

**TRADE PROMOTION AND BUSINESS DEVELOPMENT PROJECT**

**BELIZE**

**(TC-95-05-49-9)**

**EXECUTIVE SUMMARY**

**BENEFICIARY AND  
EXECUTING AGENCY:** Belize Institute Of Management Ltd (BIM)

**MIF FACILITY:** Small Enterprise Development Facility III

**OBJECTIVES:** This project will expand trade and improve the competitiveness of small enterprises, with a particular focus on access to market information and improving the quality and variety of non-traditional exports by small farmers and fishermen.

**DESCRIPTION:** This project will enhance the capacity of small enterprises to identify new markets and new products, and to improve the quality of their production. It will expand their contacts with international buyers and potential investors, enhance skills in management and export marketing. It will have three components.

The first component (US\$311,050) will establish a market information system to give small enterprises better access to domestic and international information on prices, import requirements, potential buyers, investors, etc.

The second component (US\$1,016,685) will provide direct technical assistance to small enterprises, with an emphasis on working with groups of small producers. It will provide assistance in identifying specific market opportunities and improving productivity, quality and planning.

The third component (US\$112,075) will enhance the local institutional capacity to deliver training in marketing, quality control systems and business planning specific to the needs of small enterprises.

<b>FINANCING:</b>	Modality:	MIF Grant	US\$1,146,786
	Local Counterpart:		308,024
	Total:		US\$1,454,810

**IMPLEMENTATION SCHEDULE:** This project will be executed and disbursed over 36 months. An ex-post evaluation will be done 12 months after completion, and financed from MIF resources, with final payment occurring 15 months after project completion.

**ENVIRONMENTAL CLASSIFICATION:** The Environmental Management Committee, at its meeting of June 19, 1996, classified this as a Category III operation.

**IMPACT ON POVERTY:** This project is designed to benefit primarily lower income people by providing technical assistance to groups of small producers, especially small farmers and fishermen. The project will help small producers to diversify into new products, improve the quality of their production and gain access to new markets. (see paragraphs 3.6, 3.7 and 3.20)

**CONTRACTUAL CONDITIONS:** Prior to first disbursement the Belize Institute of Management (BIM) will open a bank account to receive project resources (MIF and local counterpart).

For each sub-project, prior to providing any technical assistance and prior to selecting consultants under component #2, BIM, the BCCI and the participating producer group will sign a Letter Of Understanding (LOU) indicating the responsibilities of all three parties.

Prior to making any disbursement under Component #1 BIM and the Belize Chambers of Commerce and Industry (BCCI) will enter an agreement outlining the role of BCCI in accordance with this project description. Also prior to making any disbursement under Component #1, the IDB, BIM and the BCCI will come to agreement on the selection of the Market Information Specialist. Within three months of the first disbursement at least two producer groups will have signed LOUs.

**EXCEPTIONS TO CONTRACTING PROCEDURES:** Two local NGOs, Belize Center for Sustainable Technology (BEST) and Citrus Research and Education Institute (CREI), have developed the pepper sub-project described in paragraph 3.7 e and Annex X; it is proposed that BEST and CREI be contracted directly to implement these activities as described in Annex X (MIF contribution US\$133,000 over 3 years).

**PROJECT TEAM:** Michael O'Donnell (RE2/EN2), Team Leader; John Horton (RE2/EN2), Tyrone Rajnauth (COF/CBL); Laura Profeta (LEG/OPR), James O'Connor (Consultant) and Esther Landines (RE2/EN2).

## **DONOR'S MEMORANDUM**

### **BELIZE**

#### **I. COUNTRY ELIGIBILITY**

- 1.1 The eligibility of Belize as a recipient country for resources from the Multilateral Investment Fund (MIF) was approved by the Donors Committee at its meeting on 9 Feb 1995.

#### **II. BACKGROUND**

##### **A. The Sector**

- 2.1 Agriculture contributes about 30% to GDP, 70% of exports, and employs 35% of the population. Sugar, citrus and bananas account for three quarters of Belize's total agricultural exports, but each of these crops benefit from preferential trade agreements which are subject to imminent reductions. With the loss of preferential access to markets in the US and Europe and the removal of quantitative restrictions on imports, producers recognize the need to develop strategies to increase efficiency, to improve the quality of their produce and to diversify production and markets.
- 2.2 With a few exceptions such as citrus, Belize is generally a high cost producer of low quality products. The domestic market is small, easily influenced by a few producers, or by small increases in imports. The market is also fragmented due to large distances, low population density, and poor infrastructure (especially in Southern Belize). Success in exporting usually follows a long period of efficient production and marketing in the domestic market. Yet, in Belize the smallness of the market, the Quantitative Restrictions against certain imports, and the reliance on three crops sold into protected markets, have inhibited the development of competitive local production.

##### **B. Producer Groups**

- 2.3 Most agricultural production in Belize is organized around "producer groups", which are member-owned organizations created to provide technical services and marketing assistance. The most important groups are: Belize Livestock Producers Association; Belize Federation Of Fisheries Cooperatives; Citrus Growers Association; Papaya Growers Association; Sugar Growers Association; and Banana Producers Association. As service organizations with established contacts to suppliers and buyers, and technical assistance outreach to members, these groups have an important role in developing new markets, new products, and upgrading the quality of members' products.

C. Quality Control

- 2.4 The situation for small businesses, especially those based on agriculture and fisheries, is made worse by the Government's difficulties in providing services such as laboratory support, training and research. Due to fiscal constraints, Government laboratories, which were established to support the agricultural sector, are essentially not functioning; this is a particularly serious problem in monitoring animal and plant health. To compete effectively in international markets, businesses must be prepared to meet the standards of the international customer whose demand for quality is increasing. This demand is tied directly to the health and environmental concerns of the end consumer. The private sector in Belize must adopt production methods to meet the quality standards of the foreign customer.

D. Market Information

- 2.5 In 1992 USAID completed a review of all its trade promotion around the world and concluded that "the single most important service a promotional institution can provide is information, particularly market information and buyer contacts". <sup>1/</sup> The producer groups mentioned above and other small businesses in Belize do not have ready access to important market information. They are uninformed about quality standards in international markets and have difficulty staying informed of rapid changes in market conditions, product preferences, and changes in technology. They have little experience in dealing with foreign buyers, selecting partners/buyers and entering into international contracts.
- 2.6 Belize recently lost a very significant contract to deliver beef to Guadeloupe and Martinique because Belize's three commercial slaughter houses could not meet the standards required by these countries. The owners of these facilities are still unclear as to what these standards are and what level of investment would be required to meet those standards. (See Annex VIII).
- 2.7 In 1987 Belize exported 452,000 lbs of honey, but in 1996 they will produce only 85,000 lbs. Production is down because of the introduction of the African bee (which is more difficult to handle) and the increase of parasitic mites; because of these problems farmers are leaving honey production. There are solutions to these problems but local producers are not aware of them. At the same time the export market for honey appears strong. (See Annex VI).
- 2.8 The fisheries industry in Belize is largely in the hands of cooperatives and is concentrated in the export of lobster, conch and

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<sup>1/</sup> Export and Investment Promotion: Sustainability and Effective Service Delivery, June 1992 by Nathan Associates Inc. and Louis Berger International Inc. for USAID.

shrimp, which are highly perishable products and susceptible to a variety of hazards including food handling diseases. The industry recognizes that the level of controls is not at the level needed, yet they do not know how to proceed, especially given the poor condition of government laboratory services. (See Annex IX).

- 2.9 Similar conditions exist for other crops where Belize seems to have a comparative advantage, such as papaya, cassava, and hot peppers. Many are labor intensive crops well suited to small farmers but because of the weakness of the Government's agricultural extension program, farmers do not have sufficient understanding of the agricultural practices needed to grow good quality products. There are buyers in Belize interested in these products but not willing to provide the extension and organization needed to source this material from small farmers. As a consequence exporting firms tend to invest in their own farms or to contract with large farmers. Background information on specific problems faced by a sample of local industries is contained in Annexes VI through XIII.

### III. THE PROJECT

#### A. Objectives

- 3.1 This project will expand trade and improve the competitiveness of small enterprises, with a particular focus on access to market information and improving the quality and variety of non-traditional exports by small farmers and fishermen.

#### B. Components

- 3.2 This project will assist small enterprises <sup>2/</sup> by giving them greater access to market information, by enhancing their capacity to identify new markets and new products, by expanding their contacts with international buyers and potential investors, by enhancing their skills in management, planning, quality control and export marketing. While the project will have a particular emphasis on promoting stronger linkages between rural producers and other domestic and international enterprises, the project will also support non-agro-based small enterprises.

1. Component #1: Establish Market Information Systems (Belize Chamber Of Commerce and Industry) (US\$311,050)

- 3.3 As mentioned above, a study by USAID identified information as the most valuable input for trade promotion. The Belize Chamber of Commerce and Industry (BCCI) is an active representative of the business community. This component will help establish a Market

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<sup>2/</sup> A small enterprise is defined as having less than US\$1.5 million per year in sales and less than 50 employees.

Information Service at BCCI, offering electronic links to international markets of interest to Belizean exporters, and provide information on changing market conditions, prices, supplies, potential buyers, standards and grades, etc. It will function as a referral service and maintain directories for investor information and provide process facilitation. It will collect and disseminate key product information on domestic and foreign goods, and gather information from private and public sources inside and outside Belize, including information on environmental market entry requirements and information on "green" market opportunities.

- 3.4 The component will establish the position of a local Market Information Specialist within BCCI. This person will receive training in the use of modern market information systems. The project will provide the support of an international expert in market information to: 1) help establish this system, 2) provide on-the-job training to the local Market Information Specialist and BCCI General Manager, and 3) to undertake some of the market support needed by the producer groups in component #2. The General Manager will devote about 20% of his time to project activities, particularly in liaison with the Government of Belize, regional trade and investment programs, foreign investors and local enterprises.
- 3.5 The local Market Information Specialist will work with individual businesses to identify market opportunities and assist in carrying out product specific market studies, particularly in those sectors identified in component #2. This specialist will help local businesses to take advantage of regional opportunities to participate in trade missions and will help organize local and international trade missions. This service will be sustained by service fees and Chamber membership dues; it will be closely linked to the other project components and supervised by the Belize Institute of Management (BIM). See Annex V for a job description of the Market Information Specialist.

## 2. Component #2: Direct Technical Assistance (US\$1,016,685)

- 3.6 This component will provide direct technical assistance to pre-selected groups of small producers, relating to issues of productivity, quality, the identification of new markets (domestic and foreign) and improved linkages with buyers, transporters, traders, and processors. During project preparation 8 producer groups were pre-selected, and individual technical assistance profiles were prepared. (see annexes VI through XIII)
- 3.7 With the assistance of local and international consultants, BIM will assist these groups in strategic planning and quality control systems. The BCCI Market Information Specialist will provide marketing support. The pre-selected groups are:
  - a. Honey Producers Association (Annex VI): Honey production Belize has dropped from 452,310 lbs in 1987 to about 85,000 lbs in 1996. A British company has been buying honey from Belize for over 10

years, and is willing to buy whatever amount of honey that Belize can produce. This sub-project will undertake an assessment of the current factors affecting production, review new market opportunities and introduce improved handling techniques (especially for African bees) and improved insect control for varroa (a parasitic mite).

- b. Bean exports (Annex VII): In the last couple of years several farmers have successfully exported red kidney beans and black eye peas. There are several problems with the current production and distribution system that will need to be overcome to secure this market. In 1990 Belize produced a bumper crop of beans without having established prior contacts with buyers and without having proper storage facilities. Much of the crop spoiled and farmers stopped producing beans. There have also been problems with the quality and consistency of production. This sub-project will help farmers to: 1) develop quality control systems consistent with international standards and grades, 2) plan storage and post harvest handling procedures, 3) become familiar with relevant sources of market information, and 4) help the association establish a strategic planning process.
- c. Country Meat Producers, (Annex VIII): This is a small enterprise (sales of US\$120,000 per year) with assets of US\$185,000 owned by 150 farmers. Its primary business is the sale of live animals and the slaughter of cattle. At current production levels the local market for beef is saturated, with a surplus of about 600 cattle per year. This sub-project will: a) undertake a regional market assessment, b) obtain information on the slaughter house specifications needed to meet regional import requirements, and c) evaluate the economic feasibility of bringing local slaughter facilities up to regional standards.
- d. Fisheries Cooperatives and Shrimp Farms (Annex IX): Fisheries and shrimp are a fast growing segment of the export market. There are fears that one bad shipment of product from Belize could destroy Belize's reputation for good quality produce. All operators acknowledged that there are insufficient controls both in the private sector and the public sector. The two primary cooperatives (exporting lobster and conch) and the Association Of Shrimp Producers have requested assistance in preparing a HACCP (Hazard Analysis Critical Control Point) type quality control system. (For more information on HACCP see annex IX.)
- e. Belize Pepper Growers Assoc. (Annex X): Belize Enterprise for Sustainable Technology (BEST) has identified a local buyer of peppers who has agreed to enter a purchase agreement for buying high quality peppers for the fresh market and industrial grade peppers for primary processing. Best, working with the Citrus Research and Education Institute (CREI), will provide technical assistance in group management, outgrower contracting, production, handling and transport of peppers. BEST and CREI are well suited to implement this sub-project given: 1) BEST's

existing relationship to a reputable buyer of peppers and BEST's experience in providing services to communities of low income farmers in the CAYO District, and 2) CREI's technical expertise, research facilities and extension outreach to low income farmers in the Stann Creek District.

- f. Live Lobster Market (Annex XI): There is a good demand in the high income countries for live lobster. Belize has a unique opportunity in the United States and Mexico during May, June and July when the US and Mexican lobster season is closed. Local cooperatives have tried to serve this market but have encountered high rates of mortality in shipping. This sub-project will help local cooperatives to acquire the technology needed to ship live lobster.
- g. New Commercial Fisheries Products (Annex XII): Marine shrimp is a primary activity of the two largest fish cooperatives in Belize. When trawling for shrimp only 10% of the catch is shrimp; the rest is "by-catch" <sup>3/</sup> made up of a wide variety of other fish species. Currently the by-catch is discarded at sea. Yet, much of the by-catch appears to be fish for which there is a regional market. This sub-project will help the cooperatives to evaluate the market potential of the various fish in the by-catch.
- h. Intermediate Marketing Organization (Annex XIII): There are several labor intensive export crops that are currently being produced in Belize and exported but most of this production is on large farms owned by the exporters. Several exporters have expressed interest in developing contract farming relationships with reliable small farmers, but the exporters do not have the expertise, time, resources or patience to organize the small farmers into a reliable system of suppliers. This sub-project will assist a local NGO to form a private wholly owned subsidiary company to serve as an Intermediate Marketing Organization (IMO) between exporters and small farmers, giving small farmers access to export markets. The IMO will work with buyers to establish the quality, quantity and schedule of deliveries, and the terms of payment. It will also select the best farmers, provide them with technical assistance, transport their produce and organize working capital. The IMO will cover its operational cost through a cess on the farmers' production. This project will be developed in phases to ensure adherence to project targets and the commitment of all parties.

- 3.8 While these eight sub-projects have been pre-identified, it is understood that the Executing Agency (BIM) will need to retain a degree of flexibility. Changing circumstances may require dropping some of these pre-identified sub-projects in favor of other activities. All additions and deletions to the pipeline of sub-projects will be approved by the Bank's Representative in Belize.

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<sup>3/</sup> The by-catch is fish that is caught in the shrimp nets but not used; it is thrown back into the sea; most of which is dead.

3. Component #3: Business Planning, Quality Control and Training  
(Belize Institute Of Management, BIM) (US\$112,075)

- 3.9 BIM is a private educational institute focused on the needs of private companies. It has significant experience in evaluating companies and designing training programs to meet their specific needs. Annex IV provides a description of the types of training being offered by BIM. Much of BIM's effort in this project will be devoted to serving as Project Coordinator (see Execution Of The Program below) and providing support under component #2 in designing quality control programs and business planning. Under Component #3 BIM will also offer more traditional classroom training on subjects of interest to the larger business community. It will include introductory courses in marketing, business planning, quality management (ISO 9000, HACCP), the use of the Internet in accessing market information, to access international data sources and marketing. Annex IV gives a description of a course on "Network Brokering" that will be offered by BIM 4/.
- 3.10 This training will be offered at its Belize City facility and periodically in other secondary towns in Belize. It will be given through seminars, workshops and short courses for producers, processors and traders, and offered on a fee basis to cover course costs. BIM will use its own staff and facilities, drawing on local and international trainers as needed.

C. Execution Of The Program

- 3.11 The Project will be implemented through the Belize Institute of Management (BIM). The General Manager of BIM will serve as the Project Coordinator and will transfer most of his current BIM responsibilities to another staff person. The General Manager of BIM is considered the most appropriate person to act as coordinator because of his experience in: a) strategic planning, b) implementing quality control programs, and c) evaluating institutional problems. This project's focus on increasing the general understanding in Belize on quality control (especially HACCP and ISO 9000) is very much in line with BIM's plans for future training. The General Manager will devote 75% of his time to the project in the first year, 60% in the second and 50% in the third year.
- 3.12 The Coordinator will be responsible for management, administration, and coordination between the various project participants. Working with the BCCI Marketing Specialist and each producer group, the Coordinator will finalize and authorize terms of reference for short term technical assistance, identify appropriate consultants, supervise and evaluate the performance of the consultants. The Coordinator will be supported by a

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4/ Network Brokering is an approach to forming collaborative relationships between different types of small enterprises in order to achieve economies of scale and access new market opportunities. Such a program is being offered through an IDB project in Argentina and a manual on the subject has recently been prepared for the U.S. Department of Commerce.

part-time assistant who will devote 40% of his/her time to project activities during the life of the project. The other 60% will be devoted to other BIM activities.

- 3.13 The BCCI is considered the most appropriate place for establishing the Market Information System because of BCCI's focus on providing services to the private business community, and contacts with regional trade promotion programs. Being the local Chamber of Commerce, it is already seen by foreign companies as an important point of contact for questions about local companies.
- 3.14 Annexes VI through XIII contain profiles for each of the pre-selected sub-projects. Prior to disbursing funds for a sub-project, BIM, BCCI and the respective producer group will sign a Letter of Understanding (LOU) which will identify the responsibilities of each party and the conditions under which the assistance will be provided. The LOU will contain the following:
  - a. Specific services to be provided by BIM, BCCI and consultants, and terms of reference of any work to be supported by the project,
  - b. Local counterpart contributions to be made by the producer group,
  - c. Project reporting requirements, and
  - d. Conditions to be met by the producer group prior to the provision of services, and during project execution.
- 3.15 The project will be overseen by a Project Executive Committee (PEC) which will have overall responsibility for monitoring the performance of the project and providing guidance to the Project Coordinator. They will review each proposal for sub-project support, but only when submitted to them with the recommendation of the Project Coordinator. The PEC will meet every three months during the first year, every four months in year two and every six months in year three.
- 3.16 The PEC will be made up of eight members (6 individuals from the productive private sector and 2 from the public sector). The private sector members will be the Project Coordinator, the General Manager of BCCI, a representative of the private banking community (preferably a Credit Manager), and a representative of an export shipping company. These four people will choose two other members from the productive private sector. From the public sector there will be one representative of the Ministry Of Trade and Industry and one representative from the Ministry of Agriculture and Fisheries. The participation of the public sector is required to create a better dialogue between the private and public sector on matters of trade and investment and to improve coordination among the various public and private efforts at trade promotion.
- 3.17 Technical assistance will be provided by the BIM Coordinator, the BCCI Marketing Specialist, local consultants (including local NGOs) and volunteers from the Canadian Executive Service Organization (CESO) and the International Executive Service Corps (IESC) of the United States, supplemented by other international consultants as needed. Both CESO and IESC have expressed strong interest in supporting this project. As

the Executing Agency, BIM will maintain a file of local and regional consultants and develop a direct line of communication with CESO and IESC; for more information on CESO and IESC see Annex XIV.

- 3.18 The technical assistance currently programmed with BIM, BCCI and the 8 pre-selected producer groups represents about 85% of total project resources; the majority of these resources will be spent during the project's first two years. The remaining MIF resources (approximately US\$165,000) will be programmed during the first two years as other opportunities arise. Two possibilities are the export of organic cacao being produced by Mayan farmers in Southern Belize, and assistance to the animal feed industry that has experienced problems with aflatoxin and is interested in sourcing feed inputs from fish waste. A list of new sub-projects will be presented to the Bank for approval at the end of month 12, during the evaluation that is scheduled to take place at that time.
- 3.19 **Environmental Impact Assessments:** Where project activities require the preparation of an Environmental Impact Assessment (EIA) as required by Belize's environmental laws, the project will assist with their preparation. The EIAs must be approved by the recently established National Environmental Appraisal Committee (NEAC). The technical capacity of NEAC is currently limited, but this will be improved under the Bank's Southern Highway Project.
- 3.20 **Target Group:** The great majority of people to benefit from this project will be low income farmers (less than 20 acres) and low income fisherman. For example, while the average land holding of the 150 shareholders of Country Meat Products is between 80 and 100 acres, the success of this enterprise will create a significant outlet for the cattle being produced by low income farmers holding 2 or 3 cattle. There are approximately 700 members in the fisheries cooperatives and the vast majority are low income, and they will benefit under all three fisheries sub-projects. It is expected that there will be about 70 low income farmers participating in the Belize Pepper Producers Association by year three. There are about 80 members of the Honey Producers Association and all are low income farmers.

D. Cost and Financing

Components	MIF	Local Counterpart	Total
I. Market Information System	279,945	31,105	311,050
II. Direct Technical Assistance	745,370	271,315	1,016,685
III. Quality, Planning & Training	106,471	5,060	112,075
IV. Evaluation	15,000		15,000
Total	1,146,786	308,024	1,454,810
Note: The local counterpart counts only the cash contribution not contribution in-kind.			

E. Disbursements

- 3.21 The resources allocated to the Project will be disbursed according to Bank procedures. Given the large number of sub-projects and the numerous small expenditures that will be incurred by the participating organizations, receipts for expenditures of under US\$500 will be retained in the files of the participating organization and will be available for inspection by the Executing Agency and the Bank. Copies of receipts above US\$500 will be sent to the Executing Agency along with a full accounting of expenditures. BIM will open a separate bank account to manage MIF resources, and will not comingle these resources with other funds. Project implementation and disbursement will be over a period of 36 months (see Section II. E. Organization and Execution; and Annex II, Project Budget and Annexes IV through XIII for sub-project budgets), with the exception of the ex-post evaluation to be done 12 months after project completion and paid for within 15 months of project completion.
- 3.22 Prior to first disbursement the Belize Institute of Management (BIM) will open a bank account to receive project resources (MIF and local counterpart).
- 3.23 Prior to disbursing funds under Component #1, BIM and the Belize Chambers of Commerce and Industry (BCCI) will enter an agreement outlining the role of BCCI in accordance with this project description (see Annex V) prior to disbursing funds to the BCCI, the IDB, BIM and the BCCI will come to agreement on the selection of the Market Information Specialist.
- 3.24 Prior to providing any technical assistance and selecting consultants under component #2, for each sub-project BIM, the BCCI and the participating producer group will sign a Letter Of Understanding (LOU) indicating the responsibilities of all three parties. Within three months of the first disbursement of funds to BIM at least two producer groups will have signed LOUs.

F. Monitoring

- 3.25 The primary benchmarks for measuring the progress of this project are contained in the logical framework attached as Annex I. The ultimate success of this project will be measured by the: (1) increased sales from participating enterprises, (2) improved systems of quality management, (3) the number of new products for which markets have been identified, and (4) the number of new markets and new buyers that have been identified for products that are currently being produced in Belize. Every enterprise wishing to participate in this project will need to supply baseline information on the current level of sales, prices and buyers for determining the impact of project services. BIM and BCCI will establish a system of monitoring and reporting project impact.
- 3.26 During the first year the BIM Project Coordinator will prepare brief progress reports every 3 months, indicating outputs, problems and

corrective actions to be taken. Reports will be prepared every 6 months during the last 2 years. BCCI will submit it's progress report to BIM who will submit one consolidated report to be sent to the IDB Representation in Belize. Supervision by the Bank will be provided primarily by the Sector Specialist in the IDB Representation and the Project Team Leader.

- 3.27 Program reviews will be undertaken in Belize at the end of month 6, month 12, month 24 and month 36. Program reviews will be carried out by the Specialist from the IDB Representation, with the assistance of the Project Team leader.

G. The Executing Agency and Institutional Framework

1. Belize Institute Of Management (BIM)

- 3.28 BIM is a cost recovery non-profit private training organization, with a staff of 2 full time professionals and 4 clerical staff; part-time instructors are hired as needed. It was formed in 1975 by executives from private companies to fill a need for a local management training institute. The Institute operated on a completely voluntary basis until 1985 running a variety of training programs.

- 3.29 BIM became a full fledged independent NGO in 1987 when it was incorporated into a Public Liability Company. In 1994 BIM purchases 2 acres of land and constructed its headquarters and training facility. The building includes 6 complete training rooms with a fully equipped computer training center, plus a business library and BIM's general offices. The building is equipped for training with a variety of audio-visual equipment to support training and conferencing.

- 3.30 Over the last 20 years BIM has trained over 9,000 participants in various areas of business and management, such as Strategic Planning, Total Quality Management, Marketing, Training Needs Assessments, Computer Training, etc. See Annex IV for more details.

2. Belize Chamber Of Commerce And Industry (BCCI)

- 3.31 Between 1988 and 1993, BCCI received grant resources to established an office called the Belize Export and Investment Promotion Unit (BEIPU). This unit was staffed by 6 professionals, including expatriate staff. It was intended to generate funds through its investments and services. There were a number of management problems with the unit, and there were complaints that the Board was controlled by merchants more interested in promoting imported products for sale in Belize than in supporting the local productive sector.

- 3.32 During this time BCCI also established a wholly owned Handicrafts Center which acts as an intermediary between local artisans and foreign buyers and generates a surplus which helps support BCCI activities. BCCI also entered into an agreement to represent Western

Union in Belize; this operation also generates a surplus for BCCI. Except for the Handicrafts Center and the Western Union franchise, income from the investments supported by the BEIPU Unit did not materialize and they were not able to generate sufficient funds to support their large expenditures on professional staff.

- 3.33 As the BEIPU program came to an end in 1993, there was a general dissatisfaction among the membership that the project had not been well managed and that BCCI was not sufficiently focused on the productive sectors in Belize. There were also feelings that BCCI had become too closely associated with the political party in power. When the government changed hands in 1993, the Chamber lost important financial support from the Government. There was a split in the Chambers membership and a competing organization was started, and a significant number of members left for the new organization.
- 3.34 In 1994 the Chamber elected a new Board and a new General Manager was hired. The new management took action to downsize the Chamber (there are now only 2 professional employees) and became more active in providing services to a wider variety of members. The financial situation stabilized, the new General Manager developed a reputation for good service and members began to return to the Chamber. At the end of 1995 the Chamber had 165 members; as of Sept 1996 there were 262 members. The General Manager is an active advisor to the Government and serves on several Government committees. The Chamber was a major organizer of the successful 1996 Belize Agricultural Show, and the 1996 Trade Fair.

#### H. Viability and Risks

- 3.35 **Financial Sustainability:** Financial sustainability of all activities and sub-projects is a basic objective of this program. The chances of viability are enhanced by working with organizations, such as BIM, BCCI and producer groups, that are already providing services through association charges and fees on a cost recovery basis. Secondly, the project will have a direct impact on the profitability of producer groups, strengthening their long term viability. Sustainability benchmarks for each component and each sub-project will be established, along with requirements for reporting against those benchmarks.
- a. BCCI Market Information System (component #1): This system will be sustained through user fees, charges for preparing specialized market studies and member dues. Revenues from this service and membership dues will cover 100% of the cost of providing this service by the end of the project. The BCCI will make regular reports on the revenues and cost associated with this service. Three months ago the BCCI opened a Business Service Center in its Belize City Office and is charging for its use.

- b. **Producer Groups (component #2):** Each of the producer groups to be assisted under this component charge their members a cess (a percentage of total sales on produce sold through the group). This cess covers the cost of providing services to members and ensures the financial sustainability of the help provided by this project. In addition, most of the sub-projects are designed to increase revenues (peppers, beans, lobster, new fish products, honey, live cattle, etc.) and the cess on these revenues will cover the cost of maintaining the services established with project assistance. Each group will provide the financial information needed to monitor progress towards sustainability.
- c. **Planning, Quality Control and Training (component #3):** For the past three years almost all of BIM's income has been generated through course fees and charges for enterprise specific training. This project will enhance BIM's capacity to offer trade related training, particularly preparing business plans and designing quality control systems. This project will cover the cost of helping BIM to develop new curriculum in this area but course fees will cover 50% of course costs in year two and 100% in year three.

- 3.36 **Demand For Services:** Throughout the preparation of this project meetings were held with over 20 groups of farmers, including representatives of numerous producer groups. All meetings emphasized the fact that Belize has a very small domestic market and that it is difficult to achieve the economies of scale needed to lower the cost of production sufficiently to compete with certain imports from the developed countries (particularly dairy, poultry, grains, etc.). All identified the need to find foreign markets and to improve the quality of products in which Belize has a comparative advantage, such as peppers, honey, lobster, conch, and papaya.
- 3.37 Part of the demand for quality control systems arises from several recent well publicized incidents of aflatoxin in the animal feed industry in Belize. This has greatly heightened the awareness of local agro-industries (especially fisheries) to the dangers of not having good quality control systems. Also by preparing eight sub-project profiles, which identify specific areas where producer groups require technical assistance, the risk of insufficient demand for project services is generally avoided.
- 3.38 **Local Counterpart Prior to Project Start-up :** All of the eight pre-selected groups understand that they will need to provide some amount of local counterpart, but their ability to contribute counterpart at the start of the project will vary according to the size and average income of each group. The fisheries cooperatives, shrimp farms, and Country Meat Products will be able to contribute prior to the delivery of services, because they are well established, already have an established export market and a healthy cash position. The pepper and honey producers do not have surplus cash and will have difficulty

making a cash contribution prior to the delivery of services. They will rely on future revenues to generate local counterpart. In a similar manner, BIM and BCCI will be able to generate local counterpart through fees and dues, as they are now doing, but it will be difficult for them to contribute significant funds prior to project start-up.

#### **IV. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA**

- 4.1 MIF financing for the Trade Promotion And Business Development Project is fully consistent with the general purpose of the MIF. It will significantly enhance the efficiency of the private sector, increase private investment and expand the private sector, thus accelerating economic and social growth.

#### **V. COMPATIBILITY WITH BANK STRATEGY FOR BELIZE**

- 5.1 The IDB Programming Memorandum for Belize emphasizes that growth opportunities reside largely in the expansion and diversification of trade. All the activities to be financed by this project are focused on improving the competitiveness of the private sector and the expansion of trade; project activities will be carried out by the private sector for the benefit of the private sector. This project is an important compliment to the Agricultural Diversification Loan (Bl-0003) planned for 1997, which will focus on the public sector role in promoting agricultural diversification.

#### **VI. AVAILABILITY OF MIF RESOURCES**

##### **A. Funding Modality**

- 6.1 The project is expected to be financed through a grant based on the following points: (i) Belize was declared eligible for all modalities of financing under the MIF by the Donors Committee on February 9, 1995; (ii) the compliance of Belize with the criteria of eligibility for obtaining grant resources at the country level (Article 3, Section 5b of the MIF Agreement) is detailed in the Eligibility Memorandum of the country; and (iii) the proposed project will have an important catalytic impact on the flow of investments funds as required by Article 3 Section 5(a) of the MIF Agreement since its objective is to create the conditions for expanded private investments in the productive sectors. The validity of these criteria was confirmed in a meeting of the Donors Committee on March 30, 1994 (MIF/GN-23).

## **VII. EVALUATION**

- 7.1 This technical cooperation will have an ex-post evaluation by an independent consultant to review the degree to which the objectives have been met and the evaluation will be funded with project resources and be presented in the Project Completion report. The evaluation will be done 12 months after project completion.

**Belize Trade Promotion and Business Development Project  
Logical Framework Analysis (LFA)**

<b>Narrative Summary</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Key Assumptions</b>
<b>Project Goal</b>	<b>Measures of Goal Achievement</b>	<b>At Goal levels</b>	<b>At Goal Levels</b>
Diversification and expansion of the small scale productive enterprise sector in Belize	Increased sales and profitability by small scale productive enterprises in the domestic and foreign markets	Impact evaluation of participating entities, using baseline data prior to participation and end of project data	<p>GOB maintains a positive economic policy, a commitment to private sector trade and export development; exchange rates are stable or at least move predictably</p> <p>Belizean exporters develop / maintain a credible presence in export markets</p>
<b>Project Purpose</b>	<b>Degree of Achievement at Purpose</b>	<b>At Purpose level</b>	<b>Concerning Achievement of</b>
Identification of new markets and products and improved competitiveness of small scaled productive enterprises	<p>Markets identified for 2 new products, representing B\$500,000 per year in sales (combined); two new markets established for products being exported in 1995, representing B\$1 million per year in sales, with at least 50% to foreign markets</p> <p>Increased range and quality of support services; increased number of export ready firms and increased skills and competency in business development</p>	<p>Project progress reports; GOB export reports; end of project report</p> <p>Training reports; course evaluations; baseline data on firms; end of project report</p>	<p>Local economic and technical conditions contain comparative advantage for new products; no major impediments arise for entry of Belizean goods into regional/international markets</p> <p>Export shipping space and cost continue at rates which allow for market development</p>
<b>Outputs</b>	<b>Magnitude of Outputs Required</b>	<b>At Outputs level</b>	<b>Concerning Production of Outputs</b>
1. Increased flow of market information to small enterprises	Internet system in place with connections to market data bases; subscriptions to specific market news services; regular use of system by small enterprises; 8 market reports prepared on specific products benefiting small enterprises.	Service log of customer use of system; copies of market reports; mid-term and end of project customer survey.	Belize is able to produce products at prices, qualities and quantities that are internationally competitive.
2. Enhanced capacity of producer groups to provide services for members, especially small producers.	<p>Improved financial performance; a stable or increasing membership base of participating producer groups, with increased financial support from members; increased awareness of marketing issues and ability to implement solutions;</p> <p>Direct exposure of the private sector to export markets through trade missions and buyers</p> <p>Three producer groups have identified new markets representing B\$1 million in annual sales (combined); 20% increase in member income.</p>	Pre and post intervention baseline data of producer group members; financial statements; annual reports of each group indicating activities carried out; trade mission reports,	Producer groups recognize the need for change and are willing to implement the changes needed
3. Training: courses and materials specific to the needs of small enterprises	Training materials, curricula and systems in place at BIM; 3 training modules produced on export marketing, business planning and quality control systems; 3000 student hours in student training	Baseline data and student follow-up questionnaires; project progress reports, training reports,	

**Belize Trade Promotion and Business Development Project  
Logical Framework Analysis (LFA)**

Inputs	Magnitude of Inputs Required	Means Of Verification	Assumptions Concerning Inputs
1. Assistance to the Chamber of Commerce in establishing a Market Information System	1. Thirty-six months of a local full time business development professional with a specialization in market information and 6 person months of an international trade information specialist; partial support for operating cost, 6 trade missions and purchase of communications equipment; budget US\$311,050	Activity log of the Market Information System; project progress reports; baseline and follow-up surveys of Chamber members	Chamber of Commerce continues to pursue purpose and range of activities consistent with Project Goals
2. Consultant clearinghouse established at BIM for linking individual consultants to small enterprises; provide direct technical assistance to small scale enterprises, with a special effort to work with groups of producers	2. Fifteen months of local and twenty four of international expertise; execution of 12 technical assistance plans; budget US\$1,016,685	The group assessment reports, technical assistance plans; assistance completion reports; project progress reports; activity log of request for technical assistance; copies of individual contracts; consultants reports	Local consultants will have the diversity of expertise required
3. BIM courses on management, marketing, quality control, exports, etc., targeting small enterprises	3. A local Project Manager for 75% time in yr1, 60% in yr 2, and 50% in year 3; specialized in planning and quality control systems; supported by 5 person months of an international business development expert with training expertise, and a 40% time project assistant; provide initial operating costs; budget US\$112,075	Project progress report; IDB monitoring visits	Private sector counterpart funds and resources are provided in sufficient levels

l Counterpart and Budget Allocated to Sub-projects	% local contrib	YR 1	YR 2	YR 3	PROJECT EXPENSES		LOCAL CONTR	MIF
MPONENT #1) BCCI	10%	154,000	92,900	64,150	311,050		31,105	279
MPONENT #2								
NEY	5%	50,448	13,802	0	64,290		3,214	61
N EXPORT MARKET	20%	24,588	4,982	0	29,570		5,914	23
UNTRY MEATS	20%	49,615	9,938	0	59,553		11,911	47
ERIES QUALITY CONTROL	20%	80,363	19,348	4,965	104,676		20,935	83
PER	42%	76,788	78,984	73,130	228,902		96,139	132
E LOBSTER	15%	55,588	9,544	0	65,132		9,770	55
W FISH PRODUCTS	20%	54,988	13,028	0	68,016		13,603	54
ERMED. MARKETING ORG	40%	52,775	76,484	72,130	201,389		80,556	120
ALLOCATED FUNDS	15%	0	119,360	75,800	195,160		29,274	165
MPONENT #3 & ADMIN. (BIM)	5%	43,900	37,100	31,075	112,075		5,604	106
ALUATION				15,000	15,000			15
TAL	21%	643,090	475,470	336,250	1,454,810		308,024	1,146
centage uncommitted funds							13%	
centage local contribution							21%	

	YR 1	YR 2	YR 3	PROJECT EXPENSES		LOCAL CONTR	MIF
MPONENT							
MARKET INFORMATION SYSTEM	154,000	92,900	64,150	311,050		31,105	279
PRODUCER GROUPS (TECH ASST)	445,190	345,470	226,025	1,016,685		271,315	745
QUALITY , PLANNING, TRAINING	43,900	37,100	31,075	112,075		5,604	106
ALUATION			15,000				15
TOTAL	643,090	475,470	336,250	1,454,810		308,024	1,146

: BIM will have responsibility for strategic planning, designing quality control systems under component #2 and the execution of component #3.  
The cost of project coordination is included in component #3.  
BIM's cost under component #2 have been allocated to each subproject.

<b>BELIZE TRADE PROMOTION AND BUSINESS DEVELOPMENT PROJECT</b>	<b>YR 1</b>	<b>YR 2</b>	<b>YR 3</b>	<b>BUDGET</b>
<b>Total Budget By Recipient</b>				
BIM	109,750	74,200	56,500	240,450
BCCI	154,000	92,900	64,150	311,050
HONEY	45,000	13,060	0	58,060
BEAN EXPORT MARKET	19,100	4,240	0	23,340
COUNTRY MEATS	38,640	6,970	0	45,610
FISHERIES QUALITY CONTROL	63,900	16,380	4,400	84,680
PEPPER	71,300	77,500	72,000	220,800
LIVE LOBSTER	50,100	8,060	0	58,160
NEW FISH PRODUCTS	49,500	10,060	0	59,560
INTERMED. MARKETING ORG	41,800	75,000	71,000	187,800
UNALLOCATED FUNDS	0	97,100	53,200	150,300
EVALUATION			15,000	15,000
<b>TOTAL</b>	<b>643,090</b>	<b>475,470</b>	<b>336,250</b>	<b>1,454,810</b>

PROJECT COSTS  
(BUDGET CATEGORY)

	Component 1 Market Information System			Component 2 Producer Groups			Component 3 Training			ALL COMPONENTS	
	Local 10%	MIF	Total	Local 27%	MIF	Total	Local 5%	MIF	Total	Local 21%	MIF
es	0	0	0	70,585	193,915	264,500	0	0	0	70,585	193,915
ual Consultants - Local *	0	0		69,791	106,459	176,250	0	11,250	11,250	69,791	117,709
- International	0	85,000	85,000	59,377	163,123	222,500	0	15,000	15,000	59,377	263,123
em (international constt)	0	20,550	20,550	13,671	37,559	51,230	0	0	0	13,671	58,109
ie (international constt)	0	3,000	3,000	0	43,200	43,200	0	0	0	0	46,200
port	0	44,000	44,000	27,028	74,252	101,280	0	0	0	27,028	118,252
ment	0	11,500	11,500	0	0	0	0	0	0	0	11,500
ion											15,000
Costs											
ersonnel	0	0		14,024	38,526	52,550	5,604	42,146	47,750	19,627	80,673
irect & Overhead Costs	0	0		0	42,075	42,075	0	38,075	38,075	0	80,150
Personnel	31,105	64,895	96,000	0	0	0	0	0	0	31,105	64,895
Direct Costs	0	18,000	18,000	0	0	0	0	0	0	0	18,000
Direct Costs	0	33,000	33,000	16,839	46,261	63,100	0	0	0	16,839	79,261
	31,105	279,945	311,050	271,315	745,370	1,016,685	5,604	106,471	112,075	308,024	1,146,786
TOTALS											
es	0	0	0	70,585	193,915	264,500	0	0	0	70,585	193,915
ual Consultants	0	85,000	85,000	129,168	269,582	398,750	0	26,250	26,250	129,168	380,832
	0	67,550	67,550	40,699	155,011	195,710	0	0	0	40,699	222,561
ment	0	11,500	11,500	0	0	0	0	0	0	0	11,500
ion	0		0	0					0		15,000
Costs	0	0	0	0	0	0	0	0	0	0	0
ersonnel	0	0	0	14,024	38,526	52,550	5,604	42,146	47,750	19,627	80,673
irect & Overhead Costs	0	0	0	0	42,075	42,075	0	38,075	38,075	0	80,150
Personnel	31,105	64,895	96,000	0	0	0	0	0	0	31,105	64,895
Direct Costs	0	18,000	18,000	0	0	0	0	0	0	0	18,000
Direct Costs	0	33,000	33,000	16,839	46,261	63,100	0	0	0	16,839	79,261
	31,105	279,945	311,050	271,315	745,370	1,016,685	5,604	106,471	112,075	308,024	1,146,786

**KEY LESSONS LEARNED FROM OBSERVATION OF  
AGRIBUSINESS SUPPORT SERVICE EFFORTS IN THE PAST**

**DOs**

Give priority to policy and institutional constraints that affect the sector - for example, limited knowledge of environmental standards, controls on imports of intermediate inputs and the like

Encourage contract farming arrangements in which processors or final purchasers provide growers with credit and technical assistance in exchange for fixed-price delivery of the harvest

Stay abreast of changing pesticide regulations in foreign markets and assure that agro-chemical use in country is in conformity

Promote integrated pest management production techniques

Develop and conduct training programs for farm workers, packers, transporters, retailers, etc.

Encourage organizational approaches to common problems

Encourage and assist growers to work cooperatively

Make market and agronomic information readily available and help producers learn to use it

Remind producers that they need capital to weather bad years

Make sure growers plant varieties that are in demand; aim for market windows, but be aware that they can shrink

Make sure packaging and handling are to buyers' specifications

Be sure experts contracted for technical assistance and training indeed are experts

Enable new growers to visit their market(s)

At the beginning, monitor the quality and condition of produce on arrival in market countries

**DON'Ts**

Focus exclusively on individual firms

Try to make product or market decisions for producers: let the private sector work

Preselect specific sources of financing, inputs or services

Allocate too many resources too quickly to a single export activity

Let organization development objectives distract an agribusiness support organization

Look too soon for self-sufficiency in an agribusiness support services organization

Make the elimination of traditional intermediaries a program objective

Encourage anyone to ship produce without checking out who will receive it

Advise anyone to produce crops that may be denied entry in market countries

Advise anyone to plant a large area without doing field trials

Neglect ethnic products and niche markets

Go part way; develop coherent, realistic, evolving long-term strategies

PROPOSED RESOLUTION

BELIZE. NONREIMBURSABLE TECHNICAL COOPERATION FOR A  
TRADE PROMOTION AND BUSINESS DEVELOPMENT PROJECT

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Belize Institute of Management Limited and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation project for trade promotion and business development.

2. That up to the amount of US\$1,146,786, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.