

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	IMPLEMENTING MECHANISMS TO IMPROVE TRACEABILITY IN THE FOREST PRODUCTION CHAIN IN GUATEMALA
SERIAL NUMBER:	PD 832/16 Rev.2 (M)
COMMITTEE:	ECONOMICS, STATISTICS AND MARKETS
SUBMITTED BY:	GOVERNMENT OF GUATEMALA
ORIGINAL LANGUAGE:	SPANISH

SUMMARY

This project seeks to directly address the problems caused by the limited monitoring and control mechanisms currently in place, which cannot clearly guarantee the traceability of forest products in the different regions of Guatemala.

The development objective of the project is to reduce illegal logging and trade in illegal forest products in Guatemala, while its specific objective is to increase institutional and local capacities in the monitoring and control of forest products by strengthening the legal forest production chain.

The project is expected to increase institutional capacity in the monitoring of forest products through the strengthening of mechanisms to improve traceability along the forest production chain.

EXECUTING AGENCY NATIONAL FOREST INSTITUTE – INAB

DURATION 36 MONTHS

BUDGET AND PROPOSED SOURCES OF FINANCE:	Source	Contribution in US\$
	ITTO	416,080
	INAB	165,456
	TOTAL	581,536

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LIST OF ACRONYMS AND ABBREVIATIONS

CBD	Convention on Biological Diversity
CONAP	Consejo Nacional de Áreas Protegidas de Guatemala (<i>National Council for Protected Areas of Guatemala</i>)
IARNA	Instituto de Agricultura, Recursos Naturales y Ambiente/URL-Guatemala (<i>Institute of Agriculture, Natural Resources and Environment/URL-Guatemala</i>)
INAB	Instituto Nacional de Bosques de Guatemala (<i>National Forest Institute of Guatemala</i>)
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
M&E	Monitoring and evaluation
OFM	Oficina Forestal Municipal (<i>Municipal Forest Office</i>)
PINFOR	Programa de Incentivos Forestales de Guatemala (<i>Forest Incentives Programme of Guatemala</i>)
PINPEP	Programa de Incentivos para Pequeños Poseedores de Tierras de Vocación Forestal o Agroforestal-Gobierno de Guatemala (<i>Forest Incentives Programme for Small Forestry and Agroforestry Landholders of Guatemala</i>)
SEGEFOR	Sistema Electrónico de Gestión de Expedientes Forestales (<i>Electronic Forest Management System</i>)
SEGEPLAN	Secretaria de Planificación y Programación de la Presidencia (<i>Planning and Programming Secretariat of State</i>)
SEINEF	Sistema Electrónico de Información de Empresas Forestales (<i>Electronic Forest Enterprises Information System</i>)
SFM	Sustainable forest management
SIFGUA	Sistema de Información Forestal de Guatemala (<i>Forest Statistical Information System of Guatemala</i>)
SIGAP	Sistema Guatemalteco de Áreas Protegidas (<i>Guatemalan System of Protected Areas</i>)
TNC	The Nature Conservancy
URL	Universidad Rafael Landívar (<i>Rafael Landivar University</i>)
US\$	US dollar(s)

PROJECT BRIEF

The implementation of ITTO Pre-Project TFL-PPD 040/13 Rev.2 (M) "DEVELOPMENT OF A PROGRAM TO STRENGTHEN THE TRACEABILITY OF LEGALLY SOURCED FOREST PRODUCTS IN GUATEMALA" resulted in the execution of a forest product traceability study, prioritizing and clearly identifying the market chain, social and economic impacts on vulnerable communities, the illegality route, and a proposal to improve the monitoring and control of forest products.

The geographic location of the project has been defined on the basis of the physical location of the forest enterprises that process and market timber products and the location of their main supply areas, prioritizing two regions of the country that are made up of five departments: Guatemala, Chimaltenango, Sacatepequez, Zacapa and El Progreso. As much as 57% of active enterprises and 56% of enterprises using SEINEF services are located in these departments, and 88% of these enterprises have input/output records as well as forest product waybills.

The project will be implemented by the National Forest Institute through its Forest Management and Industry and Trade Directorates. As the agency in charge of the Guatemalan forest service, INAB has the necessary technical capacity as well as presence in the project target area through its regional and sub-regional directorates.

The project seeks to directly address the problems caused by the limited monitoring and control mechanisms currently in place, which cannot clearly guarantee the traceability of forest products in the different regions of Guatemala.

The development objective of the project is to reduce illegal logging and trade in illegal forest products in Guatemala, while its specific objective is to increase institutional and local capacities in the monitoring and control of forest products by strengthening the legal forest production chain.

The project is expected to generate a number of outcomes that will increase institutional capacity in the monitoring of forest products through the strengthening of mechanisms to improve traceability along the forest production chain.

- At project completion, a simplified management mechanism will be available for forest harvesting operations of less than 50 cubic meters.
- At project completion, the number of legal enterprises registered with SEINEF will have increased, with at least 100 new micro enterprises.
- At project completion, at least one efficient traceability mechanism will have been established for tracing forest products during transport operations.
- At Project completion, 100% of the municipalities that have permit-exempt harvesting institutional agreements will report on all activities related to harvesting operations for household use and consumption.

PART 1. PROJECT CONTEXT

1.1 Origin

According to the results of a survey on firewood supply and demand in Guatemala (INAB, IARNA-URL, FAO/GFP 2012), it is estimated that current biomass consumption for energy purposes is 15.7 million tons, of which 98% is for the residential sector and 2% for the industrial sector. In this context, it should be stressed that out of this total, only 2.3% is firewood collected under forest licenses.

The country's supply and demand balance indicates a shortage of 5.7 million tons, which confirms that in order to meet the current demand, national forest reserves are being encroached. However, both the demand and supply modules need to be reviewed and supplemented with reliable and updated data on forest stands as well as harvesting and consumption flows.

Project TFL-PD 024/10 Rev.2 (M) "Improvement of Forest Law Enforcement at the National Level to Promote Forest Governance in Guatemala" included various actions aimed at improving the means and capacity of institutions responsible for the monitoring and control of forest management in Guatemala, as well as establishing a forest management control system and strengthening inter-institutional coordination and local stakeholder involvement in forest governance. The project identified the need to address the problem of a lack of information on the national market for forest products because it contributes to the lack of transparency.

Through the implementation of policy instruments such as the Inter-Institutional Action Plan for Illegal Logging Prevention and Reduction, the generation of information through tools such as the Study on Firewood Supply and Demand in Guatemala and the establishment of the Forest Industry and Trade Directorate within the National Forest Institute (INAB) have facilitated, within INAB's institutional framework, the implementation of mechanisms for the identification and monitoring of product origin, flows, demand centers, processing, products and transactions in the domestic timber market of Guatemala.

Over the last few years, the country's forest sector has made significant progress in the management of forest information, including the development of the Forest Information System (SIFGUA) and the Electronic Forest Enterprises Information System (SEINEF), two mechanisms that include technological innovation and/or updating as an important aspect to achieve change in the provision of services within the forest administration in Guatemala. The implementation of SEINEF is aimed at ensuring the legal origin of forest products from registered enterprises in the sector, while strengthening competitiveness and supporting legal enterprises through the use of high security measures and state-of-the-art technology. SEINEF will serve as a tool to strengthen the fight against illegal logging and associated trade in the country.

In the implementation of SEINEF, INAB, through the National Forest Registry, has recorded a total of 2,050 active forest enterprises; out of this total, 1,618 enterprises (79%) are currently using the Electronic Forest Enterprises Information System (SEINEF). In addition, there are 2,822 enterprises that are reported as inactive. Furthermore, it should be pointed out that a survey of enterprises working outside current regulations has identified a total of 632 illegal forest enterprises at the national level. The implementation of SEINEF has facilitated the systematization of information related to the flow of raw materials and forest products processed and marketed in Guatemala. This has made it possible to improve controls and decision-making processes for the prioritization of monitoring actions to reduce illegal forest product processing and marketing.

The implementation of ITTO Pre-Project TFL-PPD 040/13 Rev.2 (M) "DEVELOPMENT OF A PROGRAM TO STRENGTHEN THE TRACEABILITY OF LEGALLY SOURCED FOREST PRODUCTS IN GUATEMALA" resulted in the implementation of a forest product traceability study, prioritizing and clearly identifying the market chain, social and economic impacts on vulnerable communities, the illegality route, and a proposal to improve the monitoring and control of forest products.

However, given that relevant actions are still needed to strengthen the harvesting, transport, processing and marketing of legal forest products, it is necessary to implement a project to identify the traceability, flows and main problems related to forest products so as to integrate and coordinate existing monitoring and control systems.

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

This project is consistent with the following objectives of the International Tropical Timber Agreement 2006 as described below:

- c. *Contributing to sustainable development and to poverty alleviation.* Through the development of a program to help improve the monitoring and control of forest products, the proposal is expected to directly benefit the stakeholders involved in legal forest product processing and marketing chain.
- h. *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.* The project will generate, analyze and strengthen information on the national forest product market, enabling the traceability of legal and illegal marketing flows and promoting the participation of a greater number of stakeholders in improving governance and understanding.
- i. *Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings.* The project will help improve knowledge and capacity to reduce illegal activities, enhance production chains to develop value chains, and improve forest product traceability.
- n. *Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber.* The project will strengthen training mechanisms for interest groups in the harvesting, processing and marketing of forest products so as to genuinely contribute to the implementation of verification mechanisms.

The project is also relevant to the following strategic priorities set out in the ITTO Strategic Action Plan 2013-2018:

Strategic priority 1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment. The project will contribute to a specific action defined under this priority, since it will assist Guatemala, as an ITTO member, to implement the revised SFM guidelines and develop new guidelines to promote legal and sustainable timber.

Strategic priority 5. Improve the quality and availability of information on tropical forests, forest product markets and trade. The project will strengthen mechanisms for the collection, reporting and analysis information on the trade in forest products, promoting improved understanding of markets and, in particular, of permit exempt forest harvesting operations.

1.2.2 Relevance to the submitting country's policies

The project is consistent with the Guatemalan Forest Policy under the following strategic areas:

- b. ***Promoting natural forest management for production purposes.*** The project will strengthen actions aimed at improving the development of forest products and transparency in their marketing, opening new local and international market options.
- e. ***Promoting the expansion and modernization of the primary and secondary processing industry.*** The project will strengthen information systems on legal forest product flows and their relation to the primary and secondary forest industry.

Furthermore, the project is consistent with the following objective of the Forestry Law of Guatemala – Legislative Decree No. 101-96:

- d. *Supporting, promoting and encouraging public and private investment in forest activities to enhance the production, marketing, diversification, industrialization and conservation of forest resources.* The project will implement actions aimed at strengthening efficient processes to ensure the traceability of industrialized forest products marketed at the local level.

The Forestry Law of Guatemala, in its TITLE V, regulates “FOREST HARVESTING, MANAGEMENT AND INDUSTRIALIZATION” in the country. The project is directly geared to strengthening and facilitating all processes and procedures established by the Forestry Law for the harvesting and management of forests and the forest industry.¹

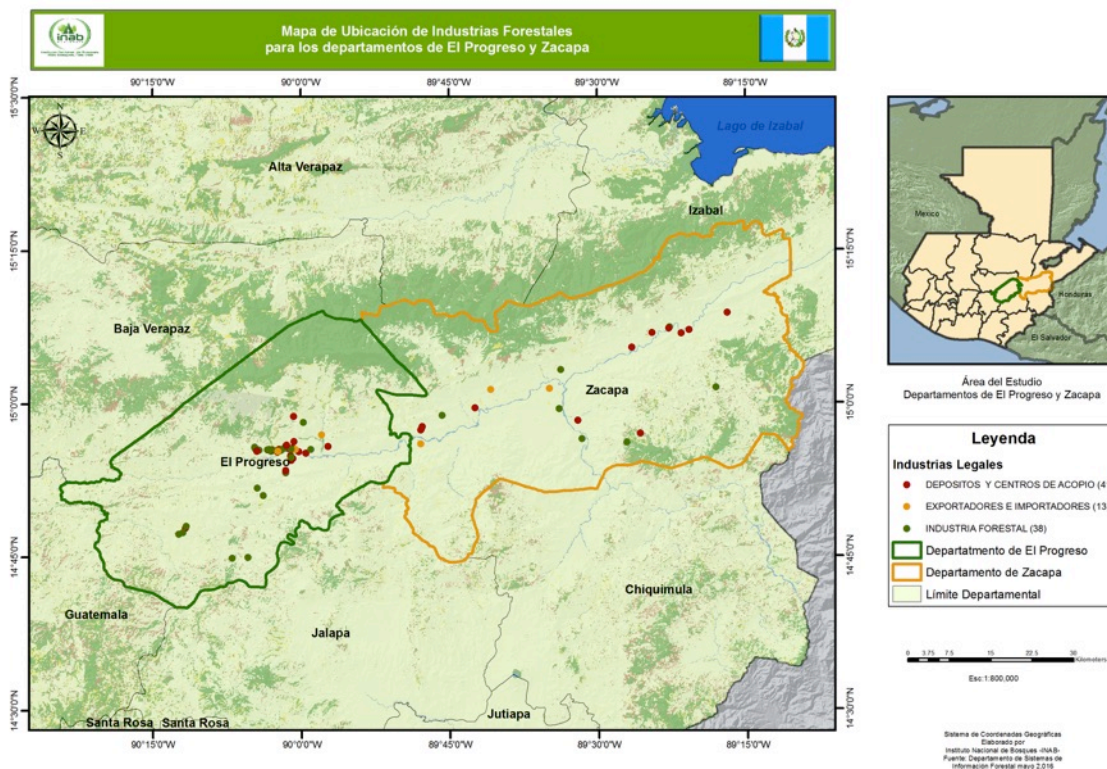
Within the implementation framework of the Forest-Industry-Market Integration Strategy of Guatemala, the project will contribute to the achievement of operational objectives such as improving technological, legal and financial processes for the harvesting and transport of timber so as to significantly reduce forest production costs; generating strategic information on the domestic market; promoting the integration of the timber supply; focusing on industrial development in accordance with the origin and ease of transport of timber; improving marketing and trade processes; and improving governance and the business climate in the country’s forest sector.

1.3 Target area

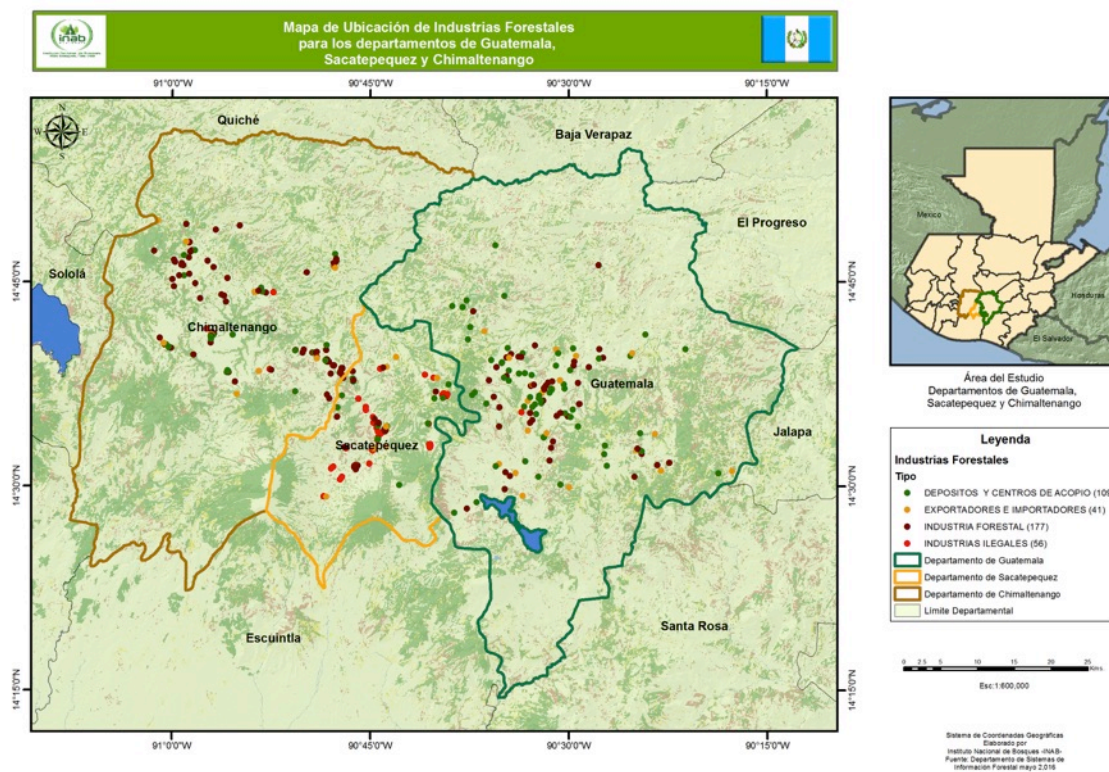
1.3.1 Geographic location

The geographic location of the project has been defined on the basis of the physical location of the forest enterprises that process and market timber products and the location of their main supply areas, prioritizing two regions of the country that are made up of five departments: Guatemala, Chimaltenango, Sacatepequez, Zacapa and El Progreso. As much as 57% of active enterprises and 56% of enterprises using SEINEF services are located in these departments, and 88% of these enterprises have input/output records as well as forest product waybills. Given the nature of this project, it will be implemented at the departmental level rather than in a specific location, as it will service targeted population centres and localities where forest companies are based.

Figure 1. Project’s geographic location



¹ Forestry Law – Legislative Decree No. 101-96.



1.3.2 Social, cultural, economic and environmental aspects

a. Social aspects

The information below is based on the latest poverty survey carried out in Guatemala²:

Table 1. Main social indicators in the project area

Department	Guatemala	Chimaltenango	Sacatepéquez	El Progreso	Zacapa
Population	3,115,284	612,973	316,638	158,092	221,646
Percentage of women	51	52.2%	51.4%	51.3%	51.4%
Rural population	5.9%	49.6%	16.8%	60.3%	57.3%
Poverty	33%	74%	57%	44.3%	67%
Extreme poverty	5.4%	17%	11.4%	6.1%	34%
Illiteracy rate	9.6%	20.9%	14.4%	18.1%	21.2%

² National Institute of Statistics, Map of Rural Poverty in Guatemala 2011, April 2013. Guatemala.

b. Cultural aspects

The following elements are representative data on the cultural aspects of the project and its area of influence³:

Table 2. Main cultural indicators in the project area.

Department	Guatemala	Chimaltenango	Sacatepéquez	El Progreso	Zacapa
Major languages	<u>Spanish (82%)</u> <u>Other languages (18%)</u>	<u>Kaqchikel (42%)</u> <u>Spanish (49%)</u> <u>Other lang. (9%)</u>	<u>Spanish (63.4%)</u> <u>Kaqchikel (36.6%)</u>	<u>Spanish (98.2%)</u> <u>Other lang. (1.8%)</u>	<u>Spanish (99%)</u> <u>Other lang. (1%)</u>
Population and ethnic group	<u>85% Ladinos</u> <u>14% Indigenous</u>	<u>76% Maya</u> <u>Kaqchikel</u> <u>21.6% Ladinos</u>	<u>63% Ladinos</u> <u>33.9% Kaqchikel</u>	<u>98% Ladinos</u>	<u>99% Ladinos</u>

Source: Encovi 2011.

c. Economic aspects

The main economic activities of the departments covered by the project include agriculture, product manufacturing, trade and services. On average, 57.6% of the population is considered to be economically active, working in agricultural activities (37%), product manufacturing activities (22.66%) and marketing and services activities (39.25%)⁴.

Table 3. Main economic indicators in the project area

Department	% of the economically active population	% of employment by main production activity		
		Agriculture	Industry	Services
Guatemala	85%	12%	38%	45%
Chimaltenango	31%	58%	17%	25%
Sacatepéquez	45.3%	31.25%	27.9%	40.74%
El Progreso	41%	34.55%	15.2%	50.21%
Zacapa	81.2%	49.5%	15.2%	35.3%

Source: SEGEPLAN 2010.

d. Environmental aspects

The 2006-2010 study on forest cover dynamics reported a total of 243,387 hectares of forest cover for the departments included in the project area, which account for 7% of the estimated national forest cover for the year 2010. The net change reported in the same areas for the 2006-2010 period was a loss of 7,796 hectares, the equivalent of 5% of the total loss reported at the national level (1,985 ha/year).

³ National Institute of Statistics, Characterization of the Republic of Guatemala, 2013.

⁴ 2010 Data, Secretariat of Planning and Programming, President's Office.

Table 4. Forest cover dynamics in the project area (2006-2010)

Department	Forest cover 2006 (ha)	Forest cover 2010 (ha)	Net change (ha) 2006-2010	Annual change (ha) 2006-2010	Annual change rate (%)
Sacatepéquez	21,066.00	21,638.00	572	172	0.82
El Progreso	40,689.00	38,493.00	-2,196.00	-515	-1.26
Zacapa	56,787.00	57,834.00	-1,953.00	-374	-0.63
Guatemala	62,920.00	57,782.00	-5,139.00	-1,544.00	-2.45
Chimaltenango	66,720.00	67,640.00	920	276	0.41
Total	248,182.00	243,387.00	-7,796.00	-1,985.00	-3.11
National Total	3,868,708.00	3,722,595.00	-146,112.00	-38,597.00	-1
%	6%	7%	5%	5%	3.11

Source: INAB/CONAP/UVG 2012

In terms of forestry promotion, during the 1998–2014 period the National Forest Institute, through the Forests Incentives Program (PINFOR), promoted the establishment of 447 reforestation projects in the five departments of the project target area, which contributed to the rehabilitation of 6,797 hectares of lands suitable for forestry. Furthermore, the Institute promoted the implementation of 351 natural forest management projects, for both production and protection purposes, over an area of 32,502 hectares, with a Guatemalan government investment US\$16.2 million, accounting for 7% of the total national investment for the sector.

Table 5. Establishment of forest plantations and natural forest management through PINFOR and PINPEP in the project area

Department	REFORESTATION			NATURAL FOREST MANAGEMENT		
	No. of projects	Area (ha.)	Total (\$)	No. of projects	Area (ha.)	Total (\$)
Chimaltenango	146	1,516.85	2,162,533.57	95	4,225.05	1,110,052.93
El Progreso	58	1,203.98	1,816,595.69	81	10,829.43	1,845,990.34
Guatemala	111	1,607.15	2,272,400.85	25	1,278.91	272,332.75
Sacatepéquez	42	478.04	714,078.55	16	1,460.76	302,389.27
Zacapa	90	1,991.59	2,851,618.03	134	14,708.55	2,865,974.65
Total	447	6,797.61	9,817,226.69	351	32,502.70	6,396,739.93
National Total	5,373	126,199.07	171,321,070.23	3,777	232,765.59	48,966,371.69

Source: Department of Forest Incentives INAB 2015.

1.4 Expected outcomes at project completion

The project is expected to generate outcomes that will develop institutional capacity in the monitoring of forest products by strengthening mechanisms that will enhance traceability in the forest production chain. To this end, the project plans to implement activities aimed at filling existing gaps. One of the main expected project outcomes will be to close the monitoring gaps that currently exist in relation to certain small-scale activities but that due to the volume of these operations, represent at least 60% of forest activities at the national level. The monitoring and control of these small-scale activities at the national level will enable the National Forest Institute to implement a traceability mechanism for forest products marketed at the national level. Furthermore, the project is expected to achieve the following outcomes:

- The area under forest management will have increased through the implementation of simplified schemes for small-scale forest owners.
- The flow of unmonitored forest products to local markets will have been reduced.
- The national consumption of legally sourced forest products will have increased.
- The number of enterprises using the information systems for Forest Management – SEGEFOR – and Forest Enterprises – SEINEF – will have increased.
- Timely information will have become available to implement traceability systems for forest products in Guatemala.
- Efficient mechanisms will have been established for the monitoring of household consumption at the municipal level.

PART 2. PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

2.1.1 Institutional set-up and organizational issues

The project will be implemented by the National Forest Institute through its Forest Management and Industry and Trade Directorates. As the agency in charge of the Guatemalan forest service, INAB has the necessary technical capacity as well as presence in the project target area through its regional and sub-regional directorates.

Furthermore, the project will be implemented with the participation of municipal councils, particularly those that have a Municipal Forest Office and/or have signed a household use and consumption agreement with INAB, who will be beneficiaries of project support so as to strengthen capacities in the implementation of harvesting operations of less than 15 cubic meters and in the monitoring of local forest resources.

Other stakeholders that will be actively involved in the project will be transport operators and the primary processing industry, who will be responsible for the implementation of pilot traceability systems.

The project will help establish the basis for the implementation of a representation and participation mechanism for the forest product transport sector.

2.1.2 Stakeholder analysis

As part of pre-project TFL-PPD 040/13 Rev.2 (M), a series of workshops were organized to identify key project stakeholders and to determine their position vis-à-vis the traceability of forest products and the problems identified in the relevant study.

The following stakeholders were identified:

- Primary stakeholders: those who will directly benefit and participate in the project, including municipalities, the owners and holders of small forest and plantation areas, forest product transporter operators and the owners of small, informal timber processing enterprises.
- Secondary stakeholders: those who will play an important role in the project and whose actions will facilitate its implementation, including the National Forest Institute, the Forest Guild, timber processing companies, forest regents and intermediaries in the forest chain.
- Tertiary stakeholders: all stakeholders who may be affected by project outputs but do not participate directly in the project, such as universities and NGOs.

Group of stakeholders	Characteristics	Problems, needs, interests	Potential	Involvement in the project
<i>Primary stakeholders</i>				
Individual and communal owners of small areas of forest lands	They own small forest areas from where they harvest firewood or timber from growing plantations and it is the intermediaries who provide them with business opportunities. However, the majority of them do not complete the necessary formalities for the harvesting of their areas.	They do not have market options to harvest their areas and the high cost of completing the required formalities discourages them from doing so	Facilitating their access to legal instruments and creating production partnerships with other small local enterprises could generate a considerable change from the way that these areas are currently managed	Direct project beneficiaries who are keenly interested in participating in its implementation

Group of stakeholders	Characteristics	Problems, needs, interests	Potential	Involvement in the project
Local micro entrepreneurs involved in timber processing and furniture making	Directly dependent on forest goods for their livelihood; they are generally not part of the formal operational sector and mainly consume local timber purchased through intermediaries	The cost of formalizing their businesses is too high; they have market access problems to place their products as well as problems with the administration of their businesses; they need technical assistance	They know the local market and its requirements; they have the capacity to formalize their businesses with outside assistance, and this would considerably help improve the currently uncontrolled flow of products	Direct project beneficiaries; they are fairly interested in participating in project implementation
Municipalities	Maximum local authority responsible for planning and administration matters within their areas of jurisdiction, as well as for achieving smooth coordination between local stakeholders so as to ensure proper governance	Those with municipal forest offices have limited resources available for their administration, especially for the management of permit exempt forest harvesting operations	Given their in-depth knowledge about the area and of the stakeholders involved, they can help reduce the misuse of permit exempt forest harvesting activities	Direct project beneficiaries with a strong interest in participating in the project
Owners of forest product transport services	They own trucks that are used for the transport of forest products; they sometimes act as intermediaries in the marketing of forest products; they play a key role in the forest chain. Part of their group tends to work outside the law.	They have problems with the DIPRONA control stations	They can be a key ally in controlling illegal operations if the right incentives and appropriate regulations are put in place	They will participate as primary project beneficiaries, although their interest in participating is low
<i>Secondary stakeholders</i>				
National Forest Institute	It is responsible for forest law enforcement, as well as for establishing the required control mechanisms to ensure the legal origin of forest products	It needs to improve its systems and mechanisms to ensure the traceability and monitoring and control of forest products; it lacks the necessary resources and needs to update existing technology	Highly interested in improving its means and capacities, so as to adequately promote legal forest product trade in the country	Project executing agency
Private forest sector	Involved in commercial transactions all along the forest production chain; in some cases they are beneficiaries of	The absence of a traceability system and the illegal trade of forest products directly affect their activities as they are faced with	Promoters of effective traceability systems and mechanisms that will help distinguish legal from illegal products	They will participate in the project as entities that will benefit from project activities

Group of stakeholders	Characteristics	Problems, needs, interests	Potential	Involvement in the project
	incentives programs; most of them are duly registered in the national forestry register	unfair competition		
Nature Protection Unit of the National Civil Police	It is directly responsible for the monitoring and control of illegal activities that could endanger Guatemala's natural heritage	They have limited human and financial resources available for the appropriate implementation of their activities	The strengthening of traceability systems will reduce the work load of law enforcement agents and make them more effective, thus allowing them to better control illegal activities	Will participate in the project as entities that will benefit from project activities
<i>Tertiary stakeholders</i>				
Universities	They teach degree courses in forestry; some have research centres that have concentrated efforts in the study of national forest dynamics	They are interested in improving the forest sector situation	They can adequately convey traceability mechanisms and can implement the necessary analyses to evaluate their effectiveness	Low
Non-Government Organizations (NGOs)	They carry out activities aimed at the conservation of forest resources and biodiversity in rural areas with the highest deforestation rates	Very few activities related to the promotion of legal and fair trade; they sometimes attack even legal activities	They can help in organizing stakeholders and in the promotion of good governance practices	Low

2.1.3 Problem analysis

The project seeks to reduce the high incidence of illegal logging, trade and transport of forest products caused by the limited control mechanisms available for small-scale forest harvesting operations, which cannot ensure the traceability of these forest products in Guatemala.

As a result of this, no information is available on the internal marketing flows of the forestry chain and on the structural problems of the Guatemalan forest sector, which, for a very long time, have hindered the appropriate control of forest activities, particularly small-scale activities. These conditions have contributed to an increase in informal and illegal activities, which are not registered and are therefore not subject to any traceability mechanisms.

Based on the results of the pre-project that was implemented and the analysis of the conditions of the sector at the national level, it has been concluded that the main causes of this situation are as follows:

- Small-scale forest owners do not make use of the legal forest management framework: Approximately 35% of Guatemala's land area is occupied by landholders without any legal certainty and there is a large number of smallholdings in the country.

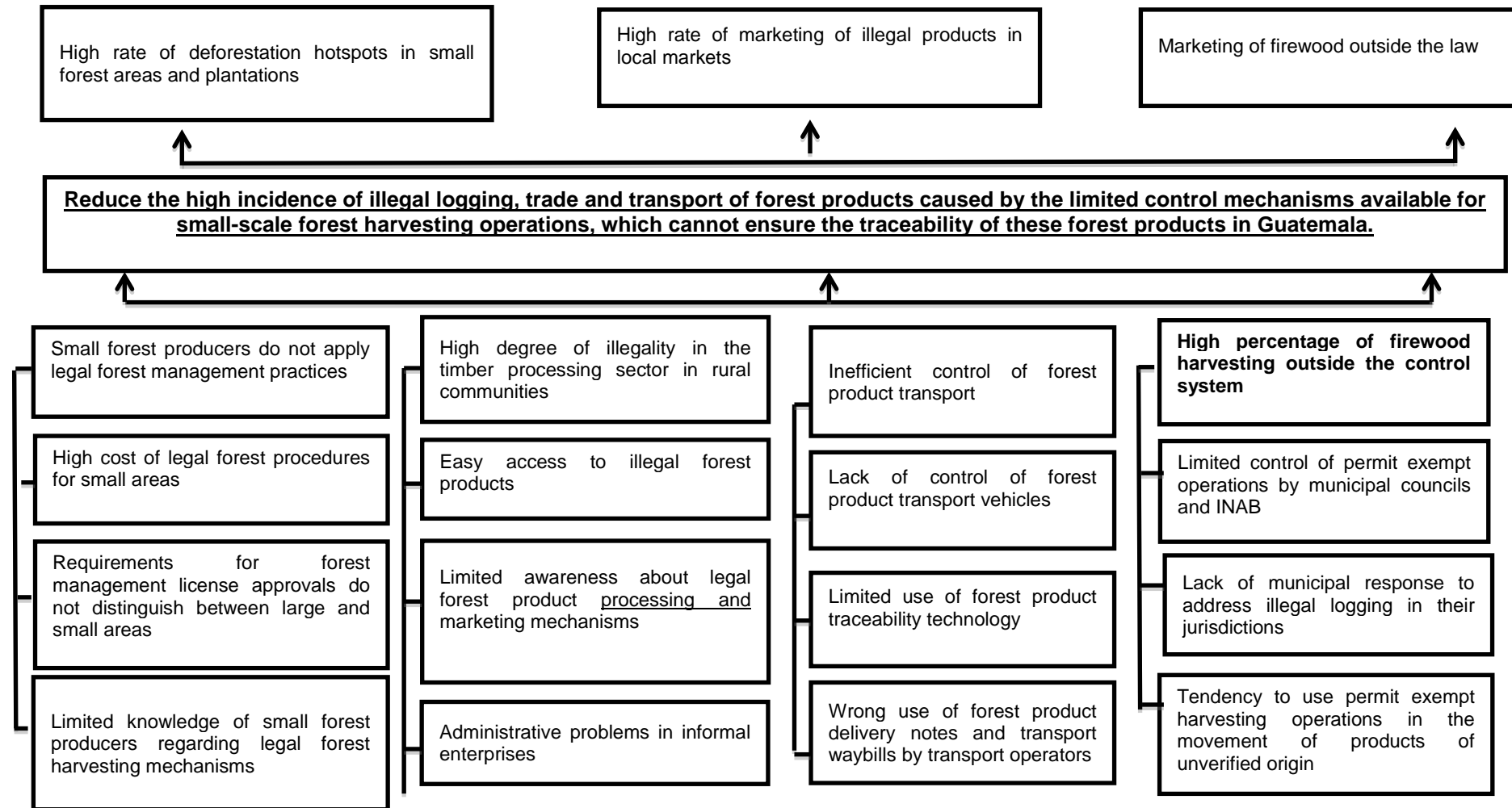
According to the study implemented by pre-project TFL-PPD 040/13 Rev.2 (M), which gave rise to this project, there is a direct correlation between the cost of the bureaucratic process to obtain a forest licence and illegal activities, demonstrating that harvesting operations of less than 50 m³ have a very high cost. Because of this situation, small landowners tend to use intermediaries who resort to illegal means to harvest forest areas. The Forestry Law (Legislative Decree No. 101-96) stipulates

that a forest management plan and a forest license are required for any harvesting operation of more than 15 m³. Currently, there is no difference in the bureaucratic procedures required to obtain a management plan for small or large sized forests. Due to the high costs involved, small scale operators cannot use legal schemes and have to rely on intermediaries who are only interested in the timber they produce. Most of these intermediaries do not use existing legal schemes and pay for the products in advance. They then produce squared timber in the forest and sell it in the closest market they can find.

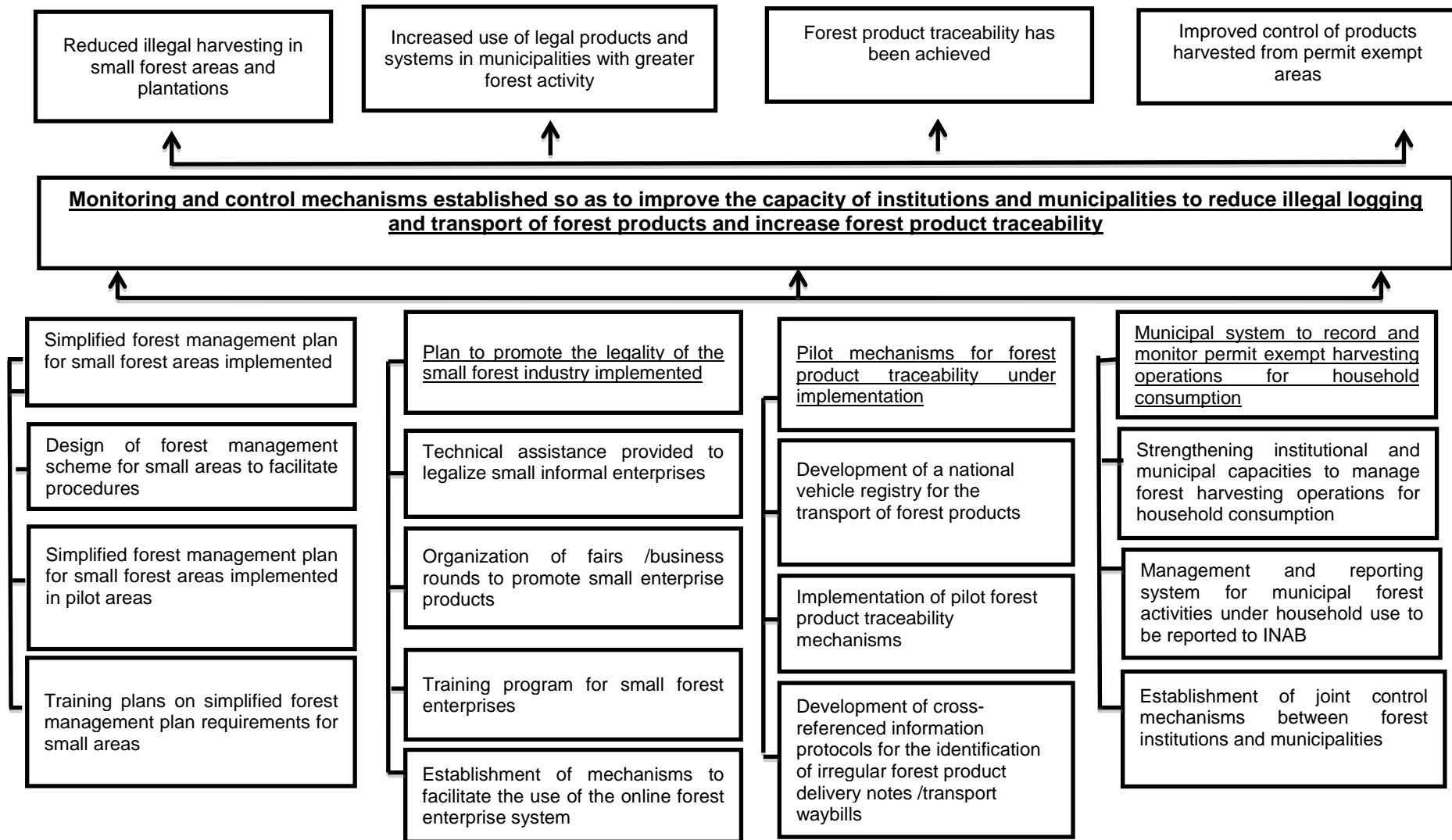
- High degree of informality of local timber processors in rural communities: the implementation of SEINEF has considerably reduced the flow of illegal products in the timber processing sector. However, this system has not been able to control the small, informal enterprises that process timber from the primary processing stage all the way up to the manufacturing of end-products. These enterprises are in fact the main recipients of illegally harvested timber as they do not require to transport their products because their market is local. However, precisely because of their informal nature, they are not able to increase the demand for their products nor improve their business situation. According to a survey implemented by INAB, there are still more than 632 illegal enterprises in the country. Furthermore, because of a lack of knowledge, these enterprises do not make use of the legal schemes available for their operations even if they have the potential to do so. The high fragmentation of these enterprises and their high numbers have resulted in a constant increase of the demand for illegal forest products.
- Inefficient monitoring and control of the transport of forest products: attempts have been made to monitor and control the transport of forest products in Guatemala through the implementation of different mechanisms such as forest product delivery notes or transport waybills and the deployment of police operations along the main road networks of the country. However, along the rural road networks, it has not been possible to implement mechanism that would help the authorities to monitor and control the transport of forest products that are directly marketed from the forest to secondary timber processing industries. In addition, it should be pointed out that there have been cases where operators have used the same waybill or permit more than once to transport different loads of forest products. The Nature Protection Directorate of the National Civil Police, which is the body responsible for the control and monitoring of forest products along Guatemala's road networks, has limited human resources and cannot adequately control the daily flow of forest products throughout the country. During the implementation of the pre-project and during the workshops held with key project stakeholders, the importance of paying more attention to this weak link of the production chain was duly emphasised, as there are currently no monitoring mechanisms in place to control transport vehicles.
- High rate of firewood use outside the current monitoring and control system: firewood is one of the forest products that has become a recurring issue over the past few years in the analysis of the forest supply and demand balance in Guatemala. Studies carried out by IARNA indicate that about 70% of the national consumption of forest products comes from forest harvesting operations that are exempt from forest permits, which under the forestry law are classified as "household use and consumption". However, when a "household use and consumption" product enters the market it becomes an illegal activity. Many municipalities have established municipal forest offices and have signed agreements with INAB for the decentralization of the management of operations for household use and consumption. The problem, however, has been that the lack of means and capacities has made it impossible to clearly verify whether this process has had positive results, as there are no mechanisms in place for the traceability of this harvested timber and the identification of its end-uses. No monitoring and control mechanisms have been implemented to assess the permits that have been issued and how these are impacting the communities.

2.1.4 Project logical framework

PROBLEM TREE



OBJECTIVES TREE



2.1.5 Logical Framework Matrix

INTERVENTION STRATEGY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Development objective: Strengthen forest product monitoring and control in Guatemala</p>	<p><u>Two years after project completion, the consumption of legal forest products has increased by 19%, from 1.6 million m³ to 1.9 million m³ per year</u></p> <p>Two years after project completion, the monitoring and control of permit exempt forest harvesting operations has increased by 30%</p> <p>Three years after project completion, the level of illegality in the Guatemalan forest sector has been reduced by at least 5%</p>	<p>Baseline sectoral studies on illegal logging. SEINEF and SEGEFOR statistics.</p> <p>Statistics on forest harvesting information systems.</p>	<p>The country's forest institutional framework and macroeconomic situation remain stable</p>
<p>Specific objective: Improve institutional and municipal capacities in the monitoring and control of forest products through the strengthening of the legal production chain.</p>	<p><u>Upon project completion, at least 200 hectares have been harvested using a simplified forest management scheme</u></p> <p>Upon project completion, the number of legal enterprises has increased by at least 50 micro-enterprises.</p> <p>Upon project completion, at least one efficient instrument has been established to improve traceability in the transport of forest products.</p> <p>Upon project completion, the municipal councils with institutional agreements for permit exempt harvesting operations have a system available for monitoring and reporting on permit exempt harvesting operations</p>	<p>INAB's management plan records.</p> <p>SEINEF statistics.</p> <p>SEINEF's domestic trade records and statistics.</p> <p>Statistics and records generated by the municipal household use and consumption system.</p>	<p>Forest sector institutions and political will to improve forest product monitoring and control are maintained.</p>

INTERVENTION STRATEGY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Output 1: Simplified forest management plan for small forest owners implemented.</p>	<p>By the end of Year 1, a simplified management plan model has been developed for harvesting operations of less than 50 m³.</p> <p>By the end of Year 2, more than 300 people (owners, institutional technicians, municipal technicians, intermediaries, etc.) have been trained in the project pilot sites on the use and benefits of the simplified management plan for harvesting operations of less than 50 m³.</p> <p>By the end of the project, the harvesting of at least 500 m³ has been approved and managed through the simplified management plan for small forest areas.</p>	<p>INAB records.</p> <p>Reports on training events.</p> <p>INAB's management plan records.</p>	<p>Local trade in forest products continues with sustained demand.</p>
<p>Output 2: Legality strengthening plan for the small forest industry implemented.</p>	<p>By the end of year 1, at least 200 informal business owners have been trained in forest business and legal operational procedures.</p> <p>By the end of year 2, technical assistance has been provided to at least 50 informal forest businesses that have been incorporated into legal marketing schemes.</p> <p>By the end of year 3, at least three forest business rounds have been implemented to promote legal marketing among new forest enterprises registered with SEINEF.</p> <p>By the end of year 3 of the project, at least 5 SEINEF access units have been established in INAB's sub-regional offices in the project pilot area.</p>	<p>Reports on training events.</p> <p>Trade licenses for legally established enterprises.</p> <p>SEINEF marketing reports.</p> <p>National Forest Registry and enterprises registered with SEINEF.</p>	<p>The current forest and tax legislation is maintained.</p>

INTERVENTION STRATEGY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Output 3: Forest product transport control mechanisms strengthened.</p>	<p>By the end of year 1 of the project, a national register of forest product transport operators is established, including relevant regulations.</p> <p>By the end of year 2 of the project, at least three pilot forest product tracking and traceability strengthening mechanisms have been tested.</p> <p>By the end of the project, a cost-benefit analysis and effectiveness study has been implemented for the pilot mechanisms established.</p> <p>By the end of the project, a complementary mechanism has been established for the strengthening of a traceability system in the transport of forest products.</p>	<p>National Register of Forest Transport Operators. Regulations for forest product transport vehicles.</p> <p>Analysis document for the implementation of tracking and traceability strengthening mechanisms.</p> <p>Technical guidelines developed for the use of tracking and traceability strengthening mechanisms.</p>	<p>The current flow of forest products in the country is maintained or increased.</p>
<p>Output 4: Municipal system for permit exempt harvesting monitoring and recording implemented.</p>	<p>By the end of year 1 of the project, the capacity of at least 20 municipal forest offices has been strengthened through the development of a standardized procedure for the monitoring of exempt forest harvesting operations.</p> <p>By the end of year 2, an electronic system for exempt harvesting operations has been developed and linked to INAB's electronic systems to adequately monitor and record the use and traceability of forest products.</p> <p>By the end of year 3 of the project, standardized guidelines have been developed for the monitoring and control of illegal logging by INAB and municipalities.</p>	<p>Procedural document on the monitoring of exempt harvesting operations by municipal forest offices.</p> <p>Electronic system for the monitoring of permit exempt harvesting operations.</p> <p>Standardized guidelines for municipalities with signed household use agreements.</p>	<p>Forest institutions and legislation are maintained.</p>

2.2 Objectives

2.2.1 Development objective and impact indicators

Strengthen forest product monitoring and control in Guatemala

Long-term impact indicators are:

- **Two years after project completion, the consumption of legal forest products has increased by 19%, from 1.6 million m³ to 1.9 million m³ per year.**
- Two years after project completion, the monitoring and control of permit exempt forest harvesting operations has increased by 30%.
- Three years after project completion, the level of illegality in the Guatemalan forest sector has been reduced by at least 5%.

2.2.2 Specific objective and outcome indicators

Improve institutional and municipal capacities in the monitoring and control of forest products through the strengthening of the legal production chain. Outcome indicators are:

- **Upon project completion, at least 200 hectares have been harvested using a simplified forest management scheme.**
- **Upon project completion, the number of legal enterprises has increased by at least 50 forest SMEs.**
- **Upon project completion, at least one efficient instrument has been established to improve traceability in the transport of forest products.**
- **Upon project completion, 150 municipal councils with institutional agreements for permit-exempt harvesting have a system available for monitoring and reporting permit exempt harvesting operations.**

PART 3. DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs and activities

3.1.1 Outputs

Output 1: Simplified management model for small forest owners implemented.

Output 2: Legality strengthening plan for the small forest industry implemented.

Output 3: Forest product transport control mechanisms strengthened.

Output 4: Municipal system for permit exempt harvesting monitoring and recording implemented.

3.1.2 Activities

Output 1: Simplified management model for small forest owners implemented.

Activity 1.1 Design a technical instrument for the development of simplified forest management plans for harvesting operations of less than 50 m³

Activity 1.2 Train key stakeholders (40 forest regents, 280 forest owners, forest technicians, intermediaries, etc.) in the use and benefits of the simplified forest management plan for harvesting operations of less than 50 m³

Activity 1.3 Promote and facilitate the implementation of the simplified forest management plan for harvesting operations of less than 50 m³ in the project pilot area

Activity 1.4 Develop outreach materials for the dissemination of the simplified forest management plan.

Output 2: Legality strengthening plan for the small forest industry implemented.

Activity 2.1 Raise awareness among 2000 informal timber merchants regarding INAB's legal operational procedures and forest business strengthening.

Activity 2.2 Support and facilitate a process of change for informal timber merchants to be incorporated into the country's formal sector in compliance with INAB's requirements.

Activity 2.3 Organize forest business rounds in the project pilot area.

Activity 2.4 Establish SEINEF access units in the project pilot area.

Output 3: Forest product transport control mechanisms strengthened.

Activity 3.1 Develop a national register of forest transport operators with relevant regulations under the national forest registry.

Activity 3.2 Establish, in coordination with enterprises and transport operators, three pilot control mechanisms to improve the current forest product traceability system.

Activity 3.3 Develop guidelines and materials on the use of the most effective traceability system as a complement to existing mechanisms.

Output 4: Municipal system for permit exempt harvesting monitoring and recording implemented.

Activity 4.1 Develop a standardized register of permit exempt forest harvesting operations for municipalities with household use and consumption agreements.

Activity 4.2 Design and implement an electronic system to monitor exempt forest harvesting operations to be linked to INAB's electronic systems.

Activity 4.3 Establish standardized guidelines for the control of illegal logging by municipalities and INAB.

3.2 Implementation approaches and methods

The project will apply a participatory approach based on the legitimate and representative participation of all relevant stakeholders in the region, including communities, municipalities, government institutions and others. The project will also promote the participation of women in the activities and workshops to be implemented and will strive to establish enabling conditions to ensure equal gender participation.

Furthermore, the project will develop instruments on the basis of extensive discussion and participation of key stakeholders/beneficiaries, so that they can clearly highlight the main issues that affect the management of the sector and how the instruments proposed by the project can or cannot improve their current situation.

In addition, the project will facilitate the development of business models and financial mechanisms for local micro and small enterprises who want to shift from the informal to the formal sector to increase their market share, thus promoting the legal trade in forest products. It is also envisaged that the project will provide step-by-step assistance and support to small informal enterprises during the legalization phases and thus try to facilitate the procedures required for them to be able to benefit from the use of legal marketing and management systems. The implementation of legal marketing schemes will facilitate the traceability of forest products through different recording systems.

With regard to the development of simplified management schemes, the project will review the efforts of other cooperation organizations and internal legal analyses will be made to ensure that all proposals submitted are legally viable according to the current legislation. This will be followed by a direct dissemination process and a plan to train stakeholders in the implementation of these schemes.

A key element of the project is the incorporation of technological tools that will ensure the efficiency of the small-scale forest production chain and that will also provide real-time information so as to assist decision-makers from different relevant institutions.

The municipal system for the registration of permit exempt forest harvesting operations will have direct links to SEINEF so as to accurately assess the magnitude of these operations and the end-use of harvested products. Furthermore, it will be a tool that will facilitate municipal forest management and will promote the expansion of municipal forest offices at the national level.

3.3 Work Plan

Outputs / Activities	Responsible Party	Year 1				Year 2				Year 3				
		1	2	3	4	1	2	3	4	1	2	3	4	
Output 1: Simplified management model for small forest owners implemented														
Activity 1.1 Design a technical instrument for the development of simplified forest management plans for harvesting operations of less than 50 m ³	Project coordinator / INAB Forest Management and Conservation Directorate	X	X											
Activity 1.2 Train key stakeholders (40 forest regents, 280 forest owners, forest technicians, intermediaries, etc.) in the use and benefits of the simplified forest management plan for harvesting operations of less than 50 m ³	Project coordinator / INAB Forest Extension Department		X	X										
Activity 1.3 Promote and facilitate the implementation of the simplified forest management plan for harvesting operations of less than 50 m ³ in the project pilot area, to cover at least 200 ha	Project coordinator / INAB Forest Management and Conservation Directorate / INAB sub-regional technicians	X	X	X	X	X	X	X	X	X	X	X	X	X
Activity 1.4 Develop outreach materials for the dissemination of the simplified forest management plan	Project coordinator				X									
Output 2: Legality strengthening plan for the small forest industry implemented														
Activity 2.1 Train informal businesses in legal operational procedures with INAB and forest business strengthening	Project coordinator / INAB Forest Industry and Trade Directorate					X	X							
Activity 2.2 Support and facilitate a process of change for informal businesses to be incorporated into the country's formal sector in compliance with INAB's requirements	Project coordinator / INAB forest industry technicians						X	X	X	X	X			
Activity 2.3 Organize forest business rounds in the project pilot area	Project coordinator / INAB Forest Industry and Trade Directorate								X				X	
Activity 2.4 Establish SEINEF access units in the project pilot area	Project coordinator/ INAB sub-regional directorates								X	X	X			

Outputs / Activities	Responsible Party	Year 1				Year 2				Year 3			
		1	2	3	4	1	2	3	4	1	2	3	4
Output 3: Forest product transport control mechanisms strengthened													
Activity 3.1 Develop a national register of forest transport operators with relevant regulations under the national forest registry	Project coordinator / INAB Forest Industry and Trade Directorate	X	X										
Activity 3.2 Establish, in coordination with enterprises and transport operators, three pilot control mechanisms to improve the current forest product traceability system	Project coordinator / INAB Forest Industry and Trade Directorate		X	X									
Activity 3.3 Develop guidelines and materials on the use of the most effective traceability system as a complement to existing mechanisms	Project coordinator / INAB Forest Industry and Trade Directorate				X	X	X	X					
Output 4: Municipal system for permit exempt harvesting monitoring and recording implemented													
Activity 4.1 Development of a standardized register of permit exempt forest harvesting operations for municipalities with household use and consumption agreements	Project coordinator / INAB Municipal and Community Forest Strengthening Department			X	X								
Activity 4.2 Design and implement a SEINEF-linked electronic system to monitor exempt forest harvesting operations	Project coordinator / INAB Municipal and Community Forest Strengthening Department				X	X	X	X	X				
Activity 4.3 Establish standardized guidelines for the control of illegal logging by municipalities and INAB	Project coordinator / INAB Municipal and Community Forest Strengthening Department								X	X	X	X	

3.4 Budget

3.4.1 Master budget

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
Output 1	Simplified management model for small forest owners implemented												
A.1.1	Design a simplified forest management plan model and procedure for harvesting operations of less than 50 m ³												
	Forest management consultant to develop a simplified forest management plan model for harvesting operations of less than 50 m ³	<u>131</u>	<u>4</u>			Man/month	<u>2000</u>	<u>8000</u>	<u>8000</u>				
	4 workshops for the dissemination of the simplified forest management plan model proposal (1/2 day, 30 people), in the project pilot areas	601	120			Person/day/meals	20	2400	2400				
A.1.2	Train key stakeholders (forest regents, forest owners, forest technicians, intermediaries, etc.) in the use and benefits of the simplified forest management plan for harvesting operations of less than 50 m ³												
	Forest management consultant to provide training in the use and implementation of the simplified forest management plan	131	1			Man/month	2000	2000	2000				

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	4 training workshops on the use and implementation of the simplified forest management plan (1 day, 50 people per workshop) in the project pilot areas	602	200			Person/day/meals	25	5000	5000				
A.1.3	Provide technical assistance for the implementation of the simplified forest management plan for harvesting operations of less than 50 m ³ in the project pilot area												
	Technical assistant in forest management	112	10	12	10	Man/month	1300	41600	13000	15600	13000		
	4X4 pick-up truck for field support visits in pilot sites⁵	43	1			Vehicle	26000	26000	26000				
	Laptop computer (intel core i5, 4Ram, 500 GB hard disk, case, etc.)	44	1			Computer	1200	1200	1200				
	4 forest technicians from INAB sub-regions to support the implementation of the simplified forest management plan	113	2	2	2	Man/month	1000	6000				6000	

⁵ The purpose of the 4x4 pick-up truck is to support the technical work to be carried out with small forest and plantation owners, municipalities, forest regents, transport operators, timber merchants and small industries that buy timber in 4 regions of the country. The project area is quite large and the distances that need to be covered are considerable. Furthermore, the frequency of departures is constant, repetitive and periodic. In view of this, and after carrying out a cost-benefit analysis and determining the availability of vehicle rental services, it has been considered that in the long term it would be cheaper and more convenient for the project to purchase a vehicle to be used on a full time basis.

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
A.1.4	Develop outreach materials for the dissemination of the simplified forest management plan												
	Design and printing of 500 copies of outreach materials on the simplified forest management plan	611	500			Unit cost of materials	5	2500	2500				
<u>Sub-total</u>								<u>94700</u>	<u>60100</u>	<u>15600</u>	<u>13000</u>	<u>6000</u>	
Output 2	Legality strengthening plan for the small forest industry implemented												
A.2.1	Train informal enterprises in legal operational procedures and forest business strengthening												
	Business management consultant for the design of a training program on fundamentals of forest business management and legal operational requirements	132		3		Man/month	2000	6000		6000			
	6 training workshops on forest business management in the project area (30 people, 1 1/2 days)	603		180		Man/costs/workshop	35	6300		6300			
A.2.2	Support and facilitate the incorporation of informal businesses to the country's formal sector												
	Technical assistant in business management to support legalization processes	114		12	6	Man/month	<u>1200</u>	<u>21600</u>		<u>14400</u>	<u>7200</u>		
	Head of INAB's Trade		2	3	2	Man/month	1650	11550				11550	

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	Department												
	Legal consultancy to facilitate the legalization of enterprises	21		6	2	Legal service	1000	8000		6000	2000		
A.2.3	Organize forest business rounds in the project pilot area												
	3 business rounds to promote legal consumption and trade between duly registered enterprises in the project pilot area	604		2	1	Event costs	2000	6000		4000	2000		
A.2.4	Establish SEINEF access units in the project pilot area												
	Desktop computers, intel core i5 processor, 500 GB hard disk and 4 RAM, with Windows and Office licenses for INAB's regional offices	441	3			Equipment	1000	3000	3000				
	Office desk and chair to provide user/customer services	442	3			Equipment	300	900	900				
	Internet connection for project computers	53	12	12	12	Monthly service	50	1800				1800	
	Forest industry technicians to facilitate access to SEINEF in INAB's units in the project pilot area	134	2	2	2	Man/month	1000	6000				6000	
<u>Sub-total</u>								<u>71150</u>	<u>3900</u>	<u>36700</u>	<u>11200</u>	<u>19350</u>	

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
Output 3	Forest product transport control mechanisms strengthened												
A.3.1	Develop a national register of forest transport operators under the national forest registry												
	3 regional awareness workshops for forest transport operators (25 people, 1/2 day) in the project pilot sites	605	90			Day / person / event meals	20	1800	1800				
	Head of forest regulations department for the development of a regulations proposal on forest product transport register	12	1			Man/month	1650	1650				1650	
	Workshop to present forest product transport regulations (50 people, 1/2 day)	606	50			Day / person / event meals	20	1000	1000				
	Printing of regulations	612	500			Document cost	5	2500	2500				
A.3.2	Establish, in coordination with enterprises and transport operators, three pilot control mechanisms to improve the current forest product traceability system												
	Workshop with the participation of the private sector to coordinate	607	40			Day / person / event meals	20	800	800				

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	traceability system pilot actions (40 people, 1/2 day)												
	Purchasing of equipment for forest product tracking and marking (bar code, metal plates, markers, etc.)	44		1		Lump sum	1	10000		10000			
	Forest certification consultant to finalize the system "Guatemala Forestal Responsable" (voluntary certification scheme for the national chain of custody)	<u>113</u>		<u>8</u>		Man/month	<u>2500</u>	<u>20000</u>		<u>20000</u>			
	Forest industry technicians for the monitoring and control of implemented systems	134	1	4		Man/month	1000	5000				5000	
A.3.3	Develop guidelines and materials on the use of the most effective traceability system												
	Three workshops to present the results of the implementation of traceability mechanisms	608			120	Person /day /event meals	35	4200			4200		

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	and the "Guatemala Forestal Responsable" system (1 day, 40 people)												
	Printing of forest product traceability guidelines and "Guatemala Forestal Responsable" materials	613			1	Lump sum	8000	8000			8000		
Sub-total								54950	26100	10000	12200	6650	
Output 4	Municipal system for permit exempt harvesting monitoring and recording implemented												
A.4.1	Development of a standardized register of permit exempt forest harvesting operations for municipalities with household use and consumption agreements												
	Forest legislation consultant for the development of guidelines for the standardized register of exempt forest harvesting operations by municipalities	134	3			Man/month	2000	4000	4000				
	National workshop for the dissemination of guidelines for the standardized register of exempt forest	609	50			Person /day /event meals	25	1250	1250				

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	harvesting operations with the participation of municipal authorities and technicians (1/2 day, 50 people)												
A.4.2	Design and implement a SEINEF-linked electronic system to monitor exempt forest harvesting operations												
	Development of electronic system linked to INAB's SEINEF and SEGEFOR to monitor exempt forest harvesting operations	21	3	4		Monthly cost /service contract	2000	14000	6000	8000			
	Computer equipment for the implementation of the system in pilot municipal forest offices (intel core i3 processor, 4 GHz RAM, 500 GB hard disk)	444		5		Equipment cost	1000	5000		5000			
	National training workshop in the implementation of the electronic system for exempt forest harvesting operations (30	610			30	Cost / person / workshop cost	100	3000			3000		

Output /Activity	Description	Budget Component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year1	Year2	Year3				Year1	Year2	Year3		
	people, 2 days)												
	3 regional forest technicians to support the implementation of the system	113		3	3	Person/month	1000	6000				6000	
A.4.3	Establish standardized guidelines for the control of illegal logging by municipalities with household use and consumption agreements and INAB												
	Forest governance consultant to develop a municipal implementation plan for illegal logging prevention and reduction strategies	137		4		Person/month	2500	10000		10000			
	3 outreach and proposal development workshops (30 people, 1 day)	6101		60	30	Day / person / workshop cost	35	3150		2100	1050		
	Printing of municipal implementation plan document for illegal logging prevention and reduction strategies	614			500	Cost per copy	15	7500			7500		
<i>Sub-total</i>								<u>53900</u>	<u>11250</u>	<u>25100</u>	<u>11550</u>	<u>6000</u>	

Ouputs /Activities	Description	Budget component	Quantity			Unit	Unit cost	Total cost	ITTO			EA	CA
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
A0.0	Non-activity based expenses												
	Project coordinator	111	12	12	12	Person /month	2000	72000				72000	
	Secretarial support	121	12	12	12	Person /month	800	28800	9600	9600	9600		
	Office expenses (Capital items)	41	12	12	12	Monthly rent	1000	36000				36000	
	Office expenses (Consumable items)	51	12	12	12	Monthly amount	200	7200	2400	2400	2400		
	Fuel	52	12	12	12	Monthly amount	300	10800	3600	3600	3600		
	Duty travel (Coordination)	31	12	12	12	Monthly amount	400	14400	4800	4800	4800		
	Vehicle spares and insurance	54	1	1	1	Annual lump sum	1600	4800	1600	1600	1600		
	Miscellaneous	62	1	1	1	Annual lump sum	3000	9000	3000	3000	3000		
	Utilities	55	12	12	12	Monthly amount	200	7200				7200	
	Materials and supplies	56	12	12	12	Monthly amount	100	3600	1200	1200	1200		
	Audits (yearly and final)	63	1	1	1	Lump sum	1	11200	3500	3500	4200		
<u>SUB-TOTAL</u>								<u>205000</u>	<u>29700</u>	<u>29700</u>	<u>30400</u>	<u>115200</u>	
A0.5	Monitoring and evaluation												
	ITTO monitoring & review	82	1	1	1	Lump sum	30000	30000					
	Ex-post evaluation	84	0	0	1	Lump sum	15000	15000					
	ITTO program support costs	<u>85</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>Lump sum</u>	<u>44580</u>	<u>44580</u>					
	INAB management costs	71	0	0	0	Lump sum	<u>12256</u>	<u>12256</u>					
<u>SUB-TOTAL</u>								<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>GRAND TOTAL</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

3.4.2 Consolidated budget by component

Budget item	Description	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Personnel				
111	Project coordinator	72000	24000	24000	24000
121	Administrative support personnel	28800	9600	9600	9600
131	Forest management consultant	10000	10000		
112	Technical assistant in forest management	41600	13000	15600	13000
113	Regional forest technicians	12000	2000	5000	5000
132	Business management consultant	6000		6000	
114	Technical assistant in business management	21600		14400	7200
115	Head of INAB Forest Trade Department	11550	3300	4950	3300
116	Forest industry technicians	11000	3000	6000	2000
117	Head of Forest Legislation Department	1650	1650		
133	Forest certification consultant	20000	20000		
134	Consultant in forest regulations to develop guidelines for the monitoring of exempt harvesting operations	4000	4000		
135	Forest governance consultant to develop a municipal implementation plan for illegal logging prevention and control strategies	10000		10000	
<u>19 Component Total</u>		<u>250200</u>	<u>90550</u>	<u>95550</u>	<u>64100</u>
20	Sub-contracts				
21	Legal consultancy to facilitate the legalization of enterprises	8000		6000	2000
22	Development of a SEINEF-linked electronic system for the monitoring of exempt harvesting operations	14000	6000	8000	
<u>29 Component Total</u>		<u>22000</u>	<u>6000</u>	<u>14000</u>	<u>2000</u>
30	Duty travel				
31	Duty travel (Coordination)	14400	4800	4800	4800
<u>39. Component Total</u>		<u>14400</u>	<u>4800</u>	<u>4800</u>	<u>4800</u>
40	Capital items				
41	Project offices	36000	12000	12000	12000
43	Vehicle - 4X4 pick-up truck for field visits to pilot sites	26000	26000		
44	Laptop computer (intel core i5, 4GB RAM, 500 GB hard disk, case, etc.)	1200	1200		
441	Desktop computers	3000	3000		
442	Office desk and chair to provide user/customer services	900	900		
443	Equipment for traceability system pilot actions	10000		10000	
444	Computer equipment for the implementation of the electronic system in municipalities	5000		5000	
<u>49 Component Total</u>		<u>82100</u>	<u>43100</u>	<u>27000</u>	<u>12000</u>
50	Consumable items				
51	Office expenses	7200	2400	2400	2400
52	Fuel	10800	3600	3600	3600
53	Internet connection to facilitate the use of SEINEF	1800	600	600	600
54	Vehicle spare parts and insurance	4800	1600	1600	1600

Budget item	Description	TOTAL	YEAR 1	YEAR 2	YEAR 3
55	Utilities	7200	2400	2400	2400
56	Materials and supplies	3600	1200	1200	1200
<u>59 Component Total</u>		<u>35400</u>	<u>11800</u>	<u>11800</u>	<u>11800</u>
60	Miscellaneous				
601	4 workshops for the dissemination of the simplified forest management plan model proposal (1/2 day, 30 people), in the project pilot sites	2400	2400		
602	4 training workshops on the use and implementation of the simplified forest management plan (1 day, 50 people per workshop) in the project pilot sites	5000	5000		
611	Design and printing of 500 copies of outreach materials on the simplified forest management plan	2500	2500		
603	6 training workshops on forest business management	6300	6300		
604	3 business rounds to promote legal consumption and trade	6000		4000	2000
605	3 regional awareness workshops for forest transport operators	1800	1800		
606	Workshop to present forest product transport regulations	1000	1000		
612	Printing of regulations	2500	2500		
607	Workshop with the participation of the private sector to coordinate traceability system pilot actions	800	800		
608	Three workshops to present the results of the implementation of traceability mechanisms and the "Guatemala Forestal Responsable" system	4200			4200
613	Printing of forest product traceability guidelines and "Guatemala Forestal Responsable" materials	8000			8000
609	Workshop for the dissemination of guidelines for the standardized register of exempt forest harvesting operations	1250	1250		
610	National training workshop in the implementation of the electronic system for exempt forest harvesting operations	3000			3000
6101	3 outreach and proposal development workshops	3150		2100	1050
614	Printing of municipal implementation plan document for illegal logging prevention and reduction strategies	7500			7500
62	Sundry	9000	3000	3000	3000
63	Audits (yearly and final)	11200	3500	3500	4200
69	<u>Component Total</u>	<u>75600</u>	<u>30050</u>	<u>12600</u>	<u>32950</u>
70	National management costs				
71	INAB management costs	<u>12256</u>			
<u>79. Component Total</u>		<u>12256</u>			
80	Project monitoring and administration				
82	ITTO monitoring & review	30000			
84	Ex-post evaluation	15000			
85	ITTO program support costs	<u>44580</u>			
89	<u>Component Total:</u>	<u>89580</u>	-	-	-
100	GRAND TOTAL	581536			

3.4.3 ITTO budget by component

Budget item	Description	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Personnel				
121	Administrative support personnel	28800	9600	9600	9600
131	<u>Forest management consultant</u>	<u>10000</u>	<u>10000</u>		
112	<u>Technical assistant in forest management</u>	<u>41600</u>	<u>13000</u>	<u>15600</u>	<u>13000</u>
132	Business management consultant	6000		6000	
114	<u>Technical assistant in business management</u>	<u>21600</u>		<u>14400</u>	<u>7200</u>
133	<u>Forest certification consultant</u>	<u>20000</u>	<u>20000</u>		
134	Consultant in forest regulations to develop guidelines for the monitoring of exempt harvesting operations	4000	4000		
135	Forest governance consultant to develop a municipal implementation plan for illegal logging prevention and control strategies	10000		10000	
<u>19 Component Total</u>		<u>142000</u>	<u>56600</u>	<u>55600</u>	<u>29800</u>
20	Sub-contracts				
21	Legal consultancy to facilitate the legalization of enterprises	8000		6000	2000
22	Development of a SEINEF-linked electronic system for the monitoring of exempt harvesting operations	14000	6000	8000	
<u>29 Component Total</u>		<u>22000</u>	<u>6000</u>	<u>14000</u>	<u>2000</u>
30	Duty travel				
31	Duty travel (Coordination)	14400	4800	4800	4800
<u>39. Component Total</u>		<u>14400</u>	<u>4800</u>	<u>4800</u>	<u>4800</u>
40	Capital items				
43	Vehicle - 4X4 pick-up truck for field visits to pilot sites	26000	26000		
44	Laptop computer (intel core i5, 4GB RAM, 500 GB hard disk, case, etc.)	1200	1200		
441	Desktop computers	3000	3000		
442	Office desk and chair to provide user/customer services	900	900		
443	Equipment for traceability system pilot actions	10000		10000	
444	Computer equipment for the implementation of the electronic system in municipalities	5000		5000	
<u>49 Component Total</u>		<u>46100</u>	<u>31100</u>	<u>15000</u>	<u>0</u>
50	Consumable items				
51	Office expenses	7200	2400	2400	2400
52	Fuel	10800	3600	3600	3600
54	Vehicle spare parts and insurance	4800	1600	1600	1600
56	Materials and supplies	3600	1200	1200	1200
<u>59 Component Total</u>		<u>26400</u>	<u>8800</u>	<u>8800</u>	<u>8800</u>
60	Miscellaneous				
601	4 workshops for the dissemination of the simplified forest management plan model proposal (1/2 day, 30 people), in the project pilot sites	2400	2400		
602	4 training workshops on the use and implementation of the simplified forest management plan (1 day, 50 people per workshop) in the project pilot sites	5000	5000		
611	Design and printing of 500 copies of outreach materials on the simplified forest management plan	2500	2500		

Budget item	Description	TOTAL	YEAR 1	YEAR 2	YEAR 3
603	6 training workshops on forest business management	6300	6300		
604	3 business rounds to promote legal consumption and trade	6000		4000	2000
605	3 regional awareness workshops for forest transport operators	1800	1800		
606	Workshop to present forest product transport regulations	1000	1000		
612	Printing of regulations	2500	2500		
607	Workshop with the participation of the private sector to coordinate traceability system pilot actions	800	800		
608	Three workshops to present the results of the implementation of traceability mechanisms and the "Guatemala Forestal Responsable" system	4200			4200
613	Printing of forest product traceability guidelines and "Guatemala Forestal Responsable" materials	8000			8000
609	workshop for the dissemination of guidelines for the standardized register of exempt forest harvesting operations	1250	1250		
610	National training workshop in the implementation of the electronic system for exempt forest harvesting operations	3000			3000
6101	3 outreach and proposal development workshops	3150		2100	1050
614	Printing of municipal implementation plan document for illegal logging prevention and reduction strategies	7500			7500
62	Sundry	9000	3000	3000	3000
63	Audits (yearly and final)	11200	3500	3500	4200
69	Component Total	75600	30050	12600	32950
70	National management costs				
71	INAB management costs				
79. Component Total					
80	Project monitoring and administration				
82	ITTO monitoring & review	30000			
84	Ex-post evaluation	15000			
	Sub-total – Items 11-82	371500			
85	ITTO program support costs	44580			
89	Component Total:	89580			
100	GRAND TOTAL	416080			

3.4.4 INAB budget by component

Budget item	Description	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Personnel				
111	Project coordinator	72000	24000	24000	24000
113	Regional forest technicians	12000	2000	5000	5000
115	Head of INAB Forest Trade Department	11550	3300	4950	3300
116	Forest industry technicians	11000	3000	6000	2000
117	Head of Forest Legislation Department	1650	1650		
<u>19 Component Total</u>		<u>108200</u>	<u>33950</u>	<u>39950</u>	<u>34300</u>
40	Capital items				
41	Project offices	36000	12000	12000	12000
<u>49 Component Total</u>		<u>36000</u>	<u>12000</u>	<u>12000</u>	<u>12000</u>
50	Consumable items				
53	Internet connection to facilitate the use of SEINEF	1800	600	600	600
55	Utilities	7200	2400	2400	2400
<u>59 Component Total</u>		<u>9000</u>	<u>3000</u>	<u>3000</u>	<u>3000</u>
70	National management costs				
71	INAB management costs	12256			
<u>79. Component Total</u>		<u>12256</u>			
100	GRAND TOTAL	<u>165,456</u>			

3.5 Assumptions, risks, sustainability

3.5.1 Assumptions and risks

No major risks are envisaged that could affect the implementation of the project. The following analysis is based on the assumptions described in the logical framework:

ASSUMPTIONS	RISKS	MITIGATION MEASURES
The country's forest institutional framework and macro-economic situation remain stable.	Changes to the forest law and dissolution of the National Forest Institute.	This is only a minor risk, as the institutional framework was in fact strengthened in 2015 with the adoption of a law that provides for a series of forest incentives. Furthermore, the mainstreaming process will be continued with a major emphasis on the forest institutional framework of the country.
Local trade in forest products continues with sustained demand	There is a decrease in the demand for forest products.	Timber has always been one of the most stable commodities in both the national and international markets, due to high demand and high value given to this commodity by end consumers. One of the activities to be implemented during the project will be the organization of trade fairs to stimulate the market both vertically and horizontally.
Forest producers harvesting volumes of less than 50 m ³ accept project initiatives.	Small forest producers are not interested in adopting a forest management model for harvesting operations of less than 50 m ³ .	It is envisaged that during the project implementation phase several information and capacity building meetings and workshops will be held, with a view to generating and maintaining the interest of small producers.
No socio-economic /climate phenomena that could hinder the implementation of the technical and economic activities envisaged in the project.	The scheduled implementation of project activities is affected, possibly preventing the implementation of some of these activities.	The support of forest authorities and all other stakeholders involved, as well as the decentralization of activities through the hiring of consultants and/or research assistants, will facilitate implementation of both technical and economic activities within the pre-established time frame.
A stable relationship is maintained between the main stakeholders involved in the project thanks to the transparent information processes established.	The stability of the responsible institution is affected by political events in the country.	Special attention will be given to the adoption of the project by project stakeholders through capacity strengthening activities.
A differentiated treatment is implemented for legal forest products originating from areas under forest management and with a harvesting model for volumes of less than 50 m ³ .	Forest management plans are formulated without following appropriate standards and technical precision, thus negatively affecting the sustainability of forests.	Forest management plans for volumes of less than 50 m ³ will be developed by duly trained personnel.

3.5.2 Sustainability

The trade in forest products is the last link in the forest production chain and it is always expected that this link will produce a series of economic and environmental benefits to those who have participated in each of the forest activity stages. This can only be achieved if the goods being offered have been produced through the use of sustainable forest management plans prepared with technical-scientific rigor and adopted in accordance with existing national regulations.

This project will build institutional capacities for the management and implementation of sustainable forest management models for small forest areas with harvesting volumes of less than 50 m³, with the aim of involving small forest producers in legal forest trade activities. This instrument (simplified forest management plan) will contribute to sustainable forest management in the country and to the traceability of forest products, and this will facilitate producers' access to better market prices for their products.

The involvement of small industries in legal forest activities and the training to be provided so that they can adopt and implement business management mechanisms will strengthen their marketing capacity and allow them to be competitive in the timber business.

A traceability system for forest products will ensure that small forest producers can prove the legal origin of their products and thus help to ensure the companies buying these products that they are offering legally sourced products obtained in a responsible and sustainable manner.

Finally, the participation and involvement of stakeholders, including *inter alia* the municipalities, will ensure project sustainability, because they will be responsible for the future implementation of forest management plans in harvesting operations of less than 50 m³.

From an institutional perspective, the sustainability of this project is clearly established by the fact that it will strengthen the capacity of the institution responsible for the implementation of mechanisms to verify the legality of forest products, an institution that will be also be responsible for the long-term implementation of forest management instruments using its own resources.

The financial sustainability of the project will be determined by the economic benefits that the implementation of these mechanism will accrue to the different stakeholders involved, in terms of reducing expenses, generating income and ensuring the economic stability of local forest activities.

PART 4. IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

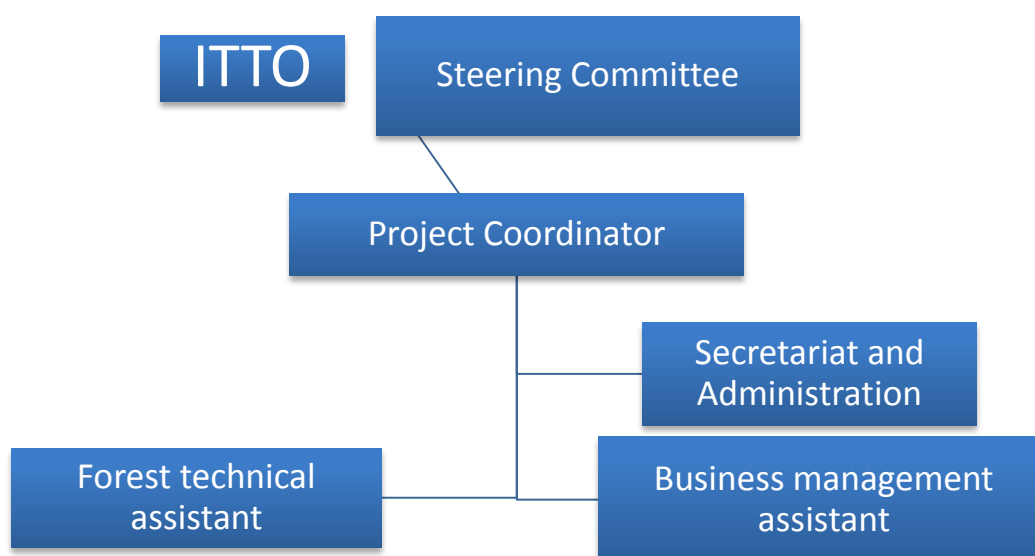
The National Forest Institute is a public semi-autonomous institution responsible for the Guatemalan Forest Service. Its highest authority is an Executive Board made up of representatives of various sectors. It has national coverage through its nine Regional Directorates, 31 Sub-regional Directorates and 5 Directorates (3 substantive and 2 support directorates). Thus, INAB has the technical, administrative and legal capacity to implement this project through the Forest Management and Trade and Industry Directorates.

The project itself will establish the basis to implement a representation and participation mechanism for the forest product transport sector.

Furthermore, the project will facilitate the participation of municipalities, particularly those that have a Municipal Forest Office and/or have signed a household use and consumption agreement with INAB, which will be beneficiaries of project support so as to strengthen capacities in the implementation of harvesting operations of less than 15 cubic meters and in the monitoring of local forest resources.

4.1.2 Project management team

The project management team will be responsible for facilitating, coordinating, administrating, implementing and monitoring project activities under the supervision of the project coordinator. The team will be made up of 01 coordinator and 01 administrative assistant. In order to achieve the expected outputs, the project team will receive support from experts in the areas of forest management, business management, forest certification, forest regulations and forest governance (through consultancy services), 1 business management assistant and 1 forest technical assistant. In addition, the project will have the support of the national forest agency (INAB) through forest trade and industry experts and technical personnel from the regions where the project will be implemented. The terms of reference for these consultants are detailed in the annexes; the terms of reference for INAB personnel participating in the project are also included in the annexes. Internationally agreed administrative and accounting guidelines will be applied and an external audit will be carried out by duly accredited auditors by the end of each year, as well as a final audit upon project completion.



4.1.3 Project Steering Committee

A Project Steering Committee (PSC) will be set up. This Committee will operate according to the relevant ITTO regulations, and will monitor the overall implementation of the project, approve yearly plans of operation and their respective budgets, and review the activities implemented in accordance with the proposed and approved work plan. The Committee will meet at least once a year and will be made up of the following members:

- A representative of ITTO,
- A representative of INAB as the agency in charge of the forest sector in Guatemala, who will chair the Steering Committee,
- A representative of the municipalities (with Municipal Forest Offices),
- A representative of the private sector,
- The Project Coordinator,
- A representative of the donor country.

The Project Coordinator will serve as secretary of the Steering Committee.

4.1.4 Stakeholder involvement mechanisms

The project will also ensure an ongoing user consultation and information process through the dissemination of project activities, project progress and scheduled activities so as to keep users fully informed. These meetings will also inform users regarding INAB's involvement, and how they can participate in project activities. Complaint or grievance mechanisms will also be established, whereby complaints may be presented in writing through INAB's sub-regional offices, to be objectively resolved within a week.

4.2 Reporting, review, monitoring and evaluation

By the end of the first quarter after project start-up, the Project Coordinator will prepare an inception report for the first meeting of the Project Steering Committee. This report will include the detailed Yearly Plan of Operation (YPO) for the first 12 months. The YPO will be based on the Project Logical Framework and on activity details as defined in the project proposal. It will include resources needed, assign responsibility for each activity and present the plan for the implementation of activities on a monthly basis.

Every 6 months, INAB will send progress reports to the ITTO Secretariat according to the relevant ITTO rules and procedures. The consultancy reports will also be sent to the ITTO Secretariat. The Completion Report will be sent to the Secretariat no later than 3 months after project completion.

ITTO's monitoring missions will take place according to the Organization's schedule. These missions will review project progress on the basis of compliance with the logical framework indicators, conformity with ITTO project management rules and procedures, and implementation of recommendations and decisions of the Project Steering Committee. Progress in the implementation of the project will also be reported through the ITTO online system (OLMS).

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 on the basis of the project logical framework indicators. Activities, outputs, outcomes and assumptions will be monitored on a regular basis throughout the project implementation period. The Project Coordinator will submit a proposal for a Monitoring and Evaluation System (MES) for the project during the first meeting of the Steering Committee, which will establish specific dates, responsible parties and locations for monitoring and control.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

INAB will be responsible for promoting major project achievements and outcomes, lessons learned and aspects to be improved. These dissemination actions will take place during the project implementation period and after project completion. Different communication media (printed press, television, radio) will be used, as well as web pages, and national and international events related to project objectives and outcomes.

Project results will also be disseminated through INAB newsletters as well as instruments generated by the project.

4.3.2 Mainstreaming of project learning

Mainstreaming of project learning will take place through different communication media, including a publication and via the internet through INAB's webpage.

Local presentations will be made in the project target areas and those municipalities with potential to replicate the project experience, based on the presence of forest resources in municipal areas and agreements with INAB.

All documents produced by the project will be distributed (in local languages as required) in the prioritized project areas and will be disseminated among small forest owners/holders, forest regents and municipal authorities, among others.

Key project documents and information will be made available through ITTO's project search tool in the ITTO webpage, with links to the webpage of INAB as ITTO focal point in Guatemala. In order to ensure that a greater number of stakeholders at the national level are aware of project results and the various tools available in the ITTO webpage.

ANNEX 1. Profiles of the executing and collaborating agencies

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: i) 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".

INAB has expertise in the following areas:

- 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.

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 Totonicapán	4
VII	Northwest	Huehuetenango, Quiché	4
VIII	Petén	Petén	4
IX	South Coast	Escuintla, Retalhuleu, Suchitepéquez	4
TOTAL			33

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

INAB personnel

Position: Head of the Forest Trade Department

Duties:

The Coordinator will be responsible for:

- Providing guidance on forest trade aspects as well as information related to forest products marketed in the forest sector.
- Supporting the identification of (small and medium) forest enterprises that are illegally operating in the country.
- Supporting training processes related to the forest industry.

Position: Head of the Forest Regulations Department

Duties:

- Providing legal advice for the development of instruments on the simplified forest management plan model for harvesting operations of less than 50 m³.
- Supporting the forest industry standardization process.
- Leading the development of regulations on forest management plans for harvesting operations of less than 50 m³.
- Developing regulations for the standardized register of permit exempt forest harvesting operations by communities.
- Developing a regulations proposal for a register of forest product transport operators.
- Providing guidance for the project operational planning.

Position: Forest technicians

Duties:

- Supporting the field implementation of the project in the project pilot areas.
- Supporting the identification of pilot areas for the implementation of the project.
- Providing information for the development of forest management plans for small areas and operations of less than 50 m³.
- Replicating training events in project implementation areas.

ANNEX 3. Terms of reference of personnel and consultants funded by ITTO

A. Sustainable forest management consultant

Aim of the consultancy: Develop a simplified forest management plan model for harvesting operations of less than 50 m³.

✓ **Qualifications:**

- Professional with university training, preferably Master's degree or above, in forest management, natural resource management or related discipline.
- Expertise in the institutional, community and private forest sectors of Guatemala.
- Knowledge of the current forest legislation and other related regulations.
- A minimum of 5 years experience in forest management, preferably in small areas.
- Knowledge of small-scale forest management.
- Good command of computer packages.
- Ability to coordinate and facilitate consultation workshops at the community level.
- Experience in working with communities.

✓ **Duties:**

- Design a proposal for a simplified forest management plan model (for harvesting operations of less than 50 m³).
- Assist in the identification of pilot sites for harvesting operations of less than 50 m³.
- Facilitate consultation and validation workshops with the local communities for the development of a simplified forest management plan model.
- Facilitate training workshops for forest regents, forest owners, forest technicians, municipal forest technicians, intermediaries, etc., in the use and benefits of the simplified forest management plans for harvesting operations of less than 50 m³.
- Support the implementation of the simplified forest management plan in the identified pilot site.
- Develop the design of promotional material on the simplified forest management model.

Duration: 6 months.

B. Technical assistant in sustainable forest management

Aim of the consultancy: Provide guidance in the implementation of the simplified forest management plan model for harvesting operations of less than 50 m³ in pilot sites

✓ **Qualifications:**

- Professional with university degree in forestry or natural resource management.
- Expertise in the institutional, community and private forest sectors of Guatemala.
- Knowledge of the current forest legislation and other related regulations.
- A minimum of 5 years experience in forest management, preferably in small areas.
- Knowledge of small-scale forest management.
- Good command of computer packages.
- Experience in working with communities.

✓ **Duties:**

- Support the implementation of the simplified forest management plan for harvesting operations of less than 50 m³ in the identified pilot site
- Identify other pilot sites in INAB's prioritized regions for the implementation of the simplified forest management plan for harvesting operations of less than 50 m³
- Disseminate the simplified forest management tool for harvesting operations of less than 50 m³ in the identified priority regions.
- Facilitate training workshops for forest regents, forest owners, forest technicians, municipal forest technicians, intermediaries, etc. in the use and benefits of the simplified forest management plan or harvesting operations of less than 50 m³

- Guide INAB technicians in relation to the simplified forest management plan model.

Duration: 36 months.

C. Forest business management consultant

Aim of the consultancy: Provide guidance in administrative, accounting and legal aspects to forest industries

✓ **Qualifications:**

- Professional with university training, preferably Master's degree or above, in business management, marketing or related discipline.
- Expertise in business management, preferably in the specific area of forest products.
- Knowledge of the current commercial legislation and other regulations related to business management in the country.
- A minimum of 5 years experience in business management, preferably small business.
- Experience in the registration of enterprises with the competent authorities so as to enable them to operate legally in the country.
- Good command of computer packages.
- Ability to coordinate and facilitate training events for small enterprises.
- Experience in working with micro and small enterprises.

✓ **Duties:**

- Design a training proposal on the fundamentals of business management in the forest sector and legal requirements for their administrative and accounting operation in Guatemala.
- Assist in the identification of case-studies related to small and/or medium forest enterprises.
- Facilitate training events on the fundamentals of business management in the forest sector and legal requirements for their administrative and accounting operation in Guatemala.
- Provide guidance to small and medium enterprises in their registration and/or updating in the Commercial Registry and other related mechanisms.
- Develop the design of promotional material on registered forest enterprises.

Duration: 3 months.

D. Technical assistant in forest business management

Aim of the consultancy: Support the legalization of small/medium forest enterprises with the competent authorities in the country

✓ **Qualifications:**

- Professional with university degree in business management, marketing or related discipline.
- Knowledge of the current commercial legislation and other regulations related to business management in the country.
- Expertise in administrative procedures related to small and medium enterprises in Guatemala.
- Experience in the registration of enterprises with the competent commercial, legal and tax authorities in the country.
- A minimum of 3 years experience in business management (preferably in the area of forest products).
- Ability to coordinate and facilitate training events for small enterprises.
- Experience in the organization of business rounds.
- Good command of computer packages.
- Experience in working with small and medium enterprises.

✓ **Duties:**

- Support the registration of enterprises with the competent (commercial, legal and tax) authorities in the country
- Facilitate training events on administrative and accounting aspects of enterprises.
- Organize, manage and implement forest business rounds in the project target area.
- Promote the sharing of experiences between formal and informal forest enterprises in the country.
- Support INAB personnel in facilitating training related to the management of forest enterprises,

Duration: 18 months.

E. Subcontract – Legal advice for the legalization of forest enterprises

Aim of the consultancy: Provide guidance in legal aspects related to the legalization of forest enterprises.

✓ **Qualifications:**

- Professional with university training, preferably Master's degree or above, in legal and social sciences.
- Active chartered professional.
- Expertise in the current commercial legislation and other regulations related to business management in the country.
- Experience in the registration of enterprises with the competent authorities so as to enable them to operate legally in the country.
- Good command of computer packages.
- Ability to coordinate and facilitate training events for the dissemination of regulations for the legalization of forest enterprises in the country.
- Experience in working with micro and small enterprises.

✓ **Duties:**

- Provide guidance to small and medium enterprises in their registration and/or updating in the Commercial Registry and other related mechanisms to enable their legal operation in the country.
- Facilitate training/dissemination events on legal requirements for enterprises to operate legally in the country.
- Design a flow-chart to show the different steps that enterprises should take for their legalization in the country.
- Develop a checklist on registration/updating and legalization requirements for enterprises in Guatemala.

Duration: 8 months.

F. Forest regulations consultant

Aim of the consultancy: Develop guidelines for the standardized registration of exempt forest harvesting operations by municipalities

✓ **Qualifications:**

- Professional with university training, preferably Master's degree or above, in legal and social sciences.
- Active chartered professional.
- Expertise in the current forest legislation in Guatemala.
- Expertise in the current legislation related to municipal administration in the country.
- Good command of computer packages.
- Ability to coordinate and facilitate dissemination with the participation of various stakeholders.

✓ **Duties:**

- Develop guidelines for the standardized registration of permit exempt forest harvesting operations by municipalities.
- Coordinate consultation workshops with the participation of forest sector stakeholders, municipalities and organized civil society related to forest resources.
- Facilitate training/dissemination events on guidelines for the standardized registration of permit exempt forest harvesting operations by municipalities in the country.

Duration: 3 months.

G. Forest certification consultant

Aim of the consultancy: Complement the voluntary chain of custody certification scheme known as “Guatemala Forestal Responsable” (*Responsible Forestry for Guatemala*)

✓ **Qualifications:**

- Professional with university training in forestry, preferably Master’s degree or above in relation to forest certification.
- Active chartered professional.
- Internationally recognized certifier.
- Expertise in international forest certification standards.
- Experience in forest certification processes at the international level, preferably in the Latin America region.
- Knowledge of forest management standards at the national level.
- Good command of computer packages.
- Ability to coordinate and facilitate training events related to forest certification.

✓ **Duties:**

- Complete the implementation process of the “Guatemala Forestal Responsable” scheme through a participatory and inclusive approach.
- Provide guidance to national authorities related to forest management so as to ensure their awareness and enforcement of forest management standards with a view to forest certification.
- Develop a proposal to facilitate the adoption and inclusion of responsible forest management standards by the relevant authorities in charge of the forest sector in the country.
- Provide training to responsible institutions on forest certification at the international level and applicability of national standards as a compromise mechanism for responsible forest management,

Duration: 10 months.

H. Forest governance consultant

Aim of the consultancy: Develop a municipal plan for the implementation of illegal logging prevention and reduction strategies

✓ **Qualifications:**

- Professional with university training in forestry, preferably a Master’s degree in relation to forest governance.
- Knowledge of the forest sector and the current forest legislation in Guatemala.
- Knowledge of the current legislation related to municipalities.
- Experience in municipal administration processes.
- Proven experience in facilitating governance processes in Guatemala.
- Good command of computer packages.
- Ability to coordinate and facilitate training and negotiation events related to forest governance.

✓ **Duties:**

- Lead the development of a municipal plan for the implementation of illegal logging prevention and reduction strategies in Guatemala.
- Identify stakeholders that may be involved in local forest governance mechanisms at the municipal level.
- Develop workshops for consultation on and validation of the plan to reduce illegal logging in Guatemala.
- Disseminate the proposal for the municipal implementation plan as an illegal logging prevention and reduction strategy,

Duration: 4 months.

ANNEX 4. Response to the recommendations of the 51st ITTO Expert Panel

No.	Recommendation	Modification made to address the recommendation	Page
1	Include more information on the project regions and the target area should be clearly identified in the map;	More information was included regarding the project area and existing conditions	7-10
2	Expected outcomes should be the results and impacts of project implementation rather than listing indicators of objective and outputs;	Modifications were made following the recommendations of the Panel and the expected outcomes were revised	11
3	Restructure the problem analysis with a clear key problem and its logical links with causes and effects; the key problem and causes should turn to be specific objective and outputs respectively in Objective tree.	Following the recommendations of the Expert Panel, the description and analysis of the key problem as well as the problem tree were improved	14-17
4	Refine the development objective with a clear target that the project will aim at;	The project's development objective was revised	21
5	Modify the indicators for development objective and specific objectives with baseline information in support of the quantitative and time-bound elements;	The indicators for the project's development and specific objectives were improved to adequately contribute to the project targets	18
6	Outputs and activities need to be more logically elaborated in line with the objectives;	Outputs and activities were revised and improved following the recommendations made by the Expert Panel	22-23
7	Refine the indicators of outputs, some proposed indicators cannot be achieved according to Master budget plan.	Relevant revisions were made to the output indicators	19-21
8	Based on modifications above, refine Logical Framework Matrix in line with revised problem tree and objective tree.	Relevant revisions were made in the project logical framework matrix	18-21
9	Restructure the implementation approaches and methods and design related activities and budget items in response to the participatory approach, as well as business model and financial mechanisms for small enterprises;	The information was improved in accordance with the recommendations of the Expert Panel	23
10	Refine budget items in line with relevant project outputs and activities	Changes were made in the project budget according to the project outputs	26-34

11	Reduce the budget for personnel by reviewing the actual need for the employment of those experts, consultants, and assistants	ITTO's budget for personnel costs was reduced by 12%.	36
12	Explain the necessity for purchasing the vehicle for such a project	A footnote was included to justify the need for a vehicle to service the project areas.	27
13	Include an Annex that shows the overall assessment and specific recommendations of the 51st Expert Panel and respective modifications in tabular form, while making sure to add the pages indicating where to find elements addressing the overall assessment and specific recommendations in the revised version of the project proposal document. Modifications should also be highlighted (bold and <u>underline</u>) in the text.	The relevant annex was included to describe the modifications made to address the recommendations of the 51st ITTO Expert Panel.	52

ANNEX 5. Response to the recommendations of the 52nd ITTO Expert Panel

<u>Specific Recommendations</u>	Modification (s) made	Page No.
1. Clearly elaborate the key problem and its logical links with causes and effects	<p>2.1.3 Problem analysis</p> <p><u>The project seeks to reduce the high incidence of illegal logging, trade and transport of forest products caused by the limited control mechanisms available for small-scale forest harvesting, which cannot ensure the traceability of these forest products in Guatemala.</u></p>	<u>14</u>
2. Keep consistency between the problem tree, the objective tree and the specific objective, as addressing the key problem and its causes will turn to be the specific objective and outputs respectively;	<p>2.1.4 Project logical framework</p> <p><u>Reduce the high incidence of illegal logging, trade and transport of forest products caused by the limited control mechanisms available for small-scale forest harvesting, which cannot ensure the traceability of these forest products in Guatemala .</u></p> <p><u>Monitoring and control mechanisms established so as to improve the capacity of institutions and municipalities to reduce illegal logging and transport of forest products and increase forest product traceability</u></p>	<u>16 – 18</u>
3. For the 1st impact indicator, delete by 10% as the increase from 1.6 to 1.9 million m ³ should be around 19%;	<p><u>Two years after project completion, the consumption of legal forest products has increased by 19%, from 1.6 million m³ to 1.9 million m³ per year</u></p>	<u>18, 21</u>

<p>4. For the 1st outcome indicator, as it was modified from 50 m³ to 200 hectares, there should be consistent with activities (Activity 1.1, 1.2 etc.) as well as the workplan and the budget;</p>	<p><u>Two years after project completion, the consumption of legal forest products has increased by 19%, from 1.6 million m³ to 1.9 million m³ per year</u></p> <ul style="list-style-type: none"> • <u>Upon project completion, at least 200 hectares have been harvested using a simplified forest management scheme.</u> • <u>Upon project completion, the number of legal enterprises has increased by at least 50 forest SMEs.</u> • <u>Upon project completion, at least one efficient instrument has been established to improve traceability in the transport of forest products.</u> • <u>Upon project completion, 150 municipal councils with institutional agreements for permit exempt harvesting operations have a system available for monitoring and reporting permit exempt harvesting operations</u> <p><u>Activity 1.1 Design a technical instrument for the development of simplified forest management plans for harvesting operations of less than 50 m³</u></p> <p><u>Activity 1.2 Train key stakeholders (40 forest regents, 280 forest owners, forest technicians, intermediaries, etc.) in the use and benefits of the simplified forest management plan for harvesting operations of less than 50 m³</u></p> <p><u>Output 2: Legality strengthening plan for the small forest industry implemented.</u></p> <p><u>Activity 2.1 Raise awareness among 2000 informal timber merchants regarding INAB's legal operational procedures and forest business strengthening.</u></p>	<p><u>21-22</u></p>
<p>5. As the explanation for purchasing a vehicle is not convincing, the EA needs to consider renting a vehicle for the same uses.</p>	<p><u>¹The purpose of the 4x4 pick-up truck is to support the technical work to be carried out with small forest and plantation owners, municipalities, forest regents, transport operators, timber merchants and small industries that buy timber in 4 regions of the country. The project area is quite large and the distances that need to be covered are considerable. Furthermore, the frequency of departures is constant, repetitive and periodic. In view of this, and after carrying out a cost/benefit study and determining the availability of vehicle rental services, it has been considered that in the long term it would be cheaper and more convenient for the project to purchase a vehicle to be used on a full time basis.</u></p>	<p><u>27</u></p>