

PD-AB6-769
84272

SUSTAIN

BELIZE

AUGUST 11 - 18, 1993

ASSESSMENT MISSION

S haring
U nited
S tates
T echnology to
A id in the
I mprovement of
N utrition

A U.S. Private Food Industry initiative
in collaboration with the U.S. Agency for International Development
through a Cooperative Agreement with the National Cooperative Business Association

Upgrading the Food Processing Industries in Developing Countries.

Why SUSTAIN?

SUSTAIN represents a successful collaborative effort between the U.S. food industry and the Agency for International Development (A.I.D.) to upgrade food processing in developing countries. It provides an excellent model for similar private-public sector joint ventures in health, agriculture and other areas of concern to developing countries.

Food processing is a major contributor to development. It serves multiple roles. Food processing can increase the available food supply by extending the life of perishable food products. It can improve the nutritional quality of the diet by making nutritious foods available the year round. It can lead to the growth of related enterprises in transportation, storage, distribution and marketing. And, it can produce much needed foreign exchange by creating value added products both for export and for internal substitution of imported processed foods.

The U.S. food industry has embraced the concept that freely sharing its expertise and knowledge is of mutual benefit to recipient and donor - to the recipient by improving current operations - to the donor by contributing to a healthier global future.

How SUSTAIN Works

A.I.D. missions and trade associations in developing countries publicize SUSTAIN's goals and activities. Executives of U.S. food companies with technical expertise and overall knowledge of the food industry serve as the SUSTAIN Steering Committee, providing guidance and overseeing activities.

Food related companies in developing countries submit their requests to SUSTAIN through the A.I.D. mission or a designated organization in their country. SUSTAIN screens all incoming requests and if necessary asks for additional information. Appropriate U.S. companies are then invited to respond.

Some problems can be readily resolved by providing information. Others require that consultants be sent. When a consultant is sent, the usual assignment is for one to three weeks. Upon completion of the assignment, the consultant prepares a report describing findings and making recommendations. Depending on need, some consultants may return for follow-up visits to ensure that recommendations have been appropriately implemented.

SUSTAIN Helps

Requests are diverse. Help may be needed to solve processing problems, to identify equipment needs and sources of new and used equipment, to train personnel in the use of new equipment and new technologies, to find new uses for indigenous commodities, to establish or improve quality assurance procedures, to control insects and rodents in food processing plants and to improve plant layouts and materials handling.

In the past, U.S. food companies, large and small, have provided technical assistance in the form of information, consultants and training to food processors in Africa, Asia, Latin American and the Caribbean.

SUSTAIN PROGRAM

ASSESSMENT MISSION TO BELIZE

August 11 - 18, 1993

SUSTAIN Volunteers:

Dr. Pedro Sole
Vice President for Quality Assurance & Control
Chiquita Brands International, Inc.

Ms. Amy Stockwell
Principal
Analytech Associates

Administrative:

Elizabeth Turner
Program Director
SUSTAIN

This publication was made possible through support provided by the Office of Nutrition, Bureau for Research & Development, U.S. Agency for International Development, under Cooperative Agreement No. DAN-5120-A-00-1066-00.

NCBA/SUSTAIN Project 111.025

TABLE OF CONTENTS

	Page
REPORT	
I. Executive Summary	1
II. Introduction	3
III. Overarching Issues	4
IV. Assessment of NGOs	5
V. Assessment of Belizean Coops & Other Businesses	8
VI. Opportunities for Waste Utilization	16
VII. Other Organizations	16
VIII. Conclusion	17
 APPENDICES	
I SUSTAIN Description	
II Letter of Request from IDB	
III Revised Itinerary	
IV Contacts/Participants	
V IDB Background Memo	

I. EXECUTIVE SUMMARY

The following summarizes conclusions from the August 11-18, 1993 SUSTAIN team visit to Belize, which was requested and sponsored in part by the Microenterprise Division of the Inter-American Development Bank (IDB). We examined two non-governmental organizations (NGOs) (Belize Enterprise for Sustained Technology-BEST and Belize Agribusiness Company-BABCO) and their clients.

We concluded that BEST could benefit from institutional strengthening support (which is under consideration by the Microenterprise Division of the IDB), particularly in the area of market analysis, development and commercialization. BABCO appears to have made a successful transition from a USAID-funded project to a self-sustaining export oriented organization and would benefit from institutional strengthening funds to help extend its technical assistance and training activities as it seeks to diversify its production base and shift from farm tenant/leasing arrangements to farmer-owned growing enterprises. In general, more emphasis needs to be placed on market development and improving the distribution of products from microenterprises. Poor road conditions and the absence of viable intermediaries in many regions of the country pose significant, and sometime overwhelming, obstacles to the efficient distribution of goods and services.

Microenterprises interviewed expressed a need for better access to credit. It may be most efficient to channel loan funds to microenterprises through existing lending channels, which could be contracted to carry out a simplified and expeditious loan granting procedure aimed at borrowers who they normally would not service. The NGO role would be to assist farmers and other microentrepreneurs in going through the venture analysis and loan request process.

Belize's exports (concentrated citrus juice, bananas, cane sugar, and other commodities) are vulnerable in the medium term to shifts in trade policy by the EEC, USA, and Mexico which may result in the reduction of preference treatments (quotas, duty-free access, etc). The sugar industry should aggressively cut costs and diversify in view of shrinking quotas. Reject bananas may be used as raw

materials for export products, while reducing a sanitation and environmental contamination problem. There appears to be a strong enough market to warrant revitalization of the honey industry.

Favorable reports were received from staff of two Belize organizations (BEST and Macal Dairy Farmers Cooperative) who participated in a SUSTAIN "training of trainers" program on "Principles of Food Science and Good Manufacturing Practices" that had been offered in Guatemala the week before. It was organized as a regional activity in conjunction with the Institute for Nutrition in Central America and Panama (INCAP) and the Guatemalan Association of Food Technologists (AGTA). Improved sanitary practices were being implemented at the Macal Dairy. The continuation of regional training programs and linkages between these organizations would be very beneficial.

Tourism, in general, and particularly eco-tourism, appears to hold potential for Belize to increase foreign exchange earnings and bring revenues to small communities. The development of the industry will require careful planning to ensure that profits from the venture reach intended beneficiaries and that adequate measures are established to ensure the protection of natural resources. However, care must be taken not to overrate or misname facilities or accommodations which may result in negative feelings among tourists. Development support may be needed to help install or up-grade basic waste, water, and sanitation facilities (utilizing appropriate technologies) that would meet tourist expectations and improve local health conditions.

Microenterprise development can be strengthened by a continual emphasis on institutional support and technical assistance, including greater emphasis on business analysis, market development, and use of existing resources and commercial enterprises.

II. INTRODUCTION

SUSTAIN was invited to come to Belize by the Inter-American Development Bank's (IDB) Microenterprise Division to serve several purposes.¹ SUSTAIN was asked to evaluate two non-governmental organizations' (NGO) capability to assist in the development and diversification of their food related clients. Working with the short term IDB consultant currently in Belize (James Devers), the mission was to provide additional input and perspective on the Belize operating environment, the organizational effectiveness of the NGO's, and the challenges faced by a representative sampling of NGO clients. The mission was also asked to provide short term idea generation for the clients visited, making suggestions about operations and marketing.

The SUSTAIN team members were: Pedro Sole, Vice-President for Quality Assurance and Control, Chiquita Brands International, Inc.; Amy Stockwell, Principal, Analytech Associates; and Elizabeth Turner, Director of the SUSTAIN Program. The dates of the mission were August 12-18, 1993. The itinerary is attached.²

This report provides impressions and recommendations from the SUSTAIN mission, and will be provided to the NGOs, the IDB consultant, the IDB Microenterprise Division, and AID (SUSTAIN's funding organization).

On the lighter side, we found that everyday life in Belize brings a new meaning to the concept of logistics. For example, "tropical waves" whipped through the region and dumped extraordinary amounts of water which washed out major roads and bridges (en route to Belize City) and, in general, created quite intense flood conditions. We also found it was necessary to adapt to the news of no water on several occasions as crucial pipes broke during flooding. The visit was filled with many interesting and enriching experiences. We found it was best to adopt a Belizean style of ingenuity and

¹ See Appendix I for description of SUSTAIN Program.

² See Appendix III for trip itinerary.

flexibility in carrying-out activities, and, above all, to maintain a lighthearted sense of humor. We were very appreciative to have Henry Gill as our guide from BEST through much of our visit. He provided a wealth of knowledge about the projects and extended a great deal of hospitality and ingenuity as he reached out to his friends and neighbors to facilitate the details of our work, gain insights about local conditions, and cope with unforeseen circumstances.

III. OVERARCHING ISSUES

1. Logistics and distribution emerge as a major impediment to market development for many of the clients we visited. There is a continuing need for improved roads and other transportation systems, particularly in the southern part of the country. With a reasonable national transportation system, private trucking companies may emerge which can help the various villages and enterprises serve their natural local markets. In the absence of decent roads and common carriers, microenterprises face daunting logistics problems which hinder their development efforts.

2. Many of the organizations we visited expressed a need for information and technical assistance in the handling and application of pesticides and other agri-chemicals and market information and news on non-traditional exports. They also expressed a need for advice on land preparation, general production techniques, and post-harvest handling. These organizations should be encouraged to tap into the resources of existing regional USAID programs operating throughout Central America, such as RENARM and PROEXAG. Perhaps USAID/Belize could help facilitate a briefing and orientation to BEST and other interested NGO staff on the technical information, training materials, and other assistance that are available through these programs.

3. It may be most efficient for the IDB Microenterprise Division to channel loan funds through credit institutions with an existing track record (such as the National Development Foundation of Belize, NDFB) while linking the allocation of funds to NGOs providing technical assistance, training, and marketing support (such as BEST and BABCO). Additional conditions and procedures could be

attached to the loan funds to ensure that credit is extended to intended microenterprise beneficiaries. IDB should establish simplified application and repayment conditions.

With this linking, IDB could be more assured that loan funds reach their intended beneficiaries. BEST and BABCO could concentrate on organizational development, technical assistance, marketing support, and other outreach activities, which are their specialty, while allowing the checks and balances of the commercial loan system to work on loan administration. This arrangement improves the chances of repayment because NGOs like BEST and BABCO have first hand knowledge of and interaction with the client base and are dedicated to their success. BABCO is currently deducting from payments to farmers loan installments and paying them to the banks by agreement of all concerned.

4. Where Belize can produce and deliver products at a lower cost, import substitution could be an opportunity for microenterprises.

5. The large commodity export crops are relying on preferential trade arrangements to be viable (ie. quotas and duty-free access). In the future, these preferences are likely to be phased-out or diluted as these, or similar, preferences are extended to other competitor nations (such as under NAFTA). In view of these changes, Belize should look for opportunities that may arise as a result of shifting trade patterns. Non-traditional "niche" crops with established markets and relatively small volumes may be best suited to the scale of Belizean agriculture. Care must be taken to insure that crops are chosen which take advantage of Belize's growing conditions.

IV. ASSESSMENT OF NGOs

1. Belize Enterprise for Sustained Technology (BEST)

To insure that IDB Microenterprise funds go to the intended beneficiaries, there is an important role for organizations like BEST to reach out to village level cooperative businesses that are frequently cut off from major business centers due to lack of transportation and telephone service. Small businesses in

these villages are crucial to the well-being of the residents and require considerable hands-on technical and marketing support to become viable. BEST seems to be reaching this sector of the population and has developed their trust and confidence. We heard several comments about BEST's helpfulness in establishing financial and management accounting systems, as well as agronomic support and other areas.

Henry Gill, BEST Project Accountant, is very perceptive about client operations, which is an invaluable asset in dealing with communities who are unaccustomed to dealing with outsiders. He has an excellent rapport with people at all levels and inspires trust and confidence. His technical and communications skills are much more comprehensive than his title seems to indicate. He also seems to have absorbed well the technical training in quality control that was offered earlier in August in Guatemala by another team of SUSTAIN Volunteers and translated it into practical help for the Macal Dairy, a small milk processing facility.

BEST operations could be improved through institutional strengthening support by the IDB Microenterprise Division. In particular, their outreach could be strengthened by incorporating a stronger sales and marketing orientation into all of their outreach operations. While BEST is aware of the importance of marketing, this crucial skill should be expanded and strengthened. Training should be conducted for all staff stressing the importance of market planning and research preceding production and market development working in parallel with production development.

The expertise of BEST's outreach staff is currently in accounting and agronomy. Support to BEST for additional staff or consultants with expertise in such areas as marketing/sales and processing technology is needed. Consultants may be preferred to permanent staff because of the diversity of client operations and to avoid permanent overhead. Consultants can also offer objectivity in making go/no-go recommendations for client projects.

BEST should study the BABCO model in the area of market development and commercialization to see what lessons might be transferable. This may help strengthen BEST's ability to assist a sub-set of its client enterprises and become self-sustaining.

To be able to focus BEST's limited resources on the opportunities which have the greatest chance for viability BEST needs to adopt a hard-nosed business assessment for microenterprises recognizing that existing businesses, including non-coops in the private sector, may provide the short-term solutions to issues such as transportation, distribution, and processing. BEST should prioritize its activities against the most promising business opportunities among its clients. BEST should assist its clients in realistic assessments of the viability of their projects.

2. Belize Agribusiness Company (BABCO)

BABCO seems to have successfully made the transition from an AID-supported crop diversification project for sugarcane growers to a self-sustaining fresh papaya-export business. BABCO employs 150 people in its own packing and farming operations and also functions as the market development and sales arm for the Papaya Growers Association. All they can produce is currently being sold to a distributor in Florida. Their goal is to increase the production base of papayas to capitalize on the apparent demand and to diversify into other export crops. A principle constraint in getting existing sugarcane growers to shift into papayas is the capital expense, particularly for irrigation. Sugarcane growers also seem to be reluctant to abandon a steady but deteriorating established market for sugar for what they perceive to be more uncertain markets.

Mr. Novelo, the Managing Director for BABCO, came across as someone who has a firm profit orientation and a realistic outlook on BABCO's business opportunities, as well as a strong philosophical commitment to developing a larger base of successful farmers. He is seeking institutional strengthening support to provide technical assistance and training to area farmers that are seeking to diversify their production base.

BABCO should be encouraged to implement their plans to find additional U.S. distribution channels and to open new markets with Mexico, Guatemala, and inside Belize. The amount of reject papayas that they seem to have available for processing may not be enough for establishing an in-house processing operation at present. But, perhaps, a local processor could be approached to co-pack a line of mixed fruit beverages with the BABCO brand.

V. ASSESSMENT OF BELIZEAN COOPS & OTHER BUSINESSES

1. Macal Dairy Cooperative: We met with Michael Bradley, the General Manager for the Macal Dairy Cooperative, which is a cooperative of 63 members with a small processing facility employing 11 individuals. Coop products include fresh milk (regular, chocolate and strawberry), white fresh cheese (not-aged), orange juice drink from concentrate, and "Ideals" (a low price frozen milk product). The "Ideals" are only manufactured during the school year and distributed to schools in the immediate vicinity. The plant has excess capacity and could increase production if they expanded sales. According to the coop manager, they do not make money on either the whole milk or the cheese products (we did not question his cost accounting assumptions). Profits come from the juice products and the Ideals. The coop sells via two drivers/salesmen who are compensated on an incentive system. A principle limitation on the expansion of sales appears to be in the distribution system. The existing trucks are cooled by a block-ice freezing system, which sharply limits the range of distribution. Products that are dropped off last on the distribution route often arrive at temperatures of 60 deg. F.

The coop is equipped with a Nimco filler and packs in gable top cartons (imported from El Salvador) and 1/2 and 1 gallon plastic jugs, which have a slightly better shelf life than in the gable top presentations. The coop was experiencing an interesting carton leakage problem. The cartons leak through the bottom seal but only for white milk. They do not leak with either strawberry or chocolate milk nor do they leak with orange "juice". The coop is negotiating with a Nimco distributor to bring a person to help them resolve the leaking carton issue. Another alternative is to obtain help from the carton manufacturers who have the expertise to correct this problem. Changing from Salvadorean to

US-made cartons did not resolve the problem, which seems to rule out a carton defect problem. Nonetheless the carton suppliers should be familiar with the equipment adjustments needed to obtain a perfect seal for all products.

Several strategies might improve sales and profits. The coop currently experiences up to a 20% returns rate due to spoilage. Improvements in the cold storage system used by the trucks distributing the products could help reduce the rejection rate and expand the distribution range. The temperature of delivered products should be less than 40 deg. F. The refrigeration units for the trucks need to be upgraded to address this problem. The coop may want to evaluate buying a unit about the size of the one at the plant freezer. Another option might be installing a "Thermoking" from second hand 40 ft banana containers (bought from Fyffes, Geest, or other banana companies). The container could be resold separately. While driving back to Belmopan one of the Macal trucks was spotted on the road. They are too small for a large Thermoking unit. Perhaps the booster presently installed at the plant freezer could be switched to one of the trucks and the Thermoking from the container installed at the plant.

Quality control of the incoming milk and plant sanitation need to be strengthened. For example, a system must be installed where the milk from individual suppliers is tested more often for the standard parameters in the dairy industry. Their current system of heating batchwise 30 min at 160 deg. F. could be substituted by a High Temperature Short Time pasteurization. This would improve the process and the quality of the products. An additional plate heat exchanger and holding tube would be needed which could be bought second hand. The coop could also adopt a "stress test" procedure for shelf life testing that would more clearly replicate actual conditions (in and out of refrigeration during distribution) and allow for more accurate evaluation of the effects of changes. The procedures used during the "stress test" would need to be carefully documented.

With the above changes the shelflife of the products could be considerably improved and the distribution range could be expanded. The present nine days shelf life is too short. Specifically for the juice drink, shelf lives over 40 days are common in the US if the juice is not temperature abused. These changes may also allow the coop the option of offering more products, as well as the possibility of distributing refrigerated products for other businesses. To increase profits, the coop should strive to improve quality and reduce returns from around 20% to a target of 6%.

We also encouraged the coop to diversify into other products. The frozen "ideal" market is currently very limited but very profitable, according to the manager. The product (frozen milks, mostly strawberry) is sold only to schools in the five surrounding villages, again because frozen distribution is so limited. We suggested that the coop concentrate on developing additional distribution channels as well as a wider geographic range to make this into a profitable year round business. Currently, there are no sales in the highest production months. We discussed additional flavors, and suggested that simple market research be undertaken with store owners to determine the best options. The market research could incorporate the truck drivers as salesmen. We suggested working with the drivers to suggest points to make with store owners, a program to let store owners know what the coop was doing to improve quality, and using the drivers to ask questions about what additional products might be desirable. The plant manager also planned to buy new flavors in initial small quantities to test the market. We also discussed frozen yogurt as an additional source of income. The coop had already decided to work with schools to install coolers and promote the consumption of their products: we encouraged them to continue this, as well as to develop additional outlets so students could be year round consumers.

2. Belize Federation of Agriculture Cooperatives: We met with Bertram Enriquez, General Manager for the Belize Federation of Agriculture Cooperatives. This federation includes nine cooperatives and 464 farmers. Crops include corn, beans, peanuts, and rice. The group provides production technical assistance, markets the products, advises farmers on which crops to plant, and buys inputs in bulk and

re-sells them to its members (which generate revenues for the coop). On the selling side, the coop is currently marketing only a portion of member output. While the coop markets about 75% of peanut production (of which 80% goes to the export market), it sells only one third of bean production and less of the other crops. The coop is looking for niche opportunities such as hot peppers in addition to its staples.

Funding is from its own operations (buying and selling), and from grants from various development agencies. The organization includes 8 staff members and serves farmers in the Cayo region. At current staffing, the group needs to raise 40% of its funding from grants. Securing these grants requires a fair amount of effort which could otherwise be spent developing markets, technical assistance, and so forth.

Mr. Enriquez is well aware of the need to develop specialty crops in which "Belize has a sustainable competitive advantage." We discussed additional value added crops which might be of interest, including annatto, mango and ginger. Opportunities may also exist in value-added products such as peanuts as snacks, peanut butter, and popcorn. The market for snacks might be most easily developed by working with tourist hotels to provide bar snacks. A fax campaign using a list provided by a hotel association and/or the Chamber of Commerce might be a low cost way to start this product.

We suggested that the organization continue to use marketing consultants, and use the market information available from PROEXAG on non-traditional fresh markets. Although the organization feels that production credits are essential to broadening their base, we feel that they should not dilute their efforts by becoming a bank but rather leave this function to financing institutions. The group also needs technical assistance on production techniques and pesticide handling: we suggest that they contact the RENARM Program, a regional USAID program.

Mr. Enriquez appears savvy and very interested in making money as well as providing services to his members. He understands the need to move to more value-added crops and is willing to consider new ways of doing business.

3. Gales Point Farmers Association: The Gales Point Farmers Association is in a difficult process of reentering farming, which they have not done in a long time. Their products include: plantains, coco yams, peanuts, bok choy, corn, beans, and ginger. A principle focus is on organic farming systems. Their main need is outlets for their products, small-scale mechanization (ie. rototillers), and improved farming techniques. They expressed that their principle operating constraint is lack of a means for transporting their goods. Since their volume of sales is limited they should explore other means of transportation, such as buses and trucks currently traversing the road, rather than trying to obtain funds to buy a truck. To protect produce during transit, crates could be used in combination with dollies to assist in off-loading and distribution.

This group needs assistance that is appropriate to their level of development and expected cash flows. They should be looking for small scale technology for production and distribution that they can obtain immediately, without waiting for a more uncertain grand plan. They should be looking for crates and rototillers rather than for tractors and trucks. We advised BEST that it may also be useful to consult with the Taiwanese since they are experienced in developing small scale appropriate technologies for lowland tropical agriculture.

Their most immediate need is to determine which local markets are feasible outlets, and to establish a presence in these markets as soon as possible. If outlets are not available when products are ready, these farmers will likely be thrown back out of farming because of disappointment. Their current expectations about the level of demand that will be generated by the B&B's does not seem realistic, given the 1% occupancy rate. Their current expectations about the level of demand that will be generated by the B&Bs does not seem realistic, given the low occupancy rate.

BEST should concentrate on helping them assess the viability of their program, understand local markets, and use available intermediaries to set up distribution channels.

4. Bed and Breakfast Association of Gales Point: We met with the Chairman of the Gales Point Progressive Cooperative and members of the Bed and Breakfast (B&B) Association of Gales Point. After the meeting, we went on one of the eco-tours and stayed overnight in the B&Bs. The association is trying to promote ecotourism through some niche markets, such as students and church groups. Most of the visitors that currently stay at the B&Bs are sent by an international student association. They participate in community projects and some schools have made arrangements to provide course credits. Total occupancy rates are less than 1%.

We also saw woven baskets made by the Gales Point local products association. They did not appear to have any outlets at the moment, but were just starting up. The coop has a flyer prepared that describes nine tours offered, including the manatee and sea turtle watch. These materials were provided through assistance provided by BEST.

Gales Point is in a peninsula in the southern lagoon connected to the sea via a natural channel. Access to Gales point is via the coastal dirt road going south from Belize City. There were a number of areas where we had to ford the stream in low portion (or washed out) of the road. The village is composed mostly of young children and older couples. We were told that young people emigrate to Belize City and abroad in search of jobs.

After staying overnight at Gales Point, we felt that describing the accommodations as B&B's may be misleading to tourists and might lead to disappointment. North American and European tourists have a different image of a B&B. Tapping into the ecotourism market may also not be appropriate for the existing B&Bs because this market typically caters to upscale travelers who are interested in traveling to remote destinations and seek modest but comfortable accommodations.

The coop flyer leads the reader to assume a level of convenience which doesn't match with the reality of the accommodations. Another name could be sought rather than using the term B&Bs which could convey a more accurate image. The term needs to convey that you are experiencing family life in a primitive fishing village in Belize.

The houses that are equipped with outhouses (some do not even have those) should be improved to provide a minimum of convenience to tourists. We understand that BEST is already working on a basic design of outhouses and wash facilities. We think establishing minimum sanitary standards are very important, not only for tourists, but also for the health of the village. Other additions, such as window screening of guest rooms (malaria is still considered a serious problem in many regions of Belize) could be added as revenues allow.

To assist BEST in developing the ecotourism business in Belize, we recommended that it would be useful if staff could visit countries that are developing successful ecotourism businesses such as Costa Rica and attend major international conferences on the industry. Liz also said she would furnish BEST staff with addresses of some of the principle organizations that are involved in promoting and developing ecotourism in the U.S. and with information on a regional ecotourism project sponsored by AID.

5. Belize Sugar Cane Farmers Association: The Belize Sugar Cane Farmers Association is currently producing enough cane sugar to allow for the export of 100,000 metric tons of sugar and 25,000 tons of molasses per year. Approximately 50% of this production goes to favored-price quota markets (the EEC and USA). These quotas are declining and the company loses money on its exports at world market prices. In spite of the above, they seem to be reluctant to look aggressively for diversification opportunities such as the papaya export market that BABCO has developed. They said they are interested in trying to increase sugar cane yields and would consider devoting excess acreage to other crops. To diversify, improvements that might be needed include irrigation. They also said there is

excess sugarcane bagasse availability which might present an opportunity for electricity co-generation at the sugar mills. They said that at some point in the past, a consultant had advised them to consider establishing a fertilizer production facility in Belize. Liz suggested that they contact the International Fertilizer Institute, which is located in Mussel Shoals, Alabama and is supported in part by USAID funding (she will furnish the address after returning to the States).

6. The Belize Honey Producers Federation: The Belize Honey Producers Federation was devastated by two catastrophic events during the mid-to-late eighties. According to the Federation, honey production dropped sharply after the native bee population was decimated from aerial spraying of herbicides to eradicate marijuana and an invasion of Africanized bees. The impact from the herbicide spraying was never proved. Honey exports dropped from a high of 300 tons in the mid-eighties to 20 tons currently. Prior to these events, the industry seemed to be thriving and have a healthy export market. The leadership of the federation is committed to revitalizing the industry. They believe this can be done through training in the handling of Africanized bees, breeding out the aggressiveness of the Africanized bees through the introduction of Hawaiian and Belgian Queens and improved protective gear. It might be possible to interest USDA in the Federation's work as a means for preventing the spread of Africanized bees, or diluting their aggressiveness. The Federation has been soliciting funding to support technical assistance and training activities to bring more farmers into the industry. Liz offered to present information to USDA if they send background on the problem to her via BEST.

7. Other Enterprises

We were unable to visit cooperatives in the Hopkins Village area due primarily to complications in scheduling (ie. unanticipated flooding, etc). However, we were told that the Hopkins Farmers Cooperative was interested in getting technical assistance to help them with the development of a cereal product that incorporated ground peanuts, rice and other ingredients. If BEST can furnish us with information on the product and any problems they have encountered in its production, we would be happy to try to address some of the technical concerns. We also suggested that INCAP may be

to offer assistance. Liz later spoke with Dr. Elias, who heads up the food science program for INCAP, and he was very interested in getting more information.

VI. OPPORTUNITIES FOR WASTE UTILIZATION

In addition to the electricity co-generation from sugar cane bagasse opportunity discussed above, there may be an opportunity to process waste bananas (and possibly papayas) for the U.S. industrial market. Waste banana quantities in the Toledo region may be of an adequate scale, although we did not obtain figures. Potential processing facilities are located in Stann Creek, about two hours away. These bananas are currently being dumped and represent a waste disposal problem.

As a first step, quantities and current market prices of rejects need to be determined. Then, the Citrus Company of Belize and Belize Food Products should be contacted to determine interest. Both companies appear to have evaporators, frozen storage, and stainless steel tanks which might be used (some additional equipment would have to be installed) for processing frozen chunks or frozen pulp in 5 gallon pails. Concentrate equipment may be used to produce concentrated clarified banana juice but other equipment would also be needed. If canning equipment is available, products might also be produced in Number 10 cans.

Chiquita management will be put in touch with Henry Gill at BEST to discuss feasibility if they are interested.

VII. OTHER ORGANIZATIONS

Liz had meetings with Patrick McDuffy, General Development Officer for USAID in Belize, Jose Teixeira, Representative for the IDB in Belize; and Patricia Palma, Representative for INCAP in Belize.

USAID/Belize has been scaling back its level of involvement in Belize. By next year, the Mission will be almost solely focused on providing assistance in the area of natural resources. Mr. Teixeira came

to Belize about six months ago to introduce IDB interventions in the country. His offices are temporarily housed in a local Ramada Hotel; they have plans to open offices in Belmopan, the capital of Belize. Ms. Palma is the first INCAP representative to be stationed in Belize. She arrived about two months ago and her office is currently housed in PAHO offices. She said they recently published a report that summarizes published information relating to Belize's nutritional status. INCAP is interested in doing a baseline food intake survey in the Toledo region. We encouraged her to contact local processors and the Chamber of Commerce, as they would be likely to be interested in and supportive of this basic market information. Liz shared this information with USAID economist Harry Bennett, who said it was useful information to have as he was involved in a related project with the World Bank. Liz also met with Santiago Gomez, the Manager of the Belize Export & Investment Promotion Unit (BEIPU) of the Belize Chamber of Commerce. Mr. Gomez described the food processing businesses that currently exist in Belize and said that they would benefit from SUSTAIN technical assistance. He would like SUSTAIN to come back and allocate some time to assist BEIPU members.

Each of the representatives from USAID, IDB, and INCAP explained that a surprise turnabout in election results earlier in the summer had resulted in a shift in power from the PUP to the UDP. Each organization has been reestablishing contacts in each ministry with the new representatives.

VIII. CONCLUSION

The NGOs and small businesses interviewed during our visits would benefit from support provided by the IDB Microenterprise Division in the form of institutional strengthening support and access to credit. Technical assistance and training offered through SUSTAIN would be a good complement to this assistance. Areas of need that were identified include: planning and development of marketing strategies; good manufacturing practices and quality control; processing technologies in tropical fruits, dairy products, cereals, legumes, etc; organic marketing; fisheries; and utilization agricultural by-product and processing waste. BEIPU also expressed an interest in accessing SUSTAIN technical expertise. Belize NGO and small enterprise participation in the planning and delivery of regional training programs that are offered by SUSTAIN in conjunction with INCAP and AGTA should be continued and expanded.

SUSTAIN PROGRAM

The program **Sharing U.S. Technology to Aid in the Improvement of Nutrition (SUSTAIN)** provides access to U.S. expertise in food processing to help improve nutrition in the developing world. Technical assistance is provided by volunteer professionals from U.S. food companies, universities, and other organizations who donate their time and expertise.

SUSTAIN was granted a five-year renewal from the U.S. Agency for International Development (USAID) on September 30, 1991. The program is managed under a cooperative agreement with the National Cooperative Business Association (NCBA) and receives advice from a Steering Committee made up of private sector representatives.

NCBA was founded in 1916 and is a membership association representing America's 45,000 cooperative businesses. Known overseas as CLUSA, NCBA works overseas with its own member co-ops, USAID, World Bank, UNDP, and other donor agencies to promote development and joint ventures in the third world.

Many benefits can accrue to the developing world through improvements in food processing. From the standpoint of alleviating hunger and improving nutrition, food processing has much to offer. It helps meet food and nutritional requirements and reduce post-harvest food losses. From the economic standpoint, food processing provides a means for increasing foreign exchange earnings through exporting value-added processed foods rather than commodities. It helps generate employment and stimulates technological development and the growth of allied industries.

SUSTAIN helps improve food quality, expand production, and lower operating costs of locally grown and processed foods by providing technical assistance in post-harvest food systems, including: (a) food safety, quality, and sanitation (b) food preservation and storage (c) food processing (d) food fortification (e) packaging (f) marketing (g) weaning foods and (h) environmental technologies.

How the Program Works

SUSTAIN receives requests for assistance from individual food companies, research institutions, and USAID. Short-term technical assistance is provided by experienced U.S. professionals who donate their time and expertise to the project. Missions are typically one to three weeks in duration. SUSTAIN covers international travel costs. Companies or host organizations requesting SUSTAIN assistance are asked to contribute towards in-country expenses. Due to budget constraints, priority is given to requests that can demonstrate an ability to improve the nutritional quality, safety, and availability of food in the local community.

SUSTAIN is able to solve many problems by providing information that exists either in technical literature or in the "memory" of a company. If the problem cannot be solved through correspondence, then SUSTAIN volunteers may be sent to provide short-term technical assistance. Workshops and seminars can also be organized to help address food technology issues. The program does not fund product or equipment acquisitions.

The program publishes a quarterly newsletter (*SUSTAIN Notes*) on food technology issues. It is provided gratis to approximately 2300 recipients in more than 50 countries.

For more information, please write to:

SUSTAIN Program
National Cooperative Business Association
1401 New York Avenue, NW, Suite 1100
Washington, DC 20005-2160
Phone: (202) 638-6222
Fax: (202) 628-6726



INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D.C. 20577

OPERATIONS OFFICER FOR BELIZE

CABLE ADDRESS
INTAMBANC

SPR/MTC93-013-5 RI
July 9, 1993

Ms. Elizabeth Turner
SUSTAIN Program
1401 New York Avenue, N.W.
Suite 1100
Washington, D.C. 20005-2160

Dear Liz,

As a follow-up to our recent conversations regarding small project activities in Belize, I would like to formally request assistance through the SUSTAIN Program to obtain two experts to carry out a mission to Belize from approximately July 29 to August 6. Assistance in the areas of marketing, fruits and vegetables and dairy industries have been identified as priorities for initial analysis.

The purpose of this mission would be to carry out an initial analysis of several NCO's which have been identified by this Division (BEST, NDFB and BABCO), to determine their ability to assist small and micro enterprises in the areas of market development and product diversification, particularly in the agribusiness sector. In addition, it would be extremely useful for the experts to assist in identifying key areas where specialized technical assistance could be provided in the future.

I look forward to hearing from you soon, and to initiating a mutually beneficial working relationship with the SUSTAIN Program in Belize.

Sincerely yours,

Laura Ramirez-Ramos
Microenterprise Division

**REVISED ITINERARY
SUSTAIN MISSION TO BELIZE
AUGUST 12-18, 1993**

Wednesday, August 11

Ms. Stockwell arrives from U.S.
Ms. Turner arrives from Guatemala
Meet with Jose Teixeira, IDB Representative
Meet with Patricia Palma, INCAP Representative
Overnight in Belize City

Thursday, August 12

Meet with Patrick McDuffee, USAID General Development Officer
Mr. Sole arrives from Costa Rica
Afternoon departure for San Ignacio to visit Macal Dairy and Belize Federation of Agriculture Cooperatives
Overnight in Belmopan

Friday, August 13

Depart for Gales Point
Meet with Gales Point Bed & Breakfast Association
Meet with Gales Point Farmers Association

Saturday/Sunday, August 14-15

Original schedule cancelled and rearranged due to intense flooding conditions that prevented travel and delayed return to Belize City

Monday, August 16

Early departure for Orange Walk/Corozal to meet with Belize Sugar Cane Farmers Association, Belize Honey Producers Federation, and BABCO.

Tuesday, August 17

Report-writing, wrap-up, and debriefing meeting with BEST and IDB

Wednesday, August 18

Departure

CONTACTS DURING SUSTAIN MISSION TO BELIZE

James Devers
Consultant
IDB Microenterprise Program

Jose Airton Teixeira
Representative
Inter-American Development Bank
P.O.Box 1853
Belize City, Belize, C.A.
Tel: 501-2-34905
Fax: 501-2-34760

Patrick McDuffie
General Development Officer
USAID/Belize
Department of State
Washington, DC 20521-3050
Tel: 501-2-31066/77161
Fax: 501-2-30215

Harry Bennett
Economist
USAID/Belize

Patricia Palma
INCAP Representative
PAHO/WHO
#4 Eyre Street
Belize City, Belize, C.A.
Tel: 501-2-44852; 44885

Bridget Cullerton
Managing Director
Belize Enterprise for Sustained Technology
P.O. Box 35
Forest Drive
Belmopan, Belize, C.A.
Tel: 501-08-23043; 23150
Fax: 501-08-22563

Henry Gill
Project Accountant
Belize Enterprise for Sustained Technology

Ancelmo Castaneda
Agronomist
Belize Enterprise for Sustained Technology

Santiago Gomez
Manager
Belize Export & Investment Promotion Unit
Belize Chamber of Commerce and Industry
63 Regent Street
P.O. Box 291
Belize City, Belize, C.A.
Tel: 501-02-75108; 75109
Fax: 501-02-74984

Michael Bradley
Macal Cooperative
Survey Street
San Ignacio Town, Cayo
Belize, C.A.
Tel: 501-092-3286; 2978

Bertram Enriquez, Sr.
General Manager
Belize Federation of Agriculture Cooperative Society Limited
Santa Elena Town
Cayo District
Belize, C.A.
Tel: 501-092-2048; 3043
Fax: 501-092-2655

Walter Chaerman
Chairman
Gales Point Progressive Cooperative
Gales Point, Belize, C.A.
Tel: 501-05-22087 (community phone)

Alpheus Smith
Chairman
Gales Point Farmers Association
Gales Point, Belize, C.A.
Tel: 501-05-22087 (community phone)

Pablo Tun, Chairman
Ricardo I. Villanueva, Administrator/Accountant
Felipe S. Blanco, Sugar Technologist
Belize Cane Farmers Association
San Antonio Road
P.O. Box 20
Orange Walk, Belize, C.A.
Tel: 501-03-22005; 23871
Fax: 501-3-23171

22-

Ramon Cervantes, President
Julian Avila
Belize Honey Producers Federation
5 Arthur St.
Orange Walk Town, Belize, C.A.
Tel: 501-03-22079

Jose E. Novelo
Managing Director
Belize Agribusiness Company
P.O. Box 92
Orange Walk Town, Belize, C.A.
Tel: 501-32-2585; 22849
Fax: 501-32-2850

INTER-AMERICAN DEVELOPMENT BANK
MICROENTERPRISE DIVISION
SHORT-TERM MISSION

BELIZE
(TC-93-03-30-6)

I. BACKGROUND

- 1.1 During the Bank's first Country Programming Mission to Belize in February 1993, the Microenterprise Division made initial contacts with several non-governmental organizations (NGO's) working in the sector. As a result of these discussions, four NGO's have expressed interest in exploring the possibility of obtaining assistance through the Small Projects Program. The Bank's Representative in Belize has only recently established an office, and specialists in the country will be limited in the coming months. Therefore, this short-term mission will assist the Bank in carrying out an analysis of the microenterprise sector, including obstacles faced by this segment of the population in their access to financial and non-financial services.
- 1.2 The basis of the analysis of the microenterprise sector will also assist the Bank in defining a coordinated plan of action for the next few years, which is consistent with Government and Bank priorities for the country. The CPP and the PMP for Belize are currently being considered internally, and highlight the need to increase international competitiveness, levels of productivity and export capability by supporting projects in infrastructure, agriculture, education and training in the next two years. In addition, the Bank's strategy for Belize will focus on the following four cross-sectorial themes in the development of a lending portfolio: (1) support for women and youth; (2) development of the private sector; (3) increased efforts in Central American integration; and (4) attention to environmental issues and tourism development.
- 1.3 Bearing in mind the above-mentioned country strategy, this technical cooperation will be used to contract consulting services to design a financing and technical cooperation program which will be processed through the Bank's Small Projects Program for two prominent NGO's which currently execute projects for low-income microentrepreneurs located primarily in rural areas of the country.
- 1.4 The consultant to be hired through the short-term mission will collaborate with the Belize Enterprise for Sustained Technology (BEST) and the National Development Foundation of Belize (NDFB) to carry out an institutional analysis of each organization, analyze activities currently carried out in support of microenterprises, and on the basis of the institutional evaluation and analysis of the sector, prepare a financing proposal for the consideration of the Bank which would include the two small projects. The expert would also provide support to the Country Office in Belize in the preparation of other possible small project profiles for consideration in 1994-95.
 1. Belize Enterprise for Sustained Technology (BEST)
- 1.5 The Belize Enterprise for Sustained Technology is a private, non-profit organization registered in the General Registry of Belize on March 26, 1985, and incorporated as a limited company under Chapter 206 of the Companies Act of the Laws of Belize (Rev. 1980). BEST's primary objective is to help create economic benefits for low-income individuals, and strengthen the ability of community-based enterprises to sustain their own development. This goal is achieved through the promotion of enterprise development, application of efficient business management training, sustainable natural resource management and conservation, and the participation of women in the social and economic development of Belize.

- 1.9 The NDFB has been identified as one of the principal NGOs in Belize which is currently serving the credit needs of micro and small entrepreneurs in the country. While the initial emphasis of the organization was to provide assistance to microentrepreneurs involved in primarily in services or retailing, the NDFB has expanded its credit portfolio to include loans to microentrepreneurs for agricultural activities as well as to small enterprises who are not being served through the local financial system. During the period April 1984 to December 1992, the NDFB on-lent 2,833 credits in the following principal categories for a total amount of US\$11,840,625: (1) manufacturing and industry (507); (2) agriculture/small farming (1179); and (3) services and trade (1147). Approximately 46.8% of all loans were lent to enterprises in the Belize District, 19.7% to the Orange Walk and Corozal Districts, 6.2% to the Toledo and Stann Creek Districts, and 27.3% to the Cayo District.
- 1.10 The NDFB has presented a request to the Bank for financing to expand its revolving credit fund. Credits would be on-lent to micro entrepreneurs throughout the country for their working capital or fixed capital needs. The project would also include a parallel non-reimbursable technical cooperation operation, which would primarily be used to support NDFB through the provision of advisory services and hiring of specialized consultants in areas such as institutional and financial development, strategic planning, appropriate technologies, among others. The primary objective of the proposed project would be to strengthen the NDFB's financial and institutional capabilities to provide credit and other related services to microentrepreneurs, with special emphasis on increasing the participation of women and youths, and on the production of non-traditional crops particularly in the southern part of the country.

II. OBJECTIVES

- 2.1 The main objectives of the short-term mission would be to: (a) prepare an analysis of the microenterprise sector in Belize, including obstacles faced by this segment of the population in their access to financial and non-financial services; (b) carry out an in-depth analysis of BEST and NDFB to determine their institutional and financial capabilities to act as small project intermediaries; (c) design a technical cooperation program which will contribute to the institutional strengthening of each organization; (d) advise each organization in the design of their respective credit, investment and technical assistance programs for small scale enterprises; (e) prepare a package of small projects for the consideration of the Bank, which would include a financing and technical cooperation program for each organization; and (f) prepare profiles for other possible small projects and/or technical cooperation for consideration during the 1994-95 period.

III. DESCRIPTION

- 3.1 The objectives of this short-term mission will be achieved through the hiring of an individual consultant specialized in the institutional and financial analysis of NGO's that execute credit, investment and training programs for small and micro entrepreneurs. The specific Terms of Reference to be carried out by the consultant are presented in Annex I of this document.
- 3.2 In light of the country strategy described in paragraph 1.2, and the potential for developing food industries in Belize, the Bank will also coordinate efforts to obtain additional technical expertise for this technical cooperation from Project SUSTAIN, a joint program of the United States private food industry and the Agency for International Development. The SUSTAIN program assists food related enterprises in developing countries through the provision of consultants from food companies in the United States, for industry to industry or company to company technical assistance, training and information. The U.S. companies provide the expert and pay the cost of international travel, and the local enterprises arrange and provide accommodations, per diem and in-country travel expenses in local currency. A description of the SUSTAIN program and how it operates is included in Annex II. A small portion of the resources of the short-term mission will be used to help defray the local expenses of the NGO's to obtain experts through the SUSTAIN program.
- 

VII. SOURCE OF THE RESOURCES

- 7.1 The resources will be charged to the net income of the Fund for Special Operations, and would be disbursed within a period of 6 months from the date the operation is approved.

VIII. SUPERVISION

- 8.1 The Short-Term Mission will be supervised by the Microenterprise Division of the Special Programs Sub-Department of the Operations Department. The Bank's Representative in Belize will also supervise the technical cooperation in the country.

IX. APPROVAL

- 9.1 The Operations Manager, in accordance with the authority given to him by the President of the Bank through the Restructuring Committee, after having submitted the present document to the rest of the members of the Loan Committee for consideration, authorizes the utilization of the resources charged to the Fund for Special Operations to finance this short-term mission.

Approved: _____ Date: 7th May 20 1993
Paulo Renato Souza, Manager J

PROFILE I
BELIZE
APRIL 1993

PROJECT NAME: Invest Program for Microenterprises
PROJECT NUMBER: SF-93-05-03-9 and TC-93-05-03-9
COUNTRY TEAM LEADER: Jorge Sapoznikow

BORROWER: Belize Agribusiness Company (BABCO)
EXECUTING AGENCY: Belize Agribusiness Company (BABCO)
FINANCING PLAN: BANK: US\$500,000 in financing; US\$130,000 for a parallel non-reimbursable technical cooperation

TENTATIVE DATES:
ANALYSIS: II quarter 1993
BOARD: III quarter 1993

ENVIRONMENTAL CLASSIFICATION: to be determined

I. BACKGROUND

1.1 A preliminary analysis of the microenterprise sector in Belize was carried out by the Microenterprise Division during the Bank's first Country Programming Paper Mission to the country in February 1993. As a result of the mission, the Bank has been able to identify possible intermediary organizations which are currently supporting small-scale enterprises, and to prepare a description of the characteristics of typical beneficiaries. In order to expedite the consideration of a package of small projects for approval in 1993, the Bank will hire a consultant or consulting firm during the second quarter to assist in the analysis and preparation of a package of small projects for the National Development Foundation of Belize (NDFB), the Belize Enterprise for Sustained Technology (BEST) and the Belize Agribusiness Company (BABCO).

II. IDB STRATEGY AND RATIONALES FOR INVOLVEMENT

2.1 The proposed project is consistent with the Bank's 7th Replenishment objectives to reach low-income beneficiaries, foster the development of microenterprise activity in the country, create employment and income-generating opportunities, and contribute to the preservation of the environment.

2.2 BABCO was created in 1985 as a non-profit private sector company for the research, development, production and marketing of non-traditional fruits and vegetables. Initial funding was provided by USAID to support tropical fruit production, mainly papaya, in the northern part of the country for export to Miami. BABCO also works with at least 14 other crops that have the potential for export or domestic consumption by the growing tourist market. In addition to the activities previously mentioned, BABCO also provides technical assistance and marketing support to small farmers

V. MAIN ISSUES

- 5.1 Given the temporary absence of a Country Office in Delize, the Bank should incorporate adequate provisions in the project design to ensure that appropriate measures are included for the supervision, monitoring and evaluation of the program.
- 5.2 In spite of attempts by IFAD and USAID to promote agricultural production and marketing in the Toledo area, small scale farmers still face a shortage of agricultural support services and marketing facilities. A forthcoming short-term mission will analyze the institutional structure of BABCO to determine the viability of expanding its activities in the south. If the institutional analysis performed as part of the short-term mission determines that BABCO is sound, the Bank should proceed with the preparation of the small project and explore marketing linkages with the NDFB and BEST projects which will be presented as part of a small projects package for consideration in 1993. Areas of institutional weaknesses should be addressed by the Bank through the parallel technical cooperation to the small project for BABCO.

babcobl.P1

BEST AVAILABLE COPY

-28