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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

GUATEMALA

PROJECT PAPER

PRIVATE ENTERPRISE DEVELOPMENT

ANNEXES

AID/LAC/P-388

Project Number: 520-0341

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ANNEXES

A. DAEC Cable

B. Logical Framework

C Statutory Checklist

D. Request for Assistance and Organization Commitment

E-1 Technical Analyses
E-2 Economic Feasibility
E-3 Social Soundness Analysis
E-4 Institutional Feasibility

F. Policy Dialogue Concerns of the Mission *

G. Initial Environmental Examination *

H-1 Proposal from the Guatemalan Management Association for the Agency for International Development (AID) *

H-2 Pricing and Financing the AGG Training and Technical Assistance Course *

H-3 The SME Center *

I-1 Excerpts from the Nontraditional Product Exporters Guild Proposal *

Attachment 1 - The Nontraditional Exporters Guild - 8 Subprojects
Attachment 2 - The Nontraditional Product Exporters Guild

I-2 Export Expansion: FTPF *

J-1 Investment Proposal for Guaranty Fund *

J-2 Analysis of the Liquidity of the Guatemalan Banking System *

J-3 Summary of Analysis and Recommendations *

K. FODEX *

L. Project Management Information System *

M. Procurement Plan *

N. Bibliography *

* Copies Retained at Mission and LAC/DR/CEN (AID/W)

POLICY DIALOGUE CONCERNS OF THE MISSION

1. Introduction:

This annex describes in fuller detail the policy dialogue agenda underlying the Private Enterprise Development Project (PED). It consolidates the key policy issues discussed under each project component and their supporting annexes.

• As noted in the PED PID, the willingness of the Cerezo government to adopt sound macroeconomic and sectoral policies and its greater openness to broad-based public dialogue on economic matters have created a historic opportunity. Sectors which have been constrained by the policy environment in the past can now successfully seek positive change. This degree of openness has not existed in Guatemala in recent years, resulting in a limited technical capability and experience within the private sector to formulate recommended policy changes and then negotiate them with the public authorities.

The important process of dialogue and change is not without cost, both in the consensus--building and implementation stages of policy revision. The PED will seek both to strengthen the technical quality and effectiveness of policy discussions in Guatemala, and will fund costs of constructive policy change which arise as a result of the project policy dialogue. While a benefit-cost analysis of policy changes to occur as a result of the project cannot be carried out, each of the policy interventions described in this annex represents a target of opportunity where consensus-building and technical assistance can relieve a legitimate constraint to the growth of production, investment and export. The monies to be spent on policy related activities represent only a small percentage of the total project budget, yet will have a larger proportionate impact than investments in physical infrastructure might.

The PED consists of high priority interventions in the areas of training, credit and promotion to strengthen the export, small/medium business and financial sectors. Each of these three priority sectors faces policy constraints to its growth, which will be addressed under the project.

The following sections review the most important policy constraints and proposed policy dialogue activities for each of the three key targeted under the PED.

Small and Medium Business

The 1986 survey of small and medium business reported that this subset of entrepreneurs suffered under the same general set of economic problem policies as their larger counterparts. However, whereas some large firms have sufficient economic power or staff to get past bureaucratic or policy obstacles to conducting business, smaller firms find it more difficult to navigate in a difficult policy environment. For example, policies which impose a fixed cost to firms (such as licensing requirements) have a larger impact on smaller firms. Also, the legal and administrative costs of qualifying for fiscal incentives or special duty treatment for imported inputs may be too high for smaller firms to participate, even if they legitimately qualify.

Since small and medium entrepreneurs do not currently have a lobbying group or a policy agenda, and since the Mission's private sector survey is out of date in the policy area (it was carried out before initiation of the GOGs economic reform program), this list of priority policy actions is most likely incomplete. As part of the project, the AGG will organize SMEs and assist them in developing a policy agenda to discuss with public sector economic authorities. The following are the policies the USAID Mission has identified as constraining SME sector growth:

Financial

Even in times (such as the present) when bank liquidity is high and banks are carrying excess reserves, the SME sector faces limited access to commercial credit. Many SMEs are forced to borrow in the curb market or to limit their operations due to working capital constraints. USAID's working hypothesis is that many of these firms have investment projects or working capital needs that would attract financing except for artificial barriers existing in the capital market.

The reasons behind the lack of access to bank credit are several. First, bank practices generally require 200 percent collateral, which lock many firms out of access to credit. Second, banks find it more profitable to process a few large loans rather than many small loans, as the interest rate caps effectively prevent banks from recouping the additional cost of extending credit to smaller borrowers. Third, Guatemalan banks are organized around powerful interests who account for most of the deposits and loans of their organizations. This makes access to credit more a function of who you know/who you are than of the intrinsic merits of an investment.

The most important obstacle, according to entrepreneurs, is the collateral requirement. The Banking Law (Ley de Bancos, Article 89) provides that collateral is not necessary for loans with a term of less than one year, while collateral requirements for longer-term loans vary from 125 to 200 percent depending on the type of collateral. The lower rates pertain to pledges of treasury securities or equipment and machinery as collateral, while the 200 percent guaranty is required when the loan is secured by real estate.

Banks, in practice, require more collateral than is provided for in the law. In the case of short-term loans, banks either categorically refuse to loan to SME's outside their traditional client base, or demand collateral similar to that required for longer-term loans. For term lending, some banks refuse to accept any collateral other than real estate.

The Guaranty Fund proposed under the project is a financial tool which begins to correct this problem. Covering 50 percent of the loan with a guaranty can effectively lower the collateral requirement from 200 to 100 percent. At the same time, through the AGG, SMEs will be encouraged to seek a change in banking policies. The experience with Guaranty Fund default rates will be an important demonstration model to support this effort.

The interest rate question is stickier. At present, the commercial bank lending ceiling is 14 percent, and inflation is running below 10 percent. Interest rates are positive in real terms (even more so if you calculate an effective interest rate which incorporates all of the banking charges to borrowers), but may provide an insufficient premium to entice commercial hanks to serve small clients. However, lifting interest rate ceilings alone would be insufficient to motivate a greater credit flow to the SME sector, as the collateral requirement and the need for personal ties to the banking community are more binding constraints.

Regulatory

As argued earlier, red tape is more onerous in cost terms to smaller firms. While examples of costly bureaucratic requirements and delays are available, there is no systematic analysis available at present of which policies are most urgently in need of change.

Export

The concern in this sector is similar to those voiced above. The small or medium firm which exports finds it more difficult (if not impossible) and costlier to meet the bureaucratic requirements involved. Fiscal incentives to exporters have only been granted to about 80 of the largest

firms, leaving smaller exporters out. The SGS price check inspections impose a disproportionate cost to small and new exporters.

In sum, the most urgent need of the small-medium enterprise sector is to organize and prioritize their concerns for policy change. Since most of the problems which most critically affect small business relate to high unit costs of bureaucratic requirements, their lobbying efforts are expected to focus on reducing these costs, which will represent a positive contribution to all sectors.

Financial Markets

Nearly all analyses of financial markets in Guatemala point to a lack of depth in the variety of financial instruments available which constraints both domestic resource mobilization and availability of capital for investment. The banking sector is conservative. For banks, it is sufficiently easy to make a profit through the margin between deposit and savings account interest payments on one hand and the income from government securities and safe short-term lending to its most well-known clients on the other hand. For this reason, banks have seen little benefit in hustling for deposits or diversifying lending facilities.

The specific capital market constraints to be targeted for study in the Financial Market Research, Development and Promotion component of the PED will be:

Interest Rate Policy - Interest rate ceilings are established by the Monetary Board, and historically have provided for positive real rates. However, ceilings may be a constraining factor in the availability of capital for smaller firms, for longer term loans or for riskier projects. The PED will look at the issue of interest rate flexibility.

Concentration - Banks are concentrated in the hands of the country's most powerful interests, who tend to be the major depositors, the major borrowers and who sit on the Board of Directors. In the economic sense, this contributes to a channelling of credit to projects which may not yield the highest return to the country.

Nonpublic Firms - A barrier to development of an equity market is the tendency for large firms to be privately held, with management that maintains a veil of secrecy over firm operations. The strong resistance to opening company books to the public, to the degree necessary to sell shares on a public market, will impede the development of a stock market in Guatemala.

Institutional Competence - Because they stick to the most secure path of lending to well - established traditional clients, banks have limited ability to perform credit analysis, or to envision and design new financial instruments.

Government Policies - Public sector policies restrict the type and flexibility of financial instruments to be offered. For example, there are restrictions in the kinds of investments banks and insurance companies can make which may be unduly limiting.

Excessive Collateral Requirements - Banking practice requires 200 percent collateral for loans to borrowers perceived as risky or outside the traditional client circle. This restricts access to credit, and forces many borrowers into the curb market or into relying entirely on self-finance.

The financial markets component of the PED will provide analytical support to identification of specific means to resolve or eliminate these policy constraints to capital market development. USAID/Guatemala will work with the chamber of Finance to develop a strategy to seek policy change in this area.

Export Sector

Guatemala's nontraditional export sector has seen a recent burst in growth, due both to more favorable exchange rate policies and to a reduction in the red-tape required to export through the opening of the one-stop export window. Nonetheless, the country is still behind many of its neighbors impediments are:

Lack of a Good Fiscal Incentives Law - The current law is limited, applies to too few firms and is structured to possibly inhibit Guatemala's joining the GATT. There is not adequate provision for either drawback firms or free zones.

Excessive Documentation Requirements - Although the one-stop window has reduced the amount of traveling exporters must undergo, the documentation is still far too burdensome. A latest stage of the one-stop export window strategy involves the reduction in the number of forms needed to export and the development of a single export document.

SGS Price-Checking Unit - Hired to end the rampant problem of under - and over - invoicing, the Swiss firm SGS is responsible for evaluating the price and quality of each shipment leaving or entering Guatemala. The private sector complains that SGS introduces a costly delay, particularly for the

export of perishables. The Ministry of Finance has opened a special window to deal with private sector problems with SGS.

Trade Problems within the Central American Common Market

As part of its June 1986 foreign exchange legislation, Guatemala withdrew from the Central American Clearing House and began requiring payment for its exports to Central America in dollars. In April of 1987, this position was made more flexible with Guatemala's decision to accept the DICA (a new CACM payments mechanism). The inability of the Central American countries to settle their payments problems is a deterrent to further investment of foreign subsidiaries or licensees in production in Guatemala for the common market area.

Tariff Regime - The Central American common tariff wall is a disincentive to export growth because it is biased against export production, providing negative effective protection to many categories of exports to outside the region.

Guatemalan Embassies Abroad are Weak in Promoting Trade - Due to a lack of training, scarcity of appropriate printed trade promotion materials and a lack of trade promotion orientation, Guatemalan diplomatic personnel abroad are not functioning as promoters of Guatemalan exports.

Many of these policy impediments are currently under discussion with the Government of Guatemala through negotiations surrounding both the ESF program and this project. Project funds will be used both to strengthen the dialogue through provision of technical assistance, and to cover costs of implementing policy change.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

LAC-IEE-87-30

ENVIRONMENTAL THRESHOLD DECISION

Project Location	:	Guatemala
Project Title and Number	:	Private Enterprise Development 520-0341
Funding	:	$10,000,000 (G)
Life of Project	:	Five years
IEE Prepared by	:	Roberto Figueroa USAID/Guatemala
Recommended Threshold Decision	:	Negative Determination
Bureau Threshold Decision	:	Concur with Recommendation
Comments	:	Negative Determination based on the conditions in this IEE
Copy to		Anthony J. Cauterucci, Director USAID/Guatemala
Copy to	.	Roberto Figueroa, USAID/Guatemala
Copy to	:	Frank Zadroga, ROCAP/San Jose
Copy to	:	Donald Boyd, LAC/DR/CEN
Copy to	:	IEE File

James S. Hester Date AUG 28 1987

James S. Hester
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

INITIAL ENVIRONMENTAL EXAMINATION

Project Location:	Guatemala, C.A.
Project Title and NUmber:	Private Enterprise Development Project (520-0341)
Project Funding:	$10,000,000 (Grant)
Life of Project:	Five Years (FY 88-92)
Prepared by:	Roberto Figueroa, Environmental Officer USAID/G
Reviewed by:	Frank Zadroga, REMS/ROCAP
Date:	August 4, 1987
Action Recommended:	Negative Determination, based on the conditions established in this IEE.

Concurrence: FOR

Anthony J. Cauterucci
Mission Director

8/21/87
Date

Background:

The Private Enterprise Development Project PID was developed in late 1986 and reviewed and approved in AID/W on February 6, 1987. In order to evaluate several major issues left pending, including environmental soundness, the PP will be reviewed in AID/W. The comments of the DAEC guidance cable (87 - STATE 056746) have been taken into account in this IEE.

Brief Project Description

The goal of the project is to increase the participation of the private sector in national socio-economic development, particularly to increase investment and export production, in support of small and medium size enterprises (SMEs). Project actions should lead to increased national income and employment generation.

The purpose of the project is to strengthen the economic and policy role of private enterprise in Guatemala. The project will improve access of small and medium size firms to technical and managerial knowledge and financial resources; expand production of non-traditional products; improve capability of private sector firms and support institutions to meet the needs of private enterprise; and create an improved policy environment responsive to private sector needs within the context of national economic development.

The project consists of four components:

1. Small and Medium Enterprise Technical Support ($1.3 million)

2. Export Promotion ($4.3 million)

3. Financial Market Development ($0.7 million)

4. New Private Sector Initiatives ($1.0 million)

Project Area of Influence

The project will be active at a national level and for the purposes of environmental analysis, it is not possible to define the physical, natural and human environment to be affected. The site-specific environmental consequences of this project will depend principally upon the type of enterprises funded through the Guaranty Fund. Specific impacts will depend on the nature of the agroindustrial, industrial and other activities generated.

Potential Environmental Impacts

The Small and Medium Enterprise Technical Support component provides resources for institutional support (SME/AGG and CAEM), technical assistance, training and policy dialogue. These classes of actions qualify for a categorical exclusion (Section 216.2 (c) (2) and do not require additional environmental evaluation.

The Export Promotion component provides for institutional support/promotion and policy reform in the areas of non-traditional export promotion, free trade production facilities, and improved performance of export related institutions in the private sector. These activities also qualify for a categorical exclusion and further environmental scrutiny is not necessary. Regarding training and technical assistance for export promotion, one important concern in Guatemala regarding quality control of agricultural exports is that of agrochemical residues and the treatment of agricultural export products for pests. This particular activity can either inhibit or facilitate exporting, and should be considered as an important topic for project technical assistance and training.

The Financial Market Development Program component will lead to the establishment of: 1) a local currency Guaranty Fund to promote lending to SMEs; and 2) financial market research, development/promotion, and policy dialogue.

The Guaranty Fund will utilize local ESF currencies to guarantee funding for loans to small and medium size enterprises. The basic objective of the Fund is to support

intermediate credit institutions to assist in the capitalization of these institutions, and promote private sector participation in national socio-economic development. It is probable that agricultural inputs including pesticides be requested as parts of the loans of this component. AID does not reserve the right to review or have approval authority for SME loans. An AID representative will attend the Guarantee Fund steering committee as an observer during the first three years of the project. Consequently, the actions funded under the Financial Market Development component qualify for a categorical exclusion according to A.I.D. Environmental Procedures 216.2 (c) (2) (xj, with the exception of pesticide use and procurement (see 216.2 (e). This possibility will have to be excluded from project procurement.

The Improved Performance of Export Related Institutions component is designed to give technical and administrative support to the National Export Promotion Council (CONAPEX) and a Marketing Capital Credit Facility (FODEX). These actions contribute to institution building and policy reform and will not fund the development and implementation of specific projects, activities or programs directly affecting the environment.

The New Private Enterprise Initiative component will finance public sector policy improvement; and private sector research, development and promotion. Again, all of these actions qualify for a categorical exclusion per 216.2(c)(2). It should be noted, however, that many of the policy issues concerning both the public and private sectors in Guatemala directly affect the environment and natural resources management. The PED project is encouraged to review environmentally related policy issues, as outlined in the Guatemala Country Environmental Profile and the more recent Central America Environmental Profile, to assure that project interventions contribute in a positive way to sustainable development and environmental protection. One concrete example of this is the case of forestry in Guatemala. Private sector involvement in forestry and the "privatization" of forest management and reforestation could lead to great improvements in environmental protection and the creation of a sustainable forest industry.

No construction of facilities or buildings will be directly funded with project monies.

Conclusions and Mitigating Measures

1. According to the project paper, "it is expected that additional components will be added to the project by amendment when and if other opportunities to strengthen private enterprise mature (page 11)."

   As new components are proposed for amendment to the project, per 216.2 (a) an environmental analysis will be carried out and presented to AID/W for a threshold decision and LAC/DR/CEO approval.

2. Given the fact that A.I.D. does not intend to reserve the right to review of have approval authority for SME Guaranty Fund loans, and in accordance with A.I.D. Environmental Procedures 216.2 (e), this project will covenant to exclude all use and/or procurement of pesticides from its Guaranty Fund and all other project funded activities.

3. All other project actions qualify for categorical exclusion or are of such a nature that they do not affect significantly the physical, natural or human environment.

   Therefore, with the conditions outlined above and based on the categorical exclusions that apply for the different project components, the Mission recommends that the Private Enterprise Development project be given a Negative Determination.

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PROPOSAL FROM THE GUATEMALAN MANAGEMENT ASSOCIATION FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)

ADVISORY AND TRAINING PROGRAM FOR THE EMERGING ENTREPRENEUR (ATPEE)

Guatemala, June 1937

INDEX

	PAGE No.
COMPREHENSIVE ANALYSIS	3
RESTRICTIONS TO THE SMALL-MEDIUM ENTREPRENEUR	4
1. Management Training	4
2. Access to Technology	5
3. Access to Financing	5
4. Bureaucratic Bottlenecks and Unawareness of Legal Structures	5
5. Lack of Appropriate Guild Associations for the Small-Medium Entrepreneur	5
PROPOSAL FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)-"ASOCIACION DE GERENTES DE GUATEMALA (AGG)" PROGRAM	6
1. Background	6
2. Specific Objectives	7
3. Methodology	8
4. Implementation	9
5. Program Implementation Phases	12
6. Selection Criteria for Participating Enterprises	14
Annex 1 - Organizational Chart	16

COMPREHENSIVE ANALYSIS

Development strategies which have had success in other countries depend for the most part on the development and growth of modest groups of entrepreneurs which, even though they may lack structures and appropriate organizational inputs, have a strong and evident entrepreneurial spirit.

This entrepreneurial profile is frequent in Guatemala. Unfortunately, in the absence of formal registries and statistics, we need to make estimations in order to quantify it. Concluding from several documents and investigations, we believe that our target nucleus is formed by 3,000 entrepreneurs which employ from 10 to 70 persons, making a total of more than 65% of the entrepreneurial population of the country, according to the list of the Commercial Register. This number of enterprises may be categorized as follows, using projected amounts for 1987-1988.

TABLE No. 1

NUMBER OF ENTERPRISES BY EMPLOYEES' STRATUM

Stratum	No. of Enterprises
10 - 19 employees	1,450
20 - 49 employees	1,100
50 - 70 employees	450

The labor population covered under this sector is estimated at 90,000 employees, distributed in the industry, commerce and services sub-sectors, whose labor source depends on the managerial efficiency of the emerging entrepreneur. The establishment of small and medium enterprises is relatively frequent. Its disappearance is also frequent. The "Asociación de Gerentes de Guatemala" proposes to implement an Advisory and Training Program for the Emerging Entrepreneur, with the clear objective of influencing the equation establishment-disappearance of small and medium entrepreneurs, and collaborating in the establishment of new sources of labor within the sector that registers the lesser cost per employment generated within the labor standards of the country.

This latter objective is of great importance in a demographic structure in which almost 52% of the population is less than 19 years of age, and where the age intervals near 19 years is frequently the early family responsibility age, which involves an evident social pressure which could easily lead to greater problems.

Also we consider that with this analysis it would be of an undeniable ideological value to base the success of the system of free enterprise on actual and tangible examples to counteract what in other forms could be skillfully manipulated by the radical agitator to extremes of social instability.

Due to the difficulty in obtaining consistent information; first, the country does not have a good infrastructure to handle these data; and secondly, because of the semi-informal n ture of the small and medium entrepreneurial sector it makes it difficult to collect data, therefore, we see the need to invest resources in a comprehensive analysis that will provide an appropriate and detailed design of the Advisory and Training Program for the Emerging Entrepreneur. This is also necessary for refining and identifying restrictions supposed to be resolved and hereby presented, based on limited information obtained on a sample basis, and not statistically designed.

RESTRICTIONS TO THE SMALL-MEDIUM ENTREPRENEUR

Within the above mentioned target profile, the following should be considered among the restrictions and key factors that influence the equation establishment-disappearance of small-medium entrepreneurs:

1. Management Training

From the estimated 3,000 small-medium entrepreneurs, we could conservatively say that 60% display inadequate management, which appears more offen among small enterprises. The organizational structure based on the family nucleus is frequent, which makes common the standard "the position for the person" and not "the person for the position", with the foreseeable result of inefficiency and lack of productivity.

A small number of entrepreneurs in this sector have had university education. The majority of them have primary school and two or three years of high school.

TABLE No. 2

EDUCATIONAL LEVEL OF THE SMALL-MEDIUM ENTREPRENEUR

Educational Level	No. of Entrepreneurs*
Primary School	1,250
High School	1,450
University	300

* Information based only on head executives.

Training on the basic management subjects: Finance, Marketing, Production, Human Resources, Quality Control, and Legal Aspects, in packages for the chief executive, should create the necessary synergism to reach, in another stage, the specialized executive that in theory reports to the chief executive, if the number justifies the provision of the specific subject.

2. Access to Technology

Influenced by the situation expressed in restriction 1, our entrepreneurial outline confronts the problem of lack of access to sources of technology.

The protectionist structure of the past has had some influence, (M.C.C.A.) oriented toward substituting imports with which, in some circumstances, modernization and productivity were relegated to second places, given that normally prices were structured leaving a margin on the cost, this was possible because of the protectionist philosophy of the system.

Another restrictive factor is the economic capacity to acquire technology and equipment.

3. Access to Financing

The banking system of the country makes access to financing difficult for emerging entrepreneurs, that by definition do not have a "name" in the financial community. The frequent difficulty of even preparing a net worth statement (see restriction 1), lack of knowledge of the system, and past negative experiences have closed the banking system to the emerging entrepreneur. This is an evident obstacle to the development of the country, where the training and orientation to the borrower as well as to the moneylender is crucial.

4. Bureaucratic Bottlenecks and Unawareness of Legal Structures

The above, plus a good portion of distrust for the system make many small-medium entrepreneurs to prefer to work with the anonymous informal sector. This either is a restriction to export opportunities or makes room for intermediaries that contribute to increase production and service costs, and consequently affect its competitiveness in the internal as well as in the export market.

5. Lack of Appropriate Guild Associations for the Small-Medium Entrepreneur

The size of guild organizations in Guatemala is too big for the small-medium entrepreneur. Due to this, the one who most needs to benefit because of its size and organizational weakness does not have access, except for a few cooperative associations.

Traditional organizations in the country are viewed as a "another league" and reciprocal discomfort is assumed between the established formal sector and the emerging sector.

The above restrictions have been set forth by order of importance in our opinion.

Within the statutory standards of the "Asociación de Gerentes de Guatemala", an entity with more than a quarter of a century of experience in managerial training, it is possible to formulate a project which will minimize the magnitude of the restrictions mentioned above to benefit the national economy. Approximately 2,000 associates belonging to the formal entrepreneurial sector and a solid experience in managerial training provide the ability and "know how" to implement an Advisory and Training Program for the Emerging Entrepreneur, with the purpose of assisting their movement to the formal sector, through managerial and organizational improvements, strengthening the administrative structures and increasing productivity.

The solid reputation of "Asociación de Gerentes de Guatemala" among private sector organizations in Guatemala, makes it appropriate for AGG to be an implementing unit for training and technological transfer programs.

The purpose of the program to be implemented is to decrease the rate of disappearance of enterprises in this stratum, to improve the income level, as well as to contribute to new employment generation that will improve the quality of life of the workers and of the country in general.

PROPOSAL FOR AID-"ASOCIACION DE GERENTES DE GUATEMALA (AGG)" PROGRAM

1. Background

Productivity per employment, measured as gross annual production per full-time employee is less in the small industry than in the medium and the big enterprise. For example, in 1984 small industry had an annual productivity of Q7,000 per employee, while in the medium industry it was approximately Q25,000 and in the big industry Q35,000.

In terms of aggregate value, small-medium industry accounted for 44% of gross production and large industry 39%.

From the total industrial production in 1984 it can be estimated that big industry represented 50%, and small-medium industry 25%; and the remaining 25% was contributed by micro-enterprise.

From the above information it may be deduced that the productivity level of small industry is below the levels that may be reached through direct action on managerial efficiency.

A better managerial performance in small industry, reinforced by a technical assistance program, will permit a better organization of the work and the implementation of actions directed toward increasing productivity.

Once the managerial training and technical assistance process is initiated, it will be feasible to identify requirements for technical assistance in specific aspects for each one of the existing industries of the small enterprise.

These activities, directed toward encouraging the small enterprise should also provide possibility of joining to achieve the development of a consistent policy and legislation to foster the small enterprise.

The training and assistance process for the small entrepreneur will encourage the organization of small industries in an associated form, in order that they may participate in the preparation of development programs and may express their common interests.

2. Specific Objectives

a. To reduce the disappearance rate of small enterprises through the training of managers, orienting the training toward the increase of productivity through the optimum use of resources and a better utilization of the installed capacity.

b. To provide technical assistance to the small enterprise to ensure the implementation of acquired knowledge.

c. To follow-up on enterprises benefited with this program, to measure the impact of the training at the managerial level, the efficiency of the advisory services provided, and the productivity increase of the enterprise.

d. To encourage the organization of small enterprises in an associative form, in order that they may express their opinion when generating policies, legislation and developing programs for the small enterprise.

e. To identify requirements and encourage specific technology transfer processes for some small enterprise industries.

f. To provide a training multiplier process for existing entrepreneurs and emerging enterprises, at the small enterprise level.

g. To assist the establishment of advisory offices, directed toward the small entrepreneur, through the sub-contracting of specific advisors.

3. Methodology

a. Management Training

An initial program will be designed following the model of the Complete Course for Executive Improvement (CCEI) which has been extremely successful for the formal managerial stratum. It will provide 110 hours of training (3 months), distributed in the six areas mentioned above. This makes a total of 440 hours of training per year for 200 entrepreneurs during the same period of time.

This activity will be carried out during non-working hours in order that the entrepreneur or manager may continue with its daily duties. At the same time, this will enable the different areas to concentrate on advisory tasks during working hours.

b. Technical Assistance

After its participation in the training program, the small entrepreneur will receive technical assistance from the advisory team in order to plan specific consultations which may be handled within the appropriate areas.

This duty will be fulfill during working hours in order to analyze "in situ", make recommendations, and the necessary follow-up.

Each specific area may assign 4,500 technician hours per year to resolve problems and provide advisory to the small-medium entrepreneur. Consequently, the total unit will provide as a whole 27,000 technician hours to this task in all subjects.

c. The assistants in each area of advisory services will use a questionnaire specially designed for each enterprise which should include measures applied by the advisor. At the beginning of the third month, the effectiveness of the advisory services provided will be evaluated and the need for further assistance considered, if necessary.

Additionally, other questionnaires specially designed to evaluate the program's impact in terms of increase of productivity will be used.

d. After initiating the Seminar, the small entrepreneur will become a member of the Association and will participate in the welcome breakfast for new members, being from that moment a member of the "Asociación de Gerentes de Guatemala", and will receive special attention from the Director of the Technical Advisory Division for the Emerging Entrepreneur; benefiting from that moment from the services that all members of the Association have.

Additionally, AGG will have the opportunity to join small and medium entrepreneurs thorough this Division, in which the resources will be used for the analysis and technological representativeness to promote the interests of small-medium entrepreneur, through the dialogue with governmental, financial, and significant entities of the private sector. For the analysis of the interests of small entrepreneurs, AGG has associates who belong to consulting firms of a recognized name that will carry out this task on an specific contractual basis.

This association concept of small-medium entrepreneur will be strengthened with the services to be provided by AGG through its Small Enterprise Division, through monthly publications, contacts for business opportunities, informative pamphlets, talks, seminars and meetings oriented to preserve the group concept, for slowly detecting the promoting elements to be resolved immediately.

e. The Director of the Technical Advisory Division for the Emerging Entrepreneur will have, as one of its main responsibilities, the computerized control of participating enterprises, and will identify specific technical assistance needs.

This identification will provide technical assistance programs, especially addressed for specific industries within the small enterprise.

f. From the technical assistance and follow-up stages, knowledge or actions that normally are deficient in the small enterprise will be determined. Depending on the subject, knowledge or necessary methodology for its correct use, assistance will be channelled through the professional associations or educational entities in order to include them within the formal educational system.

g. The advisors in charge of the technical assistance will not be part of the personnel from "Asociación de Gerentes" since their services will be sub-contracted and coordinated through the Director of the Technical Advisory Division for the Emerging Entrepreneur.

4. Implementation

The "Asociación de Gerentes de Guatemala" proposes the establishment of the Technical Advisory Division for the Emerging Entrepreneur and its integration into their organizational structure (see the attached organizational chart).

This Division would include the following basic areas:

a. Financial Area:

Formed by a Chief Area Advisor and two assistants, with degrees in public accountancy and auditing, economy and administration, whose main responsibility would be to overcome restrictions 1, 3 and 4, participating as instructors, advisors, and in charge of expediting actions within this subject.

b. Marketing Area:

Formed by a Chief Area Advisor with knowledge in international market and two assistants with specialization in sales marketing and sales administration. The three techniciahs would work mainly providing training and advisory services, concentrating mainly on restrictions 1 and 4.

c. Production Area:

The Chief Advisor of this area will be a person with knowledge and experience in organization, optimization of human resources and industrial technology. The profile of his two assistants will focus on processes and controls to adapt the academic pensum of Industrial Engineering. Concentrating on restrictions 1 and 2.

d. Human Resources Area:

This section will be in charge of an administrator with experience, specialized in motivation, conscientiousness-raising and conduct. His assistants (2) will require the support of the industrial psycology and engineering. This group of great importance will concentrate on restrictions 1 and 5, in addition to collaborating in the training and orientation of personnel at the advisory, and not implementation level.

e. Quality Area:

Will include three professionals whose duties will concentrate on conscientiousness-raising, implementing and supervising the establishment of methods and controls to optimize the quality of the product or service, as well as in the other areas they will provide training and specific advisory services, and will concentrate in restrictions 1 and 2.

f. Legal Matters Area:

Will concentrate in restrictions 1, 3, 4 and 5. Obviously, the professional profile should reflect the knowledge of bureaucratic, fiscal and financial structures. As in the above areas, it will include three professionals, at least one of them with knowledge on the Labor Code.

The following Table relates the above mentioned training and advisory areas with the restrictions, by order of importance, as shown in our outline for the small-medium entrepreneur:

TABLE 4

ACTION AREAS VERSUS RESTRICTIONS

Restrictions by Order of Importance	Training and Advisory Unit Areas					
	Finance	Market-ing	Produc-tion	Human Resources	Quality	Legal
1. Management Training	X	X	X	X	X	X
2. Access to Technology			X		X	
3. Access to Financing	X					X
4. Unawareness of Structures	X	X				X
5. Lack of Organization				X		X

TABLE No. 5

SUMMARY OF ACTIVITIES PER YEAR

	Seminars	Hours of Training	Entrepreneurs Trained
Training	4	440	200

	Hours Technician by Area	Total Hours-Technician	Beneficiaries
Advisory Services	4,500	27,000	200

The project is planned for a period of five years in its first stage, for which AID assistance is being sought.

This will yield 1,000 trained entrepreneurs and approximately the same number of enterprises with complete advisory capacity. In this stage, approximately 35% of the small-medium entrepreneurs will be covered.

The goal of the "Asociación de Gerentes de Guatemala" is to continue with this program after the completion of the joint project with AID, using for this funds from a greater number of members and from contributions from beneficiaries, who will be charged for the services.

The autonomy of the professionals who have provided services as advisors/trainers in each area will be promoted, contracting their independent services to continue with the program.

This will also benefit the business community in general with the specialized services of these new small consulting enterprises.

5. Program Implementation Phases

Phase I

This phase will be oriented toward the diagnosis of the training and technical assistance needs of the Program's target group. A three-month period is estimated to achieve the basic results that will integrate the training structure and will define the initial contents of the training to be provided at the managerial level of the small enterprises.

An external firm with specialization in this type of surveys will be sub-contracted to accomplish this phase, and it is expected that final results of this first study will be completed during the following three months.

At the same time, the advisors and assistant advisors will be contracted so that they may participate in the design of the training program, initiating in this form its direct involvement in the context in order that the technical assistance stage is developed with integrity.

This phase also includes implementation of the necessary physical facilities for the development of the program, the provision of audio-visual equipment and the purchase of screening materials.

The necessary mechanisms will be established for applying the selection criteria for entrepreneurs to be included in the program.

Phase II

After completing the phase for selecting instructors, advisors and participating entrepreneurs for the first group of 50, the first cycle of the program will be initiated (4 cycles will take place per year).

The first cycle includes the following stages:

a. Training Course for Emerging Entrepreneurs:

With a duration of 110 hours, distributed in three months, during non-working hours, and with the participation of the advisors and instructors to initiate the process of transfer of knowledge and at the same time to obtain information from the firm that will be subject to the following stage.

The effectiveness of this first stage will be quantified through a test to be carried out at the beginning, on the knowledge and techniques that the entrepreneur should have (e.g. interpretation of balance sheets, financial statements, basic techniques for personnel management, basic production control); and the same test will be used at the end of the training program to verify that the knowledge was effectively transferred to the participants.

At the same time, it could be determine if the contents of this training stage is covering the needs detected during its development, establishing a feedback and review system for the constant enhancement of the seminar.

b. Directed Training Assistance:

Two months following the participation of the entrepreneur in the training program, the technical assistance team will provide the necessary support in order that the knowledge acquired be effectively used and implemented in the participating enterprises.

This technical assistance adaptation will provide, as a result, a better arrangement of the work of the enterprise, a decrease in losses and an increase in productivity, and actions will derive from the global analysis directed toward strengthening entrepreneurial knowledge related with production and technological aspects, specific for each type of industry.

c. Program Follow-up:

This stage is for the purpose of evaluating the technical assistance provided, and finding out the increase in productivity achieved by participating enterprises.

Even though the main purpose is not maximizing employment generation, this will be a sub-product of the program, since increasing the number of entrepreneurs with adequate technical training to survive and making their enterprises grow, will generate employment as a direct consequence.

The Diagram on the next page shows the implementation time phased of these stages.

In this stage of the program it will be possible to increase the statistical data of the small enterprises participating, as well as to include, within the informational program, additional enterprises recommended by the participants with the purpose of expanding in this form the source of information as well as the number of enterprises benefited under specific technical assistance programs per type of industry.

6. Selection Criteria for Participating Enterprises:

Purpose	Criteria
- Development of an Entrepreneurial Category	Size and Characteristics of the Enterprise
	Coordination of the Technical Assistance
- Increase in Production	Aggregate Value
	Strategic Importance of the Industry
	Type of Service
- Program Utilization	Management Ability
	Expansion Possibilities

8115C

PRICING AND FINANCING THE AGG TRAINING AND TECHNICAL ASSISTANCE COURSE

AGG and USAID/Guatemala have developed a flexible method of pricing and financing the basic SME cycle which assures cost recovery for AGG, continuation of the program after AID financing terminates, and a mechanism for focusing the program on the smallest enterprises consistent with the financial stability of the program.

The pricing method is based on the principles that:

1. Participants who are able to pay in full should do so.

2. Participants who are able to pay in full but require financing to spread payments beyond the six month term of the cycle should pay in cash to the extend feasible and receive term payment accomodation from the program.

3. Those unable to pay in full should pay as much as they are able.

4. The program should finance and provide part scholarships insofar as feasible to smaller SME.

The following illustrates how AGG will approach the pricing/financing problem. The figures used here are illustrative, that is, not necessarily consistent with actual costs and pricing which will be determined by market conditions.

A market survey will determine what is the highest price that can be charged to assure participation by at least 20% of a one year (four cycles) student population; i.e., forty students. This is the "Standard Price".

Other prospective program participants will be charged the same standard price. However, depending on the circumstances of each participant, financing may be made available for up to three years as part scholarships will be grante. In this fashion the effective price to smaller SMEs can be assured.

The financing of participants and part "scholarships" come from a trust fund which will be established by AGG to facilitate directing the program toward smaller enterprises. The trust fund will be capitalized from several sources:

a) All payments of tuitions beginning with the first cycle will be paid into the trust fund. AID will cover all costs of the program in order that the user charges can be paid into the fund.

b) Interest on notes of participants accepted as payment for the program.

c) Earnings on the corpus of trust which will be hold in securities offering returns and risks acceptable to a prudent trustee.

The amount of financing available for smaller enterprises will be determined from time to in accordance with the financial status of the fund relative to the planned operating deficit in the annual course program.

The planned operating deficit is determined as depicted in the following model:

Category of Participant	Q. Actual Cost to Provide Seminar, TA, & OH	Q. Unit Price Paid	Q. Net "Profit" or "Loss"
A.Financially Strong, medium	900	1200	+300
B.Weak, medium	1000	800	-200
C.Stable, small	800	800	
D.Weak, small	800	400	-400
E.Weak, graduating micro	600	200	-400

Net deficit this cycle = - 700
Net deficit for year (4 cycles) = -2800

If the trust fund earns 2800 (plus enough to cover costs), program finances will be in balance. Hence, a fund of approximately Q30,000 earning 12% should be sufficient apart from inflation considerations.

1880c

THE SME CENTER

The SME Center will be staffed by three people physically located in the offices of AGG in Guatemala City and supported by AGG's excellent administrative staff and facilities and by the PMU.

The Center staff will focus its attention at the outset on:

- determining precisely what needs exist for training and technical assistance;
- detailed design of the SME training program;
- surveying possible sources of technical assistance in Guatemala including potential advisors for the SME Training Program;
- initiating the SME "network" by publicizing plans, inviting SME registration with AGG, and initiating an SME newsletter to be distributed to a wide range of SME and organizations interested in SME matters (such as banks, suppliers, donor organizations, government agencies and the like); and
- coordinating through CAEM, joint actions and information plans with the Guild, participating financial institutions, and other interested organizations to initiate the cross-fertilization process contemplated for the project. Close functional linkages will be established between SME participants and the SME guarantee fund and export services.

Once the foregoing groundwork of information, contact with constituents, and SME Training Program development is established, the Center staff will focus attention on developing a mechanism to facilitate the delivery of technical support services outside the SME Training Program context. This general facility to assist SME in securing technical assistance and training would utilize CAEM, the project management information system, the PMU, and other sources to provide information on what assistance may be available and what, if any, resources may be available to finance the cost.

A. Technical Assistance

The following is an illustration of how the technical support assistance process will work:

1. An SME, in response to AGG's promotional campaign, requests AGG assistance in dealing with a problem.

2. A client information specialist (CIS) determines what the SME owner or manager believes his problem to be, provides further information about the program, fills out the "Client Intake Information - short form," and makes a preliminary recommendation to the Center's technical support specialist (TSS). (Note that when the program begins, the functions of TSS and CIS will be both handled by one person. Later, if the workload so demands, the functions will be separated.)

3. The TSS in some cases will simply confirm the request for assistance. For example, if an SME wants to take a training course or wants the names of accountants in his area who can set up factory cost accounting systems, the request would simply be processed. If it appears that an SME doesn't really understand what the problem is, as normally happens, the Technical Support Specialist may talk with the client, in his place of business, to get a better understanding of what is involved and what the client needs.

4. Whether the technical support request is simply approved or is approved only after further consultation with the client, the technical support specialist then proceeds with procurement of services which may include some or all of the following steps:

In the case of a complicated technical assistance requirement:

a. Further discussion of perceived technical support need with SME. A determination is jointly reached on expected costs and benefits of the required technical assistance. Every effort will be made to locate an appropriate local source of technical assistance.

b. Negotiate mode of payment.

c. Draft preliminary scope of work.

d. Vett with knowledgeable persons locally.

e. Submit technical assistance plan to SME including refined Scope of Work and pricing.

f. SME can then contract directly with Guatemalan sources or SME can contract with overseas technical assistance sources. In this case, the following procedures obtain:

A reassessment of benefits to the firm and other interested beneficiaries is made, and:

(1) cost-sharing or full payment procedures are established;

(2) a search is made for available technical assistance services on requested subject matter under existing AID and other donor projects;

(3) PMU contracts consultant (e.g., IESC, Sustain, or other Central or Regional Projects);

(4) PMU drafts PIO/T for buy-in on AID projects or direct procurement.

g. Technical assistance consultant briefed in US or Guatemala as required or may proceed directly to SME place of business.

h. When appropriate, the Technical Support Specialist may contact SME during consultancy.

i. Technical assistance consultant debriefed by TSS on exit.

j. Consultant performance evaluated by SME and PMU.

k. When appropriate, reports retained in Center files, and, if appropriate, distributed.

5. Monitoring and evaluation of technical assistance and impact.

Whenever possible, the Center will attempt to make use of foreign consultants contracted for specific tasks to help develop local skills in that area. For example, an effort will be made to add to a foreign consultant's trip to Guatemala to hold a seminar and consult with Guatemalan specialists in the field. In all cases, the foreign consultant is expected to work with a Guatemalan technical counterpart. The cost of local counterpart will be borne by the Guatemalan consultant company.

B. Training

In the case of a training requirement, the process is:

1. An SME in response to AGG promotion, indicates a need for training.

2. The CIS discusses the SME's perceived training need with the SME and TSS.

3. TSS determines if the requirement is unique or common and if a course is readily available or not as follows:

a. In most cases, the requirement will be common and readily available and the TSS will simply refer the client to the training source. In such cases, the next contact takes place at the end of the training when the client is asked to evaluate the training, and indicate what he plans to do as a result of the training.

b. If, on the other hand, a more unusual or complex training program is involved, the Technical Support Specialist may directly (or through other means such as consulting with USAID/HRD Office) perform some of the following activities:

(1) develop training plan for trainee(s), locally or abroad, including part or full scholarship;

(2) make a search for available training services in the requested subject matter under AID or other donors auspice (e.g., CAPS);

(3) select and contract with training source or intermediary;

(4) brief appropriate individuals involved; and

(5) secure training facilities in Guatemala or overseas if appropriate.

4. If the SME request is for assistance in travel to overseas business conferences or seminars or access to business or technical publications, the inquiry will be handled in the same manner through the CTS and TSS.

5. Monitoring and evaluation of training and impact.

SME institutions as well as individuals will access services through the Center. Charges will be assessed for all users and uses of Center services. However, charges will be scaled according to ability to pay. Further, the Center may provide services on account if the AGG Center manager decides to do so. Beyond certain shared cost levels --e.g., Q5,000, the decision will be made jointly with PMU's Chief of Party.

The Center will make every effort to extract maximum benefit from higher-priced services involving overseas source technical assistance and training, and overseas travel by Guatemalans. This will be done by providing the opportunity for multiple use of experts, audio-visual recording of presentations, and insistence on full report writing if appropriate.

EXCERPTS FROM THE NONTRADITIONAL PRODUCT EXPORTERS GUILD PROPOSAL

Project to develop a global export promotion program
with the participation of the private sector

Contents

		Page No.
SUMMARY OF THE PROJECT		
I.	The Project	2
II.	Priority Problems	5
III.	Action Plan	6
IV.	Technical Assistance Requirements	15
V.	Goals	18

ATTACHMENT 1: 8 Illustrative Product-Specific Sub-projects

ATTACHMENT 2: Input Data: Costs and Resources.

1881c

PROJECT TO DEVELOP A GLOBAL EXPORT PROMOTION PROGRAM WITH THE PARTICIPATION OF THE PRIVATE SECTOR

CHAPTER I - The Project

A. Project Description:

The Project purpose is to develop within the export private sector of Guatemala the actions that will influence all components that form part of the global exports system: country policies to foster exports, implementation of programs for groups of entrepreneurs classified by product and actually exporting, and strengthening of the services provided by the Exporters' Guild.

B. Project Components:

The Project will be carried out by the Non-Traditional Products Exporters Guild, under the overall coordination of the Chamber of Entrepreneurs of Guatemala, and includes the following components:

B.1 Export Policies:

Given that actions on exports policies are the decision of the public sector through the National Export Promotion Council (Comisión Nacional de Promoción de Exportaciones, CONAPEX), and in order to eliminate bottlenecks to exports, the Project proposes that the private sector implements the following, up to the extent permitted by its field of action:

B.1.1 Transportation:

To establish an office for negotiating ocean freights, to foster the establishment of a private ocean firm, to carry out relevant studies for attaining open skies policy, to promote the services of new cargo airlines. To submit proposals on changes required in the infrastructure of airports and ports.

B.1.2 Financing:

To submit proposals that will develop and establish a guarantee fund for export credits, an export credit insurance, and the use of surplus credit lines. This assistance should be provided to entities of the public and private sector with responsibility in each case.

B.1.3 Incentives:

To assist public sector entities to carry out studies for submitting tax and tariff export incentive proposals.

This includes support for the issuance of amendments to the Law of Incentives for Export-Producing Companies (Decree 21-84), the Free Zone Law (Decree 22-73, reformed by Decree 15-79) and unfreezing of the Tax Credit Certificates (CATS).

B.1.4 De-Bureaucratization of Procedures:

The Project will support CONAPEX's actions to complete the work of the one-stop export center in order to simplify the export process and standardize export documentation.

B.1.5 Exchange Policy:

The Project will contribute to carry out relevant analyses to establish foreign exchange mechanisms to foster exports.

B.1.6 External Support Service:

The Project will include a component to assist the country in aspects related to international trade, which will be coordinated through the Ministry of Foreign Relations.

B.2 Component for Direct Technical Assistance to Enterprises:

Specific projects will be implemented for groups of enterprises classified by products. This component will include preparation of sectoral assessments, development and adaptation of production to the market demands, and promotional commercial activities to assist exporters in commercializing their products in external markets.

Projects have been prepared for: annatto tree, cut flowers, fruit pulp, dehydrated vegetables, pineapple, curative plants, rubber and caoutchouc products, etc.

At the same time, an analysis has been prepared on the international market demand for 15 products manufactured in Guatemala.

B.3 Strengthening the Services of the Exporters' Guild.

The participation of the Guild to promote a global outline for export promotion requires strengthening of its capacity to provide services, therefore, the Project includes the development of programs such as:

- Development of commercial information models.
- Establishment of a price, cost and quotations unit.
- A transportation, packing and crating unit.
- Technical assistance and training for groups of enterprises classified by product.

I. CONDITIONS IN THE COUNTRY AFFECTING EXPORT

A. Transportation:

1. Maritime Transport
2. Air Transport

B. Port Facilities
   1. Maritime
   2. Air

C. Financing

D. Lack of Fiscal Incentives

E. Bureaucratic Procedures

F. Foreign Exchange Regime

G. Investment Policy

II. PROBLEMS OF ACCESS TO EXTERNAL MARKETS

A. Quality Standards

B. High Prices (reflecting high cost of production and transport)

C. Payment Terms

D. Inadequate Production Capacity (relative to minimum export order volumes)

III. INTERNAL REQUIREMENTS OF EXPORTING FIRMS

A. Commercial Information

B. Technical Assistance

C. Training

D. Promotion

CHAPTER II - Priority Problems

In June of 1986 Guatemala established the National Export Promotion Council (CONAPEX), which is formed by five representatives of the public sector (four ministers and the President of Bank of Guatemala) and five presidents from the private sector chambers, nominated by the Chamber of Entrepreneurs.

At the same time, CONAPEX has the collaboration of the National Coordinating Exports Commission, a technical and interinstitutional entity in charge of implementing the decisions of the Council, governed by the representative of the Chamber of Entrepreneurs.

CONAPEX is in the process of preparing a national export plan. Before CONAPEX's existence, the official export-related tasks were under the responsibility of the Directorate General of Commerce of the Ministry of Economy, an office which was not able to fulfill its responsibilities due to lack of the necessary human and financial resources.

In the absence of an official entity to promote exports, the private sector, through the Non-Traditional Products Exporters' Guild, has been assuming such task since 1983.

What follows is a summary of the problems of export enterprises, by order of priority, within the five different sectors classified by the Guild.

Constraints	Perishable Agricultural	Processed Agricultural	Non Food Items	Raw Material and Goods	Non Especific Products
Country's stipulations	Transactions Incentives Air Transportation Financing Taxes	Transport Financing Incentives Packaging & Handling Transactions	Incentives Financing transac- Air Transportation	Incentives Transactions Financing Sea Transportation Taxes	Incentives foreign exchange Financing Transactions
Access to Foreign Markets	Price Competition Quality Norms Payment Stipulations	Quality Norms Price Competition	Quality Norms Price Competition Payment Stipulations Minimum Orders	Price Competition Payment Stipulations Quality Norms	Quality Norms Payment Stipulations

Constraints	Perishable Agricul-tural	Processed Agricul-tural	Non Food Items	Raw Material and Goods	Non Especific Products
Companies' requi-rements	Technical Assistance Commercial Information Commercial Promotion Training	Technical Assistance Commercial Information Training Commercial Promotion	Training Commercial informa-tion Commercial Promotion	Commercial Information Technical Assistance Training Commercial Promotion	Technical Assistance Training Commercial Information Commercial Promotion

From the analysis of the above table it can be concluded that at the level of "Country Conditions for Exports", the main problem is the lack of sufficient and effective incentives to foster exports; secondly, another serious problem is the lack of appropriate financing to promote production of export products; and, thirdly, the myriad bureaucratic procedures that must be followed by exporters.

With relation to the "Access Conditions to the External Markets", the most serious problem is meeting quality control requirements of foreign markets. Furthermore, lack of price competitiveness of the Guatemalan export products can also be pointed out as a constraint. In addition, another serious problem identified is the fact that the national exporter cannot compete under the same or better payment conditions than exporters from other countries.

In relation to the "Internal Problems of Enterprises", the producers/exporters have pointed out that their most urgent need is to receive appropriate technical assistance. The growing demand of the exporting community for truly and up dated information has been established. Also, the need for training to persons involved in the export process (public and private officials, as well as public and private employees) has been identified.

CHAPTER III - Action Plan

The mechanisms and action programs described below have been prepared taking into consideration all elements necessary so that Guatemala may increase exports. This includes all types of measures, even those where the private sector can only propose or suggest but which are the responsibility of the public sector.

The above means that, as a first step, the establishment of a sufficiently solid basis to develop exports is required, which means the institution of adequate legislation in the short-run to include mechanisms to remove obstacles, mechanisms that will simplify and stimulate the process, as well as infrastructure in the form of ports and transportation.

In second place, for Guatemala to increase exports, enterprises must promote their products in an aggressive form, this includes interest in carrying out the necessary marketing actions to reach international markets. The activities described below will provide guidance, frame of reference for exporting enterprises, and commercial information support, joint organization of fairs and commercial missions, etc. However, as a third element, export plans should be developed at the enterprise level.

In accordance with the problems indicated in the previous section, different solution measures are provided below:

III.1 EXPORT CONDITIONS OF THE COUNTRY

III.1.1 Transportation of Exports

III.1.1.1 Ocean

Action 1: To establish a Commission representing the export sector for the purpose of negotiating with the ocean shipping companies, associated or not associated with conferences or corporate trusts, the decrease of freights and the increase in the frequency of their travel to Guatemalan ports.

Such Commission should have an office to negotiate freights and to consolidate freight information.

Responsible: Nontraditional Product Exporters' Guild

Implementation Period: May - December 1987

Action 2: To foster the establishment and operation of a private ocean freight company at the national level, in order to establish competitive conditions with a tendency to reducing existing high rates.

Responsible: Non-Traditional Product Exporters' Guild

Implementation Period: May - December 1987

III.1.1.2 Air

Action 1: That the companies which provide transportation services for export products, especially the national airline, reduce their freight rates, increase their shipping space available and adjust the frequency of their air travel.

Responsible: Interinstitutional Commission, Airlines Companies and Non-Traditional Product Exporters' Guild

Implementation Period: May - July 1987

Action 2: To promote and expedite the establishment of a free skies policy.

Responsible: National Export Promotion Council "CONAPEX"

Implementation Period: April - June 1987

Action 3: To induce additional international airlines to offer freight services for exports between Guatemala and countries interested in importing national products.

Responsible: Interinstitutional Commission and the Guild

Implementation Period: July - December 1987

III.1.2 Port Facilities

III.1.2.1 Ocean

Action 1: To provide national ports with the necessary infrastructure and equipment to expedite the country's exports.

Responsible: CONAPEX, Ministries of Public Finance, Communications, Public Works and Transportation, and Port Authorities

Implementation Period: January - December 1988

Action 2: Decrease tariffs for loading and unloading in the national ports, and eliminate unnecessary and immoderate charges

Responsible: Port Authorities

Implementation Period: May - December 1987

Air

Action 1: To provide "La Aurora" International Airport with mobile sheds with controlled temperature and fumigating chambers, as well as to construct refrigerated storage and freezing chambers in places near the airport.

Responsible: CONAPEX, Ministry of Public Finance, Ministry of Communications, Public Works and Transportation and the interested private sector

Implementation Period: May 1987 - December 1988

III.1.3 Financing

Action 1: Establishment of a guarantee fund to help small and medium export enterprises to meet their guarantee requirements, supporting the loans to be requested within the feasibility of the projects.

Responsible: Chamber of Entrepreneurs, Bankers Association and CONAPEX

Implementation Period: June - August 1987

Action 2: To carry out a conscientiousness-raising campaign in the different institutions that form the national banking system, to assign credit resources to production/export projects, taking into account the value of such projects and not only the guarantees.

Responsible: Chamber of Entrepreneurs, Bankers Association and Exporters' Guild

Implementation Period: July - December 1987

Action 3: To continue efforts for the establishment of an export credit insurance system.

Responsible: CONAPEX, Chamber of Entrepreneurs, Association of Insurance Institutions and Exporters' Guild

Implementation Period: July - December 1987

Action 4: To actively promote the use of the different financial mechanisms to foster exports of non-traditional products (specific credit lines, credit resources of the own banks, guarantee fund and export credit insurance).

Responsible: Chamber of Entrepreneurs, Finance Chamber and Exporters' Guild

Implementation Period: Permanent (from January 1988)

III.1.4 Tax Incentives

Action 1: To expedite the issuance of the new incentives law to foster the establishment of export firms. This law should include mechanisms to permit the temporary import of inputs to be processed in the country, and a system that should facilitate and expedite imports of raw materials to be used for export products.

Responsible: National Coordinating Exports Commission

Implementation Period: June - July 1987

Action 2: To carry out a coordinated and integral policy (public sector/private sector) for the development of the Free Zones.

Responsible: Chamber of Entrepreneurs and National Coordinating Exports Commission

Implementation Period: July - December 1987

Action 3: To eliminate regulations that impeded the effective issuance of the Tax Credit Certificates (CATS), and to remove as soon as possible the suspension that presently falls on such documents.

Responsible: National Coordinating Exports Commission

Implementation Period: June - July 1987

Action 4: Effective restitution and/or application of fiscal credits and/or deliver of certificates by the Ministry of Public Finance, specially for export firms.

Responsible: National Coordinating Exports Commission

Implementation Period: Permanent

III.1.5 Bureaucratic Procedures

Action 1: To establish in the "Export Processing Facility" a simplified export system and the "exclusive document for export processing" with the purpose of expediting and facilitating exports.

Responsible: National Coordinating Exports Commission

Implementation Period: September - December 1987

Action 2: To avoid the establishment of new repetitive and unnecessary procedures that hamper the export process.

Responsible: National Coordinating Exports Commission

Implementation Period: May - August 1987

Action 3: To cancel the supervisory contract for external commerce, signed with the Government of Guatemala and "Societé Generalle de Surveillance (SGS)", because of the problems and losses that it causes to exporters.

Responsible: CONAPEX

Implementation Period: May - June 1987

III.1.6 Foreign Exchange:

To establish a real exchange rate for non-traditional exports in order to obtain real incomes in national currency, given the fluctuations of the Quetzal to the U.S. Dollar.

Responsible: CONAPEX

Implementation Period: Permanent (until obtaining real and definitive exchange rate unification)

Action 2: To establish a mechanism to facilitate foreign exchange to the exporter for external marketing purposes, such as marketing surveys, training and product distribution.

Responsible: CONAPEX

Implementation Period: Permanent

III.2 Access Problems to External Markets

III.2.1 Quality Standards

The actions and tasks to be carried out to overcome these problems are described on the attached manuals for technical assistance request.

III.2.2 Price Competitiveness

These type of problems would be partially or totally resolved with an efficient level in carrying out the above mentioned actions, specially the ones related to the establishment of better transportation conditions, appropriate financing, tax incentives, and the elimination of a bureaucratic and annoying export process.

III.2.3 Payment Conditions

Action 1: To allow 180 days, as a period established by Bank of Guatemala, for entering foreign exchange, given the country, product to be exported, and basically the payment terms for each export transaction.

Responsible: National Coordinating Export Commission

Implementation Period: June - July 1987

It is considered that this problem could be also resolved with the establishment of the export credit insurance.

III.2.4 Minimum Orders:

Action 1: To promote the establishment of groups of exporters (associations, cooperatives and export commercial firms) in order to handle bulk import requests.

Responsible: Exporters' Guild

Implementation Period: Permanent

III.2.5 Tariff and Non-Tariff Restrictions

Action 1: To unify the administration of international commercial policies into one governmental office.

Responsible: National Coordinating Export Commission

Implementation Period: Permanent (effective on this date)

Action 2: To establish a sole and mixed high level permanent commission, with representatives from the public and private sectors, to negotiate the elimination of tariff and non-tariff bottlenecks to national export products.

Responsible: National Coordinating Export Commission

Implementation Period: July - September 1987

Action 3: To promote the maximum use of different instruments established that facilitate, lower and free the imports of national products to different countries (Caribbean Basin Initiative, Generalized Preferential System, Free Trade Agreements and Preferential Interchange, Limited Scope Agreements, etc.).

Responsible: General Directorate of Commerce, Ministry of Foreign Relations, Commercial Attachés in our country and Exporters' Guild

Implementation Period: Permanent (from this date)

III.3 INTERNAL PROBLEMS OF EXPORT FIRMS

III.3.1 Commercial Information:

Action 1: To strengthen the Commercial Information Center of the Exporters' Guild.

Responsible: Exporters' Guild

Implementation Period: Permanent

Note: For this particular action a separate and complete project is being submitted.

III.3.2 Technical Assistance:

Technical assistance requirements are included on the attach applications for assistance

III.3.3 Training:

Action 1: To adapt and implement an integral export development training program.

Responsible: Managers Association and Exporters' Guild

Implementation Period: Permanent (effective on this date)

III.3.4 Commercial Promotion:

Action 1: This Action is described on Chapter IV below.

Action 2: To establish an effective network of Guatemalan commercial representations abroad, for the purpose of supporting and promoting non-traditional exports.

Responsible: National Coordinating Export Commission

Implementation Period: June - December (establishment of the network). From January 1988 on a permanent basis.

CHAPTER IV - Technical Assistance Requirements

In accordance with experience gained by exporters, we can affirm that the main problem to promote Guatemalan exports is not finding buyers for our products, but the development of a real export offer, which means that the products will not be rejected abroad and will not be easily placed aside for the products of our competitors. In synthesis, the products should be of the best quality, have competitive prices and the appropriate appearance required by the international market.

Generally, when implementing a plan or program to develop non-traditional exports, one of the fields that requires greater attention is the adaptation of the products to the requirements of the international market. This is one of the most difficult tasks because of the magnitude of the resources that inevitably need to be disbursed since countries such as our are precisely characterized for not having sufficient funds for the development of these activities.

Fortunately, in this task not only participates the interested export sector itself, but also the public sector and basically the international organizations (as AID, ROCAP, CCI, BID, OEA, etc.) who provide or channel the technical assistance requested by entrepreneurs/exporters of developing countries.

With the objective of efficiently developing and carrying out the entire actions proposed, the Exporters' Guild has been channelling the necessary technical assistance required in the different areas to producers/exporters, with the support of the General Directorate of Commerce, through the different international organizations.

SUMMARY REQUIRED TECHNICAL ASSISTANCE NEEDS BY SECTOR AND PRODUCT - 1987

SECTOR	GROUP	PRODUCT	NUMBER OF COMPANIES	S/H EXPERT	S/H GUILD	TOTAL COST TA
Sector 1 Perishable Agricultural	Species	allspice	9	16.0	26	$ 15,220.00
		annatto Industrial-ization	8	14.75	22	7,130.00
	Fruits &	Pineapple	6	22.0	36	13,340.00
	Vegetables	Plantains	3	48.0	27.5	18,350.00
		15-product marketing	—	144.0	159.0	100,000.00
	Beekeeping	Honey	17	40.0	54	23,130.00
	Cacao & Grains	Cacao by-products	9	23.0	36	46,720.00
	Flowers & Decorative Plants	Cut Flowers	—	39.0	51	32,600.00
	Nuts	Macadamia Nut Processing	2	13.0	42.0	7,820.00
Sector 2 Processed Foods						
	Meat & Seafood	Shark Fins	3	9.0	29	5,750.00
	Canned & Processed Food	dehydrated fruits and vegetables	8	9.5	25.5	11,110.00
		Fruit pulp	—	13.0	19.5	11,110.00
	Medicinal Plants	Medicinal Plants by-products	3	48.0	54.0	45,800.00

SECTOR	GROUP	PRODUCT	NUMBER OF COMPANIES	S/H EXPERT	S/H GUILD	TOTAL COST TA
Sector 3						
Non food consumer goods	Apparel	Draw Back	69	90.0	160	211,250.00
	Home goods	Scrubbing sponge	6	11.0	40.0	3,740.00
Sector 4 Raw materials & semifinished products	Industrial, Commercial & Agric Inputs	Rubber Products	7	39.0	55	42,910.00
Sector 5 Furniture & Durables						
Other Services	Didactic Material	Printing Services	141	17.0	22.0	
	Commercial Informat.	Demand Analysis	322	4.0	12.0	
		Information Systems Dev.		48.0		12,380.00
		TOTAL TA				327,504.00

CHAPTER V - Goals

It is well-known that setting goals is always a difficult task and, in most cases, they are never attained since when making estimations these are prepared on very optimistical basis.

Therefore, in this occasion we have estimated two types of goals, the minimum and the maximum goals.

The minimum goal would not include the actions contained in this Plan and in essence would be based on the natural decrease that exports of non-traditional products have experienced during recent years.

On the other hand, the maximum goal would consider for its compliance the following conditions:

- An increase in the demand and price levels of the Guatemalan non-traditional export products.
- That the Government immediately implements the actions included in this Plan and takes the necessary follow-up actions.
- That the export sector actively participates to develop the tasks related to its field of action.

In order not to make exaggerated projections but at the same time make them realistic and with an optimistic spirit, it is estimated that when developing the actions already suggested, an average annually growth of 15% will be reached during the next four years for non-traditional exports. In addition, it is assumed that the measures to be implemented will create conditions that will affect in a positive manner the other two variables, and because of their characteristics, traditional exports will increase to a cumulative annual rate of 10%, and exports to Central America to a 5% annually.

Such an increase would be favorable and would provide the following results:

In Million of US$

Years	Traditional		Non-Traditional		Central America		Total	
	US$	%	US$	%	US$	%	US$	%
1980	851.0	56	228.0	15	440.8	29	1,519.8	100
1986	748.6	71	127.7	12	185.3	17	1,061.6	100
1987	823.5	71	146.9	12	194.6	17	1,165.0	100
1988	905.8	71	168.9	13	204.3	16	1,279.0	100
1989	996.4	71	194.2	14	214.5	15	1,405.1	100
1990	1,096.0	71	223.3	14	225.2	15	1,544.5	100

It is worth mentioning that at the total export level, specially on non-traditional exports, it is expected to reach the levels attained at the beginning of the present decade, and to practically accomplish a new take off, overcoming the retrocession which occurred during the first six years of the decade of the eighties.

ANNEX I

ATTACHMENT 1

THE NONTRADITONAL PRODUCT EXPORTERS GUILD:

8 ILLUSTRATIVE PRODUCT-SPECIFIC SUB-PROJECTS

SOLICITUD DE ASISTENCIA TECNICA

SECTOR:	ARTICULOS DE CONSUMO NO ALIMENTICIO
GRUPO:	"Artículos para el Hogar"
PRODUCTOS:	Esponja Vegetal o Pashte
EMPRESAS BENEFICIADAS:	6

1. ANTECEDENTES:

En Guatemala se han venido identificando una serie de cultivos no tradicionales que presentan perspectivas de orden económico y social a sectores de la población. En consecuencia, y a partir del creciente aumento en el uso de la esponja vegetal (Luffa cilíndrica y Luffa acutangula), conocida en nuestro medio como "Pashte" ofrece posibilidad de ser utilizada como fibra para la elaboración de filtros, uso doméstico en baño, fabricación de accesorios para tratamiento de uñas y cayos (células muertas) plantillas para calzado, extracción de aceite comestible de la semilla, etc.

En la actualidad el Pashte representa para Guatemala un cultivo de carácter silvestre que es acopiado por mecanismos de recolección, para luego ser comercializado principalmente en forma natural o elaborado como artículo de baño. Se cuenta con información de exportaciones a patir de 1983, donde se observa alguna recuperación.

Existe cierto nivel industrial que basicamente se refiere a la elaboración familiar y una comercialización incipiente hacia mercados como: Panamá, Costa Rica, Canadá, Estados Unidos de América y Europa, siendo este último el que ofrece una de las mejores alternativas.

1.1 Situación actual:

1.1.1 Producción Agrícola:

Como ya fué referido, a nivel general el cultivo existe en forma silvestre exceptuando algunas plantaciones aisladas, principalmente localizadas en el área de Chiquimulilla. El grado de tecnificación es reducido y por ende los rendimientos bajos. En base a investigaciones realizadas, pudo identificarse la existencia de un proyecto cuyo financiamiento ha sido aprobado referente a la siembra y mejoramiento tecnológico en la producción de pashte en la comunidad conocida como "EL ISLOTE", localizado a lo largo del Canal de Chiquimulilla. Dicho proyecto fué presentado por la Fundación para la Educación y el Desarrollo Integral (FUNDACEDI) y aprobado por la Asociación de Instituciones de Desarrollo y Servicios (ASINDES), bajo el respaldo financiero de la Agencia Internacional para el Desarrollo (AID). Se pretende con este proyecto el incremento de la productividad en un 30% y la duplicación de la utilidad en un área de 60 manzanas (42 hectáreas) que han estado manejadas por unas 1000 familias campesinas del lugar. Con ello se espera obtener un rendimiento de 2000 docenas semanales por manzana en contra posición de 500 docenas producidas en la actualidad. La época de producción se acentúa en los meses de julio a octubre.

1.1.2 Fase Industrial:

Existen alrededor de 6 empresas dedicadas a la captación y manufactura de artículos de baño; además de industria de tipo casero que por sus características no es cuantificable.
En el cuadro siguiente se presentan estadísticas relacionadas con exportación.

Cuadro No. 1

Exportaciones de Pashte al Resto del Mundo

AÑO	KILOGRAMOS	VALOR FOB EN Q.
1983	191,734	50,251
1984	83,412	54,023
1985	39,280	33,240
1986	91,493	96,439

Fuente: Banco de Guatemala

2. IDENTIFICACION DE PROBLEMAS:

2.1 Existe desconocimiento de las prácticas agrícolas más adecuadas, así como, de las variedades que de acuerdo a sus características presenten mejores expectativas en el mercado internacional.

2.2 En los programas actuales no se considera el establecimiento de infraestructura como: riego e instalaciones de manejo post-cosecha para el sostenimiento de la oferta y su subsecuente manipuleo o proceso.

2.3 El Proceso Industrial a mediana o gran escala requiere de maquinaria especializada para las tareas de: descorazonar, comprimir, planchar y coser los artículos a efecto de acelerar la producción.

2.4 Se carece de información de alternativas industriales para el aprovechamiento integral del producto ejemplo: extracción de aceite de la semilla elaboración de limas para uñas y cayos, etc.

2.5 Tanto en los programas a desarrollar como en la producción actual, no existe una identificación del mercado, sus requerimientos en volumen, empaque y calidad a efecto de determinar las "ventanas" y las ventajas comparativas con otros países productores.

3. OBJETIVOS Y METAS:

3.1 Objetivos Generales:

3.1.1 Fomentar la siembra del cultivo de pashte como una alternativa de producción y diversificación para pequeños y medianos agricultores en los climas cálidos.

3.1.2 Propiciar un crecimiento económico-social en las comunidades que desarrollen el cultivo y/o empresas industrializadoras.

3.1.3 Aumentar las fuentes de trabajo a nivel familiar, tanto en las áreas directamente involucradas, así como, en zonas circunvecinas.

3.2 METAS:

3.2.1 Incrementar la productividad en las áreas actualmente cultivadas y promover el desarrollo de nuevas regiones con potencialidad.

3.2.2 Identificar los usos alternativos del pashte a través del conocimiento de la industria de otros países y las formas de proceso que viabilicen su introducción al mercado.

3.2.3 Establecer en forma definida y concreta, la orientación de la producción actual y futura hacia mercados de exportación.

4. ACCIONES A REALIZAR:

4.1 Identificar las variedades y prácticas agrícolas más recomendables, a efecto de orientar los programas de producción actuales y proyectados.

4.2 Establecer las principales necesidades de capacitación y asesoría en los requerimientos de maquinaria industrial propia para la elaboración de aquellos productos solicitados por el mercado internacional.

4.3 Fomentar la exportación hacia mercados potenciales, a través de su identificación, calificación y selección mediante su respectivo análisis.

5. PROGRAMA DE TRABAJO:

5.1 Identificar y organizar a los productores e industrializadores de pashte en Guatemala.

5.2 Implantar programas de capacitación tanto en la fase agrícola como industrial a través de expertos internacionales.

5.3 Mediante un análisis de la demanda internacional, se proveerá a las organizaciones o empresas involucradas de las posibilidades y requerimientos para su exportación.

6. REQUERIMIENTOS DEL PROYECTO:

6.1 Seminario y Asistencia Técnica Directa en la Fase de Producción Agrícola:

Duración	4 horas seminario 2 horas asesoría directa
Fechas tentativas:	de 1987
Conferencista:	Un Ingeniero Agrónomo, experto en prácticas agrícolas y técnicas específicas al cultivo.
Costo 2 semanas:	US$.2,500.00

6.2 Seminario y Capacitación Directa en Producción Industrial:

Duración:	4 horas seminario 1 semana capacitación directa
Fecha tentativa:	De 1987
Conferencista:	Un Ingeniero Industrial
Costo 1 semana:	US$.1,250.00

6.3 Investigación Internacional de Mercado:

Un Contrato de consultoría internacional:
Costo 2 meses: US$.40,000.00

6.4 Requerimientos para Información y Promoción Comercial:

- Información documental para las fases de promoción agrícola industrial y de mercadeo, (libros, revistas, panfletos, bletines, etc) US$.5,000.00

- Participación en eventos de Promoción Comercial US$.20,000.00

TOTAL	US$.68,750.00
COSTO TOTAL DEL PROYECTO:	US$.48,750.00

7. APORTE DE LA GREMIAL DE EXPORTADORES DE PRODUCTOS NO TRADICIONALES:

Personal de Contraparte:	m/h
-Gerencia (Diseño y supervisión de programas)	2
-Departamento de Capacitación y Asistencia Técnica (organización apoyo y contraparte)	12
-Departamento de Promoción e Inversión (Contraparte)	12
-Secretaría	2
-Departamento de Reproducción	12
-Viajesen el interior de Guatemala, transporte, local y otros	

8. TERMINOS DE REFERENCIA:

8.1	Título:	Experto en producción Agrícola del pashte en países productores y exportadores (ejemplo: Brasil, Taiwan)
	Académica	Ingeniería
	Idioma	Español (preferentemente)
	Tareas a Realizar:	1. Capacitación directa a miembros de organizaciones o empresas de producción.
8.2	Título:	Experto de producción industrial de pashte con conocimientos comprobados en requerimientos y alternativas para el mercado internacional.
	Académica:	Ingeniería Industrial
	Idioma:	Español (preferentemente)
	Tareas a Realizar	1. Capacitación a personal o miembros de organizaciones o empresas en tipo de maquinaria, uso productos, alternativas y derivados, diseños, empaque, etc.

8.3	Título:	Experiencia internacional en la investigación de mercados.
	Académica	Mercadólogos
	Tareas a Realizar:	1. Sondeo del mercado actual y potencial de los productos directos y derivados del cultivo del pashte en Europa, Estados Unidos y otros de importancia.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

SECTOR:	ARTICULOS DE CONSUMO NO ALIMENTICIO
GRUPO:	"Vestuario"
PRODUCTOS:	Maquila
EMPRESAS BENEFICIADAS:	Capital 54 Quetzaltenango, 15 Gremio Sectorial

1. ANTECEDENTES

La industria del Draw Back en Guatemala, se inició a finales del año 1964, con la emisión del Decreto Ley 443. En 1979 se derogó dicho decreto y se crea la Ley de Incentivos a las Empresas de Exportación con el Decreto 30-79 del Congreso de la República; posteriormente se deroga este Decreto y se sutituye por el Decreto Ley 80-82. Finalmente en el año de 1984, se emitió el Decreto Ley 21-84, "Ley de Incentivos a las Empresas Industriales de Exportación", que permite la suspensión temporal de derechos para mercaderías ingresadas al país para ser ensambladas y luego reexportadas acogidas a la tarifa aduanera 807 en Estados Unidos, que autoriza que ropa hecha con tela cortada en Estados Unidos sea ensambiada fuera, pagando a su regreso derechos arancelarios únicamente sobre el valor agregado al producto fuera del país. A la fecha existen 54 empresas amparadas bajo el Decreto Ley 21-84.

Las exportaciones totales que se han registrado bajo este sistema son las siguientes:

Cuadro No. 1

GUATEMALA: EXPORTACIONES DENTRO DEL SISTEMA DE MAQUILA

Período 1982-1986

1982	1983	1984	1985	1986
94,000.00	1,357,000.00	4,832,000.00	9,340,000.00	13,427,000.00

Fuente: Departamento de Comercio de Estados Unidos.

El destino de estas exportaciones fue 98% a Estados Unidos y 2% a Canadá.

Se puede apreciar el sosrenido incremento que ha tenido este sector, jugando un significativo papel económico y social en el país, el cual por tratarse de un mercado de mano de obra genera fuentes de trabajo y divisas.

A la fecha el grupo de empresas ocupa 9,041 empleados.

2. PROBLEMATICA:

2.1. Aspectos de Producción

2.1.1 El Principal problema es la escasez de mano de obra calificada a nivel de:

- Operarios
- Supervisores
- Inspectores de Calidad
- Mecánicos

2.2 Aspectos Administrativos

2.2.1 Poco conocimiento sobre técnicas administrativas modernas, adaptadas al sistema de Draw Back, a nivel de:

- Gerencia General
- Gerencia de Producción

2.3 Aspectos de Mercadeo:

A la fecha las negociaciones se hacen en su mayoría, a través de intermediarios que no ofrecen continuidad a largo plazo en prendas de vestir, lo que implica un 50 ó 60% de eficiencia, además, no ofrecen asisrtencia técnica, ni transferencia de tecnología como lo suelen hacer los manufactureros de Estados Unidos, que pueden ofrefer continuidad del trabajo, lo que implica el 75% u 80% de eficiencia.

3. OBJETIVOS Y METAS:

3.1 Objetivos

Contribuir al proceso de expansión de las exportaciones del país, a través de la capacitación de los recursos hmanos del sector de la confecciónm industrial bajo el sistema de Draw Back:

- Aumento de fuentes de trabajo
- Generación de divisas para el país
- Formación de instructores en la materia

3.2 Metas

La Comisión de Maquiladores que funciona dentro de la Gremial de Exportadores (28 empresas), estiman que se podría llegar a exportar en 1988 Q.300,000,000 y generar 80,000 plazas de trabajo con el apoyo del proyecto de asistencia técnica que se presenta.

4. ACCIONES A REALIZAR:

4.1 Aspectos de Producción:

Desarrollar métodos alternativos de capacitación para los diferentes níveles operativos.

4.2 Aspectos Administrativos

Organizar eventos de capacitaciónm a nivel gerencial

4.3 Promoción

Instalación de una Oficina de Promoción de Guatemala, como país maquilador.

5. PROGRAMA DE TRABAJO:

5.1 Diagnóstico

En base al resultado del diagnóstico de la situación de la industria de maquila en Guatemala, que se encuentra realizando la empresa consultora Kurt Salmon Asociados, el cual estará terminado en el mes de junio, y teniendo en cuenta las necesidades de capacitación existentws, se podrá desarrollar un programa de capacitación aplicado a la realidad guatemalteca,q ue cubra los diferentes níveis operativo, medio y Gerencial, así como, talleres de formación de instructores.

Se prevee la asistencia de un experto norteamericano en desarrollo de programas de capacitaciión en la industria de la Confección Industrial.

Tiempo: 3 meses

5.1.1 Talleres de formación de instructores (15 mínimo) de preferencia que actualeme se encuentren ilmpartiendo cursos en l materia, con el objetivo de establecer un efecto multiplicador. Podrían desarrollarse módulos de aproximadam,ente 3 semanas de duración cada uno en los siguientes temas:

Confección, manejo de máquilnas industriales, aspectos de supervisión, control de calidad y técnicas admilnistrativas modernas aplicadas a empresas industriales de Draw Back.

Se contempla la participación de por lo menos 6 especialistas.

5.1.2 - Programa de Capacitación para operarios: cortar, coser, manejo de máquinas, eficiencia, etc. Experto 3 meses.

- Preparación de material de aprendizaje extra-aula: como instructivos audiovisuales, etc. que puedan ser impartidos por las propias empresas en el lugar de trabajo. Experto 2 meses.

5.1.3 - Programa de Capacitación para supervisores e inspectores de calidad:

Mecánicos de máquinas de confección industrial compuestas o especiales. Experto 3 meses.

5.1.4 Programa de Capacitación a Nivel Gerencial en:

- Controles dentro de una Planta de Maquila .
- Cálculo de tarifas en cuanto a operaciones de prendas se refiere.
- Trato de Personal (incentivos, etc.)
- Concientación

Experto: 1 mes

5.1.5 Capacitación y Financiamiento para Quetzaltenango:

Asimismo, se considera necesario que la capacitación planteada sea impartida en la capital y en el área del altiplano de Guatemala, especificamente en el Departamento de Quetzaltenango, por ser su clima fresco propicio para el manejo de algódón y el rendilmiento del personal y por existir en él gran porencial en lo que se refiere a maquila. k A la fecha cuenta con 15 empresas con aproximadamente entre 150 a 400 empleados cada una, dedicados a la confección de ropa, Montblanc, El Zepelín, Cantel, Esportex, Marcalix, Eloy Suasnavar, y otras, de las cuales 4 ya se encuentran maquilando, además, existe un "Gremio Sartorial" que reune a 35 sastres, ambos sectores han manifestado su interés en desarrollarse en el campo de la maquila.

Para esto se require que el experto en base al diagnóstico, haga un estudio de factibilidad para determinar los lugares más apropiados para la impartición del programa de capacitación en Quetzaltenango, y también se requiere de financiamiento para la compra de maquinaria para el desarrollo del mismo.

5.2 Promoción:

Los resultados de las acciones anteriores permitirá a las empresas maquiladoras estar en condiciones de aprovechar acciones concretas para dar respuesra a la demanda. En conclusión, bajo este rubro se considera la contratación de una empresa consultora en los Estados Unidos, para implantar una Oficina de Promoción de Guatemala como país maquilador.

Dicha oficina podría estar ubicada en Estados Unidos y Canadá, específicamente en Miami, Nueva York, Los Angeles, California (Estados Unidos) y Montreal (Canadá).

Empresa consultora: 4 meses

6. APORTES REQUERIDOS

Capacitación y promoción:

6.1 Capacitación:

1 experto en desarrollo del programa de capacitación.	3 meses	US$ 15,000.00
6 especialistas en formación de instructores.	4.5 meses	US$ 21,250.00
1 experto en Capacitación de	5 meses	US$ 25,000.00
1 experto en Capacitación de supervisores e inspectores de calidad.	6 meses	US$ 30,000.00
1 experto en Capacitación de mecánicos.	3 meses	US$ 15,000.00
1 experto en Capacitación	1 mes	US $5,000.00
Sub-Total	22.5 meses	US$ 111,250.00

6.2 Promoción:

Contratación de una Consultroa estudio de factibilidad, implementación, etc.	US$ 50,000.00

6.3 Material:

Material didáctico, ayudas	US$ 20,000.00
Audiovisuales	US$ 5,000.00
Documentación	US$ 25,000.00

6.4 Financiamiento Compra de Equipo para Capacitación:

Costo:	US$25,000.00
COSTO TOTAL DEL PROYECTO	US$211,250.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES:

Personal contraparte	m/h
Gerencia (diseño y supervisión de programas)	1
Departamento de Capacitación y Asitencia	
Técnica (organización, apoyo y contraparte)	20
Departamento de Promocióne Inversión	6
Secretaría	20
Departamento de Reproducción	2

Cursos
- organización
- costos locales
- equipo audiovisual
- logísticas

8. TERMINOS DE REFERENCIA:

8.1 Título: Especialista en desarrollo de programas de capacitación en la indsuttria de la confección bajo el sistema Draw Back.

Duración: 3 meses

Fecha de Inicio: Julio, 1987

Lugar de Trabajo: Guatemala

Tareas a Realizar: Elaboración de un programa de capacitación para instructores, numeral 5.1, nivel operativo, medio y gerencial.

Calificación:

- Experiencia comprobada en Planta de confección Industrial.
- Experiencia en desarrollar cursos para dicha área.

Idioma: Español

8.2 Título: 6 especialistas en área específicas para la formación de instructores. (numeral 5.1.1).

Duación: 18 semanas

Fecha de Inicio: Octubre 1987

Lugar de Trabajo: Guatemala

Tareas a Realizar: Formación de instructores en áreas específicas de confección industrial (numeral 5.1)

Calificación: Ingenieros con Maestría en Administración

Idioma: Español

8.3 Título: Experto en Capacitación de Operarios.

Fecha de Inicio: 5 meses

Lugar de Trabajo: Guatemala

Tareas a Realizar: 1. Curso de capacitación operarios.

2. Desarrollo de Programas de Capacitación extra-aula (numeral 5.1.2).

	Calificación:	Experto en capacitación operativa
	Idioma:	Español
8.4	Título:	Experto en mecánica de máquinas de confección industrial.
	Duración:	6 meses
	Fecha de Inicio:	A partir de abril, 1988
	Lugar de Trabajo:	Guatemala
	Tareas a Realizar:	Impartir curso de mecánica industrial de confección.
	Calificacilón:	experiencia en la mecánica de máquinas de confección industrial. Didáctico
	Idioma	Español
8.5	Título:	Experto en técnicas de supervisión y Control de Calidad.
	Duración:	6 meses
	Fecha de Inicio:	Agosto, 1988
	Lugar de Trabajo:	Guatemala
	Calificación:	Profesional con experiencia en técnicas de supervisión y control de calidad. Didáctico
	Idioma:	Español
8.6	Título:	Especialidad en técnicas modernas de Administración en empresas de Deaw Back.
	Duración:	1 mes
	Fecha de Inicio:	Septiembre, 1988
	Lugar de Trabajo:	Guatemala
	Tareas a Realizar:	Impartir curso a nivel gerencial en técnicas modernas en empresas de confección industrial.

	Idioma:	Español
8.7	Título:	Empresa Consultora
	Duración:	4 meses
	Fecha de Inicio:	Agosto, 1988
	Lugar de Trabajo:	Estados Unidos y Canadá
	Tareas a Realizar:	Estudio de factibilidad e implentación de una Oficina de Promoción de Guatemala como país maquilador en Estados Unidos y Canadá.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

SECTOR:	MATERIAS PRIMAS Y BIENES SEMIELABORADOS
GRUPO:	"Insumos Industriales, Comerciales y Agrícolas"
PRODUCTOS:	Manufacturas de Caucho
EMPRESAS BENEFICIADAS:	7

ANTECEDENTES:

Guatemala está constituída como un país exportador de materias primas agrícolas, dichas exportaciones totalizan el 70% por concepto de ingreso de divisas.
El caucho natural o hule constituye una de estas materias prias, la cual es utilizada para la fabricación de ulna gran cantidad de productos tanto para la industria como para el consumidor final.
Existen en el pais 7 empresas fabricantes de artículos de caucho, por lo que se cuenta ya con cierta teconología, experiencia y comercialización en esta área de producción.
El cuadro No.1 muestra las exporaciones de caucho natural (hule) durante el período 1980-1986, el cual indica que las mismas se han mantenido más o menos uniformes en dicho período.
Asimismo, el cuadro No.2 indica las exportciones de las principales manufacturas de caucho, realizadas en el período.
Con este proyecto se pretende aprovechar la capacidad y experiencia en la manufactura de artículos de caucho, con el objetivo de diversificar la producción de dichos productos hacia mercados internacionales.

Cuadro No. 1

Guatemala: Exportaciones de Caucho Natural (Hule)
En Miles de US$.- Período 1980-1986

Producto	1980	1981	1982	1983	1984	1985	1986
Caucho Natural	6024.1	6507.6	3713.2	5533.5	7205.6	6000.6	5005.4

Fuente: Banco de Guatemala
1986 a/Cifras Preliminares

Cuadro No. 2

GUATEMALA: EXPORTACIONES DE MANUFACTURAS DE CAUCHO
Período 1983-1986
Miles de Quetzales

PRODUCTO	1983	1984	1985	1986
Guantes uso médico	439,169	838,047	248,582	64
Empaques de caucho	45,459	110,226	53,602	274,130
Rodillos de caucho	131,552	179,676	143,271	13,960
Los demás productos	———	———	———	12,499

Fuente: Banco de Guatemala

7.

2. PROBLEMATICA ACTUAL:

Los principales problemas que afrontan los fabricantes de artículos de caucho son relacionados con:

2.1 Producción:

Cosideran básica la asistencia técnica en aspectos de producción tales como: formulación, moldeado de productos y adaptación de maquinaria para la elaboración de nuevos productos.

2.2 Control de Calidad:

Este es un aspecto de vital importancia para poder competir en le mercado internacional, principalmente con países como: Taiwan, Corea y Brasil.

2.3 Transferencia Tecnológica:

Aunque la mayor parte de las empresas cuentan con tecnología, consideran de importancia el que se propicie un mayor conocimiento sobre los últimos avances qie se han dado en la industria de productos manufacturados de caucho.

3. OBJETIVOS Y METAS:

3.1 Objetivos:

3.1.1 Promover la industrialización del caucho a través de la elaboración de nuevos productos hacia mercados fuera del área centro americana.

3.1.2 Pasar de ser un país exporador de caucho como materia prima a exportador de manufacturas de caucho de diversa índole.

3.1.3 Adecuar los productos de caucho a las exigencias del mercado internacional.

3.1.4 Determinar acciones concretas de asistencia técnica para las empresas productoras de manufacturas de caucho.

3.2 Metas:

3.2.1 Incrementar las exportaciones de productos de caucho a un mediano plazo.

3.2.2 Cración de nuevas fuentes de trabajo y especialización de la mano de obra en dicho sector productivo.

3.2.3 Diversificar la producción de manufacturas de caucho, especialmente aquellas con factibilidad de exportarse a países fuera del área centro americana.

4. ACCIONES A REALIZAR:

4.1 Diagnóstico de la situación de la industria de caucho en Guatemala y sus posibilidades en el mercado internacional.

4.2 Diagnóstico de los productos manufacturados actualmente y determinación de productos factibles de exportarse y1 productos nulevos para su implementación y desarrollo con vías de exportación.

4.3 Producción:

Asistir a las empresas en aspectos de formulación, moldeado de productos, adaptación de maquinaria a nuevos procesos y capacitación de personal.

4.4 Control de Calidad y solicitar asistencia técnica en control de chequeos, procesos y formulaciones para los productos de caucho.

4.5 Transferencia tecnológica a través de impartir seminarios o charlas relacionadas con nuevos procesos, productos, maquinaria, etc.

5. PROGRAMA DE TRABAJO:

Para la implementación de este proyecto se realizará una serie de acciones a través de un programa que contemple los eventos siguientes:

5.1 Diagnóstico de la situación de las manufactura de caucho actualmente producidas en Guatemala en relación con el mercado internacional.
se prevce la asistencia técnica de uln experto en dicha rama de productos, con reuniones y visitas a las empresas productoras. 3 semanas

5.2 .Reuniones de Trabajo -Workshops-:

Realización de reuniones de trabajo en la que se presente a las empresas involucradas en este proyecto las conclusiones y recomendaciones resultantes del diágnostico elaborado y las acciones a seguir acorde a dicho resultado.

1 día reunión de trabajo
1 día de consultas individuales
En este caso el conferencista será el experto que realize el diagnóstico de la situación.
Participantes:
Las empresas involucradas en este proyecto
Lugar y Fecha:
Guatemala, primer semestre 1988

5.3 Asesoría Directa a las Empresas:

Acorde a los resultados del diagnóstico para cada una de las emprsas involucradas, este proyecto dará la oportunidad de qule las mismas reciban asesoría directa en el campo que lo requieran para lo cual el proyecto suministrará técnicos especializados por el tiempo que se considere necesario.
Un experto durante 1 mes como mínimo para aspectos relacionados con producción, transferencia tecnológica o control de calidad, el tiempo puede ser ampliado acorde a las necesidades que se presentan.

6. APORTES REQUERIDOS

Contratación de un técnico especializado en producción de manufacturas de caucho para que elabore un diagnóstico de la situación de dichos productos ante el mercado internacional.

6.1 Diagnóstico:

Duración:	3 semanas
Fecha de Inicio:	Primer semestre de 1988
Costo:	1 técnico en producción US$3,750.00

6.2 Asesoría Directa a Empresas:

-1 especialista en producción	6 meses	US$30,000.00
-1 especialista en transferencia tecnológica	1 mes	US$ 5,000.00
-1 especialista en control de calidad	2 meses	US$10,000.00
Sub-Total		US$45,000.00

6.3 Material y Equipo:

Material y equipo necesario para implementar un laboratorio de control de calidad, o piezas y repuestos para procesos productivos.
US$ 2,500.00

TOTAL US$.51,250.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES:

Personal de Contraparte:	m/h
Gerencia	2
(Diseño y supervisión de programas)	
Departamento de Capacitación y Asistencia Técnica	12
(Organización, apoyo y contraparte)	
Secretaría	12
Departamento de Reproducción	2

8. TERMINOS DE REFERENCIA:

8.1 Título: Especialista en producción de caucho.
Duración: 3 semanas
Fecha de Inicio: Primer semestre 1988
Lugar de trabajo: Ciudad de Guatemala
Calificaciones:

Profesional: Técnico con especialidad en producción de manufacturas de caucho a nivel internacional.
Académico: Ingeniero Industrial
Idiomas: Español e Inglés
Tarea a Realizar: Elaboración de un diagnóstico de la situación actual de las manufacturas de caucho.

8.2 Título: Consultora en Mercadeo
Duración: 4 semanas
Fecha de Inicio: Enero 1988
Lugar de Trabajo: Guatemala, y país/mercado seleccionado.
Calificación:

Profesional: Empresa consultora con experiencia internacional en elaboración de estudios de mercado para productos agrícolas perecederos.

Idiomas: Español e Inglés

Tarea a Realizar: Determinar la demanda real de caucho en los países seleccionados.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

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SECTOR:	ALIMENTOS PROCESADOS
GRUPO:	"Carnes y Mariscos"
PRODUCTOS:	Aleta de Tiburón
EMPRESAS BENEFICIADAS:	3

ANTECEDENTES:

El grupo de productores de Aleta de Tiburón está constituído por distintas empresas que se dedican a la preparación de éste, para su exportación a mercados demandantes, y de conformidad con información directa de los exportadores muestran especial interés en los mercados siguientes: Hong Kong y Los Angeles, California Estados Unidos. De conformidad con estadísticas sobre exportación de mariscos no especificados, donde se incluye este producto, en el año 1983 se exportó un valor de Q.61,846 con un peso de 59,018 kilos, pero de acuerdo a informes de los exportadores, dichos valores podrían incrementarse en un 90% si se contara con el abastecimiento necesario. Para fines de presentación del presente proyecto, se tomó una muestra representativa del universo de exportadores de aleta de tiburón, los que plantearon los diversos problemas que se refieren al aspecto técnico, y que se describen a continuación:

2. PROBLEMATICA:

El grupo interesado en exportar aleta de tiburón planteó diversos problemas en materia de asistencia técnica y de abastecimiento de materia prima, los que a continuación se presentan:

2.1 Aspectos de Producción:

Las empresas expresan la necesidad de recibir asistencia técnica referente a capacitación en la actividad de corte, limpieza y toma de medidas de las aletas de tiburón.

2.2. Estudios de Mercado:

Las empresas interesadas muestran interés en el conocimiento del mercado del producto en mención, especialmente en cuanto a precios en los mercados interesados.

2.3 Abastecimiento:

Además de la necesidad de asistencia técnica en esta actividad, se detecta la falta de abastecimiento de la materia prima de este producto derivado de los siguientes problemas:

2.3.1 Falta de interés por parte de los pescadores en la caza de tiburón, debido en parte a la carencia de comprador de carne de tiburón y a su desinterés por obtener un mayor ingreso en sus actividades.

2.3.2 Carencia de equipo adecuado para la caza de tiburón,, lo que incluye: lanchas, arpones y otros.

3. OBJETIVOS Y METAS:

3.1 Contribuir a incrementar las exportaciones hacia Hong Kong y Los Angeles (Estados Unidos), lo que generaría un incremento en el ingreso de las divisas al país, a través de lo siguiente:

3.1.1 Propiciar el abastecimiento de materia prima por medio de la incentivación de la captura del tiburón, lo que daría un incremento en la oferta de aleta y carne de tiburón, siendo esta última de interés para consumo interno y de poder alimenticio que contribuiría a mejorar la dieta del guatemalteco.

3.1.2 Organizar acciones de asistencia técnica que reciban las empresas interesadas en forma directa y efectiva.

3.2 Contribuir a incrementar el nivel de empleo en Guatemala directamente y especializar a mayor número de personas en distintas ramas de la actividad productiva.

3.3 Además del empleo directo en las empresas, generaría empleo indirecto derivado del efecto multiplicador del mismo.

4. ACCIONES A REALIZAR

4.1 Diagnóstico de la situación de la producción derivada en Guatemala en relación con el mercado de interés.

4.2 Aspecto de Abastecimiento:

4.2.1 Contactar con empresas interesadas en la compra de carne de tiburón.

4.2.2 Organizar a los pescadores para que se interesen en la pesca del tiburón.

4.3 Aspectos de Producción:

Asistencia técnica directa a las personas que se dedican a la actividad de corte, limpieza y toma de medidas de aletas de tiburón.

4.4 Aspectos de Mercadeo:

Realizar sondeos de mercado para determinar precios en los mercados interesados: Hong Kong.

5. PROGRAMA DE TRABAJO:

Las acciones citadas se llevarán a cabo a través de un programa de trabajo que contempla los siguientes eventos:

5.1 Diagnóstico de la Situación de la Producción del Artículo:

Se prevee la asistencia de un experto en la materia y 2 auxiliares en los lugares de pesca del tiburón y en la forma siguiente:

5.1.1 Contratación de empresas interesadas en la compra de carne de tiburón, por medio de:

5.1.1.1 Pláticas directas con los pescadores de los distintos puertos del país, especialmente en el Pacífico, con esto se determinarán:
1. Problemas técnicos en la pesca de tiburón
2. Problemas financieros
3. Otros problemas

5.1.1.2 Contactación directa con los compradors de carne de tiburón con lo que se podría llegar a deteminar lo siguiente:

1. Problemas financieros
2. Problemas técnicos
3. Otros problemas

Esta labor se llevará a cabo, como ya se mencionó antes, por un experto y dos representantes de la Gremial de Exportadores, en los lugares de pesca por espacio de dos días en cada uno de los principales puertos del Pacífico y dos días en el Puerto de Santo Tomás de Castilla, en el Atlántico.

5.2 Seminario Motivacional en Puerto de San José o Puerto Quetzal:

El objetivo de este seminario es presentar a los participantes la oportunidad de participar en una actividad que les permita ingresos monetario contínuos, para cubrir sus necesidades de subsistencia, así como, la oportunidad de especializarse en una actividad tan importante como es la caza de tiburón.
Se prevee que el interés que despertaría este evento daría como resultado la solicitud por parte de los prticipantes de que se les brinde asistencia financiera y técnica, los que se lograrían mediante la agrupación de los pescadores de tiburón.
Se estima un período de 4 horas para la realización del seminario y 2 semanas de capacitación en pesca y reproducción de tiburón.

Patrocinadores:

AID-Gremial de Exportadores de Productos No Tradicionales.

Conferencistas:

Un asesor con experiencia en la reproducción y caza de tiburones.
Un representante de la Gremial de Exportadores
Un representante de la AID

Participantes:

Invitados de las distintas cooperativas de pesca en el Pacífico y otros interesados, representantes del INTECAP y algunas otras instituciones interesadas.

Invitados de las distintas cooperativas de pesca en el Pacífico y otros interesados, representantes del INTECAP y algunas otras instituciones interesadas.

Lugar y Fecha de Realización:

Puerto de San José
Perto Quetzal 1987

5.3 Seminario Motivacional en Puerto Santo Tomás de Castilla:
El objetivo de este seminario es presentar a los participantes la oportunidad de participar en una actividad que les permita ingresos monetarios contínuos, para cubrir sus necesidades de subsistencia, así como, la oportunidad de especializarse en una actividad tan importante como es la caza de tiburón.
Se prevee que el interés que despertaría este evento daría como resultado la solicitud por parte de los participantes de que se les brinde asistencia financiera y técnica, los que se lograían mediante la agrupación de los pescadores de tiburón.
Se estima un período de 4 horas para la realización del seminario y 2 semanas de capacitación en pesca y reproducción de tiburón.

Patrocinadores:
AID-Gremial de Exportadores de Productos no Tradicionales.

Conferencistas:
Un asesor con experiencia en la reproducciión y caza de tiburones.
Un representante de la Gremial de Exportadores.
Un representante de la AID.

Participantes:

Invitados de las distintas cooperativas de pesca en Santo Tomás de Castilla yi otros interesados, representantes del INTECAP y algunas otras instituciones interesadas.

86

Lugar y Fecha de Realización:

Puerto de Santo Tomás de Castilla

5.4 Seminario Motivacional en Guatemala:

El objetivo de este seminario es presentar a los participantes de las empresas interesadas la posibilidad de atender sus necesidades de asistencia técnica.
Se prevee que el interés que despertaría este evento daría como resultado que a las empresas participantes de les brinde asistencia técnica directa.
Se contempla un período de 1 semana para dar asistencia técnica en corte de aleta de tiburón y 12 semanas en limpieza del mismo.
El evento se realizará de la siguiente manera:

Patrocinadores:

AID-Gremial de Exportadores de Productos No Tradicionales

Conferencista:

Un experto en preparación de aleta de tiburón
Un representante de la Gremial de Exportadores
Un representante de la AID

Participantes:

Invitados de las empresas exportadoras de aleta de tiburón y algunas otras instituciones interesadas.

Lugar y Fecha de Realización:

Guatemala, 1987

5.5 Sondeos de Mercado:

Los resultados del seminario motivacional y de la asesoría directa, permitirán a los participantes proporcionar acciones concretas para encontrar mercados favorables a las empresas.
Esta acción sería desarrollada durante 2 semanas por técnicos en mercadeo internacional ubicados en los países cuyos mercados interesen especificamente: Hong Kong y Los Angeles (Estados Unidos).
Los resultados de esta misión de sondeo serán entregados a las empresas exportdoras a través de informes individuales y mesas redondas, sobre la reacción del mercado para el producto.

6. REQUERIMIENTOS DEL PROYECTO:

Aportes requeridos

6.1 Diagnóstico de la situación de las aletas de tiburón en Guatemala

Duración: 3 semanas

Fecha tentativa: de 1987

Objetivo: Determinar la situación actual de las empresas que producen y comercializanel bien en mención.

Personal: 1 experto en reproducción y caza de tiburón. 2 técnicos que colaboren con el experto mencionado, especialmente en la parte de comercialización, adminisstración y otros. US$7,500.00

6.2 Seminario Motivacional Puerto San José y Puerto Quetzal:

Duración: 4 horas seminario
2 semanas capacitación

Fecha tentativa: de 1987

Objetivo: Presentar a los participantes interesados la posibilidad de cubrir sus necesidades de asistencia técnica.

Personal: Un experto en la reproducción y caza de tiburón. US$2,500.00

6.3 Seminario Motivacional en Puerto de Santo Tomás de Castilla:

Duración: 4 horas seminario
1 semana asesoría directa y capacitación

Fecha tentativa: de 1987

Objetivo: Presentar a los participantes interesados la posibilidad de cubrir sus necesidades de asistencia técnica.

Personal: 1 experto en la reproducción, clasificación y caza de tiburón. US$1,250.00

6.4 Seminario Motivacional en Guatemala :

Duración:	4 horas seminario 1 semana para corte de aleta de tiburón.
Fecha tentativa:	de 1987
Objetivo:	Capacitar al personal de las empresas interesadas en corte, limpieza y conservación de aleta de tiburón.
Instructor:	Un experto en preparación de aleta de tiburón US$13,000.00

6.5 Desarrollo de Sondeos de Mercado:

2 empresas de consultoría	2 semanas c/u	US$20,000.00

6.6 Material y Equipo:

Documentaciones varias	US$ 5,000.00
COSTO TOTAL DEL PROYECTO	US$41,750.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES

Personal de Contraparte:	S/h
Gerencia (diseño y supervisión de programas)	2
Departamento de Capacitación y Asistencia Técnica (organización, apoyo y contraparte)	9
Departamento de Promoción e Inversión (contraparte técnica)	6
Secretaría	12

Oficina y Facilidades

Seminarios, mesas redondas y otros:

- organización
- costos locales
- interprete si fuera necesario
- equipo audiovisual
- viajes al interior de Guatemala, transporte local y otros.

8. TERMINOS DE REFERENCIA Y CALIFICACIONES:

8.1 Título: 1 veterinario con especialización en fauna marina y en pesca.
2 técnicos con conocimiento en cooperativas, comercialización, economía y administración.

Duración: 3 semanas

Fecha de Inicio: de 1987

Lugar de Trabajo: Guatemala, y en los distintos puertos del Pacífico y Atlántico.

Calificaciones:

Experto

Profesional: Experiencia comprobada en fauna marina y en pesca.

Académica: Médico Veterinario

Idioma: Español

Tareas a Realizar: Visitas a los distintos puertos del país, brindando asesoría directa, tanto en reproducción como en caza de tiburón.

Técnicos:

Profesional: Experto en cooperativas con conocimientos de comercialización, economía y administración.

Académica: Economista o Administrador de Empresas

Idioma: Español

Tareas a Realizar: Visitas a los distintos puertos del país para poner en contacto a compradores con pescadores.
Diagnosticar juntamente con el experto en tiburones si procede la incentivación de la caza de tiburón.
Asistencia a seminarios motivacionales
Elaboración de informes.

8.2 Título: Veterinario con especialización en fauna marina y en pesca.

Duración: 3 semanas

Fecha de Inicio: de 1987

Lugar de trabajo: Guatemala, en los diferentes puertos del país tanto del Pacífico como del Atlántico

Calificaciones:

Profesional: Experiencia comprobada en fauna marina y en pesca.

Académica: Médico Veterinario

Idioma: Español

Tareas a Realizar:

1. Asistir a los seminarios motivacionales.
2. Dar asistencia técnica directa a los pescadores en los distintos puertos del país.
3. Rendir informes
4. Determinar labor de seguimiento.

8.3 Título: Técnico en preparación de aleta de tiburón.

Duración: 13 semanas

Fecha de Inicio: de 1987

Lugar de Trabajo: Guatemala, en las diferentes empresas que se dedican a la exportación de el producto en mención.

Calificaciones:

Técnico: Experiencia comprobada en corte y limpieza y conservación de aleta de tiburón.

Idioma: Español (de preferencia)

Tareas a Realizar:

1. Asistir a los seminarios motivacionales.
2. Dar asistencia técnica directa a los trabajadores de la empresa en materia de corte, limpieza y conservación de la aleta de tiburón.

3. Dar informe.
4. Determinar labor de seguimiento.

8.4 Consultoría:

Contrato a consultorías ubicadas en los lugares que interesan como mercado.

Duración:	2 semanas
Fecha de Inicio:	de 1987
Lugar de Trabajo:	Los Angeles (Estados Unidos), Hong Kong
Calificaciones:	Empresas con experiencia comprobada en estudios de mercado, especialmente en sondeos de mercado.
Tareas a Realizar:	1. Investigación de mercados sobre precios, calidad y demanda de los artículos. 2. Investigación sobre canales de distribución, intermediarios y otros. 3. Elaboración de informes de resultados y recomendaciones si las hubiere.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya qule el costo estimado que aparece sólo incluye los honorarios.

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SECTOR: Alimentos Procesados

GRUPO: "Plantas Medicinales"

PRODUCTOS: Plantas Medicinales y sus productos

EMPRESAS BENEFICIADAS: 3

1. ANTECEDENTES:

De acuerdo a investigaciones realizadas, la mayor a de plantas medicinales utilizadas como materia prima se encuentran en estado silvestre, son pocas las empresas donde el agricultor ha decidido hacer un cultivo comercial. La causa principal ha sido el mercadeo, la poca investigación y la escasa información de tipo técnico y comercial que se ha difundido entre los agricultores, pese al auge de la demanda existente en los mercados internacionales.

Las empresas que lo conforman, comercalizan su producto en el mercado local, centroamericano y Panameño, en bolsas de filtro (té, tizanas) a granel y envasado en cápsulas, utilizando para su efecto aproximadamente 20 clases de cultivos.

En las exportaciones llevadas a cabo en los últimos años, puede apreciarse en el cuadro siguiente:

Cuadro No. 1
GUATEMALA: EXPORTACIONES DE PLANTAS MEDICINALES

A O	PESO EN KILOS	VALOR FOB EN Q.
1983	305,138	282,489
1984	12,657	139,338
1985	344,812	632,157
1986	501,109	285,236

Fuente: Banco de Guatemala

Para el efecto se estima que en Guatemala existen empresas dedicadas a la producción.

2. PROBLEMATICA:

Las empresas suceptibles de este estudio indican tener problemas en:

2.1. Producción:

2.1.1. Falta de orientación sobre las técnicas de cultivos y manejo post-cosecha.

2.1.2. Carencia de información sobre nuevos cultivos de plantas medicinales para producción de medicamentos naturales que actualmente no se producen en Guatemala y que pudieran ser cultivados con buenos resultados de acuerdo con nuestras condiciones climatológicas.

2.1.3. En Guatemala no existe un instituto de investigación sobre el tema, donde se pudiera obtener información y analizar nuevos usos para los productos existentes.

2.2. Adaptación de Producto y Transferencia de Tecnología:

2.2.1. Falta de tecnología moderna que permitiera desarrollar sus productos en presentaciones diferentes a las que ellos producen y mejor aprovechamiento de su capacidad.

Mercados

- Falta de información sobre nuevos mercados.

3. OBJETIVOS Y METAS:

Los objetivos que se pretenden alcanzar con el conjunto de actividades propuestas son:

- Aumentar las exportaciones de los productos derivados de las plantas medicinales.
- Aumento de fuentes de trabajo.
- Mejor aprovechamiento de materias primas del país.

Con las acciones que se pretenden llevar a cabo, esperamos aumento de las exportaciones de este producto.

4. ACCIONES A REALIZAR:

4.1. Diagnóstico de la situación de los productos derivados en Guatemala en relación con el mercado mundial.

4.2. Aspectos de producción:

Indicar productos con demanda en Europa y Estados Unidos que actualmente se producen en otros países y que pudieran producirse en Guatemala.

4.2.1. Evaluar métodos y procedimiento post-cosecha y sugerir adaptación.

4.2.2. Evaluar métodos de procesamiento y asesorar sobre técnicas modernas.

4.3. Aspectos de mercadeo:

4.3.1. Realizar sondeos de mercadeo, participando en una feria especializada.

4.3.2. Organizar eventos de comercialización para grupos de empresas con el objeto de facilitar las negociaciones con compradores potenciales.

5. PROGRAMA DE TRABAJO:

Las acciones se llevarán a cabo a través de un programa que contempla los siguientes eventos:

5.1. Diagnóstico de la situación de los productos medicinales elaborados de plantas medicinales en Guatemala en relación con el mercado mundial.

Se prevee la asistencia de un experto en la materia y reuniones y/o visitas a empresas interesadas.

2 semanas.

5.2. Seminario:

Se contempla realizar un seminario motivacional cuyo objeto ser presentar a las empresas el potencial que ofrecen los distintos mercados para productos derivados de plantas medicinales e indicar las condiciones y normas que exigen los pa ses. El seminario ofrecer también una oportunidad para detectar aspectos de común interés para las acciones futuras con los expertos internacionales.

1 día para el seminario.
1 días de consultas individuales.

5.2.1. Conferencistas:

Un experto especialista en la materia y un experto del FDA.

Un representante del Departamento de Control de Medicamentos del Ministerio de Salud Pública de Guatemala.

Un representante de la Gremial de Exportadores de Productos no Tradicionales.

Participantes:

Empresas interesadas, técnicos del Departamento de Medicamentos del Ministerio de Salud Pública y Ministerio de Agricultura.

Lugar y fecha de realización:

Guatemala, enero, 1988.

5.3. Asesoría Directa a las Empresas:

El proyecto ofrecerá la oportunidad de recibir asesor a directa, en forma individual, por expertos internacionales con amplia experiencia en aspectos de producción, diversificación de productos, mercadeo, empaque y embalaje y elaboración de material promocional, así como, en la organización de eventos de estudios y sondeos de mercado, contacto con importadores y acciones promocionales.

1 experto durante 6 meses para las acciones 4.2., 4.2.1. y 4.2.2.

1 experto durante 3 meses para la acción 4.2.3. referente a procesamiento.

5.4. Sondeos de Mercado:

Los resultados del seminario motivacional y de la asesor a directa, permitirá a las empresas estar en condiciones de aprovechar acciones concretas para encontrar mercados para sus productos en los países europeos y estadounidenses.

En consecuencia, bajo este rubro se considera realizar dos sondeos de mercado, uno para establecer las posibilidades reales de los productos con oferta inmediata, y el otro para los nuevos productos que se logren desarrollar.

Se necesita contratar una empresa consultora de Europa y Estados Unidos para llevar a cabo dicho estudio.

Los resultados de estos estudios ser n entregados a los exportadores.

5.5. Eventos Promocionales:

5.5.1. Para facilitar la penetración en los mercados, se prevee la participación de un grupo de empresas en un evento especializado. La organización estar a a cargo de la Gremial de Exportadores y Europa, contando con la asesoría y participación de un experto internacional, contempl ndose para ísto una contribución para pasajes y viáticos de exportadores y un elemento de la Gremial.

5.5.2. Material Promocional:

Se ha considerado la asesor a directa de un experto en preparación de material de promoción y bajo este rubo, se destaca la convivencia de ofrecer a los exportadores una contribución financiera para cubrir los costos implicados en la impresión de material a utilizarse en los eventos descritos anteriormente, así como, para posibles campañas de publicidad.

6. APORTES REQUERIDOS

Seminario y asistencia directa en "Desarrollo de Producción y Mercados en Europa y los Estados Unidos para productos medicinales de plantas naturales.

6.1. Seminario:

Duración:	1 día		
Conferencistas:	1 especialista en mercado	2 semanas	US$ 2500.00
	1 experto de	(2 días)	US$ 500.00
	Sub-total		US$ 3000.00

6.2. Asesor a Directa a las Empresas:

1 especialista en producción (cultivos)	6 meses	US$ 30,000.00
1 especialista en procesamiento de producto.	3 meses	US$ 15,000.00
Sub-total		US$ 45,000.00

6.3. Desarrollo y Sondeo de Mercado:

Contratación de una empresa consultora para los sondeos de mercado.	4 semanas	US$ 20,000.00

6.4. Eventos Promocionales:

1 especialista en material promocional	4 semanas	US$ 5,000.00
Participación en un evento especializado	2 semanas	US$ 20,000.00
Sub-total		US$ 25,000.00

6.5. Material y Equipo:

Material de información y promoción comercial.	US$ 20,000.00
Documentaciones varias	US$ 5,000.00
Sub-total	US$ 25,000.00
T O T A L	US$118,000.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES:

	m/h
Personal de contraparte Gerencia (diseño y supervisión de programas)	2
Departamento de Capacitación y Asistencia Técnica (organización, apoyo y contraparte)	12
Departamento de Promoción e Inversión (contraparte)	6
Secretaría	12
Departamento de Reproducción	2
Oficina y facilidades	
Viajes en el interior de Guatemala y transporte local en la ciudad de Guatemala.	
Seminarios, mesas redondas, etc.	

- Organización
- Costos locales
- Equipos Audio-visuales
- Logística

8. TERMINOS DE REFERENCIA:

8.1. Título: experto en mercadeo
Duración: 2 semanas
Fecha de Inicio: Enero, 1987
Lugar de Trabajo: Guatemala
Calificaciones:
Profesional: Experiencia de trabajo en actividades de producción y comercialización de productos medicinales elaborados con plantas naturales.
Académico: Mercadeo Internacional, Administración de Empresas.
Idioma:: Español.
Tareas a Realizar:
1. Diagnóstico de la situación del producto en Guatemala.
2. Conferencista en el Seminario motivacional.

3. Consultas individuales y visitas a las plantas.

8.2 Título: Experto en aspectos de producción y post-cosecha de plantas medicinales.

Duración: 6 meses.

Fecha de Inicio: 1987

Lugar de Trabajo: Guatemala, con viajes al interior.

Tareas a realizar:

1. Evaluar métodos y procedimientos post-cosecha y sugerir adaptación.
2. Indicar nuevos cultivos de plantas medicinales con demanda en Europa y Estados Unidos que pudieran cultivarse en el país.

Calificaciones:

Profesional: Experiencia comprobada en el desarrollo de cultivos de plantas medicinales.

Académico: Ingeniero Agrónomo.

Idioma: Español.

8.3. Título: Experto en procesamiento de productos medicinales hechos a base de plantas naturales.

Duración: 3 meses.

Fecha de Inicio: de 1987.

Lugar de Trabajo: Guatemala.

Tareas a realizar:

1. Asesor a directa a las empresas en procesamiento de productos medicinales en diferentes presentaciones (jarabe, tabletas y otros).

Calificaciones: Experiencia comprobada en procesos y tecnología para la producción de productos medicinales hechos a base de plantas naturales.

Académico: Ingeniero

Idioma: Español.

8.4. Título: Experto en material promocional.

Duración: 4 semanas.

Lugar de Trabajo: Guatemala.

Tareas a Realizar:

1. Asesor a a las empresas en forma individual en la preparación de material de promoción e informativos que puedan necesitar para apoyar sus esfuerzos de promoción.

2. Llevar a cabo mesas redondas y talleres de trabajo con los exportadores, agencias de publicidad, impresoras, empresas de empaque, embalaje y etiquetado, etc. Para informarles sobre los requisitos de mercado en cuanto a material informativo y promocional.
3. Asistir en la programación de la producción e impresión de los materiales.

8.5. Consultor a: Contratación de empresas consultoras en Europa y Estados Unidos.

Duración: 4 semanas.

Tareas a realizar: Investigación de mercado.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sí lo incluye los honorarios.

SECTOR:	SERVICIOS VARIOS
GRUPO:	"Información Comercial"
PRODUCTOS:	Análisis de Demanda para 15 productos Industriales. Utilización de Capacidad Instalada Ociosa.
EMPRESAS BENEFICIADAS:	

1830c

ANTECEDENTES:

Dentro de los principales objetivos de la Gremial de Exportadores, están: orientación, coordinación y dirección de acciones promociones para incrementar las exportaciones. Esto concuerda con el proyecto de Análisis de Demanda de Productos Manufacturados, ya que el mismo proveerá a la Gremial de Exportadores de toda aquella información básica requerida para determinar acciones concretas a desarrollar en materia de exportación para 25 productos industriales no tradicionales. Es de todos conocido el requebrajamiento del Mercado Común Centroamericano, el cual no se prevee pueda ser reestablecido a corto plazo debido a las condiciones políticas y económicas imperantes en el área. Esta situación ha provocado que muchas empresas cuya producción se destinaba en su mayor parte a dicho mercado, estén produciendo a bajos niveles con el consiguiente incremento en sus costos y teniendo que prescindir de personal; por lo que una de las soluciones para dichas empresas es la búsqueda de nuevos mercados para sus productos fuera del área centro americana.

PROBLEMATICA:

Acorde a los resultados de los estudios que ha realizado la Gremial de Exportadores para determinar los problemas que afrontan los exportadores de productos no tradicionales, especialmente de manufacturas, se ha llegado a determinar que para muchos productos no se cuenta con la información básica sobre las posibilidades reales de mercado en el mercado internacional.

Es decir, en este caso existe un gran número de productos manufacturados factibles de poder incrementar volúmenes de producción, pueden modificar aspectos de contenido, forma, empaque, facilidad para mejorar su calidad, así como, introducir mejoras tecnológicas en las fábricas que los producen, lo cual se considera de importancia para poder analizar la posibilidad de comercialización de los mismos en el mercado internacional.
Se considera que en Guatemala existen cerca de 500 empresas cuya producción se destina al mercado interno o al Centroamericano, que pueden integrarse a un programa de desarrrollo de exportaciones al conocer la potencialidad de venta de sus productos. El anexo 1 contiene un listado de productos factibles de ser incluídos en este proyecto.

3. OBJETIVOS Y METAS:

3.1 Objetivos:

El objetivo básico del Proyecto de Análisis de Demanda de Productos Manufacturados en Mercados Seleccionados, es el de proveer a la Gremial de Exportadores de Productos No Tradicionales con una guía práctica y confiable que indique las posibilidades reales de demanda para dichos productos.
Dicho análisis proveerá a la Gremial de Exportadores de Productos No Tradicionales de la información que se considera básica para promover y desarrollar acciones tendientes a la incentivación de productores e inversionistas a desarrollar y/o incrementar con bases sólidas las exportaciones de los productos seleccionados en este proyecto, de una manera rentable.

3.2 Meta:

Elaborar un estudio de análisis de demanda para un grupo de 25 productos, en el mercado norteamericano con énfasis en los estados de Florida, Los Angeles, Nueva York y Chicago.

4. ACCIONES A REALIZAR:

4.1 La Gremial de Exportadores seleccionará veinte y cinco productos que básicamente llenen los siguientes requisitos:

- Los productos deberán estarse produciendo para el mercado local y/o centro americano.

- Nuevos productos o aquellos producidos en bajo volúmen que evidencien potencial de crecimiento a corto plazo.

- Productos que sean factibles de ser producidos a gran escala para exportación.

4.2 Selección del o los mercados seleccionados para la realización del estudio de análisis de demanda, acorde a las características de los productos involucrados, volúmenes de producción, tecnología utilizada y calidad de los mismos.

4.3 Organización y ejecución del análisis de la demanda de 25 productos manufacturados por la Consultora contratada.

4.4 Elaboración de informe de resultados

4.5 Presentación del informe a la Gremial de Exportadores

4.6 Preparación de uln manual de mercadeo y prácticas comerciales utilizadas en el país o países investigados por los importadores de dichos productos, el cual deberá proveer la siguiente información:

4.6.1 Estadísticas de volúmenes comerciales, precios, determinar oferta y demanda por producto.

4.6.2 Canales de distribución de dichos productos

4.6.3 Identificación de importadores potenciales para los productos seleccionados a los distintos niveles de comercialización.

4.6.4 Identificación de inversionistas potenciales interesados en coinversión en los productos seleccionados.

4.6.5 Creación de un mecanismo práctico para que productores y/o inversionistas contacten a importadores interesados.

4.7 Elaborar una guía práctica sobre procedimientos específicos de importación por producto utilizados en los mercados investigados, la cual debe contener:

4.7.1 Regulaciones de importación en los mercados seleccionados.

4.7.2 Requerimientos de Calidad.

4.7.3 Restricciones específicas por producto tales como: límites cuantitativos.

El tiempo para el desarrollo de este proyecto se considera debe ser de un mínimo de 4 y máximo de 6 meses.

5. PROGRAMA DE TRABAJO:

La implementación del proyecto contempla el desarrollo del programa de trabajo siguiente:

5.1 Selección de productos a ser incluídos en el proyecto por parte de la Gremial de Exportadores.

5.2 Selección de mercado o mercados a investigarse por parte de la Gremial de Exportadores.

5.3 Contratación de una firma o firmas consultoras en el mercado o mercados seleccionados.

5.4 Elaboración del análisis de demanda para productos manufacturados.

5.5 Preparación del informe.

5.6 Presentación de resultados de la investigación.

ANEXO 1

LISTADO DE PRODUCTOS

- Frutas Deshidratadas
- Polvo para hornear
- Bolsas de Polietileno
- Minerales no ferrosos
- Bebidas en polvo
- Galletas
- Bicicletas y sus partes
- Alfombras
- Productos de cerámica
- Chocolatería
- Relojes de Madera
- Almidón de Yuca
- Ataúdes de Madera
- Azulejos de cerámica
- Señuelos para pesca
- Cosméticos
- Productos de Madera
- Muebles de madera
- Muebles de metal
- Vidrio y sus manufacturas
- Mariscos
- Productos de Plástico
- Textiles Sintéticos
- Artículos de Cestería

6. APORTES REQUERIDOS

Contratación de una o varias firmas asesoras en el o los mercados seleccionados para la realización del análisis de demanda para 25 productos manufacturados.

6.1 Análisis de Demanda:

Contratación de una firma consultora para el análisis de productos manufacturados seleccionados.

Duración:	4 meses	US$50,000.00
Material de información, manejo y transporte de las mismas.		US$ 2,000.00
TOTAL		US$52,000.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES:

Personal de contraparte:	m/h
-Gerencia (diseño y supervisión de programas)	2
-Departamento de Capacitación y Asistencia Técnica (organización, apoyo y contraparte)	12
-Departamento de promoción e inversión (contraparte)	12
-Secretaría	12
-Departamento de Reproducción	2
-Viajes en el interior de Guatemala, transporte local y otros.	A determinar

8 TERMINOS DE REFERENCIA:

8.1 Título:	Consultora en Mercadeo
Duración:	4 semanas
Fecha de Inicio	Enero 1987

CALIFICACIONES:

Profesional:	Firma consultora con experiencia en mercadeo internacional en elaboración de investigaciones y análisis de mercadeo con énfasis en productos manufacturados no alimenticios.
Académico:	Mercadeo Internacional
Idiomas:	Español e Inglés
Tarea a Realizar	Análisis de demanda para 25 productos manufacturados.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

1830c

SECTOR: 5 MUEBLES Y OTROS ARTICULOS DURADEROS

GRUPO: "Material Didáctico, Tarjetas e Impresos"

PRODUCTOS: Servicios de Impresión

EMPRESAS: BENEFICIADAS: 141

1. ANTECEDENTES

En Guatemala existen 141 empresas que prestan servicios de impresión en las siguientes ramas:

- Litografía Comercial
- Material Didáctico
- Impresión de Libros
- Impresión de tarjeras sociales

Para fines de presentación del proyecto se ha tomado una muestra representatriva del universo de impresos y según puede apreciarse en el cuadro siguiente se observa que los impresos absorven parte de la fuerza laboral del país.

Cuadro No. Empresas e Impacto en Empleo

AÑO	NO. DE EMPRESAS	NO. DE EMPLEADOS
1986	141	12,855
1984	141	10,351
1983	180	9,331

Las empresas expresaron su interés por incrementar su producción ara satisfacer los requerimientos de los compradores potenciales en Estdos Unidos (en Los Angeles) especificamente, y algunos otros paíes del mundo, asimismo, plantearon los diversos problemas que se refieren al aspecto técnico, los que se han clasificado adecuadamente y que se mencionan a continuación.

2. PROBLEMATICA:

2.1 Adaptación de Producción:

Las empresas expresan la necesidad de recibir asistencia técnica referente a la innovación de otros artículos que sen de la misma rama, especificamente en tarjetas sociales e impresión de libros y folletos.

2.2 Control de Calidad:

Las empresas manifestraron interés en recibir asistencia técnica referente a control de calidad, o sea cómo mejorar los servicios de impresión que brindan actualmente.

2.3 Envase:

Las empresas manifiestan interés en recibir asistencia técnica referente a presentación en el empaque de tarjetas.

2.4 Estudios de Mercado:

Las empresas se encuentran interesadas en el conocimiento de precios.

2.5 Comercialización:

Las empresas manifiesran la necesidad de asistencia técnica en conocimiento de intermediarios, brokers y otros.

2.6 Materiales de Promoción:

Se desea obtener asistencia en materia de promoción de nuevos artículos para que incrementen su demanda, dando a conocer sus productos.

2.7 Servicios de Mantenimiento y Capacitación:

Las empresas manifiestan su interés en obtener asistencia técnica en mantenimiento y reparación de su maquinaria y equipo, así como; capacitación ara prestar este servicio. Asimismo requieren asesoría en cuanto a selección de repuestos sustitutivos para adaptarlos a la maquinaria utilizada actualmente.

3. OBJETIVOS Y METAS:

3.1 Contribuir a incrementar las exportaciones hacia los Estados Unidos y otros países del mundo lo que daría como resultado un incremento en las divisas que ingresan al país, a través de acciones para:

3.1.1 Adecuar la oferta de Guatemala a las exigencias de los mercados.

3.1.2 Organizar acciones de asistencia técnica que reciban las empresas seleccionadas en forma directa y efectiva.

3.2 Contribuir a incrementar el nivel de empleo en Guatemala y especializar a mayor número de personas en distintas ramas de la actividad productiva.

3.3 Además del empleo directo en las empresas, generaría empleo indirecto derivado del efecto multiplicador del mismo.

4. ACCIONES A REALIZAR:

4.1 Diagnóstico de la situación de los productos derivados en Guatemala en relación con el mercado de interés.

4.2 Aspectos de Producción:

Asistir en la planificación de la producción para adecuarlos a las épocas de mayor demanda en los países compradores. Asistir en materia de empaque individual.

4.3 Aspectos de Mercado:

Realizar sondeos de mercado para determinar la demanda, precios, calidad y otros.

4.4 Mantenimiento de Maquinaria:

Llevar a cabo capacitación en materia de mantenimiento de maquinaria y selección de partes de maquinaria.

5. PROGRAMA DE TRABAJO:

Las acciojes citadas se llevarán a cabo a travs de un programa de trabajo que contempla los siguientes eventos:

5.1 Diagnóstico de la situación de los productos de impresión en Guatemala en relacilón con los mercados interesados. Se prevee la asistencia de un experto en la materia y reuniones y/o visitas a empresas interesadas. 2 semanas.

5.2 Seminario Motivacional en Guatemala:

El objeto de este seminario es presentar a los articipantes de las emprsws interesadas la oportunidad para cubrir sus necesidades de asistencia técnica.

Se prevee que el interés que despertaría este evento, daría como resultado la solicitud por parte de los participantes de que se les brinde asistencia técnica directa a las empresas, por expertos internacionales. Se contempla un periodo de 2 semanas dedicado al aspecto de producción y empaque.

El evento se realizará de la siguiente manera:

Patrocinadores:

AID-Gremial de Exportadores de Productos No Tradicionales.

Conferencistas:

Un Ingeniero Industrial con experiencia en la producción de impresos.

Un representante del INTECAP y algunas instituciones interesadas.

Lugar y Fecha de Realización:

Guatemala 1987

5.3 Capacitación en Mantenimiento de Maquinaria:

En coordinación con el INTECAP, se desarrollaría esta acción porf medio de la capacitación directa a los empleados de las distintas empresas involucradas. Se contempla que esta labor se llevará a cabo por medo de la asistencia de un Ingeniero Industrial, experto en la materia, por espacio de un mes.

5.4 Asesoría Directa a las Empresas:

El proyecto ofrecerá la oportunidad a las empresas participants de recibir asesoría directa, en forma individual, por el experto internaconal con experiencia en producción de tarjetas, edición de libros y material de empaque. Se contempla la asistencia por espacio de 2 semanas de un Ingeniero Industrial con experiencia en la producción de impresos.

5.5 Sondeos de Mercado:

Los resultados del seminario motivacional y de la asesoría directa, permitirá a los participantes programar acciones concretas para encontrar mercados para sus productos en donde los precios sean favorables a las empresas. De esa cuenta, se considera conveniente rrealizar sondeos de mercado para determinar los mercados de interés correspondientes.

Esta acción será desarrollada durante 2 semanas por técnicos en mercadeo internacional ubicados en los países cuyos mercados interesen, específicamente Estados Unidos, (Los Angeles), España, Inglaterra y otros.

Los resultados en estas misiones de sondeo serán entregados a los exportadores a través de informes individuales y mesas redondas, sobre la reacción del mercado para cada producto, precios, empresaws a visitar a efecto de iniciar futuras negociaciones.

5.6 Seminario:

El objeto de este seminario es informar y capacitar a los representantes de las empresas interesadas en la participación en ferias, misiones comerciales y otros eventos promocionales.

Para facilitar la presentación en Los Angeles (Estados Unidos), Panamá y Europa, de los productos cubiertos or el proyecto.

Se contempla la asistencia de un experto en este tipo de eventos, así como, en la presentación de sus artículos en catálogos adecuados para participación en ferias, misiones comerciales y otros que hubieren. El tiempo de duración de este evento es de 1 semana.

6. REQUERIMIENTOS DEL PROYECTO:

Aportes requerdios:

6.1 Diagnóstico de la situación de los productos de impresión en Guatemala.

Duración:	2 semanas
Fecha tentativa:	1987
Objetivo:	Determinar la situación actual del producto en mención.
Personal:	El experto en la rama, tanto en producción como en comercialización. US$ 2500.00

6.2 Seminario y Asistencia Directa en Producción:

Duración:	4 horas seminario
	2 semanas asesoría directa
Fecha tentativa:	de 1987
Objetivo:	Presentación a los participantes interesados la oportunidad de cubrir sus necesidades de asistencia técnica directa (ver acciones a realizar).

Conferencista: 1 Ingeniero Industrial
2 semanas US$ 2500.00

6.3 Capacitación en Mantenimiento de Maquinaria:

Duración: 1 mes de capacitación

Fecha tentativa: de 1987

Objetivo: Capacitar a personal de las empresas interesadas en materia de mantenimiento y reparación de maquinaria utilizada.

Instructor: 1 Ingeniero experto
1 mes US$ 5000.00

6.4 Desarrollo de Sondeos de Mercado:

1 contrato de consultoría 2 meses US$ 40000.00

6.5 Seminario:

Duración: 1 semana

Fecha tentativa: de 1987

Objetivo: Interesar y capacitar a las empresas para participar en eventos promcionales.
1 experto en eventos promocionales. US$ 1250.00

6.6 Material y Equipo:

Documentaciones varias	US$ 5000.00
COSTO TOTAL DEL PROYECTO	US$56250.00

7. APORTE POR PARTE DE LA GREMIAL DE EXPORTADORES

Personal de Contraparte:

	m/h
Gerencia (diseño y supervisión de programas)	2
Depto. de Capacitación y Asistencia Técnica (organización, apoyo y contraparte).	12
Departamento de Secretaría	6

- Oficina y facilidades
- Seminarios, mesas redondas, etc.
- Organización
- Costos Locales
- Interprete si fuera necesario
- Equipo Audio-visuales

8. TERMINOS DE REFERENCIA Y CALIFICACIONES:

8.1 Título: Ingeniero industrial, experto en producción y comercialización del artículo tratado.

Duración: 2 semanas

Fecha tentativa: de 1987

Lugar de Trabajo: Guatemala en las diferentes empresas que prestan este servicio yi en las oficinas de la Gremial para elaboración del informe.

8.2 Título: Ingeniero Industrial experto en aspectos de impresos y empaque y presentación de estos.

Duración: 2 semanas

Fecha de Inicio: de 1987

	Lugar de Trabajo:	Guatemala, en las diferentes empresas que requieren de este servicio.
	Calificaciones:	
	Profesional:	Experiencia comprobada en producción de impresos y empaque y presentación de estos.
	Académica:	Ingeniero
	Idioma:	Español
	Tareas a Realizar:	Visitas a las empresas interesadas brindando asesoría directa en materia de planificación de producción, innovaciones en la producción y presentación de producto (empaque).
8.3	Título:	Experto en mantenimiento de maquinaria de impresión.
	Duración:	1 mes
	Fecha tentativa:	de 1987
	Lugar de trabajo:	Guatemala, en el INTECAP, capacitando personal de las empresas, especificamente en mantenimiento y reparación de maquinaria.
	Calificaciones:	
	Profesional:	Experiencia comprobada en mantenimiento y reparación de maquinaria de impresión.
	Académica:	Ingeniero Mecánico Industrial
	Idioma:	Español
	Tareas a Realizar:	Capacitación directa a miembros de las distintas empresas interesadas en mantenimiento y reparación de maquinaria.

///

8.4 Consultoría:

Contrato a consultorías ubicadas en los lugares que interesan como mercado.

Duración	2 semanas
Fecha de Inicio:	de 1987
Lugar de Trabajo:	Alemania, España (Europa)
Calificaciones:	Institución con experiencia comprobada en estudios de mercado, especialmente en sondeos de mercado.
Tareas a Realizar:	1. Investigación de mercados sobre precios de los artículos y demanda. 2. Investigación en cuanto a presentación de los productos de interés. 3. Investigación sobre vanales de distribución, intermediarios y otros. 4. Elaboración de informes de resultados y recomendaciones si las hubiere.

NOTA:

Dentro del aporte requerido deberá contemplarse el costo del transporte aéreo, estadía y manutenciónk de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

SECTOR: SERVICIOS VARIOS

GRUPO: "Información Comercial"

PRODUCTOS: Desarrollo de Modelos de Información

EMPRESAS BENEFICIADAS:

PERFIL DE PROYECTO:

"DESARROLLO DE MODELOS DE INFORMACION"

ANTECEDENTES:

La Gremial de Exportadores de Productos No Tradicionales, con apoyo del Proyecto de Desarrollo Agroindustrial de AID, ha establecido un sistema de Información Comercial; el cual ha permitido crear una bass de datos de exportadores, la que se encuentra en constante evolución. Esta capacidad instalada está orientada hacia el conocimiento del potencial de exportación de Guatemala, a la captura y difusión de información comercial, y al registro de empresas exportadoras que permita canalizar los diversos servicios que genera la Gremial.

Al mismo tiempo, se ha instalado un Centro de Documentación Técnica con énfasis en Información Comercial, el cual a mitad de año en 1987 cuenta con aproximadamente 1,500 documentos que son apropiadamente clasificados para su posterior aprovechamiento.

El énfasis de este Centro de Documentación, pese a existir documentos de interés general, es en apoyo a los productos agrícolas y/o agroindustriales. Hasta ahora, el Centro de Información ha difundido noticias y precios de mercado. Sin embargo, dado el perfil del usuario, se considera que el Centro debe ampliar su cobertura, incluyendo información sobre tecnología de la producción, manejo y/o procesamiento de mercadeo. Esto no implica que necesariamente haya que contar con documentos e información acerca de cómo producir o cómo procesar, pero sí las referencias apropiadas para orientar la búsqueda de los usuarios, ofreciendo incluso referencias sobre especialistas en la materia.

De esta manera el Centro de Información seguirá manejando especialmente la parte comercial. Como se observa, la ampliación de los servicios permitiría ofrecer respuestas a la interrrogante de dónde encontrar la información cuando ésta no sea de mercados.

En el sector de productos agrícolas, ésto se está subsanando en alguna medida por dos vías. En primer lugar, porque se cuenta con un fuerte apoyo de Consultores Internacionales tanto por el lado de AID como de ROCAP y eventualmente de otros organismos y en segundo lugar, porque actualmente se está realizando el estudio Integral para 15 Nuevos Productos, lo que permitirá contar con manuales de producción, de manejo post-cosecha y mercadeo. Sin embargo, es importante hacer notar que esta información debe ser objeto de actualización perenne.

Por otro lado, el resto de productos no tradicionales quie no pertenecen al sector de agrícolas, ha quedado marginado pese a ofrecer un buen potencial. Si se analiza el Informe del Estudio de la Oferta Exportable de Guatemala, elaborado en 1986, se observará que estos otros sectores de productos comprenden casi el 50% del uinilverso de empresas actualmente exportando o próximas a hacerlo. Esa misma proporción se observa en cuanto a su importancia o impacto en lo que se refiere a generaación de empleo, generación de divisas y necesidades de informacilón.

El proyecto que aqui se propone pretende fortalecer el Centro de información según el enfoque planteado de acuerdo a los objetivos y metas que a continuación se plantean. Es importante hacer ver quie esta propuesta es congruente y complementaria con la serie de proyectos que están siendo formulados simultáneamente para ser sometidos a consideración de AID. En consecuencia,el impacto del mismo se verá reflejado en la sumatoria de empresas que estarán involucradas en los proyectos mencionados.

OBJETIVO GENERAL:

Fortalecer la capacidad de servicio del Centro de Información Comercial de la Gremial de Exportadores de Productos No Tradicionales, con el propósito de facilitar al exportador la toma de decisiones en materia de producción y comercialización.

OBJETIVOS ESPECIFICOS:

Desarrollar un sistema, sus productos y servicios en cuanto a Información Tecnológica y Comercial para los productos de mayor potencial de exportación.

Elaborar materiales, documentarios y de referencia por producto, que abarque las fases más importantes desde su producción hasta su exportación.

Desarrollar y prestar servicios de Transferencia de la información y asistencia documentaria para capitalizar resultados.

Desarrollar y establecer mecanismos de seguimiento, actualización y mantenimiento, tanto del material documentario y de referencia como de los servicios prestados.

DESCRIPCION

El Proyecto "DESARROLLO DE MODELOS DE INFORMACION", consiste en desarrollar un sistema integral de fuentes de documentación, de información tecnológica y comercial que permita a las empresas que se inician o desean desarrollarse en el proceso de Producción y/o exportación de productos no-tradicionales contar con una base referencial y documental en el desarrollo de sus actividades.

El área de influencia del proyecto abarca los productos comprendidos dentro de los sectores de artículos de consumo no alimenticio, materias primas, bienes semielaborados, muebles, otros artículos, servicios varios.

1. Capacitación:

En esta primera etapa se pretende entrenar al personal que estará dedicado a la investigación, manejo, difusión de la información, lo cual requiere de cierta especialización. Este entrenamiento deberá seguir ofreciéndose en menos intensidad en los años subsiguientes para mantener al Recurso Humano debidamente actualizado.

Las principales etapas que comprende el proyecto se pueden resumir en:

2. Desarrollo del Sistema

Comprende la determinación de los componentes del sistema orientados a satisfacer las necesidades de los usuarios dentro del marco económico del país hasta la determinación de productos y servicios de información tecnológica y comercial, tomando en cuenta una selección y prioritización de los productos de mayor potencial de exportación.

3. Investigación y Búsquedas:

En esta fase se debe realizar la determinación de fuentes de información, en las que se harán las búsquedas y selección de la documentación que permita integrar en paquetes de información sobre los productos seleccionados.

4. Servicio de Diseminación:

Comprende el desarrollo de los productos y servicios de diseminación, que conllevan a una satisfacción adecuada de la necesidad de información requerida por los usuarios.

5. Mantenimiento:

Esta fase consiste en definir y afinar el proceso de retroalimentación que deberá seguirse para la actualización perenne de los paquetes de información y el seguimiento de los servicios prestados.

ACTIVIDADES

1. Fase Desarrollo del Sistema:

1.1 Reorganización del sistema actual de información
1.2 Selección y prioritización de productos a trabajar
1.3 Deiseño de los modelos de los paquetes de información

2. Investigación y Búsquedas:

2.1 Estudio y determinación de fuentes de información
2.2 Investigación documental y bibliográfica
2.3 Selección, elaboración y desarrollo del contenido
2.4 Edición y reproducción de materiales

3. Servicios de Diseminación:

3.1 Diseño de implantación de los servicios de diseminación
3.2 Alimentación de los bancos de datos
3.3 Prestación de los servicios

4. Mantenimiento:

4.1 Desarrollo del Sistema de Retroalimentación
4.2 Actualización de paquetes de información
4.3 Seguimiento de los resultados de los servicios prestados

METAS:

- 90 paquetes de información integrada en 5 años (18/año)
- 350 empresas servidas en 5 años

RECURSOS:

Humanos

1 Profesional en Ingeniería Química Industrial
1 Profesional en Ingeniería Mecánica Industrial
1 Profesional en Comercio Internacional
3 Especialistas de Información
1 Especialista en Documentación
1 Especialista en Análisis de Mercados
2 Secretarias

MATERIALES:

- Materiales para edicición e impresión para los productos y servicios de diseminación.
- Mobiliario y equipo para el personal
- Suministros varios de trabajo
- Adquisición de bibliografía, suscripciones, membresías, etc.
- Capacitación y adiestramiento de personal
- Equipo electrónico de procesamiento de datos y materiales fungibles

PRESUPUESTO

RECURSOS	ANUAL US$	TOTAL 5 AÑOS US$
Humanos	62,856	255,504
3 Profesionales especializados	25,272	50,544
3 Especialistas de Información	19,440	97,200
1 Especialista en Documentación	5,832	24,300
1 Analista de Mercados	5,832	24,300
2 Secretarias	6,480	29,160
MATERIALES Y SUMINISTROS	38,000	190,000
- Materiales y Servicios para Edición e Impresión	20,000	100,000
- Bibliografía, suscripciones, membresías, etc.	10,000	50,000
- Otros suministros de oficina	5,000	25,000
- Gastos de operación sistema de procesamiento de datos	3,000	15,000
EQUIPO	40,000	40,000
- Mobiliario y equipo de oficina	10,000	10,000
- Equipo para procesamiento electrónico de datos	30,000	30,000
CAPACITACION	10,000	18,000
Capacitación de Personal	10,000	18,000
-IMPREVISTOS		
TOTAL	150,856	503,504

NOTA:

Dentro del aporte requerido deberán contemplarse el costo del transporte aéreo, estadía y manutención de los expertos, ya que el costo estimado que aparece sólo incluye los honorarios.

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ANNEX 1

ATTACHMENT 2

THE NONTRADITIONAL PRODUCT EXPORTERS GUILD

INPUT DATA: COSTS AND RESOURCES

1903c

ANALYSIS OF GREMIAL PROGRAM COSTS TO PROJECT, COUNTERPART, AND TECHNICAL ASSITANCE DAYS

PRODUCT AND/OR ACTIVITY		No. of Firms	DAYS INTL.	DAYS LOCAL	ANALYSIS $	ANALYSIS LC	ANALYSIS Ttl
1) Pimienta Gorda		9	12	50	3000	3500	6500
2) Industrializacion del Achiote		8	10	37	2500	2590	5090
3) Pina		8	12	37	3000	2590	5590
4) Platano		3	12	37	3000	2590	5590
5) Mercadeo para 15 Productos Agricolas	*****	100	0	0	0	0	0
6) Miel de Abeja		17	12	37	3000	2590	5590
7) Industrializacion del Cacao		9	19	50	4750	3500	8250
8) Flores de Corte		21	19	37	4750	2590	7340
9) Industrializacion de la Nuez de Macadamia	*****	2	8	20	2000	1400	3400
10) Aleta de Tiburon	*****	3	5	20	1250	1400	2650
11) Frutas y Vegetales Deshidratados		8	5	20	1250	1400	2650
12) Industrializacion de la Pulpa de Frutas			5	20	1250	1400	2650
13) Manufactura de Productos derivados de Plantas Medicinales		3	10	60	2500	4200	6700
14) Draw Back		69	0	0	0	0	0
15) Indust. del Pashte o Esponja Vegetal		6	0	0	0	0	0
16) Manufacturas de Caucho		7	15	30	3750	2100	5850
17) Servicios de Impresion	*****	14	0	0	0	0	0
18) Muebles de Madera		25	0	0	0	0	0
19) Estudio de Factibilidad de una Comercializadora.	******	ND	0	286	0	20020	20020
20) Servicio de Apoyo al Exterior	******	600	0	0	0	0	0
21) Analisis de Demanda	*****	200	0	0	0	0	0
22) Oficina Negociadora de Tarifas	******	600	5	20	1250	1400	2650
23) Desarrollo de Modelos de Informacion	******	600	0	0	0	0	0
24) Comisiones de Exportadores	******	600	0	0	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	400	0	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	******	1200	0	0	0	0	0
27) Unidad de Promocion Comercial	******	400	0	0	0	0	0
28) Cargo de PMU							
--- TOTALES ---		4912	149	761	37250	53270	90520

NOTA: Los Costos Totales estan expresados en $ US a la taza de 2.5

** Establecimiento Oficina de Promocion

*** Se incluye el Costo Total de la Implementacion de la Oficina.

**** Contratacion de empresa experimentada en Investigacion Agricola.

***** No es Posible estimar el Impacto en las Exportaciones por no Contarse con Estadisticas Especificas de base.

****** Por ser proyectos de Apoyo al sistema de exportacion y tener efectos indirectos, no es posible estimar el Impacto en las Exportaciones

ND No Disponible.

PRODUCT AND/OR ACTIVITY		DIRECT TA TO FIRMS				
		DAYS				
		INTL.	LOCAL	$	LC	Ttl
1) Pimienta Gorda		27	121	6750	8470	15220
2) Industrializacion del Achiote		12	59	3000	4130	7130
3) Pina		22	112	5500	7840	13340
4) Platano		30	155	7500	10050	18350
5) Mercadeo para 15 Productos Agricolas	*****	0	429	0	30030	30030
6) Miel de Abeja		34	209	8500	14630	23130
7) Industrializacion del Cacao		69	421	17250	29470	46720
8) Flores de Corte		45	305	11250	21350	32600
9) Industrializacion de la Nuez de Macadamia	*****	10	76	2500	5320	7820
10) Aleta de Tiburon	*****	9	50	2250	3500	5750
11) Frutas y Vegetales Deshidratados		17	98	4250	6860	11110
12) Industrializacion de la Pulpa de Frutas		17	98	4250	6860	11110
13) Manufactura de Productos derivados de Plantas Medicinales		74	390	18500	27300	45800
14) Drau Back		0	0	0	0	0
15) Indust. del Pashte o Esponja Vegetal		6	32	1500	2240	3740
16) Manufacturas de Caucho		63	388	15750	27160	42910
17) Servicios de Impresion	*****	0	0	0	0	0
18) Muebles de Madera		0	0	0	0	0
19) Estudio de Factibilidad de una Comercializadora.	******	0	0	0	0	0
20) Servicio de Apoyo al Exterior	******	0	0	0	0	0
21) Analisis de Demanda	*****	0	0	0	0	0
22) Oficina Negociadora de Tarifas	******	19	109	4750	7630	12380
23) Desarrollo de Modelos de Informacion	******	0	0	0	0	0
24) Comisiones de Exportadores	******	0	0	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	******	0	0	0	0	0
27) Unidad de Promocion Comercial	******	0	0	0	0	0
28) Cargo de PMU						
---- TOTALES ----		454	3052	113500	213640	327140

PRODUCT AND/OR ACTIVITY		PROMOTION			
		DAYS	$	LC	Ttl
1) Pimienta Gorda		20	20000	0	20000
2) Industrializacion del Achiote		20	20000	0	20000
3) Pina		40	40000	0	40000
4) Platano		20	20000	0	20000
5) Mercadeo para 15 Productos Agricolas	******	0	0	0	0
6) Miel de Abeja		20	20000	0	20000
7) Industrializacion del Cacao		20	20000	0	20000
8) Flores de Corte		40	40000	0	40000
9) Industrializacion de la Nuez de Macadamia	******	20	20000	0	20000
10) Aleta de Tiburon	******	20	20000	0	20000
11) Frutas y Vegetales Deshidratados		30	30000	0	30000
12) Industrializacion de la Pulpa de Frutas			0	0	0
13) Manufactura de Productos derivados de Plantas Medicinales		30	30000	0	30000
14) Draw Back		20	20000	0	20000
15) Indust. del Pashte o Esponja Vegetal		60	60000	0	60000
16) Manufacturas de Caucho		20	20000	0	20000
17) Servicios de Impresion	******	30	30000	0	30000
18) Muebles de Madera		0	0	0	0
19) Estudio de Factibilidad de una Comercializadora.	******	0	0	0	0
20) Servicio de Apoyo al Exterior	******	0	0	0	0
21) Analisis de Demanda	*****	80	80000	0	80000
22) Oficina Negociadora de Tarifas	******	0	0	0	0
23) Desarrollo de Modelos de Informacion	******	0	0	0	0
24) Comisiones de Exportadores	******	0	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	******	0	0	0	0
27) Unidad de Promocion Comercial	******	0	0	0	0
28) Cargo de PNU		490	490000	0	490000
---- TOTALES ----					

PRODUCT AND/OR ACTIVITY		TRAINING DAYS INTL.	LOCAL	$	LC	Ttl
1) Pimienta Gorda		0	0	0	0	0
2) Industrializacion del Achiote		0	0	0	0	0
3) Pina		0	0	0	0	0
4) Platano		0	0	0	0	0
5) Mercadeo para 15 Productos Agricolas	*****	0	714	0	49980	49980
6) Miel de Abeja		0	0	0	0	0
7) Industrializacion del Cacao		0	0	0	0	0
8) Flores de Corte		12	29	3000	2030	5030
9) Industrializacion de la Nuez de Macadamia	*****	0	0	0	0	0
10) Aleta de Tiburon	*****	0	0	0	0	0
11) Frutas y Vegetales Deshidratados		0	0	0	0	0
12) Industrializacion de la Pulpa de Frutas		0	0	0	0	0
13) Manufactura de Productos derivados de Plantas Medicinales		0	0	0	0	0
14) Draw Back		315	482	78750	33740	112490
15) Indust. del Pashte o Esponja Vegetal		0	0	0	0	0
16) Manufacturas de Caucho		0	0	0	0	0
17) Servicios de Impresion	*****	15	36	3750	2520	6270
18) Muebles de Madera		8	11	2000	770	2770
19) Estudio de Factibilidad de una Comercializadora.	******	0	0	0	0	0
20) Servicio de Apoyo al Exterior	******	0	0	0	0	0
21) Analisis de Demanda	*****	0	0	0	0	0
22) Oficina Negociadora de Tarifas	******	0	0	0	0	0
23) Desarrollo de Modelos de Informacion	******	0	0	0	0	0
24) Comisiones de Exportadores	******	0	0	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	******	0	0	0	0	0
27) Unidad de Promocion Comercial	******	0	0	0	0	0
28) Cargo de PMU		350	1272	87500	89040	176540
---- TOTALES ----						

PRODUCT AND/OR ACTIVITY		DAYS INTL.	DAYS LOCAL	TRAVEL + PER DIEM $	TRAVEL + PER DIEM LC	TRAVEL + PER DIEM Ttl
1) Pimienta Gorda		45	137	4960	5891	10851
2) Industrializacion del Achiote		25	77	3200	3311	6511
3) Pina		39	120	4432	5160	9592
4) Platano		51	192	5488	8256	13744
5) Mercadeo para 15 Productos Agricolas	*****	0	0	0	0	0
6) Miel de Abeja		65	246	6720	10578	17298
7) Industrializacion del Cacao		122	471	13736	20253	33989
8) Flores de Corte		89	342	7832	14706	22538
9) Industrializacion de la Nuez de Macadamia	*****	25	96	3200	4128	7328
10) Aleta de Tiburon	*****	20	75	4760	3225	7985
11) Frutas y Vegetales Deshidratados		31	118	3728	5074	8802
12) Industrializacion de la Pulpa de Frutas		31	118	3728	5074	8802
13) Manufactura de Productos derivados de Plantas Medicinales		118	450	13384	19350	32734
14) Drau Back		43	48	9784	2064	11848
15) Indust. del Pashte o Esponja Vegetal		0	32	2000	1376	3376
16) Manufacturas de Caucho		109	418	13592	17974	31566
17) Servicios de Impresion	*****	45	11	7960	473	8433
18) Muebles de Madera		24	79	2112	3397	5509
19) Estudio de Factibilidad de una Comercializadora.	******	0	286	0	12298	12298
20) Servicio de Apoyo al Exterior	******	0	0	0	0	0
21) Analisis de Demanda	*****	0	0	0	0	0
22) Oficina Negociadora de Tarifas	******	34	129	3992	5547	9539
23) Desarrollo de Modelos de Informacion	******	0	0	0	0	0
24) Comisiones de Exportadores	******	0	0	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	******	0	0	0	0	0
27) Unidad de Promocion Comercial	******	0	0	0	0	0
28) Cargo de PMU		0	0	0	0	0
---- TOTALES ----		916	3445	114608	148135	262743

PRODUCT AND/OR ACTIVITY		MATERIALS + EQUIPMENT $	LC	Ttl	DOCUMENTS + PUBLICATIONS $	LC	Ttl
1) Pimienta Gorda		0	0	0	1000	0	1000
2) Industrializacion del Achiote		0	0	0	5000	0	5000
3) Pina		0	0	0	10000	0	10000
4) Platano		0	0	0	5000	0	5000
5) Mercadeo para 15 Productos Agricolas	xxxxx	5000	0	5000	10000	0	10000
6) Miel de Abeja		0	0	0	5000	0	5000
7) Industrializacion del Cacao		0	0	0	5000	0	5000
8) Flores de Corte		20000	0	20000	5000	0	5000
9) Industrializacion de la Nuez de Macadamia	xxxxx	0	0	0	5000	0	5000
10) Aleta de Tiburon	xxxxx	0	0	0	5000	0	5000
11) Frutas y Vegetales Deshidratados		10000	0	10000	5000	0	5000
12) Industrializacion de la Pulpa de Frutas		5000	0	5000		0	0
13) Manufactura de Productos derivados de Plantas Medicinales		20000	0	20000	5000	0	5000
14) Draw Back		25000	0	25000	25000	0	25000
15) Indust. del Pachte o Esponja Vegetal			0	0	5000	0	5000
16) Manufacturas de Caucho		5000	0	5000	0	0	0
17) Servicios de Impresion	xxxxx		0	0	5000	0	5000
18) Muebles de Madera		1000	0	1000	0	0	0
19) Estudio de Factibilidad de una Comercializadora.	xxxxxx	0	0	0	0	0	0
20) Servicio de Apoyo al Exterior	xxxxxx	0	0	0	0	0	0
21) Analisis de Demanda	xxxxx	0	0	0	2000	0	2000
22) Oficina Negociadora de Tarifas	xxxxxx	100000	xxx	100000	0	0	0
23) Desarrollo de Modelos de Informacion	xxxxxx	80000	0	80000	150000	0	150000
24) Comisiones de Exportadores	xxxxxx	0	4000	4000	0	0	0
25) Unidad de Costos,Precios,Empaque y Embalaje	xxxxxx	0	0	0	0	0	0
26) Unidad de Capacitacion y Asistencia Tec.	xxxxxx	0	0	0	0	0	0
27) Unidad de Promocion Comercial	xxxxxx	0	0	0	0	0	0
28) Cargo de PMU							
---- TOTALES ----		271000	4000	275000	253000	0	253000

PRODUCT AND/OR ACTIVITY		OTHER COSTS DAYS	$	LC	Ttl
1) Pimienta Gorda		0	0	0	0
2) Industrializacion del Achiote		0	0	0	0
3) Pina		0	0	0	0
4) Platano		0	0	0	0
5) Mercadeo para 15 Productos Agricolas	*****	0	[1] 60000	*****	60000
6) Miel de Abeja		0	0	0	0
7) Industrializacion del Cacao		0	0	0	0
8) Flores de Corte		0	0	0	0
9) Industrializacion de la Nuez de Macadamia	*****	0	0	0	0
10) Aleta de Tiburon	*****	0	0	0	0
11) Frutas y Vegetales Deshidratados		0	0	0	0
12) Industrializacion de la Pulpa de Frutas		0	0	0	0
13) Manufactura de Productos derivados de Plantas Medicinales		0	0	0	0
14) Drau Back		0	0	0	0
15) Indust. del Pashte o Esponja Vegetal		0	[2] 30000	**	30000
16) Manufacturas de Caucho		0	0	0	0
17) Servicios de Impresion		0	0	0	0
18) Muebles de Madera	*****	0	0	0	0
19) Estudio de Factibilidad de una Comercializadora.		0	0	0	0
20) Servicio de Apoyo al Exterior	******	0	0	0	0
21) Analisis de Demanda	******	0	[3] 426000	0	426000
22) Oficina Negociadora de Tarifas	*****	0	0	0	0
23) Desarrollo de Modelos de Informacion	******	0	0	0	0
24) Comisiones de Exportadores	******	0	[4] 30000	[7] 17472	47472
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0	0	[8] 7488	7488
26) Unidad de Capacitacion y Asistencia Tec.	******	0	[5] 50000	[9] 7488	57488
27) Unidad de Promocion Comercial	******	0	0	[10] 9360	9360
28) Cargo de PMU	******	0	[6] 50000	0	50000
---- TOTALES ----		0	646000	41808	687808 *

* See next page for footnote explanation.

136

* FOOTNOTES (Previous Page)

1. Technology transfer consulting services.

2. Contract a consulting firm for feasibility promotion office.

3. Commercial Delegations to the U.S.

4. Miscellaneous.

5. Consulting firm services to prepare manuals for determing costs, price, quotations, packing and training of especialized technician.

6. Consulting firm services for promotion of foreign investment.

7. Salaries on a monthly basis:

   - Commercial Information Analist:
     Q1,200.00 / 2.5 = US$480.00 + 30% legal fringe benefits

   - Documentarian:
     Q1,200.00 / 2.5 = US$480.00 + 30% legal fringe benefits

   - Secretary:
     Q400.00 / 2.5 = US$160.00 + 30% legal fringe benefits

8. Salaries on a monthly basis:

   - Executive Coordinator for Processed goods:
     Q600.00 / 2.5 = US$240.00 + 30% legal fringe benefits

   - Executive Coordinator for raw-materials and semi-processed goods:
     Q600.00 / 2.5 = US$240.00 + 30% legal fringe benefits

   - Specialized technician:
     Q1,200.00 / 2.5 = US480.00 + 30% legal fringe benefits

     Coordinator for technical assistance:
     Q1,500.00 / 2.5 = US$600.00 + 30% legal fringe benefits

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PRODUCT AND/OR ACTIVITY		COUNTERPART SUPPORT PROF HRS.	LC EQIV	OTHER LC COSTS	TOTAL COUNTERPART
1) Pimienta Gorda		1040	4160	4520	8680
2) Industrializacion del Achiote		2340	9360	2416	11776
3) Pina		880	3520	3696	7216
4) Platano		1060	4240	4308	8548
5) Mercadeo para 15 Productos Agricolas	*****	6360	25440	16216	41656
6) Miel de Abeja		2160	8640	5004	13644
7) Industrializacion del Cacao		1440	5760	8208	13968
8) Flores de Corte		3200	12800	5364	18164
9) Industrializacion de la Nuez de Macadamia	*****	1680	6720	1368	8088
10) Aleta de Tiburon	*****	1160	4640	1008	5648
11) Frutas y Vegetales Deshidratados		1360	5440	2180	7620
12) Industrializacion de la Pulpa de Frutas		800	3200	2180	5380
13) Manufactura de Productos derivados de Plantas Medicinales		1360	5440	7908	13348
14) Drau Back		1960	7840	15064	22904
15) Indust. del Pashte o Esponja Vegetal		260	1040	1956	2996
16) Manufacturas de Caucho		1040	4160	6952	11112
17) Servicios de Impresion	*****	880	3520	4112	7632
18) Muebles de Madera		500	2000	2728	4728
19) Estudio de Factibilidad de una Comercializadora.	******	800	3200	3932	7132
20) Servicio de Apoyo al Exterior	******	3600	14400	10000	24400
21) Analisis de Demanda	*****	1600	6400	500	6900
22) Oficina Negociadora de Tarifas	******	1200	4800	2336	7136
23) Desarrollo de Modelos de Informacion	******	640	2560	0	2560
24) Comisiones de Exportadores	******	400	1600	0	1600
25) Unidad de Costos,Precios,Empaque y Embalaje	******	120	480	0	480
26) Unidad de Capacitacion y Asistencia Tec.	******	720	2880	0	2880
27) Unidad de Promocion Comercial	******	720	2880	0	2880
28) Cargo de PMU					
---- TOTALES ----		39280	157120	111956	269076

PRODUCT AND/OR ACTIVITY		PROJECT RESOURCES $	LC	Ttl	TOTAL TECH. ASSISTANCE DAYS	TOTAL COST	GROSS INCOM SEMINARS
1) Pimienta Gorda		35710	17861	53571	39	62251	200
2) Industrializacion del Achiote		33700	10031	43731	22	55507	300
3) Pina		62932	15590	78522	34	85738	250
4) Platano		40908	21696	62684	42	71202	250
5) Mercadeo para 15 Productos Agricolas	*****	75000	80010	155010	0	196666	1000
6) Miel de Abeja		43220	27798	71018	46	84602	200
7) Industrializacion del Cacao		60736	53223	113959	68	127927	400
8) Flores de Corte		91832	40676	132508	76	150672	250
9) Industrializacion de la Nuez de Macadamia	*****	32700	10848	43548	18	51636	150
10) Aleta de Tiburon	*****	33260	8125	41385	14	47033	100
11) Frutas y Vegetales Deshidratados		54228	13334	67562	22	75102	100
12) Industrializacion de la Pulpa de Frutas		14228	13334	27562	22	32942	100
13) Manufactura de Productos derivados de . Plantas Medicinales		89304	50930	140234	84	153502	100
14) Draw Back		180534	35804	224338	315	247242	690
15) Indust. del Pashte o Esponja Vegetal		60500	3616	72116	6	75112	150
16) Manufacturas de Caucho		58092	47234	105326	78	116438	200
17) Servicios de Impresion	*****	46710	2993	49703	15	57335	150
18) Muebles de Madera		5112	4167	9279	8	14007	250
19) Estudio de Factibilidad de una Comercializadora.	******	0	32318	32318	0	39450	0
20) Servicio de Apoyo al Exterior	******	426000	0	426000	0	450400	0
21) Analisis de Demanda	*****	82000	0	82000	0	88900	0
22) Oficina Negociadora de Tarifas	******	109992	14577	124569	24	131705	0
23) Desarrollo de Modelos de Informacion	******	260000	17472	277472	0	280032	0
24) Comisiones de Exportadores	******	0	11488	11488	0	13098	0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	50000	7488	57488	0	57968	0
26) Unidad de Capacitacion y Asistencia Tec.	******	0	9360	9360	0	12240	0
27) Unidad de Promocion Comercial	******	50000	0	50000	0	52800	0
28) Cargo de PMU							
---- TOTALES ----		2012858	549893	2562751	953	2831827	4840

PRODUCT AND/OR ACTIVITY		DISTRIBUTION OF FINANCING		
		USERS	GUILD	AID
1) Pimienta Gorda		10430.0	8680	43141.0
2) Industrializacion del Achiote		8055.0	11776	35676.0
3) Pina		14732.5	7216	63739.5
4) Platano		10985.0	8548	51699.0
5) Mercadeo para 15 Productos Agricolas	xxxxx	20002.5	41656	135007.5
6) Miel de Abeja		12100.0	13644	50000.0
7) Industrializacion del Cacao		18742.5	13968	95216.5
8) Flores de Corte		21242.5	18164	111265.5
9) Industrializacion de la Nuez de Macadamia	xxxxx	7005.0	8003	35743.0
10) Aleta de Tiburon	xxxxx	7100.0	5640	34205.0
11) Frutas y Vegetales Deshidratados		10940.0	7620	56602.0
12) Industrializacion de la Pulpa de Frutas		3440.0	5300	24122.0
13) Manufactura de Productos derivados de Plantas Medicinales				
14) Draw Back		20625.0	13348	119609.0
15) Indust. del Pashte o Esponja Vegetal		33122.5	22904	191215.5
16) Manufacturas de Caucho		15935.0	2996	56181.0
17) Servicios de Impresion		17190.0	11112	88136.0
18) Muebles de Madera	xxxxx	9067.5	7632	40635.5
19) Estudio de Factibilidad de una Comercializadora.		692.5	4728	8586.5
20) Servicio de Apoyo al Exterior	xxxxxx	5005.0	7132	27313.0
21) Analisis de Demanda	xxxxxx	0.0	24400	426000.0
22) Oficina Negociadora de Tarifas	xxxxx	20000.0	6900	62000.0
23) Desarrollo de Modelos de Informacion	xxxxxx	3757.5	7136	120311.5
24) Comisiones de Exportadores	xxxxxx	0.0	2560	277472.0
25) Unidad de Costos,Precios,Empaque y Embalaje	xxxxxx	0.0	1600	11408.0
26) Unidad de Capacitacion y Asistencia Tec.	xxxxxx	0.0	400	57400.0
27) Unidad de Promocion Comercial	xxxxxx	0.0	2800	9360.0
28) Cargo de PMU	xxxxxx	0.0	2800	50000.0
---- TOTALES ----		271050.0	269076.0	2291701.0

PRODUCT AND/OR ACTIVITY		EXPORT INCREASE IN QUETZALES					
		1st. YEAR	2nd. YEAR	3rd. YEAR	4th. YEAR	5th. YEAR	GRAND TOTAL
1) Pimienta Gorda		876197.3	1007626.9	1158770.9	1332506.6	1532474.6	5907576.2
2) Industrializacion del Achiote		97900.6	112620.2	129513.2	148940.2	171231.2	660205.4
3) Pina		1650703.6	1907509.1	2193605.5	2522600.8	2901003.0	11103812.1
4) Platano		307970.0	354165.5	407230.3	468303.9	538641.5	2076451.2
5) Mercadeo para 15 Productos Agricolas	******	0.0	0.0	0.0	0.0	0.0	0.0
6) Miel de Abeja		2608036.1	2999209.0	3449193.9	3966572.9	4561558.9	17504710.8
7) Industrializacion del Cacao		1388740.0	1597051.0	1836608.7	2112099.9	2428914.9	9363414.5
8) Flores de Corte		1594402.5	1833562.9	2108597.3	2424886.9	2788619.9	10750069.5
9) Industrializacion de la Nuez de Macadamia	******	0.0	0.0	0.0	0.0	0.0	0.0
10) Aleta de Tiburon	******	0.0	0.0	0.0	0.0	0.0	0.0
11) Frutas y Vegetales Deshidratados		21022.0	24175.3	27801.6	31971.8	36767.6	141738.3
12) Industrializacion de la Pulpa de Frutas		207903.2	239008.7	274952.0	316194.8	363624.0	1401782.6
13) Manufactura de Productos derivados de Plantas Medicinales		328021.4	377224.6	433808.3	498879.5	573711.5	2211645.3
14) Draw Back		15441050.0	17757207.5	20420788.6	23483906.9	27006493.0	104109446.0
15) Indust. del Pashte o Esponja Vegetal		110904.9	127540.6	146671.7	168672.5	193973.4	747763.1
16) Manufacturas de Caucho		345751.0	397613.7	457255.7	525844.1	604720.7	2331185.1
17) Servicios de Impresion	******	0.0	0.0	0.0	0.0	0.0	0.0
18) Muebles de Madera		3461615.0	3980857.3	4577905.8	5264603.7	6054306.3	23339520.1
19) Estudio de Factibilidad de una Comercializadora.	******	0.0	0.0	0.0	0.0	0.0	0.0
20) Servicio de Apoyo al Exterior	******	0.0	0.0	0.0	0.0	0.0	0.0
21) Analisis de Demanda	******	0.0	0.0	0.0	0.0	0.0	0.0
22) Oficina Negociadora de Tarifas	******	0.0	0.0	0.0	0.0	0.0	0.0
23) Desarrollo de Modelos de Informacion	******	0.0	0.0	0.0	0.0	0.0	0.0
24) Comisiones de Exportadores	******	0.0	0.0	0.0	0.0	0.0	0.0
25) Unidad de Costos,Precios,Empaque y Embalaje	******	0.0	0.0	0.0	0.0	0.0	0.0
26) Unidad de Capacitacion y Asistencia Tec.	******	0.0	0.0	0.0	0.0	0.0	0.0
27) Unidad de Promocion Comercial	******	0.0	0.0	0.0	0.0	0.0	0.0
28) Cargo de PNU		0.0	0.0	0.0	0.0	0.0	0.0
---- TOTALES ----		28448297.6	32715542.2	37622873.6	43266304.6	49756250.3	191809268.3

EXPORT EXPANSION::
FREE TRADE PRODUCTION FACILITIES - FTPF

I. BACKGROUND

A. Free Trade Production Facilities in World Trade
B. Guatemalan Antecedents

II. PERCEIVED PROBLEM

III PROPOSED INTERVENTIONS

A. Guatemalan Potential in FTPF
B. Key FTPF Activity Characteristics
C. General Support Services for FTPF
D. Direct Support Assistance

IV. BENEFICIARIES

V. EXPECTED ACHIEVEMENTS/ACCOMPLISHMENTS

VI. FTPF OUTPUTS

VII. INPUTS

VIII. END OF PROJECT STATUS

IX. COMPLIANCE WITH U.S. LEGISLATIVE GUIDANCE

EXPORT EXPANSION::
FREE TRADE PRODUCTION FACILITIES - FTPF

I. Background

A. Free Trade Production Facilities in World Trade

Worldwide, from 1975 to 1986, Industrial Free Trade Zones (FTZ) increased their employment from 550,000 to 1,266,000 workers[1]. Some observers[2] project over 8,000,000 jobs created by the turn of the century under free trade production facilities (FTPF) as a whole. By then, the Caribbean Basin, including Mexico, will probably generate between 800,000 to 1,000,000 jobs at these facilities.

Some analysts have predicted a softening demand for production-sharing as direct result of technological advances, automation and robotics. Recent developments have proven them wrong.[3] Average wages rise as labor productivity on capital intensive, high technology processes increase. Improved cost controls allow, and renewed competition demands, specialization of production activities along either capital or labor intensive lines.

In a 1984 survey of operating free trade production facilities, detailed below, 66 executives were asked why was it necessary to move their operations abroad. The modal answers were competition (47%) or high labor costs (42%). In addition, it is important to observe that most products produced under 806/807 are not easily adaptable to capital-intensive operations. In many cases, a shift from labor-intensive processing to a more capital-intensive method of production would require substantial investment and a long pay-back period. The apparel industry is a prime example of this: laser and other highly automated equipment are available to cut and sew garments, but remain far more costly than manually operated sewing machines.[4]

To stay competitive, expand exports, and sustain highly qualified manpower, firms operating in high labor-cost countries must transfer their

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1/ Industrial Parks Inc., Exposición de Motivos, EPZ Program in Honduras.June 30, 1986

2/ Industrial Parks Inc, April 30, 1986

3/ Janka, Gerald Zonas Francas en la República Dominicana, Industrial Dev. Corp., Santo Domingo, May, 1986

4/ Comparative Analysis of Investment Factors for Production Sharing Ventures, Production Sharing Internal and Free Zone Authority Services, March 84; USAID Contract 515-0619-C-00-3339-0)

labor-intensive activities to countries with abundant, relatively less expensive labor. They move into production-sharing. A plus-plus outcome emerges: preserved high standards of living in the developed country and improved wages in the developing economy. As foreign exchange earnings expand in a developing country, its imports, especially of agricultural and capital goods, increase — further benefitting the developed economy.1/

To capitalize on these opportunities, AID has promoted export promotion zones. This approach was endorsed: by the seminal work Free Zones in Developing Countries: Expanding Opportunities for the Private Sector (A.I.D. Program Evaluation Discussion Paper No. 18); through the widespread distribution of the AID funded Guide Book on Free Zones (International Programs, Graduate School U.S.D.A., 1984); and in the May 87 Message on Free Zone Development in LDCs (State 159400). Based on this guidance, several USAIDs have funded research, development, promotion, and/or financing of free trade industrial activities (e.g., Dominican Republic, Costa Rica, Honduras and Grenada).

B. Guatemalan Antecedents

The Guatemalan private sector, particularly the underemployed, have missed the economic benefits derived from off-shore production by developed country-based companies. While the Dominican Republic, with 6.2 million inhabitants, has created 60,000 jobs by mid-87 in Export Promotion Zones, Guatemala has generated only 500 jobs. In the past, regional unrest and internal political turmoil have discouraged this activity in Guatemala. Also, misjudged policies and improper guidance on the country's only free trade zone, ZOLIC, have acted as major deterrants.

Conditions in Guatemala have improved after the democratically elected Cerezo government began its term. Maquila exports, for instance, increased from $4.8 milllion in 1984 to an estimated $18 million in 1987. Nontraditional exports increased more than 20% in the first quarter of 1986 over the same period in 1987. Indeed, private investors face shortages on warehouse and office space currently, and maquila rental rates have skyrocketed from $0.70/square meter in 1986 to $1.10 in June 1987.

These promising signals, especially the 807 export expansion, indicate the reawakening of Guatemala's economy and its attractiveness to foreign investors. Their confidence was recently highlighted in the May 11, 1987 Forbes. Also, these events corroborate the private sector capacity to profit from improved policies. Before the temporary import law was enacted in 1984, only 2 Guatemalan firms and 350 workers were engaged in FIPF type production. By 1986, fifty three firms were employing over 5,000 workers in this line of exports. Yet these enterprises, if their efficiency does not

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1/ AID, Foreign Economic Development Assistance and American Agricultural Exports (draft), February 5, 1987.

increase, face an uncertain future. Wages in their operations already double the minimum wage.

Unfortunately, most Guatemalan enterprises capitalize only slowly, if at all, on rapidly appearing opportunities. Valuable human and financial resources are being wasted. Specifically, many Guatemalans cannot earn a decent wage due to low productivity and/or weak competition for labor resources. This situation is further aggravated by market imperfections.

Building on the new opportunities identified in Guatemala, the AID/W encouragement noted above, and the extensive work done by USAIDs elsewhere, USAID/Guatemala explored the potential benefits which an FTPF strategy could produce for the Guatemalan people. This exploration included studies, workshops, international observation visits, investment promotion, and a selective literature search. Based on the findings generated by this research, USAID has determined that FTPF are a viable option for Guatemala. The PED project will finance the research development and promotion of a Guatemalan FTPF Strategy.

USAID/Guatemala will act as a catalyst which precipitates a positive interaction among labor supply, local investors, public sector entities, and foreign capital. This initiative will support an approach designed to create jobs at low investment rates. This approach is the establishment of a research, development and promotion (RDP) program supporting the establishment of FTPF.

The FTPF strategy will comprise export production zones (EPZs), shelter programs, free trade zones, special free trade zones (which may include single plant designation as extra-customs, dollar operations), maquila parks or plants, bonded warehouses, and industrial parks designed to become EPZs. Initially, this strategy excludes off-shore banking, office parks, and enterprise zones. (For a brief description of selected modalities see Annex K, Attachment 2). The PED-sponsored RDP will concentrate its support on 807-type ventures and related activities benefitting from the tariff advantages provided by the Caribbean Basin Initiative. The high cost Guatemalan industry does not allow, at least currently, a fully integrated approach such as the one found in Taiwan and South Korea.

Assistance will be provided primarily to private investors. Additionally, USAID/Guatemala, through PED financing, will collaborate with the Government of Guatemala (GOG) to improve its policy framework and to streamline the commercial operation of the government-owned ZOLIC. This will result in expanded employment, higher wage rates, diversified and augmented exports, enlarged construction activity, and increased investment both domestic and international.

II. Perceived Problems

Until recently, Guatemalan decision-makers have discouraged FTPF. Most of Guatemala's manufacturing sector has catered to the local and Central

American markets. Protected, import-substitution industries were designed to meet quality, cost, and volume specifications considerably different from those traded in extra regional markets. In the past, interest in exporting outside the region had been dampened by the higher profitability and greater ease of selling within Guatemala or the CACM.

Additionally, interviews within the business community suggest that several constraints hinder investment in export oriented activities. These constraints include:

- A regulatory environment, designed to protect and regulate oligopolistic high cost import substitution industries, which hinders export-oriented business operating in a highly competitive environment.

- An inadequate policy framework that discourages development of labor intensive re-export industries.

- Instability of Foreign Exchange Regime: Exporters fear that the Q2.50:$1.00 rate may become politically fixed, and sustained at any cost -- their cost. Although this current rate received by exporters is attractive for assembly industries, potential investors worry that the exchange system may not be flexible, and may not adjust to their internal cost structures.

- Drawback regime: A benefit not yet available to drawback companies, is the ability to retain foreign exchange earnings. However, companies outside of the Free Zone can currently engage in re-export activities under the provisions of the "drawback" law.

- Burdensome Free Zones: ZOLIC, the only existing free zone, is operated by the Government in Santo Tomás de Castilla, on the Atlantic Coast. While this Free Zone would allow assembly industries to avoid most of the normal regulatory constraints, most potential investors perceive that the physical and social infrastructure is poor, the location too remote, and the labor supply limited. (The nearby city of Puerto Barrios has less than 50,000 people). To date, only three export-oriented manufacturing companies have located in ZOLIC. Although it generates a paltry 500-job activity, it supports an administrative load of over 60 employees and draws on a $11 million investment payed for by the Guatemalan taxpayer. To some extent, the poor services offered by this solitary Guatemalan free zone, may have have discouraged investment in competing ventures, and created a poor image for the country.

- Limited Transportation Facilities: A recent ROCAP Transportation Study judges puerto Castilla, the most overworked port facility in the region. Guatemala, like the Dominican Republic, follows a "closed skies" policies which confer a virtual monopoly on air freight to AVIATECA, the national airline. Guatemala's rail network requires restoration because it is obsolete and insolvent.

- Know-how Limitations: Few business people in Guatemala know the vast opportunities existing in contract production for buyers/distributors in

the U.S., or how to identify brokers or buyers, negotiate attractive contracts (or calculate unit costs per minute as used in pricing contracts), improve labor productivity, and ensure quality control and reliability.

- Lack of Incentives for Foreign Investors: Foreign companies primarily in 807 lines, looking for locations to assemble products for their own needs or for others (firms that specialize in contract production), choose among numerous attractive sites on the Caribbean, Asia or elsewhere. Many export processing zones (EPZs) offer available factory space, assistance in recruiting and training labor, assistance in dealing with red tape, and other services which make it possible for start-up operations to open immediately with only minor inconvenience. In Guatemala, ZOLIC, offers space (albeit with leaking roofs) but few other services.

- Limited Financial Services: The Guatemalan financial system is geared to service those who made it in the past (e.g., high collateral requirements, client character defined by personal or group acceptance, and other biased criteria) and excludes those with a proven potential to make it in the future, i.e., project-return criteria. Usually, bank owners prefer to protect their market shares than to optimize profits.

It is generally agreed, as indicated by most people interviewed, that financing should be available both for physical facilities and individual re-export industries. However, financing of physical infrastructure could be constrained by the tendency of the banking system to lend for one to two years, even for real estate projects. Most commercial real estate in Guatemala has been financed by the pre-sale of space, complemented by one year loans (guaranteed on a 2:1 formula by the property).

Existing drawback companies have some difficulties in obtaining working capital credit for their operations. Since commercial banks tend to lend only 50 percent of the value of physical assets, re-export companies that lease factory space and have limited machinery or equipment may have difficulties obtaining adequate credit.

III. PROPOSED INTERVENTIONS

USAID/Guatemala private sector strengthening strategy supports projects that leverage private investment into productive activities. Equally important, USAID's strategy seeks to ensure that development assistance, nurtured by an effective policy framework, broadens economic opportunities, and benefits, through access to productive employment and to inputs and services required by micro, small and medium enterprises.

The research, development and promotion (RDP) of Free Trade Production Facilities described in this section supports the employment creation, investment growth and export expansion pursued by the strategy and by USAID/Guatemala 1988 Action Plan (3rd objective). The need for this foci has been identified through a consultative process with the Guatemalan private sector. This process will contribute to unleash the greatest possible level

of productive employment (particularly among low income groups and underemployed professionals and technicians) as well as private investment and exports, as the foundation of social, economic, and political progress. It complements the political democratization process by strengthening a private sector led economic democratization.

In addition, the RDP on FTPF will address the problems singled out above. One basic concept is to assist private investors to design, promote and manage industrial parks/EPZs which offer factory space and other services to local and foreign 806/807-oriented assembly industries.

A. Guatemalan Potential in FTPF

In 1984, Production Sharing International conducted a survey in the Dominican Republic, Mexico, Haiti, Costa Rica, Honduras and the United States. The survey focused on three products under TSUS 806.3 and 807 (men's long sleeves shirts, automotive flashers, and specialty power supplies). A total of 66 Executive Officers and/or plant managers were interviewed. When asked what were the three most important factors which caused their decision to produce abroad, their answers had the following percentage frequency:

44% Labor cost
27% Availability of labor
10% Access to shipping services
7% Availability of technical personnel
2% Incentives
2% Access to regional market
2% General conditions of life
2% Availability to form joint ventures.

Although this survey is not statistically representative, it corroborates the conventional wisdom shared by many FTPF's "savants".

In the same survey, geographic proximity to the U.S. market was identified as having a significant effect in the locational decision (82%). Customs (60%) and bureaucracy (12%) were considered major obstacles under the disincentives category, (language (12%), unions (8%) and transportation (8%) completed this set).

Fortunately, Guatemala is highly competitive in the labor category. Guatemala has the largest population among the Caribbean Basin Initiative countries, 8.4 million people as compared to the next largest the Dominican Republic (slightly over 6 million people). Unemployment figures in Guatemala are, at best, debatable. Data from the 1981 census are unreliable. Civil strife precluded many census takers from canvasing many enumeration districts, and no rigorous comprehensive labor or employment surveys exist currently. Some estimates, hard to believe, place open unemployment at just 1.5 percent of the work force in rural areas and 3.3 percent in urban areas. Yet underemployment is massive. By combining those who work less than 40 hours weekly and those who work 40 hours or more weekly but earn less than the

minimum wage, the "quesstimated" underemployed rate shoots up to 41 percent in the urban area and 50 percent in the rural areas.

Be the real figures higher or lower, no one questions that widespread underemployment and low wages currently weaken Guatemala's economy. FTPF will increase the demand for labor, creating competitive pressure, higher wages and improve the incomes of poor families.

The following wage rate comparison (which includes fringe benefits) addresses the above question: Guatemala: $0.30/hour; Honduras: $0.54; Dominican Republic: $0.60; labor costs in Barbados, Costa Rica and Jamaica surpass the Dominican Republic rate. The recent drastic growth in maquila employment illustrates the potential impact of FTPF in labor wages, Currently, maquila workers earn approximately $.50/hour, a substantial increase over the legal minimum wage noted above.

On the managerial side of the equation, the Guatemalan economy, to a large extent through the positive incentives of CACM, has a highly developed entrepreneurial class. Manufacturing and agroindustry grew from 12.8 percent of GDP in 1960 to 16 percent in 1970. Yet in 1985, manufacturers participation in GDP stood where it had in 1970, at about 16 percent. With the CACM's collapse, these entrepreneurs and investors must move into new ventures.

As can be seen from figure on next page, Guatemala should be highly competitive with other countries in the Caribbean Region, particularly now that a more rational exchange rate is applied to export industries. This element, complemented by other PED components, will help change the current situation from competitive to highly competitive. The information in the tables was presented by the Free Trade Authority, during the seminar sponsored by CAEM, and supported by the Mission, during intensive project review.

CARIBBEAN AND CENTRAL AMERICAN FREE ZONES

CATEGORIES	BARBADOS	COSTA RICA	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	HAITI	HONDURAS	JAMAICA	PANAMA	PUERTO RICO
BACKGROUND: No. of Active Zones	None	Four Zones: (1) Limon (2) Santa Rosa (3) Cartago (4) Coto Sur	Eight Zones: (1) Puerto Plata (2) La Romana (3) San Pedro de Macoris (4) Santiago (5) San Cristobal (6) Azua (7) San Isidro (8) Las Americas (6-8) Under Construction	One Zone: San Bartolo Free Zone	One Zone: Santo Tomas de Castillo Free Zone for Industry and Trade	One Zone: Shodecoma	One Zone: Puerto Cortes Free Zone	Three Zones: (1) Kingston Free Zone (2) Montego Bay Free Zone (3) Spanish Port (2-3) Under Construction	One Zone: Colon Free Zone	Three Zones: (1) San Juan (2) Mayaguez (3) Ponce (3) Under Construction: (3) Awaiting Designation
TYPE OF ZONE:	Industrial Estates with EPZ-style incentives	(1) EPZ (2) EPZ (3) EPZ/Industrial Park (4) EPZ	(1-4) EPZ (7,8) Data Services Zone with EPZ Components	EPZ	EPZ	Industrial Estate with EPZ-style incentives	EPZ	(1) EPZ (2-3) EPZ/Data Services Zone	EPZ	U.S. Foreign-Trade Zones
TOTAL AREA/YEAR OF ESTABLISHMENT:	165 acres/1957	(1) 10 acres/1972 (2) 4 acres/1983 (3,4) N/A	(1) 63 acres/1965 (2) 247 acres/1969 (3) 148 acres/1973 (4) 74 acres/1974 (5) 150 acres/1986 (6) 247 acres/1986 (7) 128 acres/1987 (8) 250 acres/1987	100 acres/1976	167 acres/1978	50 acres/1965	N/A/1976	(1) 115 acres/1976 (2) 8 acres/1984 (3) 30 acres/1988	730 acres/1948	(1) 60 acres/1955 (2) 42 acres/1961 (3) 250 acres/1987
AVG MONTHLY RENTAL RATE: (US$)/SQ.FT (*) Specific included in rent only (**) R... varies accord... to prem... lease & maintenance agreements	0.27 - 0.28 (*)	(1,2) 0.17 (3) 0.21	(1) 0.083 (2) 0.33 (3) 0.063 - 0.08 (4) 0.083 (5) 0.33 - 0.375 (6) 0.083 - 0.13 (7) 0.33 (8) 0.33 (1-8) **	0.065 (*)	0.16	0.125 - 0.14	0.18 - 0.25	(1,2) 0.30 (3) 0.33	0.14- 0.18	(2) 0.104
INCENTIVES: TAX:	-10 yr. income tax holiday - exempt from all local, sales & property taxes - double taxation agreement w/US - designated U.S. FSC country	- 6 yr income tax holiday; then 50% - export/import duty-free	- 100% exoneration on all corporate taxes in perpetuity	- 10 yr income tax holiday on personal & corporate income	- 12 yr income tax holiday - no import/export taxes	- 16 yr holiday on all taxes	- 100% exoneration on all taxes in perpetuity	- 100% exemption on corporate, personal income taxes; local, sales & property taxes exemption in perpetuity	- 5 yr income/profits tax holiday plus no other taxes, subject to conditions - 10% witholding tax on dividends	- 100% US corporate income tax holiday; - 95% local taxes conditional exemption; - 3-5% witholding tax on dividends

CARIBBEAN AND CENTRAL AMERICAN FREE ZONES

CATEGORIES	BARBADOS	COSTA RICA	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	HAITI	HONDURAS	JAMAICA	PANAMA	PUERTO RICO
TARIFF:	- 100% exemption on imported equipment and materials for 10 years	- no import/export quotas or duties but 0.5% service charge on imports & cif value added on exports	- duty-free imports of raw materials, capital goods & equipment, but advance listing & approval required	- duty-free entry of equipment and materials for 10 years; if 100% exported: indefinite	- no duties or quotas on all imports & exports	-duty-free imports of raw material, machinery & capital goods	- no duties or quotas on all imports & exports	- no duties or quotas on all imports & exports	- duty-free import of capital goods, equipment and approved raw materials	- no U.S. duties on raw material and finished goods imports; no duti or levies on exports
CURRENCY:	- Free repatriation of capital; "one-stop" licensing mechanism	- Free repatriation of capital; few foreign exchange controls	- Free repatriation of capital; unrestricted convertability	- free repatriation of profits from exports	N/A	- unrestricted repatriation of capital	- free repatriation of profits, capital; no foreign exchange controls	- free repatriation of profits; no import/export or foreign exchange controls	- free repatriation of profits; no import/export or foreign exchange controls	- free repatriation of profits; no foreign exchange controls; no excise charge no licensing of imports; few export controls
MARKET ACCESS:	- CBI - U.S. GSP - CARIBCAN - TSUS 806/807 - Lome III - CARICOM	- CBI - U.S. GSP - TSUS 806/807 - Limited access to domestic market - CACM	- CBI - U.S. GSP - TSUS 806/807 - Limited access to domestic market	- CBI - U.S. GSP - TSUS 806/807 - Limited access local market - CACM	- CBI - U.S. GSP - TSUS 806/807 - Limited access local market - CACM	- CBI - U.S. GSP - TSUS 806/807	- CBI - U.S. GSP - TSUS 806/807 - CACM	- CBI - U.S. GSP - CARIBCAN - TSUS 806/807 - Lome III - CARICOM	- CBI - U.S. GSP - TSUS 806/807 - Limited access local market	- CBI - Special '936' tax pilot program ala CBI countries - free access to US market
OTHER:	- None	- None	- On-site business support services - No labor unions in sense, though legally permitted	- None	- None	- Reduced wages for workers during training period	- On-site business support services	- None	- Special training & financing programs available	- Special incentive for service industries

B. Key FTPF Activity Characteristics

1. Conceptual Framework

a) Target Population: The Guatemalan Investor and labor force.

This activity primarily supports a private sector approach to FTPF. Based on a review of international zones[1] it appears clear that developers are most likely to be financially successsful: when they rely upon experienced business managers and private sector resources at an early stage: when their organizations operate with a minimum of politicization; when they phase construction in step with demand; when they offer users a variety of lease/purchase options; and when they charge market prices for their facilities. Or simply stated, when managers and investors apply sound business practices.

The most financially successful zones are found in the Bahamas, Mauritius and Mexico. According to Free Trade Zone authority findings, the following factors appear to be strongly associated with financial success:

(1) Strong private sector leadership in planning project.
(2) Reliance on private capital for startup.
(3) Initial feasibility analysis conducted - site or plant chosen for economic reasons. Objective: to be financially successful.
(4) For-profit management/ownership.
(5) Prior property development experience on part of zone or factory owner.
(6) Phased land and building development in pace with demand.
(7) Autonomous, adequately funded/staffed promotional unit; professional, up-to-date promotional materials; and well-coordianted efforts with national promotion.
(8) Economic pricing of space and services.
(9) Private funding of follow-on capital needs.
(10) Private provision or services/infractstucture.
(11) Stable, flexible, accessible incentives, consistent application.
(12) Flexible options for lease/sale of land and buildings.

More precisely, the private FTPF - basically the EPZ's - in those countries have been superior performers. On the other hand, their public counterparts, corroborating the performance of public owned/operated FTPFs worldwide, have performed inadequately.

1/ Free Zone Authority, Ltd. Strategy for Free Zone Development in the Dominican Republic, July 1986.

In the Dominican Republic, an analysis of factors correlated with free zone financial success yields similar conclusions. The Santiago zone has generated surplus earnings in every year since it started while the GODR-managed San Pedro zone, even after more than 10 years of operation, still requires a government subsidy each year to cover its operating deficit. Similar performance has been identified in Costa Rica, when the private sector owned and operated FTPF at Cartago is compared with the GOCR's venture at Puerto Limón. In Guatemala, ZOLIC has created only about 500 jobs with an investment surpassing $11 million.

Further, private sector-run zones provide jobs at a lower cost to the State. In the Dominican Republic, La Romana employs 12,000 people and has never required any government funds. In Santiago, the government has spent an average of RD$6,000 per job created, and in San Pedro, RD$10,000.

When the government defines its role not as an FTPF developer but as facilitator of private initiatives, few public resources are directly expended to create employment opportunities.

b) Implementing Entity

Support for FTPF must be gained from, and coordinated among, several key organizations. The Construction, Industry and Financial Chambers as well as the Nontraditional Product Exporters and the Maquila Guilds represent the most important key players. Success requires their support. Fortunately these organizations are all members of CAEM, an institution which has demonstrated its commitment by effectively assisting in the design of new legislation supporting FTPF. Concurrently, it has mounted a well organized lobbying effort to gain the support of a broadbased constituency. CAEM has also demonstrated a successful track record in organizing the private sector for constructive action and policy dialogue.

Based on the above, this project will strengthen the institutional capability of CAEM required to implement research, development and promotional activities necessary to establish and/or expand Guatemalan FTPF. These efforts will be implemented by CAEM through the establishment of an FTPF Promotion Center.

The Center will be staffed by a Center Manager, an administrative assistant and a secretary. Staff and equipment cost has been estimated at $80,000. CAEM, through the PMU, will manage an FTPF Development Fund for promotional activities. The PED allocates $250,000 and $120,000 in local currency to support Fund Activities.

CAEM will respond to an FTPF Development Board conformed by representatives from the organizations noted above (the selected member chambers and two guilds).

Simultaneously, this project will support the Minister of Economy to implement the required legislation and if the political will exist to turn

ZOLIC into a commercially profitable venture. PED's support to the GOG in areas closely related to this element are described under the CONAPEX element and the New Private Initiatives Component.

2. Action-Oriented Support

CAEM will direct its assistance to projects showing near-term results. Additionally, CAEM should generate revenues for its operations, in concordance with this project overall cost-sharing and leveraging approach.

No one can predict which private FTPF initiative will succeed. But risks should be minimized. Among others, CAEM will consider the following actions to maximize the probability of successful outcomes:

a) CAEM will offfer certain basic forms of assistance at low cost to all existing and potential FTPF developers. Examples of such general assistance include provision of orientation materials and seminars to all interested parties, and the creation of opportunities for newly-designated zones to meet potential joint venture partners, primarily experienced private developers. CAEM will also provide an invaluable general service by offering regular feedback from foreign investors who deal with the various FTPF.

b) CAEM will provide in-depth assistance to sponsors of selected zones. This assistance will include help in market demand analysis, physical design, financial planning, and management procedures. As noted previously, a selection criteria must be adopted to ensure that such services go to zones with good take-off potential.

In targeting recipients for the FTPZ specific support services, CAEM will give primary weight to attributes of the investor(s). The capability and initiative of the developers are very important success factors — as important as infrastructure, labor force, access to markets, or quality of life. Although judgements of such characteristics are inherently subjective, an objective test of commitment will be applied by CAEM to identify such high-potential developers.

This test is simply to require that developers, particularly those requesting FTPF-specific types of support from CAEM, put some resources of their own at risk. Initially, in the development of the FTPF itself, and after an initial two-year promotional period, through their readiness to cover the costs of the services. An unwilling investor is not as likely to create a financially and economically successsful FTPF in the near term as are more committed developers. Hence, unwilling investors can be legitimately considered lower priority to receive targeted support services.

c) Based on current demonstrated interest by Guatemalan investors, and on the expected results from the Investors Promotional Campaign, requests for assistance may surpass reasonable prospects for immediate results. Further, resource constraints limit the assistance that could be offered even to those FTPF with excellent prospects. Finally, CAEM

must be able to demonstrate that clients selected have been chosen in a non-capricious manner. Addressing these issues, CAEM will develop priority setting criteria for its services. Three main areas will be analyzed to determine validity of support.

i) Attributes of Private Investors.

Are any of the principals of the project experienced in industrial development/property development?

Are they well-regarded within the community?

What amount of private capital have the principals put into the project to date? What type of other resources?

What private resources will they commit to put at risk in the future?

Is the project being conducted on a for-profit or a non profit basis?

ii) Attributes of the Site and Surrounding Area

If a site has been selected, what were its principal advantages and disadvantages relative to other locations in the community?

What is the present size of the labor force in the community? unemployment rate?

What is the travel time to the nearest international airport? Seaport?

What is the quality of water/sewerage? Power? Local roads? Telecomunications?

ii) Status of Project Development

What research has been done by the investor into the experiences of other FTPF?

What research has been done into market trends and location factors of targeted sectors? What types of factory shells are being constructed in the first phase? (Describe building type and average size in general terms.)

How many companies to date, if any, have made firm commitments to lease property in the zone?

C. Support Services for FTPF

The following concrete services will be provided by CAEM to prospective FTPF investors.

1. Orientation Materials.

- How to develop a free zone. English and Spanish language versions of this guidebook are now in production. CAEM will prepare an appendix to the introductory guidebook containing highlights of adopted legislation, and available services.

- Sectoral overview on offshore production trends and location criteria. Several short papers (4-5 pages each) in Spanish will be prepared for developers regarding the key location decision-making factors and industry trends for important markets such as: electronics, garments, agro industry, information services, handicrafts, jewlery, toys

2. Seminars on "Nuts and Bolts"

CAEM will sponsor seminars covering the following subjects:

- Overview of free zone activity in the Caribbean Basin (types of FTPFs, highlights of successful/unsuccessful projects; what industry sectors are "hot," etc.)

- Key factors in location decision making by foreign investors

- Assessment of project's strengths and weaknesses (identifying any prohibitive factors, and if there are none, determining the highest-potential sectors).

- Organization of the project development team.

- FTPF planning.

- FTPF financing (including potential use of debt conversions, and of partnerships with foreign private FTPF organizations).

- Construction supervision.

- FTPF management and marketing.

Attendees will receive notebooks containing more detailed information about subjects covered in the seminars, including model physical plans, representative lease agreements and covenants, and background on financial institutions. An illustrative curriculum is appended in Attachment 1. CAEM will, with USAID/Guatemala assistance organize a documentation center to compile and catalogue rapidly multiplying consultants' reports and

publications dealing with FTPF. This collection will be open to interested investors.

3. Pre-Investment Analysis

CAEM will also arrange, for projects with near-term success potential, technical assistance that goes beyond the information presented in the seminars. Targeted support services will be provided in the following areas:

- Opportunity identification/preliminary strategy development.
- Planning (managerial, physical and financial).
- market analysis

CAEM will support FTPF specific service that might be construed to create close relations between CAEM and individual FTPF, such as market surveys, financing, and direct promotion.

4. "Matchmaking" with Partners.

One of the most highly-leveraged forms of support services by CAEM to Guatemalan investors will be to create opportunities for "matchmaking" with strong developers, financial institutions, and/or vocational/technical institutions.

After giving interested investors background information on possible forms of partnership (e.g., joint ventures, bonded warehouses, turnkey operations, shelter programs, and management/marketing contracts), CAEM will initiate approaches to experienced developers in Guatemala as well as firms in North America, Europe, and the Far East. Interested foreign partners could then be invited to meet representatives of local investors at activities especially targetted to this purpose. Revenue generation lines for CAEM, e.g., a one-time brokerage fee payment by successfully-matched partners used to defray the costs of this service, will be established. PMU as well as the Nontraditional Product Exporters Guild will support CAEM with their information facilities.

5. General Marketing Assistance

Two major activities will be sponsored by CAEM to yield a higher "capture rate" of foreign investors.

a) Audiovisuals will be produced to promote Guatemalan FTPF. At appropriate domestic and international events, a video will be shown highlighting the range of Guatemalan opportunities. A shorter version of the video will be sold to individual FTPF, or their associations, allowing them to insert their tailored segments at the front and back end of the presentation, with a general segment in the middle on the country's incentives and

investment climate. Slides and related material will also be produced for deb top presentations. A companion promotional kit will be prepared.

b) A readily updatable kit, with profile opportunities throughout the country, will be prepared for distribution to CAEM investor contacts. The information kit will include highlights of on-going ventures and provide names, addresses, and telephone numbers for further information. This kit will originally build its message around existing maquila operations, highligthing the lower unit costs obtained in Guatemala.

6. Referrals of Subcontracting Work

By virtue of its contacts in coming years with foreign investors, CAEM will also be well-positioned to provide useful referrals to FTPF operators throughout the country.

Ocassionally CAEM may be approached by foreign companies seeking to engage Guatemalan firms in subcontracting production of electronic, garments, or other 807 type products. To meet this demand, capabilities of specific firms will be compiled and maintained. Listing fees will be generated for CAEM.

7. Ombudsman/Troubleshooting Services

FTPF working with CAEM might draw upon the organization's help from time to time in resolving disagreements over customs procedures, work visa approvals, or utilities. FTPF will also benefit greatly from updates on the comments--formal or informal--received from foreign investors after their visits. The observations made by such firms, especially in cases where a negative decision about investment is reached, will pinpoint specific problems for which remedial steps should be taken. CAEM is uniquely suited to discuss problem resolution with its members (i.e., Financial, Industrial or Construction Chambers) and to act as key private sector policy dialogue discussant.

8. FTPF Policy Dialogue

CAEM will be the private sector driving force identifying, setting priorities, and promoting an improved policy environment. The Minister of Economy will be the key counterpart on the public sector side. AID support will foster a constructive dialogue by both sectors on the export area through the National Export Promotion Council (CONAPEX). The policy dialogue, under the FTPF context, will include: legislation - comprising laws, decrees and regulations; procedures and requirements; private sector practices; and implementing entities. Policy negotiations will commence immediately after project start-up.

In this context, the following illustrative list of policy actions have been identified by Guatemalans and corroborated by specialists during the intensive review:

a) In-depth discussion and presentations on the benefits provided by existing legislation (e.g. Decree 21-84). These discusions will include:

(1) The possibility of establishing free zones as bonded warehouses (almacén fiscal). This would allow tenants to operate in foreign exchange (converting operating expenses into quetzales) and EPZ companies to charge rent in dollars. In addition to providing investors with a significant incentive, this arrangement would also minimize regulatory impediments.

(2) Another option for the legal operation of the EPZ while new legislation is enacted, would be to have the entire zone, as well as each of its tenants, operate under the provisions of the Drawback Law (as modified by a joint public-private sector commission). Although re-export companies would be able to operate with a minimum of regulatory obstacles, the major disadvantage is that companies would have to turn all of their foreign exchange earnings into the Central Bank. While this is not a problem at current exchange rates, the competitiveness of the re-export companies (and consequently the continuation of the jobs and exports created) would be subject to Government exchange rate policies.

b) Identification of the main constraints which impede the commercial management of ZOLIC. Optimization of labor generation and enhanced profitability will be originally targetted. As the FTPF activity gains momentum, a stronger private sector influence in ZOLIC management may be fostered. After the GOG decides to make ZOLIC work, improvements will be promoted and "software" implementation (i.e., promotion) supported.

c) Submittal of final language on improved temporary import and new FTPF legislation. After laws are approved, required regulations will be drafted and negotiated,. Assistance will be provided to GOG on law implementation, and small workshops will explain the benefits to private sector investors and to the Lawyers Professional Association (Colegio de Abogados). USAID expects this cycle completed by the summer of 1988.

d) A domestic promotional campaign will be launched. This campaign, building on the enacted legislation, will focus on a single theme: Guatemala's industrial export competitiveness.

e) Research problems with existing custom procedures, develop solutions, and promote desired changes.

f) Research potential problems with potential future quota allocation, and initiate solutions which anticipate future quota negotiations.

g) Streamlined immigration procedures pertinent to FTPF.

h) Research existing procedures for advance approval of imports and consular invoicing, develop improved alternatives, and promote their adoptions.

i) Restrictions on air freight service and their impact on FTPF will be identified. Findings will be used by CAEM to negotiate, through CONAPEX, improved air freight policies and regulations (both stated or implicit) affecting FTPF. Equally important, identify bottlenecks impeding fast turn around time at maritime ports. This process will address the "software" components (i.e., rules, regulations, practices), and excludes hardware (i.e., port infrastructure).

j) Identification of mechanisms to improve financing legislation in medium and long term financing pertinent to FTPFZ investments.

k) Identification of policies, regulations and practices which further aggravate the existing poor telecommunication services to FTPFz, design improved alternatives, and promote them.

As a direct result of the policy dialogue process highlighted above, a Guatemalan FTPZ Development Strategy will emerge. This project element has opted for a progressive approach to the strategy design, instead of an initial master blueprint. Extensive work along these lines, has already been done in several countries (i.e., the Dominican Republic and Costa Rica). The documentation generated, through USAID's funding, will help the Guatemalan process. Highly targetted external technical assistance from the U.S. and other countries will assist in the progressive and synergetic emergence of a Guatemalan FTPF strategy, directly designed and negotiated by Guatemalans. A policy dialogue based on constituency support, rather than in technocratic design, is the fundamental approach spoused by USAID/Guatemala in the PED project (see project rationale).

D. Direct Support Assistance

During intensive review, CAEM identified several investment groups, who demonstrated interest in FTPF. Based on this initial approach, USAID/Guatemala funded a brief pilot technical assistance service to the investor who best met the selection criteria described above. The outcome far supassed expectations. During four days, a consultant worked with USAID/Guatemala, CAEM and the interested investor. As a direct result of this assistance, a firm decision is under financial review to initiate construction on an ambitious industrial park which meets the most important site criteria specified by the consultant.

The consultant's judgement was double checked with recommendations made by other experts in the field. The International Parks, Inc., on its report to FIDE A Private Sector Export Processing Zone System for Honduras, April 30, 1986 (preliminary report), lists the following site criteria, not necessarily in order of importance:

A. 400,000 to 3,000,000 square meters (40 to 75 hectares for 10,000 employees).

B. Flat land (permit buildings of 2,000-4,000 M2).

C. Adjacent to good highway.

D. Close to residential area(s) for labor supply.

E. Good construction and soil-bearing conditions.

F. Substantial electricity service.

G. Good quantity and quality of water (city/wells).

H. Good storm sewers and/or drainage.

I. Liquid-waste disposal (city sewer or treatment).

J. Access to airport.

K. Access to port and rail.

L. Proximity to managers' residential areas.

M. Available land for future expansion.

N. No nearby noxious conditions (smoke, odor).

O. Protection from flooding (i.e., high and dry).

P. Probable cost of land acquisition.

Q. Ease of development in phases.

R. Nearby supporting services.

S. Transportation facilities for employees.

T. Proximity to central city.

U. Fire protection.

V. Employee services available (food, day-care, health, etc.).

W. Security requirements.

X. Population and size of labor supply.

Y. Problems of land acquisition (e.g., many owners).

Z. Political and social acceptability of site.

The potential land area for an industrial park in Guatemala is owned by the investor group, and surpasses 400,000 square meters with land available

for future expansion; an excellent highway borders the site; water, electricity and telecommunication exist; it is located near a town with an estimated population of 300,000 people; relatively near the capital (twenty minutes by car, sixty by container truck) and its airport; it has good drainage; and is placed in a rural setting, and in an area of chronic underemployment. Escuintla, the fastest growing city in Guatemala, is less than half hour away with regular interurban bus lines running frequently.

The investor group has experience in real estate development, textile manufacturing, exports and financing. Initially the investors plan to build facilities for maquiladoras, while waiting for FTP legislation. The proposed strategy fits USAID approach. The number of maquiladoras, as noted above, has risen from 2 in 1983 to 53 in 1986. Projections for 1987, (95 firms) indicate an 80 percent increase over 1986. Maquiladora rent per square meter jumped from $0.60 in 1986 to $1.00 in June 87.

Preliminary figures show that the proposed industrial park/EPZ, must rent its square feet at $1.40/month or 40 percent above the current rate. Maquila operators interviewed confirmed the notion that rent is a very small component of their unit cost (3-4 percent) and that there will be ample demand for this maquila industrial park (i.e., demand inelastic) at those rates.

Based on this analysis, CAEM and the investor group are considering an immediate launching of a "demonstration FPTF project." If all the interested parties reach agreement, PED assistance will collaborate with the industrial site design, and the promotion and management of this FPTF. This "maquila park" will be built with the flexibility to become an EPZ. Area for fencing, customs, a very small administrative unit, and a service center (e.g., telex, facsimile, labor relations) will be set aside early in the design phase. The suggested approach will also include modular expansion to both plant and/or zone expansion.

The first phase, to be completed during the life of the project, will include:

a) park design and infrastructural development;

b) 20 industrial shells developed (at 2,000 square meters per shell);

c) expected investment: $7 million dollars;

d) projected employment impact: 6,000;

e) projected gross exports: $36 million dollars; and

f) projected net exports: $7.2 million.

During this initial period, CAEM will launch a one-on-one promotional campaign with the rest of the investors identified during intensive review. As part of this promotion, an "Investors Observation Visit" to the Dominican Republic will be organized. Participating investors will finance all their

direct costs. CAEM will also host an FTPF Investors Conference in Guatemala City to provide a forum for investment companies already involved in FTPF management and development in the Caribbean Basin. This conference will capitalize on interest generated by pilot promotional activities pursued during intensive review (e.g., investors in La Romana, Dominican Republic showed interest on a possible EPZ operation in Guatemala; and an even stronger interest, demonstrated through visits to Guatemala by high level executives, was indicated by Cartago investors in Costa Rica.)

IV. BENEFICIARIES

What would be the human impact of FTPF? Although USAID/Guatemala does not have exact profiles for Guatemala, the experience gained in other countries provides useful insights. The following profile was presented for the Dominican Republic.1/ Female workers share will surpass over 85 percent of labor force. Their age bracket ranges from 18 to 25 years. Usually, workers are single mothers, supporting one or more children. Before FTPF, they didn't have a permanent job, and eaked their poverty-ridden existence though occasional jobs as domestic servants or by begging. The more fortunate ones, those who had not been abandoned by their also poor families, received some meager support from their relatives. After their employment by an FTPF, they usually move up from pauperism to poverty. As part of the working poor, she is financially "independent". Her children's nutrition improve. She spends her income in food (40%), clothing (30%), transportation (5%), housing (20%) and miscellaneous (5%). Approximately 6,000 workers should have productive jobs in FTPF. It is not unreasonable to expect a minimum of 5,000 women finding gainful employment in these facilities.

V. Expected Achievements/Accomplishments

The benefits of the proposed project can be indicated in relation to the criteria underlying USAID/Guatemala's private sector strategy:

- Leverage: USAID's direct investment of $250,000 would be leveraged by $5 million in private equity investment (or debt financing), as well as additional private investment in re-export industries. In addition, the project would generate about 6,500 direct jobs and about $39 million in export earnings.

- Broad reach: The project effectively works through the private sector towards alleviating structural problems, involving income distribution and access to resources, by opening up opportunities for new entrepreneurs to invest in FTPF, and for underemployed Guatemalans to work at improved wages.

- Compatibility with GOG objectives: By creating significant numbers of jobs and opportunities for a broadening of the private sector, this project element is compatible with GOG objectives.

1/ Jimenez, Pedro

- Demonstration effect: FTPF will undoubtedly be replicated, as has occurred with similar models in Mexico and the Dominican Republic.

- Removal of constraints to investment and exports: The project provides a vehicle that will attract private investment by facilitating access to the large assembly industry market where Guatemala has a significant comparative advantage.

- Improving the business climate image of Guatemala: FTPF can change investor perceptions of a country by providing an operating environment with the simplicity necessary to attract small and medium-size firms. Many Newly Industrialized Countries have used FTPF to demonstrate an uncomplicated business climate.

- Increasing competitiveness of local producers: A Guatemalan FTPF program can accelerate industrial reconversion by promoting subcontracting links with efficiency-conscious local firms.

- Demonstrating Market-Oriented Policy Reforms: In its structural negotiations with the IMF and the World Bank, Guatemala may wish to emphasize the role of its FTPF in pioneering new tax, tariff, regulatory, and privatization policies, as well as the tangible benefits accruing from the export sector.

Additional benefits include:

- Strengthening of private sector organizations which support FTPF activities,

- Successful development of a private sector capability to build, promote and manage FTPF which provide a wide range of services to its clients.

- A mechanism for successfully promoting foreign investment in Guatemala.

- In conjunction with the PED's Financial Markets element, a mechanism to mobilize Guatemalan capital into projects that stimulate increased investment in FTPFs.

- Expand the demand for the construction sector through the establishment of at least 20 re-export companies on 650,000 sq. feet of new industrial construction. This sector is working at 60 percent capacity.

VI. FTPF Outputs

1. New legislation on temporary inputs (i.e. drawback) and on Export Production Facilities enacted.

2. Improved customs procedures which half the time required to move temporary imports through customs.

3. A Guatemalan FTPF strategy designed and approved by GOG and private sector authorities.

4. Ten seminars/workshops organized (including three international fora), attended by 150 participants.

5. One EPZ designed and at least two EPZ in advanced negotiation phase.

6. An FTPF Investor Support Center staffed and providing services.

VII. FTPF Inputs

AID will grant $250,000 and $200,000 in local currency to implement the research, development and promotion strategy for Guatemalan FTPF. This RDP will be supported by, and support other project elements, that is: SME technology transfer center; SME guarantee fund; export promotion; and financial markets innovations. Specifically, the SME guarantee fund will facilitate access to working capital by maquila operators.

Grant funding will be invested in:

	AID FX	GOG LC
Technical assistance to support activities leading to the Guatemalan FTPF strategy	$50,000	20,000
Technical assistance to support the design, initial management and development of a maquila park/EPZ	$50,000	30,000
Technical staff and equipment assistance to support and train CAEM in establishing and maintaining an FTPF Investors Service Center	$100,000	100,000
Pilot International Promotional Activities	$50,000	50,000
FTPF Grand Total	$250,000	$200,000

VIII. End of Project Status

1. A well defined FTPF strategy and a functioning FTPF Investor Support Center.

2. One EPZ fully operational.

IX. U.S. Legislative Guidance

TEXT OF THE LAUTENBERG AMENDMENT
(SECTION 559 OF THE FY 1987 FOREIGN
ASSISTANCE APPROPRIATIONS ACT)

None of the funds provided in (the FY 1987 Foreign Assistance Appropriations) Act . . . to the Agency for International Development, other than funds made available to carry out Caribbean Basin Initiative programs under the Tariff Schedules of the United States, 19 U.S.C. 1202, Schedule 8, Part I, Subpart B, Item 807.00, shall be obligated or expended -

USAID/Guatemala funding of the RDP on FTPF complies with the LAUTENBERG AMENDMENT. This element will be financed through funds made available to carry out Caribbean Basin Intitiative programs. It also meets the 807 criteria.

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ZONE DEVELOPMENT/MANAGEMENT CURRICULUM

WEEK 1: ZONE DEVELOPMENT COURSE

Monday: Background on Zone Development

UNDERSTANDING THE CONCEPTS. What a free zone is; what types exist; what the advantages and limitations are.

EVALUATING THE ZONE DEVELOPMENT OPPORTUNITY

Site Analysis and Preliminary Selection
Examination of Obstacles
Making the Go/No Go Decision

FIELD TRIP: TOUR OF OPERATIONAL FREE ZONE

Tuesday: Prefeasibility Studies

ANALYZING DEMAND AND DEVELOPING A PRELIMINARY ZONE STRATEGY

Evaluating Competitive Facilities
- industry mix
- absorption rates/lease costs
- special problems/successes

Assessing Demand

- identification of feasible sectors
- identification of desirable sectors.
- conducting the market survey
- projecting absorption rates

Preparing the Preliminary Strategy

- Choosing the lead development/management institution
- Relationships with other institutions
- Packaging Zone Incentives

  - o identification and/or improvement of tax incentives
  - o identification and/or improvement of customs relief provisions
  - o identification and/or improvement of regulatory incentives
  - o one-stop permit approvals
  - o foreign exchange requirements
  - o joint venture requirements
  - o profit repatriation requirements
  - o local content requirements
  - o inventory monitor and control requirements
  - o access to local market issues

- pollution and environmental control issues
- organized labor's participation issues

- Identifying possible sources of capital

Wednesday: Feasibility Studies

CONDUCTING THE FEASIBILITY STUDY

Marketing/Promotional Planning

- expanding the market survey/absorption projections
- setting the right price

Physical Planning

- detailed site analysis
- final site selection
- selection of land/building ratio
- plot plan and infrastructure configuration
- standard factory/office building specifications
- Customs facilities
- security and inventory control issues
- worker and vehicular traffic flow considerations

Management Planning

- design of effective organizational structure
- design of internal control/monitoring mechanisms

Developmental Linkages Planning

Thursday: Assessing Financial/Economic Feasibility and Securing Capital

FEASIBILITY STUDY (CONTINUED)

Financial Analysis

- financial and economic objectives and constraints
- cash flow projections
- internal rate of return projections
- debt/equity leveraging
- return on investment projections

Economic Analysis

- economic cost/benefit

ARRANGING FOR FINANCE

Identifying Sources of Finance
Preparing Loan/Investment Proposals
Establishing financial information systems and internal controls

Friday: Developing the Site and Building Facilities

OVERSEEING SITE ENGINEERING AND CONSTRUCTION

Choosing a developer and constructor
Choosing a site engineering team
Supervision
Documentation of workplan, timeline

WEEK 2: ZONE OPERATIONS COURSE

The second segment of the course will focus on specific problems typically associated with zone operation, of special relevance to zone administrators.

Monday: Orientation

TOUR OF ZONE MANAGEMENT OFFICE/FREE ZONE COMPANIES

Review zone administration building, representative businesses, and Customs clearance facilities

GUIDELINES FOR SUCCESSFUL ZONE OPERATIONS

Summary of rules of thumb for zone management, tenant selection, marketing, etc.

Tuesday: Zone Administration

STRUCTURING YOUR ZONE MANAGEMENT ORGANIZATION

What others are doing
Determining what's right for your zone

DEFINING JOB FUNCTIONS AND INTERNAL INCENTIVE SYSTEMS

Typical job responsibilities
Innovative compensation systems

ESTABLISHING INFORMATION/REPORTING SYSTEMS

Management Information Systems
Financial Information Systems
Statistical Information Systems

COORDINATING ZONE ADMINISTRATION WITH CUSTOMS OFFICERS

Wednesday: Zone Promotion and Tenant Requirements

TARGETING NEW AND EXISTING SECTORS

Traditional sectors
Emerging sectors

MAKING AND FOLLOWING-UP INVESTOR CONTACTS

Identifying specific names and companies
Shotgun vs. Rifle Shot techniques and follow-up

REVIEWING APPLICATIONS AND SELECTING ZONE TENANTS

Key criteria for tenant selection
Streamlining the review process

EFFECTIVE PROPERTY MANAGEMENT: RULES OF THUMB

Tenant responsibilities
Management responsibilities

Thursday: Expanding the Zone

INNOVATIONS IN INFRASTRUCTURE AND BUILDING DEVELOPMENT

Water, sewer, storm drainage systems
Power systems (including standby generators)
Standard factory buildings/office buildings

DECIDING WHEN TO EXPAND

NEW FINANCING OPTIONS FOR ZONE DEVELOPMENT.

Involving indigenous private developers
Foreign investors

Friday: External Relations

ENSURING CONSTRUCTIVE RELATIONS WITH LABOR ORGANIZATIONS

Worker transportation/amenities
Relationships to training centers

DEVELOPING NEW LINKAGES TO THE COMMUNITY

Public sector
Private sector

SAFEGUARDING AGAINST CHANGES IN FREE ZONE GROUNDRULES

Nurturing supportive constituencies
Press relationships

III. BASIC CONCEPTS

The purpose of this chapter is to review the physical settings and incentive policies fundamental to an understanding of free zones. When taken together, the "hardware" of an industrial estate or office park and the "software" of incentive policies constitute an effective vehicle for private sector-oriented development.

A. INDUSTRIAL ESTATES AND OFFICE PARKS

1. Industrial Estates

An industrial estate can be defined as an area of land selected and developed under the control of an operating agency, subdivided and managed according to a comprehensive plan for the use of a community of industries. Improved land can be rented, leased with option to purchase, or sold. Within an industrial estate, one or two-story standard factory buildings are provided, often in modules from 600 to 3000 sq. m. in size. Services can be of a wide variety, ranging from basic infrastructure of roads, electric power, gas, water, sewerage and telecommunications to canteens and restaurants, vocational training and business incubation/support centers. Frequently, industrial estates include covenants in their sale or lease agreements that oblige occupants to observe architectural, landscaping, and/or building maintenance standards. Initially developed as a means of economizing on the costs of providing industrial infrastructure, industrial estates have become over the past three decades a standard economic development tool throughout the world. Increasingly, estates are oriented towards small-scale indigenous enterprises, as well as to larger foreign-owned manufacturing concerns.

2. Office Parks

Office parks are to companies in the service sector what industrial estates are to companies engaged in assembly and manufacturing operations. With the shift to services, the economies of many developed countries are now witnessing the proliferation of campus-like office parks, catering to research and development, engineering, communications, corporate headquarters, and other information-intensive operations. Physically, office parks resemble industrial estates, except that building:land coverage ratios tend to be lower, multistory buildings more standard, landscaping and amenities more abundant, and shared-use communications and computer facilities more common. Rental and sales prices for office park land and buildings are generally higher than for industrial estates, reflecting the higher value-added nature of the activities conducted by occupants.

B. FREE ZONES

A free zone is a physically or administratively defined area offering liberalized tax, tariff, and/or regulatory conditions for business.

Throughout the world, free zones have been created as a means of initiating or accelerating the process of reorienting a nation's domestic economy to the world market. Typically, in the early stages of industrial development in the developing world, governments tend to adopt strategies and incentives strongly biased in favor of indigenous industries producing for the local market, most often at higher prices and of lower quality when compared to world market standards. While there may be justification for this early import-substitution phase of industrial sector growth, it generally creates a network of special interest groups which later frustrate attempts to reorient policy in favor of more efficient export-oriented industries able to compete internationally, penetrate the large markets of the industrial world, and contribute more strongly to economic growth.

Pending basic changes in government policy affecting the entire industrial sector, free zones are a proven opening gambit. The special environment of free zones tends to offset the economic distortions arising from excessively protectionist governmental policies that restrict the flow of resources into the export sector. Free zones, in effect, provide the cutting edge for export-led economic growth by packaging and promoting a country's existing "inventory" of comparative advantages to, primarily, foreign investors who are then permitted to operate with special incentives and minimum regulatory intervention after qualifying as free zone export industries.

Free zones can take a number of different forms, including:

1. Export Processing Zones

Export Processing Zones (EPZs) are industrial estates offering duty-free imports for export manufacturers engaged in transformation of raw and intermediate materials into finished products. Beyond duty-free movement of goods, the "software" of the EPZ often includes tax and regulatory relief measures designed to attract foreign direct investment. Firms operating in EPZs are generally offered tax holidays of from five to 25 years, and exemption from foreign exchange controls and restrictions on repatriation of capital and profits.

The above definition applies to the classic enclave EPZ projects as exemplified by the Kingston Free Zone (Jamaica) or the Bataan Export Processing Zone (Philippines). These zones cater to assembly type industries (such as garments and electronics) for export markets, primarily the United States. In most instances, the fundamental comparative advantage of EPZs has been the availability of a low cost, productive labor force.

In recent years, the concept of the EPZ has been expanded beyond the limits of a traditional industrial estate and been adapted to include numerous other activities not necessarily dependent on low-cost labor. Countries such as the Bahamas and the People's Republic of China have implemented projects catering to sectors other than assembly-type export industries. In Freeport, Grand Bahama Island, a private corporation has developed a US$2 billion free zone complex under terms of a 99 year concession granted in 1958. By 1965, the project had installed the largest man-made harbor in the world, an oil refinery, industrial parks for light industry, tourist facilities and hotels, agro-industries, and residential housing and beach properties. Another example is the People's Republic of China where private Hong Kong capital as

well as government funds have been invested in infrastructure development in the Special Economic Zones. In China, free zones have also been used as proving grounds for liberalization of restrictive labor codes as well as privatization of infrastructure. Low cost labor has been a key incentive for some Chinese projects, but access to raw materials and the prospect of selling to the domestic market have also motivated private investors.

In Brazil, access to the domestic market has also been an attraction for free zone users. A free zone project has been established in Manaus (an area in the heart of the Amazon) for the manufacture of goods based on domestic raw materials. Numerous companies, including U.S. and Japanese investors have established facilities there and the majority of products are sold in the domestic market. The Manaus project exemplifies the role that can be played by free zones as a tool for regional development.

2. Data Services Zones

Data services zones are now emerging as the next wave of export-processing zone style-facilities. Patterned after office parks rather than industrial estates, these zones cater to the rapidly-growing information services sector. In recent years, tens of thousands of labor-intensive data entry and data processing operations have moved "offshore," taking advantage of labor rates less than 25 percent of those prevailing in the United States. Jamaica (with the Montego Bay Free Zone) and the Dominican Republic (with the forthcoming San Isidro Free Zone) are at the forefront of this new free zone phenomenon.

Besides providing office buildings rather than Standard Factory Buildings, Data Services Zones are distinctive in their provision for the advanced telecommunications needs of their tenants. Recent liberalization of transborder links by U.S. satellites means that Caribbean Basin countries, in particular, have increased opportunities for attracting service sector firms. The Jamaican Government has recently requested that the U.S. Federal Communications Commission approve private satellite links to a "teleport" facility within the zone, as a means of lowering international voice and data communications costs by a factor of five or more. In the Dominican Republic, similarly, the private developers of the San Isidro zone are investigating the feasibility of a microwave link to Puerto Rico, which can then connect to the domestic U.S. communications system.

Although data services zones at present principally concentrate upon routine text and data keyboarding operations, they will evolve towards higher value-added activities in the future. The advent of low-cost, high-quality telecommunications will make possible 800 number and telemarketing operations, remote secretarial services, etc. Already, the Dominican Republic has pioneered offshore engineering services, with electrical engineers digitizing paper maps and plans into computer memory for retrieval by a major U.S. telephone company. This operation, which now employs almost 200 persons, is expected to triple in size in the coming year.

3. Enterprise Zones

Enterprise zones provide tax and regulatory incentives targeted upon indigenous firms in areas of high economic distress. In most communities where this technique has been used in Great Britain and the United States, the goal has been more one of urban redevelopment than industrial development per se.

Rather than comprising a single property or industrial estate, enterprise zones usually include all industrial, commercial and residential property throughout a neighborhood. The sponsoring jurisdictions seek to create a "climate of opportunity" in the area by reducing tax and administrative burdens that may discourage existing residents and merchants from revitalizing their shops and homes. The incentives are also designed to reverse long-standing perceptions among developers, bankers, investors, realtors and insurors. As expectations for the areas's land values improve it becomes more likely to attract new business.

These zones tend not to be oriented toward a single business sector, such as export manufacturing, but are intended primarily to improve the quality of life for people by creating new job opportunities in areas of high unemployment. Many zone sponsors, however, have also had the goal in mind of promoting the transition of an industrial district from one generation to another. In some cities, for example, 19th Century factory buildings have been converted to office complexes to adapt their uses to prevailing trends in business demand.

The way enterprise zone incentive are shaped and the emphasis placed on various objectives during the marketing of the zone can greatly influence the private sector's response. The zone sponsors can by policy seek to create an identity for a zone that helps focus certain kinds of business in the designated neighborhood. Thus, special incentives can be developed for small-scale indigenous firms to form supply linkages with larger, foreign-owned companies, including companies operating in export processing zones or data services zones.

CONGRESO DE LA REPUBLICA DE GUATEMALA

DECRETO NUMERO ____

EL CONGRESO DE LA REPUBLICA DE GUATEMALA

CONSIDERANDO:

Que es función esencial del Estado crear las condiciones necesarias para que se multipliquen las fuentes de producción generadoras de riqueza y establecer, asímismo, los mecanismos indispensables para lograr que la misma se traduzca en bienestar que alcance a todos los sectores de la población guatemalteca; especialmente en lo que al fomento y producción de la actividad exportadora se refiere;

CONSIDERANDO:

Que es estímulo directo para la creación de empleos productivos, el establecimiento de empresas que se dediquen a producir para exportar, lo cual conlleva efectos positivos de tipo social y económico que inciden en la ampliación del mercado interno y una mejor utilización de la capacidad instalada con que cuentan las empresas en el sector productivo;

CONSIDERANDO:

Que para cumplir con los objetivos mencionados en los considerandos anteriores, es procedente emitir una ley de fomento y desarrollo a las empresas de exportación, con el objeto de colocar al país dentro de niveles adecuados de competitividad en relación con la capacidad exportadora del resto de países;

POR TANTO:

En el ejercicio de las atribuciones que le confiere el Artículo 171 inciso a) de la Constitución Política de la República de Guatemala,

DECRETA

La siguiente:

LEY DE FOMENTO Y DESARROLLO DE EMPRESAS DE EXPORTACION

CAPITULO I

CAMPO DE APLICACION

ARTICULO 1. La presente ley tiene por objeto promover el establecimiento y desarrollo en el territorio aduanero nacional de empresas que se dediquen a la exportación de mercancías con destino a países fuera del área centroamericana, así como regular sus actividades de funcionamiento y producción, dentro del marco de los Regimenes de Perfeccionamiento Activo y de Importación Temporal con Reexportación en el mismo Estado.

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ARTICULO 2. No gozarán de los beneficios otorgados por la presente ley, las empresas que se dediquen a la exportación de los productos siguientes: Café y cardamomo en cereza, pergamino y oro; ajonjolí sin descortezar, azúcar de caña refinada y sin refinar; algodón sin cardar, banano fresco, ganado bovino de raza fina y ordinaria; carne fresca, refrigerada o congelada; y, petróleo crudo sin refinar.

ARTICULO 3. Para los efectos de la aplicación de esta ley, las mercancías pueden ser objeto de los Regímenes de Perfeccionamiento Activo y el Régimen de Importación Temporal con Reexportación en el Mismo Estado, que se definen a continuación:

a) Régimen de Admisión Temporal: Es aquel que permite recibir dentro del territorio aduanero guatemalteco en suspensión de derechos arancelarios e impuestos a la importación, mercancías destinadas a ser exportadas o reexportadas en el período de un año, después de haber sufrido una transformación, elaboración o ensamble.,

b) Régimen de Devolución de Derechos: Es aquel que permite en el momento de la reexportación de las mercancías, obtener la restitución de los derechos arancelarios e impuestos a la importación pagados en depósito, que haya gravado mercancías internadas temporalmente, productos contenido en ellas o consumidos durante su producción.

c) Régimen de Reposición con Franquicia Arancelaria: Es aquel que permite importar con exención de derechos arancelarios e impuestos a la importación, mercancías idénticas a las que habiendo sido nacionalizadas han sido utilizadas para obtener los productos previamente exportados en firme.

d) Régimen de Importación Temporal con Reexportación en el Mismo Estado: Es aquel que permite la introducción en el territorio aduanero nacional con suspensión de derechos arancelarios e impuestos, la importación de ciertas mercancías destinadas a usarse con un propósito específico, que deberán ser reexportadas en el plazo de seis (6) meses, sin haber experimentado modificación alguna.

ARTICULO 4. Al amparo de la presente ley las empresas podrán calificarse como:

a) Empresas maquiladoras bajo el Régimen de Admisión Temporal;
b) Empresas exportadoras bajo el Régimen de Admisión Temporal;
c) Empresas exportadoras bajo el Régimen de Devolución de Derechos;
d) Empresas exportadoras bajo el Régimen de Reposición con Franqui-

cia Arancelaria; y,

e) Empresas exportadoras bajo el Régimen de Importación Temporal con Reexportación en el Mismo Estado.

ARTICULO 5. Se entenderá por empresas maquiladoras bajo el Régimen de Admisión Temporal, aquellas cuya actividad productiva se oriente a la transformación y/o ensamble de mercancías, que contengan como mínimo el ochenta (80) por ciento de insumos extranjeros, que destinen la totalidad de su producción a países fuera del área centroamericana y que garanticen ante el fisco la permanencia de las mercancías admitidas temporalmente, mediante fianza, garantía bancaria o garantía fiscal.

ARTICULO 6. Se entenderá por empresas exportadoras bajo el Régimen de Admisión Temporal, aquellas cuya actividad productiva se oriente a la elaboración o transformación de mercancías, que destinen su -- producción total o parcialmente a la exportación o reexportación y que garanticen ante el fisco la permanencia de las mercancías admitidas temporalmente mediante la constitución de Fianza.

ARTICULO 7. Se entenderá por empresas exportadoras bajo el Régimen de Devolución de Derechos, aquellas que se dediquen a la elaboración o transformación de mercancías, que destinen su producción total o parcialmente a la exportación o reexportación y que, garanticen al fisco la permanencia de las mercancías internadas temporalmente mediante la constitución de Depósitos en Efectivo.

ARTICULO 8. Se entenderá por empresas de exportación bajo el Régimen de Reposición con Franquicia Arancelaria, aquellas cuya actividad productiva se oriente a la elaboración o transformación de productos que habiendo sido nacionalizados, se han incorporado a las mercancías previamente exportadas en firme.

ARTICULO 9. Se entenderá por empresas de exportación bajo el Régimen de Importación Temporal con Reexportación en el Mismo Estado, - aquellas cuya actividad productiva se oriente a la recolección, conservación, empaque y/o envase de mercancías de origen nacional, que destinen total o parcialmente su producción a la exportación y que garanticen al Fisco la permanencia de las mercancías importadas temporalmente mediante la constitución de Fianza.

ARTICULO 10. Gozarán de los beneficios de la presente ley aquellas empresas que utilicen mercancías de origen nacional y/o extranjero y que durante su proceso de producción sean identificables los pro-

107

ductos necesarios para la obtención de la mercancía exportable, así como de los subproductos y mermas resultantes del proceso de elaboración, transformación o ensamble.

CAPITULO II
BENEFICIOS

ARTICULO 11. Las empresas acogidas dentro del Régimen de Admisión Temporal, podrán gozar de los beneficios siguientes:

a) Suspensión temporal del pago de derechos arancelarios e impuestos a la importación sobre las materias primas, productos semielaborados, productos intermedios, materiales, envases y empaques, de conformidad a los listados autorizados en el Acuerdo de Calificación o Recalificación emitido por el Ministerio de Economía, así como sobre los muestrarios, muestras de ingeniería, instructivos, patrones y modelos necesarios para el proceso de producción o para fines demostrativos, de investigación e instrucción, hasta por el plazo de un año, contado a partir de la fecha de aceptación de la póliza respectiva. Este plazo puede ser ampliado por un período igual, por la Dirección General de Aduanas, siempre que la solicitud de prórroga sea presentada antes del vencimiento del mismo.

b) Exportación de muestras sin valor comercial o pedidos de prueba, documentándolos a través de póliza no comercial.

c) Exención del pago de impuesto al consumo de combustibles y lubricantes (excepto gasolina).

d) Las utilidades provenientes de la exportación bajo este Régimen, gozarán de exoneración total del Impuesto sobre la Renta por un período de 8 años, contados a partir del primer ejercicio contable.

Las empresas extranjeras, individuales o jurídicas, no gozarán de este beneficio cuando estén sujetas a los mismos impuestos en su país de origen y la legislación vigente no les permita deducir o acreditar los impuestos pagados en Guatemala, de los impuestos a pagar en su país.

ARTICULO 12. Las empresas calificadas bajo el Régimen de Devolución de Derechos, gozarán además de los beneficios señalados en los incisos b) y c) del artículo anterior del reembolso de los dere

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chos arancelarios e impuestos a la importación que hayan pagado en depósito para garantizar la internación de los productos contenidos en las mercancías exportadas.

ARTICULO 13. Las empresas calificadas en los Artículos 11 y 12 -- también gozarán de la exención total de los derechos arancelarios a la importación sobre maquinaria, equipo, repuestos y accesorios necesarios para el proceso productivo, con base en el Acuerdo emitido por el Ministerio de Economía. Gozarán de este beneficio las empresas que anualmente demuestren que exportan como mínimo el -- treinta por ciento (30%) de la totalidad de su producción, medida conforme al valor exfábrica de las mercancías producidas.

ARTICULO 14. Las empresas calificadas bajo el Régimen de Reposición con Franquicia Arancelaria, gozarán de exención de los derechos arancelarios e impuestos a la importación sobre materias primas o productos semielaborados idénticos a los que habiendo sido nacionalizados se utilizaron en el proceso de elaboración o transformación del producto previamente exportado en firme. .

El plazo para efectuar importaciones con franquicia arancelaria, al amparo de este régimen será de un año, contado a partir de la fecha de notificación de la póliza de exportación respectiva.

ARTICULO 15. Las empresas calificadas bajo el Régimen de Importación Temporal con Reexportación en el Mismo Estado, gozarán de los siguientes beneficios:

a) Suspensión temporal del pago de derechos arancelarios e impuestos a la importación sobre los envases, empaques, preservantes y etiquetas necesarios para la exportación de mercancías nacionales de conformidad con los listados autorizados en el Acuerdo de Calificación o Recalificación emitido por el Ministerio de Economía, hasta por el plazo de seis (6) meses contados a - partir de la fecha de aceptación de la póliza respectiva; y,

b) Exención total de los derechos arancelarios a la importación - sobre maquinaria, equipo, repuestos y accesorios para el empaque, envase y embalaje en base al acuerdo emitido por el Ministerio de Economía. Gozarán de este beneficio, las empresas -- que anualmente demuestren que exportan como mínimo el treinta por ciento (30%) de la totalidad de su producción medida conforme al valor exfábrica de las mercancías producidas.

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ARTICULO 16. Las materias primas, productos semielaborados, productos intermedios, materiales, envases y empaques destinados a las empresas amparadas bajo los regímenes de Admisión Temporal o Devolución de Derechos y que al momento de su recepción por parte de las autoridades aduaneras arriben averiados, podrán ser reexportados en el mismo estado, o bien solicitar la aplicación del porcentaje de avería en la liquidación de la póliza respectiva.

ARTICULO 17. No se concederá reembolso o exención de derechos arancelarios o impuestos a la importación a las empresas individuales o colectivas que se encuentren instaladas en zonas francas o libres, que gocen de beneficios iguales por medio de otras disposiciones legales o cuando la importación de los productos esté exenta del pago de derechos arancelarios e impuestos a la importación en virtud de otras disposiciones legales.

ARTICULO 18. Las empresas que tengan interés en transferir a otra, maquinaria, equipo, repuestos y accesorios, que se hayan importado amparados en la presente ley, podrán hacerlo siempre que la adquirente goce de iguales o mayores beneficios que la cedente y que demuestre que los bienes a transferirse intervienen directamente en su proceso de producción.

CAPITULO III
PROCEDIMIENTO.

ARTICULO 19. Para poder calificar o recalificar dentro de los regímenes de Perfeccionamiento Activo o el Régimen de Importación Temporal con Reexportación en el Mismo Estado y gozar de los beneficios de la presente ley, los interesados deberán presentar solicitud a la Dirección de Política Industrial del Ministerio de Economía, acompañando para el efecto el estudio técnico-económico, firmado por Economista o Ingeniero Industrial colegiado activo, o el formulario que para el efecto proporcione la Dirección de Política Industrial.

ARTICULO 20. Presentada la solicitud de calificación o recalificación, la Dirección de Política Industrial dictaminará dentro de un plazo de treinta (30) días, contados a partir de la fecha de aceptación de la solicitud para su trámite.

ARTICULO 21. El Ministerio de Economía con base en el dictamen de la Dirección de Política Industrial, resolverá sobre la procedencia de la calificación o recalificación solicitada. Si ésta

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procediera, emitiendo el acuerdo correspondiente dentro de un término no mayor de quince (15) días contados a partir de la fecha de recepción del dictamen de la Dirección de Política Industrial.

ARTICULO 22. Las empresas calificadas o recalificadas de conformidad con esta ley, podrán solicitar la modificación de su Acuerdo, fundamentando la solicitud con los motivos que la justifiquen. El trámite y los términos para resolver serán los indicados en los artículos anteriores.

ARTICULO 23. Después de presentada la solicitud de calificación o recalificación en los Regímenes de Admisión Temporal, de Devolución de Derechos o en el de Importación Temporal con Reexportación en el Mismo Estado y antes de que se emita el Acuerdo respectivo, podrá permitirse el ingreso de mercancías requeridas, siempre que se garantice el monto de los derechos arancelarios e impuestos a la importación, a través de fianza o pago efectivo en depósito.

Si la calificación o recalificación fuese denegada, el pago en depósito pasará a la Cuenta Fondo Común Gobierno de Guatemala o la fianza se hará efectiva a favor del Estado.

ARTICULO 24. Si la Dirección de Política Industrial solicitara alguna información adicional respecto a una solicitud planteada, se tendrá por abandonada la misma si dejare de gestionarse el trámite por el plazo de un mes y se mandará que se archiven las actuaciones, notificándose al interesado y a la Dirección General de Aduanas.

ARTICULO 25. Cuando las empresas calificadas bajo los regímenes de Admisión Temporal y de Devolución de Derechos, deban cumplir con demandas que superen su capacidad productiva, se permitirá la subcontratación, solicitando la autorización respectiva a la Dirección de Política Industrial, quien resolverá y notificará a la Dirección General de Aduanas.

ARTICULO 26. A solicitud del interesado procederá la cancelación del Acuerdo de Calificación o Recalificación respectivo, previo el pago de los impuestos fiscales que pudieran derivarse de los beneficios otorgados.

.../8

171

CAPITULO IV
GARANTIAS Y OBLIGACIONES

ARTICULO 27. La totalidad de los derechos arancelarios e impuestos a la importación de las mercancías que ingresen al territorio aduanero nacional, se garantizarán al fisco de la manera siguiente:

a) Empresas maquiladoras bajo el régimen de Admisión Temporal, mediante Fianza, garantía bancaria o garantía fiscal.

b) Empresas exportadoras bajo los regímenes de Admisión Temporal y de Importación Temporal con Reexportación en el Mismo Estado, mediante constitución de Fianza.

c) Empresas exportadoras bajo el Régimen de Devolución de Derechos, mediante la constitución de Depósito en efectivo.

ARTICULO 28. La Dirección General de Aduanas hará efectivo el descargo de la garantía constituida o devolución de lo pagado en depósito, respectivamente, después de haber comprobado que los productos internados en el territorio aduanero nacional han sido utilizados para los fines y destino solicitados.

ARTICULO 29. Para los efectos de lo preceptuado en el artículo anterior, el interesado deberá presentar solicitud ante la Dirección General de Aduanas, dentro de los diez días hábiles posteriores a la fecha de notificación de la póliza de exportación o reexportación.

En caso de que la solicitud respectiva no se presente dentro del término antes señalado, el monto de lo pagado en depósito o la garantía constituida, ingresará a la cuenta "Fondo Común Gobierno de Guatemala" como pago definitivo en concepto de derechos arancelarios e impuestos a la importación.

ARTICULO 30. Los derechos arancelarios e impuestos a la importación, que se hayan garantizado mediante la constitución de depósito en efectivo, se reembolsarán a través de cheque de caja, que extenderá la Dirección General de Aduanas, dentro de los treinta días siguientes a la presentación de la solicitud por parte del exportador.

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ARTICULO 31. La Dirección General de Aduanas expedirá a las empresas calificadas bajo el Régimen de Reposición con Franquicia Arancelaria un comprobante que le permita importar con exención de derechos arancelarios e impuestos a la importación, mercancías idénticas a las que habiendo sido nacionalizadas estén contenidas en los productos previamente exportados en firme.

ARTICULO 32. Las materias primas, productos semielaborados, -- productos intermedios, materiales, envases y empaques destinados a empresas acogidas a los Regímenes de Admisión Temporal y de Devolución de Derechos, que no reúnan las características indispensables para incorporarlas a productos de exportación, podrán ser reexportados en el mismo estado, previa inspección y - comprobación de tales circunstancias por parte de la Dirección General de Aduanas, a efecto de su posterior descargo o devolución de derechos.

ARTICULO 33. Las empresas calificadas bajo los Regímenes de Admisión Temporal de Devolución de Derechos y de Importación Temporal con Reexportación en el Mismo Estado, deberán cumplir con lo siguiente:

a). Iniciar su producción en el término que señale el Acuerdo - de Calificación o Recalificación respectivo o en su caso, - dentro de la prórroga que se le conceda.

b) Presentar a la Dirección de Política Industrial el cuadruplicado de cada póliza de importación de maquinaria, equipo, repuestos y accesorios, a efecto de llevar control sobre las exoneraciones.

c) Proporcionar dentro de los primeros diez días hábiles de cada mes un informe en original con carácter de Declaración Jurada a la Dirección General de Aduanas y copia sellada -- por ésta a la Dirección de Política Industrial, en el que se hará constar la cuenta corriente de mercancías bajo el - Régimen de esta ley.

d) Llevar registros contables y un sistema de inventario perpetuo de las mercancías ingresadas temporalmente y la cantidad de las mismas incorporadas en las mercancías que se exporten o reexporten.

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e) Proporcionar a la Dirección de Política Industrial y a la Dirección General de Aduanas, la información que se le requiera para determinar las mercancías que se utilizan para la elaboración de los productos exportables, así como para determinar las mermas y subproductos resultantes del proceso de producción.

f) Adjuntar a las pólizas de importación el formulario de aplicación del régimen de perfeccionamiento activo que les corresponde, y a las pólizas de exportación, o reexportación las respectivas hojas de detalle por clase de artículo que amparen; y,

g) Proporcionar cualquier otra información así como permitir las inspecciones que a juicio de la Dirección de Política Industrial o de la Dirección General de Aduanas, sean necesarias.

ARTICULO 34. Las empresas calificadas bajo el Régimen de Reposición con Franquicia Arancelaria, únicamente deberán cumplir con las obligaciones establecidas en los incisos e), f) y g) del artículo anterior.

ARTICULO 35. Las mermas y subproductos que resulten de la actividad productiva de las empresas acogidas a los regímenes de Admisión Temporal y Devolución de Derechos, podrán ser destruidos, reexportados o donados a entidades de beneficencia, previa autorización del Ministerio de Finanzas Públicas.

ARTICULO 36. Se darán por finalizados los Regímenes de Admisión Temporal o Importación Temporal con Reexportación en el Mismo Estado, para las mercancías objeto de los mismos, en los casos siguientes:

a) Al consumarse su exportación o reexportación;
b) Al introducirlas a una Zona Franca o Libre;
c) Al solicitar su despacho a consumo;
d) Al vencimiento del plazo de la suspensión temporal o la prórroga del mismo; y,
e) Al solicitar su abandono a favor del Estado.

ARTICULO 37. Se dará por finalizado el Régimen de Devolución de Derechos sobre las mercancías objeto del mismo, en los ca-

sos previstos en los incisos a), b), c) y e) del artículo anterior.

ARTICULO 38. Se dará por finalizado el Régimen de Reposición con Franquicia Arancelaria en la fecha en que el interesado haga uso del comprobante que le otorga la exención de derechos arancelarios e impuestos a la importación de mercancías idénticas a las utilizadas para obtener los productos previamente exportados en firme.

ARTICULO 39. La finalización de cualesquiera de los Regímenes de Perfeccionamiento Activo y de Importación Temporal con Reexportación en el Mismo Estado, no supone la terminación del Acuerdo de Calificación, pudiendo la empresa solicitante acogerse a otro régimen que la presente Ley prevea, siempre y cuando acredite ante la Dirección General de Aduanas su finalización, y requiera la notificación de su acuerdo correspondiente.

CAPITULO V
CONTROLES

ARTICULO 40. Los Ministerios de Economía y de Finanzas Públicas velarán por el estricto cumplimiento de la presente ley, e impondrán las sanciones que correspondan conforme a la misma.

ARTICULO 41. La Dirección General de Aduanas tendrá a su cargo el control de las garantías y de los depósitos que constituyan las empresas acogidas a los Regímenes de Admisión Temporal, de Devolución de Derechos y de Importación Temporal con Reexportación en el Mismo Estado, así como de los comprobantes que se expidan a favor de las empresas acogidas al Régimen de Reposición con Franquicia Arancelaria.

ARTICULO 42. La Dirección General de Aduanas tendrá a su cargo el manejo de una cuenta corriente sobre la cantidad de mercancías ingresadas al territorio aduanero nacional al amparo de los Regímenes de Admisión Temporal, Devolución de Derechos e Importación Temporal con Reexportación en el Mismo Estado, así como de la cantidad de las mismas que están contenidas en los productos que exporten o reexporten las empresas acogidas a la presente ley.

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ARTICULO 43. Para resolver los casos no previstos en la presente ley, y velar por su operatividad, se integra una Comisión formada por dos representantes (titular y suplente) de -- las siguientes instituciones:

a) Dirección de Política Industrial del Ministerio de Economía;

b) Dirección General de Aduanas del Ministerio de Finanzas Públicas; y,

c) Cámara Empresarial de Guatemala.

CAPITULO VI
PROHIBICIONES Y SANCIONES

ARTICULO 44. Se prohibe a las empresas acogidas a los Regímenes de Admisión Temporal, Devolución de Derechos e Importación Temporal con Reexportación en el Mismo Estado, enajenar en -- cualquier forma en el territorio nacional o en el resto del -- área centroamericana, las mercancías internadas temporalmente. Se exceptúan las donaciones que se hagan a entidades de beneficencia, las que deberán contar con la autorización previa del Ministerio de Finanzas Públicas.

ARTICULO 45. La maquinaria, equipo, repuestos y accesorios, - no podrán ser enajenados ni destinados a un fin distinto a aquel para el que fueron autorizados, sino hasta después de cinco años, contados a partir de la fecha de aceptación de la póliza y previa autorización de la Dirección General de Aduanas, salvo que se cubran los impuestos fiscales que ocasionaron.

ARTICULO 46. En caso de destrucción de las mercancías admitidas temporalmente, que no se encuentran dentro de la zona primaria de la jurisdicción aduanera, éstas quedarán sujetas al - pago de los derechos y demás impuestos dejados de percibir por el Estado, salvo casos fortuitos o de fuerza mayor, debidamente comprobados.

ARTICULO 47. La enajenación a cualquier título de mercancías admitidas al amparo de esta ley, o la utilización de las mismas para fines distintos de aquellos por los cuales fue concedido el beneficio, se sancionará con multa igual al cien por - ciento (100%) de los derechos arancelarios e impuestos a la im

portación no pagados, sin perjuicio de cualesquiera otras sanciones que indiquen las leyes aduaneras vigentes.

ARTICULO 48. La inexacta declaración sobre las mercancías en cuanto a su naturaleza, valor y origen, se sancionará de conformidad con las leyes aduaneras y arancelarias vigentes.

ARTICULO 49. El Ministerio de Economía cancelará de oficio el acuerdo de calificación, en los siguientes casos:

a) Cuando la empresas beneficiaria no de inicio a la producción a escala industrial dentro del plazo establecido en su acuerdo de calificación o en la prórroga respectiva;

b) Por cierre, quiebra o disolución de la empresa;

c) Por el incumplimiento que resulte de la aplicación del acuerdo de calificación respectivo.

ARTICULO 50. No obstante lo establecido en el inciso c) del artículo anterior, la Dirección de Política Industrial podrá apercibir por una sola vez a la empresa infractora.

CAPITULO VII
DISPOSICIONES TRANSITORIAS Y FINALES

ARTICULO 51. Las empresas que al entrar en vigencia la presente ley se encuentren gozando de beneficios al amparo del Decreto Ley número 21-84, deberán solicitar su recalificación conforme lo establecido en el artículo 19 de este instrumento, dentro de un plazo no mayor de seis meses, caso contrario el acuerdo de calificación quedará sin efecto, deduciéndose en los nuevos beneficios los años que hubieren sido exonerados del pago del Impuesto Sobre la Renta.

ARTICULO 52. Las empresas que luego de transcurrido el plazo a que se refiere el artículo anterior, no hubieran solicitado su recalificación y tuvieren un saldo pendiente de mercancías importadas al amparo del Decreto Ley número 21-84, podrán optar por reexportarlas o hacer efectivo el pago de los derechos arancelarios e impuestos a la importación, o en su defecto ponerlas a disposición de la Dirección General de Aduanas.

ARTICULO 53. El Organismo Ejecutivo por medio del Ministerio de Economía y Finanzas Públicas, emitirá el Reglamento para la aplicación de la presente ley, en un término de treinta (30) -

días contados a partir de la fecha en que la misma empiece a regir.

ARTICULO 54. Queda derogado el Decreto-Ley número 21-84 y su Reglamento, así como las disposiciones contenidas en leyes generales o especiales que se opongan a la presente ley.

ARTICULO 55. La presente ley empezará a regir al día siguiente de su publicación en el Diario Oficial.

PROYECTO DE LEY DE ZONAS FRANCAS

DECRETO LEGISLATIVO No. _____

PALACIO LEGISLATIVO, GUATEMALA _____

EL CONGRESO DE LA REPUBLICA,

CONSIDERANDO:

Que es propósito fundamental del Gobierno de la República, lograr por todos los medios posibles el bienestar de la población a través del fortalecimiento de la producción, las exportaciones y el empleo y que dentro de ese contexto el establecimiento de Zonas Francas contribuyen a ese fin;

CONSIDERANDO:

Que es deber del Estado estimular el progreso de la ciencia y la tecnología, como bases fundamentales del desarrollo del país y que las Zonas Francas constituyen un eficaz instrumento de transferencia tecnológica;

CONSIDERANDO:

Que es necesario favorecer la inversión de capitales nacionales y extranjeros, especialmente en industrias como las que operan en las Zonas Francas, que emplean mano de obra en forma intensiva y por ende coadyuvan a resolver el desempleo del país en corto tiempo y en forma acelerada;

CONSIDERANDO:

Que las empresas instaladas en las Zonas Francas, al realizar sus actividades normales, contribuyen al incremento y diversificación de las exportaciones y por ende a la generación de divisas.

CONSIDERANDO:

Que el Estado debe crear los estímulos fiscales adecuados, pa-

ra promover la descentralización industrial y la competencia internacional en materia de Zonas Francas;

POR TANTO:

En uso de las facultades que le confiere el Artículo 171 de -- la Constitución Política de la República, el Congreso de la República,

DECRETA.

La siguiente

LEY DE ZONAS FRANCAS

CAPITULO I
DEL OBJETO Y APLICACION

ARTICULO 1o.- El propósito de esta Ley es crear los mecanismos necesarios para fomentar el establecimiento de Zonas Francas en la República.

ARTICULO 2o.- Esta Ley tiene aplicación en todo el territorio nacional; de consiguiente las Zonas Francas pueden localizarse en cualquier lugar del país previamente autorizado.

ARTICULO 3o.- En el área de Zonas Francas pueden instalarse empresas nacionales o extranjeras: industriales, comerciales y de servicios, dedicadas a cualquier actividad económica lícita.

ARTICULO 4o.- No podrán gozar de los beneficios de la presente Ley, las empresas que se dediquen a las actividades si-

guientes: extracción de petróleo y gas natural, pesca, centros de recreación, hoteles, agencias de viajes, líneas aéreas, transporte, madera en troza, tablas y tablones, azúcar de caña refinada o sin refinar, café y cardamomo en cereza, pergamino y oro, algodón sin cardar, banano fresco, ajonjolí sin descortezar, ganado vivo de toda clase, carne fresca, carne refrigerada y carne congelada.

CAPITULO II
DE LAS DEFINICIONES

ARTICULO 5o.- Para efectos de esta Ley, los términos usados en la misma tienen los significados siguientes:

a) ZONA FRANCA:

Es un parque industrial o parte de él, custodiado por la autoridad aduanera y destinado a albergar empresas nacionales o extranjeras que se dedican fundamentalmente a la producción de bienes de exportación o reexportación, a mercados fuera del área centroamericana; así como a la prestación de servicios vinculados con el comercio internacional y para cuyas actividades están exentas de impuestos, tasas, arbitrios y demás gravámenes que recaen sobre el comercio internacional.

b) PARQUE INDUSTRIAL:

Es un área delimitada que posee la infraestructura, edificaciones, facilidades y servicios necesarios para que puedan operar empresas industriales, comerciales y de servicios que funcionan bajo el régimen de Zonas Francas y/o empresas productoras de bienes para el mercado doméstico y regional.

c) ZONA FRANCA DOMICILIARIA:

Es una empresa agroindustrial o extractiva industrial que --

por la naturaleza de su actividad, adquiere la categoría de Zona Franca, estableciéndose en el mismo sitio donde obtiene la materia prima y realiza el proceso de producción.

d) EMPRESA:

Entidad industrial, comercial o de servicios que hace uso de las instalaciones de un parque industrial.

e). EMPRESA INDUSTRIAL:

Empresa dedicada a la manufactura o ensamblaje de bienes destinados primordialmente a la exportación o reexportación hacia países fuera del área centroamericana.

f) EMPRESA AGROINDUSTRIAL:

Empresa que utiliza materias primas de origen agrícola en el procesamiento de bienes para la exportación a países fuera del área centroamericana.

g) EMPRESA EXTRACTIVA INDUSTRIAL:

Empresa que utiliza materias primas extraidas del suelo para la producción de bienes manufacturados que exporta a países fuera de Centroamerica.

h) EMPRESA COMERCIAL:

Empresa dedicada principalmente a la manipulación, empaque, reempaque y distribución de mercancías para la exportación o reexportación a mercados fuera del área centroamericana.

i) EMPRESA DE SERVICIOS:

Empresa que provee servicios vinculados con el comercio internacional, a la entidad administradora y a cualquier empresa ubicada en un parque industrial.

j) ENTIDAD EJECUTIVA:

Es el Ministerio de Economía el encargado de la ejecución de la política general de Zonas Francas; así como de la aplicación de esta Ley y su Reglamento.

k) ENTIDAD ADMINISTRADORA:

Persona jurídica, pública, privada o mixta, debidamente constituida en el país, que ha obtenido autorización de la Entidad Ejecutiva para desarrollar y administrar uno o varios -- parques industriales con áreas para Zonas Francas.

l) ENTIDAD ADMINISTRADORA PUBLICA:

Es una empresa Estatal creada por iniciativa del Gobierno de la República con el fin de desarrollar y administrar Parques Industriales con áreas de Zonas Francas.

m) ENTIDAD ADMINISTRADORA PRIVADA:

Es una sociedad debidamente constituida conforme las leyes - del país, cuyo objeto es el desarrollo y administración de Parques Industriales con áreas de Zonas Francas.

n) ENTIDAD ADMINISTRADORA MIXTA:

Es una sociedad de capital público, estatal o municipal y -- privado, constituida para desarrollar y administrar Parques Industriales con áreas de Zonas Francas.

o) AUTORIZACION DE OPERACION:

Acuerdo Ministerial emitido por la Entidad Ejecutiva, mediante el cual autoriza a la Entidad Administradora para desarrollar y operar un Parque Industrial con Zona Franca, y a las empresas para que se instalen en dichos recintos.

CAPITULO III
DE LA ENTIDAD EJECUTIVA

ARTICULO 6o.- La Entidad Ejecutiva está representada por el Ministerio de Economía y tendrá las funciones siguientes:

a) Ejecutar la política general de Zonas Francas formulada por el Consejo Consultivo;

b) Autorizar el desarrollo de infraestructura, la instalación y la administración de Zonas Francas en cualquier Parque Industrial;

c) Participar en las negociaciones y acuerdos internacionales que se relacionen con actividades de las Zonas Francas y dar cumplimiento a dichos acuerdos;

d) Autorizar la instalación de empresas en las Zonas Francas;

e) Requerir la información que se considere necesaria a las Entidades Administradoras de Zonas Francas;

ARTICULO 7o.- Para cumplir con las funciones que le asigna el Artículo anterior, el Ministerio de Economía organizará el Departamento de Zonas Francas dentro de la Dirección de Política Industrial, a la cual dotará de los recursos humanos y materiales necesarios.

ARTICULO 8o.- Para los efectos del artículo anterior, el Ministerio de Economía solicitará al Ministerio de Finanzas Públicas, la autorización de la asignación presupuestaria correspondiente, la cual será complementada con los aportes mensuales de las empresas que operan en las Zonas Francas.

ARTICULO 9o.- Se crea el Consejo Consultivo de Zonas Francas, como organismo rector y coordinador de la política general de -

Zonas Francas en el país. Dicho Consejo está integrado por dos representante titulares y sus respectivos suplentes del Ministerio de Economía, de los cuales uno deberá ser el Jefe del Departamento de Zonas Francas.

Un representante titular y un suplente de cada una de las Instituciones siguientes:

Ministerio de Finanzas Públicas.
Ministerio de Trabajo y Previsión Social.
Ministerio de Comunicaciones, Transporte y Obras Públicas.
Banco de Guatemala.
Cámara de Industria.
Cámara de Comercio.
Gremial de Exportadores de Productos no Tradicionales.
Entidades Administradoras de Zonas Francas privadas.
Entidades Administradoras de Zonas Francas públicas.
Entidades Administradoras de Zonas Francas mixtas, y de Empresas instaladas en cada una de las Categorías de Zonas Francas representadas.

El representante del Ministerio de Economía presidirá el Consejo y el Jefe del Departamento de Zonas Francas, actuará como secretario.

ARTICULO 10o.- El Consejo se reunirá mensualmente o cuando el caso lo amerite y sus miembros desempeñarán sus cargos ad-honorem. El Reglamento general de Zonas Francas establecerá las -- funciones y atribuciones del Consejo.

ARTICULO 11o.- La Entidad Ejecutiva deberá resolver las solicitudes de las Entidades Administradoras y de las empresas, dentro de un término de 30 días y el Acuerdo de autorización indicará claramente las obligaciones a cumplir, los beneficios que se le otorgan y términos de los mismos, las inspecciones y controles a que será sometida y otros aspectos que se consideren - necesarios.

ARTICULO 12o.- La Entidad Ejecutiva tendrá la potestad de requerir a la entidad solicitante o empresa, dentro de un término de 15 días, la modificación parcial o total de su solicitud o bien rechazarla, tomando en consideración los lineamientos generales y políticas del desarrollo industrial del país.

CAPITULO IV
DE LAS ENTIDADES ADMINISTRADORAS Y LAS EMPRESAS

ARTICULO 13o.- La Entidad Administradora es la encargada de organizar y desarrollar la infraestructura de un Parque Industrial y de administrar una Zona Franca, sea ésta pública, privada o -- mixta.

ARTICULO 14o.- Para obtener Autorización de Operación, la Entidad Administradora deberá llenar el formulario suministrado para el efecto por el Departamento de Zonas Francas y adjuntará al -- mismo la documentación siguiente:

a) Documento que acredite la existencia legal de la empresa;
b) Constancia que cuenta con un capital mínimo pagado de TRES - MILLONES DE QUETZALES (Q.3 000 000 00);
c) Nombramiento del Representante Legal de la empresa;
d) Ante-proyecto de ejecución;
e) Estudio de factibilidad económico-financiero;
f) Cualquier otro tipo de información adicional que se considere razonable.

ARTICULO 15o.- La Entidad Administradora autorizada, es directamente responsable de la dirección, administración y manejo de la Zona Franca y deberá ejercer las funciones siguientes:

a) Evaluar las solicitudes de los interesados y trasladarlas a la Entidad Ejecutiva para su autorización;

b) Construir todo tipo de instalaciones destinadas a las empre-

sas que se ubiquen en esa Zona;

c) Celebrar y renovar toda clase de contratos de lícito comercio, tales como compra-venta, arrendamiento, permutas, depósito y establecer cualquier obligación sobre los bienes de su propiedad;

d) Instalar, administrar y controlar toda clase de servicios destinados a las empresas y a los trabajadores;

e) Fijar libremente las tarifas de arrendamiento de los locales para las empresas, así como los precios de venta de los terrenos y servicios en el parque industrial;

f) Informar periódicamente a la Entidad Ejecutiva de su actividad y la de las empresas;

g) Cualquier otra función que el reglamento le asigne.

ARTICULO 16o.- Las empresas interesadas en ubicarse en el área de Zonas Francas, solicitarán a la Entidad Ejecutiva, por intermedio de la Entidad Administradora, la correspondiente autorización en un formulario especial que contiene la información siguiente:

a) Datos generales del solicitante;
b) Descripción del proyecto;
c) Requerimiento de espacio;
d) Proyección de la cantidad y valor de las exportaciones por tres años;
e) Personal que ocupará al inicio de operación y a plena capacidad;
f) Aspectos ambientales;
g) Fuentes de financiamiento;
h) Inversión total por rubros;

i) Productos a elaborar o servicio a prestar;

j) Materias primas, productos semielaborados, envases y etiquetas de origen nacional a utilizar;

k) Materias primas, productos semielaborados, envases, maquinaria y equipo a importar.

ARTICULO 17o.- Las empresas autorizadas para operar en Zonas -- Francas tendrán derecho a:

a) Introducir, almacenar, exhibir, empacar, desempacar, manufacturar, montar, ensamblar, refinar, procesar, operar y manipular toda clase de mercaderías y equipos;

b) Proporcionar servicios de diagramación, diseños, telemercadeo, telecomunicaciones, impresiones, digitación, traducción, comunicación, computación y cualesquiera otros servicios similares o relacionados;

c) Comercializar materias primas, productos semielaborados, -- equipos, maquinarias, utensilios y repuestos, complementar - labores y servicios entre empresas de una misma Zona Franca o entre empresas de distintas Zonas Francas.

ARTICULO 18o.- Las empresas bajo el régimen de Zonas Francas interesadas en comercializar su producción en el mercado nacional, pueden solicitar a la Entidad Ejecutiva la autorización correspondiente, quien evaluará la solicitud con base a los criterios siguientes:

a) Existencia de Producción nacional;

b) Valor Agregado Nacional incorporado en el producto.

ARTICULO 19o.- Las ventas en el mercado local por parte de las Empresas de Zonas Francas se autorizarán hasta por un máximo del cincuenta por ciento (50%) de la producción total, cobrándose en tal caso los aranceles correspondientes y demás impuestos y cargos que recaen sobre las importaciones.

CAPITULO V
DE LOS INCENTIVOS Y FACILIDADES

ARTICULO 20o.- Las Entidades Administradoras de Zonas Francas tendrán los incentivos siguientes:

a) Exoneración total de los derechos arancelarios, tasas, arbitrios y demás cargos aplicables a la importación de maquinaria, equipo, herramientas y materiales destinados a la construcción de la infraestructura, los edificios y demás instalaciones de los Parques Industriales que se utilicen total o parcialmente para áreas de Zonas Francas;

b) Exoneración total del pago del Impuesto Sobre la Renta por un período de quince (15) años constados a partir del ejercicio fiscal en que inicie sus operaciones;

c) Exoneración total de los impuestos sobre las transacciones mercantiles que realicen con empresas localizadas dentro de las Zonas Francas o fuera de ellas, siempre que estén relacionadas con su actividad;

d) Exención del cien por ciento (100%) del pago de los impuestos y tasas relacionados con la construcción, los contratos de préstamos y el traspaso de bienes inmuebles. Este incentivo empezará a surtir efectos a partir de la fecha de autorización de la Entidad Administradora correspondiente.

ARTICULO 21o.- Las empresas ubicadas en las Zonas Francas gozarán de los beneficios siguientes:

a) Exoneración total de los derechos arancelarios, tasas, arbitrios y demás cargos aplicables a la importación de maquinaria, equipo, herramientas, materias primas, productos semielaborados, envases, empaques y demás componentes que sean utilizados en la producción de los bienes y en la prestación de los servicios;

b) Exoneración total del pago del Impuesto Sobre la Renta durante el tiempo que permanezca en la Zona Franca;

c) Exoneración total de impuestos sobre las transacciones mercantiles que realice con la Entidad Administradora o con otras empresas localizadas o no en las Zonas Francas, siempre que estén vinculadas con su proceso productivo;

ARTICULO 22o.- El Gobierno de la República, a través de sus instituciones y dependencias, dará especial atención a los inversionistas que instalen empresas en el área de Zonas Francas, así como al personal técnico extranjero que laborará en las mismas, para que puedan ingresar sin ninguna dificultad y obtener a la mayor brevedad posible el permiso de permanencia en el país.

ARTICULO 23o.- La Entidad Administradora y las empresas de las Zonas Francas, no están sujetas a ningún control del régimen cambiario. En consecuencia, gozarán de libre tenencia y manejo de las divisas provenientes de sus transacciones comerciales con el exterior. Sin embargo, las remuneraciones de mano de obra y de otros servicios locales, deberán efectuarse en moneda nacional.

CAPITULO VI
DEL REGIMEN ADUANAL

ARTICULO 24o.- Las mercancías, maquinaria, equipo y materiales de todo tipo que ingresen o egresen de las Zonas Francas sólo estarán sujetos a las restricciones y requisitos de importación y exportación contemplados en la presente ley.

ARTICULO 25o.- La Dirección General de Aduanas establecerá en los Parques Industriales que tengan Zonas Francas, una delegación instituyendo los mecanismos necesarios para que las mercancías sean verificadas al salir o entrar en ellos. La Entidad -

Administradora de Zonas Francas, deberá proveer todas las facilidades físicas, así como el financiamiento que le sea solicitado por la Dirección General de Aduanas, para el cumplimiento de sus fines en dichas Zonas.

ARTICULO 26o.- Toda importación dirigida a una empresa de Zona Franca, deberá consignar su destinatario, ser debidamente sellada al llegar al país y transitar bajo la vigilancia y responsabilidad de un custodio de aduanas, hasta la delegación de aduanas que opera en cada Zona Franca, la cual revisará y verificará las declaraciones de contenido.

ARTICULO 27o.- Las empresas de las Zonas Francas pueden comprar libremente a empresas nacionales, bienes y servicios elaborados localmente, siempre que éstos sean utilizados en sus procesos -- productivos y actividades operativas.

ARTICULO 28o.- Las mercancías importadas por una empresa localizada en una Zona Franca, podrán transferirse a otra Zona Franca sin el pago de los impuestos correspondientes, previa autorización y control de la Dirección General de Aduanas.

CAPITULO VII
DEL REGIMEN LABORAL

ARTICULO 29o.- Las relaciones laborales en las Zonas Francas, - se regirán por lo establecido en la Constitución Política de la República, el Código de Trabajo y demás leyes aplicables sobre - la materia.

ARTICULO 30o.- Las personas extranjeras que laborarán para las Entidades Administradoras y las Empresas de Zonas Francas, deberán obtener el permiso de residencia que establece la Ley de Migración y Extranjería, así como el de trabajo, de conformidad -- con el Código de Trabajo.

CAPITULO VIII
DE LAS PROHIBICIONES Y SANCIONES

ARTICULO 31o.- Queda prohibido a las empresas que operan en Zonas Francas, importar al amparo de esta Ley los artículos siguientes:

a) Armas de fuego, pólvora, municiones y utensilios de guerra en general;

b) Gasolina;

c) Desperdicios industriales y otros residuos cuyo efecto contaminante ponga en peligro la salud de los habitantes;

d) Alimentos, bebida, dulces o cualquier otro producto para consumo interno de las personas que trabajan en las Zonas Francas.

ARTICULO 32o.- Las armas de fuego que se utilicen para el personal de seguridad autorizado en las Zonas Francas, estarán exentas del pago de impuestos; pero deben cumplir con los trámites de importación y regulaciones establecidas por el Ministerio de la Defensa Nacional.

ARTICULO 33o.- A las Entidades Administradoras o Empresas de Zonas Francas que infrinjan esta Ley, su Reglamento o el Acuerdo de Autorización, se les aplicarán las sanciones siguientes:

1. Multa del 100% del valor de los derechos, impuestos y demás tasas y cargos en los casos siguientes:

   a) Cuando se dé un uso distinto al previsto en el Acuerdo de Autorización, a la maquinaria, equipo, herramientas, materiales, materias primas y cualquier otro componente ingresado al amparo del Acuerdo de Autorización;

b) Cuando la mercancía ingresada aún siendo de lícito comercio, no esté contemplada en el Acuerdo de Autorización.

2. Multa de Q.500.oo hasta Q.5,000.oo según la magnitud del caso:

Cuando la Entidad Administradora o la empresa no cumplan con los requisitos y condiciones fijadas en su Acuerdo; tales como el nivel ocupacional, monto de la inversión y la fecha de inicio de operaciones;

3. Cancelación del Acuerdo de Autorización:

a) En caso de reincidencia de cualquiera de las faltas señaladas en los numerales 1 y 2;

b) Cuando se ingresen mercancías dañinas a las instalaciones de la Zona, las del Parque Industrial o a la salud de la población; en cuyo caso, además, la Dirección General de Aduanas confiscará dichas mercancías, ordenará su extradición inmediata del lugar donde se encuentren y dispondrá de las mismas conforme las leyes; trasladando el caso a los tribunales de justicia para deducir las responsabilidades penales correspondientes.

ARTICULO 34o.- El Reglamento General normará el procedimiento para la aplicación de las sanciones y recursos a que tienen derecho las Entidades Administradoras y las empresas de Zonas Francas.

ARTICULO 35o.- Las Entidades Administradoras y las empresas de Zonas Francas tendrán derecho a solicitar los recursos previstos en las leyes del país, contra las resoluciones y disposiciones de la Entidad Ejecutiva, la Dirección General de Aduanas y los Tribunales de Justicia.

194

El Reglamento General normará tanto los procedimientos para la aplicación de las sanciones, como lo concerniente a los recursos que podrán interponer las Entidades Administradoras y las empresas de Zonas Francas.

ARTICULO 36o.- El Ministerio de Economía en su calidad de Entidad Ejecutiva, deberá publicar el Reglamento General correspondiente a esta Ley, 30 días depués de que la misma entre en vigor.

Dado en el Palacio Legislativo a los _____ días del mes de _____ de mil novecientos ochenta y siete.-------

COMISION TECNICA INTERINSTITUCIONAL

DE ZONAS FRANCAS

INTEGRANTES DE LA COMISION:

Lic. Danilo Cruz Morales
MINISTERIO DE ECONOMIA
Coordinador

Licda. Irma Luz Toledo Peñate
MINISTERIO DE ECONOMIA
Subcoordinadora

Lic. Carlos Clavería Nájera
MINISTERIO DE FINANZAS PUBLICAS

Licda. Silvia Hernández
ZOLIC

Ing. Otto Marckwordt
ZOLIC

Lic. Francisco Castellanos
BANCO DE GUATEMALA

Lic. Rufino Gallardo
BANCO DE GUATEMALA

Lic. Augusto Maltez
SEGEPLAN

Lic. Francisco Ovando
VICEPRESIDENCIA DE LA REPUBLICA

Ing. Víctor Manuel Suárez V.
CAMARA DE INDUSTRIA DE GUATEMALA

Ing. Edgardo Ruiz
CAMARA DE INDUSTRIA DE GUATEMALA

INVESTMENT PROPOSAL
FOR
GUARANTY FUND

GUATEMALAN FINANCIAL INSTITUTIONS
LOAN GUARANTY FACILITY

Table of Contents

		Page
I.	Executive Summary	1
II.	Terms & Conditions	3
III.	Background	5
IV.	Current Problems and Credit Needs	6
V.	Trustee/Administrator	8
VI.	Participating Lending Institutions and Banks	8
VII.	Technical Assistance	9
VIII.	Contribution to Development	9
IX.	Monitoring and Evaluation	10

ATTACHMENT 1. MECANISMO OPERATIVO DEL FONDO DE GARANTIA PARA EL OTORGAMIENTO DE PRESTAMOS DESTINADOS A LA PEQUEÑA Y MEDIANA EMPRESA (SME).

I. EXECUTIVE SUMMARY

Objective:

The purpose of this facility is to encourage the extention of new loans to small and medium size enterprises by private Guatemalan banks and financial institutions under market terms and conditions.

Project:

Under the terms of this facility the USAID Mission to Guatemala will provide up to US$5.5 million in local currency guaranty resources to backstop the unconditional guaranty of payment of up to 50% of the principal amount of foreign and domestic currency loans extended by qualified participating private fiancial institutions to new borrowing clients engaged in developmentally productive business activities. Under the terms of this facility, by matching the amount of credit guaranteed, the participating financial institutions would in effect create a pool of lendable resources equivalent to no less than Quetzales 28.4 million ($11.0 million at a exchange rate of Q.2.58287 to US$1). There is no foreign exchange exposure created or assumed by the participating financial insitutions or SME borrowers.

Beneficiaries:

The target borrower group will be small businesses engaged in private productive enterprises although considerable flexibility will be applied in designing the parameters that will govern the tenor and maximum amount of any loans extended and the size of any eligible borrowers. It is contemplated basically that Small Enterprises shall be defined as those employing 10-30 people and with assets of 10-50 thousand Quetzales while medium size business will be those employing 31-100 people and with assets of 51-250 thousand Quetzales. The use of a private independent Administrator (an industry association, participating bank, fiduciary agent or trustee yet to be identified) will be considered as a means of increasing the efficiency with which guaranty claims can be processed and to enhance the utility of the facility to the banking community at large. The administrator will additionally be in a position, by means of a grant component to this facility, to offer technical assistance to Guatemalan financial institutions, and to borrowers in the area of small business lending.

Private financial institutions and commercial banks deemed eligible to participate in this program will be selected on the basis of criteria approved by USAID.

Structure:

A financial facility will be established by CAEM or another appropriate organization as a Guaranty Fund to guarantee 50% of loans to SME'S by financial institutions with ESF local currency funds in the amount of US$5.5 million to be contributed by the Banco de Guatemala as the CORPVS or initial capital of the fund. The Coordinating Committee of the fund will be composed of one representative each of a private sector association such as CAEM, of

the private commercial banks suggested by the Guatemalan Bankers Association, the Banco de Guatemala and an observer from the USAID Mission, Guatemala. Life of the fund will be 25 years, extendable for an additional period of 25 years if necessary.

A bank account will be established by the Trustees of the fund in an official or private banking institution which will offer the most efficient source of payment of loans guaranteed to the commercial banking institution and the best investment service to invest the local currency equivalent of US$5.5 million providing the highest yield compatible with absolute security and sufficient liquidity for the fund to meet its guaranty obligations promptly. In addition to interest income, the fund will charge a .50% P/A Guaranty Commission to the financial institutions participating in the program. This will require an authorization from the Monetary Board (Junta Monetaria) to the banks allowing them to pass this charge on to their borrowers which will be in excess of the maximum interest rate of 14% allowable. The Banco de Guatemala sees no problem in obtaining this authorization from the Monetary Board. The Trustees of the fund will define the criteria by means of which banks will have exhausted the extra-judicial means of attempting to collect past due loans and will authorize prompt payment under the guaranty when this has been accomplished. Banks will continue to attempt collection by legal action even after the payment of the guaranty when a favorable result appears likely such as the foreclosure of a mortgage since they are at risk for 50% of the loan and proceeds collected will be shared by agreement pari-passu with the Guaranty Fund.

Interest received by the fund as well as Guaranty Commissions will be used to capitalize the fund so that when the initial grant for technical assistance has been exhausted there will be additional funds available for this purpose.

II. TERMS AND CONDITIONS

Amount

US$ 5,500,000 (Five million Five Hundred Thousand U.S. Dollars) available in Quetzales at rate used in LC deposit 2.58287:1=14,205,785.

Facility

A loan guaranty facility agreement guaranteeing 50% of the loan with pre-qualified Guatemalan financial institutions for amounts up to 20% of each participant's paid-in capital but not to exceed the local currency equivalent of US$1,000,000 for each institution as a total amount of loans under the program the first year. These limits will be revised according to experience with the guaranty facility.

Mechanism

Qualified financial institutions will lend from 10,000 to 300,000 Quetzales to SME'S which are productive enterprises (industrial or agro-industrial). SME's will provide up-to-date personal or corporate financial statements and P and L's on standard form and complete a loan solicitation form. The financial statements will be certified by an independent accountant.

When the loan is approved by the financial institution, loan materials will be submitted to the Guaranty Fund Trustees or Administrators whose secretariat will verify they are complete and recommend issuance of a guaranty for which a guaranty commission of .50% P/A will be charged to the bank and collected upon disbursement of the loan.

The guaranty will cover 50% of the loan and will specify the conditions under which the guaranty is payable, including collection procedures which are to be complied with and term within which payment under the guaranty will be effected.

Term

Loans made by the financial institutions will be of two types:

1) Working capital lines of credit - up to 1 year. Partial drawings under the line permitted, lines may renewable for an additional year, but total repayment within the one year period required.

2) Loans for purchases of capital goods - equipment, machinery, transportation, etc. for up to a period of 5 years. Monthly interest payments and amortization required.

Interest

Interest to be charged to the borrower will be the maximum legal rate for the banking system.

Documentation

1) Project Guaranty Fund Agreement between USAID, the Bank of Guatemala, and the participating financial institutions selected by USAID.

2) Project Guaranty Fund Agreement between USAID, the Bank of Guatemala and the Government of Guatemala regarding the use of funds for establishing a bank account to the order of USAID.

Fees

A Guaranty Fee payable quarterly to USAID by each eligible participating bank at a per annum rate of .50% of the outstanding amount of loans.

Reporting Requirements

Sub-borrower Profile Reports will be provided to USAID as loans are made. Performance of such loans booked in each bank's Segregated Portfolio will be reported on in the aggregate by the Agent on a semi-annual basis. Additionally, each participating bank shall submit to USAID a copy of its audited annual balance sheet and report of accounts no later than 120 days after the close of its fiscal year, together with any additional or interim financial information deemed appropriate and reasonably requested by USAID.

Qualifying Bank

Institutions satisfying the qualification criteria detailed in Sec. VI.

III. BACKGROUND

PRIOR CREDIT GUARANTY FACILITIES

In 1971 Banco de Guatemala initiated a credit Guaranty Program for microentrepreneurs which was to have reached a total amount of 5,000,000 Quetzales. Guaranty covered 85% of loans made. Project was available to all banks and financieras in the country who were urged to rapidly disburse funds to borrowers. Qualification was not rigorous and selectivity very broad. Chattel mortgages were required by banks on equipment financed. Loans were relatively small and encompassed typewriters, trucks, etc, easily transportable many of which disappeared after default together with borrower. The three "Cs" of credit extension: character, capacity and credit worthiness were not practiced.

No more than a total of 2.7 million Quetzales were disbursed, a large amount of which ended in default. When banks attempted to recuperate losses under the Banco de Guatemala administered guaranty, procedures were onerous and many claims not paid. Program was cancelled in 1985 and several banks are still trying to collect under the guaranty.

Advantage of Proposed Credit Facility:

Primary advantages of a credit guaranty over the earlier facility would appear to be:

1) Greater selectivity and monitoring of borrower.

2) Prompt payment under the guaranty when criteria are met.

3) Flexibility to extend term of the facility.

4) Access to a broad category of borrowers.

5) Potential to increase the amount of credit guaranteed if circumstances and record of performance warrant.

6) Potential for design and incorporation of an intermediate and medium term deposit and bond guaranty facility being appended to facility in following years.

IV. CURRENT PROBLEMS AND CREDIT NEEDS

Unlike the Central Bank-sponsored guaranty project, the borrwers eligible for guaranteed loans under this facility will be small and medium Guatemalan private businesses engaged in productive enterprises. The maximum size of an eligible borrower, for instance, will be the Guatemalan Quetzal equivalent of US$100,000 including land and buildings, calculated according to the bank market rate of exchange. However, this limit can change during the course of operation of this facility as may be determined by the economic conditions of the country. The small business borrower, regardless of its legal form of organization or incorporation, must also represent the primary source of income for the borrower's principal owner.

Business activity in Guatemala can be roughly divided into three categories according to size. The largest businesses already have reasonable access to commercial bank credit and would probably find the added costs of this umbrella guaranty facility financially burdensome. At the other end of the spectrum, businesses on the smallest scale (microbusinesses) have no access to formal credit markets. These include street vendors and small-scale farmers and sheepherders. Although not categorically excluded from this facility, it is not expected that private Guatemalan banks will be prepared to lend aggressively to this category of borrower under a 50% guaranty. This segment of the market will, furthermore, be the focus of separate programs sponsored by the Mission and other cooperating agencies such as Accion/AITEC and the Inter-American Development Bank.

TARGET BENEFICIARIES

The target of this particular facility is the intermediate group of agro-industrial businesses, artisans and small urban entrepreneurs who would benefit from and could afford bank loans but that do not now have access to commercial bank credit. One reason for the banks' reluctance to lend to smaller borrowers is the proportionately higher administrative expense of booking such loans. While the guaranty facility does not directly address this problem, the technical assistance element of the project is designed to help the banks establish more efficient lending procedures to small and medium enterprises.

The reluctance of banks to lend into this particular segment of the market is, of course, due to the higher level of risk intrinsic to this size of business. Banks will universally seek to extract levels of collateral commensurate with their perception of risk. In the case of small to intermediate scale borrowers this level may somethimes reach more than 200% of

the principal being financed. This represents in many cases the difference between market value and bank appraised value of the collateral. Not only does the level of collateral required often present a serious barrier to the borrower but the added cost and delay of taking and registering a perfected security interest adds significantly to the cost of the transaction from both the borrower and the bank's point of view.

The facility proposed by this paper is predicated on conclusions by the Mission, PRE and the prospective financial institutions that there is a significant number of small and medium businesses that generate adequate levels of cash flow to service reasonable levels of bank debt but lack the assets necessary to pledge as collateral under current banking standards.

A survey of potential beneficiaries of a guaranty scheme has revealed a significant level of interest in entering new market and it is believed that, once the nature of the credit risk being assumed is better appreciated, competitive forces will induce banks to apply more creative standards to their determination of adequate collateral cover. Targeted beneficiaries, as indicated above, will have total assets not exceeding the Quetzal equivalent of US$100,000 - including land and buildings, calculated according to the bank market rate of exchange. They may be existing but non-borrowing clients of the bank or former borrowers who have not been indebted to the bank for at least two years.

It is proposed that the 50% of credits guaranteed under this facility may not exceed Q75,000 for small borrowers and Q150,000 for medium borrowers. However, exceptions may be made with regard to these loan requirements if the Coordinating Committee of the Guaranty Fund considers appropriate to support a project on the basis of a case-by-case review. The trustees of the guaranty fund will be responsible to see that reasonable loan amounts are made to each borrower.

V. THE TRUSTEE/ADMINISTRATOR

The Coordinating Committee of the fund will be composed of one representative each of a private sector association such as CAEM, of the private commercial banks suggested by the Guatemalan Bankers Association, the Banco de Guatemala and an observer from the USAID Mission, Guatemala.

The Trustees will be expected but not limited to:

1) Collaborate with USAID/Guatemala on a continuing basis in the equitable allocation of the guaranty facility.

2) Monitor and furnish quarterly reports to USAID documenting the credit being delivered.

VI. PARTICIPATING LENDING INSTITUTIONS

The benefits of this credit guaranty facility are intended to be available to all qualified members of the Guatemalan commercial finance and development community. The solvency of each of the participating institutions is of primary significance for the success of the program. Only the most credit-worthy financial institutions, in other words, are expected to be eligible.

Criteria governing the eligibility for participation in the scheme will be negotiated between USAID/Guatemala and the banks. Banking institutions will qualify as eligible participants on the basis of having a network of branches extended throughout the country, their experience and interest in lending to SMEs, and their willingness to assume 50% of the credit risk. If there is during the course of the project any subsequent material adverse change in the financial condition of a participating bank, Banco de Guatemala should notify the trustees of the fund. The change could have the effect of disqualifying the bank as an eligible participant. A participating bank whose bad debt exceeds 20% of their credit portfolio guaranteed by the fund may continue to enjoy one semester in which to improve its performance to remain a qualifying participant.

Analyses of operating performance and financial strength for each of the participating private commercial banks, as of December 31, 1986, are provided in Annex G - Institutional Analysis above.

VII. TECHNICAL ASSISTANCE

The project contemplates two levels of technical assistance: (1) from USAID to the local lending institutions and to the ultimate borrowers. It is anticipated that specific attention will be incorporated into this segment of the project to address gender related issues in local banking practices. These issues may take into account, if relevant, the need to eliminate formal or informal barriers to delivery of credit to women (requirement of discriminatory or unreasonable collateral requirements, for instance).

The technical assistance that the project would offer the participating lenders would, in many cases, be part of their continuing effort to encourage borrowers to utilize the facility. As noted above, one important reason that the Guatemalan banks have not been more active in small and medium business lending has been the high cost of administering that type of portfolio relative to the average size and gross interest turn of the loans. These costs can be significantly reduced if the lenders develop efficient small and medium business lending skills including standardized loan solicitation forms and personal and corporate standardized financial forms.

VIII. CONTRIBUTION TO DEVELOPMENT

a. Impact of PRE Participation on USAID Policy Areas

As already noted, only small-scale productive enterprises will be eligible to borrow under this facility. The project may involve hundreds or, over the term of the facility, maybe thousands of partially guaranteed loans to small and medium businesses. The data submitted under the record collection processes of this facility will measure the increase in production or employment directly generated by these projects. The success and impact of the borrowers' activities can, however, to a great extent be inferred from their ability to service their loans. The purpose and development merit of the loans in any event, can be evaluated from each borrower's loan application form, a copy of which USAID will have a right to inspect upon request.

With respect to USAID's "Four Pillars" of development, the project entails institution building, private sector development and technology transfer. By being induced to lend to a new market of borrowers, and by receiving the technical assistance proposed under the grant component of this facility, the Participating Bank will enhance their internal capabilities to lend to small businesses. The facility may furthermore serve as an instrument to further USAID/Guatemala Mission objectives in the development of the Guatemalan financial market.

b. Women in Development

A substancial number of all sub-borrower-beneficiaries under this facility and a majority of artisan credit users may be expected to be women. As a recent PISCES study of micro-enterprise projects in African, Latin American and Asian countries revealed, credit projects aimed at small businesses mostly assist women entrepreneurs "...because, in general, the smaller the size of the business reached, the larger the proportion of women business owners." To this extent the design of this project will take into account a gender analysis of lending patterns experienced in Guatemala and will, to the extent necessary, make provisions for legal, regulatory or conventional practices that inhibit the delivery of credit to women.

IX. MONITORING AND EVALUATION

The USAID/Guatemala and USAID/PRE will share responsibility for monitoring and providing continuing evaluation of the project. This exercise will consist of:

1. Annual review of the financial condition of the Participating Banks.

2. Interim contacts by correspondence and/or personal visitation to maintain a current perspective on their respective lending activities.

3. Periodic certifications by Participating Banks regarding the number and amount of sub-borrower obligatins incurred.

4. Review of the Sub-Borrower Information Reports submitted by the Participating Banks.

The evaluation of this project will be conducted in Guatemala by USAID/PRE two years following initial disbursement of loan fudns. The evaluation is intended to provide guidance with respect to any adjustments that might be made in the project's implementation which might enhance its developmental impact. The evaluation process should serve additionally to determine the project's replicability in other USAID-Assisted countries.

Not withstanding USAID's ability to request at any future time reasonable additional information, the reporting requirements provided for in the Project Agreement are expected to generate sufficient base-line data from which to perform the evaluation. Data for economic overview will be gathered from secondary sources and from interviews with USAID, BOG officials, borrowers and participating bank management.

The following topics will be of particular interest to USAID and will be addressed in the evaluation reports:

1. Analysis of the Guatemalan capital market, competitive and regulatory environment and the economic climate in which the project is being carried out, with particular reference to the constraints, if any, which serve to inhibit delivery of credit to small and medium-sized enterprises.

2. A summary of each bank's system for delivering credit to the sub-borrowers and how management indicates that this may have changed as a result of the guaranty facility and conclusions with respect to the bank's institutional capability and interest in servicing the target sector absent this guaranty facility.

3. Profitability of the lending program as calculated from statistics reported by the participating banks. Terms, rates and loss data will be reported semiannually to USAID.

4. The institutionalization of this lending program as indicated by the portion of the portfolios made up of such credit, the number and type of staff involved and extent to which plans have been made to extend the program.

5. Costs and performance of the loan guaranty structure for sharing risk loss. The cost and the timeliness with which the mechanism was able to respond to claims. This information will largely be available from data submitted by the borrower and issuing bank.

6. A study of the compiled data describing the portfolios to determine the profile of the beneficiaries and the developmental impacts of credit availability, particularly regarding any gender differentiations in impacts for which correction in this or replicated facilities may be appropriate.

Elaboration of these topics as part of the evaluation will result in conclusions as to: (a) projects success in achieving its objectives; and (b) generic approach for replication of the project. USAID/PRE will provide grant funding for evaluation, a portion of which may be used by the participating banks to defray any extraordinary costs they might sustain by virtue of their willingness to collaborate in such a process.

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MECANISMO OPERATIVO DEL FONDO DE GARANTIA PARA EL OTORGAMIENTO DE PRESTAMOS DESTINADOS A LA PEQUEÑA Y MEDIANA EMPRESA (SME)

CAPITULO I

OBJETO

Artículo 1o. El objeto de este instructivo es el de fijar el mecanismo operativo, términos y condiciones que regulan el "Fondo de Garantía para el Otorgamiento de Prestamos destinados a las Pequeñas y Medianas Empresa (SME)", de acuerdo con el contrato de fideicomiso suscrito entre el Gobierno de la República de Guatemala, la Agencia para el Desarrollo Internacional (AID) y el Banco de Guatemala.

CAPITULO II

TERMINOS Y CONDICIONES DEL FONDO DE GARANTIA

Artículo 2o. El Fondo de Garantía se encuentra constituído por la suma de US$.5.500,000.00 que forman parte de la donación que por 56.0 millones de dólares otorgó el Gobierno de los Estados Unidos de América al Gobierno de Guatemala para el fortalecimiento de la balanza de pagos de Guatemala. Los dólares recibidos para este propósito fueron convertidos a quetzales al tipo de cambio de Q.2.58287 por US$.1.00, haciendo un total de Q.14,205,785.00 suma que es con la que inicia sus operaciones este Fondo de Garantía. Posteriormente este Fondo de Garantía se incrementará con los intereses que generen los fondos invertidos, así como las comisiones de garantía que paguen los usuarios de los créditos garantizados.

Artículo 3o. El Fondo de Garantía cubrirá hasta el 50% de los préstamos que otorguen las instituciones bancarias y financieras calificadas por la Misión AID y que suscriban el contrato de participación con el Banco de Guatemala, fiduciario del Fideicomiso que comprende el Fondo de Garantía.

CAPITULO III

ADMINISTRACION

Artículo 4o. El Fondo de Garantía estará administrado por un comité integrado por cuatro personas que representarán, respectivamente, al Banco de Guatemala; al sector privado por intermedio de la Cámara Empresarial (CAEM), al sector bancario y financiero por intermedio de la Asociación de Banqueros de Guatemala; y finalmente a la Misión AID. La designación de estas personas se efectuará de la siguiente manera:

a) El Banco de Guatemala nombrará directamente al representante de esa institución;

b) El Banco de Guatemala solicitará a la Asociación de Banqueros de Guatemala, la designación del representante de esa institución;

c) A solicitud de la Misión AID, la Cámara Empresarial de Guatemala nombrará su representante; y

d) El representante de la Misión AID será el Oficial de Proyectos de la oficina de Programas del Sector Privado, cuya participación dentro del Comité será únicamente en calidad de observador, con voz pero sin voto.

Artículo 5o. El Comité de Administración del Fondo de Garantía t[illegible] las oficinas de la Cámara Empresarial (CAEM), quien ofrecerá el apoyo secretarial que se requiera. Se reunirá las veces que sea necesario y por lo menos una vez por semana. La primera sesión que celebre el Comité servirá para dejar constancia en acta de su integración y de las personas designadas como representantes de las instituciones que lo forman.

Artículo 6o. el comité de Administración del Fondo de Garantía regirá sus actividades de acuerdo con este instructivo que forma parte integrante del contrato de fideicomiso a que se hizo referencia al principio de este instrumento; las resoluciones del Comité se adoptarán por mayoría de votos.

CAPITULO IV

PROCEDIMIENTO PARA EL REGISTRO Y EMISION DE LOS CERTIFICADOS DE GARANTIA

Artículo 7o. Las solicitudes de garantía deberán presentarse por el Banco interesado a la Secretaría del Comité de Administración del Fondo de Garantía, en formularios especiales que se proporcionarán, debiendo contener como mínimo la información siguiente:

a) Nombre de la Institución Bancaria solicitante;

b) Nombre completo y generales del usuario;

c) Domicilio;

d) Información amplia sobre el destino del préstamo solicitado;

e) Garantías ofrecidas;

f) Plazo del préstamo solicitado;

g) Monto del préstamo solicitado;

h) Monto de la garantía que se solicita.

Artículo 8o. La Secretaría del Comité de Administración del Fondo de Garantía dará el trámite a las solicitudes recibidas, dentro de la semana en que se reciban y siempre que éstas hayan sido presentadas en debida forma y con toda la documentación necesaria. La Secretaría convocará a sesión a los miembros del Comité para que conozcan las solicitudes recibidas en el curso de cada semana. Cuando una solicitud requiera mayor información o comprobaciones adicionales, la Secretaría del Comité solicitará al Banco interesado los datos e información complementaria, en cuyo caso el Comité emitirá su resolución en la semana en que reciba dicha información.

Artículo 9o. En virtud de que la concesión de estos créditos representa un riesgo compartido entre el Fondo de Garantía y la institución bancaria participante, esta última deberá aplicar a las solicitudes sus procedimientos normales de análisis y valuación de garantías, conforme los lineamientos que internamente tenga establecidos.

Artículo 10. En el caso de que el Comité de Administración deniegue el otorgamiento de una garantía; que puede ser porque se salga de los límites del programa o porque corresponda al refinanciamiento de un crédito anterior en mora, el Banco interesado podrá pedir la reconsideración al propio Comité, dentro de los cinco (5) días hábiles siguientes a la fecha de notificación, presentando las pruebas o informaciones complementarias que estime convenientes. Si el Comité de Administración reitera su denegatoria, esta segunda decisión será inapelable.

Artículo 11. Los préstamos que las instituciones bancarias y financieras participantes otorguen de conformidad con este programa, además de los intereses normales, también deberán cubrir la comisión del 0.50% sobre los saldos deudores, que deberá ser -

cubierta por el usuario en la misma forma y época en que paga los intereses. Las comisiones recaudadas deberán ser trasladadas de-inmediato al Banco de Guatemala para que éste último las acredite en la cuenta que contiene el Fondo de Garantía.

Artículo 12. Los préstamos que la institución financiera participante otorgue con la garantía de este fondo, deberán registrarlos separadamente de su cartera normal, para lo cual deberá asignarle un código específico de identificación para estos propósitos.

Artículo 13. Con base en las certificaciones de las resoluciones aprobatorias que emita el Comité de Administración del Fondo de Garantía, la Secretaría del mismo expedirá los correspondientes Certificados de Garantía a favor del Banco interesado, los que tendrán vigencia hasta un año después de vencida la obligación.

CAPITULO V

PROCEDIMIENTO PARA EL PAGO DE GARANTIAS

Artículo 14. Si después de transcurridos noventa (90) días de la fecha final de vencimiento del crédito otorgado, hubiera falta de pago de algún usuario, la institución financiera afectada podrá dentro del plazo de vigencia del Certificado de Garantía, requerir el pago hasta por el porcentaje garantizado por el fondo, sobre el saldo adeudado llenando previamente los siguientes requisitos:

a) Comprobar fehacientemente que ha cubierto todos los procedimientos de cobro extrajudicial para lograr la recuperación total del préstamo. Esta comprobación debe constar en certificación suscrita por el representante legal de la Institución, en la que también se debe indicar el monto del préstamo, monto del capital en mora y fecha en la que venció la obligación;

b) Comprobar fehacientemente que ha iniciado la demanda judicial para lograr la recuperación total del préstamo;

c) Obligarse expresamente a proseguir con la debida diligencia los trámites del juicio, por medio de un Abogado independiente que no forme parte de su propia Asesoría Jurídica.

d) Obligarse a reintegrar al Fondo de Garantía la mitad de la suma total que recupere en el proceso de cobro que lleve a cabo, por virtud de estar compartiendo el riesgo en 50% para cada parte.

Artículo 15. Cumplidos los requisitos señalados en el párrafo anterior, el Comité procederá a conocer la solicitud, debiendo emitir su resolución en el término de diez (10) días contados a la fecha de su recepción. El Comité en forma inmediata deberá notificar su resolución a la Institución Financiera interesada y al Banco de Guatemala para que proceda a pagar la garantía.

Artículo 16. Las Instituciones Financieras participantes no aplicarán el pago de la garantía al préstamo del usuario, sino hasta la liquidación que se realice al finalizar el proceso judicial de cobro. Mientras tanto, el pago recibido lo tendrá registrado en una cuenta especial como ingreso por aplicar.

CAPITULO VI

INFORMES

Artículo 17. Las Instituciones Financieras participantes en este proyecto que hayan obtenido la garantía de los créditos otorgados, mensualmente deberán proporcionar al Comité de Administración del Fondo de Garantía, un informe que contenga la relación detallada de tales préstamos con la indicación de la forma en que han sido atendidos los pagos de los mismos. También deberán informar sobre los pagos recibidos de garantías por parte del Fondo y los progresos que se hayan obtenido en los procesos judiciales.

Artículo 18. El Comité de Administración del Fondo de Garantía presentará un informe mensual sobre la situación financiera del Fondo, suministrando además todas aquellas informaciones que consideren necesarias, en relación a sus actividades. Dicho informe deberá ser remitido a las cuatro Instituciones representadas.

CAPITULO VII

DISPOSICIONES FINALES

Artículo 19. El Comité de Administración del Fondo de Garantía, tendrá el derecho de ordenar las inspecciones que estime necesarias para comprobar la correcta inversión de los recursos de los préstamos que gocen de la garantía del Fondo. Las instituciones financieras participantes deberán proporcionar todas las facilidades del caso para la realización de tales inspecciones.

Artículo 20. El Fondo de garantía se incrementará mensualmente con las comisiones que cobren las instituciones bancarias y financieras en un 0.50% sobre los saldos adeudados por los usuarios de los préstamos, así como también con los intereses que se generen por las inversiones que realice el Banco de Guatemala de las disponibilidades del Fondo de Garantía conforme instrucciones del Comité de Administración. Estos recursos adicionales del Fondo de Garantía servirán para cubrir los gastos de asistencia técnica que el programa tiene contemplado proporcionar a los usuarios de los préstamos y a las instituciones bancarias y financieras participantes.

Artículo 21. Los gastos de asistencia técnica serán pagados por el Banco de Guatemala con recursos del Fondo de Garantía, conforme instrucciones que reciba del Comité de Administración del Fondo.

Artículo 22. Los límites máximos a garantizar por el Fondo de Garantía son: Q.75,000.00 para las pequeñas empresas y Q.150,000.00 para las medianas empresas; esto quiere decir que, por el riesgo compartido en igual porcentaje con la institución bancaria participante, los montos máximos de los préstamos serán de Q.150,000.00 para la pequeña empresa y Q.300,000.00 para las medianas empresas. En los casos de proyectos que sobrepasen los límites indicados, el Comité de Administración del Fondo de Garantía tiene la facultad de considerarlos y resolver lo conveniente; para el efecto solicitará toda la documentación que considere apropiada para justificar la excepción de los límites arriba indicados.

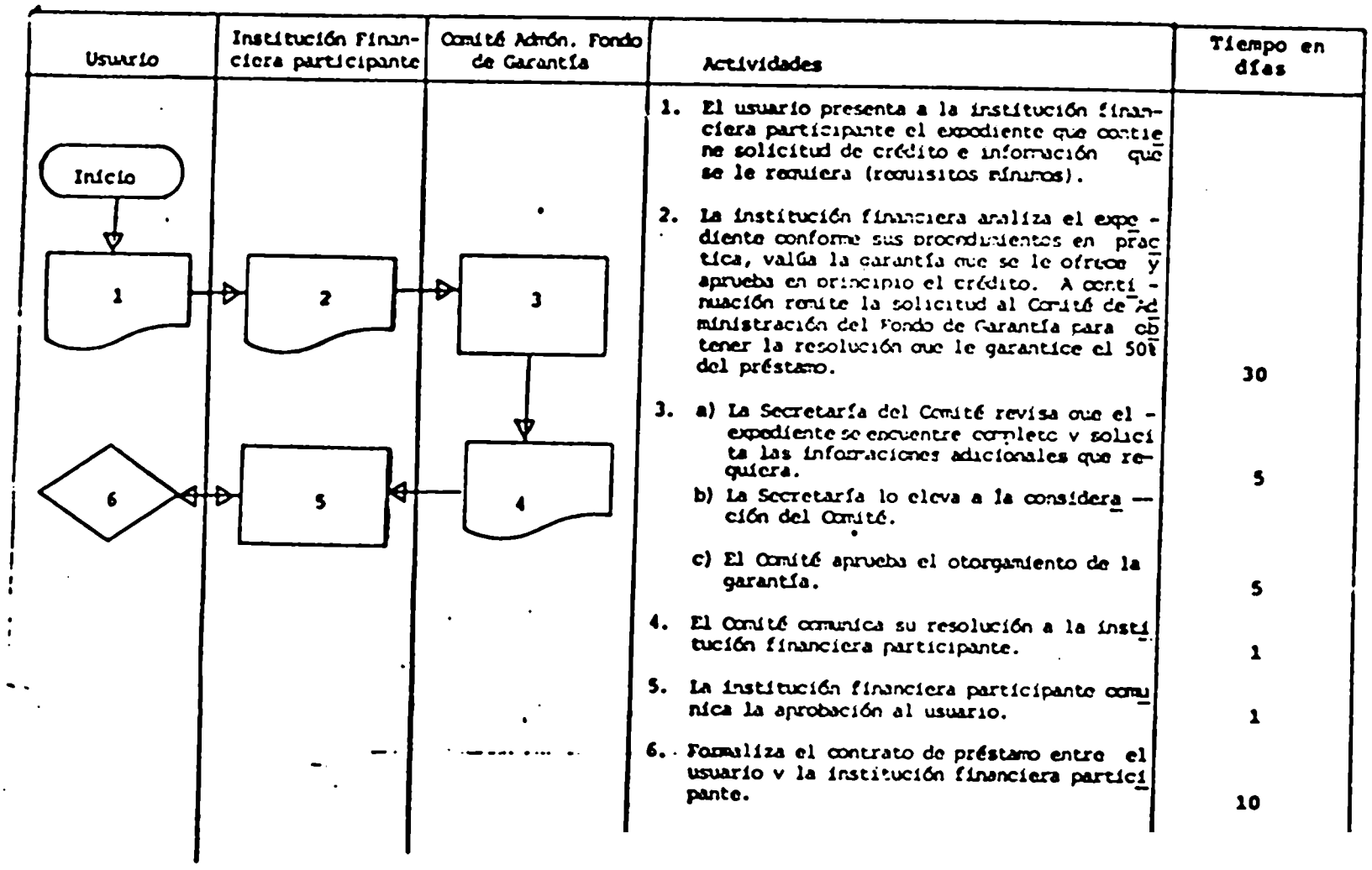
Artículo 23. Cuando alguna de las instituciones bancarias y financieras llegue a tener como mora un 20% del monto adeudado en los préstamos garantizados por el Fondo de

Garantía, el Comité de Administración suspenderá el otorgamiento de nuevos certificados de garantía para aquella institución, sin perjuicio del compromiso ya adquirido sobre los certificados anteriormente emitidos. La institución bancaria y financiera que se encuentre en esta situación deberá poner el mayor empeño en sus funciones de cobro para que la regularice dentro de un plazo de seis (6) meses y de esa manera poder seguir participando en el programa.

Artículo 24. La interpretación de este instructivo, así como los casos no previstos en el mismo serán resueltos por el Comité de Administración del Fondo de Garantía y en caso de discrepancia se someterán a la consideración de la Agencia para el Desarrollo Internacional (AID). Las modificaciones que en un futuro sea necesario introducir a este instructivo, como consencuencia de cambios de condiciones que puedan ocurrir en el programa, se efectuarán por la Misión AID con opinión del Comité de Administración debiendo notificar el nuevo texto a todas las Instituciones participantes.

FONDO DE GARANTIA PARA EL OTORGAMIENTO DE CREDITOS DESTINADOS A LA PEQUEÑA Y MEDIANA EMPRESA (SMT.)

MECANISMO PARA EL OTORGAMIENTO DE GARANTIAS



FONDO DE GARANTIA PARA EL OTORGAMIENTO DE CREDITOS DESTINADOS A LA PEQUEÑA Y MEDIANA EMPRESA (SPE)

MECANISMO PARA LA EJECUCION DEL PAGO DE LAS GARANTIAS POR PARTE DEL FONDO DE GARANTIA, CUANDO LOS DEUDORES CAEN EN MORA.

Usuario	Institución Financiera participante	Comité Admón. Fondo de Garantía	Actividades	Tiempo en días
	Inicio		1. La institución financiera que otorgó el préstamo realiza todos los requerimientos de cobro extra-judiciales sin resultados positivos. Inicia los trámites legales para obtener el cobro por la vía judicial.	90
2	1		2. El usuario se rehusa a pagar.	
	3	4	3. La institución financiera presenta la solicitud de pago al Fondo de Garantía.	
			4. La Secretaría del Comité revisa que el expediente esté completo y solicita las informaciones que requiera.	1
		5	5. El Comité dentro del término de 10 días hábiles contados a partir de la fecha en que fue recibido por su Secretaría, resuelve la solicitud.	9
7	6		6. Notifica su resolución al Banco de Guatemala y a la Institución Financiera participante.	1
8	9	10	7. La institución financiera recibe el pago y lo reporta como ingreso por aplicar al préstamo sin disminuir el saldo deudor. La aplicación al saldo insoluto se efectuará hasta que se concluyan los trámites judiciales y extra-judiciales.	1
			8. El usuario considera los requerimientos de cobro que se le hacen. Efectúa algunos pagos o pago completo de su préstamo.	
			9. La institución financiera recibe el pago y remite el 50% al Fondo de Garantía.	
	11		10. El Fondo de Garantía recibe el pago que incrementa el propio fondo.	
			11. La Institución Financiera recibe el 50% del saldo cobrado y lo aplica al préstamo juntamente con lo anteriormente recibido del Fondo de Garantía, procediendo a liquidar el préstamo.	

Analysis of the Liquidity of the Guatemalan Banking System

EXECUTIVE SUMMARY

Study Objective

The purpose of the study is to investigate the degree of liquidity prevailing in the banking system of Guatemala, as well as its probable near term (1987-1988) developments. The results of the study will provide a macroeconomic background for the establishment of a Guaranty Fund (up to US$5.5 million) for medium and small enterprises seeking banking credit.

Methodology

After a short summary of the historical behavior of the Guatemalan banking system, the study focuses on the changes in the financial situation of the country as a result of the economic crisis initiated around 1979. Then, using some simple analytical tools from current monetary theory, important features of the Guatemalan banking system are identified and used to project the liquidity trend for the second half of 1987 and all of 1988.

Principal Conclusions

In spite of the economic crisis afflicting the country (the worst since World War II), banking and financial activities are booming.

Creation of new money by the Central Bank has become a major problem for the Guatemalan economy, resulting in the appearance of a series of new banks and agencies in Guatemala City and in other cities of the country. This has given rise to an excess of financial liquidity which the monetary authorities have not been able to deal with. It appears that excess liquidity will be a serious issue during the next four or five years. The open market operations designed to correct the problem implies a cost which the government seems unable to cover due to its inability to secure the fiscal resources necessary for payment of the interest involved in the transactions.

1. The Guatemalan Banking System: Brief Historical Overview

Guatemala's modern banking history begins with the banking reform of 1945 to 1946, through which the fundamental laws were set forth and are still in effect in the current banking and financing system. These laws have allowed the country to enjoy monetary and banking stability, something unusual in Latin America. In effect, Guatemala wasable to maintain the rate of exchange of the Quetzal at parity with the US dollar for a period of over forty years. Until the current crisis began. In 1980, Guatemala had never been faced with inflationary problems. It had even been considered as a model, being a member of the International Monetary Fund. In 1946 the following banks were operating in Guatemala:

Banco de Guatemala (Central Bank)
Banco Agrícola Mercantil[1]
Crédito Hipotecario Nacional
Banco de Occidente
Banco Lippman y Cía.
Banco de Londres y América del Sur, Ltda.

As the local economy began to develop, the number of banks in existence increased rapidly and the credit activity of these banks grew even at a greater pace.

In addition, with the urbanization process and the increase in commercial dealings within the different social groups, the use of checking accounts became more and more common and the banks themselves learned to make better use of their surplus reserves. In order to illustrate graphically the developing process, two coefficients were used. The first one designated by a small c, represents the demand for currency in circulation by individuals and different enterprises; and the second designated by a small r, measures the level in which the commercial banks maintain currency reserves. This coefficient must not be confused with bank reserves, because to calculate r we take into account the total amount of bills and coins in possession of the banks at a given moment, a figure which includes surplus reserves.[2]

In Table No. 1 the value of c is shown for December 31[3] of each year, between 1955 and 1986; and in Table No. 2 the value of the r coefficient is also shown for December 31[2] of each year during the same period.

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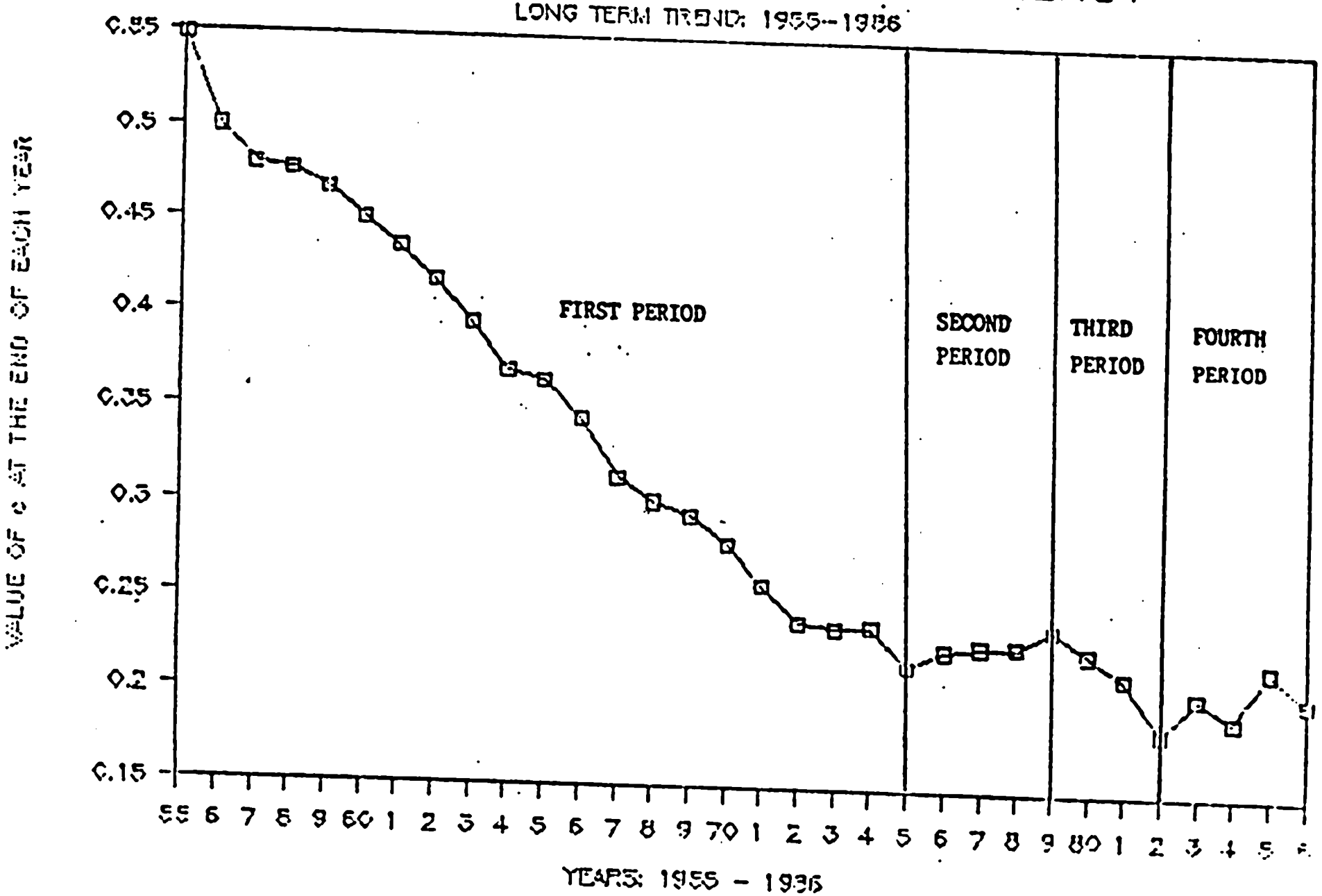
[1]During that time it was called Banco Central de Guatemala, but afterwards it was called by its current name.

[2]For a formal derivation of these coefficients, see Appendix I. It is necessary to point out that c results from dividing currency in the hands of the nonbanking public by the means of payment (M2); and that r results from dividing currency in the hands of the banks by total deposits (= Checking account deposits plus savings account deposits).

[3]1986 is an exception, as the number refers to November 30 of that year.

GUATEMALA: DEMAND FOR CURRENCY

LONG TERM TREND: 1955--1986



Behavior of the Coefficient c - Four different periods can be identified in the behavioral analysis of the coefficient c which measures the public preference for cash on hand. During the first period (1955-1975), the coefficient c had a tendency decline, a normal situation with developing countries which results from widespread use of checks by the public and the appearance of new banking agencies. During the second period (1976-1979), the coefficient c tended to grow due to the economic and financial circumstances surrounding the earthquake of February 1976. Together with relatively high export prices during this period, there was a large inflow of dollars from foreign aid going into the hands of people with limited access to the banking system. (One should remember that when a relative abundance of bills and coins exists in the hands of the public, the coefficient c tends to be greater.

The third period (1980-1982) was characterized by a renewed fall of the coefficient c, following the historical tendency observed during the first period, even though conditions were completely different. In effect, during those years the Guatemalan economy was already in crisis and, notwithstanding a significant drop in the Gross National Product, the public and private sector's credit levels continued to grow. Overall, the net credit of the Central Government reached amounts unknown in the country's history. The following table illustrates this point. A more "normal" situation shown during the period of 1973-1975, as compared with the third period 1980-1982, which occured in the middle of a crisis.

Table No. 1

Economic Growth and Credit Expansion

Growth Rates (%)	1973	1974	1975	1981	1982	1983
Gross Domestic Product	6.8	6.4	1.9	0.7	-3.5	-2.6
Private Sector, Net Credit	13.3	30.5	12.1	13.5	9.2	12.8
Public Sector, Net Credit	9.7	12.8	-1.0	124.4	39.6	15.0

Source: International Financial Statistics (1984 Yearbook)

Finally, from the fourth quarter of 1983 to the present, we see that the value of the coefficient c oscilates without being constant. This irregularity is due to the erratic monetary, credit and exchange policies adopted before the Economic and Social Reorganization Program (ESRP) came into effect on June 6, 1986.

Behavior of the Coefficient r - Table 2 illustrates that the value of r, tahe coefficient of banking liquidity, has decreased (which indicates that the banks' main interests rely on the concession of credit), even though with an exaggerated change of direction during 1976 and 1977, due to the economical and financial consecuences of the earthquake of February 1976. From December of 1981 to November of 1986, the coefficient r shows an irregular pattern owing not to any internal measures adopted by the private banks, but rather to the instability of the financial system before the ESRP came into effect.

However, what is important to observe is the way in which the Guatemalan banking system has developed in recent years, making use of its capacity to expand credit, even under circumstances where the interest rates were negative. In effect, during 1985 y 1986, interest rates charged by banks had a maximum ceiling of 12% annually (established by law). At the same the average inflation rates for those two years were 33.6% and 24.9%, respectively.

To understand this paradox, perhaps it is necessary to note that in Guatemala 90% of the total amount of savings is in the hands of only 10% of the depositors. This percentage is made up of those people who can meet the large collateral requirements demanded by the banks which, in turn, makes them the only ones with access to banking credit. This suggests that a large amount of credit is in the hands of the banks' shareholders themselves, or their relatives and friends.

Table 2

Guatemala: Monetary Reserves and Currency in Circulation

Years	1976 - 1980	1981 - 1986
Monetary Reserves [1]	600.0	-180.8
Currency [2]	290.6	693.7

[1]Net International Reserves expressed in millions of US dollars (average over period).

[2]Currency in circulation expressed in millions of Quetzales (increase over period).

Source: Statistical bulletins of the Bank of Guatemala (October-December of 1980 and October-December of 1981), International Financial Statistics (1984 yearbook, March 1987 yearbook).

Not unexpectedly, coefficient c and r vary also from month to month, which leads us to believe that if we had chosen a date other than December 31 of each year to estimate their values, the graphs might have been different. To estimate the degree of change that c and r have had during any year, a third coefficient is used, identified by the letters dz (whose derivation is explained in Appendix II). In Table 3 we can see that the inestability of c and r, measured through dz, has been greater in the last five or six years than in the past.

Table 3

Guatemala: Nature of the Liquidity Increase of the Economy (1971-1988)

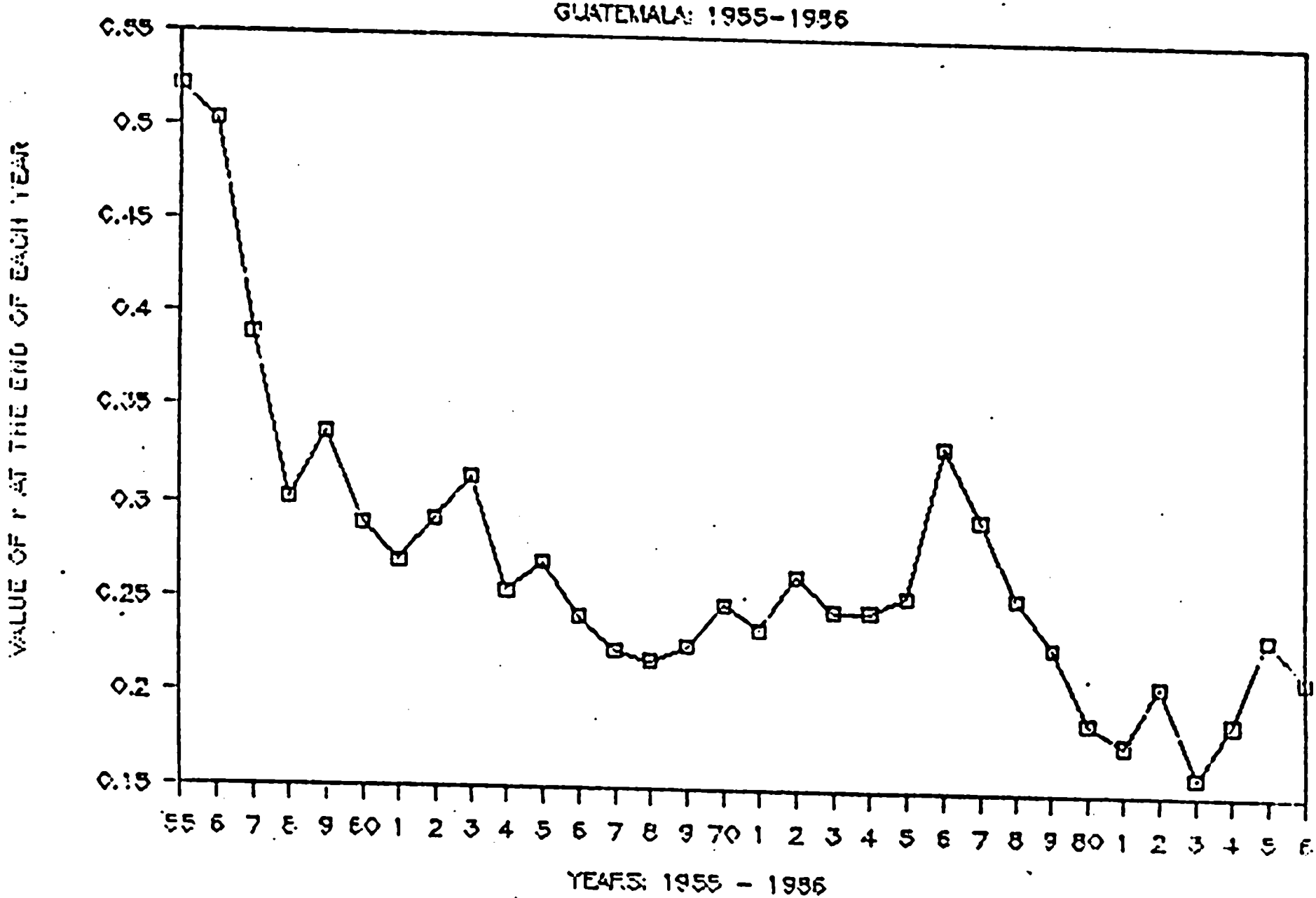
Years	External Origin	Public Sector	Private Sector	Other Net Assets	Means of Payment (M2)
1971	11.5	21.1	20.5	13.5	39.6
1972	46.1	33.8	22.7	- 9.0	93.6
1973	75.4	8.8	34.7	-16.0	102.9
1974	-22.4	12.8	90.3	7.8	88.5
1975	107.6	- 1.2	46.9	-13.1	140.2
1976	209.1	36.5	71.1	-73.4	243.3
1977	157.2	-61.2	148.0	-46.7	197.3
1978	53.5	-26.7	181.8	-31.9	176.7
1979	-19.0	30.2	182.9	85.6	108.5
1980	-311.3	236.7	225.6	27.1	178.1
1981	-449.1	447.6	156.3	46.2	201.0
1982	-112.9	294.5	115.1	-14.7	282.0
1983	-302.4	156.6	223.4	-30.6	47.0
1984	-216.0	311.1	201.2	3.3	299.6
1985	58.0	165.1	157.0	340.6[a]	720.7
1986	16.6	-493.3	176.6	915.2[a]	628.4
1987	1.1	- 88.2	223.0	440.3[a]	576.2
1988	0.0	100.0	260.0	100.0[a]	460.0

[a]Includes exchange rate losses. Source: From 1971 to 1977, IFS (various numbers); from 1978 to 1987, Banco de Guatemala; 1988, Projections.

NOTE: The figures projected for 1988 illustrate an optimistic scenario regarding the revenue situation of the government, i.e. a combined deficit of the Central Government and of the Bank of Guatemala of Q200 million. This is highly improbable, since even in 1987 the combined deficit is projected to be around Q600 million.

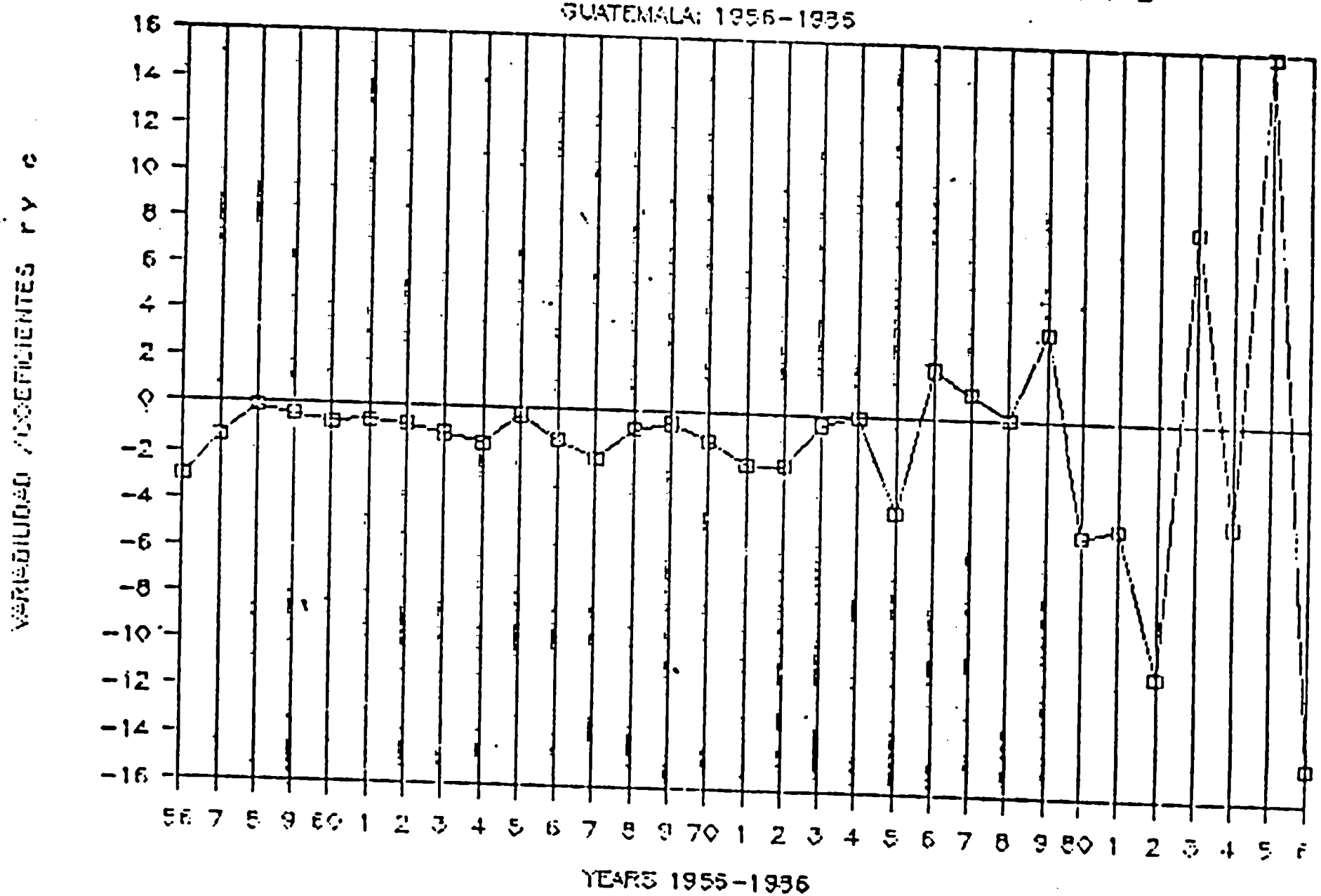
COEFFICIENT "r" OF LIQUIDITY

GUATEMALA: 1955-1986



INESTABILIDAD DEL SISTEMA BANCARIO

GUATEMALA: 1956-1985



2. Sources of Liquidity in Guatemalan Banking System

From 1976 until 1980, monetization in the economy was solidly supported by the international reserves of the Central Bank. From 1981 to the present, however, the level of monetization has been even greater, but has been accompanied by a reduction in the level of international reserves. This indicates that the increases of the currency in circulation (high-powered money) have come from fiscal deficits and exchange losses of the Bank of Guatemala.[1] In Table 2 the increase in high-powered money is shown for two different periods of time, one "normal" (1976-1980) in the sense that the country's international reserves are related to liquidity increases in the economy, and the other "abnormal" (1981-1986) in the sense that the net international reserves during that period of time became negative, but the liquidity of the economy increased even more than in the prior period.

Table 3 illustrates how the pattern of monetization has evolved in Guatemala, initially fed by constant increases in external assets and by the credit to the private sector, and later driven by the large deficits of the Central Government and the Bank of Guatemala. Thus, by 1979, foreign monetization became negative and net credit to the public sector gained ground, compounded by the problem of exchange losses beginning in 1985. At present, the Central Bank exchange losses are a fundamental element in explaining the future monetary and credit perspectives of the Guatemalan economy.

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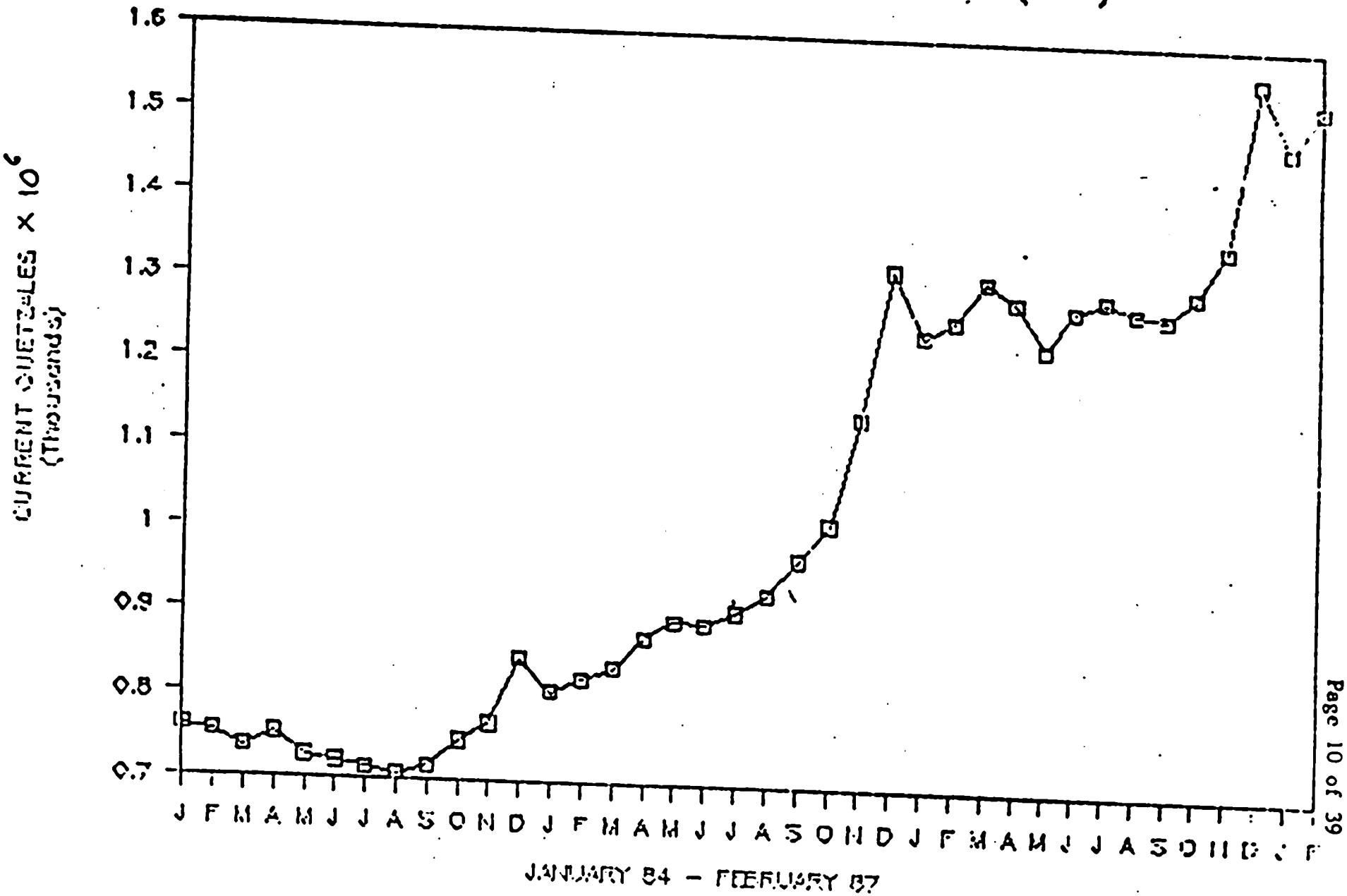
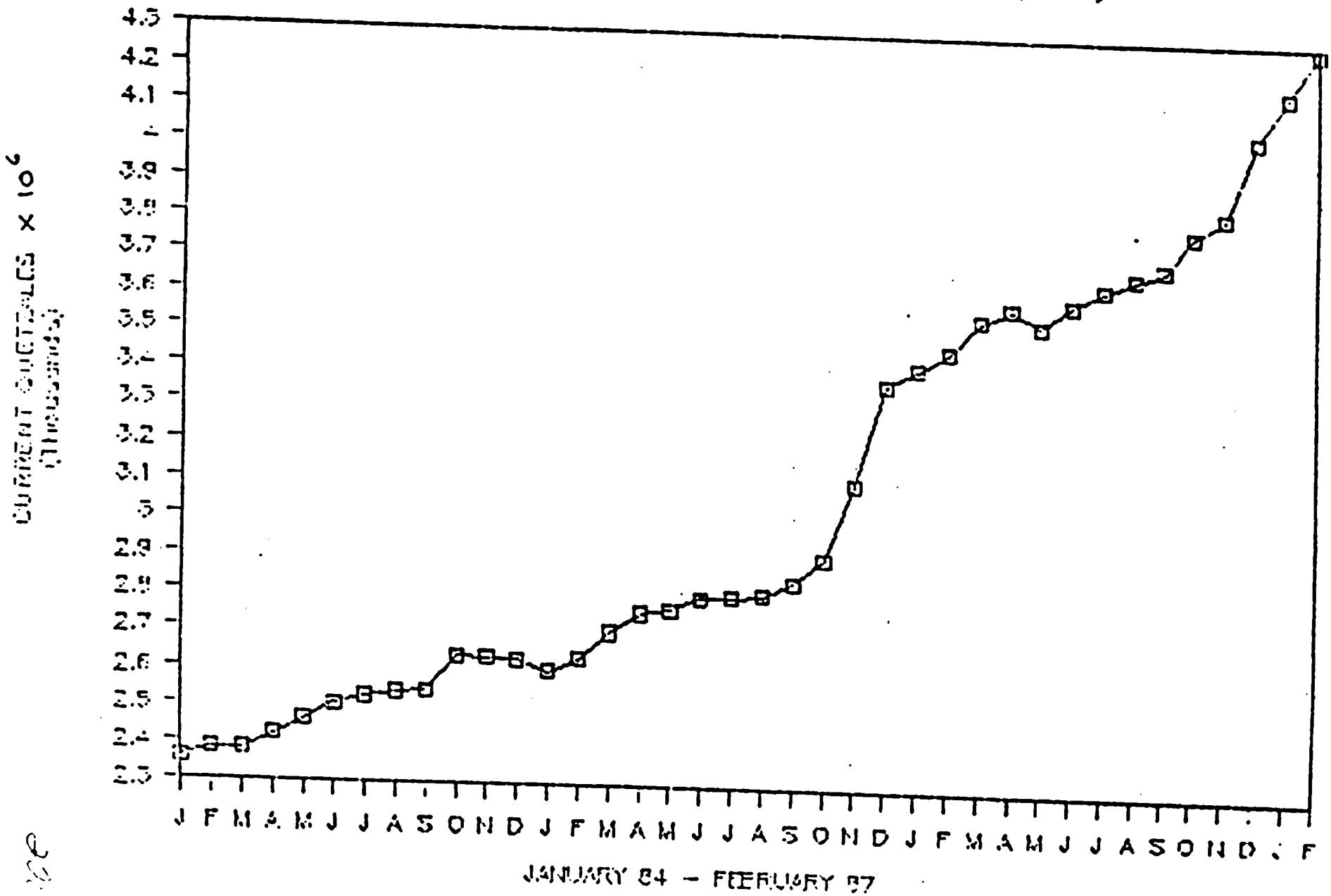
[1]The exchange losses occur when the Central Bank has to rely on other markets for the purchase of dollars at higher exchange rates, those needed to satisfy the dollar demands of the Central Government and/or the public, at preferential exchange rates. If the Central Bank buys at two and sells at one, the difference is purely monetization.

GUATEMALA: MONEY SUPPLY (M1)



GUATEMALA: MONEY SUPPLY (M2)



3.) Trends in Credit to the Private Sector

During the last eight years (1978-1986), the amount of credit authorized to the private sector has more than doubled, from a total of Q579.5 million in new loans during 1978, as compared to Q1,346.9 million in 1986, (See Table

4). And although the Gross Domestic Product of the country registered negative growth rates during that same period (See Table 5), paradoxically, the credit and financial base grew during those years with the creation of four new local banks, two financial companies and seven new general storage warehouses.

Table 4

Loans Authorized by Sector
1978-1986
(Millions of Quetzales Each Year)

	1978	1979	1980	1981	1982	1983	1984	1985	1986
Agriculture	92.6	83.4	150.5	161.5	153.4	179.6	187.6	148.7	183.0
Industry	149.5	195.0	247.9	242.2	251.9	276.4	342.7	391.5	394.7
Commerce	127.3	129.6	138.5	166.0	169.3	213.2	265.0	283.3	403.5
Construction	66.2	67.4	69.9	69.2	63.3	62.9	78.9	59.0	77.3
Total	579.5	663.5	777.2	810.7	828.7	977.4	1197.7	1151.8	1346.9

Source: Statistical bulletins of the Bank of Guatemala (Several numbers).

Table 5

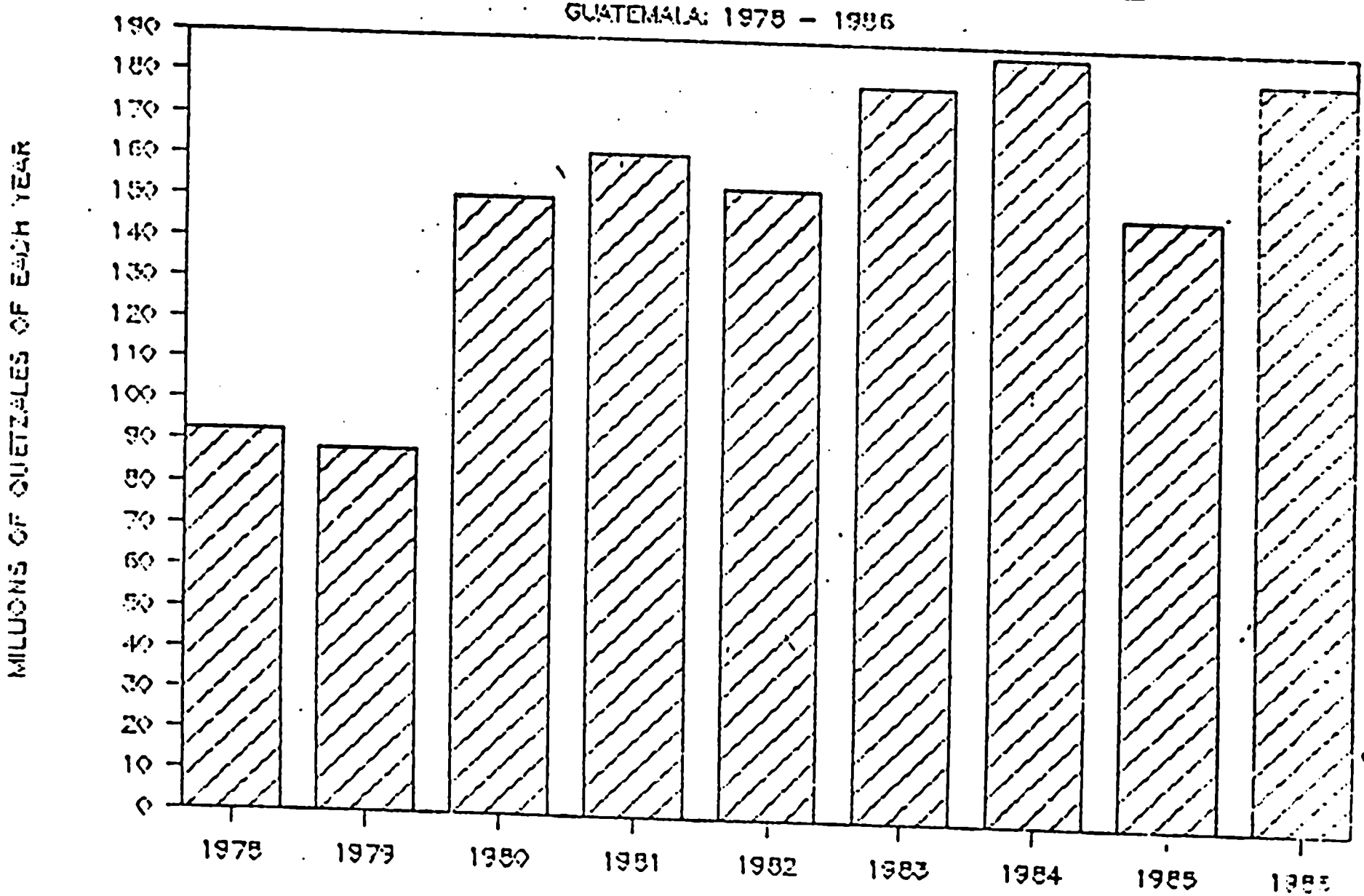
Guatemala: Gross National Product (1978-1986)
(Millions of Quetzales of 1958)

	1978	1979	1980	1981	1982	1983	1984	1985	1986
Agriculture	739.1	760.0	772.0	781.4	757.9	744.9	759.8	750.4	750.4
Industry	463.7	489.6	517.3	501.2	475.1	466.0	468.4	467.4	469.6
Commerce	802.4	824.7	839.1	844.1	797.2	764.4	770.5	744.6	728.7
Construction	88.6	94.4	98.0	116.5	103.0	75.8	53.4	49.1	48.5
GDP	2859.9	2944.6	3106.9	3127.5	3016.6	2939.6	2958.2	2925.1	2925.1

1 Agriculture, Forestry, Hunting and Fishing
Source: Statistical Bulletins of the Bank of Guatemala (Several Numbers).

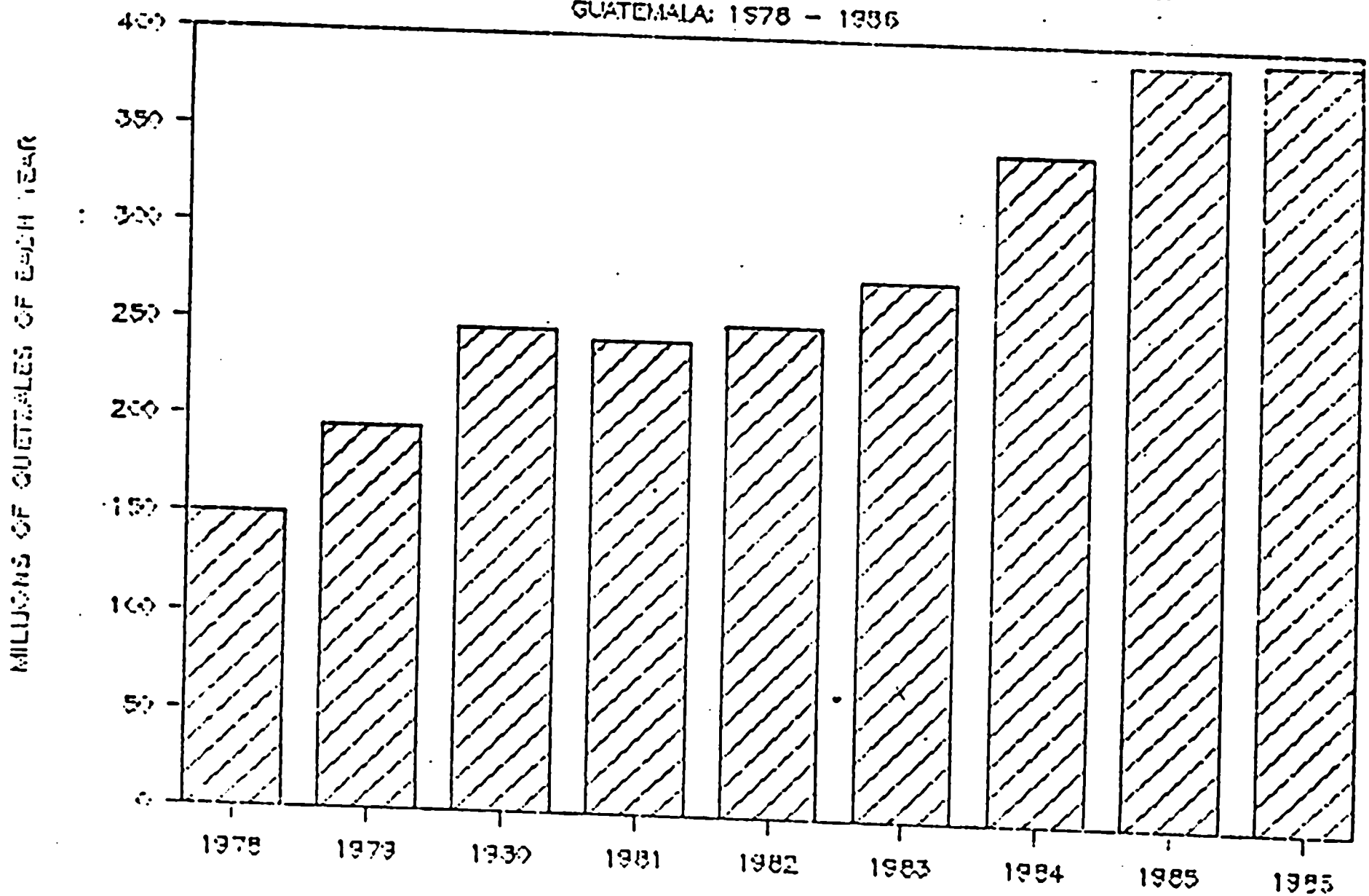
BANKING CREDIT TO AGRICULTURE

GUATEMALA: 1978 – 1986



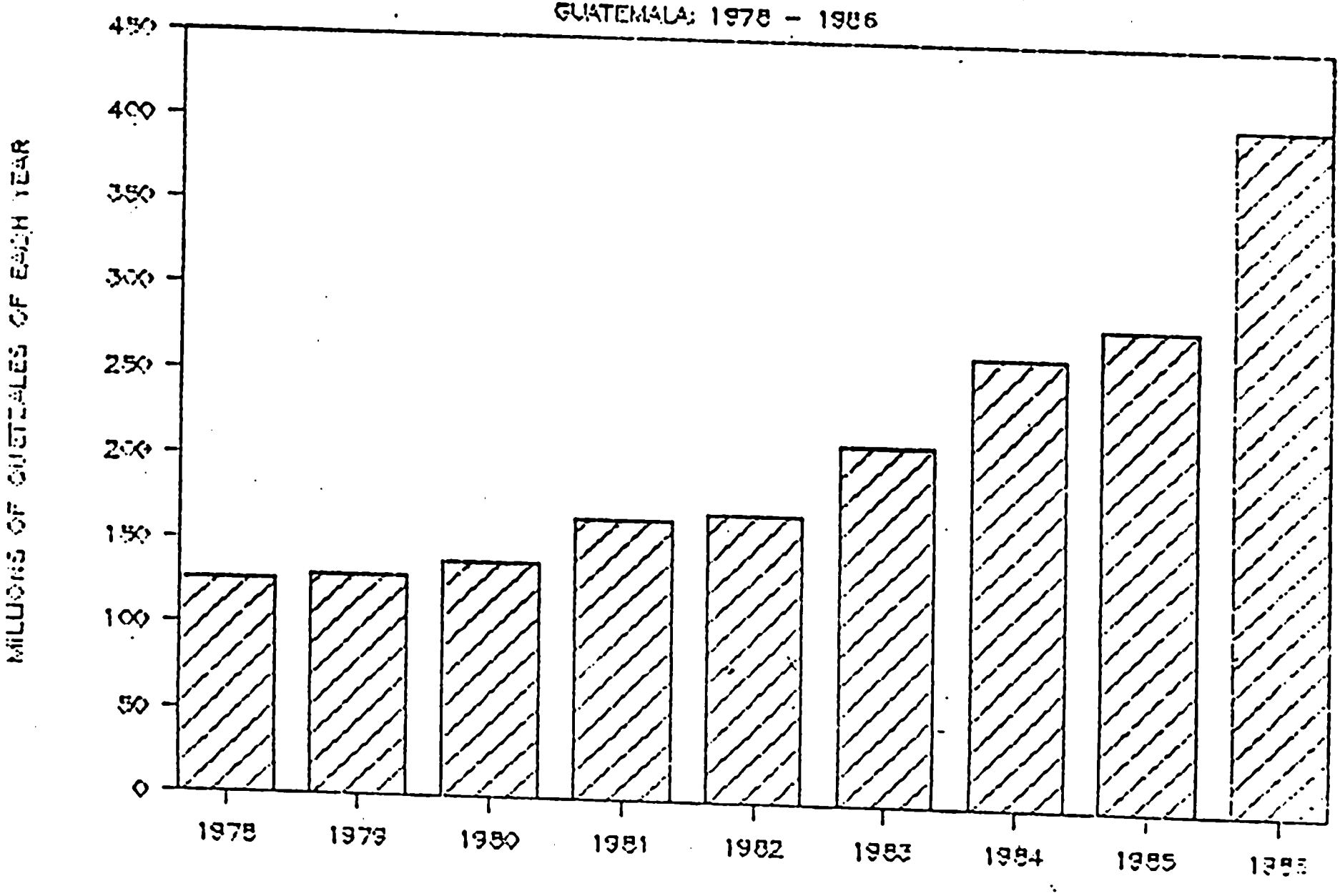
BANKING CREDIT TO MANUFACTURES

GUATEMALA: 1978 - 1986



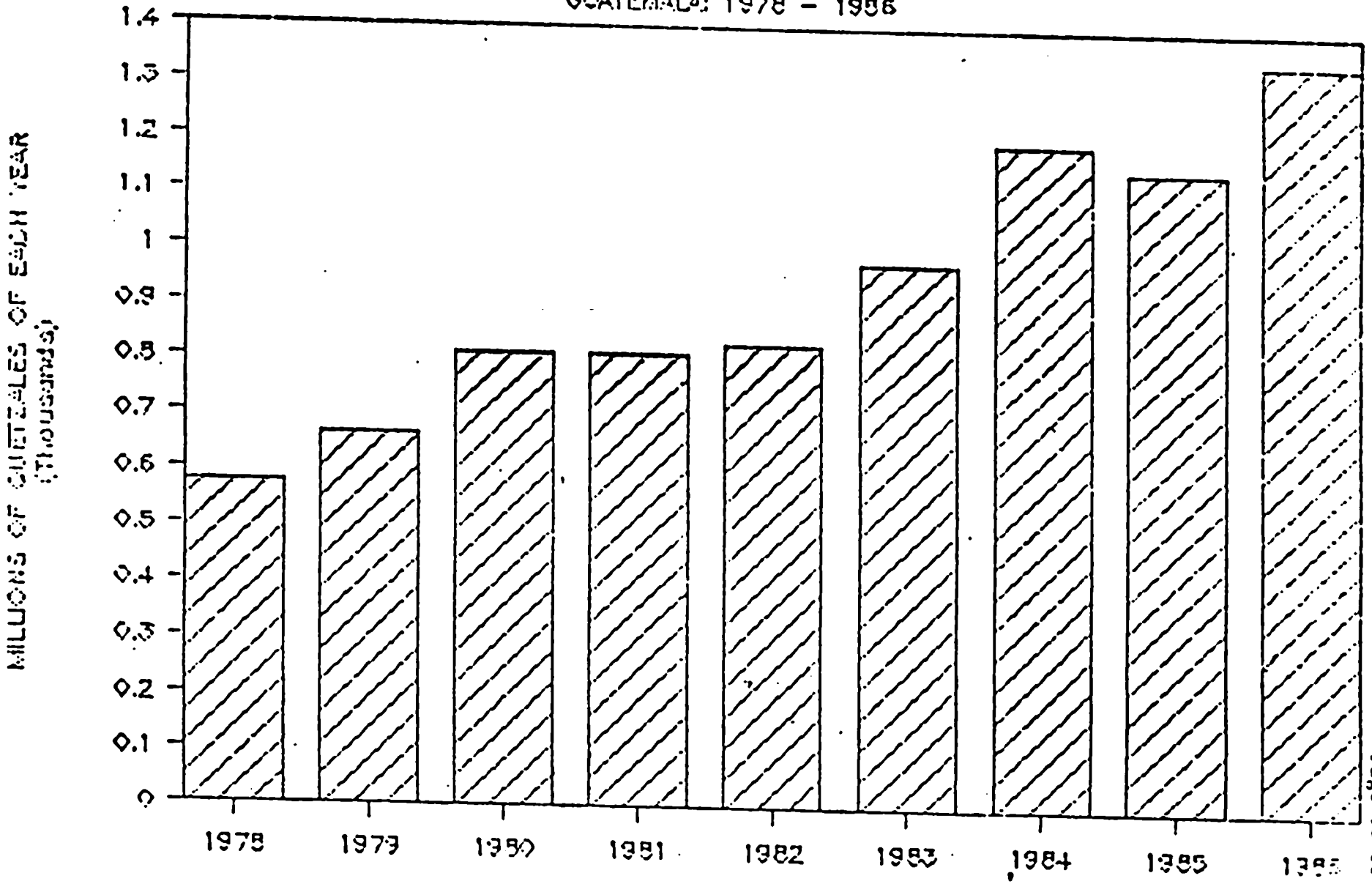
BANKING CREDIT TO COMMERCE

GUATEMALA: 1978 - 1986



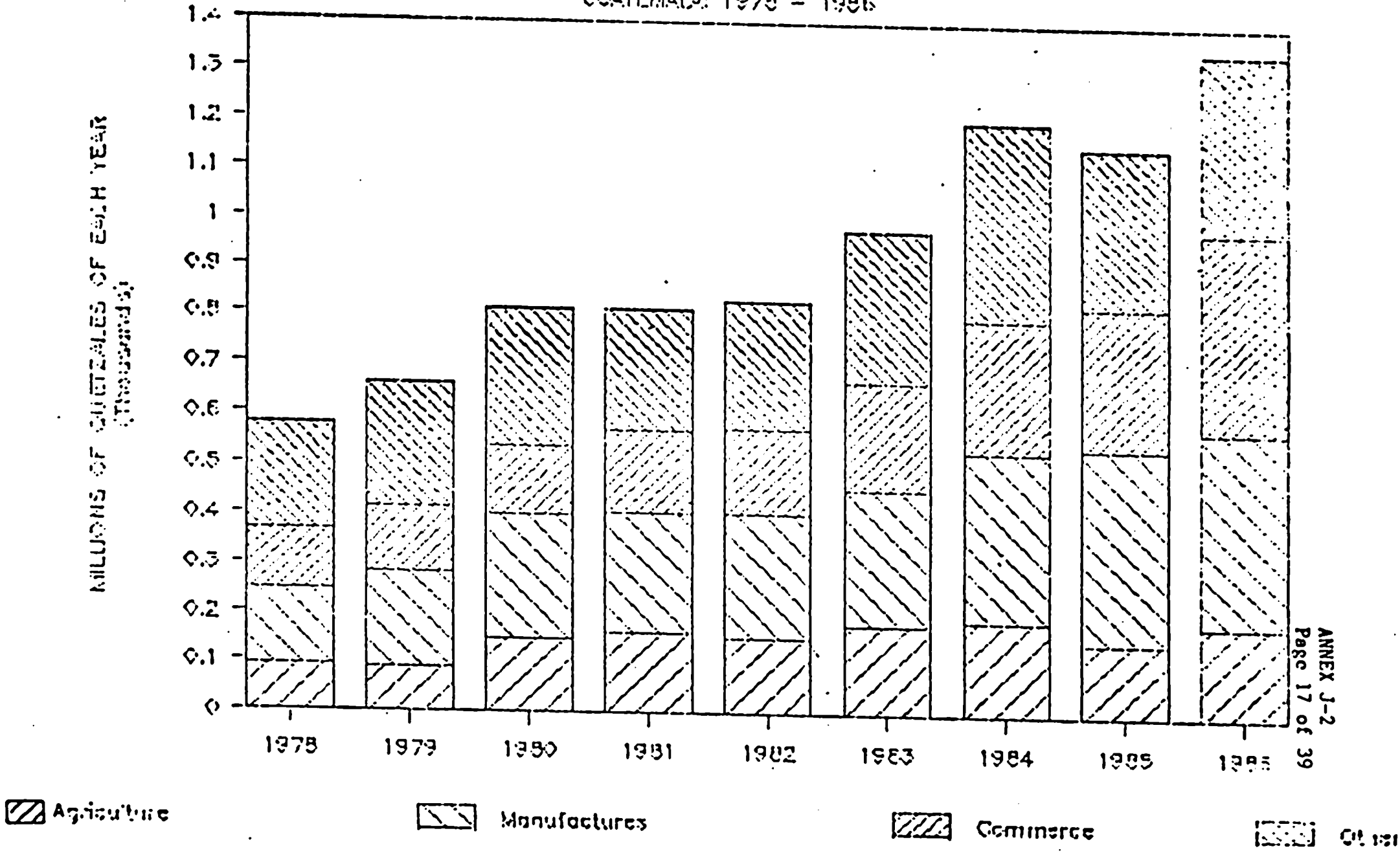
TOTAL BANKING CREDIT

GUATEMALA: 1978 - 1986



BANKING CREDIT BY SECTOR

GUATEMALA: 1978 - 1986



The most plausible explanation for the credit growth of those years is that it served as a means to carry out the capital flight from the country registered during that same period, estimated at $1 billion.

Table 6 lists the financial entities which currently exist in Guatemala as of February 28, 1987.

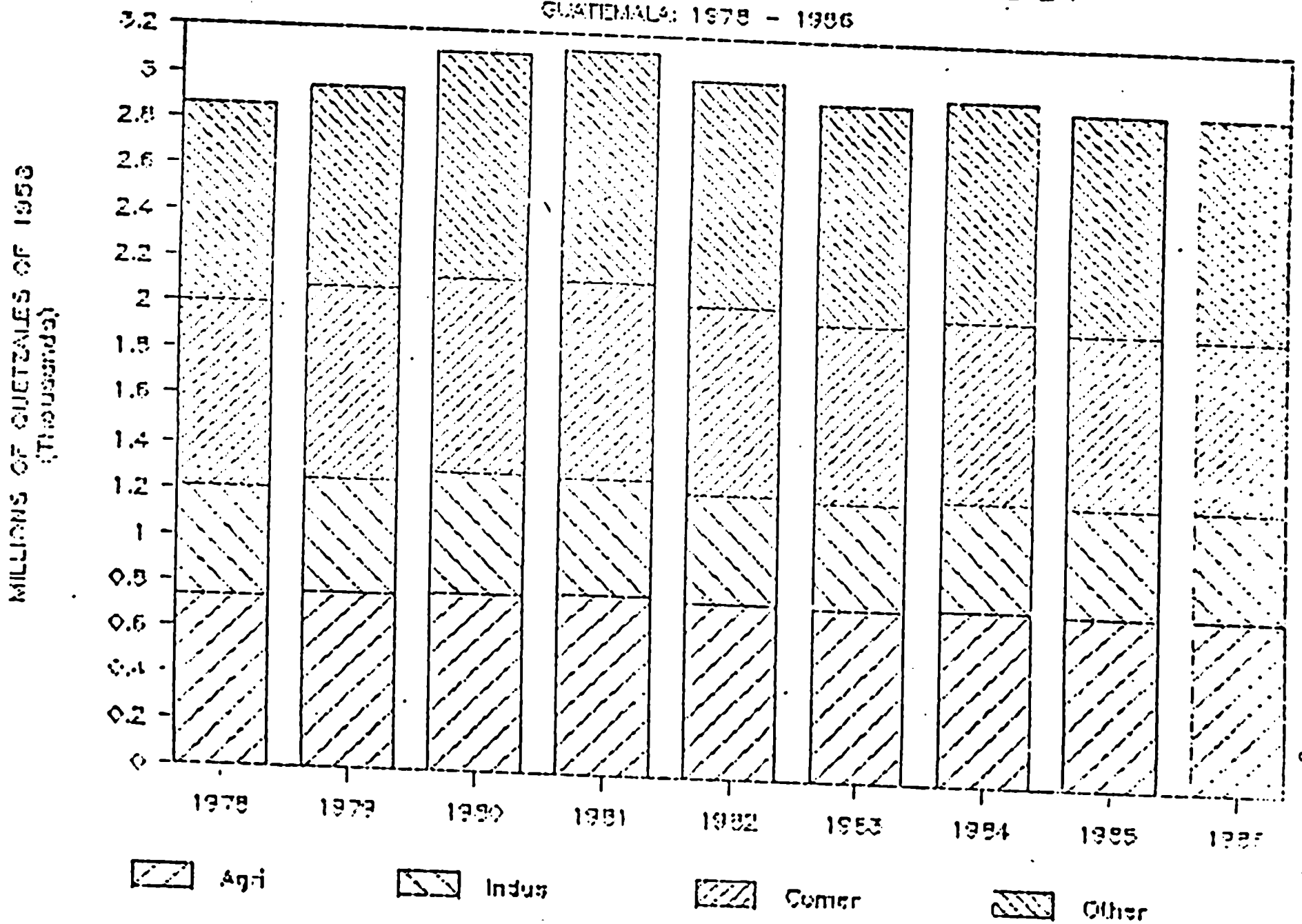
Table 6

Local Banks as of February of 1987

Name and Type	Opening Date
CENTRAL BANK	
Bank of Guatemala	01 jul 1946
LOCAL BANKS	
STATE BANKS:	
1. Crédito Hipotecario Nacional	06 oct 1930
2. Nacional de Desarrollo Agrícola	03 may 1971
3. Nacional de la Vivienda	03 jul 1973
PRIVATE BANKS:	
1. De Occidente, S.A.	25 may 1881
2. Agrícola Mercantil, S.A.	01 jul 1946
3. Del Agro, S.A.	16 may 1958
4. Industrial, S.A.	17 Jun 1968
5. De Los Trabajadores	01 Feb 1966
6. Granai & Townson	03 sep 1962
7. Del Ejército	15 Feb 1972
8. Inmobiliario, S.A.	13 Dic 1958
9. Internacional, S.A.	12 jul 1976
10. Metropolitano, S.A.	09 oct 1978
11. Del Café, S.A.	16 oct 1978
12. Lloyds Bank International Limited	02 jul 1981
13. De América, NY&SA, Suc. Guatemala	02 jul 1963
14. De la Construcción, S.A.	13 jun 1983
15. Del Quetzal, S.A.	23 nov 1984
16. De Exportación, S.A.	16 dic 1985
17. Promotor, S.A.	26 sep 1986

REAL GROSS DOMESTIC PRODUCT

GUATEMALA: 1978 - 1986



Those credit resources that have not been invested domestically are those borrowed by certain agricultural and commercial sectors. For example, for the case of sugar cane cultivation, note the apparent paradox that is illustrated in Table 7.

Table 7

Sugar Cane (Index: 1978 = 100)

	1978	1979	1980	1981	1982	1983	1984	1985
A Production[1]	100	77	83	95	113	113	110	114
B Real Credit[2]	100	51	171	436	317	341	250	199
B/A[3](%)	100	66	206	459	281	302	22	175

[1]Production rate based on the number of quintales produced.

[2]Rate which results in dividing the nominal credit by the price index of manufactured goods exported by industrialized countries to developing countries (= Manufacturing Unit Value Index, MUV).

[3]This index illustrates the real credit by actual units produced.

Table 8, shows a similar result for cotton, since at the same time that production and area cultivated was reduced by two thirds, the credit volume received for this activity (measured in real terms) actually increased.

Table 8

Cotton (Index: 1978 = 100)

	1978	1979	1980	1981	1982	1983	1984	1985
A Production[1]	100	93	79	48	29	36	37	37
B Real Credit[2]	100	74	137	151	135	167	223	187
B/A[3](%)	100	80	173	315	466	439	603	506

[1]Index based on the volume of metric tons produced.

[2]Nominal credit divided by the MUV.

[3]This index illustrates real credit by actual unit produced.

A great inconsistency exists between the amounts of credit received by sugarcane producers and volumes of production, which implies that this credit was used for something other than for what it was originally agreed on with the bank.[1]

Similar analyses could be carried for other important crops of Guatemala. With the exception of coffee (whose production level has been fairly stable), it is highly probable that results would be similar to those for sugarcane and cotton.

Table 9 shows that the credit authorized to the commercial sector has also grown, even though the value added by that sector continued to drop. This makes it highly probable that part of the credit received went towards speculative purposes or towards black market activities. At the macro level, the same phenomenon is evident if we compare the GDP with total real credit for the private sector; Graph No. 5 shows the relationship between both of them.

Table 9

Credit to Commerce

	1978	1979	1980	1981	1982	1983	1984	1985	1986
A Production[a]	100	103	105	105	99	95	96	93	91
B Real credit[b]	100	93	85	92	100	125	145	133	145
B/A	100	90	81	88	101	132	151	144	166

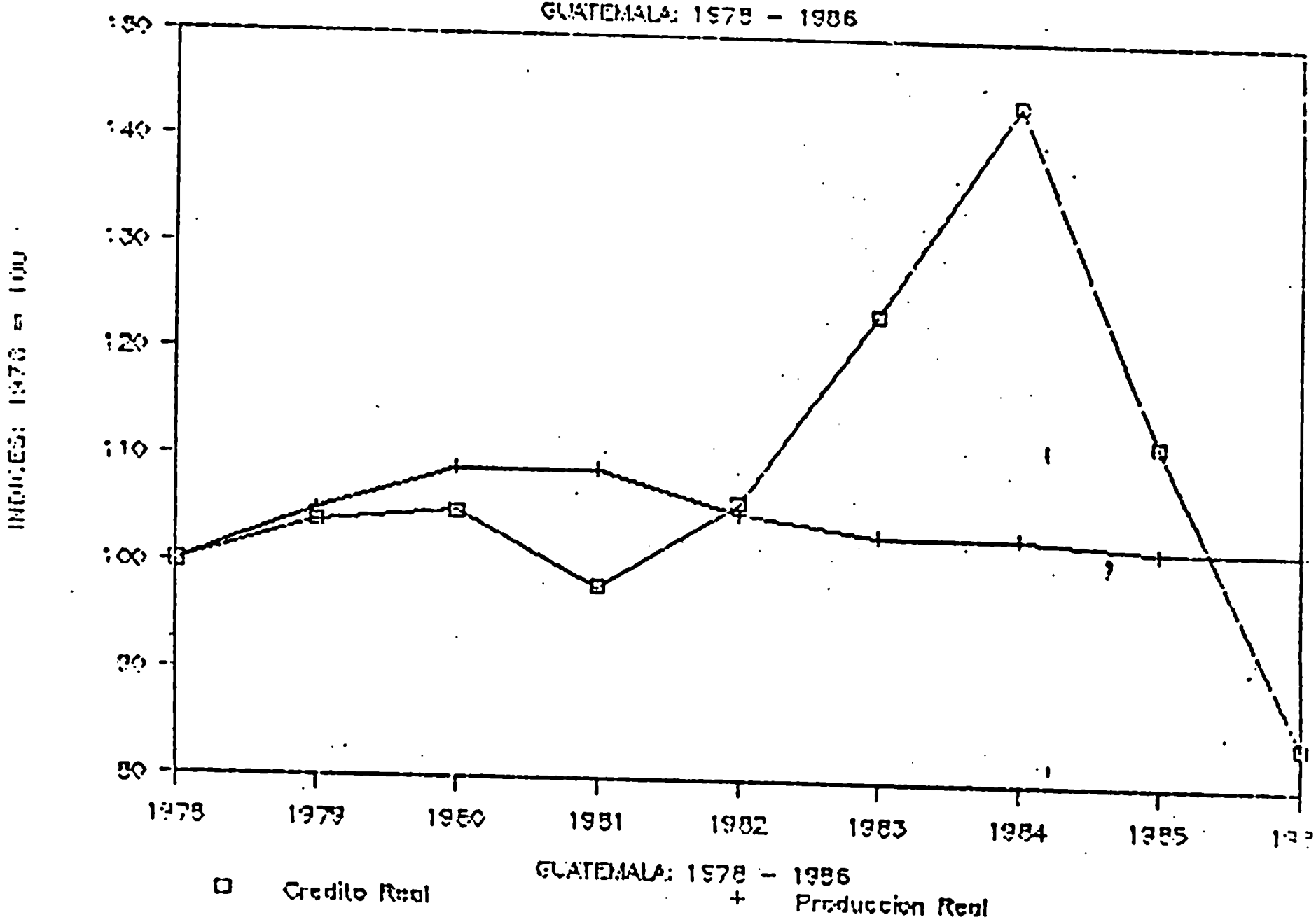
[a]Gross added value generated by the commercial sector, expressed in millions of Quetzales, 1958.

[b]Nominal credit deflated by the wholesale price index in Guatemala City.

[1]However, one can argue that the index which reflects the rise in prices of agricultural inputs does not express the growth in internal costs of production, or of those costs derived from the exchange rate of the quetzal in the last few years. But even by taking into consideration these factors, the incongruency between the credit and the production appears to be too high.

INDICES DE PRODUCCION Y CREDITO

GUATEMALA: 1978 - 1986



GUATEMALA: 1978 - 1986

The hypothesis that capital flight absorbed much of the expansion in credit in the early 1980s is also supported by the deposit levels of the Guatemalan population in U.S. commercial banks. This dollar outflow is especially pronounced during the period (since April of 1982) in which the Government of Guatemala began taking measures in the foreign exchange and exchange rate regulation.

Table 10

Guatemalan Bank Deposits in USA

	1978	1979	1980	1981	1982	1983	1984	1985	1986
US$Millions	94	134	137	700	880	990	1110	1300	1340

[a]to September of 1986

Source: International Financial Statistics, March 1987

The exchange and monetary policy measures included in the short term Economical and Social Reorganization Program (ESRP) of June 1986, are directed toward the stabilization of the exchange rate and toward guiding banking credit into productive activities. However, since a large part of the external debt (about US$2,500 million) remians under the official market rate of Q1.00=US$1.00, the Bank of Guatemala still finds itself with exchange rate losses. These losses, according to preliminary estimates will amount to approximately Q400 million during 1987. The resulting monetization could fuel new periods of foreign exchange speculation and a unrestrained growth in the credit activity, if preventive measures are not undertaken,. For this reason the Bank of Guatemala hopes to apply tight monetary policies without having to resort to limits on credit for production. Under this policy, the central bank plans for credit expansion to the private sector of Q223.0 million for 1987.

Even with the demand for credit for foreign exchange speculation and capital flight, the level of free reserves available in the commercial banking system during the last two years has been positive, as can be clearly seen in Graph No. 6. When referring to the minimum capital requirements which the banks are subjected to in accordance with the Legislative Decree No. 317 (Bank Law), [1]the situation is still even more lax as shown in Graph No. 7.

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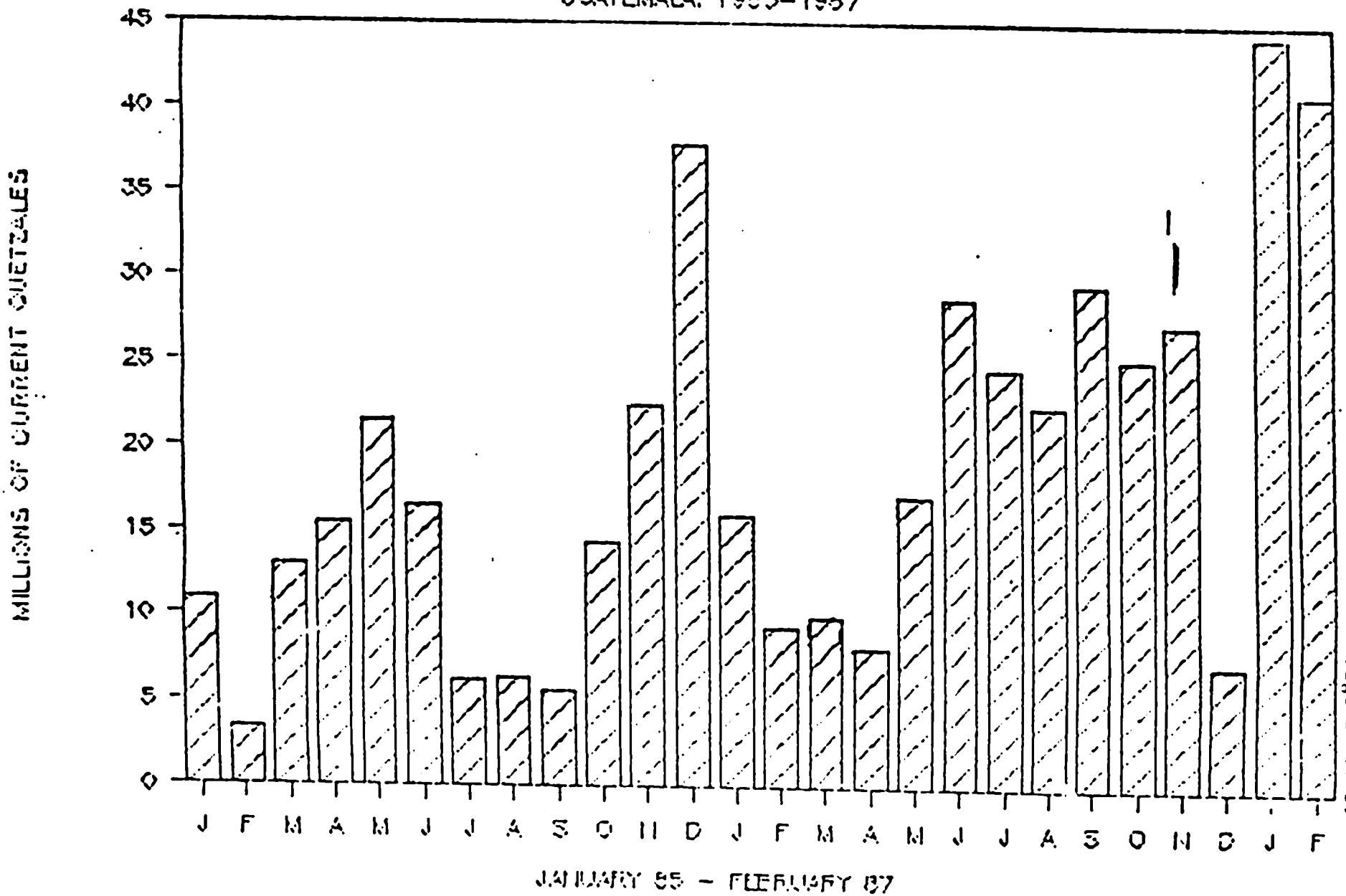
[1]Article 20 of the Legislative Decree No. 317 stipulates that all banks must keep an amount of capital on hand at least equal to the sum of the amounts that result from the application of the following percentages: a) 5% on government bonds; b) 10% on investments in private bonds or in credits and c) 50% in household goods investments, real estate and other fixed assests.

FREE RESERVES

GUATEMALA: 1985–1987



FREE CAPITAL REQUIREMENTS

GUATEMALA: 1984-1987

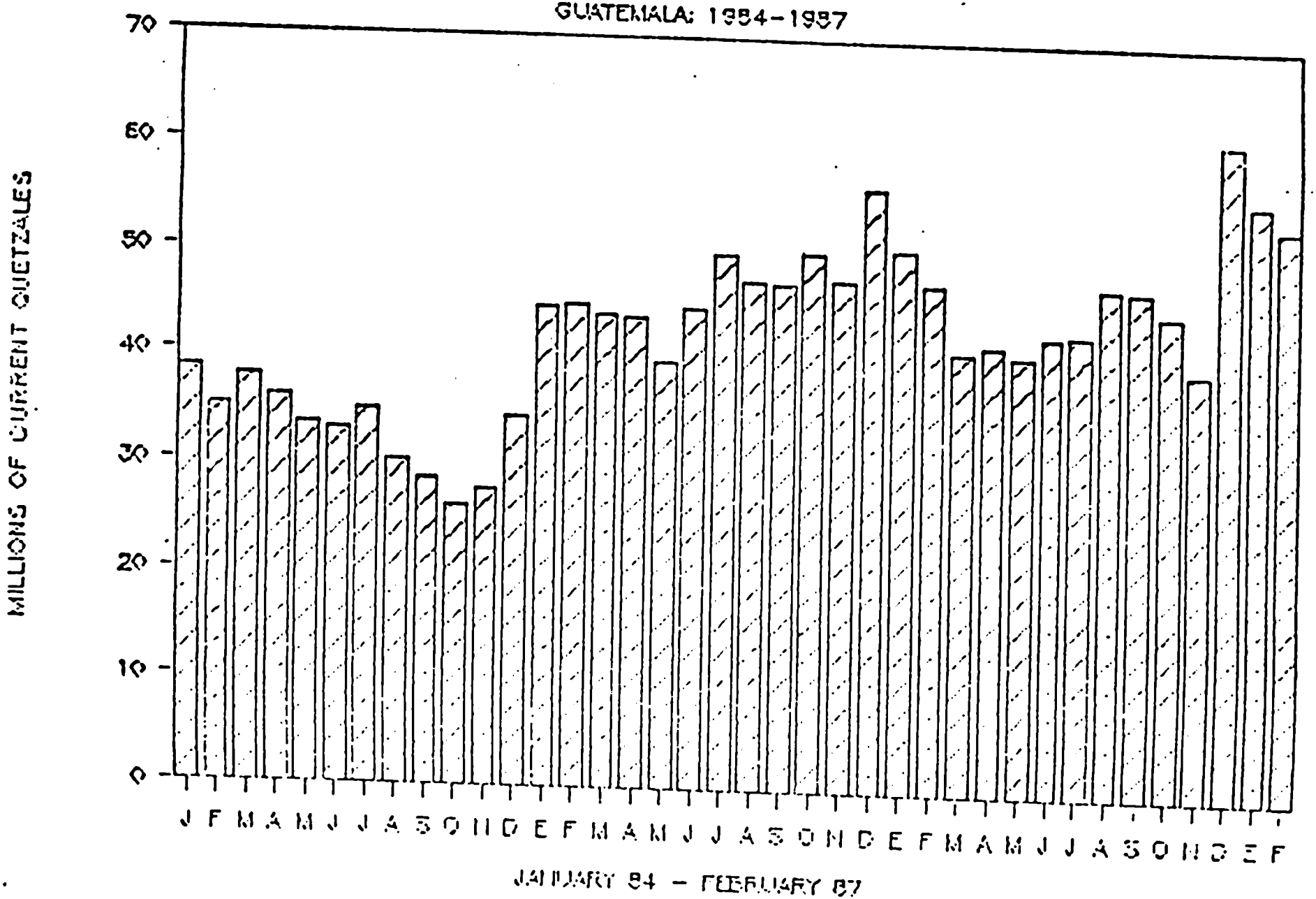


Table 11 shows possible scenarios for the end of 1987.

Table 11

	1986	1987 Scenario I	1987 Scenario II
External Monetization	-443.9	-354.1	-442.8
Public Sector's net credit	1285.4	1491.7	1197.2[a]
Private Sector's net credit	2234.9	2435.0[b]	2457.9[b]
Reserves	-2.6	-4.8	-3.9
Other net assets	765.1	1125.0	1205.4
Money (M1)	1561.6	1838.9	1750.0
Currency in circulation	801.2	1045.0	876.7
Demand deposits	760.4	793.9	873.3
Time deposits	2470.4	3067.0	2877.0
Broad money (M2)	4052.0	4905.9	4627.0
High powered Money	1547.3	2236.1	1872.4

Source: Official data of the Bank of Guatemala

[a]Includes transfer of public sector autonomous institution deposits to the Central Bank.

[b]Please note that the Bank of Guatemala allows greater credit expansion for the private sector in Scenario II, which contains proposed measures to reduce liquidity.

Note: Scenario I does not take into consideration the measures adopted by the Bank of Guatemala to reduce banking liquidity by means of open market activities, the transfer of deposits of public sector autonomous institutions to the Central Bank limits on the net credit to the public sector (about Q100 million) and the probable behavior of exchange market. The second scenario does take into account all these elements.

Tables 12 and 13 illustrate the destination of credits authorized during 1985 and 1986. If we take into consideration that during 1986, while the inflation level was 24.9% and growth in Gross Domestic Product was zero, the credit to the private sector grew as much as Q195.1 million, the situation foreseen for 1987 by the Central Bank does not appear restrictive. The inflation rate hoped for 1987 is about 10% and the growth rate of the Gross Domestic Product is foreseen at about 2%. Given these projections, the increase of Q223.0 million in credit designated for the private sector during the current year could be considered generous. A nominal economic growth rate of 12% would seem to demand only an additional Q161.6 million in credit to the private sector. Furthermore, as long as the external debt is not transferred from the official market to the regulated market (and is not financed through internal credit creation), the monetary authorities will face a problem of excess liquidity in the banking system.

Table 12

Loans Authorized by Sector: 1985
(Millions of Quetzales)

	Agriculture	Industry	Commerce	Total
January	6.8	23.4	16.0	59.0
February	4.3	23.6	14.9	62.3
March	7.1	34.5	36.3	103.2
April	6.5	39.4	13.3	80.9
May	15.4	36.0	17.5	100.0
June	25.9	27.3	23.8	106.9
July	13.6	36.9	28.3	116.8
August	18.0	35.1	28.0	108.8
September	13.2	26.4	27.7	92.5
October	17.6	36.8	27.1	114.3
November	8.0	23.8	20.5	84.6
December	122.6	48.3	29.8	122.6
Annual Total[1]	148.7	391.5	283.3	1151.8

[1]The totals may not coincide due to rounding errors.

[2]Source: Statistical Bulletin of the Bank of Guatemala (April, May, and June of 1986).

Table 13

Loans Granted by Sector: 1986
(Millones de Quetzales)

	Agriculture	Industry	Commerce	Total
January	7.5	37.3	26.2	95.1
February	6.8	46.0	42.2	118.4
March	20.4	26.5	50.7	134.6
April	19.6	35.0	31.2	108.3
May	13.6	18.1	25.8	87.5
June	16.4	21.6	33.0	93.0
July	14.8	27.0	25.9	98.4
August	20.8	33.2	29.8	107.8
September	13.8	34.7	29.5	110.2
October	17.7	33.7	29.7	113.6
November	16.8	35.1	25.3	119.6
December	14.8	46.5	54.1	160.5
January	8.9	35.7	34.8	100.3
February	9.2	32.0	26.3	187.5
Anual Total[1]	183.0	394.7	403.5	1346.9

[1]Totals may differ due to rounding errors.

Source: Bank of Guatemala

Prospects for 1987 and 1988

The preferred coefficients for holding currency (c) and for banking liquidity (r) which were analysed in the first part of this report, also serve to calculate credit multipliers. What is of importance at this point is to know by what amount M1 and M2 will increase as a consequence of the primary money expansion (high-powered money) of the Bank of Guatemala during 1987. The following table states the credit multipliers K1 and K2 which derive from the values estimated for the c and r coefficients for December 1986. These figures demonstrate that the problem which the Central Bank will face during 1987 and 1988, will not be lack of liquidity in the Guatemalan banking system, but rather an excess of liquidity.

Table 14
Guatemala: 1987

Projection Expansion in Monetary Variables

Monitary Variable	Bank of Guatemala	USAID Estimates[1]
High Powered Money	325.1[a]	325.1[a]
M1	188.4	338.1
M2	575.0	877.8
K1	1.77	2.70
K2	0.60	1.04

[1]Estimation based on the values of c and r as of December 31, 1986.

Note: K1 is the multiplier for means of payments (M2) and K2 is the multiplier of the money in circulation (M1).

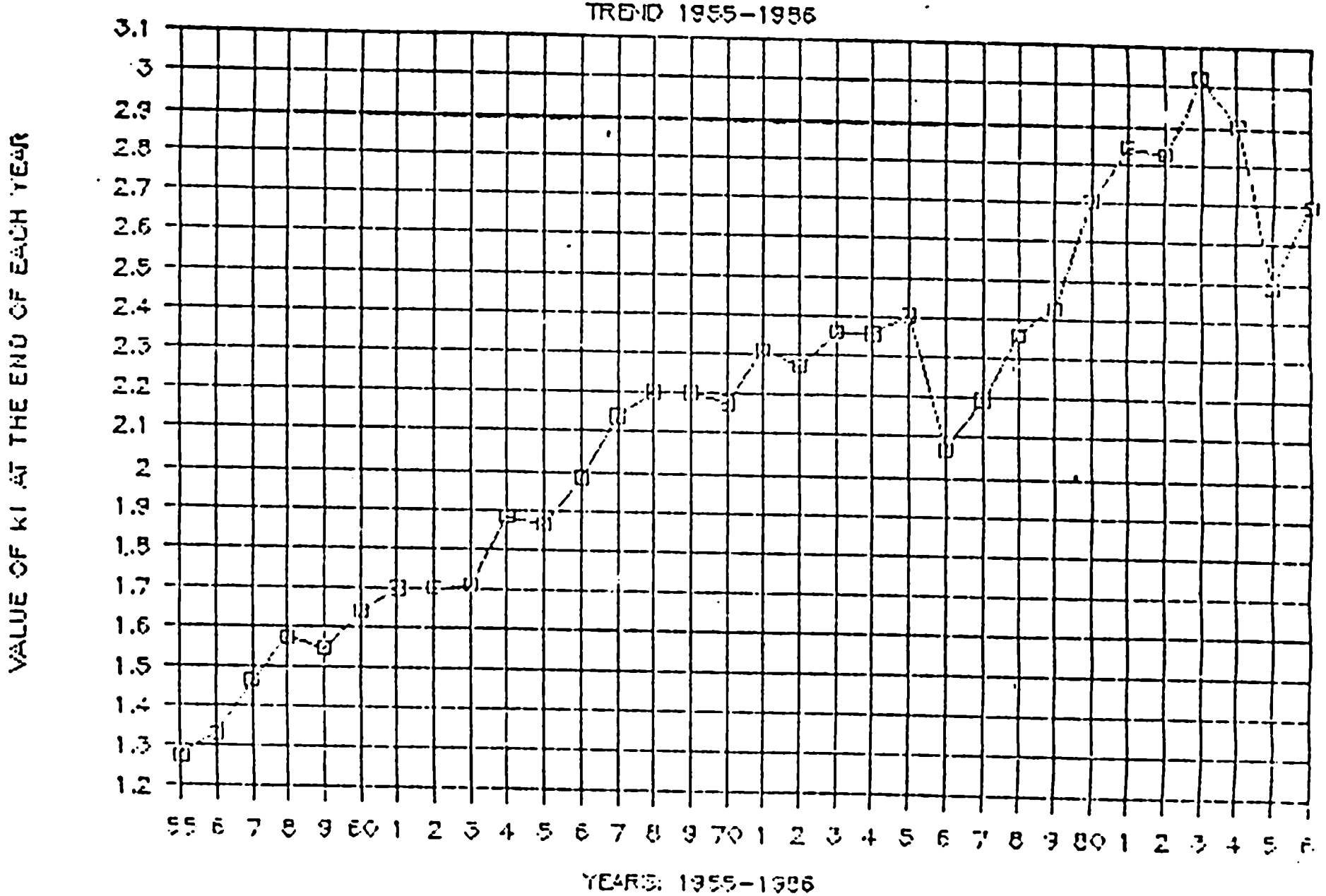
[a]Official data of the increase in high-powered money for 1987.

As shown in the "Estimation" column, the Bank of Guatemala will have to make additional efforts, difficult under current economic conditions, to control excess liquidity excess in the economy during 1987 as well as in 1988, since the expansion during one year has repercussions in the next.

Based on the historical behavior of credit demand in Guatemala, a least square regression was used to identify the trend of the credit multipliers between 1979 and 1986. Once the trend was defined, the expected 1987 and 1988 inflation and production levels were added, using estimated figures of the Bank of Guatemala. The results are illustrated in Tables 15 and 16. Table 15 represents trend projections for the sectors therein depicted: Table 16 summarizes credit demand projections for 1987 and 1988.

VALUE OF LIQUIDITY MULTIPLIER k1

TREND 1955-1986



CREDIT MULTIPLIER k2

GUATEMALA: 1955-1986

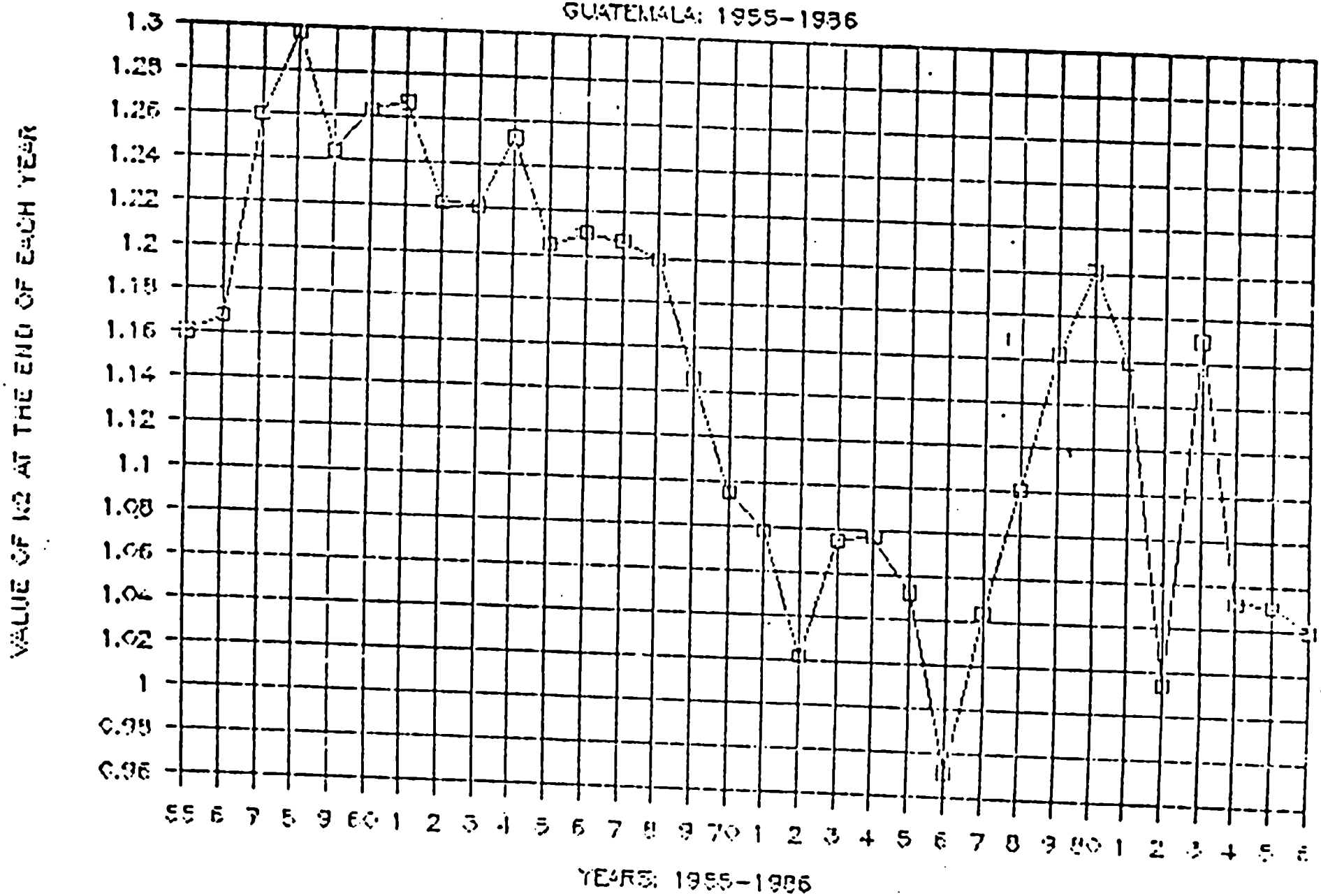


Table 15

Guatemala: Loans Authorized by Sector
(Quetzales of Each Year 1979 - 1988)

YEAR	AGRI	INDUS	CONST	COMER	LVSTOCK	SERV	CONSTR	OTHER	TOTAL
1979	88.4	195.0	67.4	129.6	31.0	41.0	25.5	85.6	663.5
1980	150.5	247.8	69.9	138.5	28.2	32.4	39.2	70.7	777.2
1981	161.5	242.2	69.3	166.0	27.9	31.2	38.1	74.4	810.6
1982	153.4	251.9	63.3	169.3	23.0	34.0	58.6	75.2	828.7
1983	179.6	276.4	62.9	213.2	27.3	43.0	48.0	127.2	977.4
1984	187.6	342.7	78.9	265.0	32.9	77.5	45.8	167.3	1197.7
1985	148.7	391.5	59.0	283.3	38.2	62.8	50.4	117.9	1151.8
1986	183.0	394.7	77.3	403.5	32.1	72.5	69.5	114.3	1346.9
1987	197.2	423.6	70.8	380.8	34.2	77.2	67.0	145.2	1396.0
1988	206.2	452.7	71.3	416.3	35.1	83.4	71.5	154.3	1490.9

Source: From 1979 to 1986, Bank of Guatemala; 1987 and 1988, projections.

Table 16

Private Sector, Credit Demand
Projections for 1987 - 1988

Year	Trend Increases	Inflation Increase[1]	Production Increase[2]	Total
1987	49	135	27	211[a]
1988	95	125	47	267

[1]Asuming an inflation rate of 10% for 1987 and 8% for 1988.

[2]Asuming o un crecimiento del 2% en el PIB real en 1987 y uno del 3% en 1988.

[a]The Bank of Guatemala calculates an increase of Q223 million in the private sector's demand for credit for 1987. For 1988 there are no estimates because usually the Bank of Guatemala does not make projections for more than one year in advance.

CONCLUSION

The existance of an official money exchange market in which the type of exchange of the quetzal is overvalued (US$1.00 = Q1.00), obliges the Bank of Guatemala (Central Bank of the country) to incurr in the so called exchange losses. These consist in monetizing the economy with high powered money when buying, in the extra banking market, the foreign exchange which it still needs to justify the costs derived from the external debt, about US$2,500 millions, which it still keep in the official market.

This increase in the monetary liabilities of the Central Bank is transformed, to a great extent, into free reserves of the commercial banking system, giving rise to an excess liquidity unknown in Guatemala before 1985. This situation continues to force the monetary and government authorities to take appropriate measures to reduce the existence of such reserves through open market operations. However, this implies a high cost to the government because of the interest payments involved in the transactions, especially when taking into account Guatemala's problems in raising revenues.

Under these conditions, until there is unification of the rate of exchange, it is unlikely that the Bank of Guatemala will effectively reduce the excess liquidity of the commercial banks. Some monetary instruments have already been exhausted as the Central Government has withdrawn practically all the deposits that the autonomous and semiautonomous entities kept in the commercial banks. Complicating this situation is the serious fiscal deficit the economic authorities face due to the low tax burden of Guatemala (probably the second lowest in Latin America after Haiti).

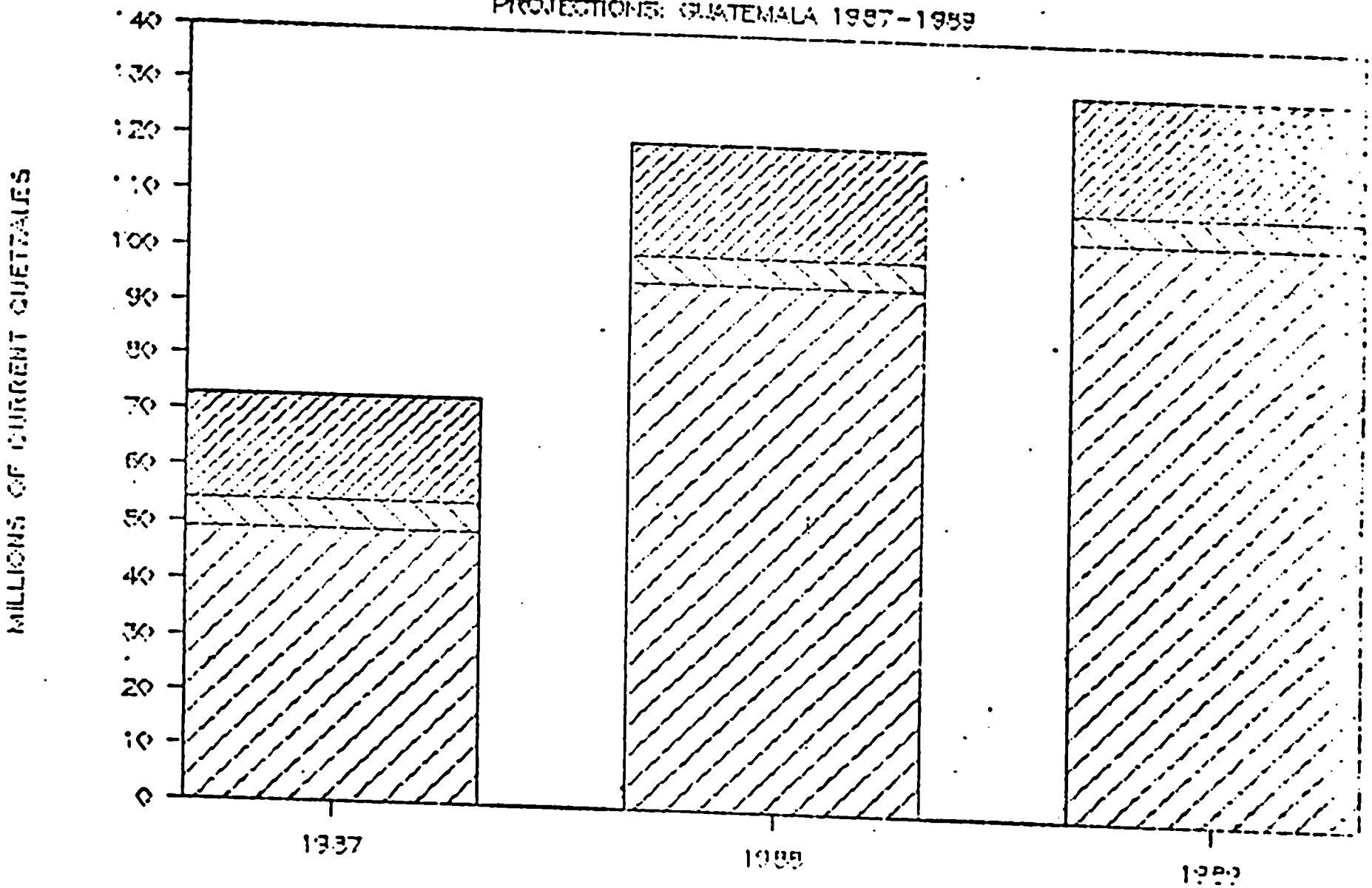
From the above paragraph, we can deduce that the problem arising in the medium term (3 to 4 years) is excess and not lack of liquidity. This implies a danger that the capacity to easily expand credit can become a source of dollar speculation and capital flight from those that have access to banking loans. To minimize this risk, the monetary authorities will actively promote lending to businessmen interested in expanding the productivity of the country, rather than for investments in foreign assests.

Taking into consideration the aforementioned circumstances and the observed trend in lending to the private sector during the past two years, it may be concluded that an increase of Q15 million in new credits to the small and medium business projected by the project sector during the next three years, is no burden to the Guatemalan banking system, even if traditional client's credit needs to continue to be fully met.

The graph that appears in the following page illustrates the projected behavior of credit increases to the private sector for 1987 to 1989.

CREDIT TO THE PRIVATE SECTOR

PROJECTIONS: GUATEMALA 1987-1989



APPENDIX I

Equation to obtain the coefficient r of bank liquidity

$$r = \text{Resources} / (MC + CD - CP)$$

Definition of Variables:

Reserves = Total reserves of the commercial banks

MC = M1 (Checking account deposits, currency and coins held by the public

CD = Quasi-money (Savings and time deposits of the commercial banks)

CP = Currency and coins in circulation

Equation to obtain the coefficient c of preference to hold currency

$$c = CP / (MC + CD)$$

The variable definitions are the same as above

APPENDIX II

Equation to obtain K1, the banking credit multiplier.

$$K1 = 1 / [r + c (1-r)]$$

K1 is the multiplier which relates the expansion in the monetary base (high-powered money) with changes in broad money (M2). The definitions of r and c appear in Appendix I.

Equation to calculate K2, the money multiplier.

$$K2 = K1 \times S$$

$$S = MC / (MC + CD)$$

The definition of the variables is the same as given in Appendix I.

K2 is the multiplier which relates the expansion of the monetary base (high-powered money) into the increase in the money supply (M1).

APPENDIX III

Calculation of adjustment factors dc, dr and dz

$$_(MC + CD) = (_DC + dc + dr + dz) \times K1_{(t-1)}$$

MC = Money Supply (M1)

CD = Quasi-Money

DC = High-Powered Money

_ = Charge increase or decrease

$dc = (c_t - c_{t-1})\ (MC = CD)_t$ (negative)

$dr = (r_t - r_{t-1})\ (CD + DP)_t$ (negative)

$dz = [(MC + CD)_{t-1} / (MC + CD)_t \times DC_{t-1}] - DC_t - dc - dr$

t = Current period

t-1 = Previous period

APPENDIX IV

Interest Rates and Reserve Requirements (Percent)
Guatemala: 1979 - 1986

	1979	1980	1981	1982	1983	1984	1985	1986
Reserve Requirements (%)								
Demand Deposits	40	40	35	35	35	35	35	37-41
Time Deposits	11-16	13-15	10	10	10	10	10	11-13
Interest Rate Ceilings								
Lending	11	11	15	12	12	12	12	14
Saving	9	9	13	9	9	9	9	11
Discount Rate	9	8	8	9	9	9	9	9

Source: Memoria de Labores del Banco de Guatemala (various numbers).

NOTE: In 1986, reserve requirements were gradually increased beginning in June, from 37-41 percent for demand deposits and from 11 to 13 percent for savings deposits.

1901c

SUMMARY OF ANALYSIS AND RECOMMENDATIONS FOR FINANCIAL MARKETS RESOURCES, DEVELOPMENT AND PROMOTION ACTIVITY

DESCRIPTION OF THE FINANCIAL SECTOR

I. The Institutions

A. The Monetary Board (Junta Monetaria)

The Monetary Board sets the monetary and fiscal policies of the country. Specifically, the board is responsible for:

1. Enforcing the general policies of the Central Bank and guaranteeing the Central Bank debts;

2. approving, modifying and interpreting Central Bank regulations;

3. approving the Central Bank's annual budget;

4. setting and publishing the discount rate;

5. setting the maximum lending rates;

6. controlling credit availability;

7. coordinating the policies of the parapublic financial institutions with the monetary and fiscal policies of the country.

B. The Bank Superintendent

The Bank Superintendent supervises all financial institutions in the system. The Superintendent ensures that:

1. banks meet reserve, liquidity and capital requirements;

2. asset and liability portfolios adhere to certain standards;

3. reporting procedures are met; and

4. banking system information is published.

C. Commercial Banks

The commercial lending activities of banks are primarily limited to short term working capital loans well secured by collateral and/or guarantees. By short term we mean loans with tenors of under one year. Private banks usually form part of a larger industrial/commercial group. The major source of loanable funds are domestic commercial and individual deposits. There is only a modest interbank market which deals primarily in repurchase agreements secured by FHA mortgage bonds and notes. There are fourteen domestic private commercial banks, two foreign banks, one mixed (private/state) bank and three state-controlled banks.

D. Finance Companies (financieras)

Finance companies in Guatemala have many of the characteristics of investment banks. The tenor of their lending tends to be medium to long term. Their sources of funds are the sale of security type instruments (CDs and Bonds). There are five finance companies, four private and one state owned. Commercial banks may participate in finance companies with investments not to exceed 20% of the bank's capital. Only two banks have direct holdings in financieras.

E. Non-Banking Financial Institutions

1. General Bonded Warehouses. Bonded warehouses offer certificates of deposits and issue collateralized bonds backed by good in storage. These instruments are negotiable and form an underpinning to trade credit. Commercial banks can invest up to 10% of the banks capital in bonded warehouses. Interlocking board and management are permitted between banks and bonded wazrehouses. There are ten private bonded warehouses and one state owned. All warehouses are associated with a specific bank.

2. Insurance Comoanies. There are thirteen insurance companies, twelve domestic and one foreign. Insurance company investment programs are approved annually by the Monetary Board. By law 40% of a company's technical reserves must be invested in government securities.

3. Institute for the Promotion of Secured Mortages (FHA). FHA is a decentralized, state-controlled entity which deals in discounting loans collateralized by mortgages. FHA securities are classified as government securities for bank accounting and regulatory purposes. The financing of construction by banks is backed by FHA securities.

4. Parastatal Financial Institutions

a. The National Housing Bank. A commercial bank involved in financing construction and housing.

b. The National Bank for the Development of Agriculture. A commercial/development bank engaged in financing agricultural projects.

c. The National Finance Corporation. A development bank.

5. Other Financial Institutions

a. Cooperatives - The cooperative system has a pyramid structure. Cooperatives of the same type belong to the same structure. The National Institute of Cooperatives (INACOP) is a decentralized and autonomous government entity which supervises and regulates the industry. It also provides technical assistance and administrative support for the movement. The major source of funding for the cooperatives has been subsidized credit extended by the government. Member deposits are also a source of deposits. The credit extended to members is dependent on the nature of the proposed project. Credit is extended for short, medium and long term at rates which compare favorably with the banking system.

b. The "Centavo" Foundation. This foundation assists in the financing of development projects by extending subsidized credits in the rural section of the country. Its major source of funding are international donors.

c. The Institute for the Development of Municipalities. The institute lends to municipalities for infrastructure projects. Its source of funds is the government.

d. PVOs. While PVOs are known to exist, the extent and impact of their activities are conjectural.

e. Informal market. An informal market is known to exist both at the level of established brokers and in the "street market place". The size and activities of these markets have not been quantified.

f. Pension funds. Private pension funds are reported to be to small to worry about. The government pension funds invest in government securities.

II. The Market Place

A. Competition - While the infrastructure is in place to support an effective and efficient Financial Market none exists primarily because of the absence of true competition. Competition is absent not only between institutions in a fiven sector of the market but between sectors. The reasons are both structural as well as legislated. If one were to briefly characterize the Guatemalan market one would describe it something like this; a market where investors have no serious investment alternatives than to invest in bank deposits and financial institutions have no serious incentives to make commercial loans. (Only roughly 30% of total banking sector assets are devoted to commercial, industrial and personal loans.)

Impediments to competition:

1. Interest rates on both loans and deposits are set by the monetary authority.

2. Interest rates on bank deposits are income tax free making them the preferred financial investment.

3. There are no institutional investors to either compete for depositor funds or bid up returns on the investable funds of institutions or corporations.

4. Interest rates on government securities are artificially low making them of interest only to investors who have considerations other than rates of return.

5. Rates of return to banks on some investments are greater than are rates of return on loans. Examples are FHA Mortgage bonds (since they are excluded from calculating capital requirements) and paper issued by Bonded Warehouses also excluded from capital requirement calculations.

6. The interlocking nature of some economic enterprises is such that a bank associated with a particular group has for its reason d'etre the funding of the activities of that group and its owners. There is only minimal incentive to compete in the market place for loans since the bank's profits probably do not add materially to the profits of the group as a whole.

7. Legislation defines markets. An example are the limitations for deposit taking and lending placed on cooperatives.

8. Legislation actively discourages the expansion of financial and capital markets. Two examples are the taxation of dividends and interest on corporate bonds while exempting from taxation the interest on bank accounts and government securities as well as the limitation placed on dividends of 20% of invested capital.

B. Products. The absence of competition limits the variety of financial products offered. Any number of examples could be cited but two will suffice; one, insurance companies are traditionally holders of long term funds and, in normal circumstances, are able to lend (invest) these funds also at term. However, in Guatemala insurance companies must invest 40% of their technical reserves in government bonds and the monetary board must approve the rest of the investment strategy. Consequently, one of the traditional sources of construction financing does not exist. Two, absent a developed inter-bank money market there is no efficient way to maximize returns on short term investable funds particularly since interest rates are managed by the government. (An interesting study, if one could figure out how to do it, would be to see if there was a correlation between short term investable funds seeking maximum return and flight capital. I suspect there is a very direct correlation).

C. Level of Institutional Competence. The removal of the above constraints would probably result in very little change in the market place since, without motivation and assistance, it would be difficult for organizations to behave differently than in a ways they have been accustomed to. Again, two examples can be illustrative; Banks have traditionally lent against solid collateral and unquestioned guarantees. If the environment were to change so that it became in the self interest of banks to increase their loan portfolios and at the same time competition for loans was stimulated leading to a relaxation of traditional standards, disaster would not be far off. The reason being that banks do not have the skills to adopt more flexible and liberal lending policies nor do the personnel possess skills in cash flow analysis, statement analysis and the other basic skills needed to exercise sound credit judgment. Secondly, it is reported that the portfolios of the cooperatives are full of bad and uncollectable loans. If this is so, one shudders at the possibility of liberalizing regulations to allow them to compete for all classes of loans in the market. Again lending and management personnel are in bad need of training and systems and audit procedures are primitive.

INFORMATION GAPS. A question which has not received adequate attention is why the Financieras, with their more liberal regulatory requirements have not become more of a market force. Is it because they are run by traditional main line bankers? or is it that since banks are one of their principal sources of funding, to compete too strongly with the banks would not be politic?

The portfolios of the Cooperatives are reported to be in bad shape. Details of these portfolios should be examined so that remedial action can be taken to return these institutions to health. (A useful AID project might be to provide a "Capital Guarantee Fund" designed to encourage the write off or write down of bad debts without impairing the capital base of the cooperatives).

Statistical material is dated and should be revised to get a better picture of the market. There does not appear to be any statistical information on the activities of cooperatives and many other non bank financial institutions. This information is probably available from government sources and should be obtained.

More information is required concerning the effectiveness of regulatory oversight. Particularly with regards to concentration of loans from economic groups and concentration of deposits from economic groups. Enforcing reasonable concentration regulations would do a lot to increase competition between banks.

STRATEGY - Any strategy that has for its objectives:

1. Increasing the availability of credit to small and medium borrowers.

2. Developing the availability of medium and long term funding for commercial entities.

3. Providing investors/depositors with realistic risk/reward incentives:

Should have the following primary characteristics:

1. It should result in heightened competition between;

a. Financial market sectors

b. Institutions within a given sector

c. Financial instruments available to the borrowing and investing public.

2. All sectors of the financial market should be flexible and responsive to the needs of the market place.

3. All financial institutions should be stand alone entities without the need for government subsidies or support from a larger "parent" groups.

4. The creation and development of institutional investors should be encouraged and they should be encouraged to be players in the market.

Action steps for implementing this strategy

1. Policy dialogue with the government with the following objectives:

a. Removing government intervention in the setting of interest rates on deposit and loan instruments. Credit availability can be managed through the management of the rediscount rate and reserve requirements.

b. Assuring that special conditions for "special" deposit and loan instruments do not distort the market. This point may not be self evident so a theoretical example may be useful. A government may, for praise worthy reasons, decide that loans of a special character, say agricultural loans, should be supported. Consequently, it guarantees these loans. The result would be to turn agricultural loans into government obligations and thereby commanding the highest credit rating. The market for this type of loan would be distorted, interest rates pushed down as demand went up and a concomitant reduction in availability of credit for other sectors of the economy. In the case of Guatemala, FHA bonds disintermediate credit from the commercial sector to the housing sector since it is more advantageous for banks to purchase these bonds than to make loans.

c. Provide infrastructure support in the form of training and technical support. The objective would be to encourage a flexible and imaginative system. Support should be sector specific. That is specialized training and technical assistance should be provided to banks, insurance companies, financieras, and cooperatives so as to make their activities in their markets more effective.

d. Encourage the development of institutional investors that invest their own and client funds of the risk reward principal. This encouragement could take the form of technical support to financieras for the establishment of mutual funds, assistance to insurance companies in designing investment programs, encourage the development of private pension funds. Significant legislative activity would be needed for these initiatives. It is also probable that there would be direct opposition from the banking community since in the short run they could fear loss of cheap deposits.

DEVELOPMENT OF DATA BASE

A. Approaches, work plan and scope of work for establishing priorities for studies of policies and new financial mechanisms

Purpose: To assist USAID and other donor agencies in deciding on the level of assistance needed and the priority in which assistance should be given in order to strengthen the Guatemalan financial markets.

Scope of work: Review and determine the short, medium and long term financing requirements of the various sectors i.e., commercial, industrial, small business and individuals.

Methodology: 1. To the extent information is available, review the balance sheets of a representative set of institutions from the above group to determine how much the lack of financing is hindering the growth or operation of the institution.

2. Interview representative executives in the above sectors to determine what they feel their needs are. These interviews should stress that any easing of access to additional funds would be at market rates. Needs should, to extent possible, be quantified as to requirements for short, medium and long term loan funds and equity or quasi equity funds.

3. Based on the above develop a proforma needs profile.

4. With the needs profile as a working document, hold discussions with representative members of the financial community to identify mechanism and/or institutions which could satisfy the needs.

5. Using the needs profile and results of discussions with bankers and using items B and C below as reference documents determine which structural changes and/or legal changes would result in the greatest benefit to the greatest number in the shortest period of time.

Expected Results: An action plan which places in priority order those structural and/legal and/or legislative changes that must take place in order to strengthen, diversify and foster the financial markets in Guatemala.

Estimated Budget: 16 man weeks (2 consultants) of which 12 would be in the field. The study would probably require 2 visits by each consultant to Guatemala.

Review, Approval and Audit process: Consultants will provide detailed lists of individuals interviewed, balance sheets analyse etc. in order to assure AID that no useful sources of information were omitted. Review and approval will be based on review and approval by the USAID mission in Guatemala

B. Approach, work plan and scope of work for developing a catalogue of the laws and policies which govern the financial markets, stress g factors which inhibit development of new financial instruments.

Purpose: To provide a legal, legislative, regulatory data base governing the operations of the financial markets in Guatemla. This data base will serve two purposes:

1. To facilitate the determination of what changes can be effected within the system as it exists

2. To serve as the basis of comprehensive policy dialogues with the Government of Guatemala

Scope of Work: Catalogue existing laws, legislation and regulations that cover:

1. Deposit taking activities by various financial institutions.

2. The extention of credit by the various financial institutions

3. The investment and management of funds for and on behalf of thir parties

4. The limitations that are placed on the creation of new financial instruments or that limit the flexibility of existing ones.

Methodology: Under the general direction of a consultant employ local specialized lawyers (probably 2) and accountants (1) to review and compile existing laws and regulations and place in the format dictated by the consultant.

Expected Results: A resource to be used by USAID, other donors, and consultants in the course of policy dialogues and when studying means of effecting change within the financial system.

Estimated Budget: 8 man weeks of local input and 4 man weeks of consultant input. One possibly two trips for the consultant to Guatemala each with a duration of 3/4 days.

Review, approval, Audit process. To determine that all relevant material has been covered reports should be viewed by the Central bank and Superintendent of banks. Approval will be by the USAID-Guatemala mission once agreement has been reached with the consultant that the material is complete and in the format prescribed. .

C. Approaches, work plan and scope of work to catalogue existing studies and identifying the best data and analytical base on which future studies could be built.

Purpose: To provide USAID with a data base designed to avoid a duplication of effort when undertaking future studies and recommend a structure/format for future studies.

Scope of Work: Review all existing reports on the financial markets in Guatemala and produce a summary report and suggested format for future reports.

Methodology: Using AID, the World Bank and the IDB as primary sources and agencies of the Government of Guatemala as secondary sources obtain all studies relating to financial markets prepared since 1980.

Review these reports and prepare a detailed summary report.

Prepare recommended format for future studies. Standardize analytical presentations and information.

Expected Results: A historical data base and market description which should minimize the research and preparation time in preparing future reports. Analytical data should be in such a format as to making updating relatively easy.

Estimated Budget: This will largely depend on the ease of availability of information and reports. Once all information is to hand a summary report could be prepared in about 10 man weeks. Assuming USAID can obtain any reports that are available locally no in field time would be necessary for this project unless AID wants a personal presentation.

Review, Approval, Audit process: Review and approval will be by AID-Guatemala and be based on the report adhering to the requirements stated above.

ILLUSTRATIVE STUDIES

I. Review of competitive forces within the banking sector

Purpose: To determine the degree of competition that exists between banks for the market segments in which they compete.

To determine what new products or services could be developed by the banking system, under present legislation and system orientation to make the banking sylstem a more effective financial intermediary.

To determine what legislative and/or regulatory change would be necessary to improve competition between banks and make them able to increase the number and types of products offered, thereby making them more effective financial intermediaries.

Scope of Work/: Based on statistical analysis of data available from, the Central Bank, Superintendent of Banks and published bank balance sheets, determine historical trends (if any) between different bank products and between banks.

Based on interviews with bankers, and bank customers, determine the competitive forces currently at work in the market.

Based on interviews with bankers and bank customers determine competitive and/or product changes which would be welcomed by the market.

Prepare a report delineating the above and making recommendations for change, including a methodology for change.

Determine what technical support that might be needed by the banks to effect change

Methodology

1. Determine from existing legislation and regulations the flexibility banks have in setting landing and deposit rates with specific data on tenor and amount limits.

2. Based on balance sheet analysis and/or Central Bank-Superintendent of Banks information determine the liquidity within the banking system.

3. Based on balance sheet analysis and/or Central Bank-Superintendent of Banks information determine maturity schedules of invested funds (loans and investments) and borrowed funds (deposits). The purpose of this analysis is to:

a. Determine how aggressive or conservative banks are being in lending policies with regards to maturity management, i.e., matching vs. mismatching.

b. Determine what kind of instruments would be needed to encourage banks to lengthen loan portfolio maturities.

4. Review marketing material produced by banks as well as published advertising copy to get a feel for the aggressiveness banks use to generate loan and deposit business.

5. Based on information from the Central Bank and/or the Superintendent of Banks obtain concentration information on banks both as regards to loans and deposits. (Concentration is the amount (% of total) that a bank lends to an economic group or borrows (takes deposits from) an economic group. High degrees of concentration are not only dangerous but are indicators of how beholden a bank is to an economic unit). If this information cannot be obtained from the authorities then conversations with knowledgeable business men could provide a reasonable proxy.

6. Based on conversations with the Central Bank and Superintendent of Banks, bankers and business men obtain a feel for the portfolio quality of the banking system. It is possible that the Central Bank and Superintendent of Banks will have statistical information. Typically this information would be:

a. Information on capitalization of interest.

b. Information on number and $ amount of past due and extended loans.

c. Information on write-off policies and procedures.

7. Based on conversations with bankers determine:

a. What new products they would like to introduce and why.

b. What regulatory and legislative changes they would encourage and why.

c. Their policies for and ability to make small and medium size loans.

d. Their abilities to analyze credits based on financial and economic data rather than on the value of collateral and guarantees.

8. Based on interviews with business men not affiliated with banks, determine what new policies, practices or products would encourage flexibility and competitiveness in the system.

9. Analyze the above and:

a. Draw conclusions.

b. Make recommendations.

c. Provide an action plan for:

1. Immediately achievable items.

2. Structural changes than can be made with no regulatory or legislative changes.

3. Items requiring regulatory and legislative changes.

d. Provide estimates of technical and training support requirements.

Expected results: A report which provides an action plan for change, including priorities, within the banking sector.

Estimated Budget: Assuming that most statistical information is available and that IBM-PC or compatible with Lotus 1-2-3 or Symphony programs are accessible, a minimum of 12 man weeks in two visits to Guatemala would be required for this project.

Review, Approval and Audit process: The report and it's conclusions should be reviewed by selected Guatemalan bankers and government official to make sure that "subjective" data was not overlooked. Final approval of the report should be with the AID Mission-Guatemala. The Audit process should include the number and type of initiatives that were instituted as a result of this study and a compilation of results which would include, law changes, new products introduced by the system, changes in competitive postures between institutions. An estimate of effect on market broadening and penetration and an analysis of interest rate trends would also provide insight as to the real value of this study and follow-on initiatives.

II. Review of the Cooperative Sector

Purpose: To determine if the cooperative sector is or can be made into a viable and useful sector of the financial markets.

To determine what policy or legal changes would be required to make cooperatives effective, efficient and profitable intermediaries for small and medium savers and borrowers. (For example, it is conceivable that a recommendation could be made to turn cooperatives into saving and loan associations with wvroader market focuses.)

Scope of Work: Review portfolio conditions of cooperatives, recommend action for strengthening (including loan write off as appropriate) and amount and timing of capital infusions that may appear to be necessary.

Review requirements for technical assistance in deposit generation and management, lending policies and procedures, and audit processes.

Review marketing strategies.

Prepare reports (overview and detailed) concerning the above and make recommendations for change.

Methodology: 1. Working with regulators and executives from the sector determine the objectives and future status of this sector of the financial market. Part of this discussion should include the advisability of structural changes.

2. Working with regulators and based on whatever statistical information is available, determine the strengths and weakness in the sector. Including:

a. Portfolio quality.

b. Funding sources and opportunities.

c. Marketing strategies for deposit gathering and loan granting.

d. Processes for loan granting, disbursement and collection.

e. Efficiency and effectiveness of operating and audit procedures.

f. Training requirements.

3. Prepare a report recommending an action plan to make the cooperative sector a viable and active financial intermediary for small and depositors and borrowers. This report would include:

a. Recommended structural changes.

b. An action plan for training and technical assistance in the sector.

c. Recommend legislative and regulatory changes, including regulatory oversight procedures.

Expected results: An action plan for strengthening this sector of the financial market so as to be able to compete head on with the banking sector and provide financial services for the small and medium user of deposit and credit services. (For example a credit scoring process might be recommended as an efficient and effective means of delivering credit products to the small and medium borrower).

If successful, the strengthening of this sector will also result in increased competition in the financial markets and all the side benefits that this condition would produce.

Estimated budget: It is difficult to estimate how much this study would cost since the cost depends on how easily accessible information is. A minimum of 10 man weeks including data gathering, data analysis, preparation of report and recommendations would not be overly conservative. It would take a minimum of three trips to Guatemala to gather data, check results of analysis and discuss conclusions and recommendations.

Review, approval and Audit process: A review of substance should be made with industry and supervisory bodies to assure that there are no errors of commission or omission. Recommendations should be approved by AID-Guatemala then referred to the proper authorities for discussion/action. An audit of the effectiveness of the study, if implemented would be seen through heightened competition between financial sectors, an increase of market share by the cooperatives, strong portfolios and profitability. (If the banks holler "unfair" then the program was a success!)

III. Examination of the Financiera Sector

Purpose: To determine why the financieras have not been more successful in becoming providers of medium and long term loanable funds to eligible business enterprises and to determine why financieras have not been more active in promoting investment activities.

Scope of Work: Examine on an individual basis the sources and users of funds of the financieras.

Examine source of management personnel and management policies for lending, investing, acquiring funds.

Review the legislation governing the activities of financieras, particularly as it limits the scope of their activities.

Review investment environment, including an examination of tax and investment law and policy, to determine principal investment stimulants and deterrents.

Methodology: 1. Review current legislation and regulations to determine if they are consistent with the stated objectives for this financial sector.

2. Analyze 5 years of sources and usejs of funds to determine if the sector has followed policies consistent with stated objectives.

3. Determine the extent to which sector actions are at variance with stated objectives.

4. Determine, through analysis, conversations with, banking, financiera and commercial sector executives the reasons why the sector has failed to perform as expected.

5. Draw conclusions and prepare an action plan for change.

Expected results: A report document that can be used as a talking paper to stimulate the growth and competitiveness of Financieras.

Budget: Given the small number of units in the system this project could be completed in 10 man weeks and in two trips to Guatemala. Availability of an IBM-PC or compatible with Lotus 1-2-3 or Symphony programs would be required.

Review, approval and Audit process: Initial review should be with senior banking and financiera executives and with appropriate government officials regarding proposed changes in legislation. Approval will be by USAID-Guatemala. Usefullness of any follow on action recommended will be measured by the growth of this financial sector and it's competitiveness with other sectors.

IV. Other suggested studies

A. The informal financial market. Primary objectives would be to determine it's size, the products offered and the pricing of products. (12 man weeks, 3 trips).

B. Opportunities for development of institutional investors. Institutional investor will be the first major players in financial markets and will provide the magnet to attract small and medium investors. (4 man weeks, 2 trips).

C. The potential role for pension funds in the financial markets. Pension funds can be major players in financial markets. Two avenues need to be explored:

1. Widening the investment horizons for government funds.

2. Providing more stimulus for private plans. (4 man weeks if left to be last project, 2 trips).

D. Desirability of encouraging the development of money markets. This would bring more flexibility to the market and could encourage industrial and commercial concerns to become more important and active players. (6 man weeks, 2 trips).

Additional recommendations

A. Studies of legislative and regulatory impediments should fall out of industry and sector studies. To study them alone is probably not useful, since to make the point they must relate to the realities of the market place and industry. Frequently government action is a result of market failure. Changes in market behaviour will force changes in legislation.

B. Studies of instruments per se are not recommended since instruments are normally the result of a market need. The mere creation of an instrument does not suggest that it is needed nor that it's introduction will be successful.

C. It will be the responsibility of the project coordinator to review activities of other donor organizations so as to avoid duplication of effort and make available to this effort the work of others.

SUMMARY OF PERSONNEL NEEDS

Project	of consultants	Qualifications	Total Man Wks.
Establishing Priorities	2	commercial bankers	16
Project	**of consultants**	**Qualifications**	**Total Man Wks.**
Catalogue of Laws	4	2 local lawyers 1 local accountant 1 financial markets specialist	12
Catalogue of	1	1 financial markets specialist	10
Banking Sector Review	2	2 commercial bankers	12
Cooperative Sector Review	2	1 cooperative specialist 1 financial markets specialist	10
Financiera Sector Review	2	1 investment banker 1 financial markets specialist	10
Informal Financial Markets Review	2	1 informal markets specialist 1 local assistant	12
Institutional Investors Study	2	1 insurance investment specialist 1 mutual fund specialist	4
Pension Fund Study	1	1 pension fund specialist	4

Money Market Study	1	1 money market specialist from commercial banking	6
Project Coordination and Integration	1	1 senior financial markets specialist	10
		TOTAL	106

Total estimated cost $265,000*

*Based on $10,000 all in cost per man month

ESTIMATED WORK SCHEDULES

Establishing Priorities

Field work

Phase 1 - 2 calendar weeks
Review and Analyze material - 2 calendar weeks

Phase 2 - 2 calendar weeks
Draft preparation - 1 calendar week
USAID Review - 2 calendar weeks
Report revision and final draft - 1 calendar week
USAID Approval - 3 calendar weeks

TOTAL 13 calendar weeks

Catalogue of Laws

Research and report preparation - 3 calendar weeks

Consultant review - 1 calendar week
USAID Review - 1 calendar week
Review by Central Bank and Superintendent of Banks - 6 calendar weeks
Final report preparation - 1 calendar week
USAID approval - 1 calendar week

TOTAL 13 calendar weeks

Catalogue of Studies

Identification and retrieval of reports - 5

calenda weeks

Analysis, summation and collation of reports - 3 calendar weeks, draft report preparation
USAID review - 3 calendar weeks
Final report preparation - 1 calendar week
USAID approval - 2 calendar weeks

TOTAL

14 calendar weeks

Banking Sector Review

Field work - 3 calendar weeks
Draft report preparation - 2 calendar weeks
Review by bankers and GOG officials - 5 calendar weeks
USAID review - 3 calendar weeks
Final report preparation - 2 calendar weeks
USAID approval and acceptance - 4 calendar weeks

TOTAL

19 calendar weeks

Cooperative Sector Review

Field work - 3 calendar weeks
Draft report preparation - 1 calendar week
Review by industry representatives and supervisors - 5 calendar weeks
USAID review - 4 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 3 calendar weeks

TOTAL

17 calendar weeks

Financiera Sector Review

Field work - 2 calendar weeks
Draft report preparation - 1 calendar week
Review by bankers, industry representatives and supervisors - 6 calendar weeks
USAID review - 3 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 3 calendar weeks

TOTAL

16 calendar weeks

Informal Markets Study

Field work - Phase 1 - 4 calendar weeks

Analysis - 3 calendar weeks

Phase 2 - 2 calendar weeks

Draft report preparation - 2 calendar weeks
Review by GOG officials - 6 calendar weeks
USAID review - 4 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 5 calendar weeks

TOTAL

27 calendar weeks

Institutional Investors Study

Field work - 2 calendar weeks
Draft report preparation - 1 calendar week
USAID review - 4 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 4 calendar weeks

TOTAL

12 calendar weeks

Pension Fund Study

Field work - 2 calendar weeks
Draft report preparation - 1 calendar week
USAID review - 2 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 2 calendar weeks

TOTAL

8 calendar weeks

Money Market Study

Field work - 3 calendar weeks
Draft report preparation - 1 calendar week
USAID review - 3 calendar weeks
Final report preparation - 1 calendar week
USAID approval and acceptance - 3 calendar weeks

TOTAL

11 calendar weeks

Project Coordination and Integration

As required by the demands of the project.

(VII)

(Thousands of US$)

Type of Institution	Agriculture	Mining	Manufacturing	Energy	Construction	Commerce	Transp./Services/ /Communications	Consumer	Other	TOTAL
Commercial Banks	50,908	478	129,292	1,745	15,723	93,613	19,418	14,477	32,392	357,847
Finance Companies	4,316	340	10,835			652	2,271	0	77	18,512
State-owned Banks (1)	4,058	4	3,200		4,164	2,606	1,329	1,879	4,171	21,412
Other Banking Institutions										
Credit Unions and Cooperatives										
Institutional Investors (2)	26,282	18	3,700	7	11,064	501	2,841	22,748	6,794	73,936

(1) State-owned banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only Trust Funds.

ANNEX J-3
ATTACHMENT 1

CREDIT DISTRIBUTION BY ECONOMIC SECTOR AND TYPE OF FINANCIAL INSTITUTION
in Guatemala
1985

Type of Institution	Agriculture	Mining	Manufacturing	Energy	Construction	Commerce	Transp./Services/ /Communications	Consumer	Other	TOTAL
Commercial Banks	14.23%	0.13%	36.13%	0.49%	4.39%	26.10%	5.43%	4.05%	9.05%	100.00%
Finance Companies	23.42%	1.84%	58.53%			3.52%	12.27%	0.00%	0.42%	100.00%
State-owned Banks (1)	10.95%	0.02%	14.94%		19.45%	12.17%	4.21%	8.78%	19.48%	100.00%
Other Banking Institutions										
Credit Unions and Cooperatives										
Institutional Investors (2)	35.55%	0.02%	5.00%	0.01%	14.94%	0.68%	3.84%	30.77%	9.19%	100.00%

(1) State-owned banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only Trust Funds.

ASSETS

Assets of Other Financial Institutions & Institutional Investors of Guatemala
1984
(Thousands of US$)

Type of Institution	Types of Assets: Deposits in Banks	Loans	Government Securities	Foreign Investment	Other Investments	Mortgage Instruments	Other Assets	Fixed Assets	TOTAL
Insurance Companies	13,878	19,323	23,851	14	721	2,507	2,387	6,564	69,246
Guarantee Companies	1,758	214	2,581	0	57	368	61	951	5,990
Credit Unions and Cooperatives									31,497

ASSETS

Assets of Other Financial Institutions & Institutional Investors of Guatemala
1984

Type of Institution	Types of Assets: Deposits in Banks	Loans	Government Securities	Foreign Investment	Other Investments	Mortgage Instruments	Other Assets	Fixed Assets	TOTAL
Insurance Companies	20.04%	27.91%	34.44%	0.02%	1.04%	3.62%	3.45%	9.48%	100.00%
Guarantee Companies	29.35%	3.57%	43.09%	0.00%	0.95%	6.14%	1.02%	15.88%	100.00%
Credit Unions and Cooperatives									

GUATEMALA
****
ASSETS

Liabilities and Assets of the Financial Institutions of Guatemala

March/December, 1985

Type of Asset

Type of Institution	Vault Cash	Central Bank Deposits	Other Liquid Assets	Interbank Lending (3)	Loans (Both Private and Gov't)	Government Securities	Foreign Investment (4)	Other Securities	Other Inve	Mortgage Instruments	Other Assets	Fixed Assets	TOTAL
Commercial Banks	1.05% 1.60%	10.28% 17.40%	2.35% 1.73%	5.09% 2.52%	55.43% 53.40%	2.95% 4.09%	0.61% 0.31%	4.43% 4.46%	0.36% 0.67%	6.02% 5.52%	10.95% 8.11%	0.4[illegible]% 0.40%	100.00% 100.00%
Finance Companies	.00% .00%	0.41% 0.43%	0.54% 0.55%	3.44% 8.47%	63.45% 56.06%	0.34% 0.38%	0.01% 0.01%	5.57% 5.01%	9.12% 6.30%	0.27% 0.14%	16.47% 22.26%	0.43% 0.38%	100.00% 100.00%
State-owned Banks	0.85% 1.40%	5.54% 7.31%	2.57% 2.12%	1.56% 0.68%	42.44% 39.72%	2.84% 6.87%	0.14% 0.03%	0.98% 2.17%	24.56% 20.86%	3.67% 4.48%	13.83% 13.42%	1.01% 0.93%	100.00% 100.00%
Other Banking Institutions													
Credit Unions and Cooperatives													
Institutional Investors (2)				7.63% 10.00%	60.61% 58.10%			1.58% 2.13%	2.00% 2.58%	2.59% 2.69%	21.95% 20.73%	4.55% 3.76%	100.00% 100.00%

(1) State-owned banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only Trust Funds.

(3) Includes deposits made in foreign banks.

(4) Includes foreign securities and other FX denominated paper.

* The summation of all individual items was greater than the total published.

GUATEMALA

ASSETS

Liabilities and Assets of the Financial Institutions of Guatemala

March/December, 1985

(Thousands of US$)

Type of Institution	Vault Cash	Central Bank Deposits	Other Liquid Assets	Interbank Lending (3)	Loans (Both Private and Gov't)	Government Securities	Foreign Investment (4)	Other Securities	Other Investments	Mortgage Instruments	Other Assets	Fixed Assets	TOTAL
Commercial Banks	10,515 15,906	101,033 172,626	23,585 17,177	51,023 25,009	555,641 529,793	29,587 40,561	6,079 3,037	44,382 44,259	3,618 4,656	40,366 54,739	109,765 80,637	4,769 3,936	1,002,162 * 992,113
Finance Companies	8 7	965 993	1,275 1,260	8,147 19,175	150,182 128,178	815 871	17 13	13,062 11,445	21,585 14,408	648 320	38,980 50,905	1,017 859	236,702 228,635
State-owned Banks (1)	1,603 2,242	9,169 11,705	4,247 3,395	2,577 1,089	70,249 63,613	4,708 10,999	230 63	1,626 3,478	40,649 33,611	6,077 7,181	22,887 21,498	1,705 1,492	165,526 160,167
Other Banking Institutions													
Credit Unions and Cooperatives													
Institutional Investors (2)				10,521 12,120	83,678 70,600			2,184 2,583	2,761 3,127	3,570 3,263	29,062 25,116	6,276 4,559	138,051 * 121,169

(1) State-owned Banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only Trust Funds.

(3) Includes deposits made in foreign banks.

(4) Includes foreign securities and other FX denominated paper.

* The summation of all individual items was greater than the total published.

Financial instruments originating from bonded warehouses activities:

Certificates of Deposits

176,796 (March)

146,896 (December)

Secured Bonds

106,784 (March)

97,364 (December)

GUATEMALA

LIABILITIES

of Guatemala

March/December, 1985

Type of Institution	Type of Liability: Demand Deposit	Interbank Borrowing	Gov't Deposit	Discount & Rediscount	Other Gov't Credit & Advances	Other Types of Deposits	CD's	Savings Accounts	Time Deposits	Securities	Loans from Foreign Financial Institutions	Other Liabilities (3)	Capital and Reserves	TOTAL
Commercial Banks	16.62% 20.91%			0.14% 0.10%	2.23% 1.69%			50.97% 51.29%	9.03% 8.93%	1.63% 1.73%	0.27% 0.19%	12.18% 8.05%	6.91% 7.11%	100.00% 100.00%
Finance Companies		6.64% 6.24%			8.73% 8.81%					24.16% 28.35%	33.97% 31.77%	20.07% 20.49%	6.63% 4.35%	100.00% 100.00%
State-owned Banks	10.05% 11.86%				1.56% 1.04%			29.32% 33.56%	7.67% 7.10%	5.64% 4.89%	7.51% 6.81%	24.75% 21.23%	13.50% 13.50%	100.00% 100.00%
Other Banking Institutions														
Credit Unions and Cooperatives														
Institutional Investors (2)												18.21% 17.30%	81.79% 82.70%	100.00% 100.00%

(1) State-owned banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only Trust Funds.

(3) Other liabilities include unidentified callable liabilities.

GUATEMALA

LIABILITIES

Liabilities and Assets of the Financial Institutions of Guatemala

March/December, 1985

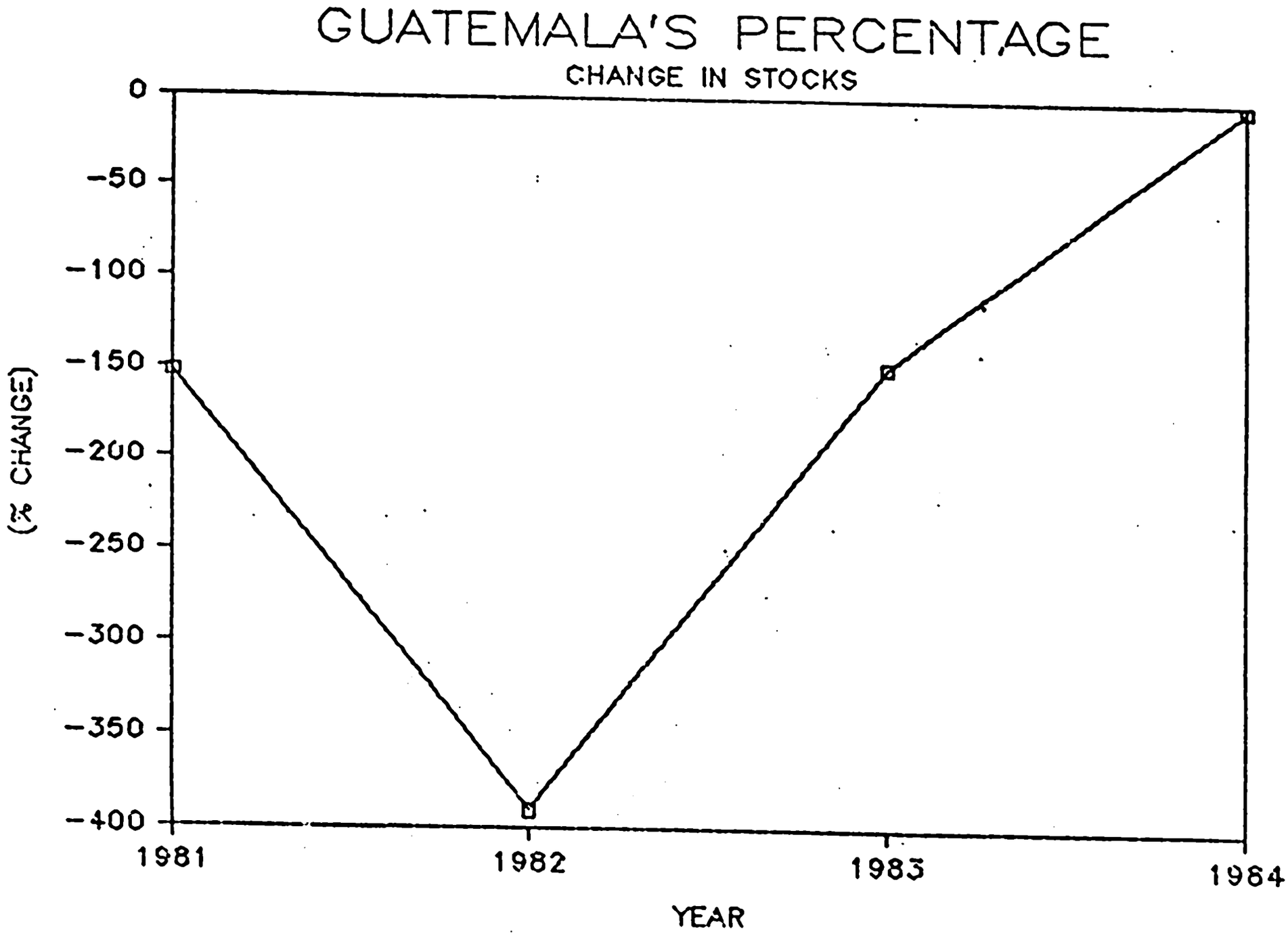
(Thousands of US$)

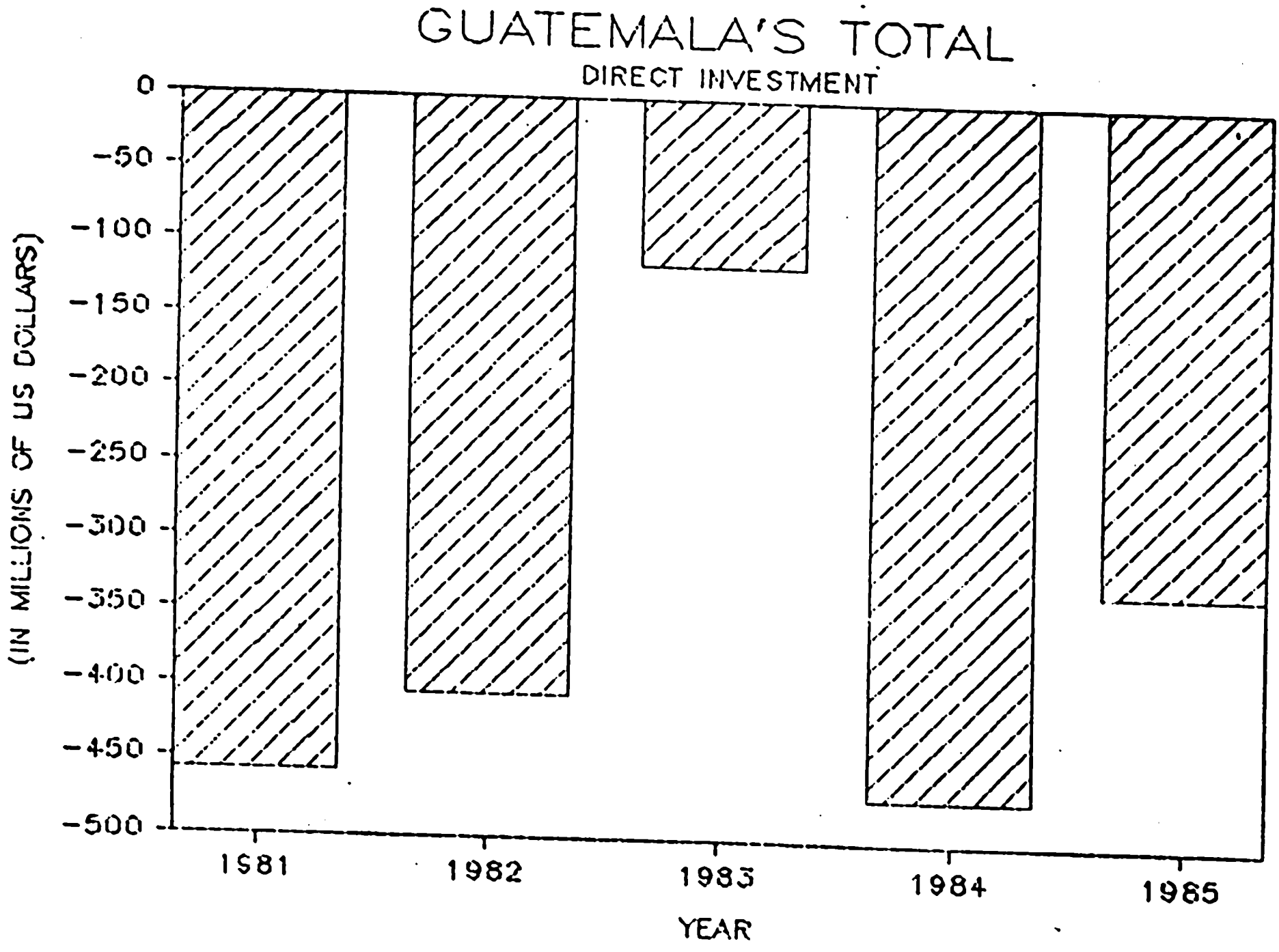
Type of Institution	Type of Liability: Demand Deposit	Interbank Borrowing	Gov't Deposit	Discount & Rediscount	Other Gov't Credit & Advances	Other Types of Deposits	CD's	Savings Accounts	Time Deposits	Securities	Loans from Foreign Financial Institutions	Other Liabilities (3)	Capital and Reserves	TOTAL
Commercial Banks	166,498			1,382	22,375			510,562	90,663	16,344	2,716	122,037	69,141	1,001,717
	207,422			1,001	16,735			508,900	88,598	17,151	1,896	79,844	70,566	992,113
Finance Companies		15,709			20,620					57,175	80,615	47,507	15,277	236,702
		13,898			19,615					63,129	70,742	45,624	9,685	222,613
State-owned Banks (1)	16,643				2,582			48,538	12,693	9,328	12,431	40,965	22,348	165,574
	18,997				1,667			53,752	11,367	7,836	10,899	34,033	21,617	160,142
Other Banking Institutions														
Credit Unions and Cooperatives														
Institutional Investors (2)												125,139	112,909	238,049
												20,960	100,209	121,169

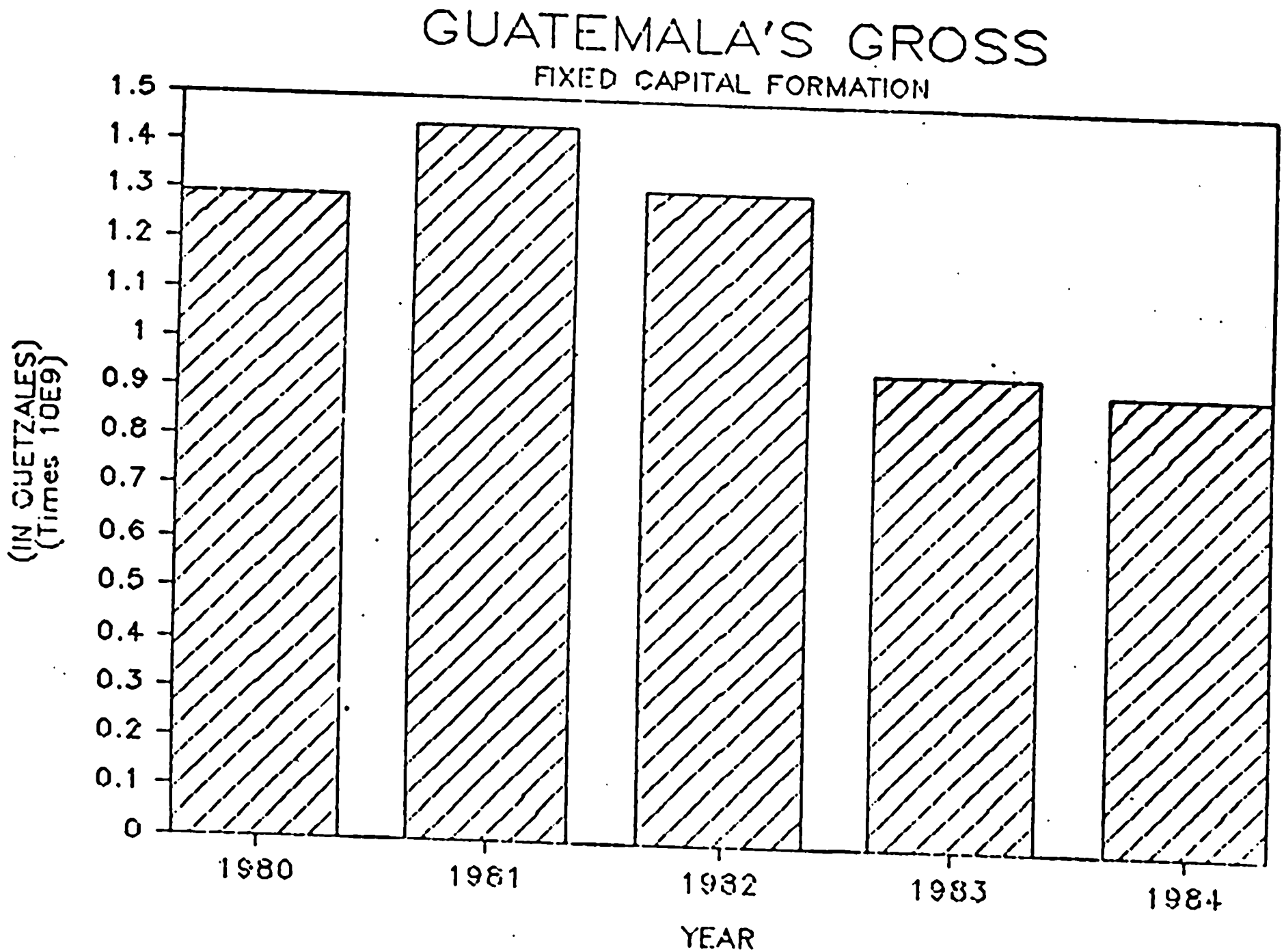
(1) State-owned banks include the National Mortgage Credit, the National Agricultural Development Bank, and the National Housing Bank.

(2) This includes only trust funds.

(3) Other liabilities include unidentified callable liabilities.

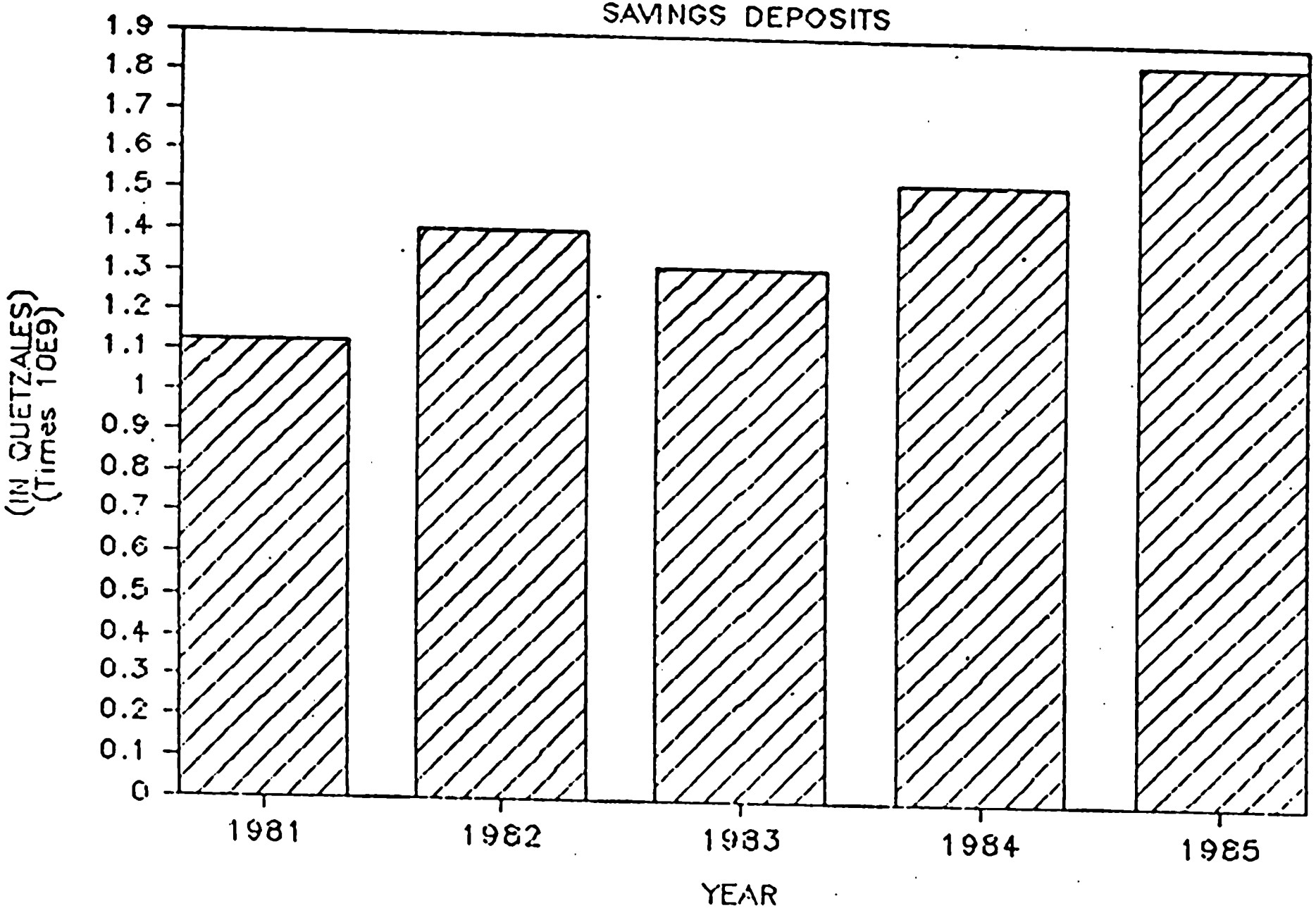

GUATEMALA'S PERCENTAGE
CHANGE IN STOCKS
0
-50
-100
-150
-200
-250
-300
-350
-400
(% CHANGE)
1981
1982
1983
1984
YEAR


GUATEMALA'S TOTAL
DIRECT INVESTMENT
(IN MILLIONS OF US DOLLARS)
0
-50
-100
-150
-200
-250
-300
-350
-400
-450
-500
1981
1982
1983
1984
1985
YEAR

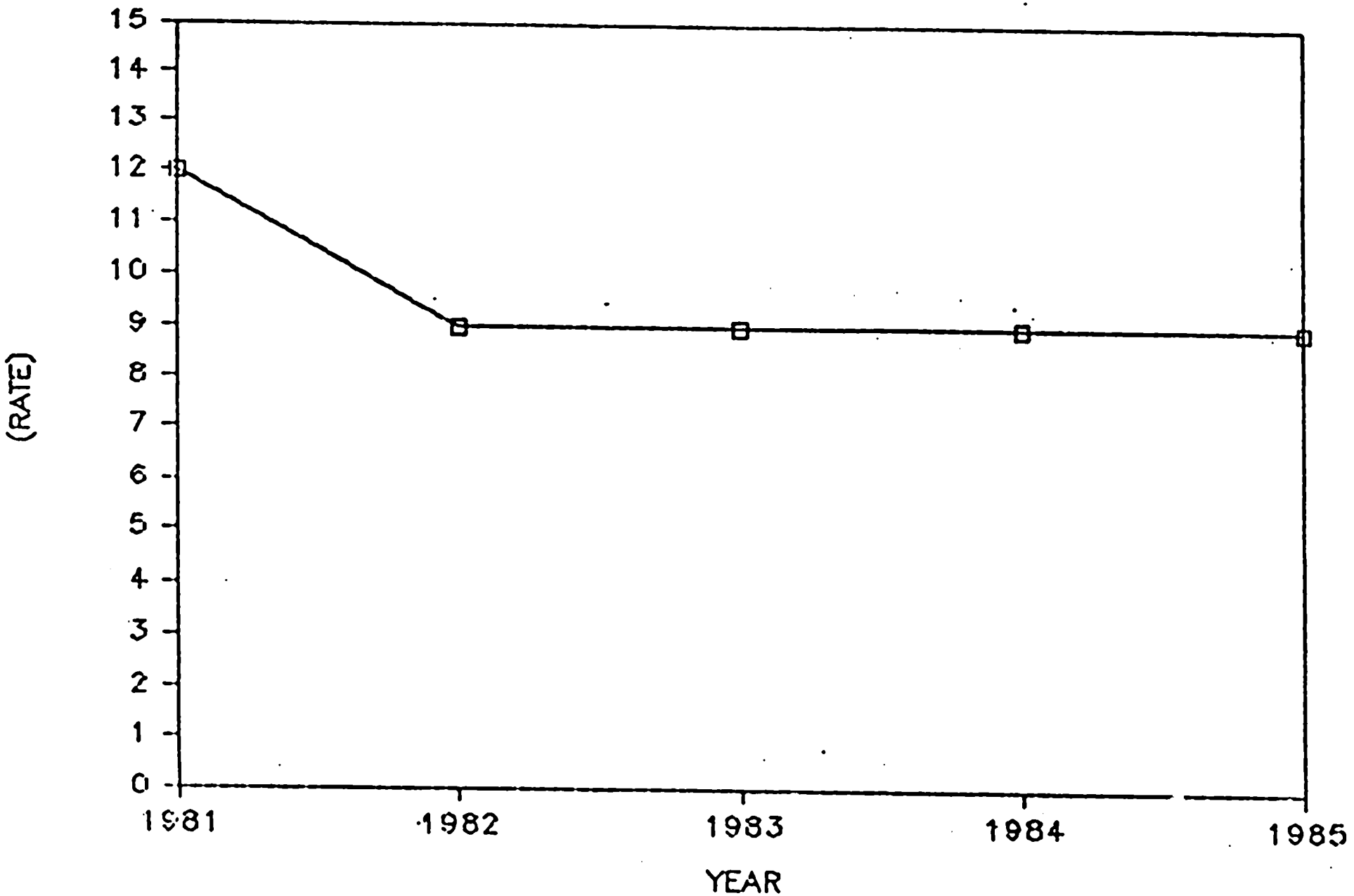

GUATEMALA'S GROSS
FIXED CAPITAL FORMATION
(IN QUETZALES)
(Times 10E9)
1.5
1.4
1.3
1.2
1.1
1
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
1980
1981
1982
1983
1984
YEAR

GUATEMALA'S TIME &c

SAVINGS DEPOSITS

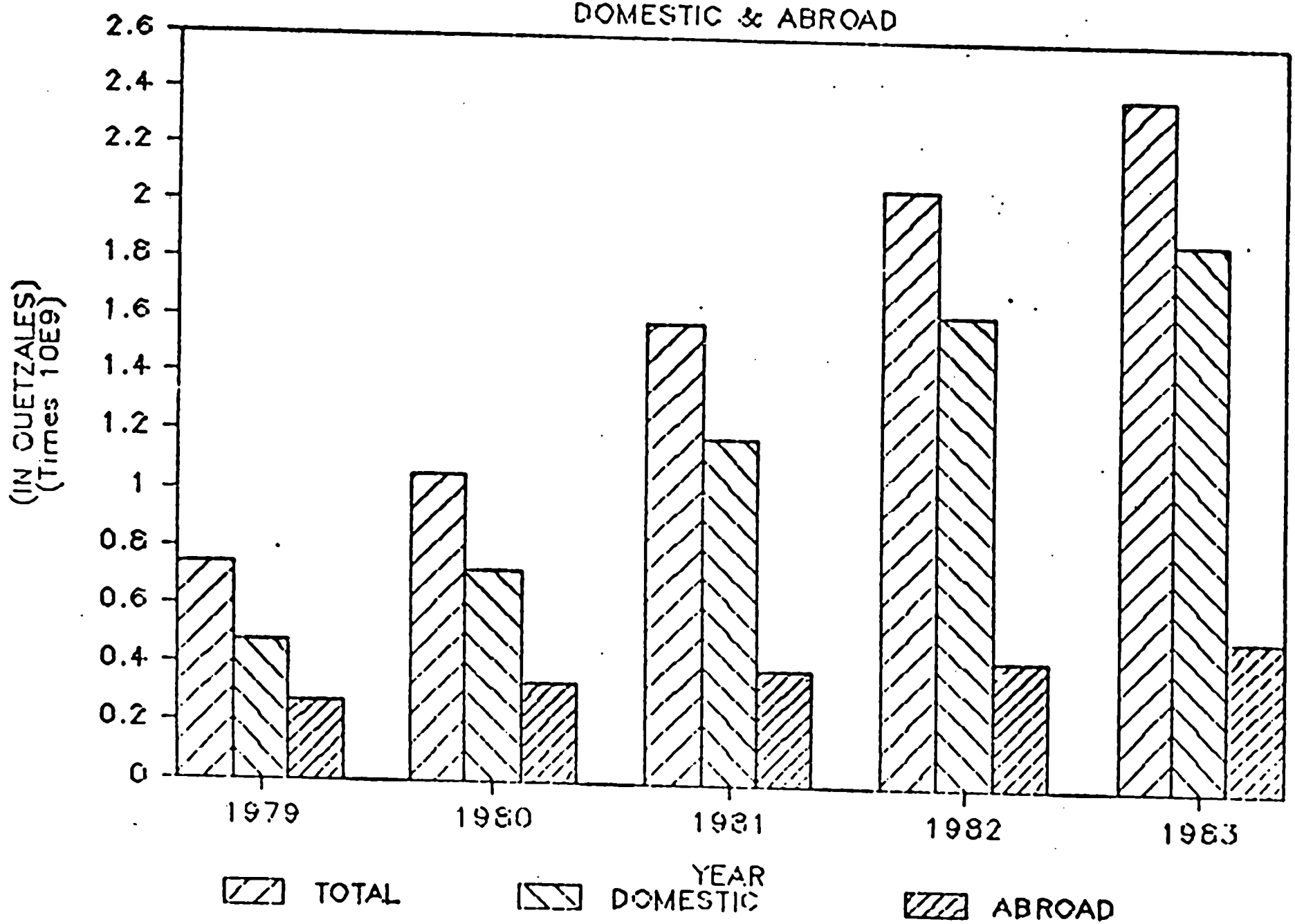


GUATEMALA'S DISCOUNT RATE



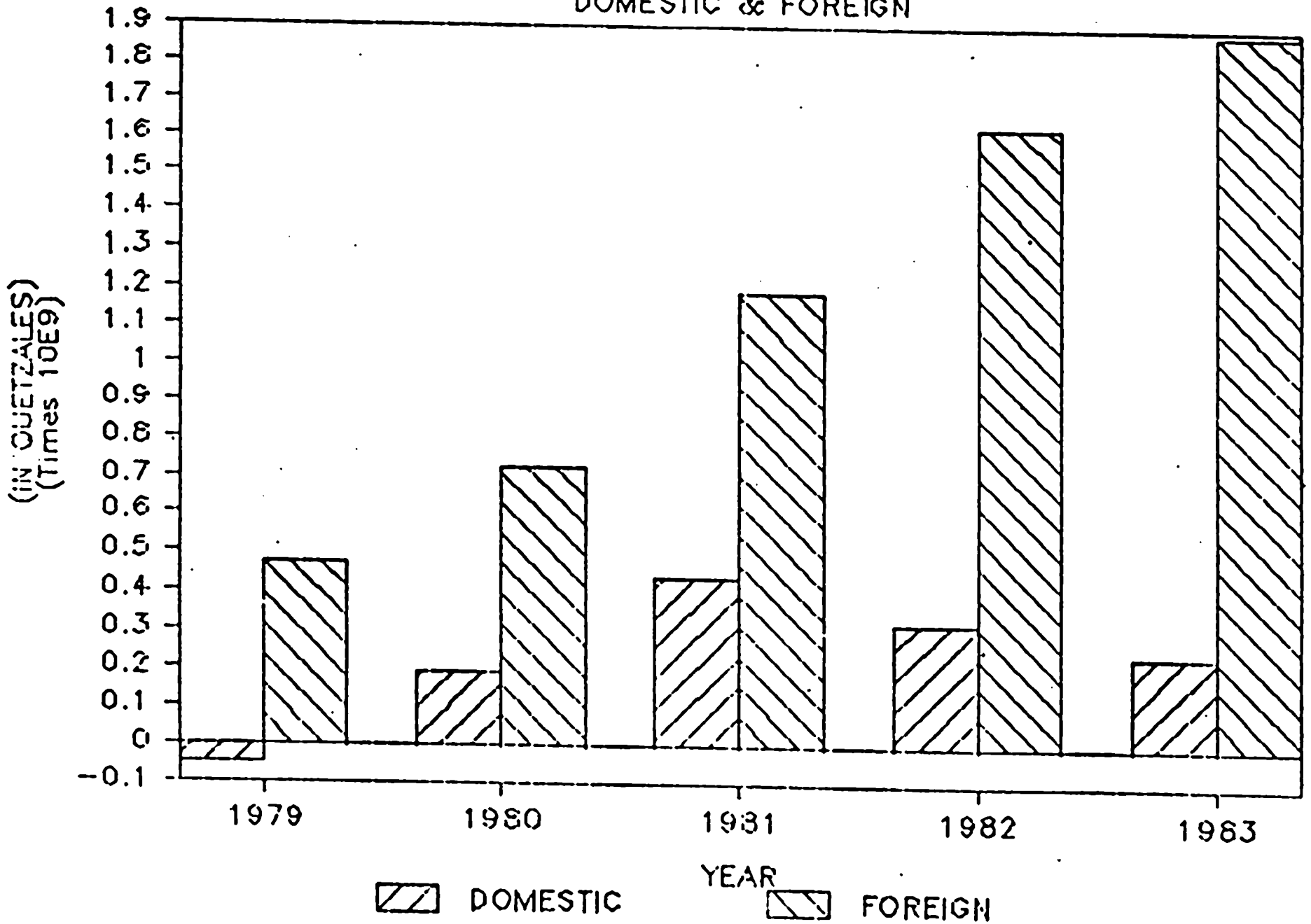
FINANCING DEBT —

DOMESTIC & ABROAD



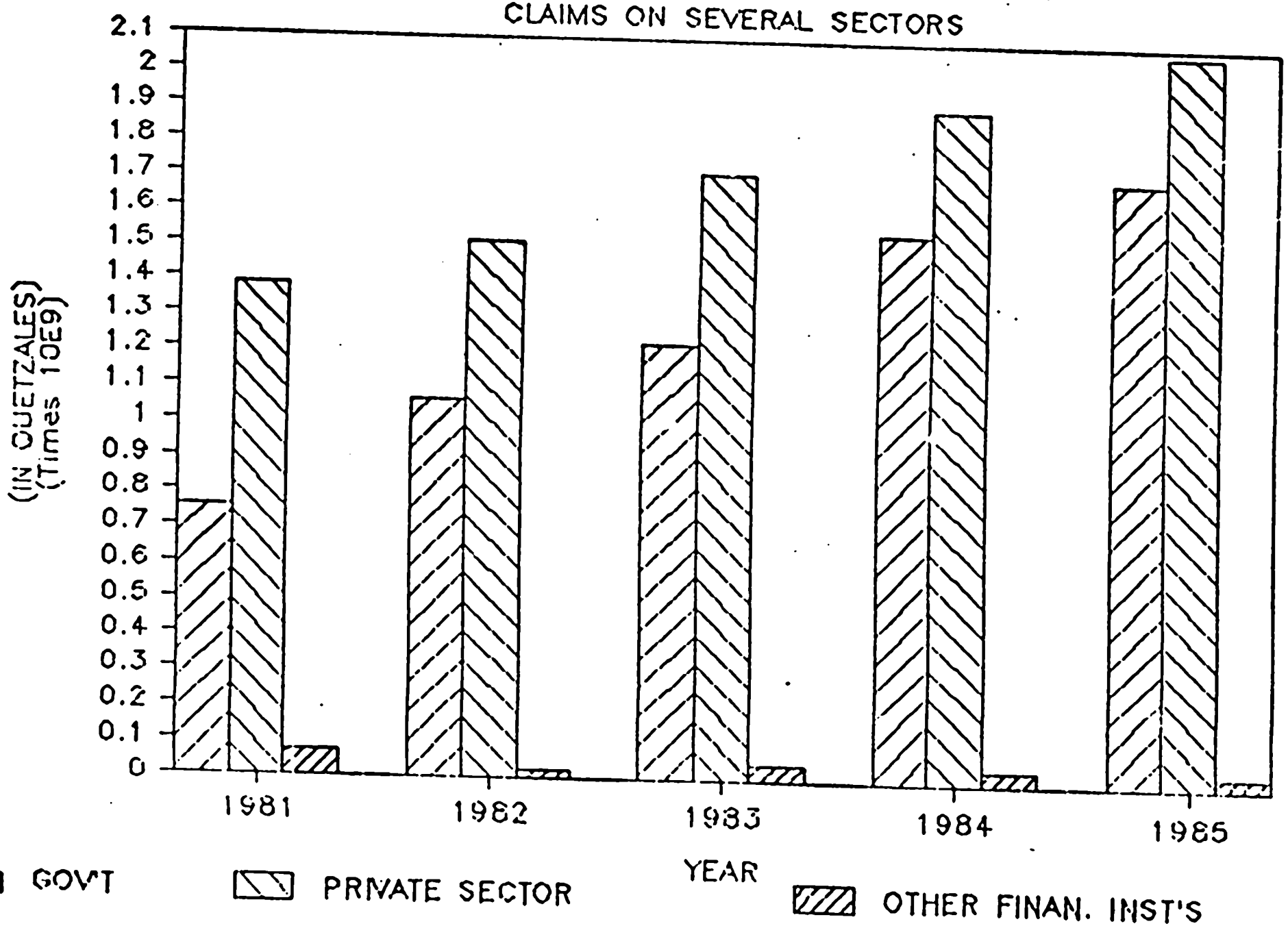
GUATEMALA'S NET BORROWING —

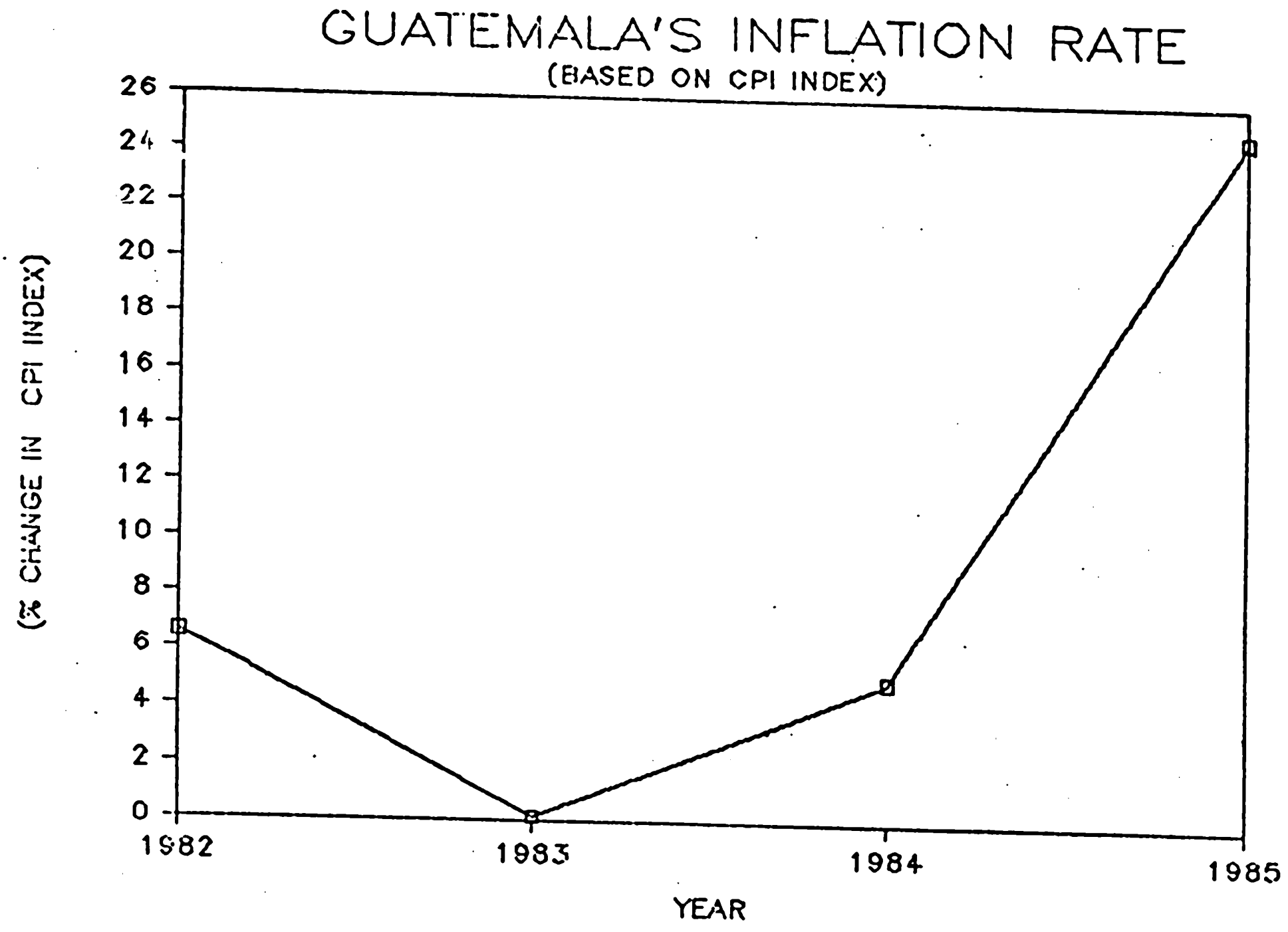
DOMESTIC & FOREIGN



TOTAL DOMESTIC CREDIT –

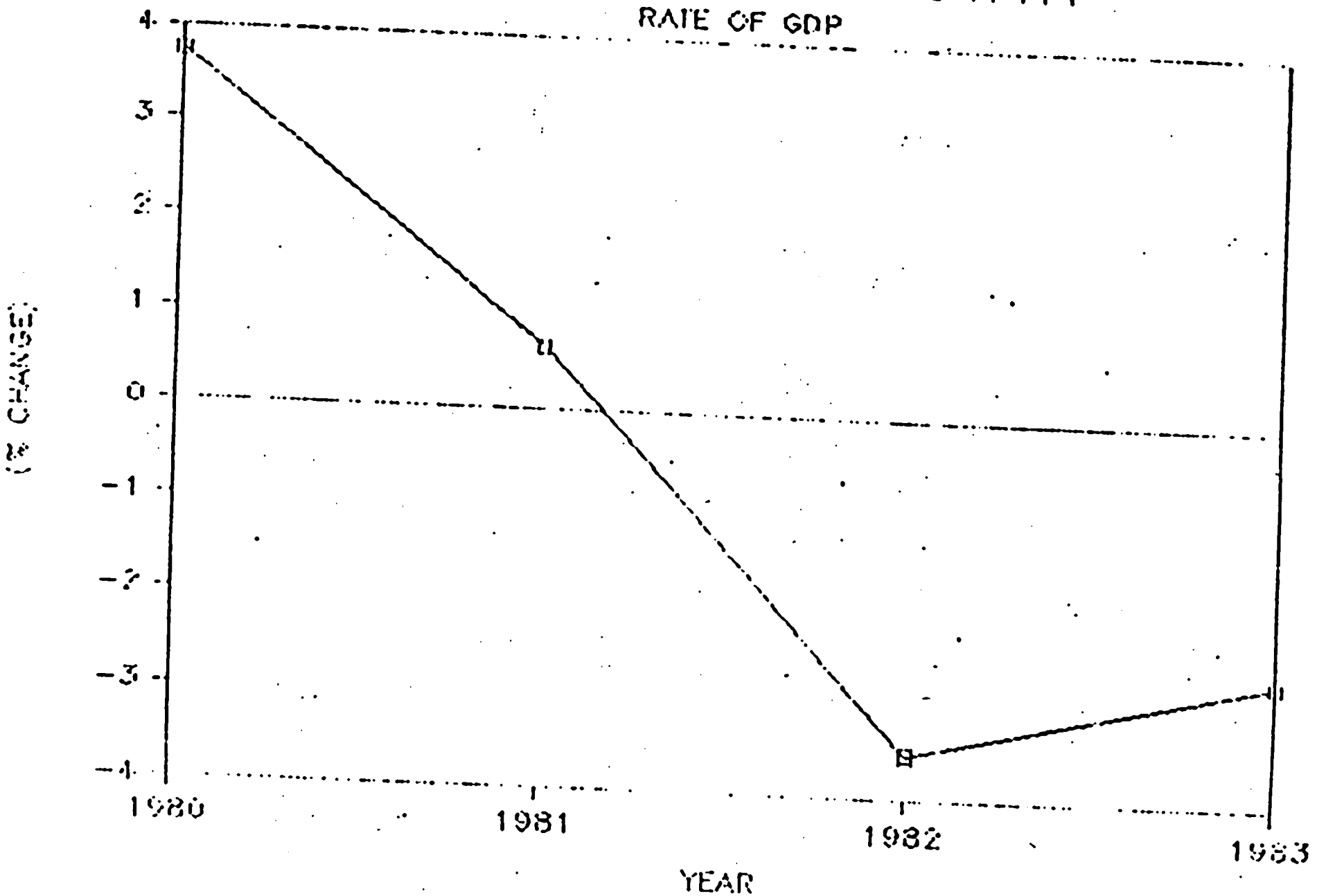
CLAIMS ON SEVERAL SECTORS



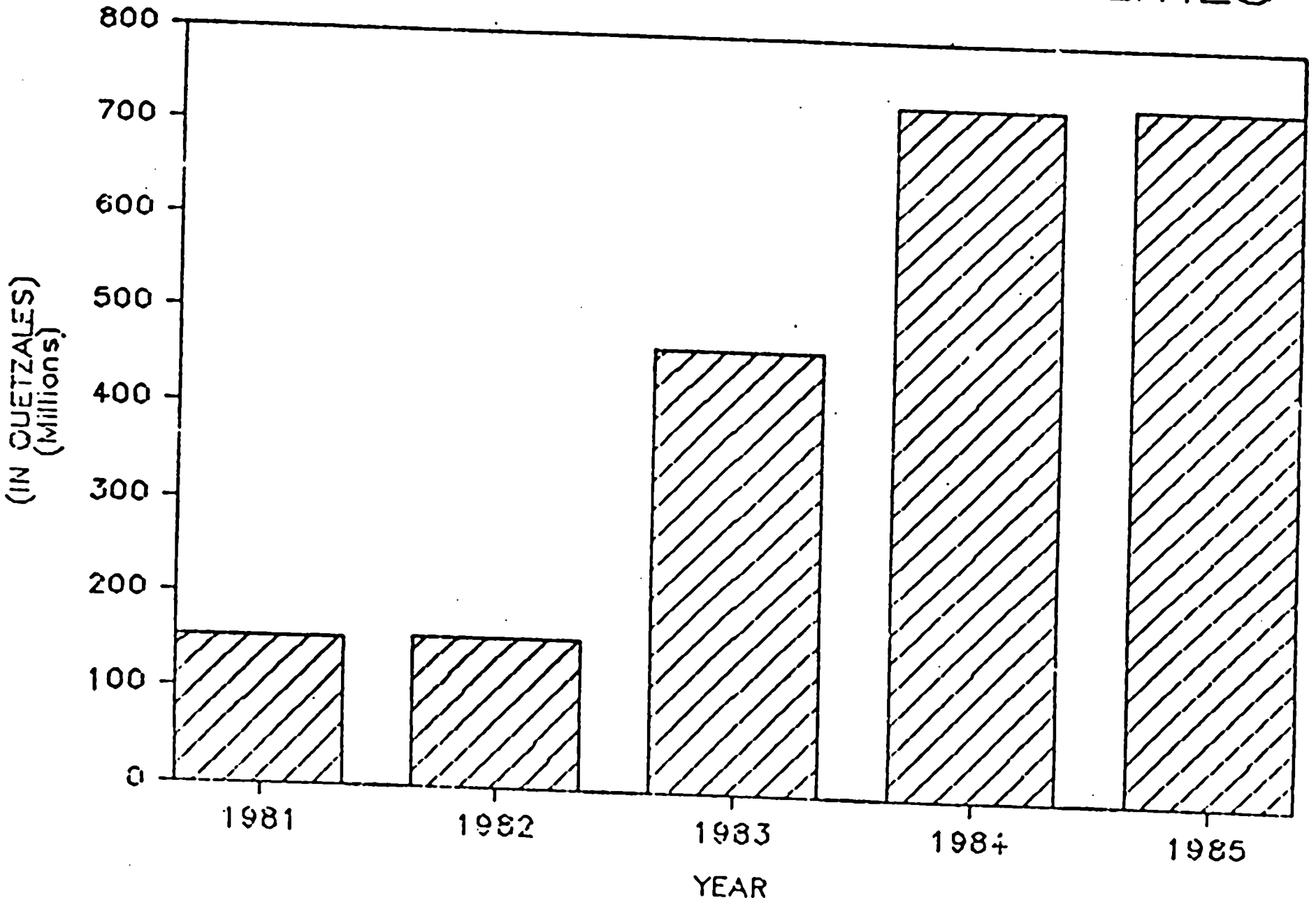

GUATEMALA'S INFLATION RATE
(BASED ON CPI INDEX)
(% CHANGE IN CPI INDEX)
26
24
22
20
18
16
14
12
10
8
6
4
2
0
1982
1983
1984
1985
YEAR

GUATEMALA'S GROWTH

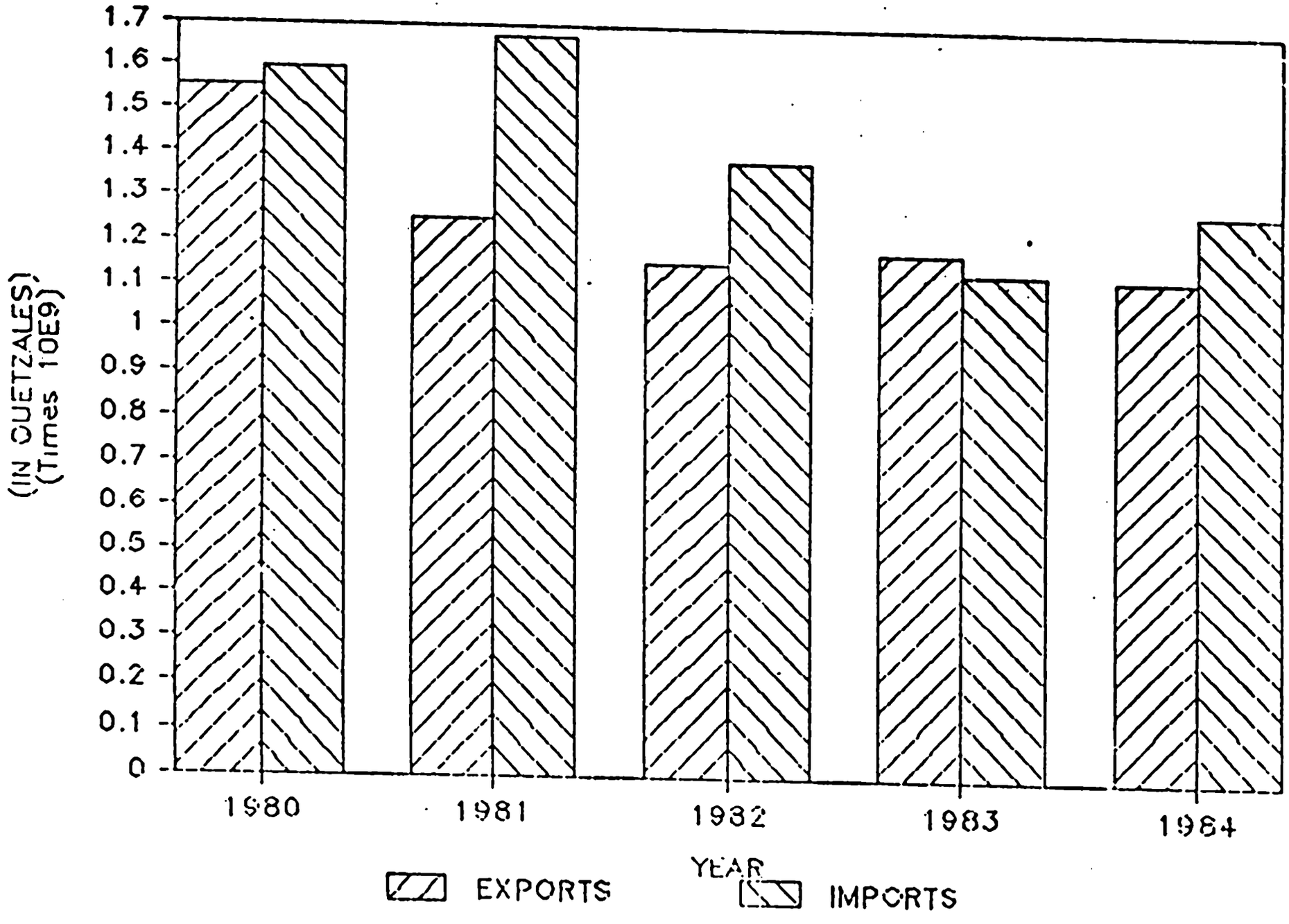
RATE OF GDP

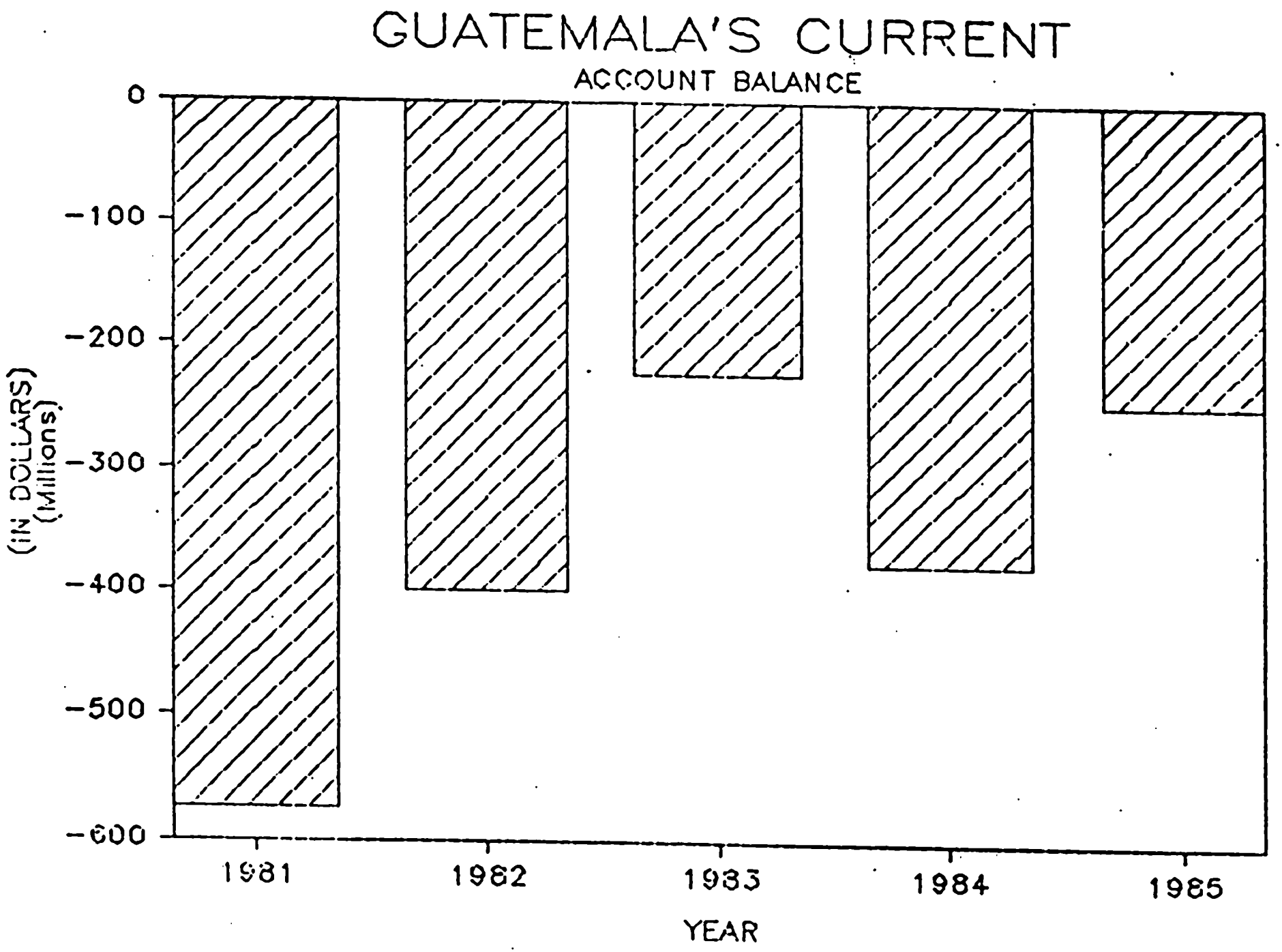


GUATEMALA'S FOREIGN LIABILITIES

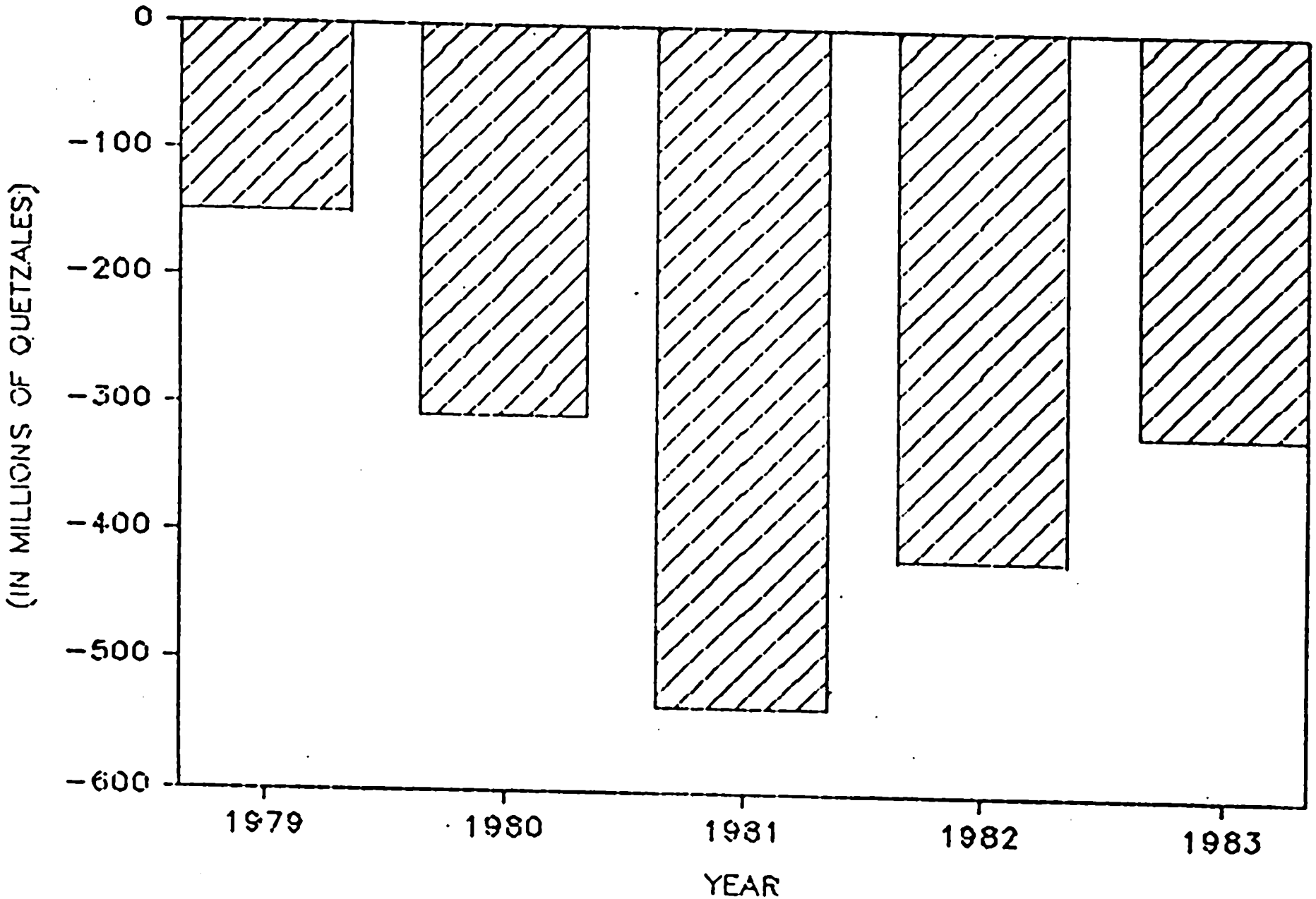


GUATEMALA'S EXPORTS & IMPORTS

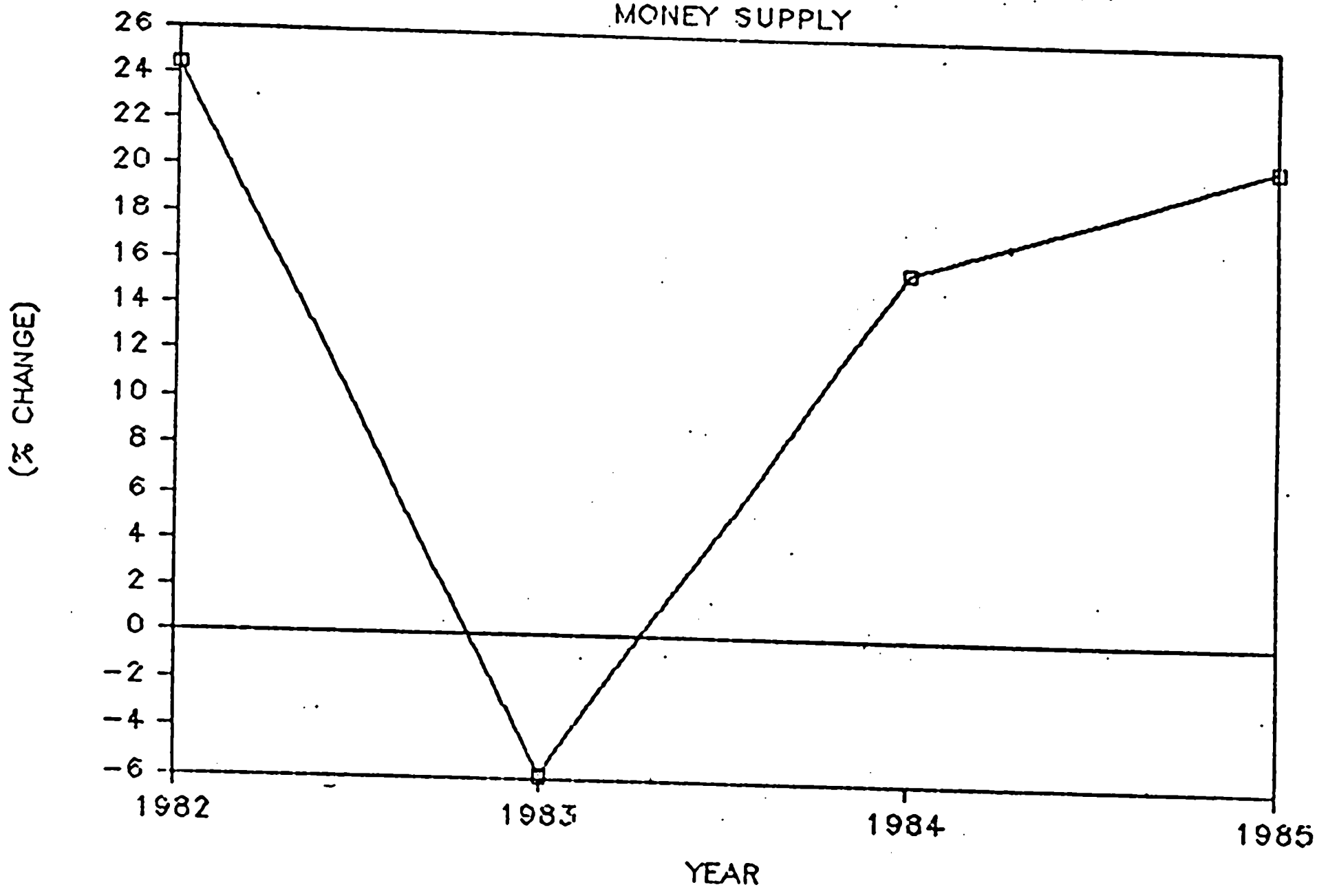


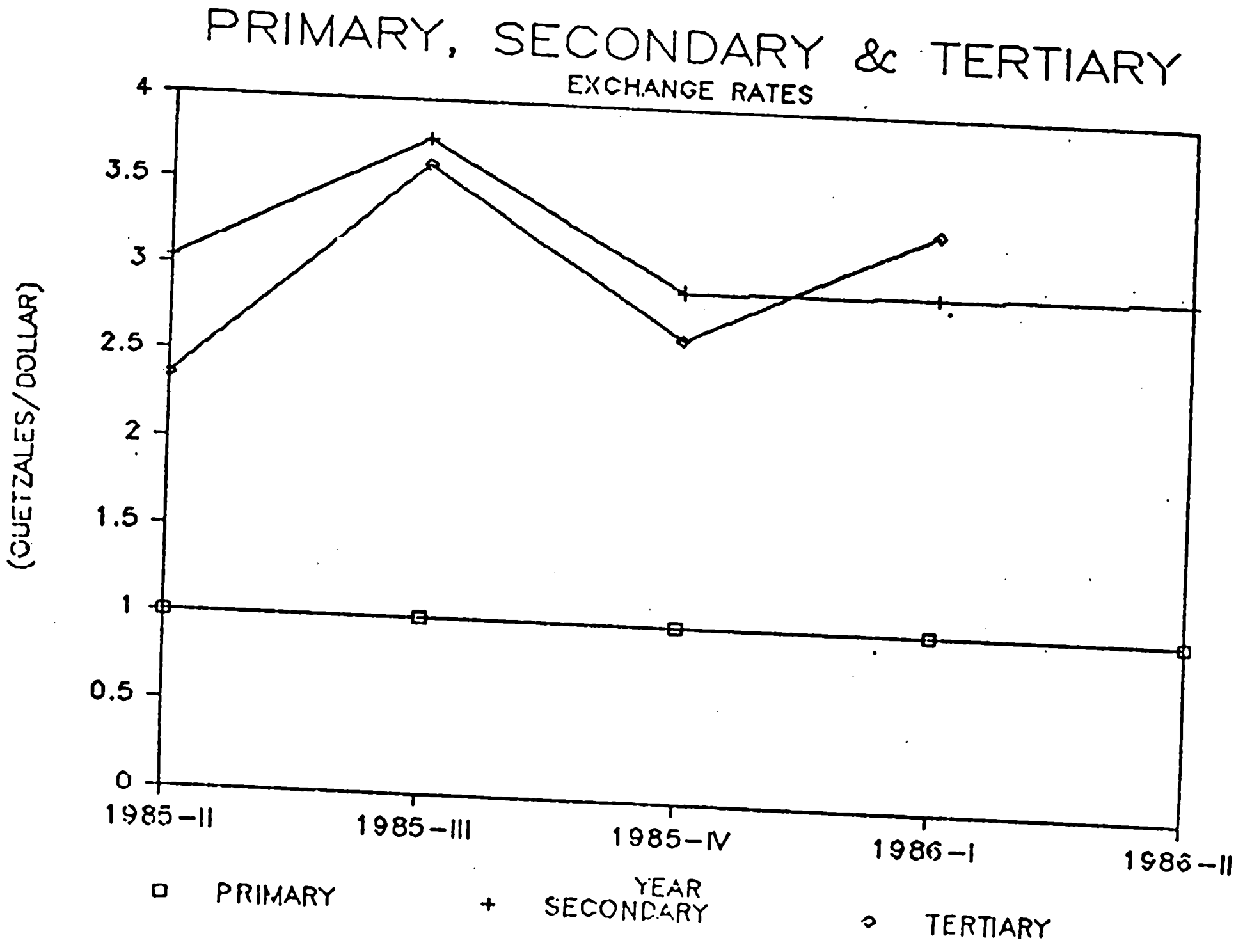

GUATEMALA'S CURRENT
ACCOUNT BALANCE
0
-100
-200
-300
-400
-500
-600
(IN DOLLARS)
(Millions)
1981
1982
1983
1984
1985
YEAR

GUATEMALA'S DEFICIT/SURPLUS



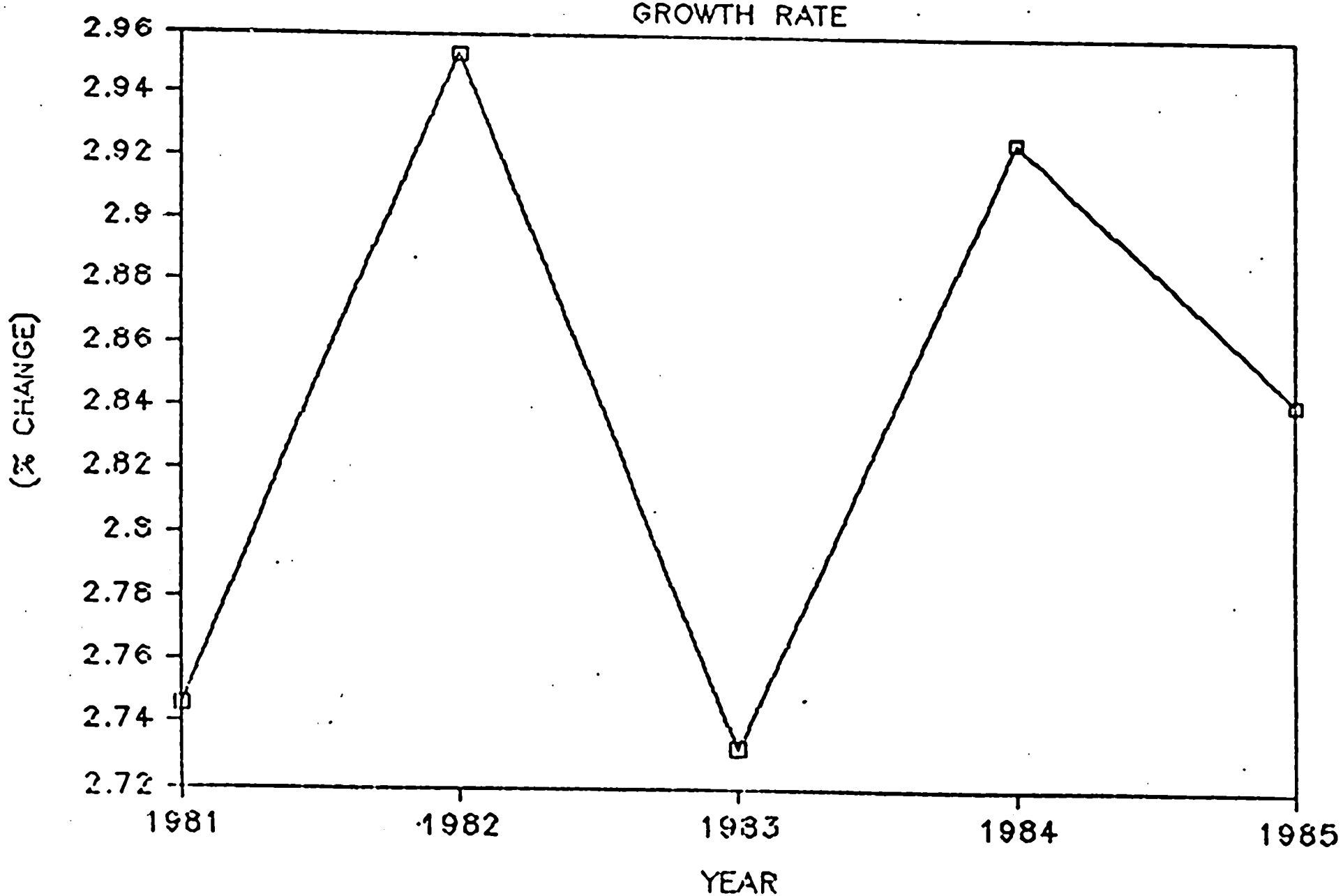
GUATEMALA'S GROWTH IN MONEY SUPPLY



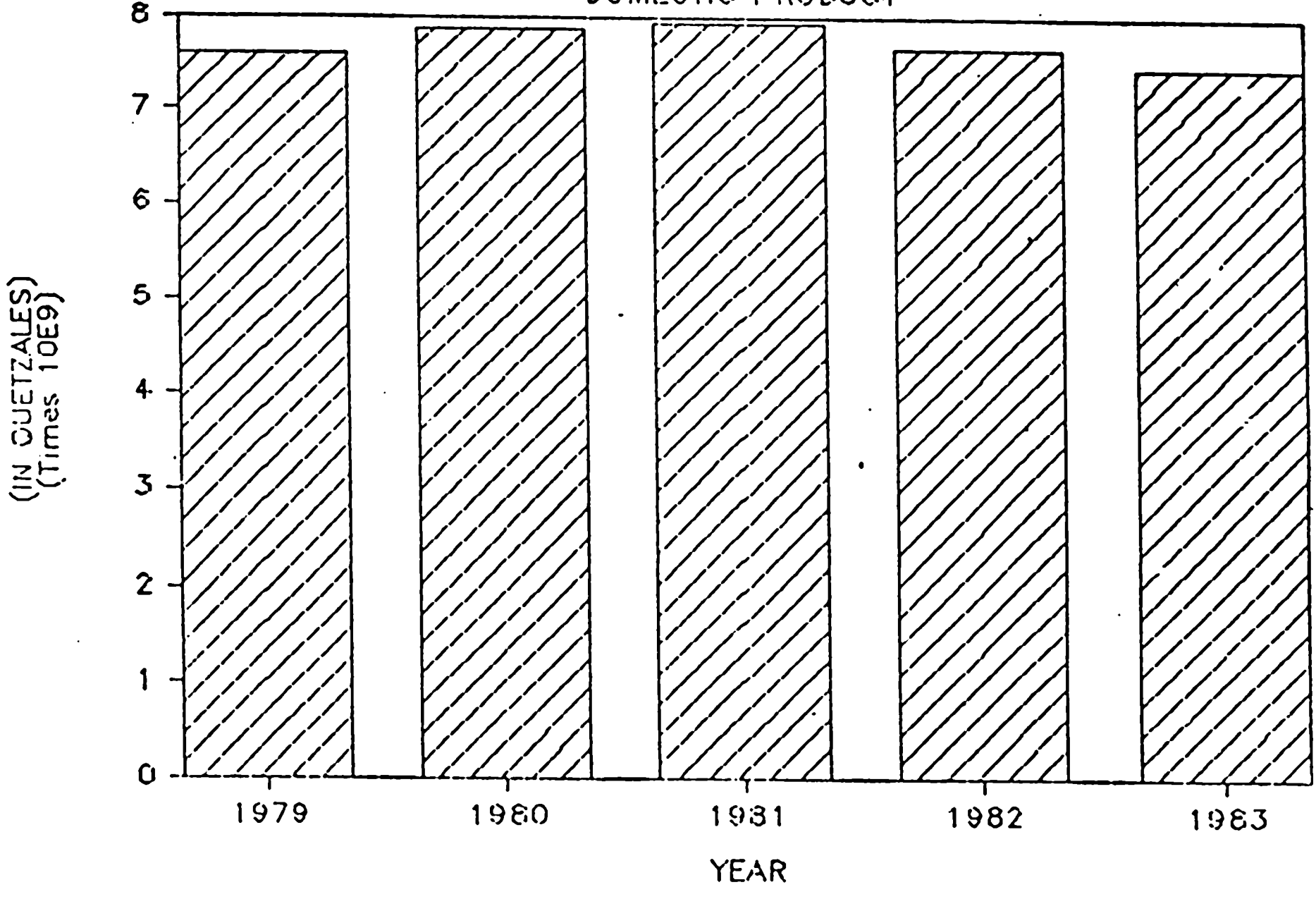

PRIMARY, SECONDARY & TERTIARY
EXCHANGE RATES
(QUETZALES/DOLLAR)
4
3.5
3
2.5
2
1.5
1
0.5
0
1985-II
1985-III
1985-IV
1986-I
1986-II
YEAR
PRIMARY
SECONDARY
TERTIARY

GUATEMALA'S POPULATION

GROWTH RATE



GUATEMALA'S GROSS DOMESTIC PRODUCT



36

PROJECT DESCRIPTION
WORLD BANK EXPORT PROMOTION PROJECT
FODEX COMPONENT

The World Bank is presently designing an Export Promotion Project for Guatemala. One component of the $80 million project provides $20 million to capitalize a freestanding working capital facility for exporters. The facility would operate through a permanent revolving Export Development Fund (Fondo Rotatorio de Exportaciones or FODEX) to be established by the Bank of Guatemala. The purpose of FODEX is to provide preshipment financing of imported inputs for nontraditional exports to extraregional markets.

FODEX will operate as a two-tier facility, where qualifying banks and financieras will serve as intermediaries between the exporter and the Central Bank (CB). It will be administered by the Project Unit created in the CB in 1984 to manage the World Bank's Industrial Credit Program.

Eligibility criteria for financial institutions wishing to participate in the FODEX include willingness to assume the ultimate credit risk. Exporters will qualify for short-term credit through FODEX if they produce nontraditional products and services (including tourism). They can use this financing to purchase raw materials, intermediate products, spare parts, packaging materials, agricultural inputs, tools and small machines. Eligibility criteria will be expanded later in the project to include domestic manufacturers that sell inputs to exporting firms ("indirect exporters").

Pre-export and export financing resources obtained by BG from other donors or lenders after FODEX begins operation will be channelled through FODEX. FODEX will also receive all repayments of the loans it grants, as well as associated interest, charges and other income.

Applicants for use of FODEX will be required to provide information on their financial situation, need for export credit, past export performance and export plans for the next year. The role of the financial intermediaries will be to assess this information, and lend on the basis of creditworthiness and export plans rather than on collateral security alone. FODEX will thus reach exporters who are unable to qualify for credit under the existing system.

FODEX will perform a final review of the financial institutions' assessments of requests for credit, and will have final approval. Once FODEX has approved an application, the financial intermediary will open a line of credit for the exporter to cover estimated imported input needs for a twelve-month period. Within their credit lines, exporters will draw on the Fund for a series of transactions, mostly based on letters of credit opened by their bank in a foreign correspondent bank. The amount outstanding of any individual line of credit would be normally limited to 100 percent of the exporters estimated annual earnings or $2 million equivalent in quetzales, whichever is lower. Once a line of credit is opened, applications subsequently submitted for individual transactions will be processed by FODEX and approved by the BG within 24 hours.

The operations just described will require a revision of the Guatemalan Monetary Law to require that exporters' liabilities to FODEX be repaid in foreign exchange from their export proceeds and that the exporter bear the foreign exchange risk. This revision is a condition precedent to Board presentation of the project.

The FODEX, once operational, can be strengthened by addition of a credit guaranty component and an export credit insurance system. However, the World Bank project team believe that these additional features would overburden the development of FODEX if included in the first phase.

USAID/Guatemala will support this effort by providing $150,000 in grant funds for one man-year of consulting services to establish FODEX operating procedures. These services would be provided through a "twinning arrangement" with a foreign institution that is now successfully operating an Export Development Fund. USAID will provide additional funds through the PED project to train bank personnel in export credit appraisal. Disbursement of funds for these activities, however, will not take place until the World Bank Export Promotion Project receives Board Approval and begins operation.

8442C

PROJECT MANAGEMENT INFORMATION SYSTEM

The Private Enterprise Development Project is primarily a technology transfer project. It provides access to information, technology, techniques, facilities, opportunities. But it is a project which will succeed or fail on the basis of a large number of small decisions by many people concerning what they will actually do as a consequence of the knowledge to which they are given access. Thus the project follows the free market paradigm. The project seeks to identify needs in the marketplace, deliver services to meet those needs, and determine if the services led to a payoff in terms of impact. And the impact is determined by market forces.

This is not a project which involves one or a few major decisions by an authoritative organization, such as a government agency, which has the power and resources to cause a complex process of activity to proceed - and can pay the money to induce the desired activity. Quite to the contrary, this project involves a large number of potential decision makers who are free to use the project or not, free to act on the basis of services rendered and opportunities identified to invest, employ, buy, or sell - or not to do so.

These people - the decision makers in private enterprise - who will make the decisions may be influenced by many considerations in making their decisions besides the inherent quality of the service offered. In short, this project is dealing with a large, very important, but not wholly predictable market. We know that there is a need for the services to be offered and that many people are aware that they need such services. We do not know precisely how, particular SME, exporter as bank will react to services offered by particular consultants or training programs. The market may react very favorably to some services and methods of delivery and ignore others. Indeed, project activities, by themselves, may call into the market sources and methods of assistance which do not now exist.

For the foregoing reasons, the project design calls for a degree of flexibility in defining the form and nature of the technical support provided combined with a tight management system based on investment in management information. The project moniters the delivery of services and the decisions taken as a result of those services - ie. the impact of the project through "impact auditors". Data on the nature of services, who provided them at what cost, and a host of other factors are fed into a project management data base which will be used by management to track what is going well or not. Feedback on performance in terms of impact - client decisions to invest and employ - will be fed back to managers and technical support suppliers.

Apart from management information, the PMIS will also be the center of an information network which provides information to a variety of users and reduces the cost of information to the "network" ie SME, exporters, banks. As a key service, the PMIS will track the AID project portfolio. (i.e. resources available in other projects supporting related areas, e.g.: PRE and S and T

projects, ROCAP, SUSTAIN, IESC, Agribusiness, cooperatives, training, experts rural roads) and help match these services to the needs of PED target population. (the SMEs and non-traditional exporters). Later on, this service will cover services offered by other donor, GOG programs and pertinent private sector services. Finally, the PMIS will incorporate features which will lower the cost of administration.

The purpose of the PMIS is to collect project relevent information, store it, and report it in useful and cost-effective forms.

The PMIS may be viewed operationally in terms of three major functions:

- Gathering data and putting into a form for placement in the data bases
- Storage of data in sub-data bases
- Extracting information from the data base for users in the form of reports suitable for various kinds of users

The system is presented graphically in the table entitled "Data Flow System" and each function is subsequently described narratively. The first column shows the sources of data which will flow into the project data base. The key clients receiving assistance from the project will have at least minimal information collected and entered into the system. To the extent feasible, substantial information will be sought of clients and those seeking assistance. Impact auditors will follow-up on a significant portion of technical support cases to find out what happened as a result of the service. The "impact" auditors will seek at least basic impact information on all project supported activities.

The Action/Impact Information data input is intended to record each completed substantive action under the project (such as training completed, technical assistance engagement completed, information provided F and PFs assisted, experts volume increased, employment created). It also will record all information received on the actual impact of project activity. To obtain this information, information will be sought from several sources as appropriate to the nature of the service. Primary source of impact information will be the client himself. During a year, the client will be asked at intervals of three months after the service rendered what he has actually done in his enterprise or activity as a consequence of the project (as well as other information if appropriate). This information will be supplemented from other sources such as information from bank officers concerning the impact of guaranteed loans. Information follow-up will be handled by mail and by the impact auditors, information specialists trained to elicit information in a constructive fashion.

This will be used to provide management at all levels with data on the basis of which they will determine the practical effect in terms of what the clients actually do of different kinds of services, different sources of service, and different methods of delivering services. Impact assessment will primarily focus an identifying more cost effective ways to deliver useful know-how. Thus management will be able to track how the project has served potential clients, characteristics of services provided, and what actual impact the services have had on the client, in particular what has the client done by way of investment, new technology or techniques, new employment, or other activity as a consequence of the services rendered. From this the project learns why the client acted or did not act after receiving technical services. If there is impact, valuable feedback that the project is reaching its objectives is obtained. If the client does not act, the project gets information sourting toward inadequate services or perhaps to the identification of previously unknown inadequately understood constraints which impede the desired changes intended by project interventions.

The two basic sources of data, client intake information and action/impact data, form the core of the management tracking function of the PMIS. The same system also acts as an efficient means of storing and reporting out on request a wide range of information requirements of clients, participants, and managers. For example:

- information on sources of technical assistance and training will be stored for easy extraction in report form by requesting parties.
- policy dialogue information will be stored for easy retrieval and policy dialogue activity will be tracked in the system so that USAID and participating organizations can be appraised of the state of discussions or government action on policy issues.
- export related information.
- Action plan tracking data.

Action/impact data readily available in cumulative and time period form to facilitate management attention both to problems of inadequate action and impact and to activities which appear to be particularly effective and thus possible worthy of greater emphasis.

An analytical capability will enable management to examine relationships between a wide range of variables to determine, among other things, the impact effectiveness of various services, sources, and means of delivery. The PMIS will operate under the PMU, which is positioned in CAEM. After the final evaluation, USAID/G expects to transfer the PMIS, including software hardware and data bases to CAEM.

INSERT TABLE
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SUMMARY OF PMIS ELEMENTS:

DATA INPUT SOURCES

Client Intake Information
TA/TNG Source Registration
Participant/Donor Organization
Action/Impact Information
Bank Guaranty Fund Information
Baseline Survey
AID Financial Management System

DATA BASES

Client Information - 5000 records
Technical Assistance Sources - 2000 records
Training Sources - 300 records
Organization Information - 100 records
Credit Information (Guaranty Fund) - 2000 records
Policy Dialogue Data - 200 records
Export Information - 2000 records
Project Financial Data -
Baseline Survey data -
Action Data - 10,000 records

REPORTS

Weekly Action Report of Programmed and Completed Project Activity
Monthly Impact Report
Monthly Organization Report
Resources for System Users
Monthly Policy Dialogue Report
Periodic Project Financial Reports
Private Enterprise Development Report
Special Reports

DATA INPUT SOURCES

Client Intake Information

Client Intake Information will be stored in a Client Data Base of approximately 5000 records. The amount of information which will be gathered on specific clients will vary widely from little more than name and service rendered to in-depth information on the client and his enterprise. It is hoped that many clients will be willing for whatever reason to provide substantial information as that will be beneficial both to them and the project. It is recognized that many will not for various reasons. In any event, two forms will be desiged which seek to capture appropraite information given the nature of the service offered. There will be two basic forms used.

1. Short form client intake information
2. Long form client intake information

3. Technical Assistance Training Source Registration
   Purpose: compile information for the Technical Assistance Sorces and the Training Sources data bases.
   Content: Information on technical support resources available from private and public sector sources, how the user can access them, cost, contact point and comments.

4. Participant Organization
   Purpose: compile useful information about participant organizations and programs of other organizations of interest to PMIS users.
   Content: names, address, membership, contract points, activities and resources useful to users (including donor organization resources and how to access them)

5. Action Impact Information
   Purpose: monitor project services and impact in terms of client actions as a consequence of project service.
   Content: describe service, to whom service delivered, by whom, what cost, immediate user evaluation and plans. Follow up to identify whether client acted, why, and what impact.

6. Bank Guaranty Fund Application and Approval and Collection

7. Baseline Survey
   Purpose: provide baseline data for project evaluation and additional client data for PMIS.
   Content: to be determined.

8. AID Financial Management System
   Purpose: Provide managers with information of the financial status of the project.
   Content: USAID has an excellent financial management information system

which need not be duplicated. The project will simply access such data as is appropriate directly from the USAID system as a user. This system will control both dollar and local currency resources.

ILLUSTRATIVE DATA BASES

1. Client Information - 5000 records

Purpose: Basic files on all persons and enterprises seeking or receiving assistance under the project. The scope of information sought and the amount of information provided will vary widely. Provision will be made for security information respondents wish to keep confidential. Client information will be gathered with a view not only to requirements for servicing the client but also for developing information program and policy development purposes.

Data types (Consideration will be given to separate data bases for client firms and individuals)

- Name
- Address, City, Province
- Urban, suburban, rural
- Type of business
- Lines of goods or services offered
- Owner(s)
- Key employees
- Educational background of key people in firm
- Registered? When?
- Number of employees (by catagories if possible)
- Financial data (perhapsby ranges instead of specific numbers - consider whether assurances of confidentiality are credible) consider classifications such as profitability rather than profit, trends in income, profit, employment rather than numbers
- Business problems perceived by respondent
  - finance
  - medium term credit
  - working capital
  - collateral
  - new technology
  - domestic marketing
  - export marketing
  - production
  - quality control
  - human resources
  - accounting and internal financial controls
  - procurement
  - legal
  - general competitive conditions
  - government policy or regulation

Client utilization of project services
- how did client learn of the service
- cost of service
- why did client seek and pay for service

Client impressions of project services

Impact data - what did the client actually do as a result of the services received
- 3 months after
- 6 months after
- 12 months after

Client recommendations to improve program or services

Personal information relating to entrepeneurial orientation (this kind of thing may be very difficult to get but would be very useful in targeting assistance to people with the highest liklihood of achieving impact)
- has client raised his/her standard of living?
  - past and current economic status
  - formal education compared with other family members
  - occupational history self and family members
  - income record
- family business experience
- family expectations of client
- has client or family moved to improve economic opportunities
- family social status (Kindelberger, McClelland et al)

Evidence of entrepeneurial traits
- planning
  - has client considered alternatives before choosing:
    - line of business
    - line of product
    - location
    - equipment
    - technology
    - sources of finance
    - areas of operation
  - utilization of information sources
  - goal setting: does client have clear goals re:
    - product line
    - production
    - quality
    - sales
    - cost
    - profit
    - diversification
    - expansion
    - employee relations

Achievement orientation
- interest in self development
- awareness of obstacles and plans to meet them
- commitment to achieve as evidenced by "critical incidents"
- commitment to business expansion

Enterprise development activity

effectiveness in operations management
- production scheduling
- maintenance
- marketing
- sales
- fixed capital investment
- working capital investment
- cash budgeting
- collections
- payments
- loan repayment record
- inventory management
- cost standards
- capacity utilization
- labor relations
- effective use of labor
- personnel development

relationships with significant persons and institutions
- government agencies
- business orgnizations
- informal busines networks
- educational institutions
- suppliers
- bankers and other financial sources
- customers

contingency planning

2. Technical Assistance Sources - 2000 records

Purpose: Record data on technical assistance sources and characteristics to assist clients and their advisors in locating appropriate assistance

Data types
- Name of source
- Address
- Types of assistance offered, areas of specialization
- Charges

Reference material (avoid result of large numbers of people inquiring directly to reference by having material available in record)

Reporter: PMU

3. Training Sources - 300 records

Purpose: Record data on training sources and characteristics to assist clients and their advisors in locating appropriate training

Data types

Name of source
Address
Courses offered
Charges
Reference material (avoid result of large numbers of people inquiring directly to reference by having basic material available in record)

Reporter: PMU

4. Organization Information - 100 records

Purpose: Identify sponsoring organizations, donors, and other organizations and activities of those organizations of possible interest to project and clients, and others

Data types

Name of organization
Address and branch offices if any
Services and activities
Charges
Officers
Information on membership (number, constituency, location)
Activities relating to PED project

Reporter: Sponsoring organizations and other interested organizations

5. Guaranty Fund Information - 2000 records

Purpose:

Hard data on guaranty fund operations, assure data security, accessable for project statistical purposes without names. (This may be set up to provide cross-check between banks to avoid multiple guarantees and lending to previous defaulters)

Data types

Data required for bank loans and guaranty approval
Guaranty fund cumulative data
Impact data

Reporter Participating financial institutions, Guaranty Fund Committee

6. Policy Dialogue Data - 200 records

Purpose: Identify policy issues, interested constituencies, information concerning the issues including formal analyses when available, track activity relating to policy dialogue to extent participants willing to report and exchange information

Data types specify issue
major arguments for and against
individuals and organizations interested - for and against
reports and analyses available and from whom
representations to officials
policy changes resulting
plans to track impact
impact results

Reporter Sponsoring organizations, USAID, consider other sources

7. Export Information - 2000 records
(Gremial has an export information system which will be coordinated with, not duplicated by, PMIS)

8. Project Financial Data
(AID Controller will provide project financial data)

9. Baseline Survey Data

Purpose: Incorporate baseline survey data into project PMIS
Data types To be determined but see Social Soundness Analysis, Annex F
Reporter Chief of party of baseline survey team

10. Action and Impact Data - 10,000 records

Purpose: Each completed action under the project recorded
Impact Data recorded as acquired

Data types Client name
activity
Service:
cost
type of assistance rendered
source of assistance

client impression/evaluation

Impact at firm level:

At 3, 6, 12 months after completion of service:

new enterprise created
new forward or backward linkages (suppliers & customers)
additional employees
Profitability variables:
- production
- expenditures
- gross sales
- capacity utilization
- return on investment

Enterprise viability variables
- fixed costs
- variable costs
- asset turnover
- debt
- equity
- sales growth
- investment
- profitability
- new products
- product improvements
- product quality
- labor turnover
- market share

Reporter: Source of assistance

REPORTS

1. Weekly Summary Action Report of Programmend and Completed Project Activity

To: -USAID, CAEM, sponsoring organizations

Content: -Summary of individual actions completed and planned for current activity inlcuding plans, contracts or agreements entered into, delivery or completion of action organized by component

2. Monthly Impact Report

To: USAID, CAEM, sponsoring organizations

Content: -Section 1: new reports of impact in period impact entered into client data base (based on periodic impact follow-up inquiries)
-Section 2: cumulative summary of all prior impact information

3. Monthly Organization Report

To: -USAID, CAEM, sponsoring organizations

Content: -What sponsoring organizations are doing under the project, encourages cross-fertilization

Query -Should there be a general section available to all plus a confidential section only for participating organizations?

4. Monthly Policy Dialogue Report
To: -USAID, CAEM, sponsoring organizations
Content: -Current and cumulative identification of policy problems identified, whether and what analyses are available, interested constituencies, persons with particular interest in the issue, plans for contact with government or private officials, reports of meetings considered worth recording, actions taken by government agencies, impact reports.

5. Periodic Project Financial Reports (From AID Controller's Office)
To: -Project Management
Content: -Financial data

6. Resources for System Users
To: On request to any person requesting
Content: .This report gives user basic information on sources and types of assistance and other resources, contact persons and address, costs, and whether it can be accessed through project or not. The user can request specific information, such as courses on a particular subject, or can describe his/her business and ask the computer to identify all resources of interest.

7. Private Enterprise Development Report
To: -General public and mailing list
Content: -This is a public relations and general information publication generated by desktop publishing techniques the purpose of which is to let the public and particularly the private enterprise community know what is going on. It might include discussions of business problems, notification of courses and TA, success stories, question and answer section, and so forth.

8. Special Reports

To: -As requested
Content: -The MIS will have the capability to search the relational data base for various specific data requests. For example, the relationships of some of the following categories might be searched for statistical relationships:

- Geographical location
- SME clients by numbers of employees
- SME clients by assets or estimated net worth
- Loan guarantees by bank branch
- Technical assistance requested against TA contracted
- Impact reported against training course or source
- Export activity reported against TA source
- Cost of TA against various impact data variables
- Cost of training against various impact data variables
- Guatemalan source TA versus foreign source TA by against various impact data variables

Also the program could be asked to search the data base for relationships with high positive or negative correlations.

The Special Report capability is the heart of the technical assistance management mechanism. It enables project management to spot and evaluate performance, cost, and impact data in order to fine tune selection of services and also to help TA sources, particularly Guatemalan TA sources, what they must do to perform better. Indeed, providing training to trainers and TA sources may be a crucially important function of this project.

The Project Management Information System will be implemented (probably on an IBM AT or equivalent with a 20 mb Bournoulli. Software will be Paradox, AB Stat, Lotus, and appropriate wordprocessing and supplementary programs. Project trading software, such as time line, will be used to facilitate both USAID/G and PMU project management. A laser printer, communications capability, and appropriate protective equipment will also be provided.

1809c

Procurement Plan

Procurement in the PED project falls into these main areas:

1. Personal service contracts for long term services account for $4,560,000 of project resources. These services will be acquired through PSC contracts and/or by direct employment in HC organizations.

2. Commodity procurement amounting to approximately $330,000 is projected including approximately $75,000 in computer equipment, $75,000 in vans or similar vehicles, and the balance in furniture and equipment of various kinds.

3. PED will fund approximately $5,125 million of technical assistance and training. These purchases will be made on an individual transaction basis when, as, and if particular requirement are identified. Generally speaking, these procurements of services will be made by HC organizations with assistance from the PMU to reflect emergent needs and specifications.

The procurement actions identified during intensive review are only those required for project startup and the first eighteen months of project life. Further procurement actions will take place after the scheduled eighteen months project review. Experience dictates that as projects mature the composition and quality of required procurements change. Furthermore, certain procurement actions currently envisioned as PSC procurement may be changed to an institutional contract mode (e.g., S&E advisor).

The Mission will give careful consideration to the use of 8-A firms for procurement of goods and services wherever feasible. In general terms, U.S. dollar procurements will be AID direct and local procurements by HC procedures. All Guatemalan organizations which will be conducting procurement are capable of doing so. CAEM and the Guild are currently operating under AID grants.

PROCUREMENT PLAN

	ITEM	Procurement Method	Cost (thousands of U.S. $ or equivalent) FX	LC	TOTAL
Technical Assistance & Institutional Staff					
	Personal Service Contracts:				
USAID/OPSP	-Project Manager-US	AID Direct	750		
	-Business Analyst-TCN	AID Direct	100		
PMU	-Chief of Party-US	AID Direct	750		
	-AID Procedure Specialist-US	AID Direct	360		
	-Executive Assistant-HCN	AID Direct		100	
	-Secretaries/Adm. Assistants-HCN	AID Direct		95	
PMIS	-Computer Specialist(2)-HCN	AID Direct		125	
	-Information Specialist(3)	AID Direct		130	
SME	-Advisor-US/TCN	AID Direct	600		
Export	-Advisor-US/TCN	AID Direct	600		
Financial Market	Advisor-US/TCN	AID Direct	300		
Conapex	Trade Policy Advisor-US/TCN	AID Direct	150		
	Economists(2)-HCN	HC/AID Direct		150	
	Administrative Personnel(3)-HCN	HC/AID Direct		50	
Ministry of Economy	Fiscal Incentives Advisor-US/TCN	AID Direct	150		
Central Bank	FOCEX Advisor-US/TCN	AID Direct	150		
CAEM	Institutional Support Personnel				
	Free Trade Promotion Fact-HCN	HC			
	Policy Analyst-HCN	HC			
	Economist-HCN	HC			
			3,910	650	4,560
	Institutional Contract				
	Communications Program	HC/AID Direct	150	50	200
Commodities					
	Computers and related material	AID Direct/HC	90	0	90
PMU	25				
CAEM	25				
Gremial	20				
AGG	20				
	Vehicles and related costs	AID Direct	100	0	100
PMU	25				
CAEM	25				
Gremial	25				
AGG	25				
	Office equipment and furniture	HC/AID Direct	30	130	160
PMU	50				
CAEM	35				
Gremial	25				
AGG	50 (30 - 20)				
			220	130	350

Technical Assistance and Training

	ITEM	Procurement Method	Cost (thousands of U.S. $ or equivalent) FX	LC	TOT
SME	AGG Basic Program	HC			
	Specialized Training	HC		250	
	Specialized TA	HC/AID Direct	250	100	
Export	Gremial Program	HC/AID Direct	2000	600	
	Specialized TA	HC/AID Direct			
Financial Market	Technical Assistance	HC			
	RDP Studies	AID Direct	250	50	
GOG Support					
COMAPEX	External TA	HC/AID Direct			
	Local TA	HC			
	Comparative Advantage Study	AID Direct	40		
Special TA Fund	External TA	HC/AID Direct	160		
	Internal TA	HC		100	
ublic Sector olicy	External	HC/AID Direct	250		
rivatiza-ion	External	HC/AID Direct	100		
	Internal	HC		100	
PPF	RDP	AID Direct	250	50	
verseas Training Fund	Overseas training	AID Direct	100		
EM	Local TA/PSCs	HC/AID Direct		425	
			3,400	1,725	5,125

196c

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1860c

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1860c