

**United States
Agency for International Development**



Belize

**Action Plan
1994 -1995**

January 1993

USAID/BELIZE ACTION PLAN

I. Status of Strategic Objectives

The Program Objectives Document and Action Plan which USAID/Belize submitted in May 1992 identifies two strategic objectives (SOs) for the 1991-1996 period. The first and main SO is

use of terrestrial natural resources improved.

About half of the Mission's DA resources will be dedicated to this objective during FY 1993-1995. The second strategic objective is

Government's fiscal resources improved.

This objective is a very modest effort which will receive under 10% of the Mission's DA resources for the period.

In addition to the two strategic objectives, the Mission's program strategy includes three special targets: completion of rural bridge construction, support for local action against drug abuse, and training in the U.S. for leaders from disadvantaged groups.

A. **SO-1: Use of Terrestrial Natural Resources Improved**

1. Refinements

There have been no substantive changes in the SO and only minor refinements in program outputs (POs) since the May 1992 document. The performance indicators have been refined significantly and the process is not yet complete.

The program output originally stated as "public awareness of ENR policy increased," has been replaced with "Increased community commitment to environment and natural resource management." The change reflects the real aim, which goes beyond awareness to public action, and the focus on communities, not just the public at large.

Several indicators identified in the May 1992 document have been changed and the number decreased in the interest of practicality. While we still have four indicators at the SO level, we consider this number necessary to capture key elements of the objective and to link the environment/natural resource objective to the program goal of sustainable economic growth. Two indicators reflect environmental concerns (forests and biological diversity) and two reflect two target economic sectors (agriculture and tourism).

One PO also still has four performance indicators. In this case, this is due to the complexity of measuring achievement of the output, i.e., increased capacity of two ministries to plan and implement policy. Each of the other POs now has just two performance indicators.

2. Performance

Completion of the process of refining indicators and establishing baselines and targets was set back by delays in bringing on board the U.S. private voluntary organization (PVO) consortium which will have major support and implementation responsibility for the Natural Resources Management and Protection project (NARMAP). The cooperative agreement was just signed in December 1992 and an interim chief of party arrived in Belize in January 1993. This delay also effected achievement of results, particularly in the sustainable agriculture element, which the PVO will implement directly.

Still, significant progress has been made, particularly in areas for which the Government of Belize (GOB) is directly responsible. A new National Lands Act and an Environmental Protection Act have been passed, improving the legal basis for environment and natural resources (ENR) action. Legal protection has been extended to significant new areas, including "special development areas" established to facilitate community efforts in ENR management. Planned staffing increases have been made in key responsible departments and long-term training programs have been initiated to increase availability of needed skills.

There were also delays in obtaining initial technical assistance (TA) for the Tourism Management Project (TMP), but performance and performance measurement are not as closely linked to the TA as in the case of NARMAP. The tourism "Integrated Policy and Strategy Statement" committing Belize to a focus on small-scale, environmentally sensitive tourism was approved in 1991. Staff additions in the Ministry of Tourism and Environment have moved ahead as planned. The Environmental Protection Act provides a legal basis for actions by that Ministry, e.g., requiring environmental impact assessments. Sites have been selected for site-specific tourism management plans and a pilot project (Xunatunich) is getting underway.

The Belize Tourism Industry Association (BTIA) has also made progress in strengthening itself as representative of an industry dependent on proper use and conservation of the country's natural resources. Membership has grown ahead of targets, but the organization remains seriously challenged to increase local financial support.

3. Monitoring and Evaluation Status and Plans

The SO will be achieved largely through activities under two projects, NARMAP and TMP. Thus, monitoring and evaluation will also largely be a product of those two projects, with the larger project, NARMAP, responsible for tracking most of the indicators. Most of the indicators related to tourism are readily monitored under the TMP project, but the SO level indicator focused on tourism value from key managed sites remains problematic.

Two external evaluations during the course of the NARMAP project have been built into the PVO cooperative agreement. The TMP project does not include provision for a mid-term external evaluation, but USAID plans an SO level mid-term evaluation to take place in 1994.

SO-1 TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Belize				
STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
Indicator: Perceived threat in 35 critical habitats				
Unit: Index of security weighted average		Year	Planned	Actual
Source: NARMAP, LNGO report (BCES)	Baseline	1992	---	46.5
Comments: Index (1-100) is calculated by multiplying degree of protection (0-5) by value of each habitat (15-21) and dividing by total if all 35 habitats were protected.		1993		
		1994	53	***
		1995		
	Target	1996	60	***
Indicator: Deforestation				
Unit: Percent loss		Year	Planned	Actual
Source: Department of Forestry & ODA	Baseline	1992	-----	
Comments: Baseline of forest cover for 1989 available; negotiation underway with MNR and ODA for aerial photos and analysis in early 1993 to determine baseline rate of change and target. Will be repeated in 1996.		1993		***
		1994		
		1995		
	Target	1996		***
Indicator: Total income from sedentary agriculture among small holders in targeted area				
Unit: Bz\$000		Year	Planned	Actual
Source: NARMAP Project - PVO reports	Baseline	1992	-----	
Comments: Baseline and targets to be developed after PVO team arrives in early 1993.		1993		
		1994		
		1995		
	Target	1996		
Indicator: Value per tourist visit at selected key sites, while total visits within manageable limits				
Unit: Bz\$ per visit		Year	Planned	Actual
Source: MTE	Baseline	1992	---	
Comments: Key sites identified: Lamanai, Xunantunich, Cockscomb, Crooked Tree. Study underway to determine tourist value per visit. Will be repeated in 1996.		1993		***
		1994		
		1995		
	Target	1996		***

STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
PROGRAM OUTPUT NO. 1.1 Alternative cropping systems adopted in targeted areas				
Indicator: Farmers with secure land tenure in targeted areas				
Unit: Number of farmers		Year	Planned	Actual
Source: NARMAP Project, PVO report	Baseline	1992	-----	
		1993		
		1994		
		1995		
	Target	1996		
Comments: Baseline and targets to be developed after PVO team arrives in early 1993.				
Indicator: Farms in target area using practices developed and disseminated through NARMAP project				
Unit: Number of farms		Year	Planned	Actual
Source: NARMAP Project, PVO report	Baseline	1992	-----	0
		1993		
		1994		
		1995		
	Target	1996		
Comments: Targets to be developed after PVO team arrives in early 1993.				
STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
PROGRAM OUTPUT NO. 1.2 Increased community commitment to environment and natural resource management				
Indicator: Applications to Conservation Development Fund from local communities				
Unit: Number per year		Year	Planned	Actual
Source: NARMAP Project PVO report	Baseline	1992	-----	0
		1993	3	
		1994	4	
		1995	4	
	Target	1996	4	
Comments: CDF will be established in 1993 by the PVO team.				
Indicator: Special Development/Community Protected Areas established				
Unit: Number (cumulative)		Year	Planned	Actual
Source: MNR reports	Baseline	1991	-----	1
		1992		6
		1993	7	
		1994	8	
		1995	9	
	Target	1996	10	
Comments:				

STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
PROGRAM OUTPUT NO. 1.3 Capacity of MTE and MNR to plan and implement policy increased				
Indicator: National, transparent land-use system established and in use				
Unit: Milestone		Year	Planned	Actual
Source: NARMAP Project MNR report	Baseline	1992	----	M1
Comments: Milestones: M1 National Lands Act passed M2 Land Allocation Committee functional M3 Prior public notice of land distribution M4 Land use studies are basis for distribution M5 Lands Act amended to limit political control		1993	M2,3,4	
		1994	M5	
		1995		
	Target	1996		
Indicator: Comprehensive system of protected areas established				
Unit: Milestone		Year	Planned	Actual
Source: NARMAP Project MNR report	Baseline	1992	----	M1
Comments: Milestones: M1 24 protected areas identified/designated M2 Legal boundaries defined for protected areas M3 Formal GOB declaration of management structure for protected areas		1993	M2	
		1994	M3	
		1995		
	Target	1996		
Indicator: MNR and MTE staffing plans implemented				
Unit: Number of professional/ technical staff		Year	Planned	Actual
Source: MNR and MTE reports	Baseline	1992	----	47
Comments: Combined number of established positions filled: MTE: Depts. of Environment and Archaeology and Tourism Planning Unit; MNR: Dept. of Forestry and Land Information Center. Includes Forest Rangers & Guards.		1993	60	
		1994	68	
		1995	72	
	Target	1996	76	
Indicator: Tourism growth management system established and operating				
Unit: Milestone		Year	Planned	Actual
Source: Tourism Mgt. Project MTE report	Baseline	1992	----	M1,2
Comments: Milestones: M1 Tourism Policy/Strategy approved M2 Environmental Protection Act passed M3 Pilot site-specific mgt. plan complete M4 Upgraded tourism data system operational M5 Five site-specific mgt. plans implemented		1993	M3	
		1994	M4	
		1995		
		1996	M5	

STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
PROGRAM OUTPUT NO. 1.4 Capacity of LNGOs to influence ENR policy increased				
Indicator: Local financial support for LNGOs				
Unit: Bz\$000		Year	Planned	Actual
Source: NARMAP Project PVO reports	Baseline	1992	----	
Comments: Data being collected but not yet available.		1993		
		1994		
		1995		
	Target	1996		
Indicator: Number of members of LNGOs				
Unit: Number		Year	Planned	Actual
Source: NARMAP Project PVO reports	Baseline	1992	----	
Comments: Data being collected but not yet available.		1993		
		1994		
		1995		
	Target	1996		
STRATEGIC OBJECTIVE NO. 1 Use of terrestrial natural resources improved				
PROGRAM OUTPUT NO. 1.5 Capacity of BTIA to influence NR/tourism policy increased				
Indicator: Number of members of BTIA				
Unit: Number		Year	Planned	Actual
Source: BTIA records	Baseline	1991	----	270
Comments:		1992	340	386
		1993	410	
		1994	480	
		1995	550	
	Target	1996	600	
Indicator: Local financial support for BTIA				
Unit: Percent of operating costs		Year	Planned	Actual
Source: BTIA records	Baseline	1991	----	22
Comments:		1992	30	25
		1993	40	
		1994	52	
		1995	63	
	Target	1996	75	

SO-1 TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Belize
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective: Encourage preservation and sustainable use of the natural resource base
STRATEGIC OBJECTIVE 1: Use of terrestrial natural resources improved

PROGRAM OUTPUT 1.1 Alternative cropping systems adopted in targeted areas	PROGRAM OUTPUT 1.2 Community commitment to ENR management increased	PROGRAM OUTPUT 1.3 Capacity of MTE and MNR to plan and implement policy increased
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Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
505-0043 NARMAP	505-0043 NARMAP	505-0043 NARMAP
596-0150 RENARM	505-0044 TMP	505-0044 TMP
	596-0150 RENARM	596-0150 RENARM
	598-0784 Parks in Peril	936-5063 Univ. Linkages
	936-5600 Ethnobotany	

PROGRAM OUTPUT 1.4 Capacity of LNGOs to influence ENR policy increased	PROGRAM OUTPUT 1.5 Capacity of BTIA to influence NR/tourism policy increased
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Projects (Number\Title)	Projects (Number\Title)
505-0043 NARMAP	505-0044 TMP
596-0150 RENARM	
598-0782 Parks in Peril	
598-0784 Env/Global Climate Change	
936-5600 Ethnobotany	

B. SO-2: Government's Fiscal Resources Improved

1. Refinements

SO 2 remains as stated in the May 1992 document, but program outputs have been reduced to one in recognition of the modest level of resources available for this objective. Performance indicators have also been reduced to one each at the SO and PO levels. Revisions in the only project supporting this SO, Development Training Scholarships (DTS), are currently being negotiated to focus more directly on the SO. The outcome is likely to require further revision of the PO level indicator

2. Performance

USAID undertook this SO with reservations in view of the very modest resources with which it could achieve change, but also with the expectation that USAID's support would be supplemental to significant commitment by the GOB and support from other donors. In fact, this has materialized more rapidly and with greater impact than expected.

With regard to tax structure, with technical help and encouragement from the World Bank the GOB has introduced a value-added tax (VAT) to replace some taxes on trade. Even before this step, information available for the first six months of 1992/93 showed performance against the SO level indicator--reduced reliance on taxes on trade--exceeding the target. This was because improved collection of income taxes more than offset an increase in taxes on trade.

The Ministry of Finance has also initiated a program to improve capacity for fiscal management in the GOB. UNDP assistance is expected for this effort and USAID's revised DTS project could provide significant support. Meanwhile under the project, Belize's Income Tax Commissioner is completing a one year program at Harvard and two members of the Customs Department have gone to the U.S. for short-term training.

Besides DTS, USAID relies on policy dialogue and program development and support funds (PD&S) for short-term responses to specific requests in support of this SO. Initial efforts during the past year focused on improving the Central Statistics Office ability to provide useful information to policy makers. Two members of the Central Statistical Office received short-term training in the U.S. in 1992 and are using the training to improve the Consumer Price Index.

3. Monitoring and Evaluation Status and Plans

The SO level indicator, reduced reliance on taxes on foreign trade, is readily tracked from data maintained by the Central Bank and Ministry of Finance.

At the program output level, plans are to monitor the indicator through follow-up inquiries of participants. However, as noted above, the redesign of the DTS project is likely to include some modification of the performance indicator and, consequently, of monitoring and evaluation plans.

SO-2 TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Belize				
STRATEGIC OBJECTIVE NO. 2 Government's fiscal resources improved				
Indicator: Reliance on taxes on foreign trade				
Unit: Percent of total tax rev.		Year	Planned	Actual
Source: MOF & Central Bank	Baseline	1991/92	-----	61.4
Comments: First 6 months of GOB FY 1992/93 reported.		1992/93	59.5	57.7
		1993/94	57.0	
		1994/95	55.0	
		1995/96	52.0	
	Target	1996/97	50.0	
STRATEGIC OBJECTIVE NO. 2 Government's fiscal resources improved				
PROGRAM OUTPUT NO. 2.1 GOB capacity to plan and implement policy increased				
Indicator: Fiscal management staff trained and reporting positive results				
Unit: Number		Year	Planned	Actual
Source: DTS Project - follow-up surveys	Baseline	1992	-----	2
Comments: Indicator and/or targets may need to be revised after changes in DTS project negotiated.		1993	5	
		1994	9	
		1995	15	
		1996	20	
	Target	1997	25	

SO-2 TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Belize
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective: Encourage the adoption of & continued adherence to economic policies that promote investment, productive employment & outward-oriented diversification
STRATEGIC OBJECTIVE NO. 2 Government's fiscal resources improved

**PROGRAM OUTPUT 2.1
GOB capacity to plan and
implement policy increased**

Projects (Number\Title)
505-0041 DTS
505-0000 PD&S

II. Portfolio Analysis

A. **New Initiatives**

One new project, Civic Action against Drug Abuse, was approved at the last Action Plan review and is under design for initial obligation in FY 1993. This is a follow-on to the Drug Awareness Education project which ends this year. No new projects are planned for FY 1994 or FY 1995.

B. **Status of Portfolio**

As shown in Table 3, the USAID/Belize project portfolio is shrinking rapidly. By the end of FY 1993, it will consist of just six projects, which will continue through the current strategic period, i.e. through FY 1996.

C. **Central and Regional Projects**

In our last Action Plan we raised the issue of the number of central and regional projects with activities in Belize, few of which support our strategic objectives. Our Semi-Annual Report submitted in November 1992 provided a comprehensive and up-to-date listing. We have the impression that we are seeing fewer communications on such projects in recent months, a hopeful sign of positive change.

Table 3: USAID/BELIZE PORTFOLIO -- PROJECT TIMELINE

PROJECT	FY92				FY93				FY94				FY95				FY96				FY97			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
0006 Livestock Prod.	-	-	-	-	-	-	T																	
0008 Comm. Alt. Crops	-	-	-	-	T																			
0010 Spec. Dev. Act.	-	-	-	-	T																			
0011 Natl. Dev. Fdn.	-	-	-	T																				
0016 Toledo Ag. Mktg.	-	-	T																					
0018 I.P.T.B.Health	-	-	-	-	-	-	-	T																
0020 Trng. Emp. & Prod.	-	-	-	-	-	-	-	T																
0027 Exp. & Inv. Prom.	-	-	-	-	-	-	-	T																
0033 Drug A. & Ed.	-	-	-	-	-	-	T																	
0039 CAPS I	-	-	-	-	-	-	-	T																
0041 Dev. Trng. Schol.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0042 Rural Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	-	-	-	-
0043 Nat. Res. Mgt. & P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	-	-	-	-
0044 Tourism Mgt.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	-	-	-	-
0047 CAPS II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0048 Civ. Act. Drug Ab.							S	-	-	-	-	-	-	-	-	-	-	-	-	T	-	-	-	-
xxxx MDC Project																	S	-	-	-	-	-	-	-
TOTAL PROJECTS (number)				13				6				6				6				3				3
(end FY 4th Quarter)				-				-				-				-				-				-

12

III. Environment

A. Major Challenges

The Tropical Forests/Biological Diversity Annex to USAID/Belize's FY88/89 Action Plan, prepared in 1987, remains an accurate statement of the conditions and problems. While there has been significant progress in addressing essentially all of the recommendations in that report, underlying challenges remain. Among the most intractable of these are the limited financial and human resources that a small country (population 200,000) can afford to dedicate to management of extensive forest areas and critical habitats. There has been evidence of political will to apply technical criteria to land-use decisions, a critical assumption of USAID's main strategic objective. However, this remains an issue due in part to the perceived abundance of land and the small size of Government which facilitates political involvement at all levels of decision-making.

B. Progress Made

Following the 1987 report, USAID/Belize developed a program strategy for the first half of the 1990s which has improved use of natural resources as its major focus. As a result, USAID involvement in responding to the report recommendations has been much greater than was anticipated. The GOB has also taken important steps to improve its ENR management capabilities, including establishing a Conservation Unit within the Forestry Department and creating a new Ministry of Tourism and Environment (MTE) and a Department of Environment in that ministry. Key recommendations of the study and progress made can be summarized as follows:

1. Tropical Forest Conservation Needs

- a. The contribution of Belize forest to the national economy needs to be increased.

Efforts are underway to promote greater use of "secondary species" and more attention is being given to using trees and other plants from areas being cleared for agriculture. Value-added wood products industries (vener, plywood, furniture and furniture parts) have been established and expansion is being promoted. The royalty structure has been improved. A British/ODA Forest Management project now underway is a major contributor. USAID has provided modest assistance in this area and will supplement the ODA work with a limited amount of USA.

- b. A comprehensive National Forestry Development Plan should be developed by the GOB.

A Tropical Forestry Action Plan (TFAP) for Belize was completed and is the guide for current projects, including the ODA project and USAID's NARMAP. In 1991, a UNDP/FAO study on "Economic Aspects of Forestry Management in Belize" reviewed progress on the TFAP and made appropriate recommendations.

- c. Management plans for established Forest Reserves need to be developed and implemented.

The Forest Department is implementing a forest management plan for the Mountain Pine Ridge Reserve and a plan is being developed for the Columbia Reserve, with assistance from ODA. USAID is assisting Programme for Belize (PFB) in preparing a management plan for its Rio Bravo forest and financed development of a management plan for the Monkey River Special Development Area. These efforts are also being assisted by the RENARM sponsored PACA project.

- d. Representative areas of all natural vegetation types in Belize need to be protected, in order assure the conservation of biological diversity.

A critical habitat assessment has been completed; 35 critical habitats have been identified and all under some degree of legal protection. ODA has also completed a comprehensive land capability analysis of the country and the development of a Land Information System is under way.

- e. Management of private sector forests needs to be promoted and increased.

PfB is currently managing 200,000 acres of private sector forests for research, tourism and income generation. This work is supported by A.I.D./W and the Nature Conservancy through the Parks in Peril program. The lessons learned are being applied to other private lands and to lands set aside in Special Development Areas.

- f. Agroforestry and other technologies to sustain production on milpa farms is needed.

USAID's Toledo Agriculture Marketing Project introduced "improved milpa cropping systems" in the Toledo District and NARMAP's sustainable agriculture element will continue directly addressing this recommendation in the area of the Maya Mountains.

2. Biological Diversity Conservation Needs

- a. Establishment of a public lands and land development policy, which should specifically address conservation of biological diversity and management of tropical forests.

One of the objectives of NARMAP is establishment of a transparent land distribution system. The strengthening of LNGOs and the GOB and increased public awareness will help ensure that future policies reflect their concerns.

- b. Comprehensive and systematic review of life zones, vegetation types, natural habitats and the distribution of selected wildlife species on public lands and waters to determine areas for conservation management.

This is being addressed in selected areas by resident scientists from Wildlife Conservation International who receive partial A.I.D. support. The PACA project is also working in this area in the Toledo District.

- c. Establishment of a land use/natural resources planning unit.

As noted, ODA has completed a country-wide land capability study. With ODA and USAID support a Land Information Center is being established within the Ministry of Natural Resources (MNR), which will include a Conservation and Environment Data Center. A Conservation Unit has also been established within the Forestry Department of MNR. The PACA activity is also supporting the Belize Center for Environmental Studies to train Belizean professionals in methods of physical planning, environmental impact assessments and related analytical tools.

- d. Expansion of Forest Department staff.

Forestry Department staff are being increased. NARMAP has included certain staff increases as time-phased conditions precedent and the first phase requirement has been met. NARMAP includes

long-term training for skills needed by both the Forestry Department and the Department of Environment in MTE.

- c. Establishment of a regulation enforcement branch to implement fisheries laws and regulations.

A Conservation Compliance Unit was established in the Department of Fisheries with USAID support. Staff training has also been provided by FAO.

- f. Assessment of the economic potential and development requirements for natural history and culturally based tourism.

Several assessments of Belize's tourism potential and directions for development have been made, with some support from USAID. In 1991, the GOB approved an integrated tourism policy and strategy statement developed between 1988 and 1990. The strategy, echoed in the mission statement of the private sector Belize Tourism Industry Association, emphasizes small-scale, environmentally sensitive tourism. Several sites are targeted for site-specific management plans.

C. Recommended follow-up

Environment and natural resources management is receiving an extraordinary amount of attention in Belize, not only as USAID's main strategic objective, but also from Government, other donors and local and international NGOs. No additional activities can be recommended at this time.

IV. Resource Requirements

USAID bilateral program resource requirements are presented in Table 4. The budget affords little flexibility. As in our last Action Plan, we are presenting realistic minimum levels. (See Section V, Issues, for comment on the budget process.) The funding requested is what is necessary to cover mortgages on already approved projects and for PD&S. The latter is increasingly important with the dramatic reduction in our project portfolio and as a significant input to our second strategic objective. Development of an MDC strategy will also add to our PD&S needs. For FY 1993, Table 4 includes \$830,000 requested above our 653a report level (\$4,800,000), which we expect to come from deobligated funds.

Our Operating Expense and staffing requirements remain as presented in the FY 1994 Annual Budget Submission presented in June 1992.

TABLE 4: USAID/BELIZE SUMMARY PROGRAM FUNDING TABLE
Dollar Program

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
Mission Strategic Objective #1			
505-0000 PD&S	47	100	100
505-0043 Nat.Res.Mgt.& Prot.	2,423	1,800	1,177
505-0044 Tourism Mgt.	700	550	342
Subtotal	3,170	2,450	1,619
Mission Strategic Objective #2			
505-0000 PD&S	150	175	200
505-0041 Dev. Training Schol.	300	300	290
Subtotal	450	475	490
Other			
505-0000 PD&S	100	200	300
505-0020 Trng. Empl.& Prod.	100		
505-0042 Rural Bridges	1,200	1,500	1,200
505-0047 CAPS II	360	400	93
505-0048 Civic Action Drug Abuse	250	250	250
Subtotal	2,010	2,350	1,843
Subtotal DA	5,630	5,275	3,952
Economic Support Fund			
Subtotal ESF	0	0	0
P.L. 480 Title III			
Subtotal	0	0	0
PROGRAM TOTAL	5,630	5,275	3,952

V. Mission and AID/W Initiated Issues

A. **The Budget Process**

As noted in the previous section, we are presenting our program budget requirements at minimum levels needed to fund ongoing projects. We made a similar presentation last year and pointed out then that our time horizon and fixed portfolio leaves little room for flexibility. We hoped the budget process would accommodate this approach. Unfortunately, our FY 1993 OYB was again subject to percentage reductions by the same formula applied across the board to all Missions. The only apparent (negative) consideration of our actual project portfolio was when, in the reclama stage, one project (Rural Bridges) was singled out for a deferred decision on whether additional funds would be provided.

A.I.D./W has had at least a minimal process of linking budget levels to portfolio content in the minimum carrying cost (MCC) and approved annual planning levels (AAPL). MCC was defined as the minimum level needed to continue ongoing projects--precisely what we are requesting. Obviously, if final OYB levels are regularly decided on the basis of flat, across the board reductions, there is great incentive to inflate budget requests, and small, fixed, time-constrained programs such as ours are at a serious disadvantage.

B. **Staffing**

USAID/Belize is committed to moving toward more developed country (MDC) status. We believe that should mean a different kind of program, not just a smaller program and smaller staff. In the meantime, as we reduce staff, we are compelled to call attention again to timing. Our current program can be considered a transition, involving fewer, more narrowly focused projects, most of which have MDC program characteristics as discussed in Annex I. They are, however, structured as traditional projects requiring traditional USAID management and accountability, and they will not be completed until the end of FY 1996. Nor has this Mission been relieved of the usual budgeting, planning and reporting requirements, internal controls, audit management, "Buy America" reporting, etc. Thus, accelerated reductions in USAID/Belize staffing threaten our ability to properly manage this program.

In last year's Action Plan, we presented staffing requirements for FY 1994 that are 25% below our FY 1991 FTE level, both for USDH and overall. We are committed to following this plan. We would note that USAID/Belize was already among the Missions where actual staffing fell well below predicted levels in CDIE's recent study of A.I.D.'s overseas presence. We eliminated one USDH position in FY 1992, bringing the total to six, and propose to eliminate another USDH in FY 1994. Both are project management positions, linked to portfolio reductions. We now understand that our USDH Controller will not be replaced when he retires in FY 1994. This will leave us at a severe disadvantage in maintaining adequate accountability. In addition to controller functions directly related to projects (certifying vouchers, etc.) our Controller is responsible for the Mission's internal management control process and the audit resolution program.

C. **MDC Program Planning**

As noted, although we are in early stages of implementing the current strategic program, we have begun planning for an MDC program to follow. The Annex to this Action Plan lays out a framework for this process and raises some specific issues that will need to be addressed as we continue the planning process. Among these are the issue of whether an MDC program should be

an indefinite continuing relationship (e.g., through an endowed foundation) or another stage of transition to graduation with a distinct time horizon, and whether, in the specific case of Belize, available resources make the former a viable option.

**STRATEGIC FRAMEWORK
for a
MORE DEVELOPED COUNTRY PROGRAM IN BELIZE**

BACKGROUND

For several years Belize has performed extremely well economically. Per capita GDP has grown to over US\$2,000 and quality of life indicators remain relatively high despite the strains of absorbing a large immigrant population. Although Belize remains fragile, it is at a point where a new type of relationship must be considered.

U.S. economic assistance has made a significant contribution to Belize's economic growth and stability. USAID's program strategy is now focused on helping sustain that momentum, primarily through improved use of natural resources, and secondarily, through modest assistance to improve the Government's fiscal resources. This Action Plan Annex provides an initial framework for planning beyond the current strategic program, which began in 1991 and will be completed by the end of 1996.

The Mission's analytical effort has benefitted from review of several documents prepared by and for A.I.D./Washington concerning strategies for "advanced developing countries" (ADCs) or "more developed countries" (MDCs). They suggest a rationale for an MDC program rather than abrupt "graduation" and termination of assistance, as well as some general options and features which help define a framework for planning for Belize.

RATIONALE

Maximizing Gains: An MDC program can maximize the benefits from previous assistance, including the institutions and relationships that have been established, by easing the transition from a relationship of dependence on U.S. assistance to one of mutually beneficial exchange, reinforcing the growth momentum and providing a buffer against setbacks.

Global Interests: An MDC program can promote U.S. global interests by continuing to encourage the country's own efforts in areas important to U.S. foreign policy objectives, contributing to the provision of international public goods, and enhancing the U.S. image as a global leader.

One issue to be addressed early on is the expected duration of the MDC program. One approach might consider an indefinite program of bilateral cooperation, e.g., through an endowed foundation or joint commission. Alternatively, the MDC program might be designed as a transitional stage of assistance with a distinct time horizon. The latter may instill a stronger sense of purpose and direction and,

unless there are endowment funds, may be the only option. This may be an issue to be considered for an Agency-wide MDC policy and is of immediate concern for Belize.

CONSTRAINTS AND CHARACTERISTICS

Emerging from the program rationale and reflecting the realities of A.I.D. resource limitations, an MDC program is likely to feature certain constraints and characteristics:

Limited Resources: Both staffing and funding levels are likely to be lower than for a less developed country program. Higher returns on investment can be expected due to greater leveraging of resources available in an MDC and to the performance record that has lifted the country to that status. At the same time, the country's relatively better off status reduces its claim on assistance resources unless strategic/political interests override. (We should emphasize, however, that an MDC program should reflect a different type of relationship, not just a smaller program.)

Links to U.S. Interests: The MDC program will reflect more direct and explicit links to U.S. global interests (trade, environment, drugs, democracy, AIDS) and national interests (competitive concerns such as environmental standards, workers' rights and intellectual property rights).

Leveraging and Building on the Past: The MDC program will be shaped by an emphasis on leveraging resources from the host country itself and on building on past efforts, rather than resource transfers and new programs.

Host Country Management: There will be greater host country participation in management of the program, reflecting the lower relative level of U.S. resources, greater host country capacity and contribution, and the transition to a relationship of mutual cooperation.

Other Agencies: Operation of the MDC program may include greater involvement by other U.S. Government agencies (DOC, USDA, FDA, EPA), reflecting the transition away from an A.I.D. program. (A separate issue which may influence the MDC strategy is the proliferation of U.S.G. agencies running their own foreign assistance programs.)

DESIGN PARAMETERS

We will take into account the constraints and characteristics of the MDC program identified above in focusing our program design effort. For example, the broad array of sectoral analyses that

might be performed in preparing a less developed country program strategy can be sharply trimmed. At the same time, we will need to put greater effort and creativity into devising new management and organizational arrangements.

Duration

For Belize, we believe the issue of program duration points clearly to an MDC program that is seen as a time-limited transition, if for no other reason than that there are no real prospects for significant endowment funds. Thus, the program design effort should include establishing a time frame and targets to be achieved that will support full termination of A.I.D. involvement.

Program Content

Planning for the Belize MDC program should concentrate on those areas that reflect the characteristics of leveraging local resources, building on past efforts, and links to U.S. interests. They should also be areas in which a significant impact can be made with modest resources. We see three areas appearing most likely to warrant attention as candidates for inclusion: environment, narcotics, and trade. Agriculture might be added as a fourth area for consideration in light of ongoing U.S. interest in pest management in the region.

Environment (or natural resource management) is the main focus of the current USAID strategy, thus, an environment component in the MDC program would build on past efforts. The U.S. clearly has global interest in the environment as well as national interest in environmental standards. Protection of tropical forests and maintenance of biological diversity are international public goods to which Belize is making a significant contribution.

Narcotics trafficking is currently at the top of the list of U.S. interests in Belize. USAID is continuing a modest but significant investment in support of local efforts to educate the Belizean population about the problem and combat domestic drug abuse.

Trade is a focus of USAID's current strategic program only in that reducing taxes on trade is a key target of its fiscal resources objective. Our Trade and Investment Promotion project will end in July 1993. Nevertheless, trade remains an area of U.S. interest in Belize. The U.S. is Belize's major trading partner. With its small domestic market and narrow product base, Belize is heavily dependent on trade, and unusually vulnerable to changes in its current arrangements. Thus, both to maximize and sustain the benefits of past assistance and to promote U.S. interests in freer global and regional markets (EAI, NAFTA), trade should be considered as a component of the MDC program.

Agriculture is suggested as a fourth area to be considered for the MDC program because of its impact on the environment, its importance as Belize's major export sector, related trade issues (e.g., citrus and the EAI), and U.S. interest in controlling pests which threaten its own agriculture (e.g., medfly, screwworm).

Form of Assistance

Training is an area that might also be considered as a program component in its own right, and is likely to be a major form of continuing assistance in whatever target areas are selected. Belize's small population cannot support a broad range of higher education opportunities in in-country institutions and language differences limit opportunities in neighboring countries. For many fields of study, the U.S. is Belize's closest source of tertiary education in its own language. Thus, training offers significant opportunities to provide needed assistance and cement long-term linkages with the U.S. and is readily susceptible to cost sharing.

Technical Assistance is also a possibly important form of assistance for the MDC program in Belize. Again, the country's small population is unlikely to be able to supply the range of technical skills needed even as it becomes more developed. Thus, the MDC program might usefully put emphasis on encouraging the sourcing of technical services from the U.S., possibly with some cost-sharing or brokering assistance.

Program Management

Management resource constraints will influence the MDC program content and program content will influence management arrangements. If, as we currently see likely, the Belize MDC program is designed as a transition to complete graduation, linkages to continuing U.S. interests suggest greater coordination and involvement of the relevant U.S.G. agencies in program management.

Management resources will clearly be a limiting factor in designing an MDC program for Belize. The country is too small and costs are too high to realistically expect A.I.D. to support a sizeable management staff. It is clearly appropriate to seek a Belizean contribution toward management costs, but this, too, will be limited by the country's size.

The resource limitations, as already noted, probably eliminate such options as establishing a foundation supported by an endowment. Creation of a new entity also carries the risk that resources and energies would be diverted to its own growth and perpetuation. Consequently, the MDC program design effort should focus on existing entities for management.

Budget Management: We believe that whatever content, form and management arrangements are ultimately selected, the MDC program should be funded as a country program, rather than have the support buried in a regional budget.

DESIGN SCHEDULE AND NEXT STEPS

The current strategic program will be completed at the end of FY 1996. To avoid a gap and loss of momentum, the MDC program should be ready to start with initial obligations that year. Thus, we plan to develop a preliminary Program Objectives Document (POD) for the MDC program, within the framework described above, for submission with our FY 1995-1996 Action Plan early in 1994. Based on that review, the POD would be refined and finalized for submission and approval the following year, along with one or more New Project Descriptions (NPD) or appropriate equivalents.

Program Planning Schedule

1993

Jan MDC Planning Framework with Fy 1994-95 Action Plan
Jan-Apr Evaluation of drug education effort and design of CADA
June CADA Project Agreement(s) signed
Jul-Nov Basic assessments of target areas for MDC program

1994

Jan Preliminary POD for MDC program (1996-?)
Fy 1995-96 Action Plan (final years of current program)
Mar-Apr Program evaluation of current SO-1 (ENR) activities
Jun-Oct Major MDC program design

1995

Jan Full final POD for MDC program, and NPD/equivalent for MDC project;
FY 1996-97 Action Plan (transition years)
Mar Approval of MDC POD and NPD
Jun-Oct MDC project design

1996

Jan PP/equivalent; FY 1997-98 Action Plan (first two full years of MDC program)
Mar Action Plan approved; MDC project authorized
Jun MDC project agreement signed
Sep Current strategic program completed

	Leverage local resources	Build on past efforts	Link to U.S. interests
Environment	Yes, Belize protecting significant natural resources	Yes, ENR is focus of current program	Yes, Global warming and biodiversity; competitive environmental standards
Narcotics	Modest, but country's political support is significant	Yes, current support for local institutional capacity to fight drug abuse	Yes, Belize is important focus of fight against international drug trafficking
Trade	Modest, but could be conditional on substantial local contribution	Yes, USAID has been main support of Belize export promotion effort	Yes, although small, Belize heavily dependent on trade and U.S. is major partner
Agriculture (pest management)	Possible. Belize needs advantage of access to U.S. markets	Yes, USAID has supported screwworm eradication and medfly related efforts	Yes, Belize agriculture products enter U.S. (& could be linked to environment)
Training	Possible. Many Belizeans already study in U.S. and cost sharing feasible	Yes, besides CAPS and DTS, other projects have heavy training components	Yes, build understanding and relationships, both personal and with institutions

25

USAID / BELIZE : ACTION PLAN, 1994 -

1995

BELIZE

ACTION PLAN

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1 OF 1 (24X)

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