

**Restoring Fisheries in the Mesoamerican Barrier Reef System Project
GOVERNANCE AND INSTITUTIONAL STRENGTHENING OF THE
NATIONAL FISHERMEN COOPERATIVE SOCIETY, LTD.**

FINAL CONSULTANCY REPORT

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Acronyms

BoD	Board of Directors
CAPEX	Capacity Expenditure
EU	Europe Union
FDM	Fisheries Development Model
FIP	Fisheries Improvement Project
FoF	Future of Fish
GDP	Gross Domestic Product
HAACP	Hazard Analysis and Critical Control Points
IT	Information Technology
NFC	National Fishermen Cooperative Society Limited
TIDE	Toledo Institute for Development and the Environment
TNC	The Nature Conservancy

Background

The National Fishermen Producers' Cooperative (NFC) is Belize's second largest fishers' cooperative and it comprises a total of 530 members. The NFC operates principally from Belize City but it also maintains receiving facilities in Caye Caulker, Riversdale and Placencia, to which approximately 150 non-members sell their products. The members of the NFC or its fishers own the cooperative and they elect a managing committee. This managing committee serves as the Board of Directors (BoD) of the NFC.

Fisheries is a major pillar of the Belizean economy. This industry alone contributes an average of 3.87% to Belize's GDP.¹ Hence, it is an imperative that the producers in this sector receive strategic support for sound fisheries management for a sustainable and resilient industry. At the same time, such support must also occur within the cooperative framework since this is the model that underpins the organizational and supply chain structure of the fisheries industry in Belize. Even as there was a need to build and sustain the institutional capacities and productive capabilities in the NFC, the arrival of the COVID-19 pandemic hastened the urgency of such efforts. Therefore, enhancing the institutional capacities, as well as the production and sales capabilities of the NFC will strengthen its resilience and market reach.

The National Fishermen Producers Society Limited (the Society) is confronted with many threats and organizational weaknesses which have implications on its market performance and financial sustainability. Some of these threats include a changing regulatory landscape, depleting fishing stock, illegal fishing, inadequate enforcement, climate change and disaster risk, market uncertainty and increasing competitiveness, technical bankruptcy, the global COVID-19 pandemic, the lack of clearly defined governance structures and internal policies, archaic communication infrastructure, and a membership, many of whom have lost trust and belief in the NFC and the cooperative movement.

The membership, the Managing Committee and the staff are cognizant that the industry and the future of the NFC is under pressure to survive and have expressed their interest to embrace a path to efficiency, effectiveness and financial sustainability. Achieving this requires the NFC to leverage the opportunities available to it and to execute a systematic process for a robust and agile governance system which builds on its organizational strengths, partnerships, and market share. Such a transition is expected to re-energize the cooperative movement and sustain the commitment of membership to fishing best practices inclusive of the following:

- using technology and infrastructure to leap-frog training and capacity building;
- improving efficiency, effectiveness and accountability;
- enhancing and incentivizing membership and staff engagement in governance and decision making;

¹ It is worth noting that prior to the onset of the COVID-19 Pandemic, there was already a downturn in the agriculture sector wherein fisheries is located. However, for the products produced by the NFC, the budget speech for Fiscal year 2020 -2021, specified that, "Out-turns in the "Fishing" subsector were mixed: [there were] moderate contributions from higher lobster and conch [production] . . ."

- expanding market reach and capitalizing on its established markets and earned reputation for high quality products; and
- supporting a dedicated and committed staff and loyal membership, the majority of whom are optimistic about the future of the Society.

In the pursuit of sustainable fisheries and informed organizational and strategic decision-making, TIDE in collaboration with The Nature Conservancy (TNC) and Future of Fish (FoF) secured support from the European Union (EU) to invest grant funding for institutional strengthening of Belize’s fishing cooperative model in response to COVID-19. Specifically, the grant funding from the European Union (EU) aids this cooperative to immediately advance efforts for its organizational governance, financial and accounting systems, processing and management of fishery even as the global health crisis surges.

Consultancy Team

The below team provided their technical expertise and collaborative partnership for the completion and delivery of each of the products in this consultancy.

Team Leader – Dr Jay Coombs
 Governance and Communication – Carolyn Trench
 Marketing – Gustavo Perera
 Finance and Accounting – Otto Puc
 Manufacturing Adjustment – Dwight Neal
 Information Technology – Nyan Avila

Methodology

The methodological tools applied to produce the deliverables for the work packages consisted of both qualitative and quantitative instruments and in some instances, direct expert inputs. Table 1 below shows the data collection and inquiry tools used in the individual work packages. In the next section, we expand upon the specific undertakings in each work package.

Table 1: Methodological Tools Per Work Package

DESCRIPTION	ENGAGEMENT PLATFORM/TOOL
WP 1: IT Capabilities	Technical Appraisal of IT Infrastructure; Consensus-building discussions with management & direct expert inputs; Hardware set-up and
WP 2: Accounting & Finance	Consensus-building discussions with management & direct expert inputs

WP 3: Manufacturing & Local Market Assessments	Plant inspection and process analysis, documentary review – HACCP & COVID-19 Manuals, Marketing literature, key informant interviews, focus group discussions, and online surveys, management discussions (consensus-building).
WP 4: Governance & Communication Structure	Key informant interviews, focus group discussions, and documentary review – policies and bye-laws; consultative discussions with management

a. IT Capabilities/Accounting & Finance

The assessment of the NFC-IT infrastructure consisted of a systematic appraisal of the existing computer system to evaluate capacity and compatibility with the technical specifications required for installation of the new QuickBooks Accounting System. This assessment examined network performance, security features, storage capacity and back-up, and hardware and software, including service providers.

The findings and recommendations were useful for NFC management and accounting staff and this led to a consensus on the need for investment in machine upgrades to accommodate the new software and overall user-friendliness of the system.

b. Accounting & Finance

Installation and testing of the QuickBooks Accounting and Financial Systems were the next steps after the IT assessment. Once the accounting software was installed, tests were run to verify that all company files were updated and that new transactions were being recorded across the entire system.

An audit was conducted on the three (3) Dell desktop computers including testing of functionality permission and access to data. After completion of the audit, the QuickBooks system was installed inclusive of data upload and sharing of company files.

Training sessions were developed and facilitated for the staff of the NFC. The main goal of these sessions was to improve the finance staff understanding of how the use of QuickBooks as a tool can improve operational activities at the NFC. The sessions were divided into four distinct but interconnected areas and included the Basics of Accounting Procedures, Accounts Payable, Accounts Receivable, and Financial Reporting. Specific training topics included: Accounting Software Terminology, Hands on Data Entry (transactions), Accounting Logic for Entered Transactions, as well as staff feedback and discussion. The training benefitted key accounting personnel with responsibilities for: payroll, loans, control reports, payable and cash transactions, GST.

c. Manufacturing Adjustment

This analysis was conducted in two phases. Phase I involved the review of all available documented information on production, processing systems, food safety and quality assurance systems, certification and export requirements.

Phase II involved several site visits, walk-throughs of the processing facility and discussions with senior processing plant staff. This phase also included discussions with other members of the consulting team, the managing committee and members of staff, representatives of the NGO community that are associated with the project, the Food Safety Division of the Belize Agricultural Health Authority (BAHA) and one importer.

The information collected in these two phases were collated and analyzed for appropriateness to the degree of change required as a result of COVID-19, the effect of changes on production costs, preliminary review of pricing of final product, impact on market, certification requirements, and capital expenditures.

This intervention was especially useful for quality control staff, the NFC management committee including administration, and donor agencies. It will also serve as a quality assurance for NFC customers both current and prospective.

c. Local Market Assessment

The main objective of this study was to explore the potential for diversifying the domestic market for seafood products among the Belizean public. Although the hotel and restaurant sector is not supplied by the NFC, this study was designed to assess the extent to which the tourist sector could be expanded so that seafood that could be sourced by hotels and restaurants through the cooperative, can generate additional profitability. In this regard, the study assessed how the traceability system may be linked to the cooperative's ability to raise its prices through demonstrating consistently high quality and responsible fishing practices.

Two sub-objectives included in the competitors' analysis were: to assess the competitors' strength and positioning; and to define the implications for NFC's own strategic positioning to tap into market opportunities.

The data collection plan in the market study comprises both quantitative and qualitative methods, and included both primary and secondary sources.

With respect to the quantitative approach, two online surveys were conducted with hotels and restaurants operating in Belize. The selection of hotels was facilitated by the Belize Hotel Association which provided a list of 50 member hotels that operated their own restaurants. The selection of restaurants was done using TripAdvisor ratings of most popular restaurants in Belize.

Key informant interviews were conducted with one fish vendor, the President of the BFCA, and one potential strategic partner. In addition one focus group discussion was held with fishers who are members of the NFC.

Secondary sources included two seafood market studies done in 2014, one by the Belize Fisheries Department and one by Inter-American Institute for Cooperation on Agriculture (IICA) and the Belize National Tilapia Small Growers Cooperative Society Limited (BNTSGCSL).

The findings from these data sources were analyzed and included into the overall findings. Specifically, these data sources formed the bases for a Strength Weaknesses Opportunities and Threat (SWOT) analysis, the discussion on strategic options and recommendations.

The completed market study provides the Management Committee and donor partners of the cooperative with a decision making framework around market entry, timing and investments, risks and rewards.

d. Governance & Communication Structure

The methodology applied to this work package was to adopt several tools that would help to gain an in-depth understanding of the de-jure and de-facto operations of the Society. These included the following:

1. Literature and desktop review of the Co-operative Societies Act CAP 313 RE 2011 and Rules, the Society's Certificate of Registration and By-Laws.²
2. Environmental scan of national, regional and contemporary and emerging challenges to deliver on the consultancy goal and output;
3. Semi-structured interviews with Key Informants from Future of Fish, the Management Committee, staff of the NFC, and the Cooperatives Department.
4. Surveys with the Staff and Membership and a focus group discussion with the Managing Committee; and
5. Participatory methods for learning, while tapping into individual and collective energy and for consensus building along the way.

² Articles reviewed at : <https://insights.diligent.com/corporate-governance/how-to-build-a-strong-governance-model> Price, Nicholas (2018) How to Build a Strong Governance Model. Accessed: December 2020.

Xiao Peng et. al (2016) on Communication and Innovation in Cooperative Peng, X., Hendrikse, G. & Deng, W. Communication and Innovation in Cooperatives. *J Knowl Econ* 9, 1184–1209 (2018). <https://doi.org/10.1007/s13132-016-0401-9s>.

Overview

The NFC is especially poised for institutional strengthening and market expansion support since it is currently executing a traceability system to improve its operations and enhance its access to more markets. Notably, this commitment by the NFC is reflected in its continued support for the Managed Access fishing by the Belize Fisheries Department, as well as its participation in the Caribbean Spiny Lobster Fishery Improvement Project and Fishery Development Model (FIP+FDI). The latter project supports a multi-stakeholder effort to address environmental, economic and social challenges in fishery. Given the expected persistence of COVID-19 and the accompanying negative implications that this pandemic will cause to the fishing industry, the consultancy focused on four focus areas for improvement in the cooperative: Information Technology, Finance and Accounting, Manufacturing Adjustment and Marketing, and Governance and Communication. These are considered as critical pathways to address some of the key issues that needed strengthening in the cooperative. Each study offered recommendations that the NFC can adopt to alleviate the impacts induced and/or exacerbated by COVID-19. At the same time, the recommendations also addressed some of the long-standing issues present in each of the areas examined for institutional strengthening. On these, the NFC is now better equipped with data, tools, templates and some technical skills to act on these matters.

By focusing the institutional strengthening assistance in the following four (4) areas, the NFC's management of its fisheries product, especially its lobster fishery, lends for vertical and horizontal growth opportunities, both of which can extend the continued viability of this cooperative. This overall institutional strengthening of the NFC will help to sustain its role as a major contributor to the economy of Belize and to the livelihood of many households that rely on it to sustain their incomes and standard of living.

Although there were four (4) distinct focus areas or work packages through which technical assistance was provided to the NFC, the consultancy team worked through an integrated approach through which they employed the following five (5) success factors: capabilities, strategy, process, steering structure and learning. These factors were advanced, some more substantively than others in the below work packages.

Work Packages 1 & 2 - Finance and IT strengthening are critical for the NFC since these two areas combined foster a stronger, resilient business environment for quality financial management, reporting and decision-making. As the NFC transitions away from a cumbersome and multi-layered, paper-based, manual accounting system and toward a modern digital system, they will have improved capabilities and structure in which to use and access a finance system that has built-in security and data protection features. The benefits that this transition provides to the NFC include improved operational efficiency, financial accountability, transparency and decision-making capabilities driven by ongoing learning in financial report production and analyses.

Work Package 3 – Manufacturing Adjustment and Capital Expenditure assessments provide the NFC with the strategies for an immediate physical response to the COVID-19 in the context of its

manufacturing infrastructure, processes, quality control measures, supply chain, human interactions, waste management and traceability system. The gaps identified through this assessment are expected to aid in the consistent application of established standards and protocols, and facilitate the design of an investment plan that would move the NFC toward CAPEX recommendations. From these assessments, the NFC benefits from the drafting of a Personal Protective Equipment Policy (PPE) and supply chain management including an indicative budget for related infrastructure improvements. The Hazard Analysis and Critical Control Points (HACCP) is the bedrock on which NFC maintains its market access. Its upgrading as part of the manufacturing adjustment products, advances all elements of success factors but most notably, strategy, process, steering structure and learning.

The Local Market Assessment component of this work package examined the potential for the NFC to diversify and expand its presence in the domestic seafood market including among the Belizean public, and the hotels and restaurants in the tourism sector. This assessment analyzed NFC vis-a-vis the competition and the potential threats posed in the seafood market. It provides a critical look at the supply and value chains, consumer dynamics and their potential impact on the domestic market mix – seafood products, prices, distribution (including sales and logistics), advertising and promotions investment. Additional value emanating from this assessment is the Market Entry and Strategy Framework which gives the NFC a unique platform for strategic decision making for market entry, strategy and timing, potential investments in marketing infrastructure including equipment and human resources, and guidelines for evaluating realistic expectations around profitability and return on investment.

Work Package 4 – Governance & Communication

The goal and output of the ***Governance and Communications Work Package*** was to facilitate the NFC's institutionalization of a revamped, modern governance structure that advances administrative transparency and accountability, sound membership participation and engagement, and effective and efficient business practices. With this goal at the fore, this work package provided technical inputs for the strengthening of the institutional foundation of the cooperative. This is critical as it considers transitioning to a modern and responsive organizational governance structure on which to anchor the resilience and sustainability of the NFC in the context of COVID-19 and beyond.

Activities of the Work Packages

In keeping with the deliverables of the consultancy, the below section describes summarily, the various activities undertaken by the team to complete the outputs of the work packages.

Work Package 1 & 2: IT and Financial Systems

IT

The IT components of this work package set out to implement a basic assessment of NFC information technology infrastructure. Based on the gaps subsequently identified, the team recommended

specific improvements which were then shared with the NFC. These recommendations included: upgrades for efficient and reliable network performance, network security, data capacity and storage, back-up plan, bandwidth usage, and risk mitigation or elimination.

The improvements in IT infrastructure are foundational to implementing a modern financial and accounting system, especially as the NFC is preparing to transition from a manual to a digital system.

Finance & Accounting

After the assessment and upgrade of the IT infrastructure, the NFC procured three computers and installed QuickBooks Desktop Enterprise on each. With the procurement of these equipment, a new server was allocated to ensure full functionality of the now multi-user IT environment.

The immediate benefits to the NFC from both the hardware upgrade and the software installation is the elimination of inefficiencies associated with the manual accounting system, improvement in data availability, quality and integrity, and informed decision making. The file sharing feature allows for more efficiency among accounting staff and the management. All the finance staff participated in the capacity building training in the QuickBooks Accounting System.

Work Package 3: Manufacturing Assessment & Local Market Assessment

Manufacturing Assessment

The Manufacturing Adjustment component of this work package consisted of a thorough examination of the physical infrastructure and layout of the manufacturing processes and flows. These processes include quality control, supply chain, waste management, the traceability system in the context of the new COVID-19 protocols, HACCP and EU Certification Standards. During this time, gaps in multiple processes were identified. In response to these gaps, the consultancy recommended investment needs against the CAPEX.

With the implementation of the measures, the NFC can maintain its compliance with the requirements of international standards and requirements - HACCP, EU, and CAPE - in spite of the COVID-19 Pandemic. In addition to recommendations for standards compliance, the team also provided recommendations for improvements in the infrastructure and equipment at the central plant.

Local Market Assessment

The Local Market assessment set out to identify potential market opportunities for the NFC in the local market (Belizean public) and the tourism sector (hotels and restaurants) as part of a product diversification strategy.

This assessment included online surveys among hotels and restaurants to identify and quantify consumption patterns, prices, and supply actors, and their potential demand for value-added seafood products. It also consisted of an examination of the current supply (value chain) and the actors within

the seafood supply chain.

This study provided the NFC with a realistic market panorama – supply and demand, product features, competitive landscape, consumption patterns, and a strategic framework for decision making. In addition, the study identified for the NFC, a potential opportunity for export sales.

Work Package 4: Governance and Communication

In this work package, the consultancy team engaged in documenting the results of the desk review and consultations to formulate the report on the governance structure of the NFC. Doing so facilitated the formulation and updating of the core governance mechanisms of the NFC (organizational chart, internal policies, and by-laws) and the development of internal policies specifically but not limited to: credit and lending, financial management, code of conduct, procurement, human resources and, membership policy and the updating of identified priority by-laws. The team also documented the feedback, recommendations and suggestions on governance improvements in the NFC. From the results of a survey of key respondents, a basic communication strategy for the NFC was also designed. Furthermore, a consultation with the Management Committee, Staff and Board of Directors was conducted to determine the type of messages, frequency and channels for the effective dissemination of the cooperative's operations, market situation and COVID-19 implications and scenarios. From these processes recommendations for a governance improvement plan which facilitates the adoption of best practices, recruitment and training of the management board, and the recruitment engagement and retention of membership were provided to the Management Committee.

A presentation of the governance and communication structures was made to the Management Committee.

A Focus on Governance

The governance structures at the NFC are foundational to its institutional strengthening, HAACP compliance, market opportunities and its financial sustainability and profitability. All the operational processes within the cooperative emanate from its governance structures and policies and these have far-reaching implications on the day-to-day activities conducted by the cooperative. Through the conduct of the Governance and Communication work package especially in the context of the COVID-19 Pandemic. The section highlights some of the key governance and communication matters to illustrate the internal actions that the NFC should consider addressing as matters of priority. Immediately below, however, we offer insights on some key governance takeaways.

Governance - Key Takeaways

- 1) The National Fishermen Producers Cooperative Society Limited (hereinafter referred to as the Society) and its By-Laws were registered on April 29th, 1966 in accordance with the Co-operatives Societies Ordinance, No. 4 of 1948 (now CAP 313 of the Laws of Belize RE 2011).

From a review of all documents, it appears that the By-Laws of the Society have never been amended. This may be as a result of the static nature of the parent legislation by which it is guided.

In response to the question of having a copy of the By-Laws or having read the By-Laws, only 30 per cent and 35 per cent of the membership have a copy of the By-Laws and have read it and even less for the employees, at 20 per cent and 27 per cent respectively.

- 2) The area of operations of the Society (Art.3) is for the entire waters of Belize.

This does not take into consideration legislative changes in fisheries management which provide for conservation areas, preservation areas, no-take zones and other special management areas that exclude fishing established under the Belize Marine Reserve Network.

- 3) The objects (Art. 5) of the Society are to promote the economic and cultural welfare of its members through uniting funds and efforts to more efficiently produce, distribute and sell products; assisting members in catching, processing, marketing and delivery of product; and advancing the idea of the co-operative movement for economic and cultural betterment.

The nature of the business (Art. 6) and the purposes to which funds are to be applied (Art. 8) provide for supporting membership with the storage and disposal of their product, to purchase goods, supplies and equipment on their behalf, to lend them money and to purchase, rent and effect payments property on their behalf.

The objects, the nature of business and the purposes for which the funds are to be applied appears to have been designed to provide for the day-to-day operations of the Society. Consequently, they are neither aspirational, strategically anchored nor do they take into consideration the changing internal and external ecosystem in which the Society and membership are required to navigate, which may include threats as well as opportunities for improving performance.

This includes an evolving regulatory framework to support sustainable fishing practice, the rapid pace of technological advances, sustained capacity building and education, illegal fishing, a depleting fishing stock and inadequate law enforcement, climate change and increasing disaster risk, market uncertainty and increasing competitiveness, technical bankruptcy, and a global pandemic such as COVID19.

- 4) This cooperative methods (Art.7) of business provide for political, religious and racial neutrality, equitable treatment of employees and for collaboration with other co-operative societies for purposes of education, mutual aid and expansion.

However, the methods do not directly embody the complement of values of the cooperative movement which anchors governance and decision making, which have evolved over time and which are internationally accepted. These values are self-help, self-responsibility, democracy, equality and equity, solidarity, honesty and openness, social responsibility and caring for others.

Furthermore, while the By-Laws embrace some characteristics of the contemporary internationally accepted guiding principles of the cooperative movement - voluntary and open membership, democratic member control, member economic participation and autonomy and independence - education, training and information, cooperation among cooperatives and concern for community remain absent overall.³

- 5) The supreme authority of the Society is explicitly vested in the general meeting at which ***all*** members have the right to attend and vote (Art. 20), with one vote per member and no voting by proxy (Art. 7).

At the same time, membership is qualified by being domiciled in the area of the society's operations; being engaged in seafood product; being eighteen years and having signed an application, having paid the entrance fee of twenty-five cents (\$0.25), having acquired one fully paid share (Art. 17) and having agreed to subscribe to the minimum shareholding of twenty (20) shares (Art. 10) valued at \$5.00 per share (Art. 9). Once a member fulfills the provisions of Article 17 they have one vote in the affairs of the Society.

Yet, the Society's records provide for 500 + members having varying de-facto categorization of membership based on two criteria, the first, on shares which have a value and second, whether they are delivering produce or not, yet all have the same rights and privileges. This categorization can be defined as follows:

- (i) An '***active***' member being a member with fully paid-up subscription (20 shares) in accordance with article 10 of the By-Law and who are delivering produce;
- (ii) An '***active***' member being a member with minimum subscription of (1) share who are delivering produce and are classified as a '***provisional member***';
- (iii) A '***non-active***' member being a member with having either a fully paid-up subscription or having the minimum of one (1) share, who are not delivering produce by virtue of being retired;
- (iv) A '***non-active***' member being a member having either a fully paid-up subscription or with the minimum of one (1) share who have not retired from the fishing profession but who has not delivered produce to the Society in the current or previous two (2) years.

³ The values and guiding of the cooperative movement was sourced from the International Cooperative Alliance <https://www.ica.coop/en/cooperatives/cooperative-identity> downloaded 10/12/2020

- 6) The Managing Committee has a power to accept or reject an application (Art. 18) submitted in accordance with Article 16, but not a duty to give a reason if an application is rejected.
- 7) A Managing Committee of seven (7) is elected by membership to control and direct the affairs of the Society (Art. 26). This is a mandatory agenda item of the business of the Annual General Meeting (Art. 22)

Amongst themselves they elect a Chairman, Treasurer and Secretary, the latter from amongst themselves or from outside the committee (Art. 28). The By-Laws provides no mechanism for this election, selection or appointment, which besides open to mischief, introduces ambiguity, as it speaks to both an election and an appointment.

The remaining three (3) or four (4) members, if the Secretary is elected or appointed from outside the committee, have no designated position or post. While the By-Laws do not provide for a Vice-Chairman, one is elected from amongst the members.

- 8) The By-Laws mandates general duties to the Managing Committee (Art. 30) including representation and settling the terms of contracts; purchasing, leasing, selling or renting of properties and insuring of properties and assets; safeguarding, depositing or investing funds and giving discharges to hypothecary securities; approving or rejecting application for membership; reporting to the AGM and giving effect to their instructions; appointing temporary or permanent committees from amongst membership to look after the interest of the Society; making rules and regulations governing the conduct of meetings and appointing sub-committees from within itself to carry out its functions.

When these duties are combined with:

- (i) A power to lend the Society's funds to membership, including to itself, and to determine the interest charged and the terms and conditions of such loans, with no policy for a transparent and accountable process nor for securitizing the fund, nor for penalties for non-compliance by the Secretary of their duty for documentation (Art. 39);
- (ii) A power and a duty to convene the AGM with only eight (8) days' notice by the Secretary, considering the nature of the profession (members being on the seas for several days) and the geographic reach of the membership (Art. 21);
- (iii) The requirement of the presence of only ten (10) members or one tenth of the membership (which may be approximately 20 members considering that only 200 ± of the 500 ± are active), whichever is greater, to constitute a quorum for the AGM or Special Meeting (Art. 25); and
- (iv) The Managing Committee having a discretionary power to convene a Special General Meeting of their own accord or at the request of one-fifth of the membership (a higher bar than that of a quorum of the AGM), and considering it that the AGM is the only standing window for hearing of and deciding upon complaints brought by members aggrieved by a decision of the Managing Committee;

It lends to a state of affairs which is not representative of best practices of business or of the values and principles of the cooperative movement, as it concentrates power in the Managing Committee for conducting and controlling the affairs of the Society, with minimal entry points or windows and mechanisms for oversight and checks and balances and for participation of members in policy direction and decision making outside of the AGM.

This contrasts with other cooperative-membership type organizations, for example, the credit unions, which provide for some separation of powers with the election of a Board of Directors, a supervisory committee and a credit committee, the latter with powers and duties separate and apart from that of the Board of Directors, which would be the counterpart to the Managing Committee of the Society.

- 9) The preceding perception was reflected in the survey of membership. Only *40 percent of membership expressed satisfaction in the performance of the committee* and of trusting the committee, and *20 per cent stated that what they least like about the committee is that they are not honest about the operations of the cooperative*. In addition, 27 per cent of the employees cited the need for honesty by the Managing Committee as a recommendation for improving the management of the Society.
- 10) The By-Laws do not set out any duties for the Chairman. However, it does so for a Secretary of the Board (not of a Managing Committee) (Art. 31). These include mostly record keeping and preparing the minutes of meetings, conducting correspondences, financial transactions and statements, receiving monies and issuing receipts and depositing the Society's monies with the Treasurer.

While it is the Secretary who records the minutes of the meeting of the Managing Committee, the transmission of instructions to the staff is carried out by the Chairman, through an Executive Secretary.

The By-Laws also provides for the termination of the Secretary if appointed from outside of the committee with one month's notice and compensation. It provides no penalties for non-performance or non-compliance with the By-Laws and does not require the Managing Committee to afford the Secretary due process or give reason for termination, which may compromise the funds of the Society, if such termination may be due to mismanagement of the Society's funds either by the Secretary or the committee itself.

- 11) The By-Laws also sets out the duties of the Treasurer (Art. 33) mandating the receipt of monies from the Secretary and advancing to the Secretary monies to effect payments of the Society; placing the accounts of the Society in a financial institution; examining the books and accounts of the records of kept by the Secretary and ensuring the preparation of monthly statements and information to the Managing Committee.

Similar to the Secretary, there appears to be no penalties for non-performance or non-compliance of duties.

12) The Managing Committee (Art. 30) has a discretionary power to appoint a Manager to undertake the direction of the practical and commercial operations of the Society, to determine their duties and to communicate the same in writing. It appears that there is no written appointment or terms of reference for a manager, even though the Executive Secretary is interchangeably referred to as the Executive Manager.

13) At least one-fourth of the surplus funds of the Society are to be carried to a reserve fund (Art. 37) which can be utilized for occasional deficiencies or the business of the Society (Art. 40), and the remainder to be utilized for educational fund, contributions to other funds of the Society and payment of dividend (Art. 37). There are no provisions for the investment in financial instruments.

In response to a question as to other benefits they would recommend, the membership cited restoring old benefits like the Christmas bonus, scholarships, medical insurances and burial schemes and grants to recover from loss due to disasters.

14) Additional responses by the membership to the survey (response rate 5 per cent of 200 ± active members) on governance matters were:

(i) 80 per cent procured equipment on their own;

(ii) 60 per cent indicated that other members of the Society helped with improving fishing practices and that the information gained was important to their success;

(iii) 80 per cent attended the last AGM and voted;

(iv) 60 per cent claimed the Managing Committee listened or mostly listened to their ideas and concerns;

(v) 60 per cent stated the Managing Committee have no vision statement.

15) While 20 per cent cited that what they like least about the Managing Committee is that the majority are from one area, they also cited that what they liked the most of the Society was that it provided some assistance, abides by the fishing rules and standards of the fishing department and that it is resilient. A matter which they liked least about the Society is that captains are allowed to take advantage of fishermen in their purchase from the Society.

16) 80 per cent are either satisfied or very satisfied with the performance of the office, but recommended the need for greater efficiency in meeting their requests for a bi-lingual person;

17) 80 percent of the membership joined the Society as a result of a family member suggesting a generational dimension to membership.

18) The Managing Committee recognizes the need for capacity building to better lead and manage the affairs of the Society.

- 19) The Society appears to be operating with a de-facto organogram consisting of roles, responsibilities and reporting mechanism.
- 20) Article 44 guides the marketing operations of the Society. Improving the society's competitiveness through marketing and the use of social media, improving loyalty and trust, putting the cooperative first etc. are recommendations from employees for improving the performance of the Society.
- 21) Articles 45 and 46 mandates copies of the act and rules and the last year's financial statement to be made available at the registered office of the Society which appear not being adhered to;
- 22) The By-Law also provides for amendment (Art. 43), which has never been applied, and dissolution (Art. 42).
- 23) The responses of a survey of employees of the Society (response rate was 42.8 per cent) suggest that:
 - (i) The work environment, relationship with supervisors and communication **within** departments/work group proved a strength for the Society as responses to these questions were largely positive and scored relatively high. Albeit improvements need to be made to establish a formal two-way communication protocol between the Society and its members.
 - (ii) A weakness lies in the Society's reward & recognition, development opportunities and culture. These responses were demonstrably negative and were expounded repeatedly in the short answer sections of the survey.
 - (iii) Another weakness, which was highlighted in the survey, lies in the relationship between management and staff. While 73% of respondents noted they enjoyed working at the Society and 60% felt a sense of accomplishment with the work they did, only 33% of respondents agreed with the direction the Society was heading, while 40% were optimistic about the long- term success of the Society. This was expounded in the survey's short answer section as a disconnect between management/leadership and staff.

Communications

Several communications issues were identified as needing to be addressed:

- 1) No overall communications strategy or implementation plan exists for the Society.

- 2) Communications are primarily by word of mouth or cell phone between the membership and the office and board, and the board and the office and within the office. The surveys revealed that 93 percent of communications in the NFC is conducted verbally.
- 3) The communications infrastructure is limited to a telephone landline, and a non-interactive website designed as a landing page with sparse information on the Society and Belize, the products and an email address and phone number.
- 4) The NFC does not have any social media presence and there are no dedicated staff for communications - information sharing and feedback between staff and the fishers, between the fishers and the Management Committee or among the fishers.
- 5) While there is no structured reporting mechanism to membership between AGMs, the membership expressed its general satisfaction with information shared by the office and the Managing Committee on the performance of the Society.
- 6) 60 percent of the membership surveyed are informed by a Managing Committee member of a meeting;
- 7) Digital communications are channeled through one email address and all others are by personal emails which can compromise institutional memory and the documentation of records.
- 8) From the employee survey, responses to questions regarding communication within departments were positive, responses to questions regarding communication between management and staff were negative and again these were repeated numerous times in the short answer section.

Deliverables

Below is the list of the completed products which constitute the full extent of this consultancy.

1. Digital Finance Report as of 2019
2. Digital report of Financial Statements as of Feb 2020
3. Digital financial report and cash flow projections
4. Installation of QuickBooks software
5. Accounting and financial data migration
6. Updated By-Laws
7. Governance Structure and Roles and Responsibilities
8. Communications Strategy and Action Plan
9. Internal Policies-Credit and Grants
10. Internal Policy-Discipline and Complaints
11. Marketing Opportunities
12. Market Strategies
13. Updated HACCP

- 14. CAPEX Report
- 15. COVID-19 Plan

Challenges

1) IT Capabilities

The machines previously operated by the NFC were at least seven (7) years old, well above the average life-span of 3 to 5 years for business computers. The NFC did not also have an adequate management system or procedure in place for allocation of resources. Additionally, network related issues included insufficient connection speed. However, after a lengthy procurement process, the NFC procured both hardware and software to facilitate the technological upgrade as specified in the consultancy.

2) Accounting & Finance

Although the installation of the QuickBooks accounting system was a success, there were still some areas in which the NFC could have pursued greater efficiency through technology. Specifically, the cooperative needed to enhance efficiency in its accounting by streamlining some of its processes. Owing to its paper-based manual accounting system, which is spread across multiple clerks, the NFC did not articulate or sufficiently demonstrate real time insights into its, fortnightly, quarterly and to some extent, its day-to-day operations and the extent to which this information could be leveraged when negotiating contracts, goods and services with suppliers vendors and fishers. For the consultancy, this meant that such financial information had to be requested, sourced and then tediously organized before any reports could be generated. The assumption that all the information would be accessible beforehand was misplaced.

3) Manufacturing Adjustment

Although the NFC is HACCP certified and validated by BAHA, the potential challenge for NFC during the consultancy was to strike a delicate balance between quality assurance, and manufacturing costs; this is especially true in light of the market unpredictability caused by COVID-19 globally, and the emerging local competition that poses two threats – price destabilization and the unpredictable share of supply of seafood from NFC member fishers. Against this background, cash flow management and availability to effect the recommendations remain a key concern. An indicative budget for improve and maintain the plant's production standards is provided in Annex 1.

Local Market Assessment

The critical challenge for the NFC and more importantly for the Management Committee in consultation with its membership is to declare its strategic intent about where the cooperative could invest. While the market assessment identified the mid-level opportunity in the local market, this

should be put in perspective with more clarity, interest and growth aspirations from the Managing Committee. The challenge (and opportunity) is to determine how the NFC can bring all its stakeholders together to agree on a reconfiguration of roles within the supply chain (hotels, restaurants, and fishers) so that sustainable and certified seafood products are on the market – with profit for all.

4) Governance & Communication Structure

Challenges in the Governance and Communication work package point to the challenges beyond the conduct of the consultancy but more so on those that can impact on instituting a revamped, modern governance structure for the cooperative. Some of these challenges are listed below.

- 1) There are three (3) foundational and crosscutting themes which are absent from the governance structure that have implications to achieving the goal of the project. These are: holding true to the values and principles upon which the co-operative movement stands, promoting and supporting sustainable fishing practices, and ensuring financial sustainability of the Society.
- 2) The NFC appears to have varying de-facto categories of membership defined by being active or non-active (delivering or not delivering produce) and by having a fully paid-up subscription or meeting the minimum subscription (provisional), yet all have the same voting rights and privileges. When combined with the erosion of benefits, the incentive for loyalty to the Society is diminished.
- 3) The objects of the Society have not evolved to embrace regulatory changes, innovation and best practices in fishing, diversification of its revenue base, and to be robust and agile in responding to contemporary and emerging issues, challenges and concerns and optimizing its strengths and opportunities as they emerge and unfold.
- 4) The objects of the Society do not explicitly embrace the general values and guiding principles of the cooperative movement which underpins accountability, transparency and reporting mechanism, and compromises trust in the Society, loyalty of members and the concept of shared responsibility and prosperity.
- 5) There is limited knowledge among the membership of the cooperative about its regulatory framework, the co-operative movement, the principles and values upon which it is found and how the Society works. This has resulted in limited understanding of the benefits of the movement.

Recommendations

1. **Support the finance clerks to continue with the full execution of QuickBooks** as the standard financial system for financial reporting by the cooperative. This will also require that the Management Committee ensures its continued subscription and that it regularly gets reports from the finance system.
2. Appoint a **Technical Working Group** tasked with the responsibility to assess feasibility of strategic marketing options (scenarios) and make recommendations to the NFC Management Committee on recommended course(s) of action.
3. Implement a participatory (stakeholders) strategic planning workshop with a view to developing a **strategic business and marketing plan** for the next 3 to 5 years. This workshop should also take into consideration the CAPEX for the same time period.
4. Conduct participatory planning activities to re-orient the staff with the updated HACCP.
4. **Develop and implement a Governance and Communication Capacity Development plan.**
5. Convene multi-stakeholder sessions to present and discuss the **Governance and Communication Capacity Development plan** and build consensus on the recommendations and communication both internally and with the membership.

Conclusion

The consultancy process produced all the deliverables as outlined by TIDE. It should be noted that the movement restrictions and the closure of businesses precipitated by the COVID-19 health crisis severely restricted the team's ability to conduct extensive interviews, focus groups discussions and surveys. At the same time, however, the team members experienced great cooperation and support from the staff and management team of the NFC. They displayed patience and an eagerness to take advantage of the new systems, tools and capacities that this consultancy provided. Their enthusiasm and cooperation is not lost on the team and we are committed to ensuring that our reports fully capture their aspirations, as well as the challenges and opportunities that they encounter.

We note that there appears to be a loss of trust and confidence in the cooperative movement and the governance structure of the Society but there is also much that is liked about the Society, especially since its membership is intergenerational. The potential for long term success at the NFC rests in its preparedness to cease upon emergent opportunities, optimize technological advances, and innovate in marketing investments at the national, regional and global levels.

Annex 1: Indicative CAPEX Related Costs

a. Potential Value Added Products

Product	Requirements	Existing Line / materials	New Cost	Estimated added cost BZ\$
Pre-packaged seafood – whole fish, fish steaks, cutlets, fillets.	Disposable trays and plastic wrap	Yes	Trays	\$1.00/lb
Pre-seasoned seafood – all products presently processed	Seasoning, Stainless steel Seasoning tubs, appropriate packaging	Yes	Seasoning tubs, seasoning	\$70.00 each \$0.80/lb
Canning	Seasoning, canning equipment, cans	No	Seasoning, canning equipment, cans	\$1.00/lb \$10,000.00/unit \$2.00/can

b. Renovation Costs

Area	Work to be done	Estimated Cost BZ\$
Preparation of an estimate for renovations	Review all the work to be done and prepare an estimate of cost including bill of quantities	\$1,500.00
Refit, refurbish and retrofit		
Upgrade blast freezers and chill room refrigeration (per unit)	Replace the existing freezer units, do a complete refitting of the rooms and install new controls	\$25,000.00
Remodel ice room to control access from outside	Move the access for fishers to the outside of the plant by the storage rooms, place a handwashing station and foot dip at the entrance	\$5,000.00
Refurbish the fish market	Redesign the interior and place better lighting, install a chilled showcase, provide shield for the market attendant, provide handwashing stations	\$10,000.00
Locker rooms and Snack room	Improve ventilation and lighting, refurbish lockers to allow for separation of used and unused items, install a proper handwashing station at the entrance to the locker rooms and snack room	\$6,000.00
Redesign the current receiving area	Place a wall and door across the rear of the receiving area, install a sanitization dip, move the chill tanks and pre-selection table into the new room, move the receiving area into the new entrance to the processing facility	\$2,500.00

Replace tiles, re-grout and repaint	Replace damaged or missing tiles, re-grout the entire processing and packaging are floor, address any other issues, re-paint with food safe paint (approximately \$100.00/gallon)	\$10,000.00
Assessment of the receiving stations in Caye Caulker and Placencia	Review the purpose, status, cost and practicality of having these stations open, make recommendations for improvement if necessary	\$2,500.00
Contactless documentation of workers	Identify and install a system that documents when employees arrive and leave work.	\$5,000.00