

---

Guatemala

Project: Enhancing SME Productivity

(P112011)

---

## **Resettlement Framework**

---

November 2010

---

## Project Description

1. The project will consist of three main components – 1) Implementation of the National Policy for the Development of Micro, Small, and Medium Enterprises, 2) Creating More Productive Value Chains, and 3) Strengthening Support Services for SMEs.

**2. Component 1: Implementation of the National Policy for the Development of MSMEs.** Component 1 will improve the capacity of the Ministry of Economy (MINECO) to lead and coordinate the development efforts of the public and private sectors in support of SMEs, including improving existing business development services (BDS) and quality services, and conducting pilots to develop new approaches to increase access to BDS and financial services. The component consists of three subcomponents.

**3. Subcomponent 1: Promoting a Culture of Quality and Improving Quality Services.** The subcomponent will strengthen the supply and demand of quality services that are relevant to SME needs. This subcomponent will provide consultant services, publications, and conference services to support the design and implementation of a communication strategy that targets SMEs and aims to promote a culture that understands the importance of quality in processes and products. The strategy will include *inter alia*, trainings to associations, conferences, publications, and coordination activities with other relevant agencies—such as certifying entities and other government agencies that promote standards. Also, the strategy will provide consultant services and goods to strengthen the website of the national quality system, expanding, *inter alia*, the information available on standards and online directories, including a more user-friendly interface. Additionally, the subcomponent will provide support for training activities and, on a declining basis, additional technical personnel for, *inter alia*, the metrology lab and the accreditation agency. The project will also finance the capacity building needed to increase the coverage of the quality system services. Lastly, the subcomponent will finance a consultancy to develop a sustainability plan of the national quality system with the aim of improving its institutional capacity and the generation of income from fee-based services and other sources to cover the costs of technical personnel.

**4. Subcomponent 2: Strengthening Business Development Services.** The subcomponent will provide consultant services, goods and conference services to improve the supply of business development services. It will carry out an inventory of existing business development services (BDS) and expand the information available in MINECO's current directory of BDS providers. The subcomponent will finance an evaluation of existing BDS providers and assess the level of services provided. Based on these evaluations and the productivity barriers identified by the selected value chain working groups, this subcomponent will finance consultancies, goods, and conference services to provide technical assistance to BDS providers to address identified weaknesses. Technical assistance will include, *inter alia*, training of trainers, expansion of certification services, and promotion of alternative dispute resolution mechanisms.

**5. Subcomponent 3: Supporting Pilots for New Product Development.** Subcomponent 3 will finance research pilots and feasibility studies to identify the most useful solutions to overcoming barriers to growth and productivity faced by SMEs. Examples of new instruments to be studied could include a partial credit risk guarantee for banks lending to SMEs, a feasibility study of a second tier bank, and the development of new microfinance products (such as microleasing and

microinsurance). The pilots will include a monitoring plan and indicators to be able to measure their impact and decide if a particular pilot should be expanded. These pilots will be discussed with the Bank and included in the annual operational plan, with direct monitoring and reporting undertaken by MINECO.

**6. Component 2: Creating More Productive Value Chains.** Component 2 will improve SME competitiveness through the development and partial financing of prioritized action plans for selected value chains in the tourism and agribusiness sectors, both of which were identified in the Country Economic Memorandum. The component will select two value chains each from these sectors. The selection process will be transparent and competitive, based on technical criteria that reflect economic, social, and environmental feasibility as well as SME participation in the value chain. To ensure maximum SME participation, the Project has set a target of 80 percent SME participation in the value chain. Value-chain working groups will be formed to generate priority action plans, supported by specialized facilitation and technical assistance as needed. The action plans will employ a public-private partnership approach, and encourage strong SME participation. The working groups will be composed of key stakeholders in the value-chain, including relevant associations and chambers of commerce, firms, as well as supporting institutions such as research agencies and input providers. A steering committee, composed of the Minister, Vice Minister of MSMEs, and others selected by the Minister, will provide overall guidance, reviews, and approvals (or rejections) of PIU recommendations. MARN will review relevant proposals (such as an action plan) before final approval by the MINECO steering committee for environmental and natural resource safeguard issues.

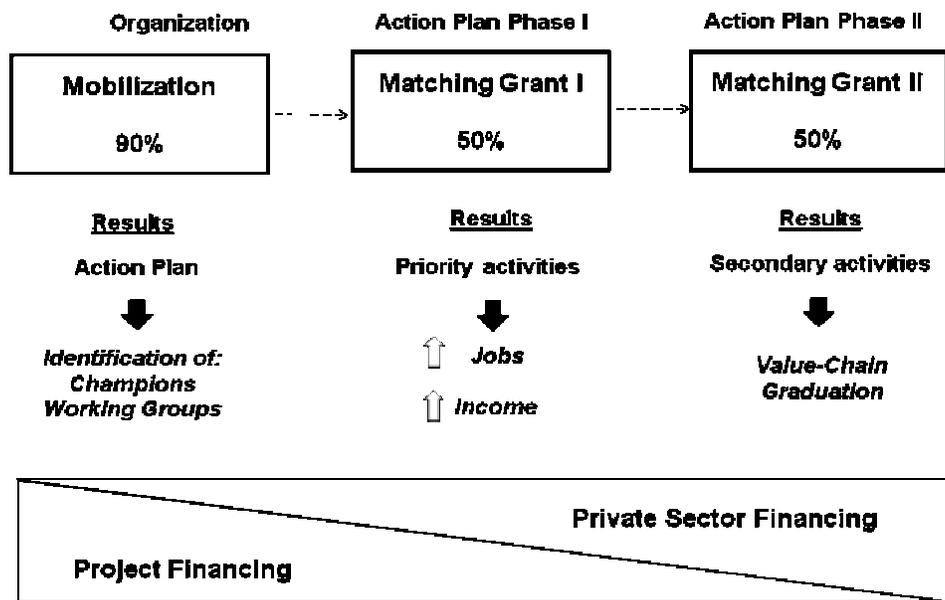
**7.** In a transparent process, and using all available information (such as desk reviews of demand growth), interactive methods (such as interviews and focus groups), specific initial statistics on SMEs, and supply and demand data for the specific products, the PIU value chain coordinator and the technical expert will identify between 20 and 30 candidate value chains. Based on the PIU's recommendations, the steering committee will select the value chains to participate in the project, approve the action plans, and will make all final decisions regarding funding and project implementation. Using available subsector information, data provided in the diagnostic work, and benchmarking information from other countries, the PIU will facilitate the organization of the value chain working group, provide technical assistance as need arises, and the development of the prioritized action plan. The working groups will also focus on identifying "low-hanging fruit" for quick impact (before the submission of a formal working plan), which will follow the normal review and approval procedure by MARN and the Steering Committee.

**8.** Selected value chains will become eligible for graduation after about two years, at which time, a new round of selection will take place, as conditions permit. Graduation means that successful value chains will not need further project support because they successfully completed the action priorities and have the internal organization to identify other resources. However, during the mid-term review, value-chains can also lose eligibility for further funding due to a lack of momentum or demonstrated progress.

**9.** FIGURE 1 describes the phases, results and project financing. Project financing will decline as private sector financing increases and the value chain approaches graduation.

10. The component will improve the sustainability of the productivity and income gains with *ex-ante* risk management tools and practices as an integral part of the selected value chains' action plans. For example, risk management activities for the agribusiness value chain would include the use of disease resistant seeds, natural disaster preparedness through targeted infrastructure investments, insurance instruments, and integrated pest management. Environmental expert consultants contracted for the selected value chains will similarly ensure pro-active environmental solutions in action plans in coordination with national entities such as the Clean Production Technology Center of the Guatemalan Chamber of Industry.

**FIGURE 1: TECHNICAL AND FINANCIAL ASSISTANCE OVERVIEW**



11. *Tourism.* The project will work with SMEs, other members in the selected value chains, and the relevant stakeholders, to improve the competitiveness of tourism services and assets. As part of this process, the component will develop activities that address physical, marketing, regulatory, and other constraints. The value chain working group will determine the final list of activities, which could include, *inter alia*, development of new tourism packages with high SME participation, upgrades of heritage assets (such as small on-site infrastructure improvements), creation of safe zones for targeted routes, training of guides, strengthening of tourism organizations, introduction of clean production technologies in small hotels, creation of a joint web site, and familiarization trips by international tour operators. The component will also directly address security concerns, drawing lessons from the Tourist Assistance Program, *Taxi Seguro*, and international experience.

12. *Agribusiness.* The project will work with SMEs, other firms in the selected value chains, and relevant stakeholders to trigger productive private investments and job creation. Activities could include, *inter alia*, the development of new products, market intelligence research, cold chains or other small infrastructure improvements, and niche marketing schemes, as well as the relevant certifications and seals (such as organic or Fair Trade certifications).

**13. Component 3 – Project Management and National SME Policy monitoring.** This component will finance the cost of the Project Implementation Unit (PIU) in MINECO, which will manage all technical, fiduciary and safeguards aspects of the work. The technical staff of the unit should over time be absorbed into the Vice Ministry of Micro, Small, and Medium Enterprises (MSMEs) and the administrative and financial team should become part of MINECO's Finance and Administration Unit. The Director of the Finance and Administration unit will manage the fiduciary team while the project coordinator will report on technical and strategic issues to the Vice Minister of MSMEs. The consultants for this unit will be selected on a competitive basis and will include the following:

**14.** A specific annual budget and set of activities will be established for technical assistance and capacity building activities for MINECO staff in technical, fiduciary, and safeguards issues, including indigenous peoples issues and social issues.

### **Involuntary Resettlement**

**15.** The project is not expected to fund any projects that could potentially lead to voluntary or involuntary resettlement. Since there is a remote possibility of such issues arising during project implementation, Bank experts have determined that it would be advisable to have a project level framework for involuntary resettlement, as per Bank guidelines (including OP 4.12). The checklist and screening criteria below will be used by the steering committee to determine if involuntary resettlement is occurring and whether a subproject can be approved.

## INVOLUNTARY RESETTLEMENT CHECKLIST

**a. Adquisición de tierra.** ¿Esta previsto que el sub-proyecto requiera la adquisición de tierra (pública o privada) para su desarrollo?

Si \_\_\_\_\_ No \_\_\_\_\_

*En el caso que contestó Si, favor de contestar las siguientes preguntas (b) y (c)*

**b. Medio de adquisición-** la tierra que se adquirirá por-

- Donación (El donante está realizando la donación con consentimiento informado y con el poder de elegir si se realice dicha transacción o no)<sup>1</sup>

- *En caso afirmativo, favor de contestar a la pregunta (c) y ver XX para 8 criterios claves para determinar el consentimiento informado.*

- Compra voluntaria- (El vendedor está realizando la venta con consentimiento informado y con el poder de elegir si se realice dicha transacción o no)<sup>2</sup>

- *En caso afirmativo, favor de contestar a la pregunta (c) y ver XX para 8 criterios claves para determinar el consentimiento informado.*

- Compra o adquisición basada en el dominio eminente o poderes del estado

- *En caso afirmativo, el proyecto no podrá ser aprobado dado que aquellos proyectos que impliquen la adquisición de terrenos o reasentamientos involuntarios no calificarán para ser aprobados en el marco de este proyecto.*

**c. Potenciales impactos adversos para el donante o vendedor del terreno**

- ¿La donación o venta de tierra puede implicar el desempleamiento físico del donador o vendedor?

- ¿La donación o venta de tierra puede implicar impactos adversos sobre el ingreso del donador o vendedor?

*En caso afirmativo a cualquiera de las dos preguntas de (c), el proyecto no podrá ser aprobado dado que aquellos proyectos que impliquen la adquisición de terrenos o reasentamientos involuntarios no calificarán para ser aprobados en el marco de este proyecto.*

**d. Restricción de acceso a parques o zonas protegidas.** ¿El proyecto implicará la restricción involuntaria del acceso a zonas calificadas por la ley como parques o zonas protegidas, con los consiguientes efectos adversos para la subsistencia de las personas desplazadas?

---

<sup>1</sup> "Consentimiento informado" significa que la(s) persona(s) involucradas cuentan con un conocimiento completo sobre el proyecto y sus implicaciones y consecuencias y libremente se acuerdan con participar en la transacción de venta o donación de tierra. El "poder de elegir" significa que la(s) persona(s) involucradas cuentan con la opción de acordarse o no con la adquisición de tierra sin consecuencias adversas impuestas formalmente o informalmente por el estado. Por definición, el poder de elegir es solamente posible si la ubicación del proyecto para el cual se requiere la adquisición de tierra no es fija.

<sup>2</sup> Ibid

*En caso afirmativo, el proyecto no podrá ser aprobado dado que aquellos proyectos que impliquen la adquisición de terrenos o reasentamientos involuntarios no calificarán para ser aprobados en el marco de este proyecto.*

**Crterios de guía para determinar si el consentimiento informado existe en la adquisición de tierra-**

1. The infrastructure must not be site specific.
2. The impacts must be minor, that is, involve no more than 10 percent of the area of any holding and require no physical relocation.
3. The land required to meet technical project criteria must be identified by the affected community, not by line agencies or project authorities (nonetheless, technical authorities can help ensure that the land is appropriate for project purposes and that the project will produce no health or environmental safety hazards).
4. The land in question must be free of squatters, encroachers, or other claims or encumbrances.
5. Verification (for example, notarized or witnessed statements) of the voluntary nature of land donations must be obtained from *each* person donating land.
6. If any loss of income or physical displacement is envisaged, verification of voluntary acceptance of community-devised mitigatory measures must be obtained from those expected to be adversely affected.
7. If community services are to be provided under the project, land title must be vested in the community, or appropriate guarantees of public access to services must be given by the private titleholder.
8. Grievance mechanisms must be available.

**CONSULTA PUBLICA**

e. **Consulta pública.** ¿Se ha realizado una consulta con la comunidad y actores interesados sobre los objetivos, beneficios y potenciales impactos adversos del proyecto?

Si \_\_\_\_\_ No \_\_\_\_\_

**SEGURIDAD E HIGIENE LABORAL**

f. **Seguridad e higiene laboral.** ¿Se prevé realizar curso de seguridad e higiene laboral?

Si \_\_\_\_\_ No \_\_\_\_\_