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AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES A. I. D. MISSION TO GUATEMALA



USAID/GUATEMALA or  
UNIT 3323  
APO AA 34024

c/o American Embassy  
Guatemala, City, Guatemala, C.A.

Telephones: PBX 320202 - 320322  
Fax: 311151, 311505, 311506

September 20, 1991

Mr. Paul Hunt, President  
Belize Tourism Industry Association  
Belize City, Belize

Subject: Cooperative Agreement No. 505-0044-A-00-1003-00

Dear Mr. Hunt,

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby enters into a Cooperative Agreement with the Belize Tourism Industry Association (hereinafter referred to as "BTIA" or "Recipient") for the sum of One Million Two Hundred Thousand U.S. Dollars (US\$1,200,000.00) to provide support for the Private Sector Tourism Management Project as described in Attachment No. 1 entitled "Schedule" of this Agreement, and Attachment 2, entitled "Program Description." Notwithstanding the amount indicated above, the Recipient acknowledges that \$208,000.00 are hereby obligated under this Cooperative Agreement, as shown in Paragraph C.2 of Attachment No. 1. Until such time as the obligation is increased by amendment to this Agreement, the obligation is limited to the amount provided for in the Attachment No. 1 paragraph cited above.

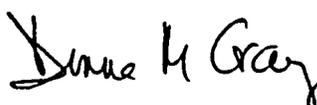
This Cooperative Agreement is effective and and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1996.

This Agreement is made to BTIA on condition that the funds will be administered in accordance with the terms and conditions as set forth in the Attachments noted above, and Attachment 3, entitled "Standard Provisions for Non-U.S., Non-Governmental Grantees", which have been agreed to by your organization.

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Please sign the original and five copies of this letter to acknowledge your receipt of this Agreement, and return the original and four copies to USAID/Belize.

Sincerely,



Donna M. Gray  
Deputy Regional  
Contracting Officer

**Attachments:**

1. Schedule
2. Program Description
3. Standard Provisions

RECEIVED

By: 

Title: PRESIDENT BTIA 1991/92

Date: 18<sup>th</sup> October 1991

**FISCAL DATA**

Appropriation	72-1111021
Budget Plan Code:	LDSA-91-25505-KG13 / A110348
Project No.:	505-0044
PIO/T No.:	505-0044-3-10035
Total Estimated Amount:	\$1,200,000.00
Total Obligated Amount:	\$ 208,000.00

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ATTACHMENT 1  
SCHEDULE

**A. PURPOSE OF AGREEMENT**

The purpose of this Cooperative Agreement is to provide support for the Private Sector component of the Tourism Management Project (TMP). Through this Agreement, the Recipient will receive technical and financial support to develop its capacity to plan and manage tourism growth in a way that benefits Belizeans broadly while protecting the country's natural and cultural environment.

**B. PERIOD OF AGREEMENT**

1. The effective date of the Agreement is September 20, 1991. The expiration date of this Agreement is September 30, 1996.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the date of this Agreement to September 1, 1992.

**C. AMOUNT OF AGREEMENT AND PAYMENT**

1. The total estimated amount of this Agreement for the period shown in B.1 above is US\$1.2 million.
2. A.I.D. hereby obligates the amount of Two Hundred and Eight Thousand Dollars (US\$208,000.00) for program expenditures during the period set forth in B.2 above and as shown in the Illustrative Financial Plan Below.
3. Payment shall be made to the Recipient in accordance with procedures set forth in Standard Provision No. 1 entitled "Payment-Periodic Advance", of Attachment 3, "Standard Provisions for Non-U.S., Non-Governmental Grantees". An advance will be made to cover basic costs essential to the startup and implementation of the project.
4. Additional funds up to the total amount of the Agreement shown in C.1 above may be obligated by A.I.D. subject to the availability of A.I.D. funds, and to the requirements of the Standard Provision of the Agreement entitled "Revision of Financial Plans".

**D. A.I.D. SUBSTANTIAL INVOLVEMENT UNDERSTANDING**

USAID/Belize will participated in the activities under this Agreement in the following manner.

It is anticipated that funds under the Agreement will be made available directly to BTIA for purposes of operational support.

1. USAID will be represented by a Project Manager at the BTIA Board of Directors on a non-voting basis.
2. USAID will approve all procurement of technical assistance financed under this Agreement.
3. Procurement of goods and services which are "small value" will be handled by BTIA through a procurement committee made up of at least three executive officers of BTIA and USAID's Project Manager.
4. USAID will monitor project implementation to assure that the terms and conditions of this Agreement are met. Project monitoring will be exercised principally by a Project Manager assigned from USAID's Project Development Office.
5. All Project dollar funds for foreign exchange costs of activities financed under this Agreement will be disbursed directly by USAID.
6. USAID will actively participate in Quarterly Management Team Meetings and annual reviews of activities financed under this Agreement, as well as make arrangements for annual internal evaluations of the Tourism Management Project which includes the program of activities to be carried out by BTIA under this Agreement.
7. Inclusion of a training program activity (high option) will be determined during the first year of program implementation as described in the Program Description.

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

**PROJECT FINANCIAL PLAN**  
 (Source and Application of Funding - U.S.\$ thousands)  
 As of September 1, 1991

<u>Project Inputs</u>	<u>Cumulative Obligations</u>		<u>Future Years Anticipated</u>		<u>Total L O P</u>	
	<u>A.I.D.</u>	<u>BTIA</u>	<u>A.I.D.</u>	<u>BTIA</u>	<u>A.I.D.</u>	<u>BTIA</u>
Training	30	8	195	32	225	40
Technical Assistance	40	6	155	24	195	30
Info./Educ.	14	8	66	32	80	40
Equipment/Material	25	4	25	16	50	20
Operational Support	79	20	271	250	350	270
Contingencies	20		80	0	100	
<b>Totals (Basic)</b>	<b>208</b>	<b>46</b>	<b>792</b>	<b>354</b>	<b>1,000</b>	<b>400</b>

**Additional Costs (High Option)**

Training	0	0	25	5	25	5
TA	0	0	40	5	40	5
Operational Support	0	0	80	140	80	140
Training Program	0	0	30	500	30	500
Evaluation	0	0	25	0	25	0
<b>Total Additional</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>650</b>	<b>200</b>	<b>650</b>
<b>Project Total (High Option)</b>	<b>208</b>	<b>46</b>	<b>992</b>	<b>1,004</b>	<b>1,200</b>	<b>1,050</b>

Financial Plan (Showing Estimated Local Currency Requirements)  
(USAID Portion in US\$000)

<u>Line Item</u>	<u>This</u> <u>Obligation</u>	<u>LC</u>	<u>Future</u> <u>Obligation</u>	<u>LC</u>	<u>Total LOP</u> <u>Obligation</u>	<u>LC</u>
Training	30	(15)	195	(65)	225	(80)
Technical Assiat..	40	(10)	155	(30)	195	(40)
Info/Educ.	14	(10)	66	(50)	80	(60)
Equipment/Mat.	25	(0)	25	(0)	50	(0)
Operat. Support	79	(79)	271	(271)	350	(350)
Contingency	20	(10)	80	(40)	100	(50)
Project Total (Basic)	208	(124)	792	(456)	1,000	(580)
<u>Additional Costs</u>						
Training			25	(0)	25	(0)
TA			40	(10)	40	(10)
Operational			80	(80)	80	(80)
Training Program			30	(0)	30	(0)
Evaluation			25	(10)	25	(10)
Total Addition	---	---	<u>200</u>	<u>100</u>	<u>200</u>	<u>(100)</u>
Total High Option	<u>208</u>	<u>(124)</u>	<u>992</u>	<u>(566)</u>	<u>1,200</u>	<u>(680)</u>

1. Funds in the Contingency line item shall be used only for line items shown in this Financial Plan. Any variations must have the prior written approval of the Contracting Officer.
2. The Grantee will be held accountable for providing the counterpart funds agreed to in this Grant, which total US\$1,050,000.00. This counterpart represents an 88% match by the Grantee of the AID contribution to this Grant. If the Grantee does not match AID funds at the rate of 88%, AID will disallow costs proportionately. The counterpart contributions to this Grant will be documented by quarterly reports and verified by independent audits of the Grantee's programs.

F. REPORTING AND EVALUATION

1. Financial Status Report

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

2. Program Process Reports

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

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

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

3. Annual Reviews

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

4. Evaluation

Given the relatively small size of the project and the proximity of USAID to project activities, no formal mid-term evaluation is planned. A final external evaluation is planned for the final year of the project. This evaluation will be a joint effort for both the public and private sector components to determine whether the TMP achieved its purpose and the expected end-of-project status, as well as any important lessons learned.

G. SPECIAL PROVISIONS

1. Funds for Project Management, Evaluation and Audit have been included in the Public Sector Component of TMP. All funds for these project activities will be administered directly by USAID.
2. Within 45 days the Recipient will submit an implementation plan and budget for the first year of the program activities.
3. Prior to any disbursement of Project funds under the Cooperative Agreement, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Recipient will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:
  - a. a statement which names the person(s) empowered to sign this Agreement and to represent BTIA for all purposes related to this Agreement;
  - b. evidence that a separate bank account has been established to control receipt and disbursements of all Project funds which A.I.D. furnishes directly to BTIA. This statement will be accompanied by a specimen signature of the designated person.
4. Local costs are authorized pursuant to Standard Provision No. 8 "Local Cost Financing".

H. TITLE TO PROPERTY

Conditions governing title to property financed under the Cooperative Agreement are set forth in Standard Provision No. 18 "Title To and Use of Property (Grantee Title)". All property acquired under the Cooperative Agreement shall be utilized for Tourism activities by BTIA and A.I.D. unless noted otherwise.

I. AUTHORIZED GEOGRAPHIC CODE

The Authorized Geographic Code for procurement of goods and services under this Cooperative Agreement is 000, the United States or Belize except as A.I.D. may otherwise agree in writing. See Standard Provisions No. 5 "Procurement of Goods and Services", and 6 "AID Eligibility Rules for Goods and Services" of Standard Provisions.

J. AGREEMENT OFFICER'S TECHNICAL REPRESENTATIVE (AOTR)

1. The Agreement Officer's Technical Representative (AOTR) for the performance of this Cooperative Agreement is the Private Sector Project Manager, or his/her designee. The Recipient will be notified in writing of the AOTR change. This individual shall have the following authority:
  - a. certification of work performed on all vouchers submitted;
  - b. necessary clarifications of, or minor, non-cost related adjustments, to the program description in Attachment 2;
  - c. approval of all reports, plans, timetables or other such technical submissions required under the Project Description;
  - d. give prior written approval to all purchases of equipment.

K. PERSONNEL

Salaries of short and long term Personnel require prior written approval by the Regional Contracting Officer or his designee.

L. OVERHEAD RATES

No Overhead will be provided to BTIA under this Cooperative Agreement.

M. COORDINATION

BTIA will be responsible for implementing the Private Sector component as described in Attachment 2. However, close coordination with the Government of Belize will be required in coordination with the Government of Belize will be required in order to ensure successful implementation of the project as a whole.

## PROGRAM DESCRIPTION

### I. General Project Description

The goal of the project is the development of tourism in Belize in a rational manner that simultaneously contributes to sustainable economic growth and preserves the country's unique natural resource base. Its purpose is to increase capacity in Belize to plan and manage tourism growth in a way that benefits Belizeans broadly while protecting the country's natural and cultural environment.

The Tourism Management Project (TMP) will focus on developing the analytical, technical, administrative and logistical capabilities of those responsible for managing and regulating the tourism industry in both the public and private sectors. Examples of the kinds of activities that will occur under each of these project components or strategy elements are described below.

Under both components, the activities can be broadly grouped into three categories:

- o Institutional strengthening;
- o Policy analysis and program/product development; and
- o Improvement of public awareness and appreciation.

Although there are significant parallels in activities under the public and private components and they will be coordinated, the TMP will not attempt to integrate them or establish a single management entity. This Agreement covers the private sector component of the A.I.D.-assisted project. A separate Agreement between A.I.D. and the Ministry of Tourism and the Environment will provide A.I.D. assistance for the public sector component.

#### 1. Private Sector

Private sector activities under the TMP are based on BTIA's strategic plan. The budget provides for support of a basic BTIA staff of five to six including the Executive Director and a full time professional working on members' services and programs. It also includes a high option that would encourage BTIA in an on-going involvement in organizing and coordinating training programs for the tourism sector, in addition to the functions of representing the tourism sector and providing services to members. The high option assumes a staff of seven to eight, including a full-time training coordinator and support. It is the

largest scale conceivable at this time and the training function would have to be fully self-sustaining to be viable.

- . Identification of secure sources of financing for certified hotel and tourism training programs. One potential arrangement is agreement by the GOB to allocate revenues, most likely from an increase in the hotel occupancy tax.
- . Agreement by the financing sources that BTIA is to be the organizer and coordinator of tourism training programs and that BTIA will receive a fee for the provision of these services.
- . Agreement on a feasible medium-term revenue and expenditure program with close on-going supervision and monitoring by USAID regarding BTIA's progress toward financial and institutional sustainability.

Support at the high option level would not begin until year two, and then only if the above criteria are met.

The major elements of this private sector component are:

a. Organizational Development and Sustainability

To increase the organization's capacity to be sustainable after PACD the Project will continue the process of organizational development through the training of staff and board of directors. This will take the form of short-term participant training for staff members, plus seminars, workshops, trade fairs, conferences, and orientation visits (local and international) for both management staff and board members. Short-term TA will also provide BTIA's management and staff with operational experience in a number of management practices.

BTIA will establish clear management policies and procedures, improve its planning and budgetary control systems for proper accounting and utilization of project funds, and restructure its accounting division to include financial analysis responsibilities.

Short-term TA will assess the development and management capabilities of BTIA to help improve management procedures and staffing which will allow the organization to carry out its responsibilities effectively. Some organization and staffing restructuring may be necessary to enable the association to be more efficient and effective in representing and servicing the needs of the tourism industry.

BTIA will increase the value and volume of membership services, as well as develop other profit centers non-competitive to members. Income-generating schemes (such as an insurance program, discount systems for members, co-op buying, rentals of tourism literature, consulting services, providing information, training and technical assistance) and other creative means of earning revenue will be explored and implemented when feasible.

BTIA will establish a reserve account from all surplus funds derived from BTIA's income generating activities to provide a cushion to accommodate fluctuations in revenues after the Project ends. USAID will include specific consideration of the status and any unplanned uses of reserve funds in annual reviews before approving new obligations.

BTIA will develop and implement a recruitment plan which will review and revise its fee structure and establish a strategic plan to increase its clientele and systematically attract and maintain membership in the organization. It is expected that BTIA will need to increase membership by at least 100 members per year if the organization is to meet its sustainability goals by the PACD.

#### b. Services

BTIA's focus will be to educate, train and develop the Belize tourism private sector personnel, so as to improve standards and the value tourists receive for their money. BTIA will not be developed as a training institution; the role of BTIA will be to facilitate and coordinate training.

BTIA will identify training needs and sources and will work with government on the design and management of training programs geared for the tourism industry. BTIA will liaise with other organizations interested in youth development and will institute programs that will encourage entrepreneurship development. BTIA will also work with existing educational institutions to include tourism, conservation and the environment in their curricula.

BTIA will effectively deliver technical assistance, training, marketing and public relations services to members, especially targetting small scale ecotourism enterprises and special activity groups such as small hotels and tour operators. Prior to any delivery of training to the private sector, BTIA will conduct a training needs assessment of the industry and develop a Private Sector Development Program.

BTIA will identify local and expatriate trainers, training institutes and consulting firms to assist in providing technical assistance and training to the organization and its members. The

Entrepreneurs International Program, which provides on-the-job training, exposure of the participant to his/her field of interest, and international contacts, is expected to be a key training resource.

BTIA will continue to lobby to remove impediments to investment and improve the investment climate for Belizeans to participate meaningfully in the tourism industry.

BTIA will develop a research and market intelligence capability in order to monitor trends and developments in the tourism sector and in the international tourism industry. The emphasis will be on room occupancy rates, profitability of members, immigration, crime statistics, costs of goods and services in the industry, marketing, gender issues, new technologies, tourism directories, and other data that will assist the organization to more effectively represent the interests of the industry to government and help members make their operations more competitive and profitable.

BTIA will strengthen its communication link with its members by initiating a program of monthly visits to tourism destinations and will develop other means of communications to disseminate information to its membership.

#### c. Product Development

BTIA will support the development of tourism in Belize in a rational manner, consistent with preserving its unique natural resource base. BTIA will be strengthened to assist government to plan and manage tourism growth so as to obtain economic benefits without degrading the natural and cultural environment on which tourism growth depends.

BTIA will take a lead in delivering training, advice, and technical assistance in order to ensure that the private sector develops the capacity to achieve these objectives. Workshops, seminars and conferences will be organized on tourism, culture, conservation and environment. Creative programs such as "matching funds" for community conservation and environmental projects, apprenticeships and on-the-job training programs will be instituted.

BTIA will become meaningfully involved in policy formulation and analysis by networking with public sector agencies and other private sector organizations. TA for BTIA will assist the association in analyzing the impact and implication of GOB policy and policy changes on the tourism industry and its members.

BTIA will encourage a positive atmosphere for tourism growth by working with government to introduce measures for improved security (crime prevention), and to establish and preserve the unique selling points of Belize as a tourism destination.

BTIA will work with government and other organizations and agencies to assess and establish standards for the industry.

BTIA will conduct a public awareness campaign in conservation, environment and tourism. Programs will be developed to instill in youths the importance of tourism to their personal development and in industry personnel the social acceptability of dignity in service. BTIA will develop its organization as a forum for public/private sector discussions on tourism, conservation, culture and the environment. BTIA will join local, regional and international organizations involved in conservation and environment, and will encourage BTIA members to participate with all bodies dealing with tourism. BTIA will systematically provide tourism information to the news media and organize, together with other organizations, programs that will educate the general public on the importance of tourism.

As the leading voice of the tourism industry, BTIA will liaise with government on the development of a national tourism marketing strategy, and all regulatory and legal mechanisms dealing with the industry.

d. Mundo Maya

Mundo Maya is a relatively new and ambitious project of cooperation between the private and public sectors of Mexico, Guatemala, Belize, Honduras and El Salvador to develop tourism in this region.

The objectives of the project are to:

- . Contribute to the integral development of the region by generating major economic activity, protecting the natural environment, preserving the cultural heritage; and
- . Promote the integration of Central America by creating a climate of regional cooperation, promoting harmony among nations, improving the image of the region internationally

The EEC is sponsoring the regional project which in essence supports promotional and infrastructural activities in the region, but provides little operational support to the agencies or organizations working with the project.

BTIA has just formalized itself as Belize's private sector representative in Mundo Maya. BTIA sees this project as a complement of TMP to tourism development and as a major promotional tool for Belize as a travel destination. TMP will support BTIA's role in the Mundo Maya Project.

BTIA will foster private sector cooperation, joint actions and interaction with the Ministry of Tourism and the Environment in support of Mundo Maya activities. It will increase the capacity of Belize tourism private sector through education, training and technical assistance, in close collaboration with other Mundo Maya members in the region, to take advantage of the opportunities that Mundo Maya will bring to the tourism industry in Belize.

BTIA's participation in Mundo Maya also strengthens the organization and increases its opportunity for self-sustainability. As the image of the organization improves, more tourism enterprises will associate their individual benefits of tourism with BTIA.

### Outputs

- BTIA will become a significant, financially self-sustaining membership association that sets standards for the industry and carries out programs to assist individuals and enterprises in the tourism industry to obtain up-to-date information, relevant training, technical support, marketing and other services necessary to meet these standards.

### Inputs

#### Training

Training in the form of short courses will be central to attaining the goals of the Project. The Project will provide appropriate short term training for BTIA Board of Directors and Staff in the U.S. and/or third countries. Seminars and workshops will also be provided for BTIA officials and private sector personnel, including representatives of NGOs. A total of 14 person months of short-term participant training in the U.S. and region and 20 person months of in-country training is planned.

#### b. Technical Assistance

Short-term technical assistance will be provided to BTIA during the life of the Project. The TA will be provided by both Belizean and expatriate consultants. Expertise available in Belize will be tapped when possible due the obvious significant cost savings as well as the contribution to overall Project objectives of involving a broad range of local people and institutions.

Likewise, while the U.S. will be the primary source of expatriate consultant services, it may be advantageous in some cases to involve consultants from the Caribbean Basin countries. TA for BTIA will focus on institutional strengthening/management systems within BTIA, and support for developing their research/information database and other key activities. Such TA may also be used to conduct seminars and short courses for BTIA members and others, for example, in provision of advice especially for micro-and small-scale businesses in such areas as training, marketing, product developments standards, advice on sources of finance and cost containment measures. A total of 20-person months of TA is envisioned for BTIA.

c. Commodity Procurement

Most of the necessary equipment and systems will have been in place in BTIA. TMP resources, however, will be used to purchase necessary equipment such as static booths, bi-lingual equipment and other presentation systems that will enhance BTIA's promotional presence at trade fairs and shows, and help improve its image at home and abroad as a strong and dynamic representative of the tourism private sector.

Information/education materials will also be provided to assist BTIA with their on-going public education and information efforts. One of the primary areas of BTIA activity which the TMP will support is educating and informing private sector tourism personnel regarding standards, government regulations, and trends in the industry in Belize and elsewhere. The TMP will provide resources to BTIA to publish a quarterly newsletter that will keep members up-to-date not only on GOB regulations and legislation related to tourism, but also on trends and developments in the industry (such as the Mundo Maya Project). BTIA will also make a concerted effort to inform both industry employees and the general Belizean public about the importance of tourism to Belize and its ecological and archaeological attractions.

d. Operational Support

TMP support for BTIA will include funds for continued institutional strengthening, including funding for staff positions and operating costs. To ensure the development of long-term sustainability and financial viability, the level and disbursement of the BTIA grant will be linked to specific indicators of increased revenues from members and from other sources.