

# INTERNATIONAL TROPICAL TIMBER ORGANIZATION

## ITTO

### PROJECT PROPOSAL

<b>TITLE:</b>	DEVELOPMENT OF A BUSINESS MANAGEMENT SERVICES PROGRAM FOR FOREST MSMEs (MICRO, SMALL AND MEDIUM ENTERPRISES) IN GUATEMALA
<b>SERIAL NUMBER</b>	PD 756/14 <u>Rev.1</u> (M)
<b>COMMITTEE:</b>	ECONOMICS, STATISTICS AND MARKETS
<b>SUBMITTED BY</b>	GOVERNMENT OF GUATEMALA
<b>ORIGINAL:</b>	SPANISH

#### SUMMARY:

The implementation of forest incentive programs in Guatemala has given rise to production initiatives by community groups based on goods and services derived from forests and/or forest plantations. Community enterprises are usually established through local non-profit social development projects and their most common weakness is a lack of capacity for effective production and marketing of products.

In this context, there is a clear need to strengthen the business management capacity of these community groups through the provision of technical assistance to develop their business profiles and identify sources of financial support as well as training on markets, product design, marketing and sales, and access to the formal sector to enable them to address new markets and expand their production.

To this end, the implementation of a pilot project is proposed to help build local business management capacities through INAB's trade liaison officers, provide guidance to community groups in the identification, establishment and promotion of forest enterprises, and support the training of these groups in production, administrative, accounting, legal and business issues and product design, while providing them with technical assistance to facilitate their access to financing sources.

**The development objective of the project is to "Contribute to poverty alleviation and local development by strengthening community enterprises involved in the production and marketing of timber and non-timber products and environmental services".**

**Its specific objective is to "Improve local business management capacities to develop and manage forest MSMEs".**

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

**DURATION:** 24 MONTHS

#### BUDGET AND POSSIBLE FINANCING SOURCES:

Source	Contribution in US\$
ITTO	<b><u>149,341.00</u></b>
INAB	125,712.00
<b>TOTAL</b>	<b><u>275,053.00</u></b>

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## ACRONYMS AND ABBREVIATIONS

AGEXPORT	Asociación de Exportadores de Productos No Tradicionales ( <i>Non-Traditional Products Exporters' Association</i> )
ANOFC	Alianza Nacional de Organizaciones Forestales Comunitarias ( <i>National Alliance of Community Forest Organizations</i> )
CDP	Project steering committee
ITTA	International Tropical Timber Agreement
IARNA	Institute of the Environment and Natural Resources
HDI	Human Development Index
IIA	Instituto de Investigaciones Agronómicas ( <i>Agricultural Research Institute</i> )
INAB	Instituto Nacional de Boques ( <i>National Forest Institute</i> )
MSMEs	Micro, Small and Medium Enterprises
MINECO	Ministerio de Economía ( <i>Ministry of the Economy</i> )
SFM	Sustainable Forest Management
ITTO	International Tropical Timber Organization
NGO	Non-governmental organization
PINFOR	Programa de Incentivos Forestales ( <i>Forest Incentive Programme</i> )
PINPEP	Programa de incentivos forestales para poseedores de pequeñas extensiones de tierra de vocación forestal o agroforestal ( <i>Forest Incentive Programme for Small Forest and Agroforestry Landholders</i> )
PFN	Programa Forestal Nacional ( <i>National Forest Programme</i> )
SGE	Servicios de Gestión Empresarial ( <i>Business Management Services</i> )
SIFGUA	Sistema de Información Forestal de Guatemala ( <i>Forest Information System of Guatemala</i> )

## PART 1. PROJECT CONTEXT

### 1.1 Origin

Guatemala's forest sector has shown sustained growth over the past 17 years thanks to investment levels of nearly **US\$198.33** million from Forest Incentive Programs. This has encouraged private investments of US\$340 million in the management and conservation of 216,000 hectares of natural forests and 112,000 hectares of forest plantations for production purposes, which are expected to produce approximately US\$2.55 billion in goods and services over the next 10 years.

Forest sector growth has directly benefitted more than 2,350 forest land owners or holders, including enterprises, community organizations, municipalities and private individuals, through the generation of 23,400 jobs in rural areas.

**The Forest Incentive Programme – PINFOR and the Forest Incentive Programme for Small Forest and Agroforestry Landholders – PINPEP are defined in Legislative Decree No. 101-96 – “Forestry Law” and Legislative Decree No. 51-2010 “Law on the Forest Incentive Programme for Small Forest and Agroforestry Landholders – PINPEP” respectively. These two instruments are part of the National Forest Policy for Guatemala, which promotes inclusive forest development in the country. Over the last 17 years, these programs have financed 10,913 reforestation and/or natural forest management projects, covering a total area of 347,859 hectares, benefitting 155,409 families in 334 municipalities throughout the country, including 103 municipalities prioritized as extreme poverty areas under the Zero Hunger Pact, and generating 25.23 million non-agricultural rural jobs.**

**The situation in Guatemala's community lands is as follows:**

**In 2007, the Community Land Development Group (Grupo Promotor de Tierras Comunes – GPTC) carried out a diagnostic study that highlighted the significance of community lands both for the management and conservation of natural resources and for the development of livelihoods for the population. As many as 1213 case-studies were identified over a total area of 1,577,129 hectares of community lands that were representative of all cultural and ecological areas in the country. However, the situation varies from one community land area to another in terms of vegetation cover, social organization, governance, state of resources and legal status, which indicates that they have been differently affected by the country's economic and social history (GPTC, 2009 – “National Strategy for the Management and Conservation of Natural Resources in Community Lands”).**

The implementation of forest incentive programs has encouraged community organization. Nearly 360 community groups have been established or strengthened, comprising 11 second-tier organizations and one national organization known as the National Alliance of Community Forest Organizations – ANOFC, which maintains cooperation links with INAB.

Local municipalities also maintain a close cooperative relationship with INAB as 228 Municipal Forest Offices receive assistance to be able to provide technical services to the communities in their jurisdiction, with 68 of this total being direct beneficiaries of forest incentives for significant reforestation and natural forest management areas.

The reforestation and natural forest management projects implemented by community organizations and municipal and regional park administrations have led to the establishment of production initiatives, which now require business management support to create or strengthen their micro, small and medium enterprises – MSMEs (FAO 2011).

**With regard to forest sector MSMEs, the Forest Cluster Diagnosis carried out in 1999 revealed that as of that year, there were 534 industrial companies, 96 exporting companies and 3000 furniture factories, and it was also estimated that there was an unknown number of unregistered or informal enterprises. In addition, INAB's National Forest Registry in 2006 reported a total of 1076 registered commercial enterprises (timber warehouses, sale of building materials, etc.). In fact, there are difficulties to estimate the number of forest and non-forest enterprises operating in the country and their level of informality. For example, the industry survey carried out annually and quarterly by the National Institute of Statistics (Instituto Nacional de Estadísticas – INE) only covers businesses with**

a minimum of 20 employees, despite the fact that according to the Tax Registry, most formal enterprises have less than 20 employees. Furthermore, there is no economic survey covering industrial, commercial and service activities, and there are no statistics collected on formal industrial companies with less than 20 employees.

There are micro-enterprises, many of them operating in the informal sector, that carry out activities through “backyard carpentries”, including professional joiners that manufacture high-value custom-made timber pieces on request. These small carpentry workshops known as “backyard carpentries” operate informally manufacturing products (usually furniture) that are marketed within their communities. There are also registered local carpentry workshops that make local consumption products in the capital cities of municipalities and departments. In addition, there are craftsmen that manufacture wooden sculptures, masks, furniture and bamboo and cane products working both in the formal and informal sectors, and there are even some groups that manage to export their products, mainly within the Central American region.

Moreover, there are forest MSMEs that carry out non-timber production and marketing activities, as well as community enterprises involved in eco-tourism services. There are also MSMEs involved in the provision of technical assistance on forest management, implementation of forest incentive programs, license application procedures, and management of nurseries and seed orchards.

Given the wide range of enterprises currently in operation and the lack of a standard classification system, it was decided to adopt the category of “Forest MSMEs” used in the Forest Cluster Diagnosis based on their origin, economic, legal and administrative status, as well as their production focus. [FAO 2008. Challenges and Opportunities for Micro, Small and Medium Forest Enterprises in Guatemala]

Table 1. ANOFC’s member community organizations and number of MSMEs established (Annex 4 shows the list, location and products of forest MSMEs)

<b>ENTERPRISE/ORGANIZATION</b>	<b>MSMEs</b>
Community Foresters’ Association - ASILCOM□	1
Forest Communities Association of Petén - ACOFOP-	11
Community Forestry Association of Guatemala - UT’Z CHE'	10
Association of Cuchumatanes Organizations (ASOCUCH	8
Ch’orti Regional Rural Association - ASORECH-	3
Guatemalan Coordination Organization for the Protection of Mangroves and Life - COGMANGLAR-	0
Enredémonos por el Corazón Verde ( <i>Getting Involved for the Green Heart</i> )	0
Federation of Cooperatives of Verapaces - FEDECOVERA-	18
Forest Federation of Guatemala - FEDERAFOGUA□	1
Laguna Lachua Foundation - FUNDALACHUA□	6
National Network of Organized Communities - RENACOR-	5

Source: 2011, FAO. Inventory of Community Forest MSMEs (FAO 2011, unpublished).

Out of the 257 grassroots organizations that are members of the Alliance, 63 are community forest MSMEs, accounting for 25% of the enterprises. This shows that there are still major challenges to be faced in the promotion of community forest enterprises.

- Coffee production is the main income-generating activity for community forest MSMEs. Similarly, forest plantations, cardamom production, ecotourism, certified timber production and carpentry are good business alternatives to generate employment and income to farming and forest families in the country’s rural areas. Thus, the production activities of community forest organizations are not focused solely on timber but rather reflect the diversity of the rural economy in the country.
- There is great potential for horizontal and vertical integration across production chains within the framework of MSMEs under the National Alliance of Community Forest Organizations of Guatemala, which would lead to better market access, increased productivity and hence prosperity based on improved livelihoods related to sustainable forest management.

Furthermore, in addition to natural forest areas under sustainable management, there are approximately 1,640 individual owners of forest plantations under 15 hectares in size that are about to start production and require business management services to develop their enterprises and ensure the sustainability of their production of timber products (carpentries, crafts manufacturing), non-timber products (fiber, medicinal and ornamental plants, essential oils, resins, honey, fruits, etc.) and/or environmental services (ecotourism, water supply, CO<sub>2</sub> sequestration).

Guatemala has a Vice-Ministry of MSME Development that provides tools and soft financing funds to enterprises. However, its coverage is limited to urban and suburban areas with offices in the heads of departments, which are inadequately staffed, are usually located far away from forest areas, and are heavily oriented to the production of daily consumption goods because of their fast rate of return.

Since forest MSMEs are relatively new production initiatives whose business logic is basically unknown and have longer periods of return, they have not yet managed to access business management assistance, let alone the funding required to this end.

To this end, the implementation of a pilot project is proposed to help build local business management capacities through INAB's trade liaison officers, provide guidance to community groups in the identification, establishment and promotion of forest enterprises, and support the training of these groups in production, administrative, accounting, legal and business issues and product design, while providing them with technical assistance to facilitate their access to financing sources.

## 1.2 Relevance

### 1.2.1 Conformity with ITTO's objectives and priorities

This project is consistent with the following objective set out in the International Tropical Timber Agreement (ITTA) 2006: "to promote the sustainable management of tropical timber producing forests". The project will carry out activities that are consistent with ITTO's mandate of promoting the conservation, rehabilitation and sustainable management of forests for the benefit of the world community, in particular, the communities living in forests and benefiting from their services.

Furthermore, project actions are consistent with the following ITTO objectives:

ITTO Objectives	Project Actions
Contributing to sustainable development and to poverty alleviation	<i>Provide economic alternatives to contribute to poverty alleviation and strengthen the capacity of MSMEs to add value to their products, improve their income and generate employment.</i>
Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources	<i>The project will contribute to enhancing the capacity of MSMEs in the marketing of products and the sustainable management of forests.</i>
Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management	<i>The project will contribute to the development of market intelligence, new products and their marketing, databases on domestic and foreign trade in forest products, and participation in forest business events</i>
Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded	<i>The project will contribute to the development of market intelligence, new products and their marketing, databases on domestic and foreign trade in forest products, and participation in forest business events</i>

Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources.

*The project will help provide economic alternatives to contribute to poverty alleviation and the sustainable management of resources.*

Moreover, the project is consistent with the ITTO Strategic Action Plan 2013-2018, in particular the following:

Strategic priority 2. Increase the contribution of tropical forests to national and local economies including through international trade. *The project will directly contribute to this strategic priority because it will assist communities and forest-based enterprises to develop business and marketing skills, through the development of marketing and business strategies. The project will also contribute to strengthening community capacity in sustainable forest management and adding value to forest resources.*

### **1.2.2 Relevance to the submitting country's policies**

The Forest Policy of Guatemala <sup>1</sup> states *inter alia* that “forests are essential to satisfy the demand for goods and to ensure the maintenance of ecological processes, protection of watersheds and water resources (water-forest link), as well as the conservation of biodiversity and genetic resources”. Furthermore, it serves as a guiding framework to harmonize production uses with the conservation of forest resources and ensure the use of lands in accordance with their capacity.

One of the objectives of Guatemala's forest policy is “To contribute to increasing forest sector competitiveness through information systems, productivity increase, search for forest product markets and promotion of forest-industry integration ensuring the demand for forest products”.

The objectives of the Guatemalan Forestry Law include: “To support, promote and encourage public and private investments in forest activities so as to increase production, marketing, diversification, industrialization and conservation of forest resources”.

Guatemala's Environmental Policy is currently aimed at the conservation and rehabilitation of the country's forest cover through “sustainable forest management (SFM)” as a strategy to address climate change and related risks.

In addition, in 1999 CONAP adopted and published the National Policy on Biodiversity and the Guatemalan System of Protected Areas (SIGAP), which is closely related to forest management issues, mainly in the direct range of influence of such areas.

Both policies are complementary and require coordinated implementation by INAB and CONAP, as these are the most closely linked institutions in charge of the development of Guatemala's forest resources.

INAB, as the government institution in charge of the administration of forests outside protected areas and key stakeholder in promoting the sustainable use and management of forest resources, with the support of FAO and its GFP Programme as well as IUCN, developed the Forest-Industry-Market Strategy as an instrument to propose major strategic guidelines for the development of the industrial sector of Guatemala, supporting the sustainability of forest resources, promoting the involvement of the public sector, private sector and civil society, and encouraging the development of partnerships and economic growth. The Forest-Industry-Market Integration Strategy<sup>2</sup> is aimed at improving the business climate in the forest sector for effective forest-industry-market integration.

## **1.3 Target area**

### **1.3.1 Geographic location**

The priority areas identified for the project are high population density areas with high poverty indexes, where the implementation of forest incentives schemes with community groups has had a high impact due to the generation of non-agricultural rural employment opportunities. There are high levels of informal

<sup>1</sup> Forest Policy of Guatemala. MAGA/PAFG/INAB/CONAP. Guatemala, 1999

<sup>2</sup> Forest-Industry-Market Integration Strategy. National National Forest Programme for Guatemala/National Forest Institute. Guatemala, October 2011.

employment, but the population has a lot of natural ability and tradition in the production of craftwork, organic produce, medicinal and ornamental plant gathering, and the use of fibers and other forest raw materials.

The proposed target areas are:

- Region II: Comprising the departments of Alta (*Upper*) and Baja (*Lower*) Verapaz;
- Region III: Comprising the departments of El Progreso, Zacapa, Chiquimula and Izabal
- Region VI: Comprising the departments of Quetzaltenango, Solola, Totonicapan and San Marcos;
- Region VIII: Comprising the department of Peten.

#### **1.4 Expected outcomes at project completion**

The following outcomes are expected at project completion:

- **Strengthening of community capacity in sustainable forest management and valuation of forest resources.**
- **Strengthening of the capacity of forest MSMEs, providing them with economic alternatives that will allow them to add value to their products, improve their income and generate employment.**
- **Forest communities and enterprises will strengthen their business and marketing skills through the development of marketing and commercial strategies.**
- **Promotion of new forms of association in joint enterprises with related or complementary industries and value-adding partnerships to capture other markets.**
- It is expected that the development and systematization of project experiences will help strengthen and consolidate the Business Management Services Programme at the national level.

## PART 2. PROJECT RATIONALE AND OBJECTIVES

### 2.1 Stakeholder analysis

Group of Stakeholders	Characteristics	Problems, needs, interests	Potential	Involvement in the project
<b>Primary stakeholders</b>				
<b>Communities and small landholders</b>	Settled in areas close to forests, they have limited economic capacity; even though they are aware that they must preserve the forests, some of them harvest their forests without adequate management plans.	Lack of working capital and training on silvicultural management and SFM. Poor understanding of regulations.	Interested in improving their economic situation without degrading the forest resource base. Interest in the conservation and restoration of their forests.	Primary project beneficiaries
<b>Forest MSMEs</b>	<u>Community enterprises almost always stem from local non-profit social development projects and their most common weakness is the lack of skills to ensure their efficient production and marketing of products.</u>	<u>These enterprises face a number of problems such as excessive bureaucracy, unstable policies and regulations, lack of security in ownership rights, limited negotiation power, insufficient management skills and limited access to credit, and insufficient market intelligence and technology.</u>	<u>The challenge is to keep them active and sustainable. It is necessary to support these groups in the development of business management skills through professional assistance to develop their business profiles, identify sources of financial support and training in markets, product design, marketing and sales, and access to the formal sector, so as to enable them to penetrate new markets and/or expand their production.</u>	<u>Small forest enterprises generate employment and wealth at the local level, help protect local resources and ensure environmental responsibility, promote creativity and help preserve indigenous culture and market niches.</u>
<b>Community organizations</b>	They are extremely concerned about the conservation and protection of natural resources and actively participate in social development activities.	Lack of technical capacity and spaces to identify and address markets. Lack of funding for production activities.	They are in close contact with the communities and are willing to support the implementation of the project.	Direct involvement in project implementation

<b>Local governments</b>	They have lands with forest resources that are harvested by the communities. Sometimes they have municipal forest offices, environmental offices and/or offices for municipal protected areas.	They have a strong interest in improving the local economy and governance and reducing social and natural renewable resources conflicts.	Can become excellent agents for the promotion of civil society participation in local enterprises	Can provide spaces for civil society participation and are direct project beneficiaries
<b>Secondary stakeholders</b>				
<b>INAB</b>	Together with farmers, it promotes the establishment of plantations, the sustainable management of natural forests and the diversification and value-added processing of forest products	Interested in the conservation of natural forests through the valuation of the forest goods and services they provide. It supports community, municipal and private sector organization aimed at the establishment of forest-product based companies.	It provides services to forest product companies, offering them market information, business management training and e-business promotion events.	Direct involvement in project implementation
<b>NGOs</b>	They are extremely concerned about natural resources and actively participate in social development activities.	Interested in local development and in providing technical assistance to the communities	They are in close contact with the communities and are willing to support the implementation of the project.	Project beneficiaries who will actively participate in the provision of services to the communities and indigenous peoples
<b>Ministry of the Economy MINECO</b>	It promotes job creation through business development and local competitiveness	It has a full set of business development tools and access to credit funds	It can assist in the development of forest MSMEs.	Business contacts, participation in trade fairs and other events, training and information.
<b>Universities</b>	They have highly trained human resources in different scientific areas including design, production, administration and finance.	They require topics and spaces to implement their extension, research and social outreach programs.	They can become excellent allies in placing new professional graduates in the MSMEs that require professional support.	Implementation of Supervised Professional Practices (SPP) in accordance with community needs.
<b>INTECAP</b>	It has specialized personnel and regional training centers in the areas of production, administration and finance, adapted to different levels of education.	To attract people to the different training courses.	Continuous support given to groups of different educational levels.	To develop integrated training programs adapted to the different community groups.

## 2.2 Problem analysis

The forest incentive programs in Guatemala have had a positive impact on the rural areas of the country, including the rehabilitation of forest lands and the conservation of natural forests, through a public investment plan that has triggered an investment level twice as large from the private sector, organized communities and municipalities. These investments have contributed to the valuation of forest resources and a new perception of forests by the communities which they now see as a source of wealth and employment generation through its sustainable use.

Over the past years, several production initiatives have been implemented based on the establishment of forest plantations in natural forest areas under sustainable management. Some of the most noteworthy of these initiatives have been those developed by organized groups that are implemented as local, non-profit development projects (i.e. socially oriented projects) but when they reach a certain level of development they are faced with growth limitations and benefit-sharing challenges, which threaten the sustainability and survival of these initiatives.

Against this backdrop, the obvious alternative to achieve economic sustainability is to become commercial enterprises that can derive income, generate and maintain employment, and grow thanks to the processing and marketing of forest goods and services. To date, there are 136 registered production initiatives, whose objective is to become micro, small or medium community forest enterprises. (See Annex 4)

Because of their very nature, community groups lack business management skills and this is reflected in:

1. Inadequate production, marketing and commercialization processes
2. Limited product quality and production volumes
3. Lack of knowledge about marketing and commercialization channels in general
4. Lack of business negotiation capacity
5. Lack of market knowledge
6. Lack of knowledge about financing and fund management
7. Lack of knowledge about technical, legal and fiscal requirements for the operation of their enterprises
8. Lack of information on how to measure commercial and financial risks

Furthermore, they face a number of adverse conditions that limit their development, such as:

1. Long distance to traditional markets
2. The idea of establishing the enterprises comes from non-profit community development groups but when they become commercial enterprises, there is disagreement among group members
3. They only deal with local markets of limited purchasing power
4. Non-standardized, intermittent production activities.
5. Fear of taking on commercial commitments, due to:
6. A lack of business management guidance and assistance.

All of these factors clearly show that there is a need to “strengthen the business management capacity of forest MSMEs in Guatemala” by providing professional support to these groups in business management activities such as the development of their business profiles, the development of a financial support scheme, training in market identification, product design, marketing and sales and access to the formal sector so as to address new markets or increase their production levels.

## 2.3 Objectives

### 2.3.1 Development objective and impact indicators

#### Development objective

Contribute to poverty alleviation and local development by strengthening community enterprises involved in the production and marketing of timber and non-timber products and environmental services.

Long-term impact indicators are:

**By the end of the project, it is expected that at least 16 selected forest MSMEs will be implementing their business plans and will have managed to:**

- **increase their average annual income by 30% through product marketing;**
- **increase the number of generated jobs by 20%;**
- **increase production by 20% in each assisted forest MSME.**

### 2.3.2 Specific objective and outcome indicators

#### Specific Objective:

Improve local business management capacities to develop and manage forest MSMEs.

Outcome indicators are:

- By the end of the project, there is an updated inventory of forest MSMEs at the national level, **which will facilitate the identification and classification of community production initiatives according to support needs and the search for partnerships to meet these needs.**
- By the end of the project, at least 40 MSMEs have a diagnostic assessment of their situation and needs **and are assisted according to their degree of development.**
- By the end of the project, at least 16 business plans have been developed for forest MSMEs and are under implementation, **successfully linking these enterprises to the national market.**
- By the end of the project, at least 8 production chains **are promoted among forest MSMEs and/or national and international enterprises to ensure their market access.**
- By the end of the project, at least 120 members of forest MSMEs have been trained in business management **and are working with their respective forest MSMEs.**
- By the end of the project, at least 3 new processes and/or products have been designed/tested in cooperation with universities **and have production and marketing plans.**

## **PART 3 DESCRIPTION OF PROJECT INTERVENTIONS**

### **3.1 Outputs**

**Output 1: Business management plans for forest MSMEs under implementation.**

**Output 2: Business Management Services Program for forest MSMEs available at the national level.**

### **3.2 Activities and inputs**

**Output 1: Business management plans for forest MSMEs under implementation.**

Activity 1.1: Carry out an inventory and diagnostic survey of forest MSMEs by pilot region.

Activity 1.2: Develop and implement a business management work plan for prioritized MSMEs.

**Activity 1.3: Provide commercial assistance and guidance to community forest groups and individual producers for the formal establishment of their enterprises.**

Activity 1.4: Develop business plans for forest MSMEs.

Activity 1.5: Develop and promote production chains for forest MSMEs.

**Output 2. Business Management Services Program for forest MSMEs available at the national level.**

Activity 2.1: Train trainers in business management.

**Activity 2.2: Support producers in market promotion of products and business negotiations.**

**Activity 2.3: Develop a training program on business management addressed to the members of selected MSMEs.**

### **3.3 Implementation approaches and methods**

The project will adopt a participatory approach bringing together trade liaison officers and forest MPME members so that they can determine the current situation of community groups and their willingness to become business men and women. The project will assess the availability of resources of these groups and will identify the potential products they can produce and market. This will determine the supply side of the equation and on this basis, information can then be gathered on potential markets, possible competition and the training and financing required by these groups to start their businesses.

It is very important that the members of these community groups be involved in and committed to the establishment and strengthening of their enterprises from the very beginning so as to build the local capacities that will allow them to continue their commercial activities after project completion.

Subsequently, the phase for the development of their business plans must be implemented using the information previously gathered and discussed by potential entrepreneurs with the help of INAB's trade liaison officers, who must provide guidance in the formulation of business plans and manage and organize the appropriate training required to implement them.

When the plans have been formulated, the project, once again in cooperation with potential entrepreneurs, will outline the road map for the implementation of training activities and the provision of production, legal and financial assistance and will identify existing channels and instruments that can be accessed to support the development of MSMEs at the regional and national levels and thus guide the group in that direction.

### 3.4 Work Plan

Outputs/Activities	Responsible Party	Year 1				Year 2			
		1	2	3	4	1	2	3	4
<b>Output 1. Business management plans for forest MSMEs under implementation</b>									
Activity 1.1: Carry out an inventory and diagnostic survey of forest MSMEs <b>by pilot region</b>	Regional trade liaison officers /Project coordinator								
Activity 1.2: Develop and implement a business management work plan for prioritized MSMEs									
Activity 1.3: Provide commercial assistance and guidance to community forest groups and individual producers for the formal establishment of their enterprises.									
Activity 1.4: Develop business plans for forest MSMEs									
Activity 1.5: Develop proposal, discuss and promote production chains for forest MSMEs									
<b>Output 2. Business Management Services Program for forest MSMEs available at the national level</b>									
<b>Activity 2.1: Training trainers in business management</b>	Regional trade liaison officers /Project coordinator								
<b>Activity 2.2: Support producers in market promotion of products and business negotiation</b>									
<b>Activity 2.3: Develop a training program on business management addressed to the members of selected MSMEs</b>									

### 3.5 Master budget schedule

Output /Activity	Description	Budget Component	Quantity		Unit	Unit cost	Total Cost	ITTO		EA
			Year 1	Year 2				Year 1	Year 2	
<b>Output 1</b>	<b>3 Regional forest trade liaison offices implementing business management plans with MSMEs</b>									
<b>A.1.1</b>	<b>Carry out an inventory and diagnostic survey of forest MSMEs by region</b>									
	4 INAB technicians as regional trade liaison officers (3 months each)	12	12	12	Person/month	900	21600	0	0	21600
<b>A.1.2</b>	<b>Develop and implement a business management work plan for prioritized MSMEs</b>									
	Projection equipment	41	2	0	Equipment	800	1600	1600	0	0
	Portable computer equipment (Laptop 4G RAM, 500 GB Hard Disk, 2.5 GHZ Processor, including desk, printer, chair and bag/case)	41	3	0	Equipment	1200	3600	3600	0	0
<b>A.1.3</b>	<b>Provide commercial assistance and guidance to community forest groups and individual producers for the formal establishment of their enterprises</b>									
	Business Management Assistant	12	12	12	Person/month	1100	26400	13200	13200	0
	EMPRETEC course (2 INAB technicians to support forest groups and producers)	21	6	0	Person/month/course	900	<b>10800</b>	<b>10800</b>	0	0
<b>A.1.4</b>	<b>Develop business plans for prioritized forest MSMEs</b>									
	4 INAB technicians as regional trade liaison officers (3 months each)	12	12	12	Person/month	900	21600	0	0	21600
<b>A.1.5</b>	<b>Develop proposal, discuss and promote production chains for forest MSMEs</b>									
	2 workshops for development of proposal, discussion and promotion of production chains (20 people, 1 day)	61	0	60	Person/month	25	1500	0	1500	0

Output /Activity	Description	Budget Component	Quantity		Unit	Unit cost	Total Cost	ITTO		EA
			Year 1	Year 2				Year 1	Year 2	
<b>Output 2.</b>	<b>Business Management Services Program for forest MSMEs available at the national level</b>									
<b>A.2.1</b>	<b>Train trainers in business management</b>									
	10 courses for forest MSME members (3 days, 15 people)	61	0	300	Person/month	40	12000	<u>6000</u>	<u>6000</u>	0
<b>A.2.2</b>	<b>Support producers in business negotiation and promotion of products</b>									
	Support to producers for their participation in trade fairs and other trade fora (20 people, 3 events per year)	31	60	60	Day/person/meals	80	<u>9600</u>	<u>4800</u>	<u>4800</u>	0
<b>A.2.3</b>	<b><u>Develop a training program on business management addressed to the members of selected MSMEs</u></b>									
	<u>10 training workshops on business management addressed to MSME members (25 people, 1 day)</u>	<u>61</u>	<u>125</u>	<u>125</u>	<u>Day/person/meals</u>	<u>20</u>	<u>5000</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<b>A.2.4</b>	<b>Carry out research and development of products and processes</b>									
	Sub-contract for product design	21	0	1	Person/month	<u>4000</u>	<u>4000</u>	0	<u>4000</u>	0
<b>SUB-TOTAL</b>							<u>117,700</u>	<u>42500</u>	<u>32000</u>	<u>43200</u>
<b>A0.0</b>	<b>Non-activity based expenses</b>									
	Project Coordinator	11	12	12	Person/month	1,600	38,400			38,400
	Secretarial support	112	12	12	Person/month	700	16,800	0	0	16,800
	Accountant – Administrator	113	12	12	Person/month	750	18,000	9,000	9,000	0
	Office costs - INAB (Capital Items)	41	12	12	Monthly rent	300	7,200	0	0	7,200
	Office costs (Consumable Items)	54	12	12	Monthly amount	160	<u>3,840</u>	<u>1,920</u>	<u>1,920</u>	0

Output /Activity	Description	Budget Component	Quantity		Unit	Unit cost	Total Cost	ITTO		EA
			Year 1	Year 2				Year 1	Year 2	
	Fuel	51	12	12	Monthly amount	500	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>	0
	Duty Travel (Coordination)	31	12	12	Monthly amount	300	8,000	4,000	4,000	0
	DSA - INAB	31	12	12	Monthly amount	300	7,200	0	0	7,200
	Office utilities - INAB	53	12	12	Monthly amount	150	3,600	0	0	3,600
	Materials and supplies	54	12	12	Monthly amount	150	1,000	500	500	0
	Audits (annual and final)	62	0	1	Person/month	3,000	3,000	0	3,000	0
<b><u>SUB-TOTAL</u></b>	-	-	-	-	-	-	<b><u>117,040</u></b>	<b><u>20420</u></b>	<b><u>23420</u></b>	73200
<b>A0.5</b>	Monitoring and Evaluation									
	ITTO Monitoring and review	82	1	1	Lump sum	15,000	15,000			
	ITTO programme support costs	85	0	0	Lump sum	<b><u>16001</u></b>	<b><u>16001</u></b>			
	INAB administrative costs	72	0	0	Lump sum	9,312	9,312			
<b><u>SUB-TOTAL</u></b>						-	<b><u>40,313</u></b>			
<b><u>GRAND TOTAL</u></b>							<b><u>275,053.00</u></b>			

### 3.5.1. Consolidated budget by component:

Item	Description	TOTAL	YEAR 1	YEAR 2
<b>10</b>	<b>PERSONNEL</b>			
11	Project Coordinator	38400	19200	19200
111	Secretarial support	16800	8400	8400
112	Accountant-administrator	18000	9000	9000
113	4 INAB technicians as regional trade liaison officers	43200	21600	21600
12.1	Business Management Assistant	26400	13200	13200
<b>19.</b>	<b>Component Total</b>	<b>142800</b>	<b>71400</b>	<b>71400</b>
<b>20</b>	<b>SUB-CONTRACTS</b>			
21	Sub-contract for EMPRETEC course (2 INAB technicians to support forest groups and producers)	<u>10800</u>	<u>10800</u>	0
132	Sub-contract for product design	<u>4000</u>	0	<u>4000</u>
<b>29.</b>	<b>Component Total</b>	<b>14800</b>	<b>10800</b>	<b>4000</b>
<b>31</b>	<b>DUTY TRAVEL</b>	8000	4000	4000
312	DSA - INAB	7200	3600	3600
313	Support to producers for participation in trade fairs and other trade fora (40 people, 4 events per year)	<u>9600</u>	<u>4800</u>	<u>4800</u>
<b>39.</b>	<b>Component Total</b>	<b>24800</b>	<b>12400</b>	<b>12400</b>
<b>40</b>	<b>CAPITAL ITEMS</b>			
41	Office costs - INAB (rent)	7200	3600	3600
44	Projection equipment	1600	1600	0
441	Portable computer equipment (Laptop 4G RAM, 500 GB Hard Disk, 2.5 GHZ Processor, including desk, printer, chair and bag/case)	3600	3600	0
<b>49.</b>	<b>Component Total</b>	<b>12400</b>	<b>8800</b>	<b>3600</b>
<b>50</b>	<b>CONSUMABLE ITEMS</b>			
51	Fuel	<u>10000</u>	<u>5000</u>	<u>5000</u>
53	Office utilities - INAB	3600	1800	1800
54	Materials and supplies	1000	500	500
541	Office costs	<u>3840</u>	<u>1920</u>	<u>1920</u>
<b>59.</b>	<b>Total Component</b>	<b>18440</b>	<b>9220</b>	<b>9220</b>
<b>60</b>	<b>MISCELLANEOUS</b>			
612	2 workshops for development of proposal, discussion and promotion of production chains (20 people, 1 day)	1500	0	1500
613	10 courses for forest MSME members (3 days, 15 people)	12000	12000	0
614	<u>10 training workshops on business management addressed to MSME members (25 people, 1 day)</u>	<u>5000</u>	<u>2500</u>	<u>2500</u>
62	Audits (annual and final)	3000	0	3000
<b>69</b>	<b>Total Component</b>	<b>21500</b>	<b>14500</b>	<b>7000</b>
<b>70</b>	<b>NATIONAL MANAGEMENT COSTS</b>			
71	INAB administrative costs	9312		
<b>79.</b>	<b>Component Total</b>	<b>9312</b>		
<b>80</b>	<b>PROJECT MONITORING AND ADMINISTRATION</b>			
82	ITTO monitoring and review	15000		
85	ITTO programme support costs	<u>16001</u>		
<b>89.</b>	<b>Component Total</b>	<b>31001</b>		
<b>100</b>	<b>GRAND TOTAL</b>	<b><u>275,053.00</u></b>		

### 3.5.2 ITTO budget by component:

Item	Description	TOTAL	YEAR 1	YEAR 2
<b>10</b>	<b>PERSONNEL</b>			
112	Accountant-administrator	18000	9000	9000
12.1	Business Management Assistant	26400	13200	13200
	<b>Component Total</b>	<b>44400</b>	<b>22200</b>	<b>22200</b>
<b>20</b>	<b>SUB-CONTRACTS</b>			
21	Sub-contract for EMPRETEC course (2 INAB technicians to support forest groups and producers)	<u>10800</u>	<u>10800</u>	0
132	Sub-contract for product design	<u>4000</u>	0	<u>4000</u>
	<b>Component Total</b>	<b>14800</b>	<b>10800</b>	<b>4000</b>
31	<b>DUTY TRAVEL</b>	8000	4000	4000
313	Support to producers for participation in trade fairs and other trade fora (40 people, 4 events per year)	<u>9600</u>	<u>4800</u>	<u>4800</u>
	<b>39. Component Total</b>	<b>17600</b>	<b>8800</b>	<b>8800</b>
<b>40</b>	<b>CAPITAL ITEMS</b>			
44	Projection equipment	1600	1600	0
441	Portable computer equipment (Laptop 4G RAM, 500 GB Hard Disk, 2.5 GHZ Processor, including desk, printer, chair and bag/case)	3600	3600	0
	<b>49. Component Total</b>	<b>5200</b>	<b>5200</b>	<b>0</b>
<b>50</b>	<b>CONSUMABLE ITEMS</b>			
51	Fuel	<u>10000</u>	<u>5000</u>	<u>5000</u>
54	Materials and supplies	1000	500	500
541	Office costs	<u>3840</u>	<u>1920</u>	<u>1920</u>
	<b>59. Component Total</b>	<b>14840</b>	<b>7420</b>	<b>7420</b>
<b>60</b>	<b>MISCELLANEOUS</b>			
612	2 workshops for development of proposal, discussion and promotion of production chains (20 people, 1 day)	1500	0	1500
613	10 courses for forest MSME members (3 days, 15 people)	12000	12000	0
614	<b>10 training workshops on business management addressed to MSME members (25 people, 1 day)</b>	<u>5000</u>	<u>2500</u>	<u>2500</u>
62	Audits (annual and final)	3000	0	3000
	<b>69. Component Total</b>	<b>21500</b>	<b>14500</b>	<b>7000</b>
<b>80</b>	<b>PROJECT MONITORING AND ADMINISTRATION</b>			
82	ITTO monitoring and review	15000		
85	ITTO programme support costs	<u>16001</u>		
	<b>89. Component Total</b>	<b>31001</b>		
<b>100</b>	<b>GRAND TOTAL</b>	<b>149,341.00</b>		

**3.5.3. Executing agency budget by component**

Item	Description	TOTAL	YEAR 1	YEAR 2
<b>10</b>	<b>PERSONNEL</b>			
11	Project Coordinator	38400	19200	19200
111	Secretarial support	16800	8400	8400
113	4 INAB technicians as regional trade liaison officers	43200	21600	21600
	<b>Component Total</b>	<b>98400</b>	<b>49200</b>	<b>49200</b>
312	DSA - INAB	7200	3600	3600
	<b>39. Component Total</b>	<b>7200</b>	<b>3600</b>	<b>3600</b>
<b>40</b>	<b>CAPITAL ITEMS</b>			
41	Office costs - INAB (rent)	7200	3600	3600
	<b>49. Component Total</b>	<b>7200</b>	<b>3600</b>	<b>3600</b>
<b>50</b>	<b>CONSUMABLE ITEMS</b>			
53	Office utilities - INAB	3600	1800	1800
	<b>Component Total</b>	<b>3600</b>	<b>1800</b>	<b>1800</b>
<b>70</b>	<b>NATIONAL MANAGEMENT COSTS</b>			
71	INAB administrative costs	9312		
	<b>79. Component Total</b>	<b>9312</b>		
<b>100</b>	<b>GRAND TOTAL</b>	<b>125,712.00</b>		

## PART 4: IMPLEMENTATION ARRANGEMENTS

### 4.1 Executing agency and organizational structure

**INAB will be the executing agency of this project; as such, it will take on responsibility for coordination and outputs, and will ensure compliance with the main indicators and assumptions outlined in this proposal.**

The National Forest Institute (INAB), an autonomous, decentralized 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 as established by the current forest legislation of Guatemala (1996). The profile of the executing agency is shown in ANNEX 1.

INAB is responsible by law for the administration of forests outside protected areas. With its 32 sub-regional offices and 9 regional directorates, the Institute has a functional structure and national coverage. This institutional structure has enabled INAB to implement a large number of actions and programs, in particular, the Forest Incentive Programme – PINFOR, which has achieved the reforestation of 94,000 hectares and the management of 174,000 hectares of natural forests, while continuously promoting the decentralization of the forest administration.

The Institute's 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) Promote forest research; d) Coordinate the implementation of forest development programmes; and e) Develop programmes and projects aimed at forest conservation.

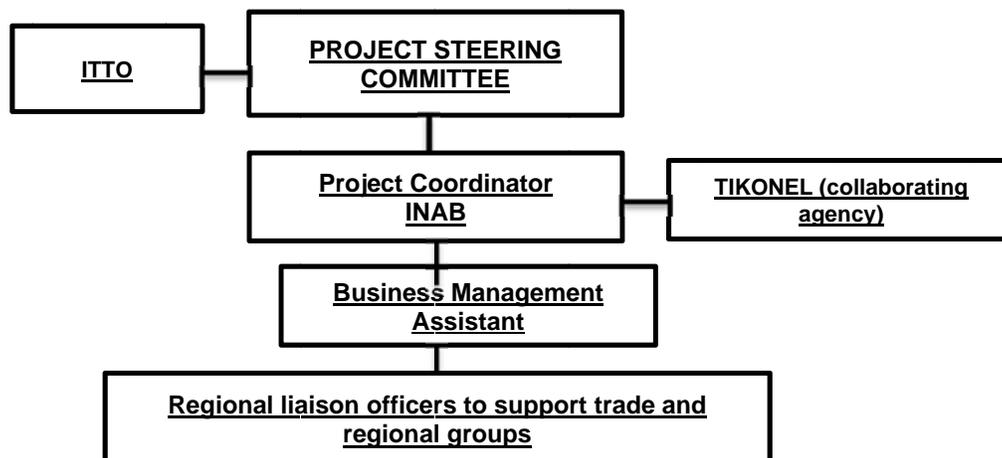
INAB has developed different participatory mechanisms at both the national and local levels with the involvement of various stakeholders. These mechanisms include coordination and cooperation with business development organizations such as MINECO, AGESPORT and INTECAP, among others.

### 4.2 Project management team

**INAB will appoint a Coordinator. The Project Coordinator should be a forest engineer with over 5 years proven experience in the management of forest or related projects and expertise in forest trade. The Coordinator will be in charge of overall project coordination and successful implementation, as well as the supervision of the technical team. INAB will appoint all the members of this team at the start of project activities. The team will be made up as follows:**

- **Project Coordinator**
- **Secretary**

The project management structure is shown in the following flowchart:



#### 4.1.2 Project Steering Committee

INAB will set up a Project Steering Committee (PSC). This Committee will operate according to the relevant ITTO regulations, and will be made up of the following members:

- ITTO representative
- INAB representative
- TIKONEL representative
- 2 MSME representatives

The role of the Project Steering Committee will be to ensure due compliance with the schedule of activities and outputs of this project.

#### 4.1.3 Stakeholder involvement mechanisms

INAB recognizes the important role played by forest MSMEs in the national economy. It also recognizes that because of their very nature, these enterprises must face a number of economic, legal, institutional, administrative, production, financial, training and information challenges.

The Forest Industry and Trade Directorate was established in 2012 as part of INAB's restructuring to adequately respond to new forest sector demands, including the business development of incentive program beneficiaries, the diversification and modernization of the forest industry and the provision of environmental services. This Directorate is the agency responsible for identifying the need for support required for the enterprises' commercial growth and development and their value-added production of products from natural forests and forest plantations, and for providing strategic information, technical assistance, training and guidance to facilitate the access of MSMEs to markets.

In this context, there is a clear need to strengthen the business management capacity of these community groups through the provision of technical assistance to develop their business profiles and identify sources of financial support as well as training on markets, product design, marketing and sales, and access to the formal sector to enable them to address new markets and expand their production.

To this end, the implementation of a pilot project is proposed to help build local business management capacities through INAB's trade liaison officers, provide guidance to community groups in the identification, establishment and promotion of forest enterprises, and support the training of these groups in production, administrative, accounting, legal and business issues and product design, while providing them with technical assistance to facilitate their access to financing sources.

INAB's trade liaison officers should establish cooperation channels with technical and financial support agencies to provide assistance to MSMEs (MINECO, AGEXPORT, INTECAP and international cooperation agencies).

## 4.2 Project management

The administration of the project will be as follows:

INAB, in its capacity as executing agency of the project, will take on responsibility for coordination and outputs, and will ensure compliance with the main indicators and assumptions outlined in this proposal. TIKONEL, as a collaborating agency, will provide technical and administrative support, sharing responsibility for the activities with INAB. The relationship between INAB and TIKONEL will be defined according to ITTO regulations.

The role of TIKONEL in this project will be two-fold: a) financial administration of the project; and b) technical support: it will provide support to and assist INAB throughout the entire project by providing technical assistance, methodological support, training and guidance in the development and use of tools and instruments to ensure the success of the project in the field.

INAB will appoint a Project Coordinator, who will be responsible for the coordination and implementation of the entire project, and for supervising the team of technicians, who will serve as trade liaison officers in the work regions. INAB will appoint all the members of this team at the start of project activities.

### **4.3 Monitoring and reporting**

Within 8 weeks of the start of the project, the Project Coordinator will prepare an initial report for the first meeting of the Project Steering Committee.

Every 6 months, INAB will send Progress Reports to the ITTO Secretariat according to the relevant ITTO requirements. Consultancy reports will also be submitted to ITTO. The Completion Report will be sent to the Secretariat within 3 months of project completion. ITTO's monitoring missions will take place according to that Organization's schedule. These missions will review project progress measuring compliance with the relevant indicators. Progress in the implementation of the project will also be reported through the ITTO online system.

The Coordinator and technical team of the project will determine the most suitable method for information gathering and processing purposes in order to successfully monitor project progress.

## ANNEX 1: Profiles of the executing agency and collaborating agencies

### A. EXECUTING AGENCY

The National Forest Institute (INAB), an autonomous, decentralized 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 as established by the current forest legislation of Guatemala (1996).

INAB is responsible by law for the administration of forests outside protected areas. With its 33 sub-regional offices and 9 regional directorates, the Institute has a functional structure and national coverage. The Institute's main functions are:

Implement forest policies; ii) Promote and encourage forest development in the country through sustainable forest management, reforestation, forest-based crafts and industry, and watershed protection and development; iii) Promote forest research; iv) Coordinate the implementation of forest development programmes; and v) 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".

The Forest Industry and Trade Directorate was established in 2012 as part of INAB's restructuring to adequately respond to new forest sector demands, including the business development of incentive program beneficiaries, the diversification and modernization of the forest industry and the provision of environmental services. This Directorate is the agency responsible for identifying the need for support required for the enterprises' commercial growth and development and their value-added production of products from natural forests and forest plantations, and for providing strategic information, technical assistance, training and guidance to facilitate the access of MSMEs to markets.

### Infrastructure

INAB has 9 Regional Directorates, which are distributed as follows.

No.	Region	Department	No. of sub-regions
I	Metropolitan	Guatemala	Nil
II	Las Verapaces	Alta Verapaz and Baja Verapaz	7
III	Northeast	Chiquimula, El Progreso, Izabal, Zacapa.	4
IV	Southeast	Jutiapa, Jalapa and Santa Rosa	3
V	Central	Chimaltenango and Sacatepéquez	2
VI	West	Quetzaltenango, San Marcos, Sololá and	4
VII	Northwest	Huehuetenango, Quiché	4
VIII	El Petén	Petén	4
IX	South Coast	Escuintla, Retalhuleu, Suchitepéquez	4
<b>TOTAL</b>			<b>33</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.

## ANNEX 2: Tasks and responsibilities of key experts provided by the executing agency

### A. Project Coordinator (INAB counterpart)

<b>Position title</b>	Head of the Department of Forest Trade Promotion
<b>Directorate / Region</b>	Forest Industry and Trade
<b>Academic degree</b>	Agricultural Engineer
<b>Specialized studies</b>	Master's Degree in Natural Resource Management
<b>Work experience</b>	5 to 7 years experience in similar positions
<b>Special knowledge and skills</b>	Forest sector, forest industry, timber and non-timber forest products
<b>Language(s)</b>	Spanish, with a knowledge of English
Type of contract: Cat. 022 – Permanent staff	
<b>SPECIFIC DUTIES</b>	
1. Generating strategic information on the supply and demand of forest products and environmental services	
2. Analyzing and disseminating information on national and international markets for forest products.	
3. Promoting potential production chains identified through the strategic information collected.	
4. Facilitating the organization of stakeholders and the arrangement of financing to establish forest industrial development centers	
5. Coordinating with other agencies for the establishment of market intelligence mechanisms to support forest production activities	
6. Proposing the implementation of actions to strengthen the forest product trade.	
7. Proposing and executing the budget of the Forest Trade Promotion Department	
8. Promoting the organization of stakeholders to develop identified production chains	
9. Identifying and promoting financing mechanisms to support the development of forest production chains.	
10. Administrating the Forest Industry and Trade Information System (SIlyCF)	
11. Coordinating training on business management and competitiveness addressed to forest sector stakeholders.	
12. Assessing the timber supply in forest regions and/or from associations, trade organizations and other supply mechanisms.	
13. Promoting and supporting forest product supply and demand linking events (fairs, business rounds, meetings).	
14. Strengthening inter-institutional relations and strategic partnerships in support of trade in forest products and by-products.	
15. Planning, coordinating, supervising and evaluating the activities of the Forest Trade Promotion Department	
16. Managing funding to strengthen the Department's functions.	
17. Coordinating actions with the Head of Forest Industry Development and Forest Diversification	

**B. Regional Trade Liaison Officers (4 counterpart INAB technicians)**

Qualifications:

- Professional degree in the field of natural resources and/or agricultural production systems.
- Knowledge of government and private forest sectors in Guatemala.
- Experience in the design and development of forest training and extension activities.
- Sound knowledge of computer packages.

Duties:

- Support the implementation of the project as regional trade liaison officers
- Receptive to ongoing training on business management
- Ability to replicate the acquired knowledge among beneficiary groups
- Develop and maintain an updated inventory of MSMEs in their respective regions
- In coordination with the project coordinator, organize and coordinate business training and promotion events in their respective regions
- Maintain active communication with their institutional counterparts, the project staff and other bodies
- Assist, guide and facilitate the actions of community groups in the field of trade

## **ANNEX 3: Tasks and responsibilities of key experts funded by ITTO**

### **1. Technical Assistant in Business Management**

#### Qualifications:

- University training with a Master's degree or above in markets and marketing or related discipline
- Expertise in the institutional, community and private forest sectors of Guatemala
- Knowledge and ability for the training of adults with poor education background
- A minimum of 3 years experience in the development of business plans and the promotion of production chains

#### Duties:

- Develop a technical proposal of criteria and methods for the Business Management Services Program
- Provide training and guidance to the project's technical team in the field of forest trade
- Identify business counterparts, financing funds and training programs to contribute to the development of MSMEs at the national and regional levels
- Arrange and establish communication and cooperation links with identified counterparts
- Document and systematize project experiences
- Submit monthly project progress reports

#### ANNEX 4: Community groups and identified production activities

No.	Association	Activities
1.	ATZAMHA (Santa Lucía)	Citrus and cacao production and marketing, <b>Forest products (low diameter timber)</b>
2.	ASOSELNOR (Pataté)	Production and marketing of citrus, cacao, xate and pineapple
3.	ASODIRP (Rocja Pomtila)=	Cacao, Ecotourism
4.	ADIMIL (Salacuim)	Handicrafts
5.	APROCHILCO (Saholom)	Honey
6.	K'ATB'ALPOM (Salacuim)	Cacao
7.	ASOCOCOSERESA (Salacuim)	Fellowships, infrastructure
8.	ACODESERESA (Santa Lucia)	Fellowships, infrastructure
9.	Cooperativa Integral Agrícola Joya Hermosa de las Tres Cruces R.L.	
10.	Cooperativa Agropecuaria de Servicios Varios San Bartolo R.L.	
11.	Cooperativa de Ahorro y Crédito Integral Rafaeleña, R.L.	
12.	Asociación de Desarrollo Integral Productivo Yamanonh-Adipy	
13.	Asociación de Agricultores Bitenám	
14.	Asociación de Comunidades Rurales para el Desarrollo Integral ACORDI	
15.	Asociación de Agricultores Tinecos ADAT	
16.	Cooperativa Integral Agrícola Flor Guadalupana Bacuence R. L.	
17.	Cooperativa Agrícola Integral AXOLA	
18.	Asociación de Desarrollo Integral Comunitario de la Región Norte de Huehuetenango Icozundehue	
19.	Cooperativa Agrícola Paquixena Cuchumateca	
20.	Cooperativa Integral Agrícola Teogal	
21.	Asociación de Mujeres Eulalenses AMEDIPK	
22.	Asociación Asilvo Chancol	
23.	Asociación de Campesinos Forestales ADECAF	
24.	Asociación de Desarrollo Agroforestal Integral Sostenible ADAFIS. Centro de Sibinal.	Ecotourism with Austrian cooperation, Conservation of Pavo de Cacho
25.	Asociación de Desarrollo Integral del Altiplano Marquense ADIAM. 4ta. Calle 7-10, zona 4 San José Ojetanam, San Marcos.	Fruit trees
26.	Asociación de Desarrollo Integral Comunitario de Tejutla. 2da. Avenida 1-04 Zona 2, Tejutla, San Marcos.	Beekeeping

No.	Association	Activities
27.	Cooperativa Integral Agrícola Unión y Progreso San Pablo Toaca. Aldea San Pablo Toaca, Tacaná, San Marcos.	Ecotourism, credit capital
28.	Asociación para el Desarrollo Técnico Sostenible ASODETS. Tajumulco, San Marcos	Certified organic coffee, PINFRUTA (fruit production incentives program), handicrafts, ecotourism
29.	AFDESUD	Jam, jewelry-making, recycling
30.	Asociacion Taj Guatemala	Insulation, basketry, recycled paper boxes
31.	Asociacion Oblatas del santisimo Redentor	Embroidered cards, typical earrings
32.	Asociacion AKTENAMIT	Fruit bowls made of banana and maize leaves, cards, dividers, notebooks, corozo handicrafts
33.	Unidas Para Vivir Mejor UPAVIM	Bags, purses and jewelry-making, recycling
34.	Asociacion de Desarrollo Comunal JABELYA	Natural products, palo de café handicrafts, cane handicrafts
35.	Grupo RENACER / ASDECOHUE	Pine leaf handicrafts, basketry, earrings, hats
36.	MermeGuate	Jams and pickles
37.	Puntos y Puntadas / ASDECOHUE	Wooden ornaments
38.	Enredemos por el Corazon Verde	Organic agroforestry products
39.	Enredemos por el Corazon Verde	General handicrafts
40.	Cooperativa Chirrepec	Tea
41.	Granja integral La Esperanza	Fiber and wood handicrafts
42.	El terrero	Pine leaf handicrafts
43.	Tienda Medel	
44.	Comunidad El Zarzal	Palm leaf handicrafts
45.	Asociación de Desarrollo Empresarial Comunitario El Rodeo –ADECRO-	Pine leaf handicrafts, pottery and other
46.	Cooperativa Integral El Bosque –COOBOSQUE-	Pine leaf handicrafts
47.	Art industria	Furniture
48.	Asociación Tikonel Mueblería, Ebanistería & Carpintería	Wooden handicrafts
49.		Wooden handicrafts
50.	Asociación de Autogestión Turística de Tajumulco	Ecotourism
51.	Parque Regional Municipal Canulá	Ecotourism
52.	ASOAFIT	Ecotourism
53.	Asociacion de Cuchareros	Wooden handicrafts
54.	Tienda Los Pajaros	Wooden handicrafts
55.	Parque ecologico Chajil Siwan	Ecotourism
56.	Asociacion El buen tallador	Wood carvings
57.	Artesanias Solis,	Guitars
58.	Asociacion de Desarrollo de Artesania Integral K'ablajuj Noj ADICS	Wooden handicrafts
59.	Cajeteria Ajpoo	Wooden boxes, marionettes, toys
60.	Muebleria artesanal	Furniture

<b>No.</b>	<b>Association</b>	<b>Activities</b>
61.	Grupo de productores de máscaras.	Masks
62.	Innova S.A., Quetzaltenango	Fiber and wood handicrafts
63.	Familia a Familia	Organic coffee, forest nursery, textiles
64.	Artesanias Momostecas	Wooden handicrafts and textiles
65.	Fundación Agros,	Wooden handicrafts
66.	CIPAC R.L.	Honey, pollen, propolis, beekeeping equipment
67.	Fundación Progresar,	Eco-firewood, worm compost
68.	Miniaturas Arguello	Wooden miniatures
69.	Museum of Ceremonial Masks.	Wooden masks
70.	DICOMM	Timber design and construction
71.	Asociacion de Mujeres Artesanas El Porvenir de Chinanton	Palm leaf handicrafts.
72.	Productos Melíferos "Perla Ixil"	Honey, pollen and byproducts
73.	Alimentos Nutrinaturales S.A	Maya nut flour, ramon nut products
74.	Sociedad Civil para el Desarrollo Arbol Verde.	Furniture
75.	Cooperativa Integral de Comercialización Carmelita R.L.	Furniture
76.	Cooperativa Los unidos	Spoons and other wooden utensils
77.	Cooperativa Integral El Bosque - COOBOSQUE	Pine leaf handicrafts
78.	Finca Santa Fe	Furniture and wood carvings
79.	Cooperativa Integral Agrícola Nuevo México – CONUME	Textiles, furniture
80.	DSAMBU	Wood and bamboo objects
81.	Asociación de Mujeres Campesinas de Oriente	Reforestation, Pine leaf handicrafts
82.	Asociación para la Coordinación del Desarrollo de San Juan Ermita	Tusa handicrafts
83.	Asociación de Desarrollo Integral de San Jacinto	Reforestation
84.	Asociación de Usuarios de Caminos Rurales de Zacapa Chiquimula	Nurseries
85.	Asociación Campesina Intercomunal de Quezaltepeque	Nurseries
86.	Asociación de Desarrollo Integral de la Parte Alta de Zacapa	Nurseries
87.	Asociación para la Coordinación para el Desarrollo Rural de Olopa	Nurseries
88.	AWUMTE	Reforestation and ecotourism
89.	ADISAB	Management of protection forests and reforestation
90.	ASILVO CHANCOL	Reforestation and forest industry
91.	AMEDIPK	Reforestation, forest nursery, mushroom production
92.	Cooperativa SAJCABAJENSE	Reforestation, nurseries

No.	Association	Activities
93.	FUNDACIÓN AGROS	Reforestation, carpentry, nurseries
94.	Carpinteros	Independent workshops
95.	Carpinteros	Independent workshops
96.	ASILVO CHANCOL	Mobile sawmill
97.	ICOZUNDEHUE	Timber drying kiln
98.	JOYA HERMOSA	Carpentry
99.	AMEDIPK	Storage warehouse
100.	FLOR GUADALUPANA BACUENSE	Stocking center
101.	AWAUNTE:	Mobile sawmill
102.	MUNICIPALIDAD DE JACALTENANGO	Timber drying kiln
103.	CONCEPCIÓN HUISTA	Carpentry
104.	LA BENDICION DE DIOS	Storage warehouse
105.	COMUNITARIOS FINCA SAN FRANCISCO, NENTON	Stocking center.
106.	LOS QUETZALES, Nenton	
107.	Asociación de Desarrollo Etno-turismo en Conservación del Medio Ambiente de la Comunidad de Pamuc	Ecotourism
108.	Asociación Comité Forestal de la Comunidad Pozo Seco Seinup	Cardamom (some members). Other products: pineapple (produced but without a market)
109.	Asociación Comité Forestal Valle Verde	Carpentry, handicrafts
110.	Asociación Flor de la Montaña (Rutzuj Liquiché)	Products: Rucksacks, Huipil weaving
111.	Comunidad de Nueva Alianza	1. Macadamia 2. Coffee
112.	Asociación Agropecuaria y Artesanal Para el Desarrollo la Guadalupeana	Pine leaf handicrafts
113.	Asociacion Parcialidad Vicente	Forest nursery, marketing of species
114.	Asociación de Mujeres para el Desarrollo Integral Pixan Konob'	Forest nursery
115.	Cooperativa Agrícola Integral Chirrepec R.L	Black tea
116.	Asociacion de Agricultores para el Desarrollo Forestal Ambiental y Agroindustrial.	Doors
117.	Asociacion de Desarrollo Integral Comunitario	1. Jelly 2. Honey 3. Cereal
118.	Asociacion La Voz del Pueblo-Q'eqchi, Region Norte A.V ATZAMHA, Agua Salada	Reforestation
119.	Cooperativa Agrícola Integral Chirrepec, R.L.	°
120.	Cooperativa Agrícola Integral Chicoj, R.L.	Forest plantations
121.	Cooperativa Integral Agrícola Santa María Chipur Sanimtaca, R.L.	Forest plantations
122.	Cooperativa Integral Agrícola Santo Domingo las Cuevas.	Forest plantations
123.	Cooperativa Integral Agrícola Chilté, R.L.	Forest plantations
124.	Cooperativa Integral Agrícola Tierra Nueva, R.L.	Forest plantations
125.	Cooperativa Integral Agrícola El Quetzalito, R.L.	Forest plantations
126.	Cooperativa Integral Agrícola Seritquiche, R.L.	Forest plantations
127.	Cooperativa Integral las Nubes, R.L	Forest plantations

<b>No.</b>	<b>Association</b>	<b>Activities</b>
128.	Cooperativa Integral Agrícola Semarac, R.L.	Forest plantations
129.	Cooperativa Integral Agrícola Ruinas Mayas Chijolom, R.L.	Forest plantations
130.	Cooperativa Integral Agrícola Santa Mónica, R.L.	Forest plantations
131.	Cooperativa Integral Agrícola Santa María San Marcos, R.L.	Forest plantations
132.	Cooperativa Integral Agrícola Actela, R.L.	Forest plantations
133.	Cooperativa Integral Agrícola Sto. Domingo, R.L.	Forest plantations
134.	Cooperativa Integral Agrícola Secuachil, R.L.	Forest plantations
135.	Cooperativa Integral Agrícola Helvetia, R.L.	Forest plantations
136.	Cooperativa Integral Agrícola Westfalia, R.L.	Forest plantations

## ANNEX 5. Recommendations of the 48th ITTO Expert Panel and corresponding modifications

Reviewer Comments/Recommendations	Amendment(s) made	Page #
1. Delete unnecessary sections or sub-sections such as 1.3.2, 2.1.1 and 3.6 as these are not needed for a small project;	<ul style="list-style-type: none"> <li><u>The sections not needed for a small ITTO project were deleted</u></li> </ul>	
2. Provide more information in the Origin section, particularly in relation to the forest incentive programs since it seems to be the driver for development of MSMEs in communities, and FAO's inventory of MSMEs should be also mentioned and elaborated;	<ul style="list-style-type: none"> <li><u>Additional information was included on forest incentive programs</u></li> </ul>	<u>Pages 4 &amp; 5</u>
3. Refine the expected outcomes by describing how the stakeholders and the beneficiaries will use the outputs of the project at its completion rather than listing indicators;	<ul style="list-style-type: none"> <li><u>Expected project outcomes were described and further elaborated</u></li> </ul>	<u>Page 8</u>
4. Improve the stakeholder analysis by indicating how MSMEs in communities will be involved in the project implementation;	<ul style="list-style-type: none"> <li><u>The MSMEs were included in the stakeholder analysis</u></li> </ul>	<u>Page 9</u>
5. Revise the indicators for development objective with quantitative and time-bound elements;	<ul style="list-style-type: none"> <li><u>The indicators for the development objective were revised and further defined as recommended</u></li> </ul>	<u>Page 11</u>
6. Reformulate the activities in line with the problem analysis and the objectives. As Activity 2.4 deals with NTFP which has not been mentioned elsewhere in the document, either reformulate the activity or address properly the issue of NTFP in the document. Additionally add a new activity in relation to enhancing knowledge management of the communities and MSMEs;	<ul style="list-style-type: none"> <li><u>The relevant activities were reformulated</u></li> </ul>	<u>Page 13</u>
7. Check and ensure the activities in the logical framework, text, workplan and budget are logical and consistent, for examples, A1.1 will be carried out in 3 months in the workplan, but in the budget 12 months have been set up for both year 1 and 2; A1.4 will be carried out during second year in workplan, but 12 months have been set up for both year 1 and 2;	<ul style="list-style-type: none"> <li><u>The logical framework, work plan, activities and budget were revised and the relevant adjustments were made</u></li> </ul>	<u>Pages 13, 14, 15 &amp; 16</u>

Reviewer Comments/Recommendations	Amendment(s) made	Page #
8. Provide clear elaboration on the organization structure particularly how INAB will work with other organizations and describe the role and composition of the Project Steering Committee;	<ul style="list-style-type: none"> <li>• <b><u>Additional information was included on these issues as recommended</u></b></li> </ul>	<b><u>Pages 21 &amp; 22</u></b>
9. Include an Annex which shows the recommendations of the 48th Panel and the respective modifications in tabular form. Modifications should also be highlighted (bold and underline) in the text.	<ul style="list-style-type: none"> <li>• <b><u>Included in this annex</u></b></li> </ul>	<b><u>Page 34</u></b>