



# USAID CREATING ECONOMIC OPPORTUNITIES PROJECT YEAR I WORK PLAN

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## INTRODUCTION

This work plan was developed with extensive inputs from Component Leaders and technical teams based on Palladium's technical proposal. It reflects the results of consultations with stakeholders in the Guatemalan public and private sectors to validate and update approaches, identify challenges and potential partnerships, and focus activities where they will have the most impact.

This Year I Work Plan covers the period from initial contract award on 19 January 2018 through the end of the government fiscal year on 30 September 2018. While some activities initiated during this period will extend beyond 30 September, the outputs and results included in this document are for this period only. The accompanying high-level budget includes cost estimates for both fixed costs—full time project staff and long-term operating expenses—and variable costs associated with activities. This latter category includes STTA consulting agreements, events, procurements, subcontracts, and grants.

To support rapid, efficient startup and provide coverage for mobilization activities, Palladium submitted a Mobilization Plan to USAID on 26 January 2018. The plan, which is included in its entirety in *Annex G: Implementation Plan Matrix*, included activities to support mobilization core home office management and operations staff, a post-award conference with USAID, subcontracting, and work planning.

## PROJECT OVERVIEW

The USAID Guatemala Creating Economic Opportunities Project (CEO Project) is a 5-year, broad-reaching activity designed to spur productive economic activity beyond Guatemala's capital city. In addition to the department of Guatemala, the Project will focus on private sector-led growth in five departments in Guatemala's *Altiplano* region.

With the overarching objectives of generating 50,000 new jobs, facilitating \$75 million of foreign and domestic investment, and mobilizing more than \$60 million in financing to SMEs, the CEO Project is designed to harness drivers of economic growth, including domestic and international businesses in priority sectors and infrastructure developers. At the national level, the Project will develop and launch substantial investment and export promotion campaigns, and in target geographies we will develop the critical infrastructure and service platforms to attract investment and spur growth. These will be vertically linked through market-based alliances with universities and Technical Vocational Education and Training (TVET) providers for workforce development, and with Small and Medium Enterprises (SMEs) to serve as distributors and suppliers to larger enterprises. In the focus departments, we will create an enabling environment that facilitates skill acquisition, entrepreneurship, and SME growth. Through strategic platforms for financial facilitation, we will ensure that enterprises of all sizes can access the capital they need to build their businesses and create jobs.

The Project is structured with four integrated Components focused on specific results:

- C1: Trade and Investment Promoted
- C2: Financial Services Mobilized
- C3: Productive Infrastructure Upgraded
- C4: Private Sector Competitiveness Improved

The project also includes a number of cross-cutting functions, including activities to support the integration of gender and inclusiveness into project activities, communications and outreach, and ongoing monitoring, evaluation, learning, and reporting of project results.

## MANAGEMENT AND IMPLEMENTATION APPROACH

At the heart of the Palladium approach to the CEO Project is a strategy of persistent engagement with the private sector, experimentation, and market testing assumptions and approaches. Approaches that are working will be scaled, and efforts that are not producing results will be reprogrammed. Palladium will play a primarily facilitative role, delivering assistance through Guatemalan actors whenever possible to build local capacity and promote sustainability, and we will supplement with international expertise where it will have the greatest impact. We will strategically leverage a variety of the mechanisms to deliver targeted assistance, including direct technical assistance, facilitating support through a pool of business development service providers, and a substantial grants fund. We will make innovative use of grants to underpin pay-for-performance mechanisms for financial facilitation, workforce development, and anchor firm and SME competitiveness initiatives with at least 1:1 matching “co-investment” resources.

While the CEO Project is primarily private sector-focused and demand-driven, partnership with the Government of Guatemala will be essential to achieving our objectives. Through mechanisms like the Key Stakeholders Committee, the CEO Project will maintain active communication and collaboration with the Ministry of Economy (MINECO), Ministry of Finance (MINFIN), and the Ministry of Labor (MINTRAB) to align our shared objectives and support the most efficient and effective use of resources. At the Departmental and Municipal levels, we will also develop stakeholder committees to make sure we are enhancing and catalyzing the myriad efforts and objectives of the public, private, and civil society actors.

The CEO Project incorporates a robust Collaborating, Learning and Adapting (CLA) approach at all levels of project delivery, from overall program management to direct interactions with stakeholders and enterprises. This includes collaborating with other USAID and donor programs to share knowledge and complement rather than duplicate other efforts, learning through reflection on outcomes, and regularly integrating lessons learned to adapt our approach and scale the highest-impact activities. By ensuring regular “pause and reflect” moments with the M&E, Communications, and technical teams, the CEO team will learn and adapt our activities and tools for maximum impact. This flexibility and responsiveness will enable the project to scale up successful approaches, and respond to emerging opportunities.

### HOW THIS DOCUMENT IS ORGANIZED

Following this introduction, the Work Plan is organized by Component, with additional “components” included for Cross-Cutting and Project Management and Operations activities. The plan outlines major activities and sub-activities, and a table summarizing planned tasks is included at the end of each section at the *Activity (X.X)* level. These tables, which are expanded in the complete Year 1 *Implementation Plan Matrix* in Annex G, will form the basis for reporting progress against planned activities in Quarterly Performance Reports.

## I TRADE AND INVESTMENT PROMOTED

As the focal point for sector selection, identification of target economic corridors (ECs), strategy development, and national-level stakeholder engagement, Component I is a key focusing and targeting mechanism for the entire CEO Project. Through ongoing analysis of economic data and inputs from engagement across the private and public sectors, Component I will play a key role in ensuring that Project resources are focused on the most strategic opportunities and achievable results.

Year 1 efforts in the Component identify the areas with the highest potential in CEO Project geographies as target ECs and, in close cooperation with private sector organizations and enterprises, identify priority gaps and constraints on investment. Drawing on that knowledge, we will focus on cultivating factors to attract investment and encourage growth. These will serve as the basis to set targets for policy advocacy, incubate investment promotion capacity, and, through public-private dialogue and institutional capacity building, channel GOG and private sector investment into these geographies.



## 1.1 ESTABLISH MECHANISMS FOR COLLABORATION AND STRATEGY CONSENSUS

To facilitate ongoing communication, coordination, and engagement with stakeholders in both the public and private sectors, CEO will establish a Key Stakeholder Committee (KSC) at the national level. As the project establishes its focus sectors and geographies within in the Altiplano, the national-level KSC will serve as a model for similar committees at the economic corridor level (see 1.6.1 below).

### 1.1.1 ORGANIZE AND ADMINISTER A NATIONAL KEY STAKEHOLDERS COMMITTEE

At the national level, the KSC will include as permanent members USAID, the CEO Project, and representatives from the project’s main counterpart Ministries of Public Finance (MINFIN), Economy (MINECO), and Labor and Social Welfare (MINTRAB), reflecting each of these institutions’ central roles in achieving the shared objectives of increased investment, job creation, and broad-based economic growth. Through the strategic partners who make up the CEO Project team, the KSC will also have strong representation of the private sector. The CEO project will host at least two meetings of the national-level Committee each year, and the members will receive regular communications to keep them abreast of initiatives, progress, and challenges.

*Task/Inputs Table 1.1 Establish mechanisms for collaboration and strategy consensus*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Result	Partners
1.01.01.00-01	Through USAID, define membership and formally invite members of the national KSC	Mar-2018	Apr-2018	KSC and working relationships established	Ministries of Labor, Economy, Finance
1.01.01.00-02	Conduct semi-annual meetings of the National KSC	Apr-2018	Sep-2018	1 Event <sup>1</sup> in Y1	
1.01.01.00-03	Provide ongoing management and reporting on KSC meetings	Apr-2018	Sep-2018	Record and outcomes of KSC meetings	

## 1.2 ANALYZE SECTORS, SUBSECTORS, AND VALUE CHAINS WITH GROWTH POTENTIAL

### 1.2.1 IDENTIFY AND DEVELOP AND IMPLEMENT STRATEGIES FOR HIGH PRIORITY SECTORS

The Component 1 team will rapidly conduct a desk survey of the many assessments of high-potential sectors that have been conducted in Guatemala over the past few years, updating them with more recent trade data and other inputs as required. Working closely with sector specialists in Component 4, the team will market test private sector appetite for investment in leading sectors through discussions with businesses in Guatemala and select international markets.

Drawing on a detailed look at investor interest, domestic and export sales, import substitution opportunities, target geographies, and the volume and quality of potential employment, the Component 1 team will engage closely with sector and business leaders in AGEXPORT and FUNDESA and consult with PRONACOM at MINECO, the Planning and Programming Secretariat (SEGEPLAN), Invest in Guatemala (INGUAT) and other GOG stakeholders to prioritize sectors on which to focus investment promotion activities. The results of this analysis and investor market testing will be closely aligned with efforts to define and prioritize target Economic Corridors (see 1.5.1 below). The CI team will synthesize these inputs to identify for each target corridor the sectors with the highest productive potential, which will in turn inform a series of brief Sector Strategies. These strategies will serve as the focal point of Project knowledge about opportunity, common constraints,

<sup>1</sup> The first meeting of the national level KSC will coincide with a project launch event on April 17, 2018.

policy priorities, stakeholders, and challenges, in turn providing a guide for investment promotion, policy advocacy, private sector engagement, and other market-focused activities across the CEO Project. As the CEO Project implements activities across Components, the Component I team will work closely with the M&E team to continually refine analysis and sector strategies.

*Task/Inputs Table 1.2 Analyze Sectors, Subsectors, and Value Chains with Growth Potential*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Result	Partners
1.02.01.00-01	Review leading sector studies and conduct market testing with private sector actors to select priority sectors	Mar-2018	Jun-2018	Supply and productive potential of economic corridors, national and international demand and investment opportunities	AGEXPORT, FUNDESA, MINECO, MAGA, SEGEPLAN, PRONACOM, INGUAT, other organizations.
1.02.01.00-02	Develop sector strategies for top priority sectors in target ECs.	May-2018	May-2018	Brief strategy documents to guide Project activities and approaches	

### 1.3 CREATE A NATIONAL INVESTMENT PROMOTION ENTITY (IPE)

#### 1.3.1 DEFINE AND IMPLEMENT A NATIONAL INSTITUTIONAL FRAMEWORK FOR INVESTMENT PROMOTION

Plans for a national trade and investment promotion entity have not appreciably advanced over the past year, and there does not currently appear to be a consensus within the GOG or private sector organizations around the structure, scope, or legislative underpinning for a national investment promotion entity. The focus initiative at the time of Palladium’s original proposal, *GuateCompite*, has never emerged, and “Invest in Guatemala,” the investment promotion function within MINECO, remains only minimally resourced and staffed.<sup>2</sup> The Ministry has recently been advancing efforts to develop a new framework law, but the draft law they released very recently has met with initial skepticism from leading private sector organizations. In this context, it is clear Palladium’s original proposal work with *GuateCompite* as the primary option to develop an IPE will not lead to tangible results in the near term, and there is not yet a clear path forward to develop a national entity.

Drawing on international best practices in investment promotion, the CEO Project will seek to facilitate consensus on a way forward and strengthen the most viable alternative. During Y1Q4, the CI team will contract an international advisor and pair him or her with a team of local consultants and CEO Project staff to review the present state and, within the context of the Guatemalan legal and political environment, develop a strategy to facilitate and accelerate progress toward a national legal and institutional framework for investment promotion. To complete this task, the consultant will work closely with MINECO, including direct technical assistance and capacity development for INGUAT, the Ministry of Foreign Relations (MINEX), and other institutions in the GOG as well as our private sector partners in FUNDESA, AGEXPORT, and their broader networks.

The strategy will include a clear recommendation anchored on analysis of at least three options, including but not limited to the varying potential roles of the private sector, the functional scope of the organization, and political economy factors. The scope of work for this task will remain flexible to adapt to new developments as

<sup>2</sup> The investment promotion page on the Ministry of Economy’s website provides a link to [www.investinguatemala.org](http://www.investinguatemala.org), a URL that at the time of this writing leads to a compromised website.

MINECO advances its efforts, and, as a natural extension of the engagement that will be required to evaluate options and gauge the present state, we will include technical assistance to MINECO, and specifically INGUAT, to identify and implement ways to immediately support and strengthen Guatemala’s investment promotion capacity. These tasks will be closely linked to, and perhaps combined with, efforts in 1.3.2 to define and implement a regional framework for investment promotion and in 1.4 to immediately begin working to attract investment.

Separately, the sector analyses and investment pipeline development across the CEO Project will provide the basis for later development of a unified strategy to guide investment promotion (see 1.4 *Attract Foreign and Domestic Direct Investment*).

### 1.3.2 DEFINE AND IMPLEMENT A REGIONAL INSTITUTIONAL FRAMEWORK FOR INVESTMENT PROMOTION

Recognizing that a national investment promotion framework will take time to design and build consensus around, the project will also explore options to build investment promotion capacity through a “bottom up” approach at the subnational level. As a critical element of efforts under 1.3.1 above to define and advance a national framework, CI will evaluate options and potential partner institutions and develop a strategy for an institutional design and operating model for Regional Competitiveness and Investment Agencies (ARCIs). This will include strategies to ensure linkages between regional approaches and the emerging national framework, and as the shape of a national framework becomes more concrete we will adapt regional strategies to integrate with the national IPE. Early work in this sphere will very much be characterized by an experimentation and market testing approach, with the right institutional and regulatory “home” for regional investment promotion to be determined in the course of interactions, progress, and results. These efforts will be advanced in coordination with our work at the national level and leveraging our implementation partners in the private sector, *Grupos Gestores*, the Association of Municipalities for Local Economic Development (AMDEL), Departmental Governments, and other regional stakeholders.

As we advance Project efforts under 1.4.1 to directly attract investment, we will continually explore ways to demonstrate good practices, build capacity, and otherwise transfer knowledge to Guatemalan stakeholders that would ultimately be the foundation of a sustainable framework. These efforts, while certainly not intended to be the basis for long-term sustainability of a regional investment promotion framework, will harness what advantage possible from the activities the Project will already be implementing to drive investment results.

*Task/Inputs Table 1.3 Y1 Actions to Create a National Investment Promotion Entity (IPE)*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Result	Partners
1.03.01.00-01	Develop a proposal for an institutional model for a national IPE, based on international best practice and Guatemalan context	Jul-2018	Aug-2018	A well-supported, actionable “way forward” proposal for a national IPE	MINECO, Sector Privado, MINEX, INGUAT, others
1.03.01.00-02	Conduct series of workshops to socialize and test support for proposal among GoG and other stakeholders	Aug-2018	Sep-2018	Inputs to finalize, and to build stakeholder buy-in for, the proposed IPE model	
1.03.02.00-01	Develop an institutional design and operating model for ARCIs (linked to 1.03.01.00-01)	Mar-2018	Sep-2018	Proposal for a regional IPE framework linked to the emerging national model	AMDEL, RGGG, private sector

## 1.4 ATTRACT FOREIGN AND DOMESTIC DIRECT INVESTMENT

### 1.4.1 CONDUCT TARGETED INVESTOR OUTREACH AND INVESTMENT PROMOTION ACTIVITIES

To achieve results while the question of a national framework (and how it links to the regional elements it should incorporate) are resolved, CI will leverage the international investment promotion expertise we engage under 1.3.1 above to build capacity and develop an action plan for CEO to effectively serve an investment promotion function as a project. This will include practical guidance for how best to leverage CEO Project activities—investment pipeline development, data gathering and analysis, alliances, etc—to achieve investment results.

While a Project-led approach to investment promotion is clearly not a sustainable substitute for a Guatemala-led framework, it will build incubate investment promotion activities, build the capacity of a cadre of Guatemalan professionals, and provide a demonstration effect for effective investment promotion while the longer-term process of standing up an IPE advances. To maximize knowledge transfer and demonstrate an effective regional strategy, we will draw on the regional office teams to engage and facilitate investors at the municipal and departmental levels. Utilizing the pipeline generated under the sector analysis and market testing (see 1.2 *Analyze Sectors, Subsectors, and Value Chains with Growth Potential*), Palladium HQ advisors, consultants, and CI staff will conduct targeted outreach to potential investors, developing sector- and geography specific value propositions, messaging and promotional materials to promote productive investment. We will leverage the international investment promotion advisor contracted under 1.3.1 to build pipeline management capacities within the CEO Project team and develop targeted strategies to capture information from across the project and research to build the pipeline. To the extent these efforts include general country image and branding for investment, they will be closely coordinated with country branding efforts in support of tourism market linkages under 4.1.2.1.

*Task/Inputs Table 1.4 Attract Foreign and Domestic Direct Investment*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Outcome/ Result</b>	<b>Partners</b>
<b>1.04.01.00-01</b>	Develop and manage an investment promotion pipeline	Apr-2018	Ongoing	“Living” database of potential international and domestic investment opportunities	Private sector, MINECO
<b>1.04.01.00-02</b>	Develop sector- and geography specific value propositions and promotional materials to support outreach and promotion	Jun-2018	Jul-2018	Marketing collateral to support communications and outreach efforts to targeted investors	Internal

## 1.5 IDENTIFY ECONOMIC CORRIDORS AND SELECT PARTNER MUNICIPALITIES

As a critical mechanism to focus CEO Project resources and create economies of scale in implementation, the CEO Project will take an economic corridor approach to implementation. In defining target geographies, the CI Team will take into consideration GOG prioritized logistics corridors, the locations of cities that represent the greatest possibility for urban development and employment, and connections between value chain actors and onward markets.

### 1.5.1 DEFINE AND PRIORITIZE ECONOMIC CORRIDORS

To guide selection and implementation of economic corridors, the Component I team will work with PRONACOM and adapt a guide they developed to support regional competitiveness strategies in Guatemala. The document, which was designed to promote growth in secondary cities, provides a solid starting point for the CEO Project to define the geographies and set investment promotion strategies for target corridors. Once adapted, the tool will provide a qualitative and quantitative basis to define and prioritize up to six (6) target economic corridors (including Guatemala City) to focus CEO Project activities. The sector analyses undertaken under 1.2 will provide important inputs to this process.

Guided by the adapted PRONACOM tool, the analysis to guide corridor selection will include a review of existing studies and economic data, economic activity by sector, infrastructure, environmental and demographic indicators, and development of a baseline map to support GIS layers and analysis. It will form the basis for the identification of potential locations for economic zones, investment opportunities, and available workforce. This information will form the basis for the economic corridor and investment promotion strategies to be developed under 1.6 and 1.4 respectively, as well as the information platform described under 1.10.

Once the focus corridors have been confirmed, the CI team will prioritize them in order of impact potential, considering both program objectives and the level of engagement of stakeholders in each of the corridors (see also 1.5.2 below). The methodology to select the top priority, pilot corridor will include the ranking of leading municipalities in the geography, performance on the Local Competitiveness Index, and the opinion of CEO Project leaders and advisors. As a result of the exercise, we will have defined target economic corridors and the leading municipalities we will work with in each of them. We will define key economic and developmental indicators, and guidelines to advance strategic planning and action plans for corridor stakeholders.

The resulting ranking of target corridors, which will be regularly revisited over the course of the project, will provide the order in which the CEO Project defines and rolls out economic corridor-specific strategies. The top-ranking corridor will be selected as the pilot corridor to develop and launch a corridor strategy approach (see 1.6).

### 1.5.2 IDENTIFY, EVALUATE, AND PRIORITIZE PARTNER MUNICIPALITIES IN SELECTED CORRIDORS

Once economic and physical infrastructure factors have supported the broad definition of target corridors and focus municipalities under 1.5.1 above, the CI team will draw on ICMA to evaluate potential partner municipalities in selected corridors. This will serve as a key input to finalize the prioritization of corridors and set engagement strategies.

*Task/Inputs Table 1.5 Identify Economic Corridors and Select Partner Municipalities*

Task No.	Task/Input Description	Est. Start	Est. End	Output(s)	Partners
<b>1.05.01.00-01</b>	Adapt PRONACOM tools for the strategy of the six (6) economic corridors, drawing on sector, commercial market, GIS, and other data	Mar-2018	Jun-2018	Strategic Plan for the development of the pilot economic corridor. Strategic planning guidance for ECs.	MINECO, SEGEPLAN, Department Governments, mayors, IGN, INE, others
<b>1.05.02.00-01</b>	Evaluate and identify key partner municipalities in all priority corridors, drawing from and feeding results into 1.05.01.00-01	May-2018	Jun-2018	Evaluation and prioritization of allied municipalities.	Internal



## 1.6 DEFINE ECONOMIC CORRIDOR STRATEGIES, COORDINATION, AND PROMOTION MECHANISMS

### 1.6.1 ESTABLISH MECHANISMS FOR DIALOGUE, COORDINATION AND PROMOTION OF REGIONAL INVESTMENT

Starting with the leading candidate corridor identified under 1.5 above, the CI team will develop a targeted Economic Corridor Strategy, which will include approaches to engaging and aligning stakeholders in the target geography, defining top infrastructure needs, identifying and mitigating barriers to investment, selecting potential sites for industrial zones, and attracting private sector investment. In developing these strategies, we will work closely with public and private sector stakeholders, including selected *mancomunidades* and municipalities, *mesas de competitividad*, the departmental Urban Development Councils (CODEDEs), local businesses, and civil society groups like the Community Development Councils (COCODEs). Drawing on inputs from across all CEO Project components, these corridor strategies will serve as a mechanism to synthesize, coordinate, and communicate activities across the CEO Project to corridor-level stakeholders, including other donor projects operating in corridor geographies.

As a central part of corridor strategy development, the CI team will draw from the public and private sector stakeholders we will be engaging with at the corridor level to form corridor-level Key Stakeholder Committees. Like the national-level KSC, these EC-KSCs will serve as an important communication and coordination mechanism, with each designed to leverage effective leaders and existing structures (e.g. *mancomunidades*, CODEDEs, etc.) in their respective corridors. Unlike the committees at the national level, however, we will aim to cultivate these bodies as active implementation partners (see 1.6.2 below). Since corridors will cross departmental and municipal lines, these committees and their member stakeholders will help promote regional communication and integration in service to economic development.

Focusing on the top corridor in Y1, early implementation of this pilot strategy will test our approaches and provide inputs to refine, develop and roll out strategies for the remaining corridors early in Project Y2.

### 1.6.2 DEVELOP AND SUPPORT IMPLEMENTATION OF CORRIDOR ACTION PLANS

To guide multiple organizations' implementation of the corridor strategy, the CI team will engage with individual institutions in the EC-KSCs and other stakeholders to prioritize corridor initiatives and develop institutional action plans for the organizations we will be working with to achieve results. Directed especially at activities that require participation of multiple municipalities and stakeholders, these action plans will primarily address (1) strengthening the infrastructure and market linkages that connect the nodes of the corridor; (2) strengthening business clusters and VCs, including business service providers within them, that operate along the corridor; (3) improving the enabling environment in each node that comprises the corridor to support SME development and attract new investment, including policies, access to finance (A2F), and workforce; and (4) actively promoting investment in the EC. Building on their commitments, Stakeholders will commit to contribute to different aspects of the action plan. Municipalities will be key partners because they have their own annual budgets (sustainable funding), can access resources through the SNP, and (to some extent) can control policies and incentives for investors.

*Task/Inputs Table 1.6 Define Economic Corridor Strategies, Coordination, and Promotion Mechanisms*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Result	Partners
<b>Establish mechanisms for dialogue, coordination and promotion of regional investment</b>					
1.06.01.00-01	Develop a charter and operating guidelines for first corridor-level stakeholder committee	Jun-2018	Jun-2018	Draft charter for EC-level KSC to guide interactions, communications, and operational “rules of engagement” for EC actors	<i>Mancomunidades, MDC, CODEDES, mayors, GOG, private sector, COCODES, civil society, cooperatives, other stakeholders</i>
1.06.01.00-02	Conduct stakeholder meetings with key actors at the corridor level to socialize "charter" and develop mission statement	Jul-2018	Jul-2018	Commitments from EC-KSC members	
1.06.01.00-03	Design and jointly sign a Framework Agreement for EC committee institutions	Jul-2018	Aug-2018	Collaboration memo signed by EC-KSC members	
<b>Develop and support implementation of corridor action plans</b>					
1.06.02.00-01	Develop an EC strategy to guide all stakeholders	Jul-2018	Aug-2018	EC Strategy document	CEO with stakeholder inputs
1.06.02.00-02	Develop institutional action plans with corridor stakeholders	Jul-2018	Sep-2018	MOUs and org-specific action plans for core EC organizations	CEO with stakeholder inputs

## 1.7 SUPPORT DEVELOPMENT OF SPECIAL ECONOMIC ZONES (SEZs)

No Year I tasks are planned under this Activity.

*Task/Inputs Table 1.7 Support Development of Special Economic Zones (SEZs)*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Result	Partners
N/A	N/A	N/A	N/A	N/A	N/A

## 1.8 ANALYZE NATIONAL POLICY AND PROMOTE REFORMS

Consistent with an overall approach to focus on the initiatives with the most potential for impact, the CI team will focus policy analysis on the specific legal and regulatory constraints to investment attraction and employment creation in the targeted corridors. To ensure that our approach to policy reform remains demand-driven and focus only on those policies where there seems to be an opportunity to effect change, we will work closely with, and provide technical assistance as needed, to policy makers in the public sector—MINECO, MINTRAB, PRONACOM, select members of Congress, and Departmental Governors—as well as those in the private sector and civil society most affected by policy.

Efforts under this Activity will be informed broadly by the national Competitiveness Policy (2017-2032) that serves as the GOG’s agenda for national and local public management. Designed as a concerted effort between the private sector, government, academia and civil society, the policy shares a number of the CEO Project’s overarching goals, including improved quality of life, human capacity development, reducing barriers to participation for vulnerable populations, and generating greater development opportunities for all Guatemalans.

The CI team will focus efforts where there is a clear opportunity for meaningful reform within the relatively brief time horizons of the project. We will rely in large part on FUNDESA, AGEXPORT, and *Grupos Gestores* as strategic partners within the team to channel the priorities of the private sector and gauge where we have the most potential to catalyze both action and impact. In keeping with the overall CLA approach we will take with all program activities, the progress of this work will be evaluated periodically, and we will adjust and re-prioritize when progress is not being made.

At this stage in Year I, the CI team has identified a number of potential policy priorities, and we will apply the principal of ongoing market testing to prioritize our own focus based on these axes. Over the course of implementation, the project team may also identify policy gaps that warrant proposals for *new* policies. These will likely include policy proposals to better enable municipalities to initiate and manage activities to support local economic development. The table below provides a summary of our priorities and approaches to policy activities over the remainder of the project year.

Figure 1: Policy Analysis and Advocacy Priorities

Priority	Level of CEO Project Engagement			Comments	Actors
	Monitor/ Educate	Support Advocacy	Provide Direct TA		
<b>Legislative/Regulatory Actions</b>					
<b>Iniciativa 543 I: Vital Infrastructure Law</b>	X			Socialization of the law with local authorities, civil society and businessmen of the prioritized departments. This socialization would be accompanied by deputies of the Congress of the Republic. In parallel, we will develop a “Sketch of the Road Network” and communications materials to support communication and advocacy of initiative 543 I.	Mayors, Governors, Deputies, Employers, Civil Society
<b>Free Trade Zone Legal Framework</b>	X		X	Facilitation and process management support through the CAC. We will also evaluate the opportunity to conduct a robust analysis of the “fiscal hole” as dictated by SAT. This would provide a more a more realistic estimate to support Congress’s decision to approve the reform.	Mayors, Governors, Deputies, Employers, Civil Society, Businesses
<b>ProGuate</b>		X		Following official presentation of the act, we will engage in discussion with counterparts and identify specific actions and support CEO will take.	MINECO, PRONACOM, CAC, Civil Society
<b>Leasing Law</b>		X	X	Ongoing discussions with stakeholders in Congress and government. As concrete actions emerge we will plan specific support and TA.	MINECO, PRONACOM
<b>Convenio 175 OIT</b>	X	X		We will support development of a communications campaign to raise awareness and build public support.	Diputada Carrillo, PGN, MINTRAB, Comisión Laboral CACIF
<b>SME Law</b>	X		X	MINECO is evaluating the need for a standalone SME Law, and their technical review is pending. CEO may assist in the review of best practices in the LAC region, providing a baseline understanding of legislative solutions, impact, and lessons learned to validate or challenge proposals.	MINECO, Comisión de PYMES del Congreso de la República
<b>SME Single Window</b>	X	X		TA to facilitate streamlined processes and procedures and establishment of a single-stop service center for company registration, start-up, and ongoing regulatory compliance for companies. The single window should benefit companies of all sizes (see 4.1.7)	MINECO, MINTRAB, MINFIN, SAT, MSPAS, MARN

Priority	Level of CEO Project Engagement			Comments	Actors
	Monitor/ Educate	Support Advocacy	Provide Direct TA		
<b>Public Policy Actions</b>					
<b>National Competitiveness Policy</b>	X		X	Contribute to the localization of the policy in CEO target geographies, focusing on the public policy agenda of local authorities. Participate in the OES-USAID agenda to socialize the CEO project, focusing the municipal agenda on the project's objectives. Prepare the bases for conducting workshops and lifting the ICL in the CE.	MINECO, PRONACOM, OES-USAID, ANAM, CPC
<b>Single Window for Construction (VUC)</b>	X		X	The Single Window for Construction (VUC) is a project led by MINECO and the Guatemalan Chamber of Construction and consists of preparing documents and processes to expedite the obtaining of permits from different government institutions prior to the municipalities issue the construction license.	MINECO, Guatemalan Chamber of Construction
<b>Potential New Legal/Regulatory Actions</b>					
<b>Promotion of Commerce and Investment</b>	X			Engage with ICEFI to develop a bill on the promotion of trade and investment.	ICEFI, MINECO, PRONACOM, CONAPEX.
<b>Value Added Tax Law</b>	X			Follow-up to the proposed reforms, mapping of the topic.	MINFIN
<b>Double Taxation</b>	X			Work with MINFIN to develop a proposal to review and eliminate any instances of double taxation of businesses particularly those that invest in Guatemala in the services and software development sectors.	MINFIN, AGEXPORT, CAC



Over the course of implementation, the project team will continually monitor developments. In keeping with the overall CLA approach we will take with all program activities, the progress of this work will be evaluated periodically, and we will adjust and re-prioritize when progress is not being made.

*Task/Inputs Table 1.8: Analyze National Policy, Promote Reforms*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Outcome/Result</b>	<b>Partners</b>
<b>1.08.00.00-01</b>	Promote policy reforms and technical assistance for priority Laws and Regulations (see Figure 1)	May-2018	Jun-2018	Technical inputs to Laws and law reviews, advocacy for laws with key institutions, approval and execution of laws.	Business Chambers, CAC, state agencies (executive, legislative and judicial), cooperatives, Fundación 2020
<b>1.08.00.00-02</b>	Conduct targeted workshops, roundtables, and other forums to support socialization, consensus-building, and change on priority policy actions	Jun-2018	Sep-2018	3-5 multilateral forums to promote target reforms	TBD, based on policy actions

## 1.9 ANALYZE DRIVERS OF MIGRATION AND PERCEPTION OF ECONOMIC OPPORTUNITY

With an understanding of not only the economic and social drivers of migration but also the factors and perceptions that lead Guatemalans to migrate, the CEO Project will have a solid basis to design communication and outreach campaigns to highlight opportunity. In Year 1 the Project will focus on identifying and evaluating data sources, including census data and the Inter-American Dialogue’s study on remittances, and reviewing available research to inform a more robust, specialized analysis in Y2.

*Task/Inputs Table 1.9 Analyze Drivers of Migration and Perception of Economic Opportunity*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Outcome/Result</b>	<b>Partners</b>
<b>1.09.01.00-01</b>	Conduct a preliminary desk study to identify data sources, research, and other inputs available to analyze drivers of migration and perception of economic opportunity	Aug-2018	Sep-2018	A map of the sources of data available to support design of the scope of a detailed analysis in Y2.	Inter-American Dialogue, GOG data sources

## 1.10 DISSEMINATE INFORMATION, PROMOTE LINKAGES TO OPPORTUNITIES IN ECs/SEZs

As part of an integrated communication strategy, the Project will build toward a platform to disseminate information about opportunities in the economic corridors to three main audiences: (1) potential investors, (2) SMEs seeking linkages with larger firms, and (3) job-seekers. As a first step toward building a sustainable information source, the team will conduct a high-level study to identify the informational needs of these stakeholders, map existing online resources, and evaluate gaps. This will provide a basis for activities in Y2 to design a strategy and roadmap to guide development of a sustainable solution.

*Task/Inputs Table 1.10 Disseminate Information, Promote Linkages to Opportunities in ECs/SEZs*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Output(s)</b>	<b>Partners</b>
<b>1.10.01.00-01</b>	Identify informational needs, potential data sources, existing platforms, and institutional candidates for a sustainable institutional long-term host/solution.	Sep-2018	Sep-2018	A map of the sources of data available and data gaps to underpin design and development of a solution in Y2.	Internal with Stakeholder input

## 2 FINANCIAL SERVICES MOBILIZED

The majority of capital in Guatemala is captured by large-scale businesses in the capital, limiting access to larger scale finance in the intermediary cities and rural areas that characterize the Project’s target geographies. Microfinance institutions (MFIs), cooperatives, and commercial banks all operate in the Western Highlands, but the vast majority of financing they provide is in the form of microcredit. The scale and cost of such financing is not what high potential businesses need to scale up, and access to more mainstream financing is out of reach.

Many of Guatemala’s financial institutions have a poor understanding of the sectors in which SMEs work, their internal capacity to evaluate credit risk has never been developed for smaller, more dynamic credit needs, and they have never developed products explicitly tailored to the needs of SMEs. On the demand side, limited financial literacy, business acumen, and connections to markets mean most individuals and entrepreneurs in the Western Highlands have not developed a culture of using capital for productive purposes, even when they have access to credit and significant remittance flows.

Activities under Component 2 are designed to develop and expand this “missing middle” of financing options for enterprises. This includes stimulating the development of products and services to fill the gap between micro-loans and large-scale commercial finance as well as building businesses’ capacity (and bankability) to access them. We will work primarily with private sector financial institutions (FIs), including banks, credit cooperatives and investment funds, providing technical assistance to expand supply, leveraging guarantee mechanisms like the DCA and *Guateinvierte* where possible to reduce risk and expand offerings. To stimulate and improve the quality of demand, we will provide technical assistance and other support to private sector enterprises and financial services providers.

### 2.1 IDENTIFY AND PACKAGE FINANCING DEALS FOR LARGE-SCALE INVESTMENTS IN ECONOMIC CORRIDORS

As viable investment opportunities emerge under C, C3 and C4, the Component 2 team will support the definition and structuring of deals and actively facilitate linkages to international and domestic sources of financing. Depending on the contours and scale of the opportunity, this may include support in accessing credit, equity investment or more complex alternatives. In addition to building and advancing a pipeline of opportunities, we will work under this sub-component to stimulate supply and flow of financing through engaging equity investors and facilitating broader capitalization of Guatemala’s commercial banks.

#### 2.1.1 BUILD A PIPELINE OF INVESTMENT OPPORTUNITIES

As foundational step to CEO Project support to mobilize financial services for productive investment, the Component 2 team will design and develop a *Financial Facilitation Program*. This will include a strategy to guide project engagement through financial facilitation, eligibility and selection criteria for prospective partner financial institutions and advisors, internal guidelines for evaluating opportunities and designing support, and other inputs to operationalize the *Financial Facilitation Program*. A reflection of CEO’s approach to C2, the program will leverage grant funds to stimulate supply of capital and financial intermediation. Stimulating demand

for capital is addressed in C4. In anticipation of these structural inputs for the program, the grants management team and technical advisors from Palladium’s home office will support the Component 2 team to develop at least 1 12-month Annual Program Statement (APS) to communicate the CEO project strategy and eligibility guidelines for each of the demand stimulating mechanisms (described in 2.1.2) and the financial facilitation mechanism (described in 2.2.4) CEO has chosen to use an APS for this program to enable a rolling year-long deadline, and the proposal of various creative approaches that may utilize a variety of methodologies. CEO may also include one or more targeted RFIs to engage the market in specific opportunities to cooperate.

In cooperation with Components 1, 3, and 4, the Component 2 team will develop and maintain a database of prospective partner organizations in the banking, financial services, and equity finance sector to serve as a basis for matchmaking and deal facilitation across the project. The project will also establish clear internal communications channels so that all anchor firm alliances (C4), infrastructure investment (C3) and other CEO activities that stimulate demand for financing are linked to the C2 technical team and partners.

### 2.1.2 MOBILIZE DOMESTIC INVESTMENT TO COMPLEMENT FDI

As the CEO Project pipeline grows and opportunities emerge from interactions with businesses, Component 2 will actively facilitate linkages between angel, equity, and other Guatemalan investors and CEO pipeline projects. Depending on the source, scale, and the type of financing most appropriate for the opportunities, these connections may be through *ad hoc* communications with partner organizations, or they may be more formally presented through platforms like the Investors Circle we will be incubating under this component (see 2.1.3 below).

International investors generally look for at least one local co-investor to share risk, and factors that negatively affect domestic investment can have a follow-on effect on foreign investment. The Component 2 team will engage a specialist to work with Guatemalan investment firms to identify, qualify, and develop strategies to mitigate common investment risks and reduce information asymmetries for investors. This will include improving our understanding of what drives (or inhibits) their investment decisions, and what factors (e.g. deal size, structure, sector of activity, etc.) affect their evaluation of opportunities in CEO Project geographies. In addition to informing our matchmaking and deal-structuring efforts, the results of this analysis will provide inputs to efforts across the project to identify and reduce bottlenecks and attract investment.

To facilitate the flow of both credit and equity financing, we will work closely with partner financial institutions and other stakeholders to identify, adapt, and deploy several products, services, and tools to help mobilize investment. In Year 1 these will include:

- *Leverage guarantee mechanisms to facilitate financing:* Palladium will engage with Development Credit Authority (DCA) stakeholders in Washington to explore opportunities to leverage DCA guarantees to accelerate development and growth of investment funds and other financial products. Component 2 team members will also work with partner financial institutions to identify and leverage other guarantee mechanisms to improve the availability of capital for enterprises and financial institutions alike.
- *Support the World Bank and other institutions to develop and strengthen products that reduce risk of investment:* The CEO Project has already begin to coordinate with the World Bank and other key Guatemalan institutions active in the World Bank FIRST program to identify opportunities to collaborate and expand the pace and impact of financial system deepening and regulatory coordination. Areas of collaboration that will be initiated in year 1 include:
  - Consumer protection
  - Financial Products for SMEs

- Credit rating and Credit information Bureau development
- *Work with GuatelInvierte to increase utilization of the product:* The *GuatelInvierte* program was developed 13 years ago, and some aspects of its structure no longer reflects best industry practices. As such, since February 2018, CEO has been directly advising the Board of Directors and General Management of *GuatelInvierte* in re-designing and updating products and services, automation, and improvement of governance. The goal of this TA will be to support *Guateinvierte* so that its guarantee certificates are recognized in the financial market and can support greater financial inclusion
- *Develop financial instruments to support capitalization of MFIs under the Microfinance Law:* Working with credit cooperatives and other organizations like ProMujer, the Component 2 team will support the development of mechanisms for foreign and domestic investors to establish, capitalize, and operate Microfinance Savings and Loans (MACs) and/or Investment Microfinance and Credit (MICs) institutions under the Microfinance Law.
- *Develop mechanisms for enterprise to serve as guarantors or direct creditors to SMEs.* Drawing on legal/regulatory expertise as well as financial products specialists, the Component 2 team will identify potential mechanisms that would enable Anchor Firms to serve as guarantors of debt or even direct lenders for trusted suppliers and service providers in their supply chains.
- *Support INFOM to improve financial services available to municipalities.* Component 2 will work closely with INFOM to review, refresh, and improve the financial services on offer to municipal governments. This will include facilitation of alliances with private sector financial service providers.
- *Develop mezzanine financing options for SMEs.* Component 2 will work with investment organizations in the target economic corridors beyond Guatemala City to develop hybrid debt/equity financing mechanisms to catalyze investment.

As these activities identify and define a set of prospective tools, services, and instruments to facilitate the flow of investment, the Component 2 team will host a series of workshops and/or private meetings depending on what is most appropriate with banks, financial service providers, and other stakeholders as appropriate to communicate and validate proposals and identify strong partners to pilot and scale them. This will include at least eight (8) workshops or private alliance development meetings, including two (2) to validate proposed mezzanine financing mechanisms

Finally, Component 2 will identify up to two (2) opportunities to build knowledge and capacity in partner organizations in the finance sector through participation in international events/forums that touch or topical themes. These may include forums related to innovative financing, financial technologies, products and services, risk assessment and mitigation, or others. These events will also serve to build linkages to international organizations in these sector areas, potentially forming the basis for partnerships and investment.

### 2.1.3 INCUBATE A GUATEMALAN INVESTORS CIRCLE

Building on relationships we established during the development of the CEO Project proposal, the Component 2 team will engage in regular meetings with Guatemalan investor organizations, including a number of emerging funds in the market. These discussions will serve both to highlight and stimulate synergies between investors and to facilitate connections with CEO Project pipeline opportunities. As the pipeline of projects identified and supported by CEO grows, CEO may organize a more formal forum to bring promising enterprises in contact with prospective investors.

Engaging with the burgeoning circle of equity investors in Guatemala, Component 2 will provide technical assistance to initiatives to establish, strengthen or expand targeted impact investment funds. In Y1 this will

include support to the *Asociación Guatemalteco de Venture Capital (AGVC)* to design and implement a strategic plan for the development of an investment fund and incubator/entrepreneurship center for the technology sector. This effort will be developed in close coordination with efforts in C4 to foster development of entrepreneurship and innovation. Other potential sector-specific funds include POMONA ALTERNA and PYMECapital.

#### 2.1.4 CAPITALIZE COMMERCIAL BANKS

In discussions with commercial banks, a common constraint they identify is the lack of sufficient capital reserves to meet demand for financing. BanRural, for example, indicated it could mobilize \$200M in additional loans in the Western Highlands if it had access to more capital. Drawing on its contacts and experience in international capital markets, Palladium will work to facilitate low-cost capital for Guatemala’s commercial banks, increasing on-lending and access to debt financing for SMEs and large-scale investments.

As a foundation, the Component 2 team will work with commercial banks to analyze both the supply and demand sides of bank capitalization, starting with demand in Year 1. We will identify and qualify international credit lines and other modalities that could serve to expand the capitalization of local banks and other financing entities. We will also conduct an analysis of the demand for capital within Guatemalan banks and other financial services organizations, quantifying not only the potential value but also the interest debt vs. equity capitalization mechanisms. Drawing on the results of the supply and demand analyses, Component 2 team members will facilitate targeted linkages between potential capital providers and local financial institutions and support.

#### *Task/Inputs Table 2.1 Identify & Package Financing Deals for Large-Scale Investments in Economic Corridors*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Outcome/Results</b>	<b>Partners</b>
<b>Build a Pipeline of Investment Opportunities</b>					
<b>2.01.01.00-01</b>	Publish Annual Program Statements and/or targeted RFAs for a Financial Facilitation mechanism	May-2018	Jun-2018	Ability to receive concept notes and award incentive grants for capital mobilization	CEO in consultation with FIs and FFs
<b>2.01.01.00-02</b>	Develop mechanisms for ongoing monitoring, evaluation, and communication for approved disbursements	Jul-2018	Sep-2018	Plan for tracking results generated from financial facilitation	CEO M&E Team, FIs and FFs
<b>2.01.01.00-03</b>	Develop and maintain a database of prospective partner organizations (in cooperation with C1, C3 and C4)	Apr-2018	Sep-2018	Pipeline of investment opportunities for matchmaking maintained	CEO
<b>Mobilize Domestic Investment to Complement FDI</b>					
<b>2.01.02.00-01</b>	Facilitate linkages between angel and equity investors with Guatemalan investors and CEO pipeline projects	May-2018	Sep-2018	At least 4 deals for financing to anchor firms and SME financing finalized	CEO, FIs, Anchor Firms
<b>2.01.02.00-02</b>	Host 4-6 workshops to validate proposed investment mechanisms	Jul-2018	Sep-2018	Stakeholder buy in for CEO approach for Investor Circle and other financial interventions	CEO, financial sector partners
<b>2.01.02.00-03</b>	Work with investment organizations in CEO Project geographies to develop proposals for mezzanine products and services for SMEs	May-2018	Sep-2018	Viable proposals and implementation plans finalized	CEO, MiCoope, PYMECapital, SUMMA, Banrural, other FI partners



<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Outcome/Results</b>	<b>Partners</b>
<b>2.01.02.00-04</b>	Host 2 business roundtables to develop and validate proposed mezzanine financing mechanisms	Aug-2018	Sep-2018	At least 2 mezzanine level products move to pilot phase	CEO, MiCoope, BanRural
<b>2.01.02.00-05</b>	Participate in national and international events/forums to build knowledge of, and linkages to, fintech, products, services, innovation, etc.	May-2018	Sep-2018	Initiate pilots for 1-2 fintech products	CEO, Banrural MiCoope, SUMMA
<b>Incubate a Guatemalan Investors Circle</b>					
<b>2.01.03.00-01</b>	Conduct regular meetings to facilitate alliances between Guatemalan investors and CEO pipeline projects	Jun-2018	Sep-2018	At least 6 investment opportunities from ECI identified and marketed	CEO team, ECI stakeholders
<b>2.01.03.00-02</b>	Develop and market test a conceptual framework for the design, management and operation of a Guatemalan Impact and Innovative Investment Fund	May-2018	Sep-2018	Process of developing strong Impact Investment Fund initiated- well piloted design will enable the fund to grow in year 2	CEO, Investor circle members
<b>2.01.03.00-03</b>	Host 2 workshops to support design and market testing of Impact Fund concept	Jun-2018	Sep-2018	Same as above	CEO, Investor circle members
<b>Capitalize Commercial Banks</b>					
<b>2.01.04.00-01</b>	Conduct capital demand analysis to identify and quantify the potential demand for capitalization of local banks and other financial institutions	Jul-2018	Sep-2018	Understand market demand for capital to enable matchmaking in year 2	CEO, FIs

## 2.2 STIMULATE SME LENDING

### 2.2.1 IDENTIFY FINANCIAL INSTITUTIONS TO EXPAND SME LENDING

Building upon the contact lists Palladium developed during proposal development, in February and March 2018 the C2 team engaged with FIs in target geographies to (re)establish interest in partnerships to expand lending to SMEs. Through those interactions, we will survey prospective partners, which will include all three types of financial institutions operating in CEO Project geographies—Banks, Cooperatives and International Finance Institutions—to estimate the scale and throughput of their portfolios, develop profiles of their clientele, and broadly understand their view of the constraints they face on lending to SMEs. In addition to deepening our understanding of the supply of credit available to SMEs, the study will serve as a starting point to develop an action plan for capacity development for partner FIs (see 2.2.3 below).

A core group of partner institutions was established in February of 2018, including BanRural, MiCoope, PYMECapital, SUMMA, and others, and the C2 team will remain open to working with any other FIs and investors interested in entering or expanding Guatemalan markets. Component 2 will work closely with each to define and qualify their market opportunity to expand credit and other financial services to enterprises in target value chains and corridors. This work will combine strategic market analysis with technical assistance, modelling the capacity they need to conduct a strategic market analysis and evaluate internal and external constraints, risks, and other determinant factors to guide not only efforts to expand lending but also potentially efforts related to business enabling environment (C1) and workforce (C4). We will combine this internal

analysis with workshops under 2.2.2 below, which will leverage engagement with external stakeholders to identify gaps between supply and demand for credit and address them.

### 2.2.2 CONVENE STAKEHOLDER WORKSHOPS IN ECONOMIC CORRIDORS TO IDENTIFY GAPS IN SUPPLY AND DEMAND

As an efficient way to deepen our understanding of the market and binding constraints on access to credit for SMEs, the Component 2 team will host a series of workshops with Financial Institutions and select other stakeholders in CEO Project geographies to identify and qualify gaps between the supply and demand for credit and other financial services. The business roundtables will seek to highlight specific internal and external challenges, gaps, and opportunities for FIs to expand products and services for SMEs. In Year 1, this will include 2-3 events in each of the focus economic corridors with representatives from each of the three main types of Financial Institutions.

The results of these engagements will directly support the development of technical assistance and capacity development action plans for partner institutions.

### 2.2.3 TAILOR TECHNICAL ASSISTANCE TO FINANCIAL INSTITUTIONS TO EXPAND LENDING TO SMES

Drawing on the results of our engagement with partner FIs, including the workshops of 2.2.2 above, we will work with each of them to develop tailored Capacity Development Strategy and Action Plans. These will serve as targeted road maps to guide joint efforts to strengthen their human and institutional capacity to address unmet market demand. These plans will be tailored to the specific needs and capacity gaps of each institution. They will include direct TA to support project development and improve business practices as well as plans to build capacity in key areas and functions, from project development and risk management to adoption of technology. We will conduct 4-6 workshops with partner FIs to support development of—and internal buy-in for—these action plans.

As we engage with partner FIs to develop longer-term capacity development action plans, we will also focus on developing mechanisms to leverage CEO resources to stimulate new lending to SMEs. Using grants funding and other project resources, we will fine tune a set of financial and other incentives to buy down risk, encourage deployment of new products and services, and amplify commercial incentives for FIs to increase the flow of credit to SMEs. These “supply side” incentives will complement the “demand side” incentives we will develop under the financial facilitation program described in 2.2.4 below.

In recognition of a deeply under-served sector with high potential to generate both employment and investment, Component 2 will also conduct a detailed market analysis of financing for construction, focusing on the commercial viability of credit mechanisms for public and low-income housing. Both as an enabler of improved living conditions and a generator of employment, construction of accessible housing has considerable potential to advance CEO Project objectives. The results of this study will support the work of a cross-component task force to develop a strategy to approach the sector.

One of the key ways that CEO will be testing the market for SME financing is by distributing assistance to FIs, SMEs, and Financial Facilitators through competitive mechanism. Businesses have the best knowledge about market opportunities and which investments will pay off in the long run. As such, they will be more willing to put effort into an application and propose cost share. Issuing targeted Annual Program Statements or focused RFAs with clear objectives and well-defined selection criteria is a way to promote “self-selection”, verify that actors are willing to co-invest, and identify companies that have identified a viable market opportunity. This is in contrast to an approach where a project selects a sector or area unilaterally or issues broad announcements of potential support.

These mechanisms also provide a way to test the market, as over time they will help calibrate the right level of incentives to effectively catalyze movement of capital from international capital markets or large banks, and from banks or coops, to SMEs. For example, if we want to encourage large FIs to lend to domestic Guatemalan banks, we may find that a 2% incentive payment unlocks financial flows—or it may have to start with up to 5% initially. Regardless of the starting point, once the new markets are open we will ratchet down these payments over time.

#### 2.2.4 ENGAGE BUSINESS DEVELOPMENT SERVICE PROVIDERS TO FACILITATE ACCESS TO FINANCE

To facilitate financial intermediation and close the gap between financial institutions and SMEs, the CEO Project will engage professional services firms and individual consultants to support SMEs to gain access to productive financing. To focus these providers on results, we will design a performance-based contracting structure that shares cost with the SMEs and integrates incentive fees to be paid upon successful acceptance and disbursement of loans or completion of equity investments for SMEs. The model requires a level of market education and priming to launch, but as it proves effective the incentives will evolve, pushing more of the fee to performance-based metrics and gradually phasing out CEO Project’s role as intermediary.<sup>3</sup>

To stand up and launch the program, the Component 2 team will work with BDSP identification and engagement efforts in C4 (see 4.1.4) to issue an RFI and establish a database of qualified service providers. In parallel, we will develop a clear and transparent incentive structure that draws on lessons learned from Palladium’s experience in other markets to balance cost and risk with sufficient reward to achieve development objectives. To communicate the opportunity and engage prospective service providers, the Project will develop high quality communication materials and host a series of “bidders conferences” in target geographies

Once the Project has established connections and prepared prospective service providers, we will leverage the program across Components to facilitate linkages with qualified SMEs to drive increased access to debt and equity financing.

#### 2.2.5 FACILITATE PRIVATE EQUITY FUNDING FOR SMES

As an ongoing effort alongside activities to build a pipeline of opportunities (2.1.1) develop a Guatemalan Investors Circle (2.1.3) and engage professional services providers to facilitate access to finance (2.2.4), the Component 2 team will actively seek and facilitate opportunities to link equity investors to promising SMEs. As opportunities emerge, we will provide targeted TA to SMEs to improve their capacity and prospects to pitch to equity investors.

*Task/Inputs Table 2.2 Stimulate SME Lending*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/Results	Partners
<b>Identify FIs to Expand SME Lending</b>					
2.02.01.00-01	Engage with FIs in target geographies to (re)establish interest in partnerships to expand lending to SMEs	May-2018	Sep-2018	Formalize partnerships with 3 FIs and initiate work to increase SME lending	CEO, FIs

<sup>3</sup> In Palladium’s experience, financial institutions learn commercial benefit of the model and either take on the cost and relationships with the promoters or absorb the promoter function as part of their own loan-generating workforce.

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/Results	Partners
<b>Convene Stakeholder Workshops in ECs to Identify Gaps in Supply and Demand</b>					
2.02.02.00-01	Host 4-6 tailored workshops for FIs in project geographies to identify specific internal and external challenges, gaps, and opportunities to expand products and services for SMEs	Jun-2018	Sep-2018	At least 6 anchor firms receive the financing they need with support from CEO	CEO, FIs, Anchor Firms
<b>Tailor TA to Financial Institutions to Expand Lending to SMEs</b>					
2.02.03.00-01	Develop tailored technical assistance and capacity development action plans with partner 2-3 Financial Institutions	Jul-2018	Sep-2018	at least 1-2 improved practices adopted at each FI	CEO, FIs
2.02.03.00-02	Work with partner FIs to develop tailored incentive mechanisms to stimulate SME lending	May-2018	Aug-2018	increase in volume and value of lending to SMEs	CEO, FIs, Financial Facilitators
2.02.03.00-03	Conduct a feasibility assessment on the use of credit for "social housing" and "occupational housing"	Jul-2018	Sep-2018	Finalize strategy to expand product offering for 3 FIs	CEO, BanRural, and 2 Savings and Credit Cooperatives
2.02.03.00-04	Assess market demand and identify market opportunities for enterprise financing in target value chains	Jun-2018	Jul-2018	Qualified pipeline of financing opportunities to guide FIs marketing.	Private Sector, FIs
<b>Engage Business Development Service Providers to Facilitate Access to Finance</b>					
2.02.04.00-01	Working with C4, issue an RFI to identify BDSPs with capacity to facilitate financing for SMEs	May-2018	May-2018	establish mechanism for financial facilitation	CEO, local consulting firms, FIs
2.02.04.00-02	Develop a base incentive structure for the BDSP Financial Facilitation program	May-2018	May-2018	Establish mechanism for financial facilitation	CEO, local consulting firms, FIs
2.02.04.00-03	Develop program orientation materials for Financial Facilitation BDSPs who partner with the CEO Project	Jun-2018	Jun-2018	Establish mechanism for financial facilitation	CEO, local consulting firms, FIs
2.02.04.00-04	Host 2-3 "bidders conferences" for prospective Financial Facilitation BDSPs in target geographies	Jul-2018	Aug-2018	Generate pipeline of financial facilitators	CEO, local consulting firms, FIs
2.02.04.00-05	Facilitate linkages between Financial Facilitation BDSPs and SMEs	Aug-2018	Sep-2018	Mobilize at least 15 FFs with performance-based awards (by Y2Q2)	CEO, consulting firms
<b>Facilitate Private Equity Funding for SMEs</b>					
2.02.05.00-01	Actively seek and facilitate opportunities to link investors to promising SMEs	May-2018	Sep-2018	Establish linkages to close deals. A minimum of 5 deals closed in Y1.	CEO, FIs, SMEs
2.02.05.00-02	Provide targeted TA to SMEs to improve their capacity and prospects to attract equity investment	Jul-2018	Sep-2018	Improved quality of SME investment pipeline	CEO, FIs, SMEs

## 2.3 INCREASE FINANCIAL LITERACY AND HARNESS REMITTANCES FOR SAVINGS AND PRODUCTIVE INVESTMENT

In line with our overall approach of strategically targeting CEO resources to the highest potential opportunities, the CEO Project will target remittance recipients for financial literacy training and outreach. Efforts under this sub-component will primarily be designed to achieve one of three outcomes: (1) remittance recipients invest funds directly in productive activities as entrepreneurs, (2) they invest in education and training programs linked to employment, or (3) they open savings accounts in FIs, increasing capitalization and on-lending to other SMEs and entrepreneurs.

Our potential partners in these efforts will be the FIs that can develop new savings products for remittances recipients and, to support communication and behavior change, the organizations that interact with remittances at both the sending and receiving ends of the transaction. This latter category of potential partners includes including money transfer agents like Western Union and Money Gram in the US and the retail and other chains where remittances are received and collected in Guatemala. We will also work with NGOs and other programs or groups supporting financial literacy training to leverage their efforts and presence in target geographies.

### 2.3.1 RAPIDLY MAP FINANCIAL LITERACY PROGRAMS

As a foundation to ongoing efforts in this sub-component, the C2 team will conduct a high-level mapping of organizations and individuals who deliver financial literacy activities in CEO Project geographies. Depending on the effectiveness of desk research- and networking-based efforts, we may issue a wide call for information in the form of an RFI or other instrument to bolster results and solicit creative ideas for scaling up literacy interventions.

### 2.3.2 DEVELOP MECHANISMS FOR FINANCIAL LITERACY TRAINING DELIVERY

Building on the results of the mapping exercise, the Component 2 team will develop a straightforward set of evaluation criteria to identify promising organizations and mechanisms to advance Project objectives. Drawing on the results of that assessment, we will identify prospective partner organizations and professionals to support financial literacy training. In parallel, the Component 2 team will leverage Component 4's interactions with sector organizations and direct connections to NGOs and other organizations working in Project geographies to identify partners to efficiently access target populations. These will include organizations like PROMUJER and the *Escuela de Educación Bancaria de la Asociación de Bancos de Guatemala*. With prospective partners identified, we will develop mechanisms to deliver targeted financial literacy training.

Financial literacy will also be integrated into the C2.1 work with FIs to develop new financial products and boost SME lending. CEO will work with FIs to demonstrate the benefit of providing “embedded education” with the roll out of new products or the expansion of products to new geographies or customer segments.

### 2.3.3 PROMOTE SAVINGS PRODUCTS FOR REMITTANCE SENDERS AND RECIPIENTS

Leveraging inputs from Financial Institutions, market research, and interactions with the marketplace, the Component 2 team will identify enterprises and other organizations offering financial services and education around remittances. The analysis will look beyond commercial banks, cooperatives, and other FIs in CEO Project geographies to identify, profile, and evaluate commercial players focusing on the inflow of remittances. These would include, but not necessarily be limited to, local branches of international money transfer services like Western Union and MoneyGram and transfer agents like Xoom and Remitly that partner with retail

outlets and other points of service where consumers collect incoming remittances.<sup>4</sup> It may also include NGOs, MFIs or other organizations targeting social and educational services to recipients of remittances (see 2.3.2). The mapping will include analyses of business models, geographic reach, and existing partnerships to support the identification of potential strategic partnerships with commercial FIs. identify potential synergies and opportunities for innovation.

Based on the results of this evaluation exercise, we will identify 3-5 potential strategic partnerships between FIs and other service providers in the remittances ecosystem. CEO has met with and is planning to build on the work of the Inter-American Dialogue in this space, and will coordinate with the USAID Opportunities for My Community Project that they implement in Guatemala.

### 2.3.4 TARGET REMITTANCE SENDERS WITH SBCC CAMPAIGNS TO ENCOURAGE INCREASED SAVINGS

To lay the groundwork for a focused campaign in Year 2, we will leverage the results of engagement under 2.3.3 above to identify 3-5 organizations that may serve as strategic partners in the development and deployment of a communications campaign to affect behavioral change. This will include connections with organizations in remittances origin markets, like MoneyGram, Western Union, convenience retail chains, and others, where communications might target those sending remittances to their families in Guatemala. The work will provide a starting point for a communication strategy and proposals for partnerships with organizations to help support activities to promote savings, productive investment, and other uses of remittances.

*Task/Inputs Table 2.3 Increase Financial Literacy and Harness Remittances for Savings and Productive Investment*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
<b>Rapidly Map Financial Literacy Programs</b>					
2.03.01.00-01	Define a financial education strategy for users and financial institutions	Jul-2018	Jul-2018	At least 2 FIs begin working in financial literacy	Banrural Agencias Quetzaltenango, MiCoope (COOSAMI, Agencias de San Marcos
<b>Develop Mechanisms for Financial Literacy Training Delivery</b>					
2.03.02.00-01	Evaluate leading organizations and individuals to form the basis of sustainable financial literacy training partnerships	May-18	Aug-18	2-3 organizations identified to form the basis of financial literacy training plan	TBD
<b>Promote Savings Products for Remittance Senders and Recipients</b>					
2.03.03.00-01	Identify and evaluate organizations providing financial services around remittances	Jun-2018	Sep-2018	Complete mapping exercise solidify initiatives with at least 2 organizations	CEO, FIs, NGOs
2.03.03.00-02	Facilitate 3-5 strategic partnerships between FIs and other service providers in the remittances ecosystem	Jul-2018	Sep-2018	3-5 partnerships between FIs and remittances services to drive new providers and capital into financing market	FIs, Commercial Services Providers

<sup>4</sup> In addition to commercial banks like Banrural (with 60% market share), MiCoope, and credit unions, these include retail outlets like Elektra, Walmart, Paiz and Despensa, Air pack, Batres and Cruz Verde pharmacies, and Tigo Money.



Target Remittance Senders with SBCC Campaigns to Encourage Increased Savings					
2.03.04.00-01	Identify and profile 3-5 organizations in remittances origin markets and CEO geographies to form the basis for an SBCC campaign	Jun-2018	Sep-2018	Benin piloting remittance activities with at least 2 partners	CEO, FI, NGOs that work in Remittances
2.03.04.00-02	Contract a communications company to co-develop a strategy for a behavior change communications campaign related to remittance savings and investment and pilot the campaign in ECI	Aug-2018	Sep-2018	Pilot SBCC campaign	Banrural en Quetzaltenango y San Marcos y MiCoope con COSAMI en San Marcos.

### 3 PRODUCTIVE INFRASTRUCTURE UPGRADED

The quality of Guatemalan infrastructure has constrained economic development, FDI, regional integration, and trade. Poor road conditions impede integration of domestic markets and consolidation of key overland trade routes to Mexico, El Salvador, and access to ports. The infrastructure gap in intermediary and emerging cities will become even more urgent as youth migrate to urban areas, increasing the need for investment in productive infrastructure.

Palladium will take a market-led approach to identify and overcome the greatest infrastructure bottlenecks and support private investment opportunities to unlock potential in the ECs. As part of our initial strategic prioritization project (see Figure 2), we will identify the infrastructure improvements that could lead directly to VC growth and investment. With real, market-tested investment opportunities in mind, we will work with MINFIN, municipalities, *mancomunidades*, and local business leaders to build consensus around infrastructure priorities in the ECs, then provide TA to municipalities to develop or improve municipal development plans. We will also *build municipal capacity* to prioritize productive infrastructure projects, conduct transparent tenders, and access GOG and private sector funding for infrastructure development.

Efforts under Component 3 will be led by Infrastructure Team Lead Lucrecia Ruiz with support from Infrastructure Coordinator Lieschen Eger. CEO Project teaming partner ICMA will play a strong supporting role in assessing and upgrading municipalities' capacity to identify, design, tender, and manage infrastructure development projects.

#### 3.1 ENGAGE MUNICIPALITIES TO BUILD PLANNING CAPACITY

Activities under Component 3.1 will be very closely coordinated with the Component 1 timeline for rolling out work in each of the target economic corridors. As outlined under Activity 1.5, the C3 team will work with the C1 team to complete an assessment of potential corridors and identify municipalities within each corridor that display the highest potential for collaboration, local economic impact, and political will to participate in economic corridor development and other reforms with support from the CEO Project. During Year 1, the C3 team will complete selection of municipalities to be included in initial Economic Corridor development and initiate capacity development in the first CEO Corridor: Quetzaltenango-Tecun Umán. In year 1, a minimum of two capacity development modules will be delivered to municipalities within the Quetzaltenango-Tecun Umán corridor, which will result in improvements in municipal capacity and processes. More detail on the diagnostic and selection process and the initial capacity development process is described the following tasks.

##### 3.1.1 DEVELOP AND IMPROVE MUNICIPAL DEVELOPMENT PLANS

Working closely with ICMA, the C3 team will finalize the design of an initial municipality assessment to be completed with all of the 64 municipalities that lie within the 6 target economic corridors. This will provide the

basis to select a subset of municipalities that will be targeted for more robust engagement and final economic corridor development. The assessment will focus on municipal processes, systems, and capacity to engage the local private sector, complete high quality municipal development plans (MDPs), municipal zoning plans (*Planes del Ordenamiento Territorial* (POTs) procurements, prioritize investments, and access federal and private sector funding in support of municipal infrastructure development. It will also assess the political will and institutional capacity available at the municipal level, including among municipal authorities COCODES, COMUDES, and other stakeholders to drive collaboration with CEO Project to support Economic Corridor development.

In support of C3 planning, the assessments will cover questions such as:

- What processes are in place to support municipal planning and specifically, infrastructure planning?
- Is there a current Municipal Development Plan? How recent is the plan? Is the plan still relevant in terms of process, quality, and priorities?
- How organized and engaged is the local private sector? Are there private sector champions in the municipality?
- What is the staffing structure of the municipality, and what are the strengths and weaknesses of the staff? Is there a champion for the CEO project?
- What is the annual budget for the municipality? What is the municipality's track record in accessing government and private sector funding for initiatives?
- What is the condition of current physical and communications infrastructure in the Municipality/Corridor?
- Is there a *Plan del Ordenamiento Territorial* (POT) for municipalities within the target economic zone? What is the capacity of the target municipality to develop a zoning plan?
- Is there interest, political will, and institutional capacity to drive participation and collaboration with the CEO Project and support change?

As part of the assessment and selection process described above, and to understand the current status of municipal planning the C3 team will collect and review existing municipal development plans, particularly those developed with support by *Nexos Locales* and other donor-funded initiatives. The C3 team will also review existing SEGEPLAN tools, resources, and assessments. Based on the development process, quality, and feasibility of existing plans, the C3 team will determine key areas for improvement and capacity development for each of the 15-18 selected municipalities. By the end of year 1, CEO will be working with selected municipalities in EC1, and will have initiated development of a tailored capacity development plan for municipalities within EC2.

The C3 team will work collaboratively with selected municipalities in EC1 to develop customized technical assistance and training plans designed to build the overall capacity of the municipalities participate in the National Planning System (*Sistema Nacional de Planificacion*) and the System of Councils of Urban and Rural Development (*Sistema de Consejos de Desarrollo Urbano y Rural*), with the overall aim of improving the capacity of the municipality to access and administer funds to promote municipal and economic corridor priorities. Capacity building will include training, mentorship, and “learning-by-doing” such that capacity building simultaneously generates positive impact. Training plans for MDPs under C3.1.2 will be integrated with training plans in support of POTs under C3.1.3 below.

Year 1 will be dedicated to establishing municipal and economic corridor capacity building plans that will be implemented in year 2 of implementation. Each plan will include targets for institutional strengthening and capacity development such as:

- Strengthen platforms and/or processes for public private dialogue at the municipal and corridor level including with *Mesas de Competitividad* where they exist.
- Economic Corridor and municipal development priorities established
- Training on at least 4 priority areas for growth delivered
- A minimum of 4 prioritized infrastructure investments identified for submission by EC municipalities to the CEO Project for support (see Component 3.3 below). This includes consensus from the EC municipalities on priority investments and a plan for how to develop proposal applications for CEO project support. We expect applications for support to begin flowing in Year 2.

### 3.1.2 PRODUCE HIGH-QUALITY ZONING PLANS IN TARGET CORRIDORS

Zoning laws are put in place to guide both urban and rural growth and development, and they will play a key role in planning/guiding Economic Corridor development. In addition to supporting selected municipalities to produce high quality municipal development plans, CEO will work with municipalities along select corridors to analyze the infrastructural and geographic characteristics and best create clear zones for economic development. As part of the initial municipal capacity assessment, the C3 team will also review the technical and organizational capacity of local governments to develop municipal *Planes de Ordenamiento territorial* (POTs) and carry out urban planning. We will review the capacity of their staff, information management systems, software systems, legal mechanisms, and Geographic Information Systems (GIS) to facilitate accurate and strategic zoning.

Based on the initial assessments, the C3 team will work with ICMA and GOG resources to create a capacity building plan for target municipalities in ECI that supports skills development and human resources needed to utilize GIS and the National System for Land Information (SINIT) in data management and land planning.

By the end of Y1, the Project will have a clear plan for capacity development in support of effective GIS and POTs for ECI- in coordination and with support from SINIT and other GOG resources, and we will have facilitated the first module of training. The capacity development plan will outline the technical content, general schedule for assistance through year 2 of implementation, and ECI include targets for strengthening. Through the C3.1.1 assessments, the CEO team will understand the capacities of municipalities in terms of existing POTs- in some cases such as in Quetzaltenango, we anticipate that the POTs will be relatively high quality. In other cases, like Colomba, we anticipate that there may not be a plan or that the plan may be under-developed or missing key elements. Regardless, CEO will provide technical assistance to municipalities to improve their capacity for zoning. The CEO project will not draft the plans, it will provide capacity building and technical assistance to the municipalities to do it themselves in perpetuity. Training/mentorship/consultancies will be directly relevant to POT development and in many cases the POT will be developed through the experience. Example target include:

- The municipality/EC will have access to appropriate zoning and data management technology as required for SINIT
- Local staff receive training on how to generate and utilize GIS data for zoning
- Local staff receive training on the Guatemalan laws and requirements related to Zoning and land use.

- Criteria and requirements for integrated EC zoning plan established and presented to community for feedback

As the requirements to implement these plans become clear, the Project will develop additional, detailed tasks to provide targeted technical assistance, design targeted training, learning exchanges and other support.

### 3.1.3 SUPPORT CITYLINKS EXCHANGE PROGRAM FOR INNOVATION AND TECHNOLOGY TRANSFER

No tasks are planned under this activity in Year I. The CEO Project will initiate the CityLinks exchange program in Year 2 of implementation.

### 3.1.4 FOSTER STAKEHOLDER ENGAGEMENT FOR LOCAL OWNERSHIP OF PLANS

As part of the municipal development plans and economic corridor zoning plans, CEO will support municipal processes, most likely through COMUDES, to engage the local private sector and community. While ICMA will ensure that municipal and corridor formal processes require community engagement, *Grupos Gestores* will provide support to engage *Mesas de Competitividad*, influential constituencies, landowners, women, youth, and indigenous groups to foster local support and buy in for the plans.

Mechanisms for community involvement will include presentations and public hearings at key times:

- Introduction of the planning process prior to initiation
- Before the plan is completed for local input
- Presentation of the completed plan

During year I, the CEO Project will facilitate the public hearing processes in selected municipalities in ECI to engage diverse groups like the *Mesas de Competitividad*, the private sector, women, youth, and indigenous communities and introduce the municipal development and POT planning processes. During year I, the CEO C3 team will also collaborate with the CEO Communications team to develop multi-media communications materials for use in EC I (and serve as a model for other ECs as work is initiated) to engage, inform, and sensitize local communities to the EC development plan.

*Task/Inputs Table 3.1 Engage Municipalities to Build Planning Capacity*

Task No.	Task/Input Description	Est. Start	Est. End	Output(s)	Local Partners
<b>Provide Technical Assistance to Develop and Improve Municipal Development Plans</b>					
3.01.01.00-01	Conduct a preliminary capacity assessment of municipalities in all ECs to support selection of partner municipalities (linked to 1.05.02.00-01)	May-2018	Jul-2018	64 municipalities evaluated as potential partners	Municipal Authorities
3.01.01.00-02	Complete detailed assessments of municipalities and finalize municipality selection for EC I (linked to 1.05.02.00-01)	Jul-2018	Aug-2018	Complete diagnostic of EC I municipalities and finalize selection of municipalities for EC I.	Municipal authorities, COMUDES, community leaders.
3.01.01.00-03	Collect and review any existing MDPs produced within EC I municipalities, identify areas for capacity building in terms of process and prioritization	May-2018	Jun-2018	Assessments and capacity development plans are comprehensive and informed.	Municipal Authorities

Task No.	Task/Input Description	Est. Start	Est. End	Output(s)	Local Partners
3.01.01.00-04	For ECI selected municipalities, finalize capacity building plans to support MDPs and POTs. Ensure MDPs are aligned with national planning systems and priorities	Jul-2018	Sep-2018	Complete municipality capacity development plans for MDPs, POTs, and other key capacities.	Municipal Authorities, SEGEPLAN
3.01.01.00-05	Provide TA to support implementation of MDP capacity development plans (detailed tasks TBD based on detailed capacity development plans)	Aug-2018	Sep-2018	TBD	Municipal Authorities; SEGEPLAN.
<b>Develop Capacity to Produce High-Quality Zoning Plans in Target Corridors</b>					
3.01.02.00-01	As part of the municipality assessment completed under 3.1.0, determine the capacity of selected municipalities in ECI to complete urban and rural POTs aligned with SINIT	Jun-2018	Jun-2018	Informed selection of prioritized municipalities, increased understanding of municipal capacity	municipal authorities, SEGEPLAN
3.01.02.00-02	Create capacity development plans for target municipalities and ECI that includes expert consultants, training, exchanges, and other types of support	May-2018	Sep-2018	Complete municipality capacity development plans for MDPs, POTs, and other key capacities.	Municipal Authorities, SEGEPLAN
3.01.02.00-03	Provide TA to support implementation of POT capacity development plans (detailed tasks TBD based on detailed capacity development plans)	Aug-2018	Sep-2018	Increased municipal capacity and improved POTs	Municipal Authorities.
<b>Foster Stakeholder Engagement for Local Ownership of Plans</b>					
3.01.04.00-01	Work with COMUDES to organize workshops in selected municipalities for community involvement of ECs, MDPs, and POTs	Jul-2018	Aug-2018	Greater community awareness, involvement, and buy-in for MDPs and POTs and EC strategies	Municipal Authorities, COMUDES, COCODES. Mesas de Competitividad.
3.01.04.00-02	Facilitate public hearings to ensure that key and underserved constituencies are engaged	Jul-2018	Aug-2018	Greater community awareness, involvement, and buy-in for MDPs and POTs and EC strategies	Municipal Authorities, COMUDES, COCODES.
3.01.04.00-03	Work with municipalities to develop and disseminate multimedia materials to sensitize local communities about EC plans	Sep-2018	Sep-2018	Greater community awareness, involvement, and buy-in for MDPs and POTs and EC strategies	Municipal authorities, COMUDES, COCODES.

## 3.2 DEVELOP PRE-INVESTMENT STUDIES AND PLANS

### 3.2.1 CREATE INFRASTRUCTURE DEVELOPMENT SUPPORT MECHANISM

While the CEO Project will not issue grants funding to municipalities, the Project will still provide a mechanism to support municipalities to identify, qualify, evaluate, and seek financing for productive infrastructure projects.

The C3 team will actively engage with municipalities to identify prospective projects, but we will also encourage qualified municipalities to proactively seek support.

To enable these interactions and manage CEO Project support, we will structure a responsive infrastructure development support mechanism within the Project to encourage and manage infrastructure-related requests from public and private sources. Working closely with INFOM, MINFIN, ANADIE and other GOG stakeholders, we will design the communication, application, and support design processes to align with the requirements of potential project funding sources. Ideally this will enable municipalities to submit applications for CEO technical assistance that contribute to the applications they will ultimately submit to INFOM, MINFIN, ANADIE, and to pitch to private sector investors.

As such, the first step in designing the mechanism will be for the C1 and C3 teams to meet with key national-level planning counterparts, including SEGEPLAN, INFOM, ANADIE, and MINFIN to determine their priorities and criteria for allocating funding for infrastructure investment. In these meetings, the team will seek to understand the processes and requirements for accessing government sources of financing for productive infrastructure. The teams will also coordinate with C2 to understand options for project financing, including bonds, debt, and equity products- as well as support from any guarantee products. The criteria and priorities used to access private financing options will be integrated into the mechanism’s design.

During Year I, the CEO team will use findings of the municipal assessments described above to cultivate a more detailed understanding of the types of infrastructure requirements at the municipal and corridor level- and any stipulations or priorities in Economic Corridor Zoning plans. CEO will work to define categories of infrastructure project that target economic corridors and prioritize- as well as the specifications for each category – in terms of scale and level of support that each project is eligible to receive.

The C3 team will complete the design for the infrastructure development support mechanism and prepare the first Request for Applications (RFA) for the fund during year I implementation. The mechanism will open, and we will begin training and providing technical assistance to municipalities during year Project Year 2.

*Task/Inputs Table 3.2 Develop Pre-Investment Studies and Plans*

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Est. Start</b>	<b>Est. End</b>	<b>Output(s)</b>	<b>Partners</b>
<b>3.02.01.00-01</b>	Identify available information and requirements to access/direct public sector funding for infrastructure.	May-2018	Sep-2018	Development of immediately relevant application process and products	SEGEPLAN, INFOM, MINFIN, others
<b>3.02.01.00-02</b>	Identify priorities and key information needed to attract private capital sources for infrastructure development	Jun-2018	Aug-2018	Development of immediately relevant application process and products	National and international banks, domestic and international investor groups.
<b>3.02.01.00-03</b>	Publish RFAs to engage eligible municipalities and identify Infrastructure development opportunities	Sep-2018	Sep-2018	CEO will receive applications for support to productive infrastructure investments.	CEO C3 and grants teams and focus municipalities

### 3.3 CATALYZE INVESTMENT IN PRIORITY INFRASTRUCTURE PROJECTS

Activities under Component 3.1 and 3.2 will support building regional capacity and mechanisms for conceptualizing, prioritizing, and presenting, and closing on high impact local infrastructure investments. These



investments in building local capacity and designing smart project mechanisms will lay the foundation for work under component 3.3, which will begin in year 2 of project implementation.

### 3.3.1 BUILD CAPACITY FOR INFRASTRUCTURE PROCUREMENT AND PPP NEGOTIATION

No Year 1 tasks are planned under this Activity.

### 3.3.2 MARKET INFRASTRUCTURE INVESTMENT OPPORTUNITIES BROADLY

In year 1, the CEO C3 Team will begin to network among potential infrastructure investors, including—in coordination with MINFIN—the myriad GOG offices responsible for allocating funds for infrastructure, private sector investors or managers for PPPs, and international debt or equity vehicles such as OPIC. Initially, conversations with these investors will inform the design of our infrastructure support eligibility criteria and application requirements, such that selection criteria and the design of Outputs support projects that are more likely to be financed. As concrete opportunities for infrastructure investment materialize, we will plan targeted technical assistance and support to package and effectively communicate them to prospective investors.

The CEO project has identified a market demand and interest in housing construction. Construction will generate significant employment, and improve the quality of living in areas in need of more housing supply. In year 1, the project will work closely with Component 2 to investigate this opportunity and look for options to support housing development projects with accessible credit options (see 2.2.3 above).

### 3.3.3 SUPPORT PPP NEGOTIATIONS WITH TARGETED TECHNICAL ASSISTANCE AND CLOSE DEALS

The Single Window for Construction (VUC) is a project led by MINECO and the Guatemalan Chamber of Construction. It consists of preparing documents and processes to expedite the obtaining of permits from different government institutions prior to the municipalities issuing a construction license. Efficient permitting processes will enable greater investment in construction projects as it reduces the level of risk and uncertainty. In coordination with policy reform efforts in Component 1 (see 1.8 above), the CEO Project will engage with MINECO and the Chamber Construction to identify areas where CEO can support fast development and roll out of this single window.

*Task/Inputs Table 3.3 Catalyze Investment in Priority Infrastructure Projects*

Task No.	Task/Input Description	Est. Start	Est. End	Output(s)
TBD	TBD	TBD	TBD	TBD

## 4 PRIVATE SECTOR COMPETITIVENESS IMPROVED

### 4.1 BUILD PRIVATE SECTOR CAPACITY

Through a series of strategic initiatives at the sector and firm levels, the CEO project will work to steadily improve the competitiveness of Guatemala’s private sector, improving growth across value chains and ultimately driving the creation of jobs. Through interactions with firms across value chains, we will identify constraints on growth within their organizations, the organizations that support them, and at more systemic, sector levels. These will in turn inform strategies to improve performance at all levels, including national policy advocacy in Component 1.

While Component 4 will work at the sector level, interventions will primarily stem from interactions at the level of individual firms. When it is appropriate to approach support at a sector level, the work will be built around partnerships with the firms that make up the sector. The central methodology of our approach will be the anchor firm alliance, in which we work closely with medium and large firms to co-invest in initiatives to

overcome constraints to growth and expand their bases of suppliers, distributors, and service providers. These will open more opportunities for SMEs, which we will support in the context of these alliances.

One of our core levers of support to anchor firms and SMEs alike will be a network of local consulting firms and other professional services providers, which we will pre-vet and draw upon as needed to address targeted business constraints in our partner companies. The mix of these strategies and activities will facilitate probable purchase orders about US\$ 20 million in Year 1, to be monitored in Year 2.

#### 4.1.1 IDENTIFY SECTOR AND SUB-SECTOR LEVEL CONSTRAINTS AND OPPORTUNITIES

Work under Component 4 will stoke private sector activity at the sector, anchor firm, and SME levels. To initiate work with the private sector, the C4 team, in close communication with other Component teams, will ensure that private sector information including the potential for each sector, potential for investment, existing investments, and other information is incorporated into the Economic Corridor scoping exercise detailed in 1.5. This C4.1.1 narrative presents the private sector engagement that will inform the C.1.2 and C1.5 exercises.

In coordination with this scoping mission, the C4 team will host private sector forums to present the CEO program broadly as well as opportunities for firms to participate in CEO Project activities, particularly as an anchor firm. The project will host forums in Guatemala City initially, followed by a series of forums in each target economic corridor as work in these corridors is initiated. In Guatemala City, we will invite a broad range of companies from various industry associations including AGEXPORT members, the Chamber of Industry, Chamber of Commerce, FUNDESA, CCG, CAMTUR, etc. to ensure broad participation and engagement across private sector firms and sectors in Guatemala City. As work under C1 progresses, private sector engagement and forums will be managed in each corridor.

The forums will allow CEO to present the anchor firm approach and to confirm understanding of key business enabling environment constraints at a sector and national level. During year 1 of implementation, we will “stick a pin” in the most common issues and be sure that the C1 team and relevant industry groups are aware of the business constraint so that they can continue to collect feedback, perspectives, and relevant experiences from private sector partners, FIs, and municipalities. As we collect more information, experiences, we will prioritize BEE constraints based on the impact of the constraint on growth, and then facilitate sector coalitions to address them. The C1 team will also work with MINECO, MINFIN, MINTRAB and other national level institutions, department level institutions, and corridor management institutions to streamline regulations and promote process and regulatory streamlining.

In year 1 the C4.1 team priority will be on developing a pipeline of anchor firm alliances, through firm-level self-selection. Ultimately, CEO will work with industry groups at a sector level and target municipalities in each economic corridor to address the most significant business enabling environment challenges.

#### 4.1.2 PROMOTE MARKET LINKAGES

##### 4.1.2.1 Support International Trade Fair Participation

Based on target economic sectors and concentration of anchor firm alliances, the C4 marketing linkages team will research international trade fairs, prioritizing from 5 institutions (*Asociacion Guatemalteca de Exportadores*, (AGEXPORT), including VESTEX, *Cámara de Industria de Guatemala* (CIG), *Cámara de Comercio de Guatemala* (CCG), the *Programa de Agregados Comerciales*, (PACIT), and INGUAT. CEO will select a series of international trade events based on the market priorities of initial anchor firms, EC sectors, and other collaborating companies. CEO will work with local institutions such as INGUAT and CCG to provide training and technical assistance to participating companies focused on practices for effective marketing, client management, and closing contracts.

The C4 team will build “CEO Event Delegations” for each event based on a competitive process that ensures firm buy-in. CEO Event Delegation participants will be eligible to work with marketing experts to prepare for trade shows, create a strategy and schedule with the most promising buyers, upgrade promotional materials, and build capacity for closing deals with new buyers or investors. Technical assistance provided to CEO Delegations will build long term capacity of firms to participate effectively in trade shows, taking advantage of events and attendees to maximize market linkages and the dollar value of contracts closed at each event. We anticipate that in year 1, CEO will facilitate private sector participation in at least 2 trade shows: FIT Feria Turismo in Argentina September 29-October 2 2018, and possibly one additional international show earlier in September 2018. CEO will also facilitate at least 2 more international shows in Guatemala (4.1.2.2). The project will engage a minimum of 8 firms attending each show, and each firm will adapt a minimum of 2 new skills for participating effectively in trade shows as well as an increase in sales contracts with new buyers.

#### 4.1.2.2 *Host Domestic Market Linkage Events and B2Bs*

In addition to facilitating market linkages for new international sales, CEO will contribute to dynamic and productive domestic commercial fairs, B2B events, and other activities to support domestic market linkages. Guatemala already hosts many commercial and industrial fairs annually, and CEO will support fairs focused in target economic corridors and target sectors. The project will create a short list of the most strategically aligned domestic commercial promotion events to support. For year 1, this list includes:

- EXPOMUEBLE June 26-29
- LIFE, June 6 – 7
- Expo WALMART, June
- Encuentro Mx/Gua in Quetzaltenango August 9-10, 2018
- XXVIII EXPO CALZADO, August 14-16
- El Día Internacional de la MIPYME 27 June
- Actividad de la Gremial de Restaurantes; 3 actividades:
  - Festival Gastronómico, September 5, 2018
  - Feria Alimentaria, September 2-4 2018
  - Congreso de Restaurantes, September 4
- New World Crafts, September 18-19,
- MANUFEXPORT September 26-27
- Encuentro con el Migrante, October 2018

The project will design the SME Support Mechanism (described in activity 4.1.4.3) that will support technical assistance to SMEs to participate in domestic trade events including support developing marketing materials, support to target potential new market linkages, and other activities as needed.

Additionally, in Year 1, the C4 team will explore ways of engaging target EC SMEs, particularly those from the altiplano in domestic trade fairs to familiarize them with the nature of the events, the importance of quality standards, and the trade show events and trainings available.

#### 4.1.2.3 Organize Commercial Missions

In the first year, the project will explore the possibility of supporting participation in trade missions within the context of negotiating anchor firm grant agreements. Support for international commercial missions may be included in some cases where there are explicit business opportunities linked to sales or investment, and will be negotiated on an individual basis with the firm. This support will be essential as the MINECO program that provided funding for commercial missions is no longer active.

#### 4.1.2.4 Develop Online Platforms

Multiple online marketing and sales platforms, such as *13 Ruedas de Negocios* and *B2B Best Markets*, have already been developed in Guatemala. In year 1, CEO will work hire a consultant, either locally or internationally, to complete a mapping exercise of virtual market platforms including online sales platforms and social media marketing and identify opportunities for the project to expand exploitation of these tools by Guatemalan firms. This research will inform a project concept/strategy for supporting online marketing platforms that will begin in year 2 of implementation.

### 4.1.3 FORM MARKET-BASED ALLIANCES FOR FIRM-LEVEL AND VC-LEVEL GROWTH

#### 4.1.3.1 Implement Anchor Firm Alliances Program

The CEO Project *Anchor Firm Alliances Program* will be a mechanism to identify, select, and ultimately support potential private sector partners with the capacity to generate investment and create jobs. It will be the mechanism for the CEO Project to competitively enter into alliances and partnerships with private sector entities and, based on the unique needs and requirements of each company, to provide access to grant funds, technical assistance, and other support mechanisms. Each anchor firm alliance package will be a bundle of incentives and supports that responds to the business development strategy or the key business constraint that the alliance will address. Many firms are accustomed to receiving services and handouts without any reciprocal commitment or specific targeted result. The program will enable us to engage more strategically in mutual partnerships and with mutual commitments to success. Initially, the Anchor Firm Alliance Program will require that firms are headquartered or active in target ECs, such that interventions will increase economic activities in the ECs.

During year 1, the C4 team will design the *Anchor Firm Alliances Program* materials and processes in a way that encourages competition, innovation, and investment in the CEO target geographies and economic corridors. These will include:

- Dialogue and Understanding: As presented below in activity 4.1.3.1, the first step in developing Anchor Firm Alliances will be a dialogue between the firm and CEO C4 technicians. The purpose of this dialogue will be to understand the firm's business strategy and constraints. All competitive information will be kept confidential between the firm and CEO.
- Selection Criteria, which will include but may not be limited to:
  - Demonstrated Market Demand/Market Opportunity
  - Potential to generate employment
  - Potential to generate investment
  - Leverage (Co-Investment by partner enterprise)
- Concept note application: CEO will create a streamlined concept note template for prospective anchor firms to develop. The concept note will also serve as a tool to help firms orient their proposed investments around demonstrated market demand with an emphasis on the selection criteria listed above.

- Anchor Firm Flash Assessment: CEO has developed a questionnaire/assessment tool that evaluates firms on a variety of axes to determine their suitability and maturity for cooperation as well as capacity or skills gaps to inform program engagement and support.
- Coordination across CEO components: The C4 team will ensure that representatives from each component team are aware of successful concept notes so that the team can incorporate any relevant initiatives under other components- such as possible investor matches (C2) or municipal or Economic Corridor private sector engagement forums (C1).
- Co-creation phase: C4 technical teams with support from other Component teams will work with anchor firms to ensure that planned activities reflect best practices and are taking advantage of all of CEO’s program offerings.
- Blended “packages” of assistance and activities: finalize a MOU and grant agreement and design a multi-faceted action plan to implement the agreement.

CEO will finalize the design of the program in a first Annual Program Statement (APS). Once the project receives USAID approval for the APS, we will publicize it and host bidder’s conferences with potential anchor firms in Guatemala City and in ECI. Bidder’s conferences in other ECs will be scheduled in coordination with C1 and C3 teams as they roll out EC interventions.

#### 4.1.3.2 Develop Pipeline

The process to develop a pipeline of anchor firm deals will be initiated through activity 4.1.1, described above. After the larger format meetings, the C4 team will follow up with potential anchor firms to continue the discussion about firm-specific strategies and constraints. Through the established private sector networks of our consortium, CEO already has a robust pipeline of potential anchor firms. Because the timing of concept note submission and co-creation of Anchor Firm Packages will depend substantially on the firm’s competing priorities, we are working with a larger pool of firms to reach a minimum of 6 deals completed by the end of year 1. The team is currently engaging in dialogue and concept note development with a number of firms based in Guatemala City (see table at right). Resulting anchor firm alliance agreements will include targets for key result areas such as investment generated and jobs created.

As C1 launches EC development activities in target ECs, the C4 team will work with Grupos Gestores and local *Mesas de Competitividad* and other private sector convening organizations to present the anchor firm approach, the project’s range of potential technical assistance and offerings, and develop a pipeline of regional anchor firms.

#### 4.1.3.3 Structure Deals

Anchor firm deals will vary in scale and complexity. Depending on the firm and their expansion strategy, CEO can deploy a number of tools to support including technical assistance (LOE from LTTA or STTA), subcontracts, training, support from business development service providers, linkages to investors or banks, and other types of activities. To support this type of blended and tailored package, CEO will use a combination of MOUs and Grant agreements.

Firm	Sector
Casa Cotzal,	Artisan goods
Trebolac	Dairy products
SASSA, S.A.	Software
Cocoguate, S.A.	Agribusiness
ConstruRed;	Construction
UNITEX;	Textile & Cloth
INBAUKA;	Textile & Cloth
INTEBONSA;	Textile & Cloth
Barrascout Rivas y Asociados;	Software
Wakami	Artisan Goods
Maya World Tours/Kim Arrim	Tourism

The CEO Project Grants Manual, which includes templates for RFAs and grant agreements, will be submitted in May 2018. Once the manual is approved, the CEO Grants management and C4 team will work with successful

anchor firms to finalize agreements for use of grant funds. As discussed above, CEO plans to have 6 Anchor firm Alliances formalized by the end of year 1, and will submit the grant portion of these alliances to USAID for approval.

#### 4.1.3.4 *Monitor, Learn, Communicate, and Scale*

Each anchor firm alliance will have defined indicators and performance targets that are aligned with the firm's strategy- and CEO's performance plan. Anchor firms working with CEO will report on these indicators in quarterly or milestone-based reporting, which will facilitate the work of CEO's M&E team. Inevitably, sometimes an anchor firm's business plan will not have the intended results- based on market changes, unforeseen challenges, or other situations. In these cases, the C4 team will work with the anchor firm to understand the situation and develop new approaches or new activities that will enable the company to continue pursuing its expansion strategy. All learning from CEO and anchor firm troubleshooting will be captured by the M&E team and shared with the rest of the CEO team to ensure that key lessons are incorporated into future alliances.

Simultaneously, CEO anticipates that some anchor firm alliance pilot programs will be tremendously successful and that firms will choose to increase investment in new models of doing business to bring pilot programs to scale. The M&E and Communications team will work closely with these firms to disseminate information about the investments and models that worked (without sharing sensitive company information), encourage scaling up and investment, and crowding in of other firms.

As anchor firm alliances reach maturity and define specific action plans, specific tasks will be incorporated into the work plan as necessary through amendments in Quarterly Performance Reports.

#### 4.1.4 STRENGTHEN BUSINESS DEVELOPMENT SERVICES

##### 4.1.4.1 *Conduct Rapid BDS Mapping*

Continuing to develop a market place for business development service providers will enable greater sophistication and scaling among private sector entities at all levels- from large multifaceted corporations in Guatemala City to SMEs in the Altiplano. The first step in working with business development service providers is to consolidate and update information about what types of service providers exist in Guatemala. There have been a few initiatives to map these service providers, including the Ministry of Economy's *Registro de oferentes de servicios de desarrollo empresarial* (ROSDE), and others. The C4 BDS specialist will begin by reviewing existing surveys and databases of BDS providers to assess whether they are up to date and if the information is usable. The C4 team will then design a BDS mapping survey to collect updated information about providers as well as a brief capacity assessment of providers. The assessment will be carried out by CEO staff in Guatemala City and in Economic Corridors in coordination with CI.

In coordination with MINECO, the BDS specialist will relay updated information about BDS providers to MINECO for inclusion in ROSDE. CEO's investments to build the capacity of BDS providers and incentivize firms to hire BDS providers will create a positive feedback cycle that grows the size and quality of the market for BDS services and incentivizes BDS providers to maintain up to date information in the registry.

CEO will also complete an in-depth assessment of the MINECO-funded CAM-PROMIPYMEs, particularly those in CEO ECs, which includes the CAM-PROMYPIMES in Guatemala City, Quetzaltenango, and San Marcos. CEO will assess the quality of services and the extent to which they equip SMEs to be competitive in local and regional markets, and the financial sustainability of the centers. Depending on assessment findings, CEO will create a strategy for strengthening the Centers and support possibly opening an additional Center in Huehuetenango to support firms in that priority corridor.



#### 4.1.4.2 *Build Capacity of BDSPs*

Throughout year 1, the C4 team will complete capacity assessments of BDS providers—prioritizing those that serve target ECs. The CEO Project will create tailored capacity development plans for each BDS provider and support these plans with expert consultancies and trainings. Depending on the scale of the BDS, some may be eligible to participate in CEO's Anchor Firm Alliances Program, co-creating a business development plan and utilizing CEO TA and grant support to grow their businesses and create jobs themselves.

#### 4.1.4.3 *Develop BDS-SME Matchmaking Events and Information Portal*

The most impactful means of facilitating matchmaking between SMEs and BDS providers will be through the CEO SME Support Mechanism. This mechanism will serve to competitively award BDS services to SMEs or SME associations based on determined selection criteria, which will include the viability of the SMEs business plan, strength of the SME's leadership, and willingness to co-invest and share the cost of the service. By requiring SMEs to apply to the SME Support Mechanism, the CEO project will ensure greater accountability for outcomes linked to the BDS services provided. The mechanism will provide SMEs with funding that they can use to hire a BDS provider from a curated list, particularly those providers receiving support from CEO. By requiring the SME to do its own service provider procurement, CEO is encouraging direct market linkages between the SME and the service provider. Over the LOP, the program will ratchet down the % discount/subsidy it offers so that SMEs become accustomed to bearing the full cost of service and that service providers reduce their costs to what the markets will sustainably bear.

BDSs will provide a variety of technical assistance including support for adoption of new management and accounting practices, support accessing finance, marketing and market linkages, and other key business areas that will enable SMEs to expand.

#### 4.1.5 STRENGTHEN THE INNOVATION AND ENTREPRENEURSHIP ECOSYSTEM

Guatemala has a number of ongoing initiatives related to fostering an ecosystem for innovation and entrepreneurship. Notably, MINECO runs Centers for the Development of Entrepreneurship and Innovation, FUNDESA is currently working with Babson to implement an entrepreneurship accelerator in Quetzaltenango, and organizations like Pomona Impact, *Centro Municipal de Emprendimiento*, Enactus, Innovation Summit, Alterna, Socialab, and Entrepreneurship departments in universities (e.g. URL, UVG, UFM) promote entrepreneurship. CEO will support this initiative, encouraging sharing of best practices. There has also been discussion of hosting an entrepreneurship incubator at the *4 Grados Norte Zone* in Guatemala City, and the evaluation of that incubator impacting other areas of the CEO focus regions, also identifying other incubators, accelerators and investment funds that already exist to support its management and impact. In Year 1, CEO will track the work of these and other domestic players in the innovation and entrepreneurship ecosystem, through mapping entrepreneurship and innovation service providers, then conducting meetings with providers to identify gaps and opportunities and finally define the portfolio of services or supports to be granted these providers and work collaboratively to identify areas for strengthening and collaboration. Through dialogue with existing incubators, the CEO will identify at least 2 opportunities in year 1 to provide technical assistance that will increase scale and impact of the incubators. Additional investments will be identified for year 2 implementation.

CEO has also identified an opportunity to work with a local partner, *Asociación Guatemalteca de Venture Capital* (AGVC), which wants to launch a new incubator in Guatemala City. The project will provide technical assistance to for an assessment of the potential for an entrepreneurship incubator in the *4 Grados Norte Zone*, as well as a detailed strategy for how to fundraise for and launch the incubator if there is sufficient demand. Aligned with the focus of *4 Grados Norte*, the incubator would be at least initially focused on the tech industry and young entrepreneurs.

#### 4.1.6 BUILD GOG AND SME CAPACITY AROUND GUATECOMPRAS

##### 4.1.6.1 *Strengthen and raise awareness about Guatecompras*

USAID's Fiscal and Procurement Reform Project (FPRP) has completed a desk review of the *Guatecompras* program and has been working to strengthen the initiative. The CEO C4 team will coordinate with FPRP to understand where the CEO project is best positioned to provide complementary assistance. FPRP and CEO have already identified a few potential areas where CEO can have an impact, such as training SMEs to compete more effectively in the *Guatecompras* system.

CEO will also coordinate with the Fiscal Strengthening Program funded by USAID to provide capacity building within EC priority areas for a pilot program of *Guatecompras* Registry of providers, and the MINECO SME Supplier to the State program.

#### 4.1.7 SIMPLIFY GOG PROCEDURES TO PROMOTE SME ACCESS TO SERVICES

##### 4.1.7.1 *Facilitate and Promote Formalization*

In year 1, the C4 team will complete a desk study of the current rules, regulations, and policies related to SME registration, including any salient political economy factors that impact any potential changes. To understand the situation from the perspective of SMEs in the altiplano, the C4 team will ensure that the topic of formalization is explored through initial municipal and EC level engagement with the private sector. In some cases, a C4 representative will participate in the EC engagement activities (C1.5) (C3.1), and in others the C4 team will provide a brief question guide related to the real and perceived barriers to registration. Understanding local perceptions and behaviors related to registration will enable CEO to work with the Ministry of Finance and municipalities to develop a communications/promotional campaign in support of formalization that will be directly relevant to its target audience.

In coordination with policy support efforts under 1.8 above, the project will investigate best practices in single window registration and work with MINECO, MINFIN, Municipal Governments, PRONACOM, and others to develop a proposal for how a single window registration process could be implemented in Guatemala.

During year 2, CEO will work with local partners to gain political support for the proposal and implement it.

##### 4.1.7.2 *Develop "Road Map" for Simplification and Automation of Processes*

During Year 1, the C1 team will also complete a desk review of all research related to the business enabling environment in Guatemala, including performance on Doing Business Indicators. The team will also examine the presence and penetration of government services such as permitting, trademark registration, sanitary registration etc., the absence of which often inhibit competitiveness of businesses outside of Guatemala City. Similar to the process described in 4.1.7.1 above, the C4 team will also extract useful feedback from dialogue with SMEs at the municipal and EC levels to develop a robust understanding of their constraints to growth. As the team aggregates findings from the desk review, in person interviews with key institutions, and feedback from the field, it will create a prioritized list of BEE constraints and develop strategies to address them- most likely focused on streamlining processes and requirements and building online portals to complete processes to improve access outside of Guatemala City. In some cases, BEE bottlenecks will be referred to the C1 team focused on policy reform. In all cases, CEO will consider the existence of political will to support the BEE reform as a key indicator of potential success of the reform.

Task/Inputs Table 4.1 Build private sector capacity

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
<b>Identify Sector and Sub-Sector Level Constraints and Opportunities</b>					
4.01.01.00-01	Host 6 forums with the private sector to present the CEO program, the anchor firm approach, and facilitate a sector level discussion of business constraints in target ECs. Host a minimum of 4 forums in GC and 2-3 in each target EC as work is initiated	Mar-2018	Apr-2018	Validate ECs and generate pipeline of anchor firms	CEO, private sector partners
4.01.01.00-02	Refer recurring business enabling environment issues in each EC to the CI team for future workstream development.	May-2018	May-2018	Increased validation of key BEE constraints	CEO, private sector partners GOG partners
4.01.01.00-03	Encourage firms to choose to work with CEO (self-selection) as an anchor firm (Activity 4.3) or in sector-level activities to support market linkages (Activity 4.2).	May-2018	Aug-2018	Anchor firms are committed to alliances and co-investment	CEO, anchor firms
4.01.01.00-04	Close Alliance agreements with anchor firms	Jun-2018	Sep-2018	Close at least 6 anchor firm alliance agreements	CEO, anchor firms
<b>Promote Market Linkages: Support International Trade Fair Participation</b>					
4.01.02.01-01	Select at least 2 international trade fairs focused on CEO target sectors	Apr-2018	May-2018	2 trade shows attended with at least 8 firms at each, new sales contracts signed, skills adopted	CEO, anchor firms
4.01.02.01-02	Design TA "package" and competitive application process for companies to join the CEO delegation at target events	May-2018	Sep-2018	2 trade shows attended with at least 8 firms at each, new sales contracts signed, skills adopted	CEO, anchor firms
4.01.02.01-03	Implement trade show TA "package" and support attendance for 2 strategic international trade shows	May-2018	Sep-2018	2 trade shows attended with at least 8 firms at each, new sales contracts signed, skills adopted	CEO, anchor firms
<b>Promote Market Linkages: Host Domestic Market Linkage Events and B2Bs</b>					
4.01.02.02-01	Develop master calendar of domestic business events and online business platforms.	Apr-2018	May-2018	CEO efforts are strategically focused	CEO, trade show hosts, anchor firms, SMEs
4.01.02.02-02	Work with SMEs based in ECs to support more effective presentation and participation in national fairs.	May-2018	Sep-2018	SMEs close new contracts, adopt new skills	CEO, SMEs
<b>Promote Market Linkages: Develop Online Platforms</b>					
4.01.02.04-01	Develop understanding of commercial marketing on virtual platforms that will be the basis of future strategic interventions	May-2018	Jul-2018	CEO efforts are strategically focused	CEO

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
<b>Form Market-Based Alliances: Implement Anchor Firm Alliances Program</b>					
4.01.03.01-01	Design an Anchor Firm Alliances Program, including selection criteria, eligibility requirements, and illustrative options for support	May-2018	Jun-2018	Mechanism for competitive award established	CEO, anchor firms
4.01.03.01-02	Issue Annual Program Statement for the Anchor Firm Alliances Program	Jun-2018	Jun-2018	Program publicized to broader pool of prospective partners	CEO, anchor firms
<b>Form Market-Based Alliances: Structure Deals</b>					
4.01.03.02-01	Evaluate concept notes and work with firms to co-create and finalize anchor firm agreements.	Aug-2018	Sep-2018	Anchor firm alliances are strategic and result oriented	CEO, anchor firms
<b>Form Market-Based Alliances: Monitor, Learn, Communicate, and Scale</b>					
4.01.03.03-01	Support and monitor Anchor Firm alliances (specific tasks to be developed according to alliance action plans)	Aug-2018	Sep-2018	New business practices piloted, increased investment, increased employment	CEO, anchor firms
<b>Strengthen Business Development Services</b>					
4.01.04.01-01	Complete rapid mapping of the supply of business development services with emphasis on ECs.	Apr-2018	Sep-2018	CEO efforts are strategically focused	CEO, STTA,
4.01.04.02-01	Review, update, and add to the Registry of BDS providers hosted by MINECO, the <i>Registro de Oferentes de Servicios de Desarrollo Empresarial (ROSDE)</i>	Apr-2018	Sep-2018	BDS providers are mapped, CEO plans TA	CEO, BDS providers, MINECO
4.01.04.02-02	Assess and strengthen CAM-PROMIPYMES	Apr-2018	Sep-2018	Key gaps identified, capacity building plan for year 2 established	CEO, CAM PROMIPYMES
4.01.04.02-03	Based on findings of the BDS mapping exercise, provide training and TA to strengthen BDP providers and CAM-PROMIPYMES	Apr-2018	Sep-2018	BDS providers adopt best practice approaches and curriculum, SME outcomes are more significant	CEO, BDS Providers, CAM-PROMIPYME,
<b>Develop BDS-SME Matchmaking Events and Information Portal</b>					
4.01.04.03-01	Design and launch an SME Support Mechanism	Aug-2018	Sep-2018	Provide funding to at least 10 SMEs to contract BDS providers	CEO, SMEs, BDS providers
<b>Strengthen the Innovation and Entrepreneurship Ecosystem</b>					
4.01.05.00-01	Identify opportunities to strengthen and support ongoing entrepreneurship and innovation initiatives	Apr-2018	Ongoing	CEO interventions are responsive and strategic, incubators strengthened	CEO, incubators
4.01.05.00-02	Support a feasibility assessment and design for a potential entrepreneurship incubator hosted by <i>Asociación Guatemalteca de Venture Capital (AGVC)</i> at 4 Grados Norte	May-2018	Sep-2018	New incubator/accelerator designed, entrepreneurs more successful	CEO, AGVC, entrepreneurs

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
<b>Build GOG and SME Capacity around Guatecompras</b>					
4.01.06.01-01	Coordinate with RFRP program to identify opportunities to strengthen <i>Guatecompras</i> ecosystem	Apr-2018	Sep-2018	Leverage success of other USAID investments, CEO investments are strategic	CEO, RFRP, <i>Guatecompras</i>
4.01.06.01-02	Provide TA to <i>Guatecompras</i> and SMEs to improve utilization of <i>Guatecompras</i> system	Apr-2018	May-2018	Increased sales through <i>Guatecompras</i> , increased sales of SMEs	CEO, <i>Guatecompras</i> , SMEs
<b>Simplify GOG Procedures to Promote SME Access to Services</b>					
4.01.07.01-01	Promote online SMEs formalization using remote link	May-2018	Sep-2018	CEO facilitates information and TA to support SMEs	CEO, Anchor Firms, SMEs, GOG, Sector coalitions
<b>Develop “Road Map” for Simplification and Automation of Processes</b>					
4.01.07.02-01	Build sector alliances to tackle key BEE constraints	May-2018	Sep-2018	BEE constraints are addressed, BEE improved	CEO, Anchor Firms, SMEs, GOG, Sector coalitions

## 4.2 WORKFORCE DEVELOPMENT

### 4.2.1 MAP PARTNERSHIP OPPORTUNITIES AND GENERATE PIPELINE

There have been a number of productive workforce development programs and initiatives in Guatemala including the *Empleo Juvenil* Program, *Valentina* Program; *Chispa Rural* Program FAO and *ASCATED-AGORA*. C4.2 lead Ligia Orantes will initiate work under C4.2 by completing a detailed desk review of these initiatives and others in Guatemala in CEO target sectors to identify success factors and challenges. She will pay special attention to any programs that have focused on you, and particularly out of school youth. The CEO team will also research any investments made by large private sector firms such as Walmart, Cargill, SASSA; Hotels Hilton, Tikal Futura, Clarion Grupo Santa Fe and others to develop an understanding of their willingness to invest and how these investments have fared.

The C4.2 team will also complete a mapping exercise of technical and vocational education and training (TVET) institutions and get a broad sense of their respective sector focuses, geographic focus, and strengths and weaknesses. The mapping exercise will first rely on any existing studies, updating and adding information to ensure that EC-focused TVETs and programs are represented. The team will review available information online, any assessments that are publicly available, and have in person meet and greets to introduce the program, upcoming procurement opportunities, and to initiate a collaborative relationship. We anticipate that institutions such as INTECAP, Universidad del Valle, Fundación Kinal, FUNDAP, Galileo University, Escuela de Comercio Exterior and others will be included in this mapping exercise, as well as any providers that are located in target Economic Corridors.

The purpose of these mapping exercises is to deepen the CEO team’s understanding of what approaches have worked for replication and scaling as well as common pitfalls to beware of. Additionally, the research and introductory meetings with potential alliance and TVET partners will serve to initiate collaborative relationships and build a pipeline of potential alliances.

#### 4.2.2 BUILD ALLIANCES FOR HUMAN CAPITAL COMPETITIVENESS

In close coordination with the CI team and C4.1 team technical experts, the C4.2 team will determine which sectors in ECI have the highest demand for workforce development support from CEO. A preliminary assessment suggests that the focus will be on Construction, Commerce, and Services as target sectors. The C4.2 team will initiate dialogue with 5-10 firms in each target sector to deepen the projects understanding of the specific workforce challenges that each sector faces and the types of skills that they require within their staff.

Based on conversations with these firms, the C4.2 team will structure workforce development alliances focused around improving the training for their workforce and future pool of applicants. Alliances can be structured between CEO and a single firm or between CEO and a group of firms that have similar constraints and requirements for training and vocational education. Alliances will be captured in MOUs and work plans with each alliance member, and we will include collaboration with CEO to develop improved curriculum and programs to better prepare the workforce for employment in each target sector. CEO will provide support to workforce development alliances to work with INTECAP or to contract other TVETs to develop and deliver the training.

In year 1, CEO will develop at least 2 workforce development alliances in priority sectors, which are relevant to ECI. In year 2, the C4.2 team will work in other priority sectors in ECI, 2, and 3.

#### 4.2.3 DEVELOP A FORMAL EMPLOYMENT OPPORTUNITY PROGRAM FOR OUT OF SCHOOL YOUTH

The C4.2 team will work with the local private sector to launch the “*Jovenes Comprometidos*” model, which Palladium (formerly Carana Corporation) implemented successfully in El Salvador through the USAID-funded *Mejorar el Acceso al Empleo* program. The *Jovenes Comprometidos* program is designed to train out of school youth for specific entry level positions that already exist, and that participating firms commit to filling with graduates of the program.

The first step in launching the *Jovenes Comprometidos* program in Guatemala will be identifying industries or sectors that depend on a large number of entry level personnel, and that struggle with high turnover in these positions. We anticipate that sectors could include hospitality, hotels, restaurants, retail sales, and grocery stores- among others. The C4.2 team will initiate discussions with companies that employ a large number of entry level staff to understand the challenges they face, the skills required and profiles for entry level positions, and if possible, the cost of recruitment and training per employee per year for the firm. Based on these discussions, the willingness of local firms to participate (aka commit to hiring graduates) CEO will select at least 2 job profiles to pilot the *Jovenes Comprometidos* model.

Between June and July 2018, CEO will work with the target WFD Anchor firm to define the specific job profile that they are looking to fill, the specific competencies required for an employee to complete the job, and the number of positions the firm can commit to filling with graduates from the program. This information, as well as an activity plan will be the basis for an MOU with each participating firm.

Based on the work plan, CEO will competitively contract a TVET or training institution to tailor existing training curriculum where it already exists and develop new curriculum only if it is required to train on a new topic. All curriculum will address specific anchor firm demand. CEO will negotiate with each participant firm’s human resources department to determine how candidates for the *Jovenes Comprometidos* program are selected- through the firm or through an external recruiter.

By the end of year 1, CEO will have finalized MOUs with WFD Anchor firms in support of at least 2 different entry level position profiles and at least 100 committed positions.



#### 4.2.4 BUILD CAPACITY OF TARGETED TVET CENTER

As described in activities 4.2.2 and 4.2.3 above, CEO will open competitive tenders for curriculum development and training based on demand from the private sector and EFD Anchor firms. As CEO awards sub-contracts to TVET centers and other training providers, the program will also complete Organizational Capacity Assessments (OCA) with each firm or organization. In some cases if the USAID-Puentes Project has completed OCAs, we will update the existing document. OCAs will be particularly focused on the responsiveness of training program development to market demand and rate of employment for program graduated. As TVETs are awarded subcontracts from CEO, CEO will also work with the leadership to develop a capacity development plan to address any weaknesses uncovered by the OCA or other topics that emerge through discussion. As noted above, by the end of year 1, CEO plans to have at least 4 subcontracts with TVETs and anchor firms awarded in support of alliances and the *Jovenes Comprometidos* program.

#### 4.2.5 DEVELOP AN ONLINE PLATFORM FOR CAREER GUIDANCE AND INTERNSHIP/ APPRENTICESHIP PLACEMENT

Work on this sub-activity will begin in year 2.

#### 4.2.6 HOLD JOB FAIRS IN AND AROUND EC/SEZS

In close coordination with the CI team, the C4 team will engage private sector firms in EC1 to identify existing demand for job candidates. The team will target EC1 firms through the *Mesas de Competitividad*, local Chambers of Industry and Commerce, AGEXPORT membership, and through other networks. Based on these engagements, the C4.2 team identify existing job fairs that are most relevant for target EC job seekers and employers, and will foster alliances with hosts to support the effort. In the first 90 days of implementation, CEO has already initiated alliances with MINTRAB, MINEDUC, UVG, and AGEXPORT to support job fairs that each institution hosts annually. For example, CEO plans to work with MINTRAB to host a successful job fair in San Marcos in August 2018. CEO will also design job fairs that are responsive to local demand. The team will host CEO's first job fair in EC 1 in September 2018.

#### 4.2.7 CONDUCT SBCC OUTREACH CAMPAIGN TO PROMOTE TVET AND RELATED EMPLOYMENT

The Component 1 team, under C1.9, will contract a local communications firm to complete a survey to better understand the motivations for migration and the perceptions of economic opportunity, particularly what types of local economic opportunities are desirable enough to counter a person's urge to migrate. The C4.2 team will work with the CI team and the Communications director to ensure that the terms of reference for the tender include topics related to training and vocational education opportunities, job opportunities in Economic Corridors, and that the survey includes a large proportion of youth respondents.

#### Task/Inputs Table 4.2 Workforce development

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/Results	Partners
<b>Map Partnership Opportunities and Generate Pipeline</b>					
4.02.01.00-01	Complete desk review of work force development initiatives already underway, identifying opportunities to support them	Mar-2018	Apr-2018	CEO investments are strategically focused	CEO, Other donor EFD programs
4.02.01.00-02	Identify and select work force development anchor firm alliance partners	Mar-2018	May-2018	Women, youth, and others better prepared for employment, jobs improved and created	CEO, anchor firms, TVETs

<b>Build Alliances for Human Capital Competitiveness</b>					
<b>4.02.02.00-01</b>	Prioritize clusters of potential alliance partners, grouped based on shared workforce development needs.	Apr-2018	Jun-2018	Women, youth, and others better prepared for employment, jobs improved and created	CEO, anchor firms, TVETs
<b>4.02.02.00-02</b>	Based on shared workforce development needs, structure MOUs with alliance members and training institutions such as INTECAP. Formalize alliance shared investments and workplans.	Jun-2018	Jun-2018	Women, youth, and others better prepared for employment, jobs improved and created	CEO, anchor firms, TVETs
<b>Develop a Formal Employment Opportunity Program for Out of School Youth</b>					
<b>4.02.03.00-01</b>	Select industries with large entry level workforces and turnover and initiate discussion about workforce development opportunities with CEO and the <i>Jovenes Comprometidos</i> model.	May-2018	Jun-2018	CEO investments are strategic and impactful	CEO, anchor firms, TVETs
<b>4.02.03.00-02</b>	Finalize a minimum of 2 alliances (2 entry level job profiles) using the <i>Jovenes Comprometidos</i> model.	Jun-2018	Sep-2018	Youth placed in jobs, cost of workforce turnover reduced	CEO, anchor firms, TVETs
<b>4.02.03.00-03</b>	Implement work plans for models (specific tasks to be designed as work plans are developed).	Sep-2018	Ongoing	Youth placed in jobs, cost of workforce turnover reduced	CEO, anchor firms, TVETs
<b>Build Capacity of Targeted TVET Center</b>					
<b>4.02.04.00-01</b>	Work with contracted TVETs to complete OCA assessments and design capacity building plans.	Jul-2018	Sep-2018	TVET capacity strengthened, greater quality and volume of training	CEO, anchor firms, TVETs
<b>Hold Job Fairs in and Around EC/SEZs</b>					
<b>4.02.06.00-01</b>	Work with relevant stakeholders in ECI to determine high potential employment growth sectors	Jun-2018	Jun-2018	CEO investments are demand driven and strategic	CEO, anchor firms, <i>Mesas de Competitividad</i> , municipal governments, TVETs
<b>4.02.06.00-02</b>	Work with local stakeholders to host a minimum of 1 youth-focused job fair in ECI.	Jul-2018	Sep-2018	Youth adopt skills, achieve greater job placement rates	CEO, TVETs, anchor firms, ECs
<b>Conduct SBCC Outreach Campaign to Promote TVET and Related Employment</b>					
<b>4.02.07.00-01</b>	In coordination with efforts under Activity 1.9, prepare a survey related to perception of opportunities for youth and women in the altiplano.	May-2018	Sep-2018	CEO investments are informed, strategic, and innovative	CEO, Communications form, ECs

## 5 CROSS-CUTTING ACTIVITIES

### 5.1 INTEGRATE GENDER EQUALITY, SOCIAL INCLUSION AND CONFLICT SENSITIVITY INTO PROJECT ACTIVITIES

Drawing on the detailed Gender Inclusion Plan to be submitted to USAID with the Year 1 Work Plan, the CEO Gender Specialist will engage extensively with the CEO Project technical team to ensure that activities incorporate gender and social inclusion from design to implementation and closeout. Drawing on the

Informed by USAID’s 2015 Conflict Vulnerability Assessment, we will take a “first do no harm” approach to conflict sensitivity. As we engage with stakeholders across the target geographies, our technical team will actively engage with local communities to understand their conflict dynamics, and we will integrate that knowledge into interventions or standalone activities to mitigate negative impacts. In designing events, communications, and outreach activities, we will actively seek to mitigate tensions between groups, delivering separate, tailored programs to disparate groups where appropriate. We will maintain sensitivity to ongoing tensions between indigenous communities and the GOG/private sector related to development of mines, hydroelectric projects, and other land-intensive activities in CEO Project geographies, particularly around consistent implementation of ILO Convention 169.

*Task/Inputs Table 5.1 Integrate Gender Equality and Social Inclusion into Project activities*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
5.01.00.00-01	Develop a Gender Integration Strategy for the CEO Project	Feb-2018	May-2018	Gender and inclusion strategy to guide CEO Project Implementation	USAID

### 5.2 MANAGE COMMUNICATIONS, OUTREACH, AND KNOWLEDGE MANAGEMENT

#### 5.2.1 MANAGE GENERAL PROGRAM COMMUNICATIONS AND OUTREACH

Beyond the critical role of documentation and reporting, communications have both an operational and a strategic role in supporting project implementation and results. In operational terms, communications create awareness of and understanding of project goals, approaches and concepts among key target audiences. In strategic terms, communications support program implementation in terms of identifying perceptions and motivations and strengthening program design with communications activities which foment dialogue, promote reflection and lead to changes in knowledge, attitudes and behaviors.

In Year 1, key activities focus more on operational issues, including developing a Strategic Communications Plan, delivering a national launch event, at least one corridor-level launch event, and managing the production of key materials required to support Component Leaders and project offices. Ongoing communications deliverables include Weekly Reports, Quarterly/Annual Reports with Success Stories, and the Strategic Communications Plan. Initial communications materials will be developed for administrative purposes and to promote project visibility. Communications will develop more detailed materials for each Component, and information packages on key elements such as Economic Corridors, Integrated Financial Services, Competitiveness, and Productive Infrastructure. Materials will be prepared for specific Component-driven events and activities. All communications materials will be submitted for approval by the COR at the design stage prior to printing, reproducing, disseminating, or airing.

In addition, Communications will work closely with the Program team across all Components to advance program objectives, including investigations of perceptions and motivations of specific target groups as inputs to design SBCC interventions.

## 5.2.2 MAINTAIN COORDINATION AND COLLABORATION WITH OTHER USAID/DONOR PROGRAMS AND STAKEHOLDERS

The CEO Project will take place in a broader ecosystem of other USAID programs and USG, GOG, and other stakeholder institutions, and its success will depend in large part on our ability to benefit from the experience, resources, and networks of those other programs. CEO Project leaders will actively engage with and, where objectives are complementary or align, coordinate with these programs through a variety of channels.

- The national- and corridor-level Key Stakeholder Committees described in Component I will be key platforms for coordination and communication with GOG and sub-national public sector stakeholders.
- We will actively participate in monthly Competitiveness Roundtables in Quetzaltenango, Huehuetenango, San Marcos and Totonicapán (over the course of the project we will seek opportunities to assist with the reconstitution of the roundtable in Quiché). The office managers in our project offices will serve as the main points of contact. Economic Corridor Office Manager and other staff required per the agenda of the roundtables will participate.
- Actively participate in the in the bimonthly USAID Implementing partners meetings for the Western Highlands.
- Drawing on the results of mapping exercises across the project, the project will have an increasingly clearer view of civil society organizations representing women, youth, students, indigenous, migrants, and others to ensure the social inclusion of these groups
- The project will host a stakeholders’ conference in the highlands to communicate progress, promote networking, continuously build collaboration, and build commitment for the next period
- CEO Project leaders will actively participate in relevant events and conferences around the country, ensuring two-way communication with other implementing partners, NGOs, public and private sector institutions

*Task/Inputs Table 5.2 Manage Communications, Outreach, and Knowledge Management*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/Results	Partners
<b>Manage General Program Communications and Outreach</b>					
5.02.01.00-01	Plan and deliver a national launch event for the CEO Project	Mar-2018	Apr-2018	Public recognition of program and goals.	USAID, GOG, KSC
5.02.01.00-02	Develop a Project Strategic Communications Plan with a Branding Implementation and Marking Plan	Apr-2018	May-2018	Guiding strategy for CEO Project communications and outreach activities	
5.02.01.00-03	Develop and produce general communications collateral for the CEO Project	Mar-2018	Sep-2018	Compelling, brand-compliant communications materials	
5.02.01.00-04	Strategically sponsor industry events across target sectors and activities	Mar-2018	Sep-2018	Cross-sector public events; project exposure and communications	
5.02.01.00-05	Plan and deliver a Corridor-level launch event for ECI	Aug-2018	Aug-2018	Public recognition of program and goals.	EC-KSC members, implementing partners, press

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/Results	Partners
<b>Maintain Coordination and Collaboration with Other USAID/Donor Programs and Stakeholders</b>					
5.02.02.00-01	Actively participate in monthly Competitiveness Roundtables in Quetzaltenango, Huehuetenango, San Marcos and Totonicapán	Mar-2018	Sep-2018	Coordinate and promote CEO with the relevant public and private organizations	
5.02.02.00-02	Actively participate in the in the bimonthly USAID Implementing partners meetings for the Western Highlands	Jun-2018	Sep-2018	Coordinate activities with other USAID partners	Implementing partners
5.02.02.00-03	Host a stakeholders' conference in the highlands to communicate progress, promote networking, continuously build collaboration, and build commitment.	Aug-2018	Aug-2018	Promote CEO	

## 6 PROGRAM MANAGEMENT AND OPERATIONS

In year 1, the CEO Project will invest significantly in establishing the operational tools and systems needed to start up and run the CEO project effectively. This section presents CEO investments in work plan development and reporting, recruitment and staffing, establishing offices and procurement, and other essential activities to support project implementation.

### 6.1 DEVELOP AND MANAGE ANNUAL WORK PLANS AND REPORTING

Project work planning is a full team effort. The CEO Project team will mobilize a Year 2 work plan development exercise, combining work planning with a team technical learning exercise, training, and team building activities at a team retreat. The retreat will include all Project LTTA, including subcontractor teams, as well as key managers and technical experts from Palladium's headquarters. At the retreat, component leads and other Director level positions including the M&E Director, Communications Director, Grants Director, and other positions as relevant, will be asked to present key achievements through year 1 implementation. Technical work planning will occur in small group working sessions, with presentations and validation in a larger group setting and with key local partners after the retreat. The M&E Director will host a project learning and adapting session where the team will work together to explore key constraints and enablers encountered through year 1 implementation to inform the plans for Year 2.

During the retreat, Palladium headquarters staff will provide training on key technical topics such as partnership development, anchor firm alliance development, workforce development models, financial facilitation processes, business enabling environment approaches, and other technical activity areas.

Finally, in Year 1 the CEO Project will initiate year 1 reporting in September including aggregation of project performance data where available.

#### *Task/Inputs Table 6.1 Develop and Manage Annual Work Plans and Reporting*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
6.01.00.00-01	Host year 2 work planning retreat, including a Learning and Adaptation Session based on Y1 experiences, in the Xela Economic Corridor	Aug-2018	Aug-2018	Coordinated, quality inputs to Y2 Work Plan	CEO Project Team
6.01.00.00-02	Develop Year 1 Annual Report and M&E data presentation for submission in October of Year 2	Sep-2018	Sep-2018	Communication of Y1 results and challenges	CEO Project Team

## 6.2 MOBILIZE, MANAGE, AND DEVELOP PROJECT PERSONNEL

During year 1, the CEO Project will hire key technical and operational staff according to the phasing plan provided in the year 1 budget. This plan entailed onboarding Directors and team leaders first so that they could play a role in building their respective teams. The full team will be hired and on-boarded by the end of year 1, and hiring in year 2 will be in response to project demand.

Throughout year 1, Palladium will provide guidance and training to the Guatemala CEO team on key technical and operational topics. In addition to the training included in the year 2 work plan development retreat, the Palladium technical team will share Palladium technical resources including trainings, templates, and case studies related to key approaches presented in the proposal. Technical specialists will work closely with local component teams to ensure that activities are informed by demonstrated best practices, and tailored for local contexts. Palladium staff will travel to Guatemala to support key technical events such as the kick-off (January) Year 1 work planning and launch event (April), launch of the Anchor Firm Alliances Program, and the SME and Infrastructure Development Support mechanisms (July) and Year 2 work planning (August).

The Palladium operations team will also provide training to key staff as they are onboarded throughout year 1 implementation. Operations training will include the following topics among others:

- Compliance with the CEO Project Contract
- Financial Management Systems
- Palladium Field Expense Management
- Grants Management Systems
- Procurement Rules and Regulations
- Inventory Management
- Recruitment and HR Management
- Subcontractor Rules, Regulations, and Management

*Task/Inputs Table 6.2 Mobilize, Manage, and Develop Project Personnel*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
6.02.00.00-01	Provide in-depth training and recurrent reviews of essential finance management and operations topics.	Mar-2018	Sep-2018	Knowledge and capacity of project staff upgraded	CEO Internal

## 6.3 MANAGE PROJECT INFRASTRUCTURE AND PROCUREMENT

### 6.3.1 SETUP AND MANAGE PHYSICAL AND IT INFRASTRUCTURE

The CEO Project operations team will prioritize key procurements that are essential for project operations- including office space and supplies, IT infrastructure, and vehicle procurement.

For the initial months of operations, as detailed in the rapid start up plan, the CEO Project will rent temporary office space at AGEXPORT. In April 2018, Operations Manager David Merchant Garcia will travel to Guatemala to work with the local Operations team to select and finalize a lease for the Guatemala City Office, where the majority of initial project activities will be based. In May 2018, Palladium Operations Associate Andy Lamb will travel to Guatemala finalize selection and lease negotiation for the two principle field offices in Quetzaltenango and Huehuetenango. Mr. Lamb will also travel to San Marcos and Quiche to negotiate shared



office space with Grupos Gestores for the CEO Project satellite offices in those cities. The field team will procure basic office equipment and establish preferred supplier relationships for recurring purchases.

Palladium IT Specialist Walter Sanchez will travel to Guatemala in May 2018 to finalize installation of the CEO server in the Guatemala City and Quetzaltenango offices.

Vehicle procurement will also be initiated in Year 1 of implementation. Given the complexity of vehicle procurement in compliance with the CEO Project Geocode 937, the Project anticipates completing procurement of two (2) of the four anticipated project vehicles in year 1 of implementation.

### 6.3.2 DEVELOP AND IMPLEMENT SAFETY AND SECURITY PLAN

Palladium submitted a complete Security Plan to USAID for review in May 2018. Palladium Security Associate Tyler Philips will travel to Guatemala in July, 2018 to complete a review of project facilities, including all field offices, and train local staff on Palladium security protocols and plans.

### 6.3.3 ADMINISTER GRANTS UNDER CONTRACT

The majority of the CEO Project team will be involved in some capacity in executing the CEO Project Grants fund. Upon receiving approval for the CEO Project Grants Manual, which is anticipated in May or June 2018, Palladium will complete an intensive grants management and compliance training for project staff and partner organizations. This training will include both the critical administration and compliance requirements of grants management and the unique technical approach we will use to leverage grants.

In June/July 2018, Palladium will issue its first Annual Program Statement under the Anchor Firm Alliances Program and host a series of bidders conferences to present the concept and invite firms to participate.

*Task/Inputs Table 6.3 Setup and Manage Physical and IT Infrastructure*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
<b>Setup and Manage Physical and IT Infrastructure</b>					
6.03.01.00-01	Identify and stand up two (2) project offices in the Western Highlands	May-2018	Jun-2018	Satellite project offices established in Xela and Huehue	Internal
6.03.01.00-02	Stand up IT network and security for permanent office spaces	May-2018	Jun-2018	IT infrastructure established	Internal
<b>Develop and Implement Safety and Security Plan</b>					
6.03.02.00-01	Adapt global Palladium Security Protocols to develop a CEO Project Security Plan	Apr-2018	May-2018	Security protocols adapted to CEO geographic context	Internal
6.03.02.00-02	Develop security protocols for permanent office spaces	Jun-2018	Jun-2018	Office security protocols adapted to CEO geographic context	Internal
<b>Administer Grants under Contract</b>					
6.03.03.00-01	Develop Grants Manual for CEO Project	Apr-2018	May-2018	Core implementation pillar in place	
6.03.03.00-02	Conduct 2-3 team trainings to strengthen understanding of grants framework and knowledge of targeted use of grants	Jun-2018	Sep-2018	Team capacity and compliance improved	

## 6.4 MANAGE AND DEVELOP IMPLEMENTATION CAPACITY OF PARTNER ORGANIZATIONS

Palladium’s main partner organizations in Guatemala—FUNDESA, AGEXPORT, and Grupos Gestores—have limited experience as implementing partners under non-grant, subcontractor agreements. As a core capacity building activity to not only smooth project delivery and operations in the near term but also to leave behind stronger, more versatile organizations, Palladium will engage a specialized firm to provide training in Spanish to our Guatemalan subcontractors. This will include overviews of applicable USG regulations and compliance requirements around HR management, independent consultants, purchasing/procurement, financial management and invoicing, reporting, and other core management tasks.

*Task/Inputs Table 6.4 Manage and Develop Implementation Capacity of Partner Organizations*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
6.04.00.00-01	Conduct a subcontract management training workshop for local subcontractors	Jun-2018	Jun-2018	Capacity of principal subcontractors improved.	Internal

## 6.5 MANAGE PROJECT MONITORING, EVALUATION AND LEARNING APPROACH

As a foundation for Monitoring, Evaluation, and Learning activities, CEO will undertake a baseline survey to establish conditions in the selected economic corridors at the time when activities are starting up, to provide a contextual basis for monitoring outcome indicators and inform development of interventions. The survey data will be used to generate descriptive statistics on population within the economic corridors and to sense their perceptions, beliefs and opinions on relevant services they are currently receiving, including financial services, creating and formalizing businesses, use of remittances, current sources of employment, and the current gaps in workforce development.

As a central repository for PME data from across the project and a cloud-based platform to analyze and communicate results, Palladium will stand up an instance of our Positive Impact Measurement System (PIMS) for the CEO Project. This will include up-front configuration of the tool for the CEO Project, including project structure and initial database design aligned to project indicators, with ongoing maintenance and support costs over the life of the project.

*Task/Inputs Table 6.5 Manage Project Monitoring, Evaluation and Learning Approach*

Task No.	Task/Input Description	Est. Start	Est. End	Outcome/ Results	Partners
6.05.00.00-01	Develop CEO Project MEL Plan	Apr-2018	May-2018	Monitoring and Evaluation Plan in place, indicators established	Internal, USAID
6.05.00.00-02	Configure and deploy the PIMS platform to support ongoing data collection and analysis	Jun-2018	Aug-2018	Data management and analytics platform in place to support M&E management	Internal
6.05.00.00-03	Conduct a survey and analysis in target ECs to establish baseline conditions for monitoring and evaluation	Jul-2018	Aug-2018	Baseline conditions for key indicators established	

## ANNEX A RAPID STARTUP PLAN



**USAID**  
FROM THE AMERICAN PEOPLE

# USAID CREATING ECONOMIC OPPORTUNITIES PROJECT RAPID START UP PLAN

JANUARY 22 – FEBRUARY 9, 2018

Submission Date: January 26, 2018

Contract Number: 72052018C000001

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## ■ RAPID START-UP PLAN

### ■ Introduction

Palladium’s worldwide-proven corporate procedures and experience establishing new programs will ensure rapid project start-up after contract award. The Palladium Project Director, Operations team, and COP will travel to Guatemala to formally kick off the project. The proposal team will transition to become the CEO implementation team, bringing familiarity and established relationships with key personnel and local partners that will speed start-up, as will our existing office and active registration in country. Palladium Operations personnel will locate and rent office spaces, identify appropriate vendors, and hire critical staff in Guatemala City and the field offices. The CEO team will meet with USAID/Guatemala to kick off the project and to review the contract and receive guidance on the Work Plan, M&E Plan, Strategic Communications Plan, and Security Plan. As part of start-up, we will meet with key stakeholders in Guatemala City, Quetzaltenango, and Huehuetenango, providing an opportunity to meet with local partners, develop the work plan, and build interest in upcoming activities.

### ■ Kick off Events and Team Orientation

The Palladium HQ team will hold an initial call with the COR on Tuesday, January 30<sup>th</sup>, to discuss start-up plans and initial in-country activities. During this call, we will schedule a full kick-off meeting with USAID to take place at the USAID mission in Guatemala, where we anticipate to have meetings with the Contracts Office, the COR and other technical specialists in the Economic Growth office, as well as specialists in important cross-cutting areas such as communications, environmental management, and monitoring and evaluation. Palladium Senior Management, Palladium’s HQ Project Director, and our Operations Team will be present at the meeting, and if possible, our Director of Contracts and Compliance will join via teleconference. Key Personnel that are available will join as well, if USAID agrees. We expect that these early meetings will allow Palladium and USAID to establish operational procedures and communications protocols as well as ensure that priorities for initial activities and overall implementation are aligned.

Following the kick-off with USAID, the Palladium HQ team will have an internal kick-off meeting with Key Personnel and other essential leadership staff that have been on-boarded to the team (DCOP and Directors of Finance and Administration, M&E, and Communications), and representatives from subcontractors. This kick-off will introduce the team to the contract, technical proposal, and start-up plan. The team will develop more detailed plans for operational start up and development of key deliverables, dividing initial responsibilities between field and HQ staff, and developing working teams to accomplish initial milestones.

Kick off Events and Team Orientation								
Activity	Lead Personnel/ Partner	22- Jan	29- Jan	5- Feb	12- Feb	19- Feb	26- Feb	5- Mar
Kick off meeting with USAID	Dennis Hall/ Erin Endean							
Internal kick off events with partners and staff	Dennis Hall/ Kat Cooley							

### ■ Palladium HQ Mobilization

To attend the events described above, and contribute to rapid start up activities, a robust team from Palladium HQ intends to mobilize to Guatemala. We will submit travel authorization requests after confirming kick-off

dates in our initial call with USAID on January 30<sup>th</sup>. Palladium’s senior leadership will be represented in Managing Partner Santiago Sedaca and Vice President for Economic Growth Erin Edean. HQ Project Director Dennis Hall will attend mobilization and will serve as USAID’s primary point of contact from Palladium HQ. Technical Specialist Kat Cooley will join the start-up team, to facilitate the transition from proposal to activities. She was deeply involved in proposal development, recruitment and building relationships with local partners, and will transfer that knowledge to the rest of the team.

The Operations team will consist of Operations Manager David Merchant and Operations Associate Karina Navas. David currently manages operations of Palladium’s existing project in Guatemala (Health and Education Policy Plus) and Karina recently supported start up activities for the USAID Competitiveness Project in El Salvador, thus the operations team will bring complementary expertise in Guatemala operations and Palladium project start-up. Walter Sanchez and Tyler Phillips, specializing in IT systems and Security, respectively, will each join the team after kickoff to establish the systems and protocols needed for safe and effective operations and communications.

Dennis Hall and David Merchant were not named in the proposal budget, but they are replacing other staff in budgeted positions. Approval requests for these staff will be submitted the week of January 29<sup>th</sup>. Erin Edean and Santiago Sedaca will not bill the project for their time, but we will request approval to cover their travel expenses.

Palladium HQ Mobilization								
Activity	Lead Personnel/ Partner	22- Jan	29- Jan	5- Feb	12- Feb	19- Feb	26- Feb	5- Mar
Palladium HQ Leadership	Santiago Sedaca, Erin Edean							
Program Director	Dennis Hall							
Technical Specialist	Kat Cooley							
Operations Team	David Merchant, Karina Navas							
IT Manager	Walter Sanchez							
Security Specialist	Tyler Phillips							→

## ■ Consortium Contracting

The in-depth technical knowledge, regional presence, and established network within Guatemala are essential to starting up and kicking off the CEO program. Our subcontractors were heavily involved in the proposal development process, and their senior technical experts are familiar with our approaches and plans. Having our partners on board will be critical for our team orientation and strategy meetings, as well as making quick progress on Year I work planning and other deliverables that are due within 90 days of contract award. As such, we will issue Letters of Authorization (LOAs) to each of our 6 subcontractors within the week of January 29, 2018, which allow subcontractors to begin hiring staff, finalizing detailed scopes of work, and participating in project start up. We will finalize subcontracts during the weeks of February 5 and February 12, 2018.

Consortium Contracting								
Activity	Lead Personnel/ Partner	22- Jan	29- Jan	5- Feb	12- Feb	19- Feb	26- Feb	5- Mar



Issue Letters of Authorization	HQ Operations (Ops) Team							
Finalize Partner Subcontracts	HQ Ops Team							

## ■ CEO Personnel Mobilization

Rapid mobilization of personnel is critical for driving key start up activities. As noted in the Gantt chart, as soon as the award was public, we informed all of our key personnel, as well as several staff that we also consider critical to project start up. So that these people can provide notice to their current employers and prepare to join the team, the Palladium Operations Team will confirm salaries, negotiate start dates, and provide offer letters during the week of January 29, 2018. We will continue this process aligned with planned phasing in of the team as outlined in the approved budget, which calls for an intentional phasing in of staff as the project opens field offices in Month 3 of implementation. Palladium will initiate local recruitment during the week of February 5, 2018 to continue filling project positions, and recruiting will likely continue for the first 6 months and as needed throughout implementation.

CEO Personnel Mobilization								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Mobilize COP	HQ Ops Team							
Prepare official offer letters for Key and other essential Personnel	HQ Ops Team							
Onboard Key personnel and essential staff	HQ Ops Team							
Mobilize other Named Personnel	HQ Ops Team							→
Recruit and onboard for open positions	HQ and Field Ops Team							→
Onboard field office managers	HQ Ops Team							
Onboard field office staff	HQ Ops Team							→

## ■ Human Resources Processing and Training

Palladium has several Human Resources (HR) tools and processes that support effective team management. During the first month of implementation, our operations team will finalize a local compensation plan (LCP) that is competitive within the Guatemalan context and will enable us to attract high quality personnel all professional levels. The plan will also allow us to maintain equitable compensation among team members based on the technical and operational requirements and levels of responsibility for each position. Palladium has developed an exhaustive Code of Conduct and Ethics Training, which we will deliver to the CEO team during the week of March 5 and on an ongoing basis as we on board new staff.

The PD and COP in partnership will customize and roll out Palladium’s performance management system, which includes Key Result Areas (KRAs) for each staff member that will be revisited on a semi-annual basis and during year end reviews to determine merit-based salary increases.

### HR Processing and Training

Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Finalize local compensation plan	HQ Ops Team							
Code of Conduct Training	COP and PD							
Set up Performance Management System	COP and PD							

## ■ Project Infrastructure and Procurement

The Palladium HQ Operations team will immediately begin work with Director of Finance and Administration, Zonia Aguilar, to share Palladium procurement policies and procedures, and adapt them to the local context as needed. This will ensure that from the beginning, all procurements are in full compliance.

Our proposed Director of Grants and Procurement was no longer available at the competitive range stage of bidding. As such, the Operations Team will make that position a top priority for recruitment. While that recruitment is ongoing, the Palladium HQ Operations and Technical teams will collaborate to adapt Palladium’s grants manual to the specific needs of the CEO project. As soon as the Director of Grants and Procurement is on board, he or she will participate in development of the final document.

Palladium will negotiate temporary office space with AGEXPORT to start up operations as quickly as possible. Meanwhile, Palladium will identify a permanent office space in Guatemala City to ensure functional operational capacities, and according to guidance provided by USAID. In consideration of office infrastructure needs, a procurement plan for furniture, equipment (software/hardware), and supplies will be implemented during this start-up period to balance efficiency, competition, and value for money. As per clause H.27 of the contract, Palladium will initiate procurement of vehicles in adherence to AIDAR 752.225-70, seeking waivers as appropriate.

All procurement will be done in compliance with USAID rules and regulations and following Palladium’s procurement and due diligence guidelines. When relevant, Palladium will tap into existing vendor networks and preferred service providers identified through our existing presence in Guatemala through the HEP+ and Participación Cívica projects. Palladium will establish financial, procurement and grants/compliance systems that are responsive to the realities of partners and vendors in Guatemala, and maintain the highest standards of integrity.

Additionally, Palladium will secure a local IT service provider to setup, monitor, store, and manage information, network, and system capabilities for the Guatemala City office. IT equipment for key personnel and will be procured and configured in the US by the home office IT Manager to ensure secure and encrypted access to Palladium Enterprise Resource Planning Systems and other applications, and will be hand-carried by home office staff during start-up travel.

In consultation with USAID, Palladium will prioritize regional office set-up in the Western Highlands, and begin identifying potential field offices in order of priority to begin implementation of initial activities in these areas. When identifying office space and negotiating leases, Palladium will consider factors such as location, proximity to USAID and other donor offices (if relevant), safety and security, and value for money. Our operational and management approach focuses on contextually relevant organizational structures that ensure that technical personnel are located in the appropriate areas, while also promoting efficient use of donor funds and project resources. To ensure efficiency, each field office will maintain their own bank accounts and manage their own forecasts, budgets, and procurements up to an agreed level.

## Project Infrastructure and Procurement

Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Share Palladium procurement manual with field operations team, adapt as necessary	Operations team/ DFA							
Develop GUC Manual	Grants Director/ Palladium HQ							→
Finalize Procurement Plan for equipment and Services needed during start up	HQ Ops Team							
Issue appropriate RFPs/RFAs	HQ and field Ops							→
Negotiate temp office space with AGEXPORT	HQ Ops Team							
Procure permanent office space	HQ Ops Team							
Procure office furniture and equipment	HQ Ops Team							→
Procure hardware and software	HQ Ops Team							→
Select property insurance provider for offices	HQ Ops Team							
Procure local IT support a	Walter Sanchez							
Establish record retention system	HQ and field Ops							
Establish temporary transportation solution	HQ and field Ops							
Begin Vehicle Procurement	HQ and field Ops							→
Set up field offices	HQ and field Ops							→

## ■ Security

Palladium uses an intelligence-led approach to operational security risk management, adapting our safety and security profile to suit the local conditions based on current risk assessments and programmatic needs. As part of all Guatemala CEO start-up, Palladium’s Global Safety and Security team will do a desktop Security Risk Assessment (SRA) outlining the operating environment, programmatic risks, relevant threats, and proposed mitigations. The SRA creates a transparent set of assumptions and conclusions about the operating security environment so that all staff members can actively participate in the security strategy. In addition, by clearly laying out the assumptions and mitigations in a detailed SRA table, Palladium can monitor changes in the operating environment and propose additional mitigations as they become necessary.

The SRA will focus on the main security risks regarding staff induction, office setup, communications framework and vehicle policy recommendations. Once the project office site has been selected and key staff hired, the Global Safety and Security team will conduct an in-country assessment to finalize the operational security framework.

Once the country- and project-specific SRA is complete, the Palladium Security team will provide a comprehensive training on risks and protocols. These will include pragmatic field-managed tools and routines

such as an employee phone chain, a schedule for routine vehicle maintenance, and a first aid checklist for each office among other tools.

Security								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Complete the Security Risk Analysis	Tyler Philips							→
Complete Country and project-specific security guidelines and protocols.	Tyler Philips, PD, COP							
Provide International Travel SOS Registration to COP and STTA	Operations							
Train staff on security protocols	Tyler Philips and COP							

## ■ Finance and Forecasting

Palladium currently maintains a bank account with Banco Industrial, which is used for the HEP+ Project, and will establish a separate account for CEO with the same bank using our existing registered entity to expedite the process.

Palladium will establish financial and accounting systems to ensure cost controls and management by field staff within one week of opening a bank account. Attention will be given to the application of Petty Cash procedures, use of prescribed accounting templates, and registration of assets (as per clause I.11 of the contract). Expenses will be reconciled bi-monthly in the field, reviewed by the home office Operations staff, and approved by the Project Director.

Forecasting will occur on a monthly basis to incorporate actual costs and adjustments to planned activities. An accrual process will also be conducted monthly, and information can be provided to USAID upon request. Monitoring of expenditures against the current obligation, and contract ceiling will occur simultaneously.

Once head and field office staff are on-boarded, Palladium home office Operations staff will provide on-site training on financial and operational policies and procedures to ensure strict cost controls, procurement integrity, and oversight of project activities. Empowered and knowledgeable staff will contribute to maintaining rigorous management systems in the field offices.

Financing and Forecasting								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Set up Palladium financial systems including Cost Point, Time Collection, and PM Compass	HQ Ops Team							
Open Project bank account	HQ Ops Team							
Set up field voucher/accounting templates	HQ Ops Team							→
Set up payroll processes	HQ Ops Team							

Establish asset register	HQ Ops Team							
Establish petty cash funds and procedures	HQ Ops Team							
Establish procedures for archiving financial reports	HQ Ops Team							
Training of staff on financial procedures	HQ Ops Team							→

## ■ Legal

Palladium has an established in country presence, which includes registration, legal counsel, and banking relationships. We are registered in Guatemala as Futures Group Global Outreach (FGGO). This is a branch entity of Futures Group Global Outreach Inc., a North Carolina non-profit. The FGGO Guatemala is fully compliant and can be used for contracting of local staff, leases, and bank accounts. Registration of a new entity, should we get permission, will be completed outside the 45 day window for start-up. Any additional legal requirements under registration, including naming a second country representative, can be completed during the scope of your start up.

The compliance table is an internal tool that Palladium uses to track local law and USAID requirements as relevant to the CEO contract. Our in-house contracts support team will obtain legal advice locally and complete the table during the first month of implementation.

Legal								
Activity	Lead Personnel/ Partner	22- Jan	29- Jan	5-Feb	12- Feb	19- Feb	26- Feb	5-Mar
Confirm registration status	HQ Contracts Specialist							
Obtain legal advice and complete compliance table	HQ Contracts Specialist							

## ■ Work Planning

To ensure complete understanding of the contract, technical approach, and most current local context, we will hold a team strategy session for Key Personnel, all technical staff that have joined the team, subcontractors and Palladium HQ representatives. The Palladium HQ team will present the complete technical approach, along with examples, cases and success stories highlighting proposed methodologies. Some Key Personnel and subcontractors were involved in the design of the technical approach, and will also participate in these presentations. This will be an opportunity to promote learning, new ideas, and validate with the team that proposed approaches are feasible in the current local context. It will also be an opportunity for staff members to get to know one another and begin to form collaborative working relationships. The COR, Alternate COR and other interested USAID staff will be welcome to attend these initial strategy meetings. This session will ensure that there is a shared understanding of project goals and initial methodologies to implement, prior to broader discussions with partners and stakeholders that will be involved in the project.

Following the strategy session, team members will begin an organized effort to reach out to public and private stakeholders to introduce the project, begin to form relationships, and design potential activities for joint implementation under the YI Work plan. Importantly, during the first 45 days, the team will seek to establish a Key Stakeholders Committee at the national level that will guide coordination with the Government of Guatemala.

Participation in the strategy sessions will enable the Gender Specialist, the M&E Director and the Communications Director to fully understand the strategy for project implementation, to guide the development of their respective plans, which will be underway by the end of the 45 day start-up period.

Work Planning								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
CEO Team Strategy Session/ work planning retreat	COP/Dennis Hall/Kat Cooley							
Meet with key GOG counterparts	COP/DCOP							→
Meet with key private sector counterparts	COP/DCOP							→
Establish Key Stakeholder committee	DCOP							→
Develop Work Plan	COP/HQ & Field Technical teams							→

## ■ Communications

As soon as the Guatemalan communications team, led by Graeme Thompson, is on-boarded, they will get to work consolidating the project identity and developing the strategic communications plan. The team will quickly develop all essential templates for reporting including quarterly progress and financial reports, success stories, and weekly status reports. Within the first 30 days, we will submit a project fact sheet for USAID approval and establish communication protocols with USAID and key partners.

Communications								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Develop reporting templates	Comms Director, HQ							
Develop Fact Sheet	Comms Director, HQ							
Establish communications protocols between HQ, project office, and partners	COP, PD, USAID							→
Submit weekly status report	COP							→

## ■ Monitoring and Evaluation

The Director of Monitoring and Evaluation, Carlos Chacon, will hold initial meetings with USAID M&E specialists to obtain templates and understand reporting requirements unique to USAID/Guatemala, or implementation in the Wester Highlands. While preparing the M&E plan, he will work with Palladium HQ specialists to understand and introduce the CLA methodology to the team, so that it is an integrated part of the work plan. He will also begin to seek source of baseline data from local partners and other projects to inform targets and indicators.



Monitoring and Evaluation								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Establish reporting protocols and indicator definitions with USAID	M&E Director							
Identify sources of baseline data (local sources and USAID projects)	M&E Director							→
Begin collecting baseline data	M&E Director							→
Introduce CLA concept and processes	Palladium HQ/ M&E Director							→
Develop M&E Plan	M&E Director							→

## ■ Gender

Gender Specialist Patricia Diaz will participate in work planning, and meet with gender specialists in the USAID mission to understand lessons learned from other projects as she begins developing the Gender Integration Plan. Subcontractor Atethemis will mobilize an international expert during the initial period to share ideas and insights from other economic growth projects around the world.

Gender								
Activity	Lead Personnel/ Partner	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar
Mobilize Atethemis to initiate Gender Integration Plan	Atethemis/ Gender Specialist							→

## ANNEX C TRAINING PLAN

At the time of publication, no formal participant trainings are scheduled. Training programs will be planned and scheduled in the course of implementation, and an updated training plan will be presented in subsequent Quarterly Performance Reports.

## ANNEX D ENVIRONMENTAL MONITORING PLAN

No currently planned activities require environmental monitoring. This Annex will be continually updated with subsequent Quarterly Performance Reports.

## ANNEX F INTERNATIONAL TRAVEL

The following table summarizes the tasks included in this Annual Work Plan that may require international travel based on current assumptions. All international travel will be subject to international travel approval by the Project COR.

Actual travel requirements, including travel dates and duration of trips, will be finalized during the course of implementation and updated and communicated to USAID through periodic reports, including weekly status reports and quarterly performance reports.

Task No.	Task/Input	Est. Task Start	Est. Task End
<b>Component 1</b>			
1.01.01.00-01	Through USAID, define membership and formally invite members of the national KSC	Apr'18	May'18
1.03.01.00-01	Develop options for an institutional model for a national IPE, based on international best practice and Guatemalan context	Jun'18	Aug'18
1.03.02.00-01	Develop an institutional design and operating model for ARClS (linked to 1.03.01.00-01)	Aug'18	Sep'18
1.04.01.00-01	Develop guidelines, scope and annual program statement for a PDF	Aug'18	Sep'18
1.04.02.00-01	Develop and manage an investment promotion pipeline	Apr'18	
1.04.02.00-02	Develop sector-specific value propositions and promotional materials to support outreach and promotion	Jun'18	Jul'18
<b>Component 2</b>			
2.01.01.00-01	Design the PDF Window for Financial Facilitation, including selection and eligibility criteria, illustrative options for support, and other inputs	Apr'18	Jun'18
2.01.01.00-02	Release Annual Program Statements or targeted RFA for Financial Facilitation Windows	May'18	Jun'18
2.02.04.00-01	Working with C4, issue an RFI to identify BDSPs with capacity to facilitate financing for SMEs (debt and equity)	May'18	May'18
2.02.04.00-02	Develop a base incentive structure for the BDSP Financial Facilitation program	May'18	May'18
2.02.04.00-03	Develop program orientation materials for Financial Facilitation BDSPs who partner with the CEO Project	Jun'18	Jun'18
2.03.03.00-02	Facilitate 3-5 strategic partnerships between FIs and other service providers in the remittances ecosystem	Jul'18	Sep'18
<b>Component 3</b>			
3.01.01.00-01	Work with ICMA to finalize aspects of the initial municipality assessment to be carried out	May'18	Jul'18
3.01.01.00-02	Complete initial assessments of municipalities, finalize municipality selection for EC	Jul'18	Aug'18
<b>Component 4</b>			
4.01.02.04-01	Develop understanding of commercial marketing on virtual platforms that will be the basis of future strategic interventions	May'18	Jul'18
4.01.05.01-01	CEO will collaborate with ongoing entrepreneurship and innovation initiatives, seeking opportunities to strengthen and support.	Apr'18	Sep'18
4.02.01.00-02	Initiate interviews with potential work force development anchor firm alliance partners.	Mar'18	May'18
4.02.02.00-02	Based on shared workforce development needs, structure MOUs with alliance members and training institutions such as INTECAP. Formalize alliance shared investments and workplans.	Jun'18	Jun'18
<b>Cross-Cutting and Management</b>			
6.01.00.00-01	Host year 2 work planning retreat in the Xela Economic Corridor	Aug'18	Aug'18
6.03.01.00-02	Stand up IT network and security for permanent office space	May'18	Jun'18
6.03.02.00-02	Develop security protocols for permanent office space	Jun'18	Jun'18
6.03.03.00-02	Conduct 2-3 team trainings to strengthen understanding of grants framework and knowledge of targeted use of grants	Jun'18	Sep'18
6.04.00.00-01	Conduct a subcontract management training workshop for local subcontractors	Jun'18	Jun'18

## ANNEX G IMPLEMENTATION PLAN MATRIX

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Component 1</b>										
<b>Establish mechanisms for collaboration and strategy consensus</b>										
1.01.01.00-01	Through USAID, define membership and formally invite members of the national KSC	KSC Established and launched			Apr-18					
1.01.01.00-02	Conduct semi-annual meetings of the National KSC	First semi-annual KSC meeting conducted to review & approve competitiveness priority agenda					Jun-18			
1.01.01.00-03	Provide ongoing management and reporting on KSC meetings	Inputs to the Quarterly Report on KSC activities and progress provided					Jun-18			Sep-18
<b>Analyze Sectors, Subsectors, and Value Chains with Growth Potential</b>										
1.02.01.00-01	Review leading sector studies and conduct "market testing" with private sector actors	Economic Corridor 4's priority sectors identified					Jun-18			
1.03.01.00-01	Develop sector strategies for top priority sectors in target ECs.	Brief strategy documents to guide Project activities and approaches completed				May-18				
<b>Actions to Create a National Investment Promotion Entity (IPE)</b>										
1.03.01.00-01	Develop options for an institutional model for a national IPE, based on international best practice and Guatemalan context	IPE design proposal completed							Aug-18	
1.03.01.00-02	Conduct series of workshops to socialize and test support for proposed options among GoG and other stakeholders	IPE design validated by stakeholders								Sep-18
1.03.02.00-03	Develop an institutional design and operating model for ARCIs, including strategies to incubate core functionality within CEO for later linkage to a national framework	Design and operating model for ARCIs completed, including the incubation strategy								Sep-18
<b>Attract Foreign and Domestic Direct Investment</b>										
1.04.01.00-01	Develop and manage an investment promotion pipeline	A lead-tracking database in operation.						Jul-18		
1.04.01.00-02	Develop sector- and geography specific value propositions and promotional materials to support outreach and promotion	Investment Promotion Communications Strategy created					Jun-18			
<b>Identify Economic Corridors and Select Partner Municipalities</b>										
1.05.01.00-01	Adapt PRONACOM tools to define and prioritize up to six (6) economic corridors, drawing on sector, commercial market, GIS, and other data	Six economic corridors defined and prioritized - Strategic Plan for the pilot established - strategic planning guideline for ECs developed.					Jun-18			

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1.05.01.00-02	Internal workshop to select top priority corridor for EC strategy pilot	Top priority corridor for EC strategy pilot selected				May-18				
1.05.02.00-01	Evaluate and identify key partner municipalities in all priority corridors, drawing from and feeding results into 1.05.01.00-01	Key partner municipalities identified & engaged for active participation at various strategic levels					Jun-18	Jul-18		
<b>Define Economic Corridor Strategies, Coordination, and Promotion Mechanisms</b>										
1.06.01.00-01	Develop a charter and operating guidelines for first corridor-level stakeholder committee	Pilot EC-KSC charter and operating guidelines developed					Jun-18			
1.06.01.00-02	Conduct stakeholder meetings with key actors at the corridor level to socialize "charter" and develop mission statement	Pilot EC-KSC charter and mission statement validated						Jul-18		
1.06.01.00-03	Design and jointly sign a Framework Agreement for EC committee institutions	Pilot EC-KSC Framework Agreement signed							Aug-18	
1.06.02.00-01	Develop an EC strategy to guide all stakeholders	Pilot EC-KSC strategy developed							Aug-18	
1.06.02.00-02	Develop institutional action plans with corridor stakeholders	Pilot EC-KSC action plans developed & MOUs signed								Sep-18
<b>Analyze National Policy, Promote Reforms</b>										
1.08.01.00-01	Develop a Policy Action Plan aligning active policy initiatives in government with the objectives of the project to identify primary legislative and regulatory targets over the next six months	An action plan agreed with public and private sectors for policy reform					Jun-18			
1.08.01.00-02	Promotion and follow-up of inter-institutional agreements reached between the project and public and private institutions	TA delivered in accordance with Action Plan								
1.08.01.00-03	Identify gaps in legislative issues and propose concrete approaches to address them in the short term.	Portfolio of law and policy reform proposals compiled								Sep-18
<b>Analyze Drivers of Migration and Perception of Economic Opportunity</b>										
1.09.01.00-01	Conduct a preliminary desk study to identify data sources, research, and other inputs available to analyze drivers of migration and perception of economic opportunity	Drivers of migration, perceptions about employment and productivity opportunities identified								Sep-18
<b>Disseminate Information, Promote Linkages to Opportunities in ECs/SEZs</b>										
1.10.01.00-01	Identify informational needs, potential data sources, existing platforms, and institutional candidates for a sustainable institutional owner for a long-term solution	Investment and trade promotion web-based platform designed								Sep-18

Component 2



Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Build a Pipeline of Investment Opportunities</b>										
2.01.01.00-01	Publish Annual Program Statements and/or targeted RFAs for a Financial Facilitation program	APS for financial facilitation released					Jun-18			
2.01.01.00-02	Develop mechanisms for ongoing monitoring, evaluation, and communication for approved disbursements	Procedures and formats developed and implemented in agreements' provisions								Sep-18
2.01.01.00-03	Develop and maintain a database of prospective partner organizations (in cooperation with C1, C3 and C4)	A Customer Relationship Management tool to follow up on partner organizations								Sep-18
<b>Mobilize Domestic Investment to Complement FDI</b>										
2.01.02.00-01	Facilitate linkages between angel and equity investors with Guatemalan investors and CEO pipeline projects	At least 2 investment funds considering financing for CEO pipeline projects								Sep-18
2.01.02.00-02	Host 4-6 workshops to validate proposed investment mechanisms	At least three investments mechanisms validated								Sep-18
2.01.02.00-03	Work with investment organizations in CEO Project geographies to develop proposals for mezzanine products and services for SMEs	Lending/investment agreements with a combined value of \$500,000 completed								Sep-18
2.01.02.00-04	Host 2 workshops to develop and validate proposed mezzanine financing mechanisms	At least two financial intermediaries implementing a mezzanine financing mechanism								Sep-18
2.01.02.00-05	Participate in international events/forums to build knowledge of, and linkages to, fintech, products, services, innovation, etc.	At least one financial intermediary implementing a FINTECH pilot to facilitate financial services								Sep-18
<b>Incubate a Guatemalan Investors Circle</b>										
2.01.03.00-01	Conduct regular meetings to facilitate alliances between Guatemalan investors and CEO pipeline projects	At least 6 investment opportunities from ECI identified and marketed								Sep-18
2.01.03.00-02	Develop and market test a conceptual framework for the design, management and operation of a Guatemalan Impact and Innovation Investment Fund	Guatemalan Impact and Innovation Investment Fund design completed								Sep-18
2.01.03.00-03	Host 2 workshops to support design and market testing of Impact Fund concept	Three investment funds adopt the impact fund concept.								Sep-18

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Capitalize Commercial Banks</b>										
2.01.04.00-01	Conduct capital demand analysis to identify and quantify the potential demand for capitalization of local banks and other financial institutions	FIs effective demand of capital for medium and long term lending, debt and equity financing established.								Sep-18
<b>Identify FIs to Expand SME Lending</b>										
2.02.01.00-01	Engage with FIs in target geographies to (re)establish interest in partnerships to expand lending to SMEs	At least 3 partnerships with FIs established and SME lending under partnerships started								Sep-18
2.02.01.00-02	Working with partner FIs, evaluate the regulatory and commercial constraints/opportunities of expanding financial services to SMEs in target value chains	At least 6 anchor companies in the process of securing financing from partner FIs								Sep-18
<b>Convene Stakeholder Workshops in ECs to Identify Gaps in Supply and Demand</b>										
2.02.02.00-01	Host 4-6 tailored workshops for FIs in project geographies to identify specific internal and external challenges, gaps, and opportunities to expand products and services for SMEs	At least 3 FIs developing, launching, or expanding a product for SMEs financing.								Sep-18
<b>Tailor TA to Financial Institutions to Expand Lending to SMEs</b>										
2.02.03.00-01	Develop tailored technical assistance and capacity development plans with partner 2-3 Financial Institutions	At least 3 FIs adopt and launch a plan to develop and grow their services, specially their medium and long term financing products.								Sep-18
2.02.03.00-02	Work with partner FIs to develop tailored incentive mechanisms to stimulate SME lending	Volume and value of lending to SMEs increased							Aug-18	
2.02.03.00-03	Conduct a feasibility assessment on the use of credit for "social housing" and "occupational housing"	At least 3 FIs with a program for financing social and occupational housing established or in the pipeline								Sep-18
2.02.03.00-04	Assess market demand and identify opportunities for enterprise financing in target value chains	At least 3 FIs with a marketing plan for financing target value chains								
<b>Engage Business Development Service Providers to Facilitate Access to Finance</b>										
2.02.04.00-01	Working with C4, issue an RFI to identify BDSPs with capacity to facilitate financing for SMEs (debt and equity)	Successfully targeted RFA released under the SME Support Mechanism							Aug-18	
2.02.04.00-02	Develop a base incentive structure for the BDSP Financial Facilitation program	A base incentive structure for developing financial facilitation linkages designed						Jul-18		
2.02.04.00-03	Develop program orientation materials for Financial Facilitation BDSPs who partner with the CEO Project	At least 15 BDSPs trained through a virtual training system								

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2.02.04.00-04	Host 2-3 "bidders conferences" for prospective Financial Facilitation BDSPs in target geographies	At least 15 BDSPs participate in SME Support Mechanism							Aug-18	
2.02.04.00-05	Facilitate linkages between Financial Facilitation BDSPs and SMEs	A base incentive structure for developing financial facilitation linkages operating								Sep-18
<b>Facilitate Private Equity Funding for SMEs</b>										
2.02.05.00-01	Actively seek and facilitate opportunities to link equity investors to promising SMEs	Establish linkages to close deals. A minimum of 5 deals closed in Y1.								Sep-18
2.02.05.00-02	Provide targeted TA to SMEs to improve their capacity and prospects to attract equity investment	At least 5 SMEs have a viable financing plan								Sep-18
<b>Rapidly Map Financial Literacy Programs</b>										
2.03.01.00-01	Define a financial education strategy for users and financial institutions	A strategy for delivering financial literacy activities designed					Jun-18			
<b>Develop Mechanisms for Financial Literacy Training Delivery</b>										
2.03.02.00-01	Evaluate leading organizations and individuals to form the basis of sustainable financial literacy training partnerships	At least 2 organizations implementing financial literacy activities reaching 500 people.								Sep-18
<b>Promote Savings Products for Remittance Senders and Recipients</b>										
2.03.03.00-01	Identify and evaluate organizations providing financial services around remittances	At least two financial intermediaries implementing financial literacy activities							Aug-18	
2.03.03.00-02	Identify and facilitate 3-5 strategic partnerships between FIs and other service providers in the remittances ecosystem	At least 3 partnerships between FIs and other remittances services providers formed								Sep-18
<b>Target Remittance Senders with SBCC Campaigns to Encourage Increased Savings</b>										
2.03.04.00-01	Identify and profile 3-5 organizations in remittances origin markets and CEO geographies to form the basis for an SBCC campaign	At least 3 partnerships to advance a SBCC campaigns in target markets completed								Sep-18
2.03.04.00-02	Contract a communications company to co-develop a strategy for a behavior change communications campaign related to remittance savings and investment, Pilot campaign in EC1	SBCC campaign in CE1 started								Sep-18
<b>Provide Technical Assistance to Develop and Improve Municipal Development Plans</b>										
3.01.01.00-01	Work with ICMA to finalize aspects of the initial municipality assessment to be carried out as an integrated piece of the assessment under C1.05	Customized municipal diagnostic tool completed.					Jun-18			
3.01.01.00-02	Utilize ICMA diagnostic tool to complete initial assessments of municipalities of the other five economic corridors, finalize municipality selection	Municipal capacity assessment completed for 8 municipalities within the EC1.							Aug-18	

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
3.01.01.00-03	Collect and review any existing MDPs produced within EC1 municipalities, identify areas for capacity building in terms of process and prioritization	Existing municipal development plans within EC1 reviewed. Areas for CEO assistance identified and prioritized.					Jun-18			
3.01.01.00-04	For EC1 selected municipalities, finalize capacity building plans to support MDPs. Ensure MDPs are aligned with national planning systems and priorities	Municipal capacity building plans completed								Sep-18
3.01.01.00-05	Utilize ICMA diagnostic tool to complete initial assessments of municipalities within the other five economic corridors, finalize municipality selection	Municipal capacity assessment tool and procedures refined for application in the EC Quetzaltenango-Ayutla, San Marcos.								Sep-18
3.01.01.00-06	Provide TA to support implementation of MDP capacity development plans (detailed tasks TBD based on detailed capacity development plans)	A set of capacity building activities to support MDP implementation (training + TA) implemented in selected municipalities								Sep-18
<b>Develop Capacity to Produce High-Quality Zoning Plans in Target Corridors</b>										
3.01.02.00-01	As part of the municipality assessment completed under 3.01.01, determine the capacity of selected municipalities in EC1 to complete urban and rural POTs aligned with SINIT	At least 2 municipalities receiving CEO assistance						Jul-18		
3.01.02.00-02	Develop capacity development plans for target municipalities and EC1 that includes training, exchanges, and other types of support	Municipal capacity building plans completed						Jul-18		
3.01.02.00-03	Provide TA to support implementation of POT capacity development plans (detailed tasks TBD based on detailed capacity development plans)	A set of capacity building activities to support High-Quality Zoning Plans production (training + TA) implemented in selected municipalities.						Sep-18		
<b>Foster Stakeholder Engagement for Local Ownership of Plans</b>										
3.01.04.00-01	Work with selected COMUDES to organize workshops in selected municipalities for community involvement of ECs, MDPs, and POTs	A strategic communications plan to promote community and civil society organizations in the municipal planning processes completed.						Jul-18		
3.01.04.00-02	Facilitate public hearings to ensure that key and underserved constituencies are engaged	Public hearing processes started to facilitate greater community awareness, involvement, and buy-in for MDPs and POTs and EC strategies								Sep-18
3.01.04.00-03	Work with municipalities to develop and disseminate multimedia materials to sensitize local communities about EC plans	At least 2 municipalities disseminating multimedia materials to sensitize local communities about EC plans								
<b>Develop pre-Investment Studies and Plans</b>										

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
3.02.01.00-01	Identify available information and requirements to access/direct public sector funding for infrastructure.	Guidelines to direct public sector funding for infrastructure developed					Jun-18			
3.02.01.00-02	Identify priorities and key pieces of information needed to attract private capital sources for infrastructure development	Guidelines to attract private capital financing for infrastructure developed					Jun-18			
3.02.01.00-03	Publish RFAs to engage eligible municipalities and identify Infrastructure development opportunities	APS including infrastructure project development released					Jun-18			
<b>Identify Sector and Sub-Sector Level Constraints and Opportunities</b>										
4.01.01.00-01	Leverage firm engagement to inform EC studies and prioritization under activity 1.5	Corridors and high potential sectors selected				May-18				
4.01.01.00-02	Host 6 forums with the private sector to present the CEO program, the anchor firm approach, and facilitate a sector level discussion of business constraints in target ECs. Host a minimum of 4 forums in GC and 2-3 in each target EC as work is initiated	Potential anchor firms identified and their perceptions on business constraints identified					Jun-18	Jul-18		
4.01.01.00-03	Refer recurring business enabling environment issues in each EC to the C1 team for future workstream development.	Validation of key BEE constraints increased							Aug-18	
4.01.01.00-04	Encourage firms to choose to work with CEO (self selection) as an anchor firm (Activity 4.3) or in sector-level activities to support market linkages (Activity 4.2).	At least 10 anchor firms seeking alliances and co-investment with CEO1					Jun-18			
4.01.01.00-05	Close Alliance agreements with anchor firms	Close at least 6 anchor firm alliance agreements								
<b>Promote Market Linkages</b>										
4.01.02.01-01	Select at least 2 international trade fairs focused on CEO target sectors, create master calendar of potential fairs, select events.	2 trade shows attended with at least 12 firms at each , new sales contracts signed, skills adopted								Sep-18
4.01.02.01-02	Design TA "package" and competitive application process for companies to join the CEO delegation at target events.	TA "package" and competitive application process for companies to participate in target events designed and approved.						Jul-18		
4.01.02.01-03	Implement trade show TA "package" and support attendance for 2 strategic international trade shows	At least 12 firms supported for attending international trade shows								Sep-18
4.01.02.02-01	Develop master calendar of domestic business events and online business platforms.	A master calendar of potential fairs elaborated				May-18				

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
4.01.02.02-02	Work with SMEs based in ECs to support more effective presentation and participation in national fairs.	At least 70 SMEs supported for attending national trade shows								Sep-18
4.01.02.04-01	Develop understanding of commercial marketing on virtual platforms that will be the basis of future strategic interventions	Assessment of commercial marketing on virtual platforms completed						Jul-18		
<b>Form Market-Based Alliances</b>										
4.01.03.01-01	Design the Anchor Firm Alliances Program, including selection criteria, illustrative options for support, and other aspects.	Program Development Fund (AKA grants fund)'s TA support for anchor firms program design and procedures approved					Jun-18			
4.01.03.01-02	Issue Annual Program Statement for Anchor Firm Alliances Program	APS including a call for anchor firms investment projects released					Jun-18			
4.01.03.01-03	After private sector Forums hosted under Activity 4.1.1 have follow up discussions with potential anchor firm that reach criterion.	Six forums with participation of enterprises of CEO priority sectors conducted and at least 10 companies with interest in expanding their businesses to Ecs identified					Jun-18			
4.01.03.02-05	Evaluate concept notes and work with firms to co-create and finalize anchor firm agreements.	At least 6 agreements signed with anchor firms							Aug-18	
4.01.03.03-06	Support and monitor Anchor Firm alliances.	New business practices piloted, increased investment, increased employment								Sep-18
<b>Strengthen Business Development Services</b>										
4.01.04.01-01	Complete rapid mapping of the supply of business development services with emphasis on ECs.	A list of BDS providers completed								
4.01.04.02-01	Review, update, and add to the Registry of BDS providers hosted by MINECO, the Registro de Oferentes de Servicios de Desarrollo Empresarial (ROSDE)	ROSDE updated								
4.01.04.02-02	Complete in-depth review of CAM-PROMYPIME centers to understand quality and sustainability	PROMYPIME centers assessed and CEO approach for them defined								
4.01.04.02-03	Based on findings of the BDS mapping exercise, provide training and TA to strengthen BDP providers and CAM-PROMYPIMES	BDS providers adopt best practice approaches and curriculum, SME outcomes are more significant								Sep-18
4.01.04.03-01	Design and launch a SME Support Mechanism	Funding to at least 10 SMEs to contract BDS providers in process								
4.01.05.01-01	CEO will collaborate with ongoing entrepreneurship and innovation initiatives, seeking opportunities to strengthen and support.	At least three entrepreneurship incubators signed an assistance agreement with CEO								

Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
4.01.05.01-02	Support the feasibility assessment and design for a potential entrepreneurship incubator hosted by Asociación Guatemalteca de Venture Capital (AGVC) at 4 Grados Norte	Feasibility assessment completed								
<b>Build GOG and SME Capacity around Guatecompras</b>										
4.01.06.01-01	Coordinate with RFRP program to identify opportunities to strengthen Guatecompras ecosystem	Assessment of Guatecompras SMEs program completed and a coordinated plan to strengthen Guatecompras ecosystem agreed with RFRP					Jun-18			
4.01.06.01-02	Provide TA to Guatecompras and SMEs to improve utilization of Guatecompras system	Guatecompras strengthening plan agreed with GOG counterparts					Jun-18			
<b>Build GOG and SME Capacity around Guatecompras</b>										
4.01.07.01-01	Extract recurrent themes from private sector engagement at the corridor and municipal level.	A prioritized list of BEE constraints and strategies to address them completed					Jun-18			
4.01.07.02-01	Build sector alliances to tackle key BEE constraints	Private sector at the corridor and municipal levels engaged to tackle key BEE constraints.								Sep-18
<b>Map Partnership Opportunities and Generate Pipeline</b>										
4.02.01.00-01	Complete desk review of work force development initiatives that are already underway, identify opportunities to support these.	Current WFD initiatives reviewed, opportunities identified and priorities for CEO support established				May-18				
4.02.01.02-02	Initiate interviews with potential work force development anchor firm alliance partners.	10 firms pre selected for partnerships				May-18				
<b>Build Alliances for Human Capital Competitiveness</b>										
4.02.02.01-01	Prioritize clusters of potential alliance partners, grouped based on shared workforce development needs.	Potential alliance partners grouped by clusters and prioritized				May-18				
4.02.02.02-02	Based on shared workforce development needs, structure MOUs with alliance members and training institutions such as INTECAP. Formalize alliance shared investments and workplans.	6 agreements with alliance members and training institutions completed					Jun-18			
<b>Develop a Formal Employment Opportunity Program for Out of School Youth</b>										
4.02.03.01-01	Select industries with large entry level workforces and turnover. Initiate discussion and dialogue about workforce development opportunities with CEO and the "Jovenes Comprometidos" model.	At least 10 companies with large entry level workforces and turnover selected					Jun-18			
4.02.03.01-02	Finalize a minimum of 2 alliances (2 entry level job profiles) using the Jovenes Comprometidos model.	At least 2 alliances with companies with large entry level workforces and turnover completed						Jul-18		
4.02.03.01-03	Implement work plan for models.	At least 250 youth enrolled in the empleo juvenil training program								Sep-18



Task No.	Task/Input Description	Milestone(s)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Build Capacity of Targeted TVET Center</b>										
4.02.04.01-01	Work with contracted TVETS to complete OCA assessments and design capacity building plans.	2 TVETS OCA assessments completed						Jul-18		
<b>Hold Job Fairs In and Around EC/SEZs</b>										
4.02.06.01-01	Meet with relevant stakeholders in EC1 to determine employment growth sectors	Employment growth sectors identified for EC1.								
4.02.06.03-02	Work with local stakeholders to host a minimum of 1 youth-focused job fair in EC1.	A job fair hosted, at least 250 youth in attendance								
<b>Conduct SBCC Outreach Campaign to Promote TVET and Related Employment</b>										
4.02.07.00-01	In coordination with Activity 1.9, prepare a survey related to perception of opportunities for youth and women in the altiplano.	Survey completed								Sep-18
5.01.00-01	Develop a Gender and Inclusion Strategy for the CEO Project	Draft Strategy Plan submitted for USAID approval				May-18				
6.01.00-01	Host year 2 work planning retreat in the Xela Economic Corridor							Aug-18		
6.01.00-02	Complete Learning and Adaption session to reflect on Year 1 implementation challenges and success factors									
6.01.00-03	Initiate Year 1 Annual Report and M&E data presentation for submission in October of Year 2.									
6.02.00-01	Recruit and onboard technical and operational staff as presented in year 1 budget and adapted to implementation needs									
6.02.00-02	Provide in-depth training and recurrent reviews of essential finance management and operations topics.									
<b>Setup and Manage Physical and IT Infrastructure</b>										
6.03.01-01	Identify and stand up a main project office and four (4) offices in the Western Highlands									
6.03.01-02	Stand up IT network and security for permanent office space									
<b>Develop and Implement Safety and Security Plan</b>										
6.03.02-01	Adapt global Palladium Security Protocols to develop a CEO Project Security Plan									
6.03.02-02	Complete security field visit and develop security protocols for project and permanent office space									
<b>Administer Grants under Contract</b>										

<b>Task No.</b>	<b>Task/Input Description</b>	<b>Milestone(s)</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>
6.03.03-01	Develop Grants Manual for CEO Project	Draft Manual submitted for USAID approval				May-18				
6.03.03-02	Conduct 2-3 team trainings to strengthen understanding of grants framework and knowledge of targeted use of grants									
6.04.00-01	Conduct a subcontract management training workshop for local subcontractors									
6.05.00-01	Develop CEO Project MEL Plan	Draft submitted for USAID approval				May-18				
6.05.00-02	Configure and deploy the PIMS platform to support ongoing data collection and analysis	PIMS configured and deployed to all staff							Aug-18	
6.05.00-03	Conduct a baseline survey to establish conditions in target ECs	Baseline contextual assessment completed							Aug-18	

## ANNEX H MONITORING AND EVALUATION TARGETS BY QUARTER

Indicator title	Unit of measure		Y1 Q1	Y1 Q2	Y1 Q3	Y1 Q4	Y1 Total
<b>Component One – Trade and Investment Promoted</b>							
<b>Number of full-time equivalent (FTE) jobs created</b>	FTE	Target	0	0	300	300	
		Actual	0				
<b>Amount of Foreign Direct Investment (FDI) mobilized</b>	USD MM	Target	0	0	-	-	
		Actual	0				
<b>Amount of domestic investment mobilized</b>	USD MM	Target	0	0	1	1	
		Actual	0				
<b>Component Two – Financial Services Mobilized</b>							
<b>Number of people receiving training on financial topics</b>	Participant	Target	0	0	500	500	
		Actual	0				
<b>Number of SMEs participating in the financial sector</b>	Unit	Target	0	0	20	20	
		Actual	0				
<b>Value (\$) of financing and services provided to SMEs</b>	USD MM	Target	0	0	2.5	2.5	
		Actual	0				
<b>Value (\$) of financing and services provided to remittance recipients</b>	USD MM	Target	0	0	0.5	0.5	
		Actual	0				
<b>Value (\$) of capital invested in SMEs</b>	USD MM	Target	0	0	1.25	1.25	
		Actual	0				
<b>Remittances value (\$) directed towards investments and productive purposes</b>	USD MM	Target	0	0	0.5	0.5	
		Actual	0				
<b>Component Three – Productive Infrastructure Upgraded</b>							
<b>Number of municipal instruments of urban and rural regulation completed</b>	Units	Target	0	0	-	-	
		Actual	0				
<b>Number of infrastructure projects marketed to the GOG and private sector for investment, including foreign direct investment</b>	Units	Target	0	0	-	-	
		Actual	0				
<b>Amount of total public and private dollars leveraged for information and communications technology (ICT) and other infrastructure projects.</b>	USD MM	Target	0	0	-	-	
		Actual	0				
<b>Number of people benefiting from improved ICT and other infrastructure services</b>	People M	Target	0	0	-	-	
		Actual	0				
<b>Component Four – Private Sector Competitiveness Improved</b>							
<b>Component 4.1 – Private Sector Capacity</b>							
<b>Value (\$) of sales generated by SMEs selling goods and services directly to the GOG, per year</b>	USD MM	Target	0	0	-	-	
		Actual	0				
<b>Number of firms receiving USG-funded technical assistance for improving business performance</b>	Unit	Target	0	0	11	11	
		Actual	0				
<b>Number of firms participating in newly strengthened supply chains, foreign and domestic</b>	Unit	Target	0	0	3	3	
		Actual	0				

Indicator title	Unit of measure		Y1 Q1	Y1 Q2	Y1 Q3	Y1 Q4	Y1 Total
<b>Amount (\$) invested by large firms into smaller firms along the supply chain</b>	USD MM	Target		0	0	0.2	0.2
		Actual		0			
<b>Number of private sector firms that have improved management practices or technologies</b>	Unit	Target		0	0	3	3
		Actual		0			
<b>Number of full-time equivalent (FTE) non-agricultural jobs</b>	FTE	Target		0	0	75	75
		Actual		0			
<b>Value (\$) of new non-agricultural sales generated by firms receiving assistance</b>	USD MM	Target		0	0	2	2
		Actual		0			
<b>Component Four – Private Sector Competitiveness Improved</b>							
<b>Component 4.2 – Workforce Development</b>							
<b>Number of private sector firms selected for partnership</b>	Unit	Target		0	0	20	20
		Actual		0			
<b>Number of workforce development initiatives completed</b>	Unit	Target		0	0	5	5
		Actual		0			
<b>Number of youth participating in workforce development initiatives</b>	Youth	Target		0	0	250	250
		Actual		0			
<b>Number of youth with new or better employment following completion of USG-assisted workforce development programs.</b>	Youth	Target		0	0	48	48
		Actual		0			
<b>Number of job fairs to connect industry with job seekers, per year</b>	Unit	Target		0	0	1	1
		Actual		0			