

# INTERNATIONAL TROPICAL TIMBER ORGANIZATION

## ITTO

### PROJECT DOCUMENT

<b>TITLE:</b>	PROMOTION OF GUATEMALAN CERTIFIED TIMBER AND TIMBER PRODUCTS TRADE
<b>SERIAL NUMBER:</b>	PD 338/05 Rev.1 (M,I)
<b>COMMITTEE:</b>	ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND FOREST INDUSTRY
<b>SUBMITTED BY:</b>	GOVERNMENT OF GUATEMALA
<b>ORIGINAL:</b>	SPANISH

#### EXECUTIVE SUMMARY:

In the last few years Guatemala has made significant progress in its efforts to achieve sustainable tropical forest management. One example of these efforts is the strengthening of the forest concessions granted to communities and industries in the Multiple Use Zones of the Petén Mayan Biosphere Reserve. As a result of this process, the area had 534,200 hectares under forest concessions granted by the year 2002. Currently (April 2004) a total of 515,023 hectares are certified forests. Of these, 511,661 hectares are natural tropical forests under concession in the Petén area, with a majority of community forests (380,334 hectares). These figures are a sample of Guatemala's world leadership role in community forest management and forest certification in natural tropical forests. Now it is necessary to strengthen and complement this process through a marketing strategy to encourage the use and utilisation of lesser-known timber species and timber products. Although Guatemala's tropical forests include a large variety of forest species that are suitable for industrial utilisation in the manufacture of various products, to date both utilisation and industrial development have focused on two species i.e. mahogany (*Swietenia macrophylla*) and cedar (*Cedrella odorata*).

The production and marketing of timber products derived from lesser-known species is limited. This is due to: (a) the lack of support mechanisms for marketing. The company FORESCOM has recently been established, but it lacks the technical and organisational skills as well as financial resources required to bring together regional stakeholders; (b) small volumes used and marketed; and (c) limited industrial utilisation thereof. This Project will focus on solving the two former issues. It will encourage production and marketing of timber products from lesser-known species from sustainably managed forests by integrating Forest – Industry – Market. The strategy will strengthen local capacities by ensuring the participation of an increased number of stakeholders and by training personnel on support mechanisms for marketing, communities and industries. The Project will be directly linked to the production sector, community groups and forest industries, all of which have had an active involvement in the project since its inception.

The following attached studies are a part of this document: "Estimate of the potential supply of certified forest raw material in Guatemala" and "Identification of Potential Markets for Certified Forest Products from Guatemala".

**EXECUTING AGENCY:** NATIONAL FOREST INSTITUTE (INAB)

**DURATION:** 24 MONTHS

	<b>Source</b>	<b>Contribution in US\$</b>
<b>BUDGET AND PROPOSED SOURCE OF FINANCE:</b>	<b>ITTO</b>	<b>230,468</b>
	INAB (in kind)	59,630
	ACOFOP (in kind)	46,000
	<b>TOTAL</b>	<b>336,098</b>

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**ANNEX C**

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**ANNEX D**

Presentation and discussion of project document: "Promotion of Guatemalan Certified Timber and Timber Products Trade" by Jhony Zapata. 16 August 2004 - List of participants

**ANNEX E**

Modifications made in response to the recommendations of the 29th ITTO Expert Panel on the original proposal

## **PART I: CONTEXT**

### **1. Origin**

This project is designed within the framework of the Agreement between the National Forest Institute (Instituto Nacional de Bosques – INAB) and the International Tropical Timber Organization (ITTO), signed in May 2001 and is based on the pre-project “Promotion of Guatemalan Certified Timber and Product Trade”, which was sponsored by ITTO.

It was also influenced by the valuable experience gained from, and the recommendations of “Development of Processing and Marketing of Lesser Known Broadleaved Species”, a project financed by the Forestry Action Plan for Guatemala or PAFG (Project FAO GCP/GUA/008/NET) and executed from April 2001 to August 2002 in Petén by a joint effort of ACOFOP, CONAP, Forestry Action Plan for Guatemala, the Just World Partners NGO and Petén and Zacapa timber industries. This project showed the great potential of lesser known species, although to date industrial and commercial development of certified products has focused mainly on species with a more developed market: Mahogany and Cedar. The Project recommended “the identification and promotion of lesser known timber products originating from certified management forests, and the promotion of domestic and international trade in such products”.

Important aspects of this project, including logical framework, tree of problems, strategies and main outputs, were presented during three events organised in Guatemala in April 2004, when important contributions and recommendations were received from participants and included in this document. Two presentations were held in the City of Guatemala. The first was attended by personnel from the National Forest Institute (INAB) and the National Council for Protected Areas (Consejo Nacional de Áreas Protegidas - CONAP). Members of the forest cluster, private business and public sectors attended the second meeting. The project was presented also a third time, during the workshop held in Petén on 27 April 2004, with representatives of forest communities, industry, NGOs and the public sector. Furthermore, the scope of the project was presented personally to community leaders and their advisors, who expressed their agreement and made a commitment to the active involvement of their communities and to the support through the necessary infrastructure in Petén for the project's successful implementation. They also undertook to help project personnel and activity continuity once the project was completed. During the design phase of the project, contributions and comments were received also from INAB and the Petén Forest Communities Association (Asociación de Comunidades Forestales de Petén - ACOFOP) and from their company, Empresa Forestal Comunitaria, S.A. (FORESCOM). The latter held two in-house meetings to discuss the project and submit their comments.

Details of the project were presented during a personal interview with the Executive Director of the Forestry Board (Gremial Forestal), who has committed the active involvement of the institution in the project's Steering Committee. The Forestry Board is a not-for-profit organisation of 70 individual members and collective members, with a total of 300 members, including seed producers, sawmills, higher added value products, consultants, reforesters, housing builders, freighters and machinery and equipment traders.

### **2. Sectoral Policies**

The Project is part of a long-term vision based on the promotion of trade in lesser known species with forest management certification, to improve the economic and social outlook and simultaneously help conserve Guatemala's tropical forests. The Project is designed within the framework of Guatemala's Forest Policy and its principles, particularly in the following areas: security of the supply of environmental goods and services for society, land management systems, forest resource sustainability, biodiversity conservation, community involvement, production competitiveness, regulations, monitoring and management of forest resources. Furthermore, it fits into the framework of the Protected Areas Law, mainly relating to the following objectives: (a) achieving sustained use of species and ecosystems throughout the nation, and (b) establishing protected areas in the country as required, and which are of public use and social interest.

Project objectives and outputs fit into the “Promotion of natural forest production management” policy line, under the premise that by incorporating natural forests into economic activity, the former will be conserved inasmuch as the population will depend on forests and understand their financial benefits. This policy line involves incorporating natural forests by making available some 800,000 hectares of natural broadleaved forests that are suitable for management when considering the national supply of

timber and non-timber resources and environmental services. Also to be considered is the increasing demand for forest products and services, both at the domestic and international levels. Broadleaved forests no longer mean only Mahogany and Cedar, but also other lesser known species.

This is why forest policy strategies seek to decentralise forest administration, create negotiation spaces among forest stakeholders (forest owners, industrialists, technical experts, institutional personnel), generate and transfer natural forest management technology, promote new markets and develop forest species products, encourage production development around natural forests through incentives and identify innovative sources of finance.

Various instruments are used to this end, such as granting rights and assigning obligations to communities and municipal councils situated within state forests, with a view to their sustainable management, through Community and Industrial Forest Concessions<sup>1</sup> granted to individuals or private institutions.

Other instruments are also considered, such as promoting productivity and searching for better markets, strengthening competitiveness with the support and development of the Forest Cluster, forest certification, market information and intelligence and promoting lesser known timber species on the market.

Thus, the Project seeks to help sustainable forest development by creating investment opportunities based on forest management, long-term forest concession rights and development of the timber industry as one of the central axes for sustainable development.

### **3. Programmes and Operational Activities**

The Forest Policy has had a positive impact on the Petén area, especially relating to the implementation of the forest concession strategy which has managed to combine natural tropical forest conservation with local development activities through sustainable forest management. These forest concessions have meant that communities which used to be seen and treated as invaders and illegal loggers have become owners with logging rights to natural resources. Thus, slash and burn farmers and informal forest resources loggers have become forest businessmen who are responsible for forest rational management and conservation. These actions have helped the State fulfil its forest resource conservation obligations in a more economical manner and, at the same time, communities have become forest conservers, thus reducing the cost of protecting the forest. This is positive for the State in view of the situation of state dependencies which have limited budgets and capacity.

Guatemalan forest policy openly states that forest certification is a political instrument, as confirmed by the following extract: Through the Ministry of Food and Agriculture (MAGA) and its departments, the State shall promote certification as a mechanism to help insert the country's forest products in international markets. To this purpose, a widespread dissemination of the certification process will be undertaken, as well as fulfilment of MAGA's subsidiary and facilitator role, in accordance with agricultural and sectoral policy for 1990-2030 (MAGA et al., 1999).

According to Guatemala's regulations, all concessions must be FSC certified within three years of their establishment. The National Council for Protected Areas (CONAP) is in charge of regulation, coordination and monitoring of natural resources management in the Mayan Biosphere Reserve (MBR). CONAP may implement on its own behalf or on behalf of third parties, activities which are relevant to its own role such as research, monitoring, control, and extension (CONAP, 1999).

Any activity for the sustainable utilisation of renewable natural resources in the MBR Multiple Use and Buffer Zones is promoted with a view to benefiting rural communities residing in or around them, provided that sustainability is ensured (CONAP, 1999).

Regarding support and finance for the forest sector, 'Trends and Prospects for the forest sector in Guatemala' (FAO, 2004) indicates that external sources are a major factor in its financing. It is estimated that between 1991 and 2001 a total amount of US\$ 109 million was channelled to this sector, with 82.9 percent of these resources used for the environmental sector. Public contribution amounts to almost half the total resources (56%), representing 1.08% of government expenditure, while the remaining 44% is from external sources. Of the US\$ 109 million, 90% was allocated to sustainable management of natural resources, 7% to mitigate the impact on forests and 3% to

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<sup>1</sup> The relevant regulation is Section 19 of National Congress Decree 110-96 on Protected Areas.

conservation (PAFG 2003). One of the major public sources of finance for the forest sector is the *Programa de Incentivos Forestales* (Forest Incentives Programme/ PINFOR), based on the Forest Law (Decree 101 - 96) in force for 20 years since 1997, and a 1% allocation from the State's ordinary revenue budget. By 2002 the State had invested US\$ 27.2 million on the implementation of PINFOR, and it is estimated that the potential amount<sup>2</sup> to be invested by the State in the 20 years of life of the Programme amounts to US\$ 392. Investments target natural forest management, particularly production and protection, as well as forest plantations.

In addition to national policies, local government policies have been developed and implemented in some 108 municipal council areas. The *Programa Forestal Nacional* (National Forest Program) is another framework for the forest sector. It provides for the design of consensus-based sectoral and inter-sectoral development scenarios with a Forest Guatemala vision for the next decade (2003-2012). This is based on the definition of the forest situation at present, and the design of the path to be followed through projects, studies and institutional arrangements.

Within the framework of the *Alianza Centroamericana para el Desarrollo Sostenible* (Central American Partnership for Sustainable Development), Guatemala has defined the National Competitiveness Agenda whose actions will be targeting two central axes of work: a business environment and cluster strengthening. This will be implemented through four priority sectors as follows: food agro-industry, clothing and textiles, tourism and forests.

The support given by ITTO since the signature of the Agreement in 2001 has been used to provide financial and technical assistance, in particular to organise international events such as the Latin American Forest Congress (2002), and the International Conference on Criteria and Indicators (2003), attended by sustainable forest management experts. In the forest development field, it has contributed to the preparation of pre-projects for studies on genetic engineering of forest species, promotion and marketing of timber products and information systems.

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<sup>2</sup> Calculated on the basis of projections of the 1% allocation from the State's ordinary revenue budget which is assigned to PINFOR.

## PART II: THE PROJECT

### 1. Project Objectives

#### 1.1 Development Objective

Increase national production and marketing of timber products made from lesser known species originating from tropical forests managed in a sustainable manner and with international forest certification.

#### 1.2 Specific objectives

##### Specific Objective 1

Institutionally strengthen FORESCOM as the umbrella organisation providing support for the marketing of products and timber from lesser known species and incorporate it into the Guatemalan forest institutional framework.

##### Specific Objective 2

Increase the harvested, processed and marketed volume of lesser-known species timber and products from Petén tropical forests.

### 2. Justification

#### 2.1 Problem to be addressed

##### Description of the Guatemalan forest sector

Guatemala covers a total of 108,889 km<sup>2</sup>. Over one third of its land mass is covered by forests<sup>3</sup> (3.9 million hectares) and over half of the total forest cover is in Petén (58%). Although broadleaved forests<sup>4</sup> (3.3 million hectares) represent approximately 85% of the total forest cover, it is estimated that only 30% of timber processed by the Guatemalan forest industry is from broadleaved species and 70% comes from conifer forests. Broadleaved species do not have a significant share of forest product exports, in 2001 only 47% of forest product exports originated from these species (PAFG, 2003, Page 16). Furthermore, although tropical forests contain a great variety of lesser known forest species that have technical properties which are suitable for industrial use in the manufacture of timber products, both forest use of tropical forests and industrial development to date have focused on two species: Mahogany and Cedar.

In the last few years, there have been important breakthroughs in sustainable forest management and certified forest management of natural forests. Approximately 700,000 hectares of forests are under some kind of forest management. Two thirds of these are under concession or licences granted by CONAP, while the remaining operations are carried out under permits or licences granted by INAB or municipal councils. In the Multiple Use Zone (MUZ) of the Mayan Biosphere Reserve (MBR) in Petén, the State has granted forest concessions mainly to local communities. It has also granted a few concessions to forest industries. Until 2002 the cumulative area under forest concessions was 534,200 hectares (CONAP, 2003). According to Guatemala's regulations, all concessions must be certified by an international certifying body within three years of their establishment.

Despite the great potential of the forest sector to contribute to increased income and the fight against poverty particularly in communities located within or around the most densely covered areas, the sector is only in its first stages of development. For example, there has been a deficit in the forest products balance of trade for the last few years. In 2001 exports of forest products amounted to 91.8 million US\$ while imports amounted to 238.1 million US\$, resulting in a negative trade balance of 146.3 million US\$ (PAFG, 2003, Page 12). The paper and cardboard item is responsible for the highest imports and, therefore, causes the negative impact on the balance of trade, although other timber forest products are imported, mainly high value added products. For example, in 2001 sawnwood and processed timber imports amounted to 400,000 US\$. The following table shows general details of the Guatemalan forest sector.

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<sup>3</sup> Based on a study of the forest cover map of 1999

<sup>4</sup> Broadleaved forest, mixed forest (conifers + broadleaved species), broadleaved / agricultural crop association

## General Details of the Guatemalan Forest Sector

<b>1 Macroeconomic Indicators of the Forest Sector</b>		
1.1 Forest sector share in the GDP (%) (1)	2.5	
1.2 Number of employee positions generated directly (2)	36,878	
<b>2 Area (3)</b>	<b>Area</b>	
	<b>hectares</b>	<b>%</b>
2.1 Total land area of the country	10,888,900	100
2.2 Soils suitable for forest use	5,570,000	51.2
2.3 Protected areas	3,098,700	55.6
<b>3 Forest statistics (4)</b>		
<b>hectares</b>		
<b>%</b>		
3.1 Total forest cover	3,898,600	100
Broadleaved forests	2,244,400	57.6
Conifer forests	101,600	2.6
Mixed forests	460,000	11.8
Forests associated with agricultural lands	1,074,800	27.6
Mangrove forests	17,700	0.5
3.2 Total forest plantation area	71,155	100
Fiscal incentives	19,337	27.2
North-east program	5,494	7.7
Forest incentives (PINFOR)	25,565	35.9
Voluntary plantations	8,842	12.4
Area assigned to reforestation	11,719	16.5
3.3 Annual forestation rate (5)	53,700	
<b>4 Forest industry (3)</b>		
<b>Number</b>		
4.1 Registered forest industry	1,054	
4.2 Forest product storage	1,097	
<b>5 Forest sector balance of trade (2001) (1)</b>		
<b>Million US\$</b>		
5.1 Exports	91.8	
5.2 Imports	238.1	
5.3 Trade balance	-146.3	

Source: (1) PAFG, 2003; (2) INAB, 2001; (3) FAO, 2004.

### Timber production

Official statistics show that in 1998-2001 a total of 575,000 m<sup>3</sup> of timber were logged annually. This volume is below sustainable production potential and has been significantly lower than the authorised volume, particularly for lesser known species. For example, during 1998-2002, the various units carrying out forest management in Petén logged only three fourths of the volume authorised for lesser known species utilisation (CONAP, 2003, Page 6).

There is a lack of complete information on primary and secondary processing by the timber industry. According to INAB data (2001) there are 1,054 forest industries officially registered. However, it is estimated that the actual number of sawmills is significantly higher, that is companies that process products with a higher added value, joineries and other production units. Most are small businesses lacking technical, technological and financial capacity. As a consequence, product quality is poor, there is a lot of wastage and very little value is added to raw materials. Few companies achieve quality standards demanded on the international market and export most of their production. With the exception of industrial concessions, the timber industry does not have its own forests and, therefore, it depends almost entirely on third parties for its timber supply which in many cases must be imported.

### Status and prospects of forest certification in Guatemala

At present, Guatemala is a world leader in community forest management and forest certification for natural tropical forests. Certification in Guatemala is a relatively recent thing: the first forest was certified in 1998. In early April 2004 there were 18 certified forest management units according to FSC criteria (515,023 hectares), of which 16 are natural forests (511,661 hectares) and two are plantations (3,362 hectares). All certified natural forests are situated in Petén where there is mostly community



forestry (14 certified units - 380,334 hectares) and only two industrial management units (131,327 hectares). It was recently decided to suspend certification of two community forest management units (La Pasadita and Bethel) in view of problems in their forest management and of their failure to comply with certification conditions. Of the 18 certified forest management units, 17 were forests certified by certifying bodies and one was a forest plantation. However, the owners of the latter recently decided to commission certification audits. More detailed information may be found in the attached study "Estimate of potential raw material supply from certified forests in Guatemala".

Similarly, only seven chain-of-custody certificates have been granted in Guatemala: three belong to two of the certified industrial concessions, while the remaining four belong to companies that do not have any certified forests. However, these companies purchase very small volumes of certified timber from community concessions because of various problems with quality, prices and delivery times, so they are forced to import large amounts of certified timber they need for their production.

It is estimated that, in the near future, the certified area of natural broadleaved tropical forests will include some additional 90,000 hectares since some community management units are in the process of being certified. However, no significant increase in the total certified area is expected in the next few years because of the following: 1) Certification and compliance costs are very high for small-scale producers seeking individual certification; 2) Broadleaved forest management units outside the Mayan Biosphere Reserve are relatively small, with low volumes of commercially valuable species in today's markets; 3) The lack of integration of the primary industry with secondary processing companies; 4) Most industrial production is low quality and mainly destined for the domestic market that does not demand certified timber processed products.

### **Present situation of the market for certified timber products**

To date, demand for certified timber products has concentrated mainly in industrialised countries. These markets demand high quality products, minimum volumes and on-time delivery. But at present the Guatemalan forest sector only has a small number of companies which can fulfil such requirements. The greatest obstacles preventing Guatemalan companies from entering international markets may be summarised as follows: difficulties in complying with product quality standards, lack of sufficient technical skills, obsolete production technologies and few opportunities to access sources of finance. The domestic market for certified timber products is practically non-existent and, so far, the public sector has not ruled on any priority for their consumption. As a result, practically the entire Guatemalan production of certified timber is exported to the United States, Mexico and smaller shares go to Europe. One of the few national companies that trade certified timber products is Caoba S.A. However, this company purchases most of its certified timber from the United States. It must be noted that Guatemalan timber imports include not only temperate forest timber species but also tropical timbers such as Mahogany. This is a reflexion of the general dilemma affecting local manufacturers interested in obtaining certified timber: either they work with community concessions in Petén with the attendant problems such as delayed deliveries, problems with quality and volume, or they import Mahogany and other high quality timber species from other countries, thus avoiding the above problems.

Exports are handled by companies that have certified chain of custody. Despite the size of the certified area, annual logged volumes are very small. In 2002 the annual<sup>5</sup> logged area was less than 10,000 hectares and the total volume was 20,000 m<sup>3</sup>, an average of some 2.4 m<sup>3</sup> of timber per hectare. (CONAP, 2003). Less than half this timber is sold as certified sawnwood, mainly Mahogany and some lesser known species such as Santa Maria, Manchiche and Pucté.

Rex Lumber, based in the United States, traded the largest volumes of certified timber through its local representative, while Specialty Woods has also traded Petén timber but in much smaller volumes. John Bode Timber, based in the United Kingdom, traded the Carmelita production through an NGO, Just World. The Guatemalan company CAOBA S.A. traded a smaller share of timber; it makes doors and windows for Home Depot in the United States. More detailed information may be found in the attached study: "Identification of potential markets for forest products from Guatemala's certified forests".

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<sup>5</sup> Logging cycles range between 25 and 40 years and exceptionally reach 60 years. Large concession areas are protected.

## Conclusions on the present status of certification in Guatemala

Certification in Guatemala has been the result of the concession process in the Mayan Biosphere Reserve (MBR). The most significant factors that have encouraged its development include: a) The government decision to demand certification before granting a forest concession; b) Financial support from international cooperation agencies to finance the certification process; c) The presence of technically well structured management units as a result of NGO support.

The most important positive impacts of certification include: a) International prestige through the concession process in the Mayan Biosphere Reserve and forest management in general; b) Strengthening of forest resource organisation and administration by community groups and forest industries; c) Greater job security and improved working conditions; d) Stronger forest resource conservation; e) Access to certified product markets for a few certified companies.

The most important negative impacts of certification include: a) Increased forest management costs as a result of the direct and indirect costs of certification; b) The new conditions imposed by certifying bodies require greater investment in sustainable forest management; c) Disappointment in some communities arising from false expectations relating to certified timber overpricing; d) Community groups feel let down because of the low profitability of their forest utilisation ventures. If they do not receive subsidies and support granted by cooperation organisations, they do not have the financial resources required to pay for audits and to comply with the conditions that must be met to remain certified.

Two of the greatest challenges for the future development of forest certification are: a) reduction of costs and increase in profits derived from certification; b) possibility for a larger number of companies, of accessing niche markets. Although it is clear that certification has many non-financial benefits, from the forest producers' point of view it is necessary to gain tangible financial benefits to either awaken and/or sustain interest in certification. Therefore, in the face of a lack of tangible financial rewards for certified companies, the future of certification remains uncertain.

## Forest use in Petén

In order to present a quantitative picture of the situation in the Petén area, data are included herein from the study "Trade of timber products in community forest concessions in Petén, Guatemala", prepared by the *Centro Agronómico Tropical de Investigación y Enseñanza* (Tropical Agricultural Centre for Research and Training/ CATIE). Although this work studies 10 community forest enterprises in the Petén Zone in the year 2001, it reflects the present situation of all forest logging units in this area because they are representative units and also concentrate the largest share of forest concessions in the area. These community enterprises had 355,300 hectares of forest concessions in total, of which 210,400 hectares were under production management, and the area logged that year covered 3,100 hectares. Considering the size of the area, the potential for sustainable production<sup>6</sup> over a year is 158,000 m<sup>3</sup>, but only 7,600 m<sup>3</sup> of timber were produced, that is to say 5% of the potential production. This volume of production means 2.4 m<sup>3</sup> per hectare of land logged. Close to two thirds (62%) of the timber production focused on Mahogany and Cedar. This activity generated a net total annual income of some 400,000 US\$ (CATIE, 2003).

### Data on forest utilisation for 10 community forest concessions in Petén for 2001

Data	Worth
Total Concession Area (hectares)	355,340
Production Area Under Management (hectares)	210,442
Area logged in 2001 (hectares)	3,100
Potential Sustainable Annual Production (m <sup>3</sup> )	158,000
Total timber production for 2001 (m <sup>3</sup> )	7,652
Production for 2001 (m <sup>3</sup> /hectare)	2.4
Total Gross Income (US\$)	1,000,000
Total Net Income (US\$)	400,000

Source: Prepared by the authors on the basis of data from CATIE, 2003: Trade of timber products in community forest concessions in Petén, Guatemala

<sup>6</sup> Calculation includes a Mean Annual Increment (MAI) of 0.75 m<sup>3</sup>/hectare/year

Present timber production costs in Petén's tropical forests are high; this is one of the reasons for the low volume of timber used per unit of area logged. Therefore, in order to decrease production costs it is necessary to increase the volume used which, at present, is far below the average for tropical moist forests. The latter ranges between 10 and 30 m<sup>3</sup>/hectare (Hendrison 1990, Zapata 2004). The following table shows the distribution of species in the present scenario (2.4 m<sup>3</sup>/hectare) and in a future scenario if production increases to 12 m<sup>3</sup> and with a greater diversity of species.

**Comparative Table of the Volume of Timber Harvested (m<sup>3</sup>/hectare) in the Present Scenario (2.4 m<sup>3</sup>/hectare) and the Future Scenario (12m<sup>3</sup>/hectare)**

Species	Present Scenario		Future Scenario	
	m <sup>3</sup> /hectare	%	m <sup>3</sup> /hectare	%
With developed markets (Mahogany and Cedar)	1.5	62	3	25
With less developed markets (Manchiche and Santa Maria)	0.5	23	3	25
With potential markets (13 lesser known species)	0.4	15	6	50
<b>Total</b>	<b>2.4</b>	<b>100</b>	<b>12</b>	<b>100</b>

Source: Prepared by the authors

If the volume of timber harvested increases to 12 m<sup>3</sup>/hectare, there is a considerable drop in the cost of a log delivered to the sawmill. As shown by the Bolivian data in the following table (production cost structure, volume produced and operating conditions for Bolivian forest logging companies are similar to Guatemala's), costs decrease from 43US\$ per m<sup>3</sup> to 26 US\$.

**Costs in the Production Chain of Logs delivered to the Sawmill - Comparison between Removal of 3 m<sup>3</sup>/hectare and 12 m<sup>3</sup>/hectare**

COMPONENT	3 m <sup>3</sup> /hectare US\$/m <sup>3</sup>	12 m <sup>3</sup> /hectare US\$/m <sup>3</sup>
Standing Timber	10.77	2.70
. Forest Licence <sup>(1)</sup>	6.67	1.67
. Management Plan <sup>(2)</sup>	0.10	0.03
. Forest Census	4.00	1.00
Forest Harvest	19.73	12.10
. Planning/Monitoring/Control	2.50	2.50
. Road and Timber Yard Construction	6.23	2.80
. Logging	1.06	0.80
. Hauling and Stacking	9.94	6.00
Transport	12.70	11.00
. Loading	1.10	1.00
. Transport (<= 50 km)	10.50	9.00
. Unloading	1.10	1.00
<b>TOTAL</b>	<b>43.20</b>	<b>25.80</b>

<sup>(1)</sup> \$US\$ 1.00/hectare, <sup>(2)</sup> 20 year logging cycle

Source: CFB

If 12 m<sup>3</sup>/hectare are used and the various logged species are traded, net income per hectare logged increases threefold (see figure).

**Income (US\$/hectare) from the Production of Green Sawnwood in the Present Scenario (2.4m<sup>3</sup>) and Future Scenario (12m<sup>3</sup>/hectare)**

Species	Present Scenario		Future Scenario	
	US\$/hectare	%	US\$/hectare	%
With developed markets (Mahogany and Cedar)	1,272	81	2,544	50
With less developed markets (Manchiche and Santa Maria)	212	14	1,272	25
With potential markets (13 lesser known species)	85	5	1,272	25
<b>Gross Income<sup>(1)</sup></b>	<b>1,569</b>	<b>100</b>	<b>5,088</b>	<b>100</b>
Forest production costs <sup>(2)</sup>	104		310	
<b>Net Income</b>	<b>1,465</b>		<b>4,778</b>	

<sup>(1)</sup> Gross income calculations were based on present prices (May 2004) for green sawnwood board foot for the following species: Mahogany: 2 US\$, Cedar 1.65 US\$, Manchiche 1 US\$ and Santa Maria 0.75 US\$ <sup>(2)</sup> Bolivian costs were used, where business cost structure is similar to Guatemala's

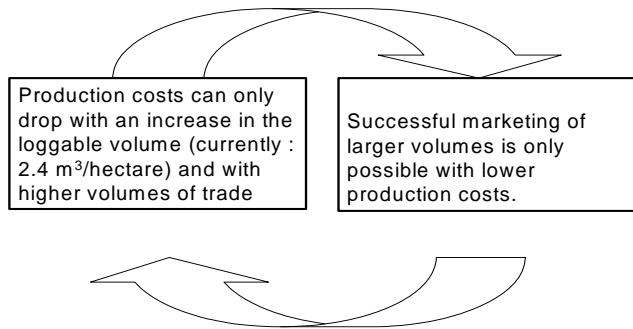
With the present<sup>7</sup> production costs, 320 US\$/m<sup>3</sup> for dry sawnwood delivered to the exporting port, it is only possible to trade highest demand and top price species, i.e. Mahogany, Cedar and a few others. This is due to the fact that the international price paid for lesser known species is considerably lower and, in many cases, is below actual production costs. In Guatemala the market for these species is little developed, mainly because supply is practically non-existent. Therefore, as indicated above, a considerable number of enterprises manufacturing high added value products such as furniture must import timber to guarantee production.

The availability of timber from these lesser known species in tropical forests is not one of the problems, as there is sufficient stock of these to ensure sustainable supply (see study on potential supply attached to this document). However, they are not used by concession holders in the amounts authorised because they are considered not to have a market. Neither is installed production capacity a major limiting factor, at least for sawnwood: at least 5 communities have sawmills, and so do forest industries installed in the area and the Just World Partners NGO which will complete the installation of a sawmill in the second half of 2004. This sawmill will be able to produce 150,000 board feet per month, requiring some 1,000 m<sup>3</sup> of raw material monthly, and at least 4,000 m<sup>3</sup> per year. This means that it would need over half the entire 2001 timber production of Petén. Furthermore, sawmills in the area are operating at an average 50% of their installed capacity because of the lack of raw material, and only for a few months each year. This means that it would be easy to double the present production of sawnwood with the present installed capacity in Petén.

A lesser known species sawnwood market would encourage their industrial use to manufacture various value added products. In short, the issue may be described as a vicious circle between the market and industrial production, as shown in the following figure:

<sup>7</sup> Details obtained from personal interviews with forest experts and private sector business people in Guatemala and from comparisons with other countries under similar production conditions.

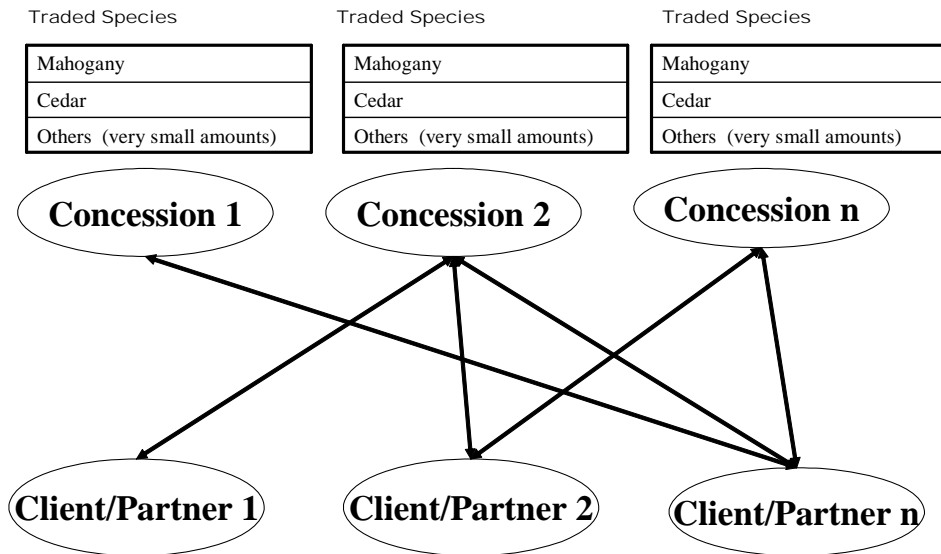
**Production – Market Vicious Circle in the Forest Sector of Guatemala**



**Petén timber trade**

Currently each forest management unit in Petén (community enterprises, industries and others) deals individually with trade, trade contact with clients and search for markets (see figure).

**Concession Holders - Clients/Partners Trade Relations (Current Scenario)**

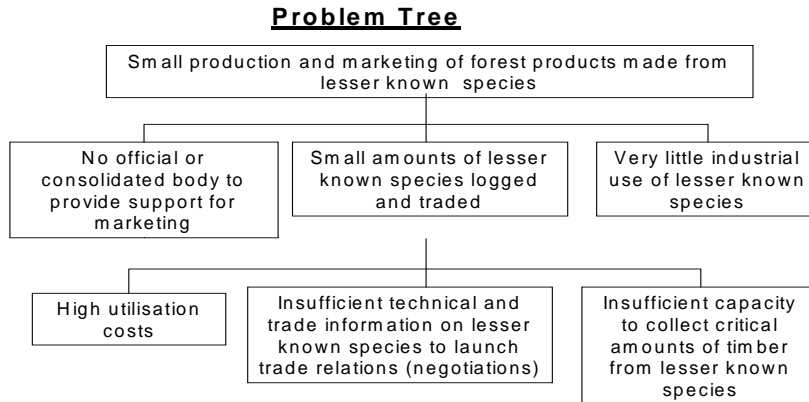


This kind of marketing has the following drawbacks: (1) polarised and weak efforts; (2) production units have little technical and financial capacity; (3) each forest management unit (community concessions and industries) finds it difficult to achieve the critical minimum volume of timber from lesser known species that encourages their industrial use; thus, even these units lack raw material of these species; (4) no basic information (timber stock, volume of timber supplied, technical properties and others) on these species to enable the launch of a trade relationship; (5) no ability to ensure continuity of product supply, compliance with quality standards, achievement of minimum critical volumes, competitive prices.

In view of the above problems, the project will deal with the following issue:

## Low level of production and marketing of timber products derived from lesser known species.

The causes of this problem have market-related components (no official or consolidated body to provide support for marketing) and industrial use of lesser-known species components. The following Problem-Tree provides a detailed analysis of these causes.



As the figure shows, trade is a major cause of the problem, in other words, the low volume of timber harvested and traded for lesser-known species. Other identified causes include the lack of consolidation of FORESCOM as the body in charge of supporting trade, and the lack of industrial use of these species. FORESCOM's weaknesses and limitations are related to its recent establishment as it is not yet properly consolidated given that it lacks technical capacities and financial resources and thus depends to a great extent on the support of the BIOFOR project and the German Social-Technical Cooperation Agency. Some concessions do not market their products through this company.

The factors that cause the low volume used and trades include: high harvesting costs, lack of capacity to access critical amounts of timber from lesser known species and the lack of technical information on the species. The Project will deal with the first two causes of the problem. The third cause, i.e. the industrial component, will be dealt with in the second phase of the project.

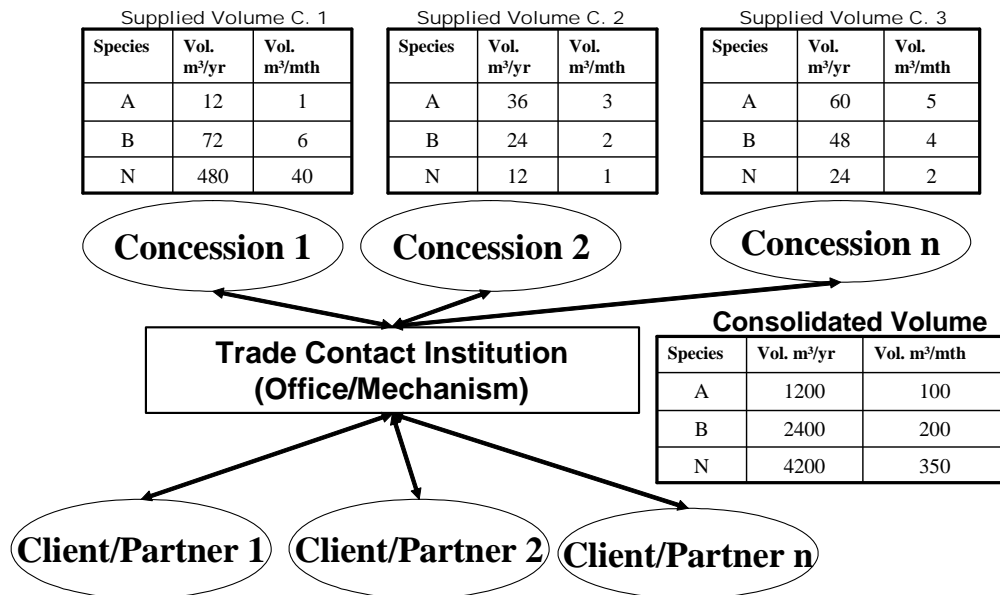
### 2.2 Intended situation after project completion

It may be categorically stated that after the project is completed, FORESCOM will have been consolidated and established as the trade support mechanism. It will have been established and will be operating efficiently; to this purpose, personnel working in the institution as well as community members will have been trained.

Technical information on lesser known forest species selected for the project, as well as other information material, will have been prepared and disseminated among the various sector stakeholders and present and prospective clients. A system to capture, process and disseminate information will have been established for this purpose.

The timber collection system and supply organisation will have been established and will be operating. This will have allowed the accumulation of critical volumes of lesser known species, the volume of timber logged per hectare will have increased and there will be greater variety of species used (see figure which contains nominal values). Timber products sent to market will comply with prescribed quality standards. Furthermore, net income per hectare will be assessed for forest management units in Petén.

**Timber Collection and Trade Relations between Concession Holders and Clients/ Partners  
(Scenario at Project Completion)**



Note: Graph values are only nominal and are included only as an illustration.

Trade relations with domestic and foreign companies will be established and contact will flow easily. There will have been involvement in world, regional and national timber product fairs. Participation in these events will have made an important contribution to the establishment of trade contacts and dissemination of information.

Once the project is completed, its personnel will continue working under the umbrella organisation structure chosen by consensus, thus ensuring sustainability for project activities.

Industrial companies both in the Petén area and at the national level will have benefited also through the presence of sufficient amounts of timber that may be used in their production processes. Products will be of suitable quality and will be supplied in a sustainable manner and at suitable prices.

It may be stated categorically that the presence of a market for sawnwood from lesser known species will have encouraged their industrial use to manufacture various higher added value products. Therefore, the domestic level of processed products with these species will have increased.

It is expected that a second phase of this project will prepare a project proposal to be submitted to ITTO for support, on the industrial use of lesser known species, once there is sufficient amount of timber from these species on the market.

### 2.3 Project Strategy

This project supported by ITTO, will deal with the area of trade promotion, which at present is the weakness of forest management units in Petén.

It is of utmost importance that this project be launched soon to provide continuity to the progress achieved in the Petén area in the field of sustainable forest management, since in early 2005 the BIOFOR project will come to an end. This project has provided support to sustainable forest management and certification in this area. The lack of continuity would have a serious negative impact on all the forest management units.

The strategy selected for the project is **strengthening of local capacities to solve the problem**. During the first two months only<sup>8</sup> an international consultant in marketing will advise the project team with a view to launching the initial stage. By strengthening the skills of persons and institutions working and living in Petén, the project ensures that its activities will continue even after its completion, since the personnel will still be living and working in the area. During the project, the personnel will be paid wages in accordance with local levels of pay, and these will still be paid even after project completion.

The strategy is directly linked to timber production from forests managed in a sustainable manner, through the integration of forest - industry - market, and the strengthening of producers' business management skills as well as the promotion of international trade in Guatemala's timber products, with the main purpose of developing the forest sector.

The project will be linked directly to community groups and industries carrying out sustainable forest management, and will give them priority technical assistance and training in the trade of timber products.

Another alternative strategy to achieve the specific objective of the project and implement it will be to recruit national and international consultants with expertise and experience in the subject. This alternative has the following disadvantages and risks: (1) high costs, thus driving the project budget to considerably higher figures; (2) the risk that the professional experts do not live in the area during the project and, more importantly, when it is completed; (3) little knowledge and commitment to the realities of the area.

In view of the above, the selected strategy is advantageous by comparison with other alternatives, as it entails lower costs and risks, and it achieves project objectives in a sustainable manner.

### **Selected species**

In view of the results of the following studies: (1) Estimate of potential raw material supply from certified forests in Guatemala, and (2) Identification of potential markets for forest products from Guatemala's certified forests, the Project "Promotion of Guatemalan Certified Timber and Timber Products Trade" must work, in the first instance, with species that have found greater acceptance on domestic and international markets: Manchiche (*Lonchocarpus castilloi*), Pucté (*Bucida buceras*), Santa María (*Callophylum brasiliense*). Later it will promote species that are relatively important in the community forest concession timber trade, including Danto (*Vatairea lundellii*), Amapola (*Pseudobombax ellipticum*), Malerio Colorado (*Aspidosperma cruenta*), Mano de León (*Dendrophanax arboreum*), and Jobillo (*Astronium graveolens*). The study "Estimate of potential raw material supply from certified forests in Guatemala" that has evolved simultaneously with this work, has determined that 10 species have greater production potential, including the 8 species mentioned above. With this, there would be no limitation to their availability. Furthermore, another two species identified as potentially productive, Chechén negro (*Metopium brownei*) and Malerio blanco (*Aspidosperma etegomeris*) should be promoted. Although community forest concessions have little trade experience, they can supply a significant volume of material in the Petén area, they have suitable technical properties to process various products, mainly the manufacture of timber floors with interesting market prospects.

### **Selected products**

The first phase of the Project will focus on the establishment and consolidation of a market that can guarantee the supply of logs, sawnwood and pre-cut timber from alternative species, to manufacture various products including timber floors. Once a market has been established for these products, the next phase will be launched to encourage the manufacture of higher added value products.

## **2.4 Target beneficiaries**

The beneficiaries of the project will include all the forest management units in Petén, including community forest enterprises and industries. The beneficiaries are described briefly hereunder.

Petén communities are grouped under ACOFOP which includes, at present, 22 community legally organised bodies (Cooperatives, Civil Societies and Associations) of 30 local communities involved in

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<sup>8</sup> The consultant's salary will be 6,000 US\$ per month, including all costs (DSA, air travel).



sustainable forest management within the Mayan Biosphere Reserve (MBR). ACOFOP has 2,302 members with some 500,000 hectares of tropical forests under forest concessions (May 2004).

Other beneficiaries will include enterprises that add value to timber and which are members of the Forestry Board (Gremial Forestal), since project outputs will provide them with sufficiently sustainably produced timber and pre-products with suitable qualities, and at suitable prices, to be incorporated into their production processes. The Forestry Board groups 70 individual members and collective members, with a total of 300 members, including timber product and seed producers, sawmills, consultants, reforesters, housing builders, freighters and machinery and equipment traders.

Other beneficiaries will include the National Forest Institute (INAB) and the National Council for Protected Areas (CONAP). In the last few years, INAB has become increasingly involved in the certification process, and is currently the headquarters for the National Council for Sustainable Forest Management Standards in Guatemala (Consejo Nacional de Estándares para el Manejo Forestal Sostenible en Guatemala - CONESFORGUA), jointly with the Forestry Board (Gremial Forestal). INAB has adopted certification as a forest policy instrument; for example, certified forests on private land may have access to forest incentives without any additional administrative requirement. Furthermore, INAB has co-sponsored several events related to certification and together with -pfn- has actively supported the development of national standards.

All these institutions have been consulted and their suggestions have been taken into consideration in the design of this proposal; furthermore, they are members of the Project Steering Committee.

## **2.5 Technical and scientific aspects**

Forest certification is one of the fields of activity of the Yokohama Action Plan of the International Tropical Timber Organisation. (ITTO, 2001). Since 1994 ITTO has been involved in this field through the preparation of comparative studies of various certification schemes and capacity building. It has also served as a major international debate forum on the comparability and equivalence of certification schemes. ITTO organised an International Workshop on the Comparability and Equivalence of Forest Certification Schemes in Kuala Lumpur, on 3 and 4 April 2002, which drew attention to the need to study the viability of a phased approach to certification. The design of this project has taken into account the "Provisional report on the potential role of phased approaches to certification in tropical timber producing countries as a tool to promote sustainable forest management" of the thirty-third session of the ITTO, November 2002 in Yokohama, Japan.

It has included also the recommendations of the study "Market Access of Tropical Timber" which suggests to producer countries that in order to ensure market access for tropical timber products these need to be supplied to international buyers in the required amounts and specifications, complying with agreed trade terms and with environmental and social aspects associated with forest management and industrial processes (ITTO, 2004, Page 104). The project also took into consideration information in the ITTO background document 'Forest Certification: pending challenges for tropical timber' (Eba'a Atyi, R. & Simula, M., 2002).

Furthermore, the project will use information from the Alternative Tropical Species for Industrial Use database compiled by ITTO project PD58/97 Rev. 1 titled "The Establishment of the Database of Tropical Industrial Lesser-used Wood Species" that provides up-to-date information on 943 tropical timber species, of which 281 are from tropical Africa, 271 from Latin America and 391 from the Asia Pacific region. This work describes end uses, technology, anatomy, drying and workability characteristics for these timber species.

## **2.6 Economic aspects**

Project outputs will benefit, in the first instance, all forest concession holders in the Petén Zone. Considering that the development objective is to increase national production and marketing of timber products made from lesser known species originating from tropical forests managed in a sustainable manner and with international forest certification, it will benefit not only community enterprises and industries but also the entire forest sector of Guatemala, by improving profits and helping capacity building. As national production and trade increase, additional income will be generated, which will help reduce poverty.

## 2.7 Environmental aspects

It may be stated categorically that the implementation of this project will not have any negative impact on the area of influence or its surroundings. On the contrary, by promoting sustainable use of tropical forests, it will make a significant contribution to their conservation.

## 2.8 Social aspects

The implementation of this project will have positive economic, technical and environmental impacts as well as positive social impacts on the Petén area. ACOFOP alone is associated to 22 community organisations representing 2,302 individual members. ACOFOP has shown great interest in and commitment to the project and has been actively involved since its inception; furthermore, all project activities and outputs have been discussed and agreed with ACOFOP. Because the project is important to community enterprises, these will also make a contribution through their infrastructure in the Petén area as well as vehicles. The above will ensure active community involvement in the implementation of the project; their commitment will also guarantee project continuity after its completion.

## 2.9 Risks

The general risk is the lack of interest from beneficiaries. This risk has been taken into account in the design of the project, and the following steps have been incorporated: this project has been designed on the basis of ideas emerging directly from the community and industry of the Petén area to solve their immediate needs. Private and public forest sector stakeholders have contributed their ideas and suggestions; all have been incorporated in this document. Furthermore, they have made a firm commitment to participate in the implementation of this project. Also, a preliminary version of the project was presented and discussed on 20 August 2004 before 20 representatives of institutions involved, and whose comments have been incorporated.

With respect to the development objective, the main risks are (1) lack of political support from the government, and (2) possible future changes in forest policy, thereby losing the focus on sustainable management of tropical forests and forest sector development. Regarding the former possible risk, consolidating the forest concession process is a political priority for the government. As far as the latter risk is concerned, a change is unlikely in the present orientation of forest policies towards sustainable management of tropical forests, as this process has made much progress and there is firm political will to consolidate it. Greater detail on important assumptions for project implementation and any risks that may delay or hinder the implementation of its objectives and outputs may be found in the logical framework of the project.

## 3. Outputs

The Project has four outputs. These are:

Specific Objective 1: Institutionally strengthen FORESCOM as the umbrella organisation providing support for the marketing of products and timber from lesser known species and incorporate it into the Guatemalan institutional forest framework.

Output 1.1: FORESCOM consolidated and institutionalised in the Guatemalan forest sector.

Output 1.2: FORESCOM effectively operating in Petén.

Specific Objective 2: Increase the harvested, processed and marketed volume of lesser-known species timber and products from Petén tropical forests.

Output 2.1: Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.

Output 2.2: Technical and market information by species prepared and disseminated.

Output 2.3: Timber collection and supply organisation system established and operational.

Output 2.4: Trade relations with domestic and foreign companies established.

These outputs have been chosen to connect the major elements identified in the review of the present situation which needs to be dealt with urgently by the project. A sequence and logical link begins by accurately understanding the problem to be addressed; technical, environmental and social aspects have been considered with a view to (a) building local capacity to organise and consolidate supply; (b) trading timber products from certified forests; (c) preparing and disseminating technical information and; (d) establishing trade relations.

#### 4. Activities

Project activities will include:

Output 1.1: FORESCOM consolidated and institutionalised in the Guatemalan forest sector.

Activity 1.1.1 Institutionalise FORESCOM as the body in charge of supporting trade, with the consensus of all stakeholders (producers and industry) through cooperation agreements, etc.

Activity 1.1.2 Prepare a manual on roles and operations.

Output 1.2: FORESCOM effectively operating in Petén.

Activity 1.2.1: Equip an operational office with furniture and equipment.

Activity 1.2.2 Prepare an operational plan on the basis of consensus.

Activity 1.2.3 Design an agreed strategy to achieve project sustainability after project completion.

Output 2.1: Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.

Activity 2.1.1 Establish databases with information on supply (timber stocks, available volume for the next few years, technical properties of timber species, their uses and applications, actual timber and manufactured products supply, etc).

Activity 2.1.2 Develop a strategy to increase the annual supply from each of the production units.

Output 2.2: Technical and market information by species prepared and disseminated.

Activity 2.2.1 Develop technical sheets on the species to be marketed, compiling existing information. For example, for the collection of information such as technical properties and applications of selected species, the ITTO species database, the CABI Forestry Compendium and other publications will be used.

Activity 2.2.2 Prepare promotion material (leaflets, posters, wood samples).

Activity 2.2.3 Disseminate the information generated.

Output 2.3: Timber collection and supply organisation system established and operational.

Activity 2.3.1 Design and implement the timber collection and supply organisation system.

Activity 2.3.2 Prepare collection system manuals.

Activity 2.3.3 Design and implement quality control system.

Activity 2.3.4 Prepare manuals on quality control system.

Activity 2.3.5 Assess actual (annual, monthly) supply by species and product.

Output 2.4: Trade relations with domestic and foreign companies established.

- Activity 2.4.1 Prepare database on existing and prospective clients and most frequently used information.
- Activity 2.4.2 Train demand expert to respond efficiently and with technically sound information to client requests (by mail, email, telephone and fax).
- Activity 2.4.3 Provide marketing training to trade relations personnel and at least 2 persons per community.
- Activity 2.4.4 Participation in national and international fairs.
- Activity 2.4.5 Maintain fluent communication with clients and partners via mail, email, telephone, fax, etc.

## 5. Logical Framework Matrix

Project Elements	Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Development objective</b></p> <p>Increase national production and marketing of timber products made from lesser known species originating from tropical forests managed in a sustainable manner and with international forest certification.</p>	<p>National production and trade of timber products from certified lesser known species increases. National production of these timber species increases by 15% annually and exports of their products increase by 10%.</p>	<p>- CONAP and INAB statistical reports on production, trade and exports of forest products.</p>	<p>- Political support from the government. - National forest policies remain focused on sustainable management of tropical forests and on forest sector development.</p>
<p><b>Specific Objective 1</b></p> <p><u>Institutionally strengthen FORESCOM as the umbrella organisation providing support for the marketing of products and timber from lesser known species and incorporate it into the Guatemalan forest institutional framework.</u></p>	<p>Responsible body for the support of trade in lesser known timbers and products consolidated and incorporated into institutional framework of Guatemala.</p>	<p>- By-laws. - Inter-institutional cooperation agreement between Government, FORESCOM and ITTO.</p>	<p>- Government will and support to public and private Petén regional bodies to consolidate FORESCOM as the entity responsible for trade support.</p>
<p><b>Output 1.1</b></p> <p><u>FORESCOM consolidated and institutionalised in the Guatemalan forest sector.</u></p>	<p><u>FORESCOM is recognised by the sector as a timber trade support body.</u></p>	<p>- Operational manual. - Quarterly report on new trade contacts. - List of trained persons. - Training programme.</p>	<p>- Government, industry and community companies are supportive of and cooperate with FORESCOM (project).</p>
<p><b>Output 1.2</b></p> <p><u>FORESCOM effectively operating in Petén.</u></p>	<p><u>FORESCOM operates on the basis of technical and administrative schemes recognised by the sector.</u></p>	<p>- Financial statements, invoices - Agreed operational plan - Strategy document</p>	<p>- Disbursement of funds to equip FORESCOM (project) office.</p>
<p><b>Specific Objective 2</b></p> <p><u>Increase the harvested, processed and marketed volume of lesser-known species timber and products from Petén tropical forests.</u></p>	<p><u>The timber volume harvested from concession areas is increased and marketed at the national and international levels.</u></p>	<p>- CONAP and INAB statistical reports on timber product production.</p>	<p>- Industry and community forest enterprises will and commitment to make the necessary efforts to increase production of timber products using lesser known species. - Continuous government support for forest sector development.</p>
<p><b>Output 2.1</b></p> <p><u>Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.</u></p>	<p>The harvested volume and trade of timber of these species in Petén increases to at least 9 m<sup>3</sup> per hectare logged by the end of 2006. Current figures are 1 m<sup>3</sup> per hectare logged.</p>	<p>- Operational plans. - Marketing agreements - Financial statements</p>	<p>- <u>The concessionaires meet their timber supply commitments in terms of species and volumes.</u></p>
<p><b>Output 2.2</b></p> <p>Technical and market information by species prepared and disseminated.</p>	<p>Database, technical information and other promotional materials are available.</p>	<p>- Databases. - Data sheets. - Other promotional material. - Project Reports.</p>	<p>- Community companies and industries provide the information required. - Necessary technical information on species is available.</p>

Project Elements	Verifiable Indicators	Means of Verification	Important Assumptions
<b>Output 2.3</b> Timber collection and supply organisation system established and operational.	Lesser known species wood is available in the domestic market, in the amounts required, with suitable quality and at competitive prices.	<ul style="list-style-type: none"> <li>- Statistical reports on timber production.</li> <li>- Project Reports.</li> </ul>	<ul style="list-style-type: none"> <li>- There is solid team work among community companies, industries and project personnel</li> </ul>
<b>Output 2.4</b> Trade relations with domestic and foreign companies established.	Trade relations have been established.	<ul style="list-style-type: none"> <li>- Report on participation in fairs.</li> <li>- List of companies with which there is contact.</li> <li>- Project Reports.</li> </ul>	<ul style="list-style-type: none"> <li>- International market crises and/or downturns do not change impacts in the country and the project.</li> </ul>

## 6. Work Plan

OUTPUTS/ACTIVITIES	Responsible Party	Schedule in Months																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
<b>Output 1.1:</b> FORESCOM consolidated and institutionalised in the Guatemalan forest sector.	- INAB - Project Coordinator																									
1.1.1 Institutionalise FORESCOM as the body in charge of supporting trade, with the consensus of all stakeholders (producers and industry) thorough cooperation agreements, etc.																										
1.1.2 Prepare a manual on roles and operations.																										
<b>Output 1.2:</b> FORESCOM effectively operating in Petén.																										
1.2.1 Equip an operational office with furniture and equipment.																										
1.2.2 Prepare an operational plan on the basis of consensus.																										
1.2.3 Design an agreed strategy to achieve project sustainability after project completion.																										
<b>Output 2.1: Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.</b>																										
2.1.1 Establish databases with information on supply (timber stocks, available volume for the next few years, technical properties of timber species, their uses and applications, actual timber and manufactured products supply, etc).																										
2.1.2 Develop a strategy to increase the annual supply from each of the production units.																										
<b>Output 2.2: Technical and market information by species prepared and disseminated.</b>																										
2.2.1 Develop technical sheets on the species to be marketed, compiling existing information. For example, for the collection of information such as technical properties and applications of selected species, the ITTO species database, the CABI Forestry Compendium and other publications will be used.																										
2.2.2 Prepare promotion material (leaflets, posters, wood samples).																										
2.2.3 Disseminate the information generated.																										
<b>Output 2.3: Timber collection and supply organisation system established and operational</b>	- Project Coordinator - Community companies - Industries																									
2.3.1 Design and implement the timber collection and supply organisation system.																										
2.3.2 Prepare collection system manuals.																										
2.3.3 Design and implement quality control system.																										
2.3.4 Prepare manuals on quality control system.																										
2.3.5 Assess actual (annual, monthly) supply by species and product.																										

OUTPUTS/ACTIVITIES	Responsible Party	Schedule in Months																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
<b>Output 2.4: Trade relations with domestic and foreign companies established.</b>	<ul style="list-style-type: none"> <li>- Project Coordinator</li> <li>- Community companies</li> <li>- Industries</li> </ul>																									
2.4.1 Prepare database on existing and prospective clients and most frequently used information.																										
2.4.2 Train demand expert to respond efficiently and with technically sound information to client requests (by mail, email, telephone and fax).																										
2.4.3 Provide marketing training to trade relations personnel and at least 2 persons per community.																										
2.4.4 Participation in national and international fairs.																										
2.4.5 Maintain fluent communication with clients and partners via mail, email, telephone, fax, etc.																										



## 7. Budget

### 7.1 Overall yearly project budget by component (in US\$)

10.	Project personnel	TOTAL	YEAR 1	YEAR 2
	11. National Experts	100,400	50,200	50,200
	1 Project Coordinator (24*1,000 US\$)	24,000	12,000	12,000
	1 Consultant in Market Demand (24*900 US\$)	21,600	10,800	10,800
	1 Consultant in Supply (24*900 US\$)	21,600	10,800	10,800
	1 Administrative/secretary (24*550 (US\$))	13,200	6,600	6,600
	INAB personnel that will provide part-time support to the project (*)	20,000	10,000	10,000
	12. National consultants Prepare accounting and training system (2 months*600)	1,200	1,200	-
	13. Other labour	1,000	500	500
	14. Fellowships and Training	15,500	11,500	4,000
	Training in export formalities (3 months * 500)		1,500	-
	Training in international marketing		4,000	-
	Training 2 persons per community		6,000	-
	Training in trade aspects and data management		-	4,000
	15. International Experts	12,000	12,000	-
	Expert in international trade (2 months*6,000 US\$) (**)			
	<b>19. Component Total</b>	<b>130,100</b>	<b>75,400</b>	<b>54,700</b>
20.	<b>Sub-contracts</b>			
	<b>29. Component Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
30.	<b>Duty Travel</b>			
	31. Domestic DSA	5,500	2,750	2,750
	32. International DSA	3,000	1,500	1,500
	33. Domestic air travel (10 trips)	2,500	1,250	1,250
	34. International air travel (5 trips)	5,000	2,500	2,500
	35. Land transport	6,000	3,000	3,000
	<b>39. Component Total</b>	<b>22,000</b>	<b>11,000</b>	<b>11,000</b>
40.	<b>Capital Items</b>			
	41. Offices	20,000	10,000	10,000
	42. Land	-	-	-
	43. Vehicles	35,000	35,000	-
	44. Capital equipment	12,300	12,300	-
	Computers (4 sets)	4,500	4,500	
	Printers (3 black and white lasers, 1 colour)	2,000	2,000	
	Presentations equipment (die-cast machine, board, laser pointer, etc)	1,500	1,500	
	Digital camera and accessories	1,000	1,000	
	Office furniture	2,500	2,500	
	Telephone and fax	800	800	
	<b>49. Component Total</b>	<b>67,300</b>	<b>57,300</b>	<b>10,000</b>

**Table continued Overall Yearly Project Budget... US\$)**

50.	<b>Consumable Items</b>			
	51. Raw materials	-	-	-
	52. Spares	4,000	2,000	2,000
	53. Fuel and utilities	7,200	3,600	3,600
	Internet, Electricity, Telephone	1,200	600	600
	Fuel	6,000	3,000	3,000
	54. Office supplies	3,000	2,000	1,000
	<b>59. Component Total</b>	<b>14,200</b>	<b>7,600</b>	<b>6,600</b>
60.	<b>Miscellaneous</b>			
	61. Sundry	7,000	6,000	1,000
	Printing of technical data sheets per species and other promotional material	4,000	4,000	-
	Preparation of wood samples	1,000	1,000	-
	Miscellaneous	2,000	1,000	1,000
	62. Auditing	1,000	-	1,000
	63. Contingencies	1,000	500	500
	<b>69. Component Total</b>	<b>9,000</b>	<b>6,500</b>	<b>2,500</b>
70.	<b>Executing Agency Management Cost</b>			
	<b>79. Component Total</b>	<b>12,130</b>	<b>7,890</b>	<b>4,240</b>
	<b>SUB-TOTAL</b>	<b>254,730</b>	<b>165,690</b>	<b>89,040</b>
80.	<b>ITTO administration, monitoring &amp; evaluation</b>			
	81. Monitoring and review costs	18,000		
	82. Evaluation costs	-		
	83. Programme support costs	13,368		
	<b>89. Component Total</b>	<b>31,368</b>		
90.	<b>Refund of pre-project costs</b>	<b>50,000</b>		
100.	<b>GRAND TOTAL</b>	<b>336,098</b>		

(\*) Director of Forest Region VIII: 3,500 US\$/Year; 1 INAB Programmes and Projects Coordinator: 3,500 US\$/Year; 1 INAB Auditor of Programmes and Projects: 3,000 US\$/Year; (\*\*) The salary is 6,000 US\$/Month, including air travel and DSA

## 7.2 Yearly budget by source

### 7.2.1 ITTO

10.	Project personnel	TOTAL	YEAR 1	YEAR 2
	11. National Experts	80,400	40,200	40,200
	1 Project Coordinator (24*1,000 US\$)	24,000	12,000	12,000
	1 Consultant in Market Demand (24*900 US\$)	21,600	10,800	10,800
	1 Consultant in Supply (24*900 US\$)	21,600	10,800	10,800
	1 Administrative/secretary (24*550 (US\$))	13,200	6,600	6,600
	12. National consultants Prepare accounting and training system (2 months*600)	1,200	1,200	-
	13. Other labour	1,000	500	500
	14. Fellowships and Training	15,500	11,500	4,000
	Training in export formalities (3 months*500)		1,500	-
	Training in international marketing		4,000	-
	Training 2 persons per community		6,000	-
	Training in trade aspects and data management		-	4,000
	15. International Experts	12,000	12,000	-
	Expert in international trade (2 months*6,000 US\$) (**)			
	<b>19. Component Total</b>	<b>110,100</b>	<b>65,400</b>	<b>44,700</b>
20.	<b>Sub-contracts</b>			
	<b>29. Component Total</b>	-	-	-
30.	<b>Duty Travel</b>			
	31. Domestic DSA	3,000	1,500	1,500
	32. International DSA	3,000	1,500	1,500
	33. Domestic air travel (10 trips)	1,500	750	750
	34. International air travel (5 trips)	5,000	2,500	2,500
	35. Land transport	5,000	2,500	2,500
	<b>39. Component Total</b>	<b>17,500</b>	<b>8,750</b>	<b>8,750</b>
40.	<b>Capital Items</b>			
	41. Offices	-	-	-
	42. Land	-	-	-
	43. Vehicles	-	-	-
	44. Capital equipment			-
	Computers (4 sets)	4,500	4,500	
	Printers (3 black and white lasers, 1 colour)	2,000	2,000	
	Presentations equipment (die-cast machine, board, laser pointer, etc)	1,500	1,500	
	Digital camera and accessories	1,000	1,000	
	Office furniture	1,000	1,000	
	Telephone and fax	800	800	
	<b>49. Component Total</b>	<b>10,800</b>	<b>10,800</b>	-

**Table continued Yearly Budget...**

50.	Consumable Items			
	51. Raw materials	-	-	-
	52. Spares	-	-	-
	53. Fuel and utilities,			
	Internet, electricity, telephone	1,200	600	600
	54. Office supplies	1,500	1,000	500
	<b>59. Component Total</b>	<b>2,700</b>	<b>1,600</b>	<b>1,100</b>
60.	<b>Miscellaneous</b>			
	61. Sundry:			
	Printing of technical data sheets per species and other promotional material	4,000	4,000	-
	Preparation of wood samples	1,000	1,000	-
	Miscellaneous	2,000	1,000	1,000
	62. Auditing	-	-	-
	63. Contingencies	1,000	500	500
	<b>69. Component Total</b>	<b>8,000</b>	<b>6,500</b>	<b>1,500</b>
70.	<b>Executing Agency Management Cost</b>			
	<b>79. Component Total</b>	-	-	-
	<b>SUB-TOTAL</b>	<b>149,100</b>	<b>93,050</b>	<b>56,050</b>
80.	<b>ITTO administration, monitoring and evaluation</b>			
	81. Monitoring and review costs	18,000		
	82. Evaluation costs	-		
	83. Programme support costs	13,368		
	<b>89. Component Total</b>	<b>31,368</b>		
90.	<b>Refund of pre-project costs</b>	<b>50,000</b>		
100.	<b>GRAND TOTAL</b>	<b>230,468</b>		

(\*\*) The salary is 6,000 US\$/Month, including air travel and DSA

**Yearly project budget by financing source - ITTO (US\$)**

Budget components		Total	YEAR 1	YEAR 2
10.	Project personnel	110,100	65,400	44,700
20.	Sub-contracts	-	-	-
30.	Duty Travel	17,500	8,750	8,750
40.	Capital Items	10,800	10,800	-
50.	Consumable Items	2,700	1,600	1,100
60.	Miscellaneous	8,000	6,500	1,500
	<b>Subtotal 1</b>	<b>149,100</b>	<b>93,050</b>	<b>56,050</b>
80.	ITTO administration, monitoring and evaluation	18,000		
	81. Monitoring and review costs (actual calculation)			
	82. Evaluation costs			
	<b>Subtotal 2</b>	<b>167,100</b>		
	83. Programme support costs (8% of subtotal 2)	13,368		
90.	Refund of pre-project costs	50,000		
100.	<b>ITTO TOTAL</b>	<b>230,468</b>		

## 7.2.2 INAB

### Yearly project budget by financing source - INAB (US\$)

	Budget components	Total	YEAR 1	YEAR 2	Comments/ Clarifications
<b>10.</b>	<b>Project personnel</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>	
	INAB personnel that will provide part-time support to the project:				
	Director of Forest Region VIII (24*292 US\$)	<b>7,000</b>	3,500	3,500	Partial salary of the Director of Region VIII, when working jointly with Project personnel
	1 INAB Programmes and Projects Coordinator (24*292 US\$)	<b>7,000</b>	3,500	3,500	Partial salary of the Programmes and Projects Coordinator when performing monitoring duties for the Project
	1 INAB Programmes and Projects Auditor (24*250 US\$)	<b>6,000</b>	3,000	3,000	Partial salary of the Programmes and Projects Auditor when performing monitoring duties for the Project
<b>20.</b>	<b>Sub-contracts</b>	-	-	-	
<b>30.</b>	<b>Duty Travel</b>				
	31. Domestic DSA	2,500	1,250	1,250	For above mentioned INAB personnel
	33. Domestic air travel	1,000	500	500	For above mentioned INAB personnel
	35. Land transport	1,000	500	500	For above mentioned INAB personnel
	<b>39. Component Total</b>	<b>4,500</b>	<b>2,250</b>	<b>2,250</b>	
<b>40.</b>	<b>Capital Items</b>				
	41. Offices	10,000	5,000	5,000	Premises for Project operations
	43. Vehicles	5,000	5,000	-	Two motorcycles to be provided by INAB
	44. Capital equipment	-			
	Office furniture	1,500	1,500		Office furniture contribution
	<b>49. Component Total</b>	<b>16,500</b>	<b>11,500</b>	<b>5,000</b>	
<b>50.</b>	<b>Consumable Items</b>	-			
	52. Spares	2,000	1,000	1,000	For above mentioned motorcycles
	53. Fuel and utilities	-			
	Fuel	2,000	1,000	1,000	For above mentioned motorcycles
	54. Office supplies	1,500	1,000	500	For purchase of office supplies
	<b>59. Component Total</b>	<b>5,500</b>	<b>3,000</b>	<b>2,500</b>	
<b>60.</b>	<b>Miscellaneous</b>	-	-		
	62. Auditing	1,000	-	1,000	
	<b>59. Component Total</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	
<b>70.</b>	<b>Executing Agency Management Cost (INAB)</b>	<b>12,130</b>	<b>7,890</b>	<b>4,240</b>	
	<b>INAB TOTAL</b>	<b>59,630</b>	<b>34,640</b>	<b>24,990</b>	

### 7.2.3 ACOFOP

#### Yearly project budget by financing source - ACOFOP (US\$)

	<b>Budget components</b>	<b>Total</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>Comments/ Clarifications</b>
10.	Project personnel	-	-	-	
20.	Sub-contracts	-	-	-	
30.	Duty Travel	-	-	-	
40.	Capital Items				
	41. Offices	10,000	5,000	5,000	Contribution of offices for Project operation
	43. Vehicles	30,000	30,000	-	Two vehicles to be provided by ACOFOP
	<b>49. Component Total</b>	<b>40,000</b>	<b>35,000</b>	<b>5,000</b>	
50.	Consumable Items				
	52. Spares	2,000	1,000	1,000	For above mentioned vehicles
	53. Fuel and utilities				
	Fuel	4,000	2,000	2,000	For above mentioned vehicles
	<b>59. Component Total</b>	<b>6,000</b>	<b>3,000</b>	<b>3,000</b>	
60.	Miscellaneous	-	-	-	
	<b>ACOFOP TOTAL</b>	<b>46,000</b>	<b>38,000</b>	<b>8,000</b>	

### 7.3 Budget by activity

OUTPUTS/ACTIVITIES + Non-activity based expenses	BUDGET COMPONENTS							Quarter Year	GRAND TOTAL
	10. Project Personnel	20. Sub-contracts	30. Duty Travel	40. Capital Items	50. Consum. Items	60. Miscellaneous			
<b>OUTPUT 1.1 : FORESCOM consolidated and institutionalised in the Guatemalan forest sector</b>									-
<b>Activities</b>									
1.1.1 Institutionalise FORESCOM as the body in charge of supporting trade, with the consensus of all stakeholders (producers and industry) thorough cooperation agreements, etc.	6,881,3 (I) 1,250 (E)		4,000 (I+E)	67,300 (I+E+A)	2,700 (I) 1,500 (E)		Q1,Y1		83,631,3
1.2 Prepare a manual on roles and operations.	6,881,7(I) 1,250 (E)						Q1,Q2,Y1; Q1Y2		8,131,7
<b>Subtotal 1.1</b>	<b>16,263 (I+ E)</b>								
<b>OUTPUT 1.2: FORESCOM effectively operating in Petén</b>									
1.2.2 Equip an operational office with furniture and equipment.	6,881(I) 1,250 (E)						Q1,Y1		8,131
1.3.3 Prepare an operational plan on the basis of consensus.	6,881(I) 1,250 (E)						Q1,Q2,Y1; Q1Y2		8,131
1.3.4 Design an agreed strategy to achieve project sustainability after project completion.									
<b>Subtotal 1.1</b>	<b>16,262( I+ E)</b>	-	<b>4,000 (I+E)</b>	<b>67,300 (I+E+A)</b>	<b>4,200 (I)</b>	-			<b>108,025</b>
<b>OUTPUT 2.1: Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.</b>									
<b>Activities</b>									
2.1.1 Establish databases with information on supply (timber stocks, available volume for the next few years, technical properties of timber species, their uses and applications, actual timber and manufactured products supply, etc).	3,440,5(I) 625,0(E)						Q2,Q4,Y1; Q2,Q4,Y2		4,065,5
2.1.2 Develop a strategy to increase the annual supply from each of the production units.	3,440,5(I) 625,0(E)						Q2,Q3,Y1;		4,065,5
<b>Subtotal 2.1</b>	<b>8,131 (I+E)</b>								<b>8,131 (I+E)</b>

**Budget by Activity - Continued....**

OUTPUTS/ACTIVITIES + Non-activity based expenses	BUDGET COMPONENTS							
	10. Project Personnel	20. Sub-contracts	30. Duty Travel	40. Capital Items	50. Consum. Items	60. Miscellaneous	Quarter /Year	GRAND TOTAL
<b>OUTPUT 2.2: <u>Technical and market information by species prepared and disseminated.</u></b>								
<b>Activities</b>								
2.2.1 <u>Develop technical sheets on the species to be marketed, compiling existing information. For example, for the collection of information such as technical properties and applications of selected species, the ITTO species database, the CABI Forestry Compendium and other publications will be used.</u>	6,881,33(I) 1,250 (E)					2,000 (I)	Q2,Q4,Y1; Q2,Q4,Y2	10,131,3
2.2.2 Prepare promotion material (leaflets, posters, wood samples).	6,881,33(I) 1,250 (E)					3,000 (I)	Q3,Y1;Q1,Q2, Q4,Y2	11,131,3
2.2.3 Disseminate the information generated.	6,881,33(I) 1,250 (E)					1,000 (I)	Q3,Y1;Q1,Q2, Q3,Q4,Y2	9,131,3
<b>Subtotal 2.2</b>	<b>24,394 (I+E)</b>	-	-	-	-	<b>6,000 (I)</b>		<b>30,394</b>
<b>OUTPUT 2.3: <u>Timber collection and supply organisation system established and operational</u></b>								
<b>Activities</b>								
2.3.1 Design and implement the timber collection and supply organisation system.	5,505(I) 1,000 (E)		5,000 (I+E)		2,000 (E) 3,000 (A)		Q1,Q2,Y1	16,505
2.3.2 Prepare collection system manuals.	5,505(I) 1,000 (E)						Q1,Q2,Y1	6,505
2.3.3 Design and implement quality control system.	5,505(I) 1,000 (E)		5,000 (I+E)		2,000 (E) 3,000 (A)		Q1,Q2,Y1	16,505
2.3.4 Prepare manuals on quality control system.	5,505(I) 1,000 (E)						Q1,Q2,Y1	6,505
2.3.5 Assess actual (annual, monthly) supply by species and product.	5,505(I) 1,000 (E)						Q1,Q2,Y1	6,505
<b>Subtotal 2.2</b>	<b>32,525 (I+E)</b>	-	<b>10,000 (I+E)</b>	-	<b>10,000 (E+A)</b>	-		<b>52,525</b>



OUTPUTS/ACTIVITIES+ Non-activity based expenses	BUDGET COMPONENTS							GRAND TOTAL
	10. Project Personnel	20. Sub- contracts	30. Duty Travel	40. Capital Items	50. Consum. Items	60. Miscel- laneous	Quarter Year	
<b>OUTPUT 2.4: Trade relations with domestic and foreign companies established.</b>								
<b>Activities</b>								
2.4.1 Prepare database on existing and prospective clients and most frequently used information.	5,505(I) 1,000 (E)						Q1,Q2,Y1; Q2,Q3,Y2	6,505
2.4.2 Train demand expert to respond efficiently and with technically sound information to client requests (by mail, email, telephone and fax).	5,505(I) 1,000 (E)						Q1,Y1;Q1,Y2	6,505
2.4.3 Provide marketing training to trade relations personnel and at least 2 persons per community.	5,505(I) 1,000 (E)						Q1,Q2,Y1; Q1, Y2	6,505
2.4.4 Participation in national and international fairs.	5,505(I) 1,000 (E)		8,000 (I)				Q1, Q3, Q4, Y2	14,505
2.4.5 Maintain fluent communication with clients and partners via mail, email, telephone, fax, etc.	5,505(I) 1,000 (E)						Q4,Y1; Q2,Q4,Y2	6,505
<b>Subtotal 2.3</b>	<b>32,525 (I+E)</b>		<b>8,000 (I)</b>		<b>-</b>			<b>40,525</b>
<b>NON-ACTIVITY BASED EXPENSES</b>	-	-	-	-				
(1) Sundry						1,000 (I)	Y1,Y2	1,000
(2) Contingencies						1,000 (I)	Y1,Y2	1,000
(3) Auditing						1,000 (E)	Y2	1,000
<b>Subtotal</b>		<b>-</b>				<b>3,000 (I+E)</b>		<b>3,000</b>
<b>Subtotal (ITTO)</b>	<b>110,100 (I)</b>		<b>17,500 (I)</b>	<b>10,800 (I)</b>	<b>2,700 (I)</b>	<b>8,000 (I)</b>		<b>149,100</b>
<b>Subtotal (Ex. Agency)</b>	<b>20,000 (E)</b>		<b>4,500 (E)</b>	<b>16,500 (E)</b>	<b>5,500 (E)</b>	<b>1,000 (E)</b>		<b>47,500</b>
<b>Subtotal (Organisation A)</b>	<b>0 (A)</b>	<b>-</b>	<b>0(A)</b>	<b>40,000 (A)</b>	<b>6,000 (A)</b>	<b>0(A)</b>		<b>46,000</b>
<b>TOTAL</b>	<b>130,100 (I+E)</b>	<b>-</b>	<b>22,000 (I+E)</b>	<b>67,300 (I+E+A)</b>	<b>14,200 (I+E+A)</b>	<b>9,000 (I+E)</b>		<b>242,600</b>

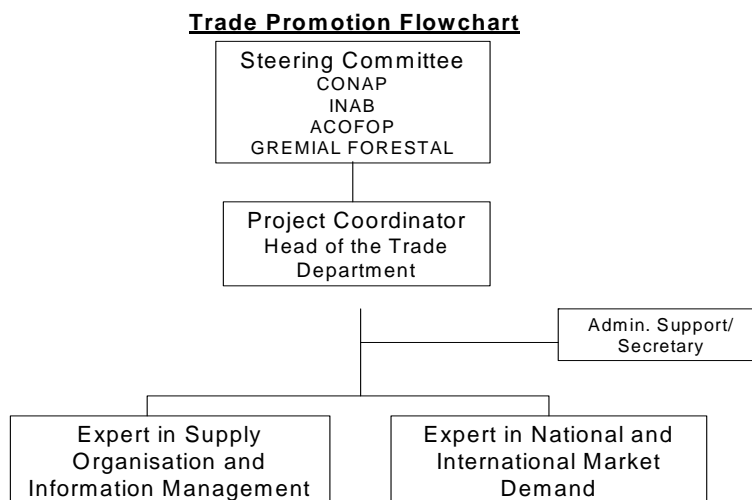
(I) - ITTO contribution; (E) Contribution of executing agency / host government; (A) ACOFOP contribution

### PART III. OPERATIONAL ARRANGEMENTS

#### 1. Management structure

Based on the activities to be implemented, the Project will last 24 months.

The executing agency will be the National Forest Institute (INAB) and the headquarters will be in the city of San Benito, Petén. The Steering Committee will provide strategic guidance. The following flow-chart shows the management structure of the project, which includes a Project Coordinator, an Expert in Supply Organisation and Data Management, an Expert in National and International Market Demand and an Administrative support/Secretary (see Flowchart). The Terms of Reference of the team are attached to this document.



The Project Coordinator will be in charge of project implementation and will manage and direct all activities with a view to achieving project objectives and outputs; furthermore, the Coordinator will design plans to facilitate the successful implementation and completion of the project. Also the Coordinator will be in charge of monitoring disbursement of allocated funds.

The Project will be governed by a Steering Committee including one representative each from INAB, the National Council for Protected Areas (CONAP), the Peten Forest Community Association (ACOFOP) and the Forestry Board. This Committee will be responsible for (1) providing the required strategic guidance, (2) controlling and evaluating project progress and, (3) recommending actions with a view to achieving project objectives. It will meet at least 4 times under the responsibility of the Project Coordinator. Minutes will be taken of these meetings and will be distributed later to committee members. The meetings will study project progress reports and will make recommendations for future activities.

In order to minimise costs, an effort will be made to hold Steering Committee meetings at the same time as other events where member institutions will be present. The first meeting will be held to organise the Committee and select Project personnel.

#### 2. Monitoring, reporting and evaluation

##### a) Mid-term project progress reports

Six-monthly reports will be prepared, with a total of 4 project progress reports. The Coordinator will be responsible for report preparation in accordance with ITTO requirements. These documents will be submitted to the members of the Steering Committee at least 4 weeks before Committee meetings.

Mid-term progress reports will need to be available at least 4 weeks before the date planned for control visits and 2 months before ITTO Council sessions.

**b) Project completion report**

The project completion report will be submitted within three months of project completion i.e. before the 27th month, subject to any extensions that may have occurred. The Coordinator will be responsible for report preparation in accordance with ITTO requirements.

**c) Project Technical Reports**

In addition to the Technical Report to be submitted three months after project completion, technical reports will be submitted as technical outputs and achievements become available.

All training and educational material, as well as trade information and promotion material prepared through the project will be available in print and electronic formats.

**d) Monitoring and reporting visits by the Steering Committee**

The project will be subject to monitoring and evaluation by the Steering Committee every 6 months.

**e) Evaluation**

Control, monitoring and evaluation dates will be agreed between ITTO and project management.

It is expected that an ex-post evaluation will be carried out within 6 months of project completion.

**3. Future Operation and Maintenance**

Project sustainability is an important aspect and, therefore, has been taken into account since its inception. It will have institutional support from the umbrella organisation, i.e. FORESCOM. This institution will incorporate project - trained and experienced human resources and will be responsible for equipment and material purchased during the project. This will ensure the continuation of the various roles: organisation of supply, management and dissemination of trade information, and trade relations with national and international demand agents.

In order to ensure that this mechanism has the necessary financial resources (salaries, operating costs and others), the beneficiaries will contribute a percentage of their sales of manufactured products and lesser known species timber (all timber species except Mahogany and Cedar). This percentage will be set by the stakeholders on an annual basis and by consensus. These contributions will be made every six months (payable after the six months) from the second year since the beginning of the project. No financial contributions will be made in the first year. Contribution percentages, terms and other details will be discussed and approved by the Steering Committee, after consultation with the beneficiaries.

Therefore, it may be stated categorically that by the end of the project its sustainability will be guaranteed.

**Umbrella organisation**

As indicated above, FORESCOM S.A. will be the umbrella organisation. Its strengths and weaknesses are discussed hereunder.

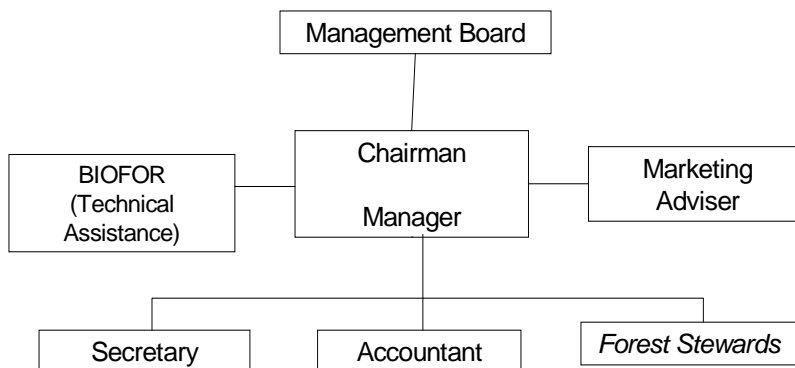
FORESCOM S.A. was established in 2003 as a result of the fact that one of the greatest challenges for certification is the reduction of costs and increase of profits. It represents several community forest concessions. This enterprise was established in cooperation with ACOFOP, as part of the strategy to complete the Mayan Biosphere project (which in its last phase was implemented by Chemonics). FORESCOM S.A. was selected recently as the *regente forestal* (forest 'manager') in a group certification scheme.

This responds to the needs of several community groups that required a group certification scheme allowing them to reduce the cost of certification. This enterprise seeks to strengthen community operations through a network of mutual support which provides technical assistance and facilitates access to niche markets. Currently it represents nine community concession holders, including some of the most advanced ones. However, some of the most advanced communities such as Carmelita and Suchitán have declined because they prefer to maintain their own identity and avoid membership costs.

FORESCOM S.A. currently has little technical and financial capacity to achieve its objectives, but it receives technical support from BIOFOR (Consortio Chemonics Inc. International) and the German Social-Technical Cooperation Service (DED). BIOFOR expects to complete its activities by the second half of 2004, which will have a direct bearing on FORESCOM activities. The following flowchart shows their present organisation:

### Current FORESCOM Flowchart

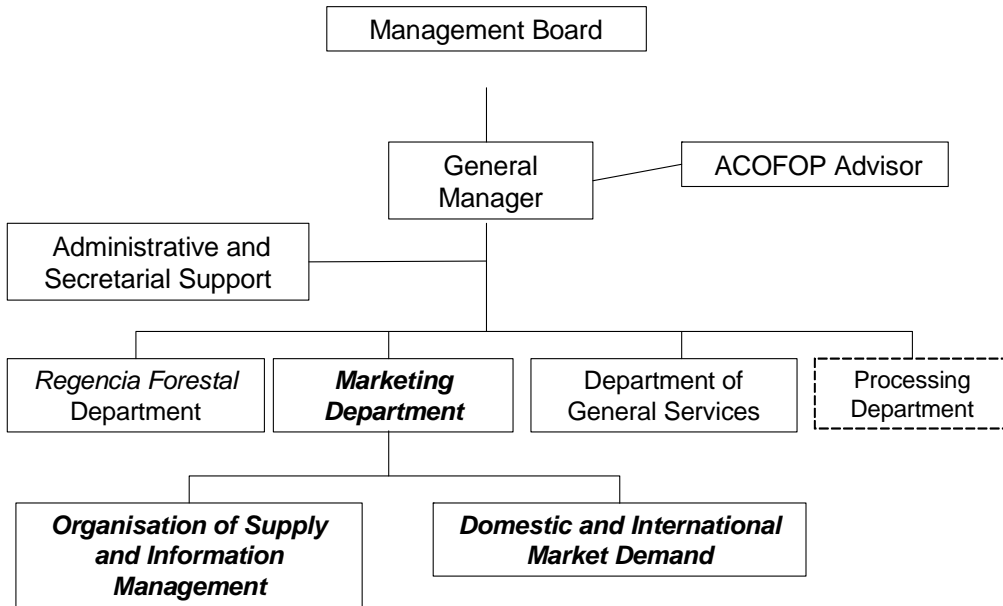
(as at June 2004)



Some of the advantages of FORESCOM S.A. as the umbrella organisation include: (1) this company has similar objectives to those of the project, so establishing another parallel organisation would be a duplication of effort; (2) this company is made up of forest communities, although only 9 community enterprises are active at the moment. Its disadvantages include: (1) its current structure is not suitable to operate as a business; (2) the 2 forest industries with forest concessions in Petén are not represented in it.

As the current flowchart shows, FORESCOM S.A. will need to change its structure in order to fulfil its marketing role competently. The proposed structure would be as follows: the project structure will take on the role of a marketing department. Once the project is completed, it will be absorbed into FORESCOM S.A.'s structure and will become a marketing department as such (in bold in the graph).

## Future FORESCOM Flowchart (After Project Completion)



Note: Currently there is no timber processing, but there are plans for some kind of value adding in the future (sawing, drying and others).

## PART IV. THE TROPICAL TIMBER FRAMEWORK

### 1. Compliance with ITTA 1994 objectives

This project will make a direct contribution to the following ITTO objectives as indicated in article one of the ITTA 1994.

*c. To contribute to the process of sustainable development.*

By promoting the marketing of timber from certified forests under sustainable management, this project will contribute to consolidating the Community and Industry Forest Concessions process.

*d. To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000.*

By developing local capacity for marketing of products derived from certified forests on local and international markets, this project will be supporting government efforts towards sustainable tropical forest management and trade of timber products from sustainable sources.

*e. To promote the expansion and diversification of international trade in tropical timber from sustainable sources by improving the structural conditions in international markets, by taking account, on the one hand, of a long-term increase in consumption and continuity of supplies, and, on the other, of prices which reflect the costs of sustainable forest management and which are remunerative and equitable for members, and the improvement of market access.*

The Project will encourage the expansion and diversification of trade in timber products from sustainably managed forests, as the development objective of the project is to increase national production and trade of timber products from lesser known species from sustainably managed forests that have international forest certification. CONAP-approved Annual Operational Plans for forest utilisation have been taken into account in the definition of exportable supply. Furthermore, when supplying international markets with certified forest timber products, domestic producers will have the opportunity to gain access to new markets.

*f. To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests.*

By supporting the Petén forest concessions process, the project will help consolidate one of the most successful sustainable forest management tools in Latin America. Promoting trade in lesser known species also promotes forest silvicultural management, logging becomes clearing which is recognised as a management practice, thus making way for the natural regeneration of forest species.

*h. To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded.*

One of the outputs of the project will be the availability of technical data and market data per species, and its subsequent dissemination. This will help improve present information and increase transparency in the tropical timber international market.

*i. To promote increased and further processing of tropical timber from sustainable sources in producing member countries with a view to promoting their industrialisation and thereby increasing their employment opportunities and export earnings.*

By supporting trade in certified lesser known timber species and products, there will be more widespread use of the former to manufacture higher value added products; furthermore, beneficiaries will have higher incomes and quality of life and a greater number of jobs will be created.

*k. To improve marketing and distribution of tropical timber exports from sustainably managed sources.*

The project will enhance marketing and distribution of tropical timber product exports, since one of its outputs will be the availability of an institution to act as an efficient trade contact point.

n. *To encourage information-sharing on the international timber market.*

The project will encourage the exchange of information, since one of its outputs is to establish and maintain trade links with national and foreign companies. Furthermore, the project will generate and disseminate trade and technical data that will be useful for the trade and communication exchange.

## 2. Compliance with ITTO Action Plan

In November 2001 the International Tropical Timbers Council (ITTC) adopted the ITTO Yokohama Action Plan 2002-2006, which set two goals for each one of the fields of interest of the organisation. Each goal has several actions. The goals include the following:

- A. Economic Information and Market Intelligence.
  - Goal 1: Improve transparency of the international timber market
  - Goal 2: Promote tropical timber from sustainably managed sources.
- B. Reforestation and Forest Management
  - Goal 1: Support activities to secure the tropical timber resource base.
  - Goal 2: Promote sustainable management of tropical forest resources.
- C. Forest Industry
  - Goal 1: Promote increased and further processing of tropical timber from sustainable sources.
  - Goal 2: Improve industry's efficiency of processing and utilisation of tropical timber from sustainable sources.

The project is aimed at trade capacity building and promoting trade in timber products from sustainably managed forests, as well as improving existing trade information. Therefore, this proposal complies with Goals 1 and 2 of Economic Information and Market Intelligence as well as Goal 1 of Forest Industry.

Regarding the actions needed to achieve Action Plan goals, the project is fully compatible with the following actions in Goals 1 and 2 of Economic Information and Market Intelligence:

- A. Economic Information and Market Intelligence.
  - Goal 1: Improve transparency of the international timber market
    - Action 6: Compile and disseminate information on the marketing of lesser-used species and the development of markets for them.
    - Action 7: Encourage members and assist them, where appropriate, to:
      - Develop manpower skills through appropriate approaches, including the ITTO Fellowship Programme
      - Cooperate with relevant organisations, including the private sector, NGOs and others in gathering data
  - Goal 2: Promote tropical timber from sustainably managed sources.
    - Action 5: Examine the market and product requirements that may have to be met in order to develop exports of added-value products.
    - Action 7: Encourage members and assist them, where appropriate, to:
      - Develop and promote wider use of their tropical timber, both primary and added-value products

Regarding cross-cutting actions in all three areas of ITTO substantive work, the project is fully consistent with the following:

- (g) Maintain and expand the tropical timber databases and facilitate access to them;
- (h) Encourage and increase the involvement of non-government stakeholders, including industry and trade associations, environmental organisations and indigenous groups, in the activities of the Organisation with a view to promoting transparency, dialogue and cooperation in furthering ITTO's objectives;
- (i) Support the sharing of information, knowledge and technology to improve sustainable forest management, product processing, utilisation and understanding of the marketplace as related to ITTO's priorities.



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## ANNEX A

### Profile of the Executing Agency

#### A.1 Profile of the National Forest Institute

The National Forest Institute (INAB), an autonomous, decentralised government agency with legal capacity, equity capital and administrative independence, is the competent coordinating authority responsible for the public agricultural sector in the forestry field.

Its main functions are: a) Implement forest policies; b) Promote and encourage forest development in the country through sustainable forest management, reforestation, forest resource based crafts and industry, and watershed protection and development; c) Foster forest research; d) Coordinate the implementation of forest development programmes; and e) Develop programmes and projects aimed at forest conservation.

Its mission is: "To promote and implement national forest policies and facilitate access to technical assistance, technology and forest services for foresters, municipalities, universities, (national and international) investor groups, and other forest sector stakeholders, through the design and promotion of strategies and actions aimed at generating increased economic, ecological and social development in the country".

INAB is responsible for the administration of a total of 18,914 km<sup>2</sup> of forests outside protected areas, which account for 48.5% of the country's forest cover (excluding secondary forests). CONAP, on the other hand, is in charge of the administration of forest resources in protected areas, covering a total area of 20,072 km<sup>2</sup>, or 51.5% of the national forest cover.

#### A.2 Areas of expertise of the executing agency

- Incentive-based forest development and promotion
- Promotion of sustainable forest management
- Forest protection
- Administration, regulation and control of the forest sector
- Forest promotion, training and education
- Technical and economic forestry information and research
- Institutional strengthening
- Improvement of forest production
- Support to local governments for forest administration
- Forest extension
- Forest conservation
- Geographic information systems
- National forest inventories

#### A.3 Expertise of the executing agency

- Development of Mangrove Area (Dutch Cooperation)
- Forest Development Programme for the Cuchumatanes Highlands (support from the Government of the Netherlands)
- Development of the area of influence of the Laguna Lachúa National Park (support from the Government of the Netherlands)
- Sustainable management of natural resources in Petén (support from GTZ, Germany)
- Sustainable management of coniferous forests in Guatemala (support from FINNIDA)
- Jupilingo - Las Cebollas Project (support from the Government of the Netherlands and SOCODEVI)
- Agroforestry Production Development Programme (financed by the European Union)
- Forest and Municipal Strengthening Programme – BOSCOM (own resources)
- National Forest and Coniferous Inventories (financed by FAO)

A.4 Projects and pre-projects submitted to ITTO (under negotiation or implementation):

A.4.1 Submitted projects/pre-projects

- CONFLAT. II Latin American Forestry Congress
- Industrial and commercial development of lesser-known broadleaved timber species on a sustainable basis in Guatemala

A.4.2 Projects/pre-projects under implementation

- Promotion of Guatemalan Certified Timber and Timber Products Trade in Guatemala (PPD 64/02 Rev.1 (M))
- Genetic Improvement of Tropical Forest Species in Guatemala (PPD 75/03 Rev.1 (F))
- Development of the National Forest Information System of Guatemala (PPD 74/03 Rev.1 (M))

A.5 Infrastructure of the executing agency

INAB's facilities to carry out activities related to tropical forests are located in the departments where most of the species to be studied are found. It has the required technical, administrative and scientific units to carry out its mandate and achieve its objectives. It comprises 9 Regional Directorates, which are distributed as follows:

No.	Region	Departamento	No. of sub-regions
I	Metropolitana	Guatemala	Nil
II	Las Verapaces	Alta Verapaz and Baja Verapaz	6
III	Nororiente	Chiquimula, El Progreso, Izabal, Zacapa	4
IV	Suroriente	Jutiapa, Jalapa and Santa Rosa	3
V	Centro	Chimaltenango and Sacatepéquez	2
VI	Occidente	Quetzaltenango, San Marcos, Sololá and Totonicapán	4
VII	Noroccidente	Huehuetenango, Quiché	4
VIII	Petén	Petén	4
IX	Costa Sur	Escuintla, Retalhuleu, Suchitepéquez	4
<b>TOTAL</b>			<b>31</b>

Each of these Regional and Sub-regional Directorates of INAB has offices equipped with furniture, telephone, fax machines and computer equipment. In addition, they have their own budget and vehicles and motorcycles at their disposal. All of these Directorates are staffed with technical, administrative and legal personnel.

A.6 Budget of the executing agency (in US\$)

YEAR	PERSONNEL	CAPITAL ITEMS	CONSUMABLE ITEMS	CATIE (*)	TOTAL
2002	2,215,683.14	579,692.55	563,282.85	1,760,511.10	5,119,169.64
2003	2,207,423.31	625,493.84	672,376.25	2,667,361.63	6,172,655.03
<b>TOTAL</b>	<b>4,423,106.45</b>	<b>1,205,186.39</b>	<b>1,235,659.10</b>	<b>4,427,872.73</b>	<b>11,291,824.67</b>

(\*) NOTE: INAB is implementing 15 projects and programmes through the Tropical Agricultural Research and Teaching Centre (CATIE) (for a total of US\$ 4,427,872.73 in 2002 and 2003). These projects and programmes are related to the fields of forest management, forest research, municipal strengthening, forest extension, conservation of protected areas, and forest fire prevention and control, among others.

A.7 Personnel of the executing agency

- |    |                                    |     |
|----|------------------------------------|-----|
| a) | Experts with post-graduate degrees | 25  |
| b) | Experts with university degrees    | 82  |
| c) | Mid-level technicians              | 243 |
| d) | Administrative personnel           | 76  |

## ANNEX B

### Terms of reference for Project Personnel

All the following positions will be filled during the project and will remain within the FORESCOM structure once the project has been completed.

#### 1. Project Coordinator/ Head of the Trade Department

##### A. Qualifications/ Experience

- A professional with business vision, wide-ranging knowledge of forest utilisation in Petén and 3 years minimum experience in community processes. This may be a community leader with proven business vision and experience in the entire concession process.
- 5 years minimum experience in timber production activities and particularly in marketing of timber products.
- Ability to lead and work as a team.
- Ability to maintain work relations and negotiate with various forest sector stakeholders: the public sector, the private sector, NGOs and others.
- Ability to plan, organise and control.
- Ability to operate in multicultural and multilingual environments.
- Excellent command of Windows, Office, Internet, email.
- Must be a Petén resident.

##### B. Responsibilities

- Lead the process in a consensus atmosphere, to implement the marketing support mechanism. This includes the definition, with sector stakeholders, of the operational framework and legal aspects so that they are recognised and implemented (by-laws, cooperation agreements, and others).
- Prepare a draft strategy for project sustainability once it is completed, reach consensus on it, and submit it to the Steering Committee for approval and launch.
- Coordinate the implementation of project activities for the personnel and provide technical and administrative guidance for such implementation.
- Adopt any administrative steps required for activity implementation.
- Prepare and implement annual work plans for the project.
- Plan and coordinate project implementation in close cooperation with the Steering Committee and the FORESCOM manager.
- Design training programmes and lead their implementation.
- Achieve project outputs and objectives.
- Assume responsibility for the preparation of (mid-term, technical, etc.) reports for the project.
- Supervise the preparation of technical manuals, information material and others.
- Research and develop new products that may be suitable for the use of lesser known species.

## 2. Expert in organisation of supply and information management

### A. Qualifications/ Experience

- Forester, Business manager, Economist or similar degree. This may be a person who has worked as the '*regente*' (manager) in a community, or a technical expert with ample experience in community processes.
- 3 years minimum experience in timber production activities and particularly in marketing of timber products.
- Wide-ranging knowledge of the reality of forest logging in the Petén area.
- Proven ability to work as a team, organise and relate to communities.
- Experience in drafting reports.
- Command of Word, Excel, Power Point and other software suitable for the management and dissemination of information.
- Must be a Petén resident.

### B. Responsibilities

- Draft the annual and monthly plan of activities, specifically for the unit, in accordance with the general plan of the project. This plan must be approved by the Project Coordinator.
- Prepare and submit to the Project Coordinator regular reports on activities, outputs and needs.
- Design a system for the collection of certified timber logs and products, in a participatory manner and in a consensus atmosphere involving Petén's communities and industries.
- Prepare collection system manuals
- Implement the collection system.
- Design a quality control system for timber products. Initially this will target logs and sawnwood.
- Prepare manuals on the quality control system
- Implement the product quality control system.
- Organise and consolidate timber product supply.
- Define the actual annual and monthly timber product supply together with communities and industries. Initially this will target logs and sawnwood.
- Plan the supply of products and timber for upcoming years, together with Petén communities and industries.
- Train at least two persons per community in the collection of raw material and compliance of quality standards.
- Prepare technical data sheets for lesser known species, including at least, the following information: photo of the species, name (common and scientific), availability in Petén (timber stock, volume over 20 cm, volume over the Minimum Logging Diameter, etc), technical properties, uses, replacement of other species, actual timber and product supply by species, per year and month).
- Prepare information material: leaflets, posters, Power Point presentations, etc.
- Prepare wood samples to send to clients and for exhibition in fairs.

- Prepare and implement a dissemination plan for the information once it has been approved by the Project Coordinator.
- Prepare the material required to participate in fairs at the domestic and international levels, in coordination with the other experts.
- Regularly compile and disseminate as widely as possible, information on timber product demand, in coordination with the demand expert.
- Coordinate continuously with the demand expert, under the supervision of the Project Coordinator.

### **3. Demand expert**

#### **A. Qualifications/ Experience**

- A person with business vision, training and experience in marketing, as well as trade relations.
- Proven command of oral and written English.
- Experience in domestic and international trade relations preferred.
- Ability to work as a team.
- Ability to deal with people from various cultures and languages.
- Excellent command of Windows, Office, Internet, email.
- Experience in competently replying to trade queries, orally and in writing.
- Experience in drafting reports.
- Must be a Petén resident.

#### **B. Responsibilities**

- Draft the annual and monthly plan of activities, specifically for the unit, in accordance with the general plan of the project. This plan must be approved by the Project Coordinator.
- Prepare and submit to the Project Coordinator regular reports on activities, outputs and needs.
- Maintain fluent contact with clients by email, mail, telephone and fax.
- Prepare database on existing and prospective clients and most frequently used information
- Competently respond to client queries.
- Regularly (at least monthly) prepare and disseminate detailed information on products, clients, volumes, technical specifications, etc. The dissemination will be coordinated by the supply expert.
- Assist in the preparation of the material required to participate in domestic and international fairs.
- Assist the supply expert in the preparation and implementation of the plan for information dissemination once it has been approved by the Project Coordinator.
- Coordinate continuously with the demand expert, under the supervision of the Project Coordinator.

#### **4. Administrative Support /Secretary**

##### **A. Qualifications/ Experience**

- Person with experience and training in secretarial and administrative tasks.
- Knowledge and experience in managing funds for international cooperation projects implemented by the government.
- Computer skills: Word, Excel and accounting softwares.
- Ability to draft their own written material.
- Ability to work as a team.

##### **B. Responsibilities**

- Organise and standardise internal administrative and trade information (invoices, proformas, etc).
- Provide support to all other members of the team for the preparation of technical reports, manuals and correspondence.
- Secretarial tasks: handle correspondence, reception duties, answering the telephone, fax, etc.
- Administrative tasks for the project.

#### **5. Expert in international marketing (2 months)**

##### **A. Qualifications/ Experience**

- Professional with 10 years minimum experience in the production and trade forest sector or in international cooperation projects linked to the marketing of forest products made from tropical timber.
- Wide-ranging knowledge of forest utilisation and experience in community processes.
- Proven experience (at least 3 years) in trade promotion of lesser known timber species.

##### **B. Responsibilities**

Advise the project team on the following:

- Planning of activities to achieve project outputs.
- Strategy to achieve consensus process for the implementation of a support mechanism for marketing.
- Design the certified timber logs and products collection system.
- Design the quality control system.
- Prepare technical information on lesser known species and other information material.
- Prepare material to participate in fairs.
- Seek out potential clients and contact them.
- Design the strategy to ensure project sustainability.

##### **C. Information on the position**

Monthly salary: 6,000 US\$, including air travel and DSA. The contract will be for 2 months.

## ANNEX C

### List of people interviewed during project formulation

Name	Position	Institution
Ing. Osvaldo Morales	Executive Director	Gremial Forestal
Ing. Edwin Cano	University Representative in INAB's Executive Board	University of San Carlos
Ing. Claudio Cabrera	Consultant	
Marcedonio Cortave	Executive Director	ACOFOP
Erick Cuellar	Head of Social Management Area	ACOFOP
Reyes David de León	Manager	FORESCOM
Jorge Chi Sosa	President	FORESCOM
Ing. Juventino Galvez	Consultant	FIPA/USAID
Carlos Barrios	General Manager	Baren Comercial Ltda.
Wolfgang Wachenhausen	Adviser	ACOFOP- FORESCOM
Ing. José Román Carrera Alvarado	Regional Coordinator for Central America, Caribbean and Mexico	TREES
Ing. Ogden Antonio Rodas	Coordinator, Peace Park Funds RBM	FIPA/USAID
Jorge Emilio Sosa Chí	Chairman of the Executive Board	FORESCOM
Richard Grant	Director General	Just World Partners (Guatemala)
Aldo Rodas Castellanos	Technical Forest Director	Just World Partners
José Rolando Zanotti	Deputy Manager	INAB
Ing. Adolfo Lemus P.	Regional Manager, Central American and Caribbean Office	SmartWood



## ANNEX D

**Presentation and discussion of project document: "Promotion of Guatemalan Certified Timber and Timber Products Trade" by Jhony Zapata. 16 August 2004**  
**List of participants**

No.	Participant's Name	Institution	Telephone/Fax	E-mail
1	José Román Carrera	Rainforest Alliance	3693121	<a href="mailto:jcarrera@r2.org">jcarrera@r2.org</a>
2	Mario E. Rivas M.	ACOFOP	9263572 y 9263571	<a href="mailto:osoforestal@hotmail.com">osoforestal@hotmail.com</a>
3	Marcedonio Cortave	ACOFOP	9263572 y 9263571	<a href="mailto:dirección@acofop.org">dirección@acofop.org</a>
4	Reyes David de León C.	FORESCOM	9260135	<a href="mailto:bosquecertificado@acofop.org">bosquecertificado@acofop.org</a>
5	Prudencio Balcárcel	FORESCOM	9260135	<a href="mailto:bosquecertificado@acofop.org">bosquecertificado@acofop.org</a>
6	Oscar González	CONAP	2380000 ext. 113	<a href="mailto:oscarg@conap.gob.gt">oscarg@conap.gob.gt</a>
7	José López	CONAP	2380000	<a href="mailto:jlopez@conap.gob.gt">jlopez@conap.gob.gt</a>
8	William Melgar	INAB	4735208	<a href="mailto:ocordon@inab.gob.gt">ocordon@inab.gob.gt</a>
9	Luis Carlos Donado Torres	Investigación / INAB	4753460	<a href="mailto:investigacion@inab.gob.gt">investigacion@inab.gob.gt</a>
10	Carlos Figueroa	Programas y Proyectos / INAB	4735212	<a href="mailto:proyectos@inab.gob.gt">proyectos@inab.gob.gt</a>
11	Edwin Oliva Hurtarte	INAB / pfn	4402819	<a href="mailto:pfn@inab.gob.gt">pfn@inab.gob.gt</a> y <a href="mailto:pafg@terra.com.gt">pafg@terra.com.gt</a>
12	Erick Cuéllar	ACOFOP/Petén	9263571	<a href="mailto:direccion@acofop.org">direccion@acofop.org</a>
13	Carlos Rodríguez Chang	Programa Forestal Nacional	2066184	<a href="mailto:crocha@itelgua.com">crocha@itelgua.com</a>
14	Jhony Zapata Andia	ITTO	0049 816154 9944	<a href="mailto:Jhony.ZapataAndia@fao.org">Jhony.ZapataAndia@fao.org</a>
15	Oswaldo René Morales	Gremial Forestal	3346872	<a href="mailto:info@gremialforestal.com">info@gremialforestal.com</a>
16	Ebal Abdiel Sales	INAB / pfn	4402819	<a href="mailto:esales@inteln.net.gt">esales@inteln.net.gt</a>
17	Lis Lima	Gremial Forestal	3346872	<a href="mailto:info@gremialforestal.com">info@gremialforestal.com</a>
18	Adelso Revolorio Quevedo	INAB / Planificación	4735215	<a href="mailto:adelso@gua.net">adelso@gua.net</a>
19	Mauricio Limarino Alcázar	ITTO	4402819	<a href="mailto:mauriciol@siforbol.gov.bo">mauriciol@siforbol.gov.bo</a>
20	Mario Escobedo	pfn	4402819	<a href="mailto:mescobedo@itelgua.com">mescobedo@itelgua.com</a>

**Modifications made in response to the recommendations  
of the 29th ITTO Expert Panel on the original proposal**

No.	Expert Panel Recommendation	Modification made
1	Improve the summary and skip the references to any particular certification scheme.	<i>The reference to FSC as certifier of most forest concessions has been deleted.</i>
2	Change the ITTO work area from (M) to (M,I) in the proposal serial number.	<i>It has been changed in the project presentation cover.</i>
3	Refine the problem to be addressed as discussed in the overall assessment.	<i>The problem tree has been refined and the need to incorporate a larger number of sector stakeholders has been identified, particularly the industry, and FORESCOM's role in the proposal has been described as a sectoral integration facilitating body.</i>
4	Increase the involvement of the forest industry in the project's steering committee and in the FORESCOM chart.	<i>The forest industry will be involved in the Project's Steering Committee as part of the Forestry Board. Industrial Concessions in Petén are members of the Forestry Board and could represent this body in the PSC. Also, the Committee will be open to FORESCOM's participation, but the final decision will be up to the company's owners.</i>
5	Increase the involvement of FORESCOM and provide a description of its weaknesses and limitations in the problem tree so as to underpin the objectives aiming at the strengthening of that institution.	<i>The problem tree now includes a description of the current situation of FORESCOM, including its weaknesses and limitations as a recently established organisation that still lacks technical and organisational capacities and financial resources to carry out a proposal of this nature. Therefore, it needs to be institutionally strengthened by providing it with the necessary means to achieve the established objectives.</i>
6	Amend specific objectives 1 and 2 and define at least 2 outputs per specific objective.	<p><i><u>Specific Objective 1: Institutionally strengthen FORESCOM as the umbrella organisation providing support for the marketing of products and timber from lesser known species and incorporate it into the Guatemalan institutional forest framework.</u></i></p> <p><i><u>Output 1.1: FORESCOM consolidated and institutionalised in the Guatemalan forest sector.</u></i></p> <p><i><u>Output 1.2: FORESCOM effectively operating in Petén.</u></i></p> <p><i><u>Specific Objective 2: Increase the harvested,</u></i></p>

No.	Expert Panel Recommendation	Modification made
		<p><b><u>processed and marketed volume of lesser-known species timber and products from Petén tropical forests.</u></b></p> <p><b><u>Output 2.1:Harvested volume increased to at least 9 m<sup>3</sup>/hectare by the end of 2006.</u></b></p> <p><b>Output 2.2: Technical and market information by species prepared and disseminated.</b></p> <p><b>Output 2.3: Timber collection and supply system established and operational.</b></p> <p><b>Output 2.4: Trade relations with domestic and foreign companies established.</b></p>