established a Women's Bureau but not a single person in this bureau is a farm housewife or can in any way be considered rural. Moreover, while a sizeable percentage (around 75%) of the female farming population is of Maya, Mestizo or Latin extraction, none of these ethnic groups is represented in the Women's Bureau.

It should not be found strange, therefore, that women are hardly, if ever, represented on these coops in any capacity and in those rare cases where they are, they are consciously or sub-consciously barred from any major decision-making processes.

In most cases, women are charged with the responsibility of taking care of the household but many times assist on the farm in activities such as reaping and, in those rare circumstances where such is practiced, record-keeping. The women also assist in marketing the produce and in trying to preserve as much as possible, some of the more delicate perishables. In the banana and fishing industries, women are employed in the packing, grading and cleaning activities or as clerks/bookkeepers in the offices of the agro-industries.

BEST is committed to participative management in which coop members must feel that they have a part to play in the functioning and administration of their organizations. In this regard, BEST will introduce a new perspective in seeking to create a greater consciousness of the role that women can play in the development process generally and in greater participation in their coops.

E. Institutional Beneficiaries

BEST proposes that a good working relationship with the DFC and the BDNF, wherein those organizations provide necessary capital and BEST assists in the provision of technical and managerial services, will make their portfolio more profitable and loan recoverability more probable. BEST, of course, will benefit from increased credibility. An alternative beneficiary may be certain parastatal organizations who could benefit from BEST services in the form of streamlined or restructured operations.

BEST will be providing seminars and workshops for coops and will take the opportunity of inviting agencies such as BARD, Help, BNATC and NDF. These training seminars will focus on delivery systems, evaluation methods, institutional analysis, etc., and should serve to amplify the agencies' horizons and to use other methodologies in delivering their services.

## VIII. REPORTING AND EVALUATION

### A. Internal Control Mechanisms

BEST will employ a program accountant prior to the receipt of any OPC funds and will have a functioning accounting system responsive to AID requirements in place. Legal and audit services will be contracted as required, selecting only the most recognized and reputable professionals in their fields.

The BEST Board of Directors will be ultimately responsible for the financial affairs of the organization. A specific financial safeguard is that only one member of BEST's management team will have Board representation. Furthermore, the two sponsoring pvo organizations, Katalysis and Technoserve, have extensive program operation experience and will be physically represented on site on a regular basis to review ongoing and proposed activities, as part of Board duties, in addition to technical advisory services at the field operations level.

### B. Reporting and Evaluation to AID

Based on the activity calendar presented in Section VI, BEST proposes to submit semestral reports at the end of each period reporting on the provision of formal advisory services to each assisted cooperative and association, plus any informal or formal institution assistance given. Achievement or deviations with planned activities will be indicated, as appropriate.

BEST will submit quarterly financial reports to AID/Belize based on the Payment-Periodic Advance system. BEST will submit to the AID Controller voucher form SF 1034 presenting the disbursement of the previous quarterly cash advance. BEST will also accumulate these disbursements by line item on a quarterly basis and attach a summary, by budget line item, of projected disbursements for the next quarter.

BEST also will encourage a regular series of site visits by AID/Belize officials to gain first hand information on project assistance progress and perceptions by beneficiary groups of that progress.

At the end of the 3 year OPC, BEST will prepare a comprehensive report of all activities carried out, achievements, and deviations from plan. In particular, this evaluative report will focus on the impact of the services provided, in terms of changes in financial performance to the entities assisted, changes in technical and management skills, and increases in jobs, income and productivity by members and employees. The lessons learned from this pilot OPC program will be incorporated and serve as the basis for evaluating the overall accomplishments of the effort and demonstrate the replicable aspects of that program to other potential groups not assisted during the pilot program period.

The comprehensive final evaluation report will also include a narrative of changes implemented by any institutional groups receiving formal or informal assistance. In particular, changes in policies or procedures, readjustments in operational criteria or resource allocation to the cooperatives and associations receiving inputs from these institutions will be highlighted.

BEST desires that institutional assistance provided act to improve the relationships between primary groups and secondary level organizations to the extent that each has net additional tangible benefits to offer to the other.

## IX. GLOBAL OPG GOALS AND END OF PROJECT STATUS

### A. Global OPG Goals

The common goal of BEST, Katalysis and Technoserve is to improve the economic well-being of low-income people in Latin America through a self-help enterprise development process. Through the provision of technical and management services to enterprises engaged in agricultural and agroindustrial activities, BEST intends to increase the income and economic benefits of the enterprise participants; create job and employment opportunities for both the farming and non-farming communities; and improve the basic skills and technological expertise of Belizeans in order to better adopt, absorb and sustain the most modern and appropriate technology available. In addition, BEST believes this enterprise development process can be complemented by assisting governmental, parastatal and private voluntary organizations in the efficient provision of services and resources to the enterprise sector.

### B. Specific Qualitative Goals to be Achieved with Coops/Associations

There are a number of specific goals to be achieved with the coops and associations whom BEST works. Nearly all of the targeted recipients of BEST's services are in critical need of improved economic conditions. As illustrative cases in point, these improved conditions can come about through diversification into new and different crops whose markets (and therefore prices) are less saturated and more supportive of new sources of supply. Yields of existing crops and livestock can be improved by the application and adoption of improved technology and agronomic practices. Post-harvest losses can be reduced through the creation of storage facilities and use of improved distribution methods. New markets can be penetrated and higher prices achieved through enhanced product packaging. Better accounting information and management practices can improve the decision-making process for financial expenditures. It is BEST's objective to apply each of the foregoing disciplines, as is appropriate, to increase the income of the members of the community based enterprises that are assisted.

Another goal of BEST is to assist recipient organizations to create new and lasting job opportunities for the men and women of their communities. As coop and association members' incomes are improved by virtue of the process outlined in the paragraph above, existing jobs in the organizations are maintained and their permanence assured. Moreover, there will be a greater willingness and financial capability to expand existing operations and to enter promising new markets, both of which stimulate job creation at the community level.

A further goal of BEST is to promote a self-sustaining, self-perpetuating process to further magnify BEST's work. In order to achieve this objective, recipient organizations must be inspired and encouraged to multiply the efforts of BEST by selecting trainers and committing to help others in the process of development. Through this training technique, the knowledge and expertise of BEST is disseminated to other members of the organization and other coops and associations in a multiplying pyramid effect. In turn, the development process is sustained and the economic and social gains become permanent and solid.

A final goal of BEST is to promote a greater feeling of self-worth and self-confidence to each member of the coops and associations assisted. This goal is to be accomplished by the fulfillment of each of the foregoing goals of BEST. In doing so, the individual members will (1) have an improved economic situation; (2) gain human dignity by having meaningful employment; and (3) be helping their fellow Belizeans through training and sustaining the development process. In summary, the assisted Belizeans will be offered the opportunity to become fully responsible for their own destinies.

### C. Goals to be Achieved with DFC and Other Institutions

One goal of BEST is to work with the DFC, in a mutually accepted manner, to identify and address, in a generic sense, the credit problems between agricultural and agro-industrial borrowers and the DFC. One alternative program is to improve the credit worthiness of DFC customers. This can be accomplished in two ways. First, BEST, through its managerial, accounting and technical assistance to coops and associations can enhance the financial position and financial management skills of these organizations on an individual basis, which in turn positively impacts the credit risks of the DFC. Secondly, BEST may, at the DFC's request, consult with the DFC's management group regarding the procedures used and standards employed for evaluating prospective borrowers, in a general sense.

BEST is in a good position to assist DFC borrowers in analyzing their respective short-term and long-term capital needs and preparing high quality loan application packages for the DFC to review. BEST can also assess, for the prospective borrower, the potential viability of new projects prior to their making a request to the DFC for funding. In this way, coops/associations can exercise an internal financial screening process to eliminate unattractive projects before the DFC is asked to review financing requests.

Another goal of BEST with respect to institutions in Belize is to assist, in a mutually agreed upon fashion, governmental, private and parastatal organizations meet their objectives. The following examples will help to clarify the process:

1. In the event a new Agricultural Credit Bank were created, BEST could advise it in the formulation of its charter; the development of its strategic and business plans and the establishment of its leading policies and procedures.
2. With respect to the Banana Control Board and/or the Belize Marketing Board, BEST could conduct feasibility studies regarding the possible reorganization or divestiture of certain assets to farmer groups or private industry. A concept which could be explored in this regard would be the divestiture of certain processing and storage assets of parastatal organizations to a joint venture entity comprised of a farmer group coop/association and a private investor wherein the investor would purchase the physical assets and undertake the marketing responsibility of the operation and the farmer group would produce the crop and maintain ownership of the finished product until sold. By way of such a combined effort, parastatals could relieve themselves of the financial burden of operating processing and storage facilities without incurring the political problems associated with a plant closure or the financial

problems associated with farmer groups attempting to finance a large asset purchase with a small equity base.

#### D. End of Project Status

Cooperative organizations assisted in the program will show positive improvements in real terms of gross value of production, net worth, annual capitalization, productivity and long-term viability and growth at a significantly improved rate as compared to the pre-project period.

Assisted cooperative organizations' directors and managers will possess and be applying modern business management skills based on practical experience. They will be efficiently applying production decision-making techniques, as well as tested production and financial planning and analysis systems.

Cooperative organization members and employees will have thorough knowledge and comprehension of the socioeconomic role of cooperative organizations and be effectively and efficiently carrying out their respective responsibilities within the cooperative organizations assisted.

The end result of a successful BEST enterprise assistance project is a self-sustaining, locally managed enterprise. These enterprises are generally in rural areas and they provide jobs and income for people living in those areas. Functional accounting, cost control and management information systems are in place. Management actively uses these tools in monitoring the performance of the enterprise, assessing prospective operational changes and evaluating new and/or expansion opportunities. From a diversification and technical standpoint alternative, non-traditional crops have been identified and selected, improved post-harvest techniques are practiced and new or enhanced distribution and packaging methods have been introduced. Where appropriate, export markets are open and developed. In summary, the assisted organizations perform better, are more productive, have higher per capita income and have greater employment opportunities than non-assisted organizations facing the same pre-assistance conditions.

With respect to human resource development, assisted projects will have conducted ongoing training and assistance programs for their members and the local community at large. There is a strong sense of dignity and self-confidence that permeates the community and translates into a desire for continuing education, better housing and improved sanitation. The community pools its resources and knowledge to solve common problems and is eager to share its successful experience with other Belizeans.

To the extent lending institutions, like the DFC, utilize BEST's services they will enjoy a clearer set of credit policies and procedures. Loan losses and credit risks should be reduced, but at the same time agricultural credit extension will have been expanded. Because of the clarification of its policies, management and staff will act with a greater degree of confidence and creativity.

Similarly, parastatal organizations who request to receive BEST's services will have a clearer focus of their institutions objectives and strategies and will carry out their respective charters in a more efficient and possibly streamlined way. Inappropriate and unproductive assets will have been rationalized and/or divested to farm group and private industry joint ventures

X. FINANCIAL PLAN\*

TABLE I.

B.E.S.T.

OPG Sources of Funds Budget  
(U.S. \$ 000)

	OPG Period			
	<u>10/1/85-</u> <u>9/30/86</u>	<u>10/1/86-</u> <u>9/30/87</u>	<u>10/1/87-</u> <u>9/30/88</u>	<u>OPG</u> <u>Total</u>
Cash				
Katalysis and Technoserve(1)	\$128	\$145	\$227	\$500
AID	<u>125</u>	<u>185</u>	<u>190</u>	<u>500</u>
Sub-total	\$253	\$330	\$417	\$1,000
Payments From Service Recipients(2)	<u>25</u>	<u>35</u>	<u>40</u>	<u>100</u>
Sub-total	278	365	457	1,100
Contributed Services-Katalysis and Technoserve (3)	<u>105</u>	<u>125</u>	<u>140</u>	<u>370</u>
Total Services	<u>\$383</u>	<u>\$490</u>	<u>\$597</u>	<u>\$1,470 (4)</u>

(1) Direct cash payments to BEST by Katalysis and Technoserve

(2) BEST's goal is to collect between 10% and 25% of local market rates for its services plus realize in kind contributions for on site costs of its professional staff. As the program matures it is expected that recipient payments will provide a greater percentage of funding than in the early years.

(3) Katalysis and Technoserve will be contributing significant amounts of professional staff time to advising and participating with BEST staff on project assistance.

(4) Total sources of \$1,470 exceed use of \$1,450 to allow for \$20 of reserve funds.

\*See financial notes at end of tables which form an integral part of the financial plan

TABLE II.

B.E.S.T.

OPG Uses of Funds Budget  
(U.S. \$ 000)

	OPG Period			<u>Total</u>	<u>USAID</u>	<u>Others</u>
	<u>10/1/85-</u> <u>9/30/86</u>	<u>10/1/86-</u> <u>9/30/87</u>	<u>10/1/87-</u> <u>9/30/88</u>			
<u>Direct Costs</u>						
Salaries and Benefits Mgmt/Technical Svcs. (Contributed)	138	215	269	622	322	300
Local Travel and Sub- sistence	105	125	140	370	-0-	370
Office Expenses	36	52	68	156	68	88
International Travel	21	30	38	89	42	47
Training	22	23	25	70	25	45
Other Misc.	3	10	15	28	20	8
	2	2	3	7	2	5
Total Direct Costs	<u>\$327</u>	<u>\$457</u>	<u>\$558</u>	<u>\$1,342</u>	<u>\$479</u>	<u>\$863</u>
<u>Indirect Costs (1)</u>						
Salaries and Benefits(1)	12	12	12	36	13	23
Capital Equip. Operating & Lease payments	20	16	21	57	2	55
Legal, Audit & Misc.	4	5	6	15	6	9
Total Indirect Costs	<u>\$36</u>	<u>\$33</u>	<u>\$39</u>	<u>\$108</u>	<u>\$21</u>	<u>\$87</u>
Total Costs	<u>\$363</u>	<u>\$490</u>	<u>\$597</u>	<u>\$1,450</u>	<u>\$500</u>	<u>\$950</u>

(1) Represents costs not related to specific project assistance, e.g., fund raising; legal and the like.

TABLE III.

HUMAN RESOURCE PROVISIONS

	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
Director	1	1	1
<u>Sr. Technical Officers</u>			
Expatriate Marketing*	1	1	1
Marketing	-	-	1
Expatriate Food/Post Harvest Technologist (1)	-	1	1
Agriculturist	1	1	1
Accountant	1	1	1
Organization/Management	-	1	1
Rural Educator	1	1	1
<u>Jr. Technical Officers</u>			
Marketing	1	2	1
Analyst/Economist	1	1	2
Bookkeeper/Accountant	-	-	1
Food/Post Harvest	-	1	1
<u>Office</u>			
Program Accountant	1	1	1
Secretary	1	1	2
Messenger/Janitor	<u>1</u>	<u>1</u>	<u>1</u>
Totals	10	13	17
Belizeans	9	11	15

(1) Represents costs of Expatriate personnel which includes part-time assistance.

## FINANCIAL PLAN NOTES

The information contained in the section describing the uses budget for the plan period contains much of the detail concerning the use of AID and overall program funding. This section will explain in some detail the cost elements which will be applied to each line item of the plan.

### Direct Expenses

Salaries and Benefits and Mgmt/Technical Services (Contributed): these two line items cover all the salaries and benefits paid to BEST personnel. Moreover, it includes both expatriates and local short-term assignments which provide direct support to overall program of activities in Belize.

Local Travel and Subsistence: Travel and transport costs relate specifically to operating BEST vehicles in Belize or reimbursing BEST employees for mileage in their own vehicles. This includes the cost of fuel, maintenance, insurance and repairs. In addition, lodging and living costs for project sites will be included here.

Office Expenses: Costs reported on this line will relate principally to the operation of the BEST Program office in Belnopan. These costs include rent, utilities, telephone, office supplies, meeting materials and other costs related to office operation.

International Travel: Includes international travel expenses to and from Belize in support of the BEST program activities.

Training: This line item relates to costs of training and upgrading staff skills. Items included could be fees for a professional trainer or workshop leader and materials and supplies associated with the training process.

Other Miscellaneous: All local cost items not included above, such as meetings, conferences, etc.

### Indirect Expenses

The cost items within the indirect expense category include portions of salaries and benefits, local travel and transportation and office expenses that are incurred for BEST's administrative, personnel and accounting activities which cannot be directly related to specific project assistance. Legal and Audit expenses are costs associated with external legal and accounting work involving BEST's organizational status and annual audit and financial reporting requirements. For the purposes of the OPG, it is assumed that all capital for BEST will be leased and not purchased and these costs comprise the Capital Equipment Lease Payments line item.

Financial Plan Currency Breakdown

For the purposes of simplification and presentation, the budgets have been presented in U.S. dollars which are converted at BZE\$2 = U.S. \$1. BEST recognizes that AID/Belize is interested in disbursing funds under this OPG in local Belizean currency. BEST is fully prepared to negotiate flexibility on this point recognizing beforehand the need to anticipate possible future currency fluctuations which could adversely impact the execution of the proposed OPG program.

Request for Waivers from Standard Provisions

Standard Provisions for Non-US, Non-governmental Grantees require that BEST comply with certain regulations included therein which affect any such organization financed with an OPG. BEST requests that AID/Belize waive the following provisions as being non-applicable to the BEST program. The applicable clauses for which waiver is sought are as follows: Clauses 14B, 25, 26, 27, 28, 29B, 29C, 30B. These waivers reflect revisions to the Standard Provisions for Non-US, Non-governmental Grantees as of November 27, 1984.

**B.E.S.T.**

10/12 Turneffe Avenue,  
Belmopan,  
Belize, C.A.

Telephone: 08-2101  
Post Office Box 6  
Belmopan

2nd May, 1985

Mr. Neboysa Brashich,  
Chief of Mission,  
USAID/Belize

Dear Sir,

We appreciate the opportunity to respond to the questions raised at the April 30, 1985 meeting attended by you, Mr. Jenkins, Mrs. Wilmore, Mr. Schmaedick, Mr. Graham and myself. Please consider this communication as an addendum to our OPG request of April 9, 1985. Our application is amended to US\$385,000 (as detailed herein) in response to your statement that USAID will provide funding to BEST with certain revisions to our original OPG request.

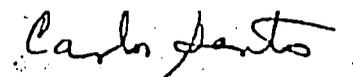
This addendum is organized as follows:

- I. Program Focus and Illustrative Projects
- II. Areas of Training and Technical Assistance
- III. Relationships with Local Institutions
- IV. End of Project Status
- V. Financial Plan
- VI. BEST Long Term Viability
- VII. Limitations on Use of AID Funding.

We continue to believe that our original request for an OPG is the optimum level required to maximize BEST's efforts and is the most appropriate project for Belize. On the other hand, we appreciate USAID's financial constraints and have accordingly modified our request. BEST will, nevertheless, continue in its efforts to eventually implement the original project proposal.

We are grateful for your assistance so far, and look forward to a greater and long-lasting working relationship.

Yours truly,

  
CARLOS SANTOS  
Managing Director

# *Belize Enterprise for Sustained Technology*

**B.E.S.T.**

10/12 Turneffe Avenue,  
Belmopan,  
Belize, C.A.

Telephone: 08-2101  
Post Office Box 6  
Belmopan

## I. Program Focus and Illustrative Projects

BEST will concentrate on carrying out a program of integrated management, technical and training services to agricultural, agro-industrial and fishing cooperative societies and associations with a view to making them viable and profitable business operations generating a higher level of income and standard of living for their members while creating employment opportunities for the communities in which they are based.

BEST has just concluded a comprehensive, country-wide assessment of the needs and requirements of the various community-based enterprises operating in Belize and the following is an illustrative list of organizations which could be assisted under the program:

- a) Belize Cane Farmers' Association, made up of Orange Walk Division and Corozal Division(2)

Assistance could be focused in the area of diversification opportunities; included therein would be credit and financial management, accounting and record-keeping, staff and employee training, project identification and preparation, management and care of farm equipment and machinery.

- b) Belize Fishermen's Cooperative Association, made up of Northern, National, Placencia and Caribena Fishermen's Cooperative Societies (4)

Assistance in the identification of new and better markets, upgrading of handling and packaging techniques, identification of new products and use of by-products, training in all aspects of management

c) Belize Livestock Producers' Association

Assistance in the identification of new and better markets, project identification and preparation, accounting and record-keeping systems, assistance in dispute negotiations, training in all aspects of management.

d) Banana Producers' Association

Assistance in the establishment of accounting, inventory and record-keeping systems, diversification and project development assistance, long-range marketing and planning, identification of the use of by-products, upgrading of handling and packaging techniques, credit and financial management and training in all areas of management.

e) Belize Federation of Honey Producers, made up of Northern, Orange Walk, Lucky St. Anne, Euri, Stann Creek and Mopan Honey Producers' Cooperative Societies (6)

Assistance in the identification of new and better markets, upgrading of handling and packaging techniques, accounting, inventory and record-keeping systems, long-range marketing and planning, credit and financial management, and training in all areas of management.

f) Belize Vegetable Producers' Association

Assistance in marketing and internal distribution, assistance in the identification of attractive fresh vegetable markets, packaging and processing, project development assistance, long-range marketing and planning production planning, credit and financial management, accounting, record-keeping and inventory systems, training in all areas of management.

g) Belize Grain Growers' Association

Assistance in the establishment of accounting, inventory and record-keeping systems, the economics, management and care of farm equipment and machinery, project development assistance, production planning, credit and financial management, training in all aspects of management.

h) Corozal Vegetable Producers' Cooperative Society Ltd.

Assistance in the identification of attractive fresh vegetable markets, production planning, establishment of accounting, inventory and record-keeping systems, project development assistance, credit and financial management, training in all areas of management.

The aforementioned illustrative list of 17 organizations that BEST could assist, together with the areas of assistance, represents a wide cross-section of the agricultural, agro-industrial and fishing base of Belize, but in fact BEST will concentrate, although not restrict, its efforts in the first instance, in assisting farmers in the sugarcane industry to diversify their activities into areas such as livestock, honey, vegetable and grain production for the local and export markets.

BEST will also give heavy emphasis to assisting farmer organization efforts in areas that represent import substitution opportunities.

## II. Areas of Training and Technical Assistance

BEST will focus on providing the organizations assisted training and technical services in the areas of:

- a) Diagnostic analysis of needs in organization and business management in all aspects of the business operation;
- b) Business plans;
- c) Operational plans and financial projections;
- d) Accounting systems and financial controls;
- e) Market analyses, projects and plans;
- f) On-the-job training in all operational aspects of running the business;
- g) Financial packages (long range development capital and working capital);
- h) Implementation assistance through appropriate numbers of crop cycles;
- i) Promotion of business among membership, educational programs for membership to encourage wide support for changes being implemented;
- j) Training and orientation of members of the Boards of Directors;
- k) Presentation of organizational changes that would be potentially more responsive to current conditions; For example, this might lead to the alteration of a cooperatives capitalization structure.

## III. Relationships with Certain Local Institutions

Please refer to pages 22 and 23 of the OPG request for a discussion of our proposed working relationship with the Development Finance Corporation (DFC). We confirm that it is our intention to nurture our current favorable position with the DFC into a formal relationship as BEST matures and posts a

track record. This also applies to our relationships with the Ministry of Natural Resources and the Ministry of Commerce, Industry, Fishing and Cooperatives. This is particularly important to us as we ultimately want the Government of Belize to be an important source of BEST funding (see Section VI).

We have had extensive discussions with the Chairman of the Belize Export and Investment Promotion Unit (BEIPU), Mr. Elton Jones. As you know, Mr. Jones is also on the BEST Board of Directors. We can see clearly now that BEIPU and BEST will relate in two ways: first, BEIPU will furnish BEST project clients with export marketing services by both Belizean and expatriate personnel. (This has resulted in a decrease in BEST staffing.) Secondly, BEST will be a source of investment opportunities by foreign sources as its clients are in the business of production and, in many instances, are in search of direction and capital to achieve their economic goals.

We have also discussed the proposed Belize Institute of Management and Training (BIMT) program with representatives of the Chamber of Commerce, Project Development and Assistance Program (PDAP) and USAID. BIMT represents a potentially important source of formal training for BEST client personnel. BEST in no way wants to engage in one-on-one training when more cost effective suitable alternatives are available. At the same time, members of the BEST professional staff also represent a potential source of instructors for BIMT short courses.

#### IV. End of Project Status

1. It is anticipated that from 3 to 5 organizations will be assisted annually and a total of 10 to 15 will be aided during the life of this OPG of which from 5 - 7 will have completed the full cycle from diagnosis to phase out.

2. The following is an illustrative table indicating the progress anticipated with the institutions during the life of this OPG:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Diagnostic Analyses	3	5	6	14
Business plans	3	5	6	14
Market analyses, projections and plans	2	4	6	12
Financial packages	2	4	6	12
Implementation Assistance	2	4	6	12
On-the-job training	2	4	6	12
Training and Orientation of Board Members	2	4	6	12
Projects completed	-	2	3	5
Projects underway	2	4	7	13
Capitalization restructuring considered	-	3	4	7

3. Apart from the quantitative goals and objectives outlined above, BEST will pursue qualitative benefits that will accrue as a result of this project.

As a result of increased incomes and higher standards of living, beneficiaries should be able to seek and obtain better housing facilities, health and dental care and educational pursuits. Organizations assisted should exhibit a greater desire for growth and expansion, training seminars sponsored by BEST and the proposed BIMT should improve basic technical and managerial skills, create a greater absorptive capacity for technological advances and promote a greater degree of flexibility and activity in the operations of the businesses.

Most of all, a successful organization should instill in itself and in its members a greater sense of pride, dignity and self-reliance and the feeling of accomplishment and satisfaction that will lead to further significant advances.

As a part of its program, BEST will employ the services of a fully qualified and motivated rural sociologist who will be working closely with client organizations from the time they are selected for assistance to the end of the phase-out period. One of his responsibilities will be to evaluate BEST's performance in relation to these qualitative objectives. These findings will be available to USAID.

V. Financial Plan

The attached appendix details the financial plan:

- Page 1 Sources of Funds Budget
- Page 2 Uses of Funds Budget
- Page 3 Human Resource Provisions
- Page 4 Salary Ranges
- Page 5 Expense Details

All amounts are shown in US\$000s. The narrative of the Financial Plan in the original OPG request is incorporated by reference.

The reduction in the total program is attributable to (1) staffing at critical mass levels (zero based budget) and (2) deletion of all marketing staff (save for one person working in domestic marketing/distribution) with the relegation of that function to the Belize Export and Investment Promotion Unit (BEIPU). Please see Section VI for a discussion of the BEST/BEIPU relationship. A domestic marketing/distribution function has been retained as BEIPU does not contemplate working in that area and in recognition of AID's drive for import substitution.

We reiterate our position that the size of the original program is best for Belize. Accordingly we will strive towards that end. However, the revised plan recognizes the realities

of AID's financial constraints and the relationship of the Katalysis/Technoserve funding program vis-a-vis AID's participation.

It should also be recognized by AID that Katalysis/Technoserve are bearing the full pre-operational costs of BEST, without any AID participation. These costs will approach \$100,000 by the October 1, 1985 opening of BEST's doors for business.

VI. BEST Long-Term Viability

Our plans for long-term funding beyond the initial Katalysis-Technoserve-AID seed money are as follows:

1. Over time our clients will become increasingly successful financially. We will (1) charge them increasing fees (although not to 100% as we feel those who can afford amounts approaching 100% should obtain needed services from the commercial sector) and (2) enlist them as contributors to BEST to help others as they have been helped.
2. We will seek funding, whether cash or equivalents, from the Government of Belize. We feel the government will ultimately recognize our efforts as being importantly responsive to the needs of a significant sector of the economy and will choose to support a continuation of our efforts.
3. We will look towards increased institutional support, both local and foreign, as we establish a favourable track record. There will always be a donor community interested in helping others less fortunate.
4. We have expectations that within a decade or so Belize will be significantly down the path of development. Even so, it is doubtful that the need for BEST will be obviated. However, if that were the case BEST could convert to a commercial enterprise.

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as it most likely will represent the highest quality agro-industry consulting firm in Belize.

VII. Limitations on Use of AID Funding

We acknowledge that BEST may not use any AID funding to assist farmers in the production of citrus, sugar, tobacco and cotton for fibre at this time.

FINANCIAL PLAN  
SOURCES OF FUNDS BUDGET

	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>	<u>Total</u>
Cash				
Katalysis/technoserve	\$113	\$125	\$147	\$385
AID	112	125	148	385
Payments from Service				
Recipients (1)	-	25	40	65
Contributed Services (2)				
Katalysis/Technoserve	75	95	115	285
Totals	300	370	450	1120(3)

- (1) BEST's goal is to collect between 10% and 25% of local market rates for its services plus realize in kind contributions for on site costs of its professional staff. As the program matures it is expected that recipient payments will provide a greater percentage of funding than in the early years.
- (2) Kathalysis and Technoserve will be contributing significant amounts of professional staff time to advising and participating with BEST staff on project assistance.
- (3) Total sources of \$1120 exceed use of \$1100 to allow for \$20 of reserve funds.

HUMAN RESOURCE PROVISIONS

	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
<u>Management</u>			
1. Director	1	1	1
<u>Sr. Technical Officers</u>			
2. Expatriate Food/Post Harvest Technologist	-	½	½
3. Agriculturalist	1	1	1
4. Accountant	1	1	1
5. Organization/Management	-	-	1
6. Domestic Marketing/ Distribution	-	1	1
7. Rural Sociologist	1	1	1
<u>Jr. Technical Officers</u>			
8. Analyst/Economist	1	1	1
9. Book-keeper/Accountant	-	-	½
10. Food/Post Harvest	-	½	1
<u>Office</u>			
11. Program Accountant	1	1	1
12. Secretary	1	1	1
13. Messenger/Janitor	1	1	1
Totals	8	10	12

See following for salary ranges by employee category.

SALARY RANGES

1.	Director	\$23 - 26
2.	Expatriate Food/Post Harvest Technology	13 - 17
3.	Sr. Agriculturalist	14 - 18
4.	Sr. Accountant	14 - 18
5.	Sr. Organization/Management	14 - 18
6.	Sr. Domestic Marketing/Distribution	14 - 18
7.	Sr. Rural Educator	9 - 14
8.	Jr. Analyst/Economist	8 - 11
9.	Jr. Accountant	8 - 11
10.	Jr. Food/Post Harvest	8 - 11
11.	Program Accountant	8 - 11
12.	Secretary	5 - 7
13.	Messenger/Janitor	3 - 5

## APPENDIX 1

USES OF FUNDS BUDGET

	<u>85/86</u>	<u>86/87</u>	<u>87/88</u>	<u>Total</u>	<u>USAID</u>	<u>OTHERS</u>
<u>Direct Costs</u>					2 16	
Salaries (1)	\$80	\$112	\$155	\$357	\$188	\$169
Taxes and Benefits (2)	16	24	30	70	39	31
Mgt./Technical Svcs. (Contributed)(3)	75	95	115	285	-	285
Local Travel/Sub(1)	✓35	47	59	141	73	68
Office (1)	✓16	24	34	74	37	37
Int'l Travel/Sub(1)	✓18	19	20	57	20	37
Training	✓3	5	7	15	10	5
Miscellaneous	-	2	3	5	2	3
	243	338	423	1,004	369	635
<u>Indirect Costs (4)</u>						
Salaries (1)	10	10	10	30	10✓	20
Taxes and Benefits(2)	2	2	2	6	2✓	4
Capital Eq (5)	12	14	18	50	-	50
Legal	1	1	1	3	1✓	2
Audit	2	2	3	7	3✓	:
	33	29	34	96	16	80
Grand Totals	276	367	457	1100	385	715

(1) See Detail

(2) Computed at 20%

(3) Contributed by Technoserve/Katalysis

(4) Non-specific project costs, e.g. certain administrative/  
fund raising

(5) Lease and purchase costs.

## APPENDIX 1

EXPENSE DETAILS

	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
<u>Local Travel &amp; Subsistence</u>			
Mileage Allowances	\$18	\$26	\$33
Company Vehicle	6	6	6
Lodging at Projects	5	7	10
Meals at Projects	6	8	10
	<hr/>		
Totals	35	47	59
	<hr/>		
<u>Office Expenses</u>			
Rent and Utilities	6	9	12
Telephone	4	6	9
Supplies	4	6	9
Visitations and Meetings <sub>2</sub>		3	4
	<hr/>		
Totals	16	24	34
	<hr/>		
<u>International Travel</u>			
Belize - US	10	11	11
U.S. Personnel Costs in			
Belize	8	8	9
	<hr/>		
Total s	18	19	20
	<hr/>		

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

December 24, 1985

Mr. Carlos Santos  
Managing Director, BEST  
36 Nanche Street  
Belmopan

Subject: Grant 505-0030-86-001

Dear Mr. Santos:

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 amends the grant to the Belize Enterprise for Sustained Technology, dated December 3, 1985, the purpose of which is to provide support for a program in Cooperative and Association Strengthening Activity as described in the Schedule of that Grant and the Attachment 2 entitled "Program Description".

This Amendment is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning October 1, 1985 and ending September 30, 1988.

This Amendment obligates an additional \$150,000 to the Grant. Accordingly, the following modifications to the original Grant are made with this Amendment:

- The second paragraph of the original Grant Letter is hereby corrected by deleting quote effective date unquote in the last line and substituting therefor quote October 1, 1985 unquote. This is to make the original Grant Letter internally consistent with F. Special Provisions of the Schedule Attachment 1 to the original Grant Letter.

The date December 3, 1985 in the second line of Section B.2 of Attachment 1, the Schedule is hereby deleted and replaced with October 1, 1985. This is to make Section 5.2 internally consistent with F. Special Provisions.

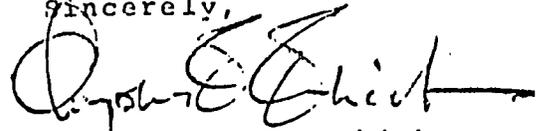
Section C.2 of Attachment 1, the Schedule is deleted in its entirety and replaced with quote A.I.D. hereby obligates an additional \$150,000 for program expenditures during the period set forth in B.2 and as shown in the Grant Budget. The total amount obligated is \$200,000.

Column 1, Obligated Amount - USAID and Column 3 - Estimated Additional Amount of Section D. Financial Plan of Attachment 1, the Schedule are deleted in their entirety and substituted with the following:

	Obligated Amount USAID 10/85 - 9/88	Estimated Additional to 9/88
Salaries & Benefits	\$128,000	\$117,000
Management and Technical Svcs.	--	--
Local Travel & Subsistence	38,000	35,000
Office Expenses	20,000	17,000
Int'l Travel & Subsistence	10,000	10,000
Training	4,000	6,000
Miscellaneous	--	--
TOTAL	\$200,000	\$185,000

All other terms and conditions of the original Grant Letter and its attachments remain in full force and effect. Please sign the original and three (3) copies of this letter to acknowledge receipt of the amendment.

Sincerely,



Neboysa R. Brashich  
A.I.D. Representative

ACKNOWLEDGED

BEST

By:



Carlos Santos  
Managing Director

Date:

Dec. 30, 1985

FISCAL DATA

Appropriation:	72-1161021
Budget Plan Code:	LDAA-86-25505-AG-13
Project No.:	505-0030
Total Estimated Amount:	\$385,000
Amount Obligated this Amendment:	\$150,000
Total Obligated Amount:	\$200,000
Funding Source:	USAID

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

May 28, 1987

Mr. Carlos Santos  
Managing Director  
BEST  
26 Nargusta Street  
Belmopan

Subject: Grant No. 505-0030-86-001,  
Amendment No. 2

Dear Mr. Santos:

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 amends the Grant dated December 3, 1985 to the Belize Enterprise for Sustained Technology, in order to obligate the additional sum of one hundred eighty-five thousand dollars (\$185,000) in continuation of the Project in Belize, as more fully described in Attachment 2 to the original Grant Agreement, entitled "Program Description".

This amendment is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning October 1, 1985 and ending September 30, 1988.

Accordingly, section C.2 of Attachment 1, the Schedule, of the original Grant is deleted in its entirety and replaced with quote A.I.D. hereby obligates an additional \$185,000 for program expenditures during the period set forth in B.2 and is shown in the Grant Budget. The total amount obligated is \$385,000 unquote.

The budget included in Section D. Financial Plan of Attachment 1, the Schedule is deleted in its entirety and substituted with the following:

	<u>AMOUNT OBLIGATED</u>	<u>THIS AMENDMENT</u>	<u>OBL. AMT. USAID 10/85 - 9/88</u>	<u>OTHER FUNDING</u>
Salaries and Benefits	128,000	117,000	\$245,000	200,000
Management and Technical Services	--	--	--	285,000
Local Travel and Subsistence	38,000	35,000	73,000	68,000
Office Expenses	20,000	17,000	37,000	37,000
International Travel and Subsistence	10,000	10,000	20,000	37,000
Training	4,000	6,000	10,000	5,000
Miscellaneous	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,000</u>
Total	<u>200,000</u>	<u>185,000</u>	<u>\$385,000</u>	<u>635,000</u>

In addition to the monthly Federal Cash Advance Status Report outlined in Section 14A of the Standard Provisions, the following reports are to be submitted monthly in support of the SF-1034 "Public Voucher for Purchases and Services other than Personal."

1. In lieu of the quarterly cumulative detailed report of disbursements required by Section 14A of the Standard Provisions, the Grantee shall submit monthly a cumulative report of disbursements by budget line item as follows:

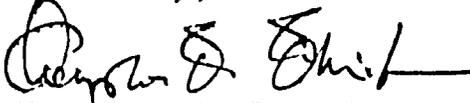
<u>Description of Line item</u>	<u>Budgeted Amount</u>	<u>Current Month Disbursement</u>	<u>Cumulative Disbursements</u>	<u>Difference between Budgeted Amount and Cumulative Disbursements</u>
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May 28, 1987

2. The Grantee shall submit monthly a summary of budget line items of projected disbursements for the following sixty (60) day period. Please note that the advance to be provided has been changed from thirty (30) days. This change should be reflected when completing the Federal Cash Advance Status Report.

All other terms and conditions of Amendment 1 and the original Grant letter and its attachments remain in full force and effect as amended. Please sign the original and three (3) copies of the letter to acknowledge receipt of the amendment.

Sincerely,

  
Neboysha R. Brashich  
A.I.D. Representative

Acknowledged

BEST

By: Carlos Santos  
Carlos Santos  
Managing Director

Date: May 29, 1987

Fiscal Data

Appropriation: 72-1171021  
Budget Plan Code: LDNA-87-25505-KG13  
Project No.: 505-0030  
Total Estimated Amount: \$385,000  
Amount Obligated this Amendment: \$185,000  
Total Obligated Amount: \$385,000  
Funding Source: USAID

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