

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

GUATEMALA

**ESTABLISHMENT AND MANAGEMENT OF A TOURISM
DESTINATION IN THE NORTHERN CLUSTER OF THE CUATRO
BALAM AREA IN PETÉN**

(GU-M1024)

DONORS MEMORANDUM

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Document IX:	Related studies, documents, and projects (CURdocs #60709, 60710, and 60737)

ABBREVIATIONS

CONAP	Consejo Nacional de Areas Protegidas [National Council on Protected Areas]
FUNDESA	Fundación para el Desarrollo de Guatemala [Foundation for the Development of Guatemala]
IDAEH	Instituto de Antropología e Historia [Institute of Anthropology and History]
INGUAT	Instituto Guatemalteco de Turismo [Guatemalan Tourism Institute]
MARN	Ministry of the Environment and Natural Resources
MIF	Multilateral Investment Fund
MSMES	Micro, small, and medium-sized enterprises
PACUNAM	Fundación Patrimonio Cultural y Natural Maya [Mayan Natural and Cultural Heritage Foundation]
PCR	Project completion report
PSR	Project status report
PPMR	Project Performance Monitoring Report
SMES	Small and medium-sized enterprises

GUATEMALA
ESTABLISHMENT AND MANAGEMENT OF A TOURISM DESTINATION IN THE NORTHERN
CLUSTER OF THE CUATRO BALAM AREA IN PETÉN
(GU-M1024)

I. EXECUTIVE SUMMARY

Beneficiary country:	Guatemala	
Executing agency:	Fundación para el Desarrollo de Guatemala [Foundation for the Development of Guatemala] (FUNDESA)	
Beneficiaries:	The project will directly benefit more than 300 microenterprises and local communities, including: (i) sole-proprietorship microenterprises that provide tourism services or nontourism services and products considered as inputs in the destination's tourism infrastructure; (ii) family-run or community-run microenterprises (these are located on community land). In the case of the latter, the project will give priority to the participation of indigenous users. The project will also benefit: (iii) small and medium-sized enterprises (SMEs) in the service sector (e.g. hotels and restaurants) located outside areas that belong to the community; (iv) community and other organizations that work on local development, conservation, and/or tourism that can be strengthened in their roles as local tourism agents and institutional liaisons for other stakeholders in the project; and (v) tour operators at the entrances to the Mirador archaeological site (Carmelita and Uaxactún), as well as those in Flores and along the road between Flores and Mirador.	
Amount and source of financing:	MIF ¹	US\$ 907,780 (69%) ²
	Local:	US\$ 403,142 (31%)
	Total:	US\$1,310,922 (100%)

¹ The MIF contribution includes an amount equivalent to 0.5% of the contribution for an ex post impact evaluation and US\$25,000 for cluster coordination activities.

² This amount excludes the ex post impact evaluation and cluster activities.

Objectives and description:	The goal of the project is to contribute to the sustainability of tourism in Guatemala as an icon of Mayan culture. The purpose is to support the establishment and management of a tourist destination in the Northern Cluster of the Cuatro Balam Area in Petén, as well as the participation therein by local communities and micro, small, and medium-sized enterprises (MSMEs) in the sector's value chain.
Execution period:	The execution period will be 36 months and the disbursement period will be 42 months.
Special contractual clauses:	Conditions precedent to the first disbursement of Bank resources: (1) appointment of the project coordinator, with the profile set forth in the terms of reference included in the Operating Regulations; and (2) approval of the Operating Regulations, in accordance with terms previously agreed on with the Bank.
Exceptions to Bank policy:	As an exception to Bank auditing policy, approval of the contracting by the Bank of auditors to perform the final audit and ex post reviews of disbursements and procurements (see paragraph 5.15) is requested.
Social and environmental impact:	This project has been classified as a category "B" operation (ESR, 8 August 2008).
Coordination with other financial development institutions:	No other institutions are conducting projects similar to the proposed operation. Complementary actions are described in paragraph 2.10.

II. BACKGROUND

- 2.1 Tourism is one of the largest sectors of Guatemala's economy. With 1,627,000 visitors generating US\$1,199,000,000 in revenue in 2007, it is the country's largest source of foreign currency after remittances and apparel exports. The department of Petén is a tourism hub, and its main tourist attraction is the archaeological site at Tikal, which is estimated to receive more than 220,000 visitors each year. This flow of tourists has led to significant development of tourism services in central Petén, especially the capital, Flores, and the area around Petén Itzá Lake. With the development of tourism in Petén, the government and other institutions have invested in integrating other attractions into the department's tourism offerings, encouraging tourists to stay for longer periods of time. Accordingly, the number of people visiting the archaeological sites at Yaxhá, Ceibal, Aguateca, and Cancuen has climbed significantly.
- 2.2 Among these new attractions is the archaeological site at Mirador, located in Mirador – Río Azul National Park in the Maya Biosphere Reserve, which is Guatemala's most important network of protected areas and at 21,130 square kilometers is Central America's largest. The reserve is divided into three areas: a core zone (strict protection, encompassing Mirador – Río Azul National Park); a multiple-use zone (sustainable resource use, including several forest concessions); and a buffer zone. It faces major threats, such as high immigration, high rates of deforestation and forest fires, illegal activities, an ineffective regulatory framework, extreme poverty, and unsustainable farming, livestock, and timber practices.
- 2.3 Conditions in the Maya Biosphere Reserve necessitate initiatives that contribute to economic diversification in the communities in the reserve through income-producing activities that place a premium on conservation and sustainable resource use. Mirador can further this objective because it has considerable potential to become one of the department's main attractions owing to its historic importance as the largest Mayan ceremonial site in the Preclassic period (800 A.C.); the grandiosity of its structures, one of which is the largest (in volume) in the Western Hemisphere, measuring 75 meters high and 200 by 300 meters at its base; and the surrounding kilometers of tropical forest unmarred by recent human intervention. In addition to its potential as a cultural attraction, Mirador has major natural attractions by virtue of its location in the Maya Biosphere Reserve. In recent years, significant efforts have been made to restore and draw attention to some of the buildings at Mirador, improving the potential tourist experience at this site. These efforts have resulted in a significant increase in the number of visitors to the site, from 324 in 2001 to nearly 1,000 in 2006. By the end of 2007, more than 3,000 tourists had visited Mirador.
- 2.4 This flow of tourists has created economic opportunities in Carmelita and other nearby communities. These communities earn most of their income through the harvesting and processing of timber (from forest concessions), the harvesting of nontimber products, and eventually work on restoration projects at Mirador, while growing farm products for home consumption. For Carmelita and neighboring

- communities, as well as for communities along the Flores-Carmelita road, an increase in tourism could have major economic benefits, as well as reduce pressure on natural resources in the reserve. Similarly, the community of Uaxactún, located north of Tikal, has a major Mayan complex and could be another point of entry to paths to Mirador.
- 2.5 Studies conducted in Petén point to some factors that bolster the department's competitiveness as a tourist destination: high density and variety of tourism resources that are helping to diversify the attractions on offer, live cultural events, the locals' friendly attitude toward visitors, and ongoing efforts to restore and improve the area's cultural heritage. However, several important factors undermine the department's competitiveness: the resources are exploited in isolation, with no integration into a larger operating framework; Tikal absorbs most of the tourist flow; tourism products, particularly archaeological sites, have not been introduced as attractions; there are problems associated with maintaining archaeological sites; there are serious negative impacts on the environment that are evident to tourists (excessive logging and fires to expand the agricultural frontier); difficult access to tourism sites; and general security problems.
- 2.6 Regardless of Mirador's potential as the area's main tourist draw, access conditions and tourist services in the park must be improved. At present, there are rudimentary paths between Carmelita and Mirador. The camp equipment, water, and provisions needed by tourists are carried by mule from Carmelita, and small clearings in the forest are used as campsites. Considering that more than 90% of Mirador's visitors arrive by overland route and the number of visitors is climbing significantly, efforts must be made to improve access to the area's attractions and strengthen the tourism microenterprises associated with this destination, while respecting the characteristics of the area and the carrying capacity of the protected areas.
- 2.7 Guatemala's presidency has made it a top priority to bring more tourists to the area and is promoting the creation of a 20,000 km² archaeological park named Cuatro Balam in honor of the Mayan culture.³ It will collaborate with the Guatemalan Tourism Institute (INGUAT) to make the park a source of income and coordinate with the activities financed by the Bank under the loan to the country.
- 2.8 Petén's tourism development has reached a critical point. The key to promoting tourism in what is known as the Northern Cluster of the Cuatro Balam Area lies in the need to generate a common vision of Petén as a complete tourist destination. This effort, along with work in conjunction with the public and private sectors

³ See technical document III: Situational Analysis of Tourism in the Northern Tourism Cluster of the Cuatro Balam Area, in Petén.

through the cross-sector panel⁴ and under the coordination of the presidential delegate for the Cuatro Balam area, is a first step in plotting this path to development.

- 2.9 This work should be supplemented with efforts to encourage tourism operators in central Petén to include Mirador in the packages they offer to tourists. A continued increase in tourism in Mirador will lead to the creation of more opportunities for the establishment of local tourism businesses; the protection of the ecosystem through income-producing alternatives to forest concessions; and the preservation of present-day Mayan culture.
- 2.10 The **additionality** of this MIF project is based on directly addressing the limitations described previously, clearly defining the Northern Cluster of the Cuatro Balam Area as a tourist destination and ensuring the participation of local communities and micro, small, and medium-sized enterprises (MSMEs) in the sector's value chain. Efforts will be made to sustainably manage the tourism resources of Guatemala as an icon of Mayan culture. This project complements other initiatives launched by the executing agency Foundation for the Development of Guatemala (FUNDESA) in the tourism sector, through the project to support small and medium-sized enterprises (SMEs) in the Tourism Business Centers, a nationwide network of about 330 SMEs. In addition, work will be coordinated with Global Heritage Fund (a fund dedicated to protecting global historic and cultural heritage) and Mayan Natural and Cultural Heritage Foundation (PACUNAM). Both institutions have invested own resources to boost tourism at the Mirador archaeological site. Work will also be pursued in coordination with the Guatemalan government through INGUAT, the Ministry of the Environment and Natural Resources (MARN), the National Council on Protected Areas (CONAP), and the Institute of Anthropology and History (IDAEH), which have identified the department of Petén as a priority, as well as nonprofit organizations such as Wildlife Conservation Society, Rainforest Alliance, Counterpart International, Asociación Balam, and Asociación Alianza Verde, which have executed projects and taken action to strengthen sustainable development in the department of Petén. The proposed project is part of the MIF's sustainable tourism cluster.

III. OBJECTIVES AND DESCRIPTION

- 3.1 The **goal** of the project is to contribute to the sustainability of tourism in Guatemala as an icon of Mayan culture. The **purpose** is to support the establishment and management of a tourist destination in the Northern Cluster of the Cuatro Balam

⁴ The cross-sector panel is a forum for dialogue, discussion, and analysis, focused on furthering a common agenda for the protection, conservation, and development of an area measuring more than 600,000 hectares in the Maya Biosphere Reserve, Petén, Guatemala. The panel works on the basis of a philosophy of equitable participation between the government, municipalities, civil society (comprised of associations, foundations, nongovernmental organizations), community groups, academia, and the private-business sector. Decisions about development are made by consensus of all members.

Area in Petén, as well as the participation therein by local communities and MSMEs in the sector's value chain.

- 3.2 **Component 1. Definition of the target market and planning of the tourist destination (MIF: US\$207,700).** The purpose is to plan the Northern Cluster of the Cuatro Balam Area in Petén from a tourism standpoint, with an emphasis on demand for community services. The following activities are planned: prepare a market study to help identify the tourism niches to be served; prepare a tourism product development plan for the zone that ranks and identifies the products and services to be developed under the project (based on criteria such as potential demand, community interest, level of connectivity, availability of basic services, cartographic study and geographic information, carrying capacity, etc.); organize seminars to present the tourism development plan to the members of the cross-sector panel; and prepare an initial environmental/social assessment, hiring a firm accredited by the MARN to conduct the environmental and social impact assessment process, in accordance with Guatemalan law and Bank policies.
- 3.3 The environmental and social impact assessment will contain environmental and social mitigation measures; a portion of the tourism product development plan, based on procedures established in the ecotourism management tools; a monitoring and oversight plan to prevent excessive tourism growth, establishment of an informal market, and deterioration of cultural assets during implementation and operation of the tourism products; solid and liquid waste management plans, ongoing technical support and assistance to set up organizations that respect traditional forms of organization and administration of resources; and outreach campaigns and communication between the operators, users, and decision makers, and joint coordination and execution with environmental authorities, to enable the communities to exercise their rights and retain their environmental and social traditions. In addition, the proposed environmental and social indicators will be adjusted and further developed in the baseline study, and a system will be developed to monitor and evaluate results.⁵ The Operating Regulations will incorporate environmental criteria and will be revised as soon as the findings of the environmental studies are available.
- 3.4 This component is expected to produce the following results: the target market will be identified, a plan for the tourist destination that takes into account critical environmental and social factors will be available for dissemination, and a cartographic study and geographic information will be designed and digitalized for use in the development of tourism products. The carrying capacity of the protected area will also be determined, which will guide the promotion strategy and scaling of the benefits. The market niches to consider will include ecological, low-impact, socially responsible, home-stay, and community-based tourism.
- 3.5 **Component 2: Development and implementation of a community partnership model for tourism (MIF: US\$52,800).** The purpose of this component is to create

⁵ See Section 11, Annex 5 and 7 of the Operating Regulations.

a partnership model that allows the communities to administer and manage tourism activities. The following activities are planned: organize consensus-building and community participation workshops (which will include members of the cross-sector panel);⁶ provide legal advisory services to develop a model for community management of the destination; prepare a document that describes the legal framework for the model, for the information of the communities, MSMEs, and institutions in the cross-sector panel; and disseminate the model to the cross-sector panel and MSMEs. As a result, a civil association recognized by CONAP, INGUAT, and IDAEH will be created to run the tourist destination.⁷

- 3.6 **Component 3: Product development and microcredit program (MIF: US\$71,000; local counterpart: US\$150,000).** The purpose of this component is to develop and make available products identified as priorities in the tourism development plan in component 1. The following activities are planned: identify needs based on demand, to meet quality standards; identify credit needs and form a partnership with a local organization to provide microcredit for production-related investments; strengthen the product and make improvements, signage, paths, and basic equipment; and comply with minimum standards of community services and integrate into the value chain and agreements with tour operators.
- 3.7 This component is expected to produce the following results: minimum community service standards will be established to provide tourists with better service; communities and MSMEs will be integrated into the tourism value chain; and agreements will be signed with tour operators that include adequate socioenvironmental standards. MIF projects ATN/ME-8382-RG and ATN/ME-10429-RG have been very active in promoting best practices in environmental, social, and economic management in Petén, through GreenDeal (www.greanddeal.org)⁸ and the local and international institutional framework promoted for such purpose.
- 3.8 **Component 4. Community strengthening focused on tourism demand, through training and technical assistance (MIF: US\$190,800; local counterpart: US\$65,000).** The purpose of this component is to enhance the quality and increase the quantity of tourism services through a set of pilot initiatives. The following activities are planned: raise the awareness of people in the communities, MSMEs,

⁶ The cross-sector panel is made up of representatives of PACUMAN, the Global Heritage Fund, the presidential delegate for the Mirador Basin, Asociación Balam (an association in El Petén that deals with issues related to Mirador), and Counterpart International. The panel, which provides a forum for coordinating activities, has no plans to sign agreements at project startup, but instead will negotiate them as needed.

⁷ This type of organization is known in the international literature as a destination management organization.

⁸ The MIF has supported the development of minimum standards in environmental, social, and economic management that tourism operators must meet, the tools for their implementation by MSMEs and communities, the harmonization of certification programs, and the creation of global criteria for sustainable tourism (www.rainforest-alliance.org/tourism.cfm?id=network and www.sustainabletourismcriteria.org).

- and authorities in the Northern Cluster of the Cuatro Balam Area in Petén about the importance of tourism and how interested parties can participate (potential beneficiaries); develop and provide training to MSMEs, tour operator workers, and communities in basic competencies, tourism services (food, lodging, guiding, workshops, en route services, handicrafts, etc.); provide training in environmental topics and responsible tourism; prepare business improvement plans for MSMEs and community organizations, including the implementation of best practices in sustainable tourism and infrastructure upgrades; provide nonreimbursable funds for the formal registration of microenterprises and internships with companies in the Network of Tourism Business Centers; and select local trainers to provide business development and support services through the Tourism Business Centers.
- 3.9 As a result of this component, 100 new and/or improved businesses supported by the project are expected to offer quality tourism services (lodging, food and beverage, transportation, guide services, marketable products, and en route services).
- 3.10 **Component 5. Marketing and promotion (MIF: US\$254,000).** The purpose of this component is to position Guatemala as an icon of Mayan culture, through the promotion of the Northern Tourism Cluster of the Cuatro Balam Area, in Petén. The following activities are planned: develop a marketing plan to position the Northern Tourism Cluster of the Cuatro Balam Area in Petén, through the promotion of the Mirador archaeological site; design and register a mark that identifies the Mirador destination within the Northern Tourism Cluster of the Cuatro Balam Area in Petén; organize trips to familiarize domestic and international tour operators with the destination, and specialized press trips; develop an Internet portal to promote destinations within the Northern Tourism Cluster of the Cuatro Balam Area in Petén; participate in specialized business forums at the international level; and design, distribute, and print informational materials and disseminate information through the media.
- 3.11 This component is expected to produce the following results: the Northern Tourism Cluster of the Cuatro Balam Area in Petén will be presented as a destination by at least two international tour operators; 10 or more tourism products by MSMEs and/or communities will be offered by at least three domestic and three local tour operators; and there will be five appearances in national media and one appearance in international media.

IV. COST AND FINANCING

- 4.1 The project has an estimated cost of US\$1,310,922 equivalent. Of this amount, the MIF will contribute US\$907,780, and the local counterpart will contribute US\$403,142, more than half of which will be in cash. A summary of the budget is presented below (the itemized budget is included in the technical files):

Categories (US\$)	MIF	Local	Total
Administration		176,400	176,400
Logistics	8,400		8,400
Component 1	207,700		207,700
Component 2	52,800		52,800
Component 3	71,000	150,000	221,000
Component 4	190,800	65,000	255,800
Component 5	254,000		254,000
SUBTOTAL	784,700	391,400	1,176,100
Contingencies	23,541	11,742	35,283
Midterm and final evaluations	25,000		25,000
Baseline and monitoring system	15,000		15,000
Final audit and ex post reviews ⁹	30,000		30,000
TOTAL	868,241	403,142	1,271,383
Cluster activities	25,000		25,000
Ex post evaluation (0.5%)	4,539		4,539
GRAND TOTAL	907,780	403,142	1,310,922
Percentages (excluding management strengthening and the ex post evaluation)	69%	31%	100%

- 4.2 **Sustainability** is envisioned at two levels. At the participant level, sustainability will derive from the participation of the communities of Carmelita and Uaxactún and MSMEs from the sector's value chain, which will pursue activities under a management model for the destination that will promote competition, incorporate new elements of quality as a factor of business, and boost the domestic competitiveness of the Northern Tourism Cluster of the Cuatro Balam Area. At the project level, sustainability will be based on the transfer of the destination management model, which will establish a precedent that can subsequently be replicated at other destinations and/or for other products or segments of the tourism market in the country, combining local private and public sector resources, within the framework of INGUAT policies. The project calls for a sustainability plan (business plan) to be prepared by the end of the first year of execution. The plan will include a **sustainability workshop** in which representatives of the Bank and the executing agency, as well as other stakeholders, will participate. The purpose of the workshop will be to explore options for ensuring that management of the "integrated system" continues autonomously after MIF support has ended. These activities include environmental and social management by entrepreneurs, the community, the MARN, and CONAP.

⁹ Financing for this category will be used to contract an auditing firm or auditor to conduct ex post reviews of the supporting documentation for disbursement requests and procurements, in addition to performing audits.

V. PROJECT IMPLEMENTATION

- 5.1 **Executing agency.** The executing agency for the project will be Fundación para el Desarrollo de Guatemala [Foundation for the Development of Guatemala] (FUNDESA), a private nonprofit organization founded in 1984 by businessmen acting in their private capacities. Over the past five years, the organization has amassed vast project development experience in the tourism sector, especially with projects targeting SMEs and community projects. FUNDESA has an annual budget of US\$650,000 and it receives regular financing from different public and private sources. Private companies provide 80% of its financing through monthly payments that enable it to fulfill its mission and contribute to the country's economic and social development. Within the framework of this project, FUNDESA will work on developing the proposed destination together with PACUNAM and the Global Heritage Fund.
- 5.2 The institutional analysis found that FUNDESA has experience with management of MIF projects, with international organizations, specifically in the tourism sector. Furthermore, it has a record of working with the key public and private stakeholders in this project. FUNDESA will receive specific training in environmental management and planning as part of component 1 and the participation of the specialized consultants envisaged for the other components, and the application of the good practices promoted in Petén by the MIF projects mentioned in paragraph 3.7.
- 5.3 **Execution mechanism.** The project coordination unit will be housed in FUNDESA's offices and will consist of a project coordinator and a financial/accounting administrator, who will report to a FUNDESA project director in Guatemala City. The profile of the coordination unit team is described in the Operating Regulations. As part of the project components and in direct support of the project coordination unit, assistance will be provided by technical community outreach specialists, and training and resources will be made available for specific studies on socioenvironmental topics.
- 5.4 The project coordination unit will function in accordance with an annual work plan for the technical coordination and integrated execution of the project, and will channel requests for nonobjection to the procurement of project goods and services.
- 5.5 A **project advisory board** will be assembled based on FUNDESA's governing board and other individuals widely respected in the field who are invited, in addition to personnel appointed by FUNDESA. The board will consist of a presidential delegate for the Mirador Basin, a CONAP representative, and an INGUAT representative. Meeting every six months, the advisory board will lend

political support to the project. Its function will be to chart a strategic course for the project to create synergies and sustainability.¹⁰

- 5.6 **Execution period.** The project will have an execution period of 36 months and a disbursement period of 42 months.
- 5.7 **Project readiness.** Project objectives, components, and activities have been established. The executing agency has provided a letter of commitment to contribute counterpart funds. In addition, the environmental and social impact assessments have been prepared and analyzed, the Operating Regulations have been drafted, and terms of reference for the principal consulting contracts have been agreed on, as have the conditions for ensuring the continuous incorporation of environmental and social requirements into the project as more specific environmental studies are performed.
- 5.8 **Disbursements.** Disbursement of MIF resources will be conditioned on fulfillment of the triggers¹¹ agreed on by FUNDESA and the MIF, as established in the memorandum “Operational Guidelines for Risk- and Performance-based Project Management,” of 25 March 2008. The triggers will be verified in accordance with the agreed on measures. Fulfillment of these triggers does not exempt the project coordination unit from its responsibility to meet the targets established in the logical framework for the project. Accordingly, the first disbursement will be made against fulfillment of the conditions precedent (trigger 0). The disbursement will be in the amount required to meet project expenses related to activities and costs planned for the six-month period. Subsequent disbursements will be made as requested by the executing agency to proceed with normal implementation of the project, provided all respective triggers have been met. These disbursements will be calculated based on project expenses with respect to scheduled activities and associated costs for the required period.
- 5.9 The triggers will be reviewed jointly by the executing agency and the Bank/MIF when the first semiannual work plan is presented at project startup and during the technical visits. The triggers may be reviewed during project execution and rescheduled. The executing agency may also request that the Bank make changes to any trigger that has not expired.
- 5.10 **Financial supervision.** FUNDESA will establish and keep adequate financial accounts, internal control mechanisms, and project filing systems, in accordance with Bank/MIF accounting and auditing rules and policies. It will perform specific accounting for the project in accordance with the chart of accounts previously agreed on with the Bank, on which all transactions financed using MIF and local

¹⁰ The functions of the project coordination unit and the advisory board are described in detail in the Operating Regulations. The MARN, PACUNAM, and the environmental nongovernmental organizations are included in the cross-sector panel led by the presidential delegate.

¹¹ These are minimum targets that must be met for critical indicators. Failure to meet them compromises the technical feasibility of the project.

counterpart funds will be recorded by investment category. The institutional and risk assessment of FUNDESA's capacity with respect to administrative-financial-accounting management found that the level of risk in this area is low (technical document VI). Accordingly, project financial statements will be audited at the end of the execution period, and supporting documentation for disbursements will be reviewed ex post on an annual basis.

- 5.11 **Procurement.** FUNDESA, through the project coordination unit, will procure the goods and services planned for the project in accordance with the semiannual procurement plan approved in advance by the Bank. Project goods and services will be procured in accordance with the "Policies for the Procurement of Goods and Works Financed by the Bank" (document GN-2349-7) and the "Policies for the Selection and Contracting of Consultants Financed by the Bank" (document GN-2350-7), as well as the MIF guidelines of 26 June 2008.
- 5.12 The procedures that the project coordination unit will follow for the procurement of project-financed goods and consulting services will guarantee transparent, competitive processes and the best cost/quality ratio for the project. Prior to any procurements, the project coordination unit will deliver, for approval by the Bank, the initial procurement plan proposed for the project. This plan will be updated semiannually and whenever there is a change in the established procurement methods or in the good or service to be procured.
- 5.13 The institutional and risk assessment of FUNDESA's capacity to procure goods and services found the level of risk in this area to be low (technical document VI). Based on the project team's risk assessment, "critical"¹² procurements of goods and services will be reviewed ex ante, whereas as a general rule all other procurements will be reviewed ex post on an annual basis.
- 5.14 Application of the ex post review modality for procurements and supporting documentation for disbursements may be modified by the MIF based on the findings of reviews and/or subsequent institutional assessments performed during the execution period.
- 5.15 The Bank/MIF will contract independent auditors to conduct the final audit of the financial statements and perform the ex post review of procurements and supporting documentation for disbursements. The cost of these assignments will be financed from the MIF contribution in accordance with Bank procedures.

VI. MONITORING AND EVALUATION

- 6.1 **Supervision and monitoring.** The Bank's Country Office in Guatemala will supervise the project. The executing agency will deliver project status reports (PSR) within 30 days after the end of each six-month period in accordance with the Bank's standard reporting requirements and the environmental reporting

¹² Due to their strategic importance or degree of complexity.

requirements resulting from the initial and subsequent environmental studies. These reports will follow a format previously agreed on with the MIF and will cover the execution status of the project, using the indicators in the logical framework and other operational planning instruments. They will also indicate problems encountered during execution and possible solutions. Within 90 days after the end of the execution period, the executing agency will deliver a final PSR to the MIF, which will highlight the outcomes achieved, the sustainability plan, and the lessons learned. A **closing workshop** will be scheduled for the end of the execution period to evaluate project outcomes and the actions needed to enhance the project's impact.

- 6.2 **Evaluation.** No more than three months after project startup, the executing agency will engage consulting services, subject to the nonobjection of the Bank, to develop the evaluation and monitoring system and establish the baseline. The evaluation system will be based on the logical framework and will employ a total quality approach for analysis of the following factors: (i) relevance, effectiveness, and degree of fulfillment of project objectives; (ii) quality of services offered; (iii) project sustainability (in technical, environmental, social, economic-financial, social, and institutional terms) once MIF support has ended; (iv) opportunities for expanding or replicating the experience; and (v) impacts achieved.
- 6.3 The project calls for two evaluations by a specialized consulting firm, to be selected and contracted directly by the Bank. The first evaluation will be commissioned when 50% of the MIF's contribution has been disbursed or 24 months after the first disbursement, whichever occurs first. The final evaluation will be commissioned when 90% of the MIF's contribution has been disbursed or three months prior to the last scheduled disbursement, whichever occurs first.

VII. BENEFICIARIES AND RISKS

- 7.1 **Benefits.** The project is expected to help define a tourist destination with an image that associates Mayan culture with sustainable tourism. As a result, international and local operators will offer the destination in each of the major tourist markets—Europe and the United States.
- 7.2 Upon project completion, the following results are expected: a profile of the target market segments will be developed; community tourism committees will be created; a destination will be defined, planned, and positioned (destination mark); tourism products offered by local operators that integrate the communities will be presented in a catalogue of national operators; the destination will appear in the catalogues of travel wholesalers; and a community-based tourism model for the management of space and services in the destination will be implemented and disseminated within the framework of CONAP's sector policies.
- 7.3 **Project beneficiaries.** The project will directly benefit more than 300 microenterprises and local communities, including: (i) sole-proprietorship microenterprises that provide tourism services (e.g. local guides) or nontourism

- services and products considered as inputs in the destination's tourism infrastructure (e.g. artisans, vegetable farmers); and (ii) family-run microenterprises (e.g. private housing) or community-run microenterprises (e.g. community-owned housing), which are located on community land. In the case of the latter, the project will give priority to the **participation of indigenous users**. The project will also benefit: (iii) SMEs in the service sector (e.g. hotels, restaurants) located outside areas that belong to the community; (iv) community and other organizations that work on local development, conservation, and tourism that can be strengthened in their roles as local tourism agents and institutional liaisons for other stakeholders in the project; (v) tour operators at the entrances to the Mirador archaeological site (Carmelita and Uaxactún), as well as those in Flores and along the road between Flores and Mirador; and (vi) domestic and international wholesale travel agents.
- 7.4 Awareness-raising and training activities will benefit at least 300 individuals. Financial assistance, as a supplement to the personal funds that applicants will invest, will be provided to at least 100 microenterprises that take advantage of the training or technical assistance services. Specialized technical assistance will be provided to at least 50 microenterprises or community groups operating in the field of intervention. Lastly, 30 local technical and professional trainers who reside in the communities at the destination will receive training.
- 7.5 **Risks.** The main risk lies in achieving the critical mass of microenterprises and communities that express interest in joining together to meet the demand that could be generated for the destination. This risk is mitigated by the awareness-raising, training, and technical assistance activities included in the project, which will help ensure that a large number of microenterprises and communities are integrated into the destination. The Maya Biosphere Reserve faces major threats, such as high immigration, high rates of deforestation and forest fires, illegal activities, an ineffective regulatory framework, extreme poverty, and unsustainable farming, livestock, and timber practices. Although mitigation of these risks is not within the scope of the project, project activities (studies, training, design of physical interventions) will provide for effective mitigation.

VIII. SOCIAL AND ENVIRONMENTAL CONSIDERATIONS

- 8.1 Taking into account the potential impacts and risks that have been identified¹³ and following the guidelines established by the Bank in its Environment and Safeguards Compliance Policy (document OP-703), the project team, using the safeguards filter, classified this project as a category "B" operation (ESR, 8 August 2008). In accordance with this classification, design of the operation began in June 2008 building in the following environmental measures: (i) compilation and review of existing data; (ii) interviews and consultations with the various stakeholders in the project; (iii) analysis of the relevant institutional and legal framework;

¹³ See technical document VIII, the result of a study commissioned by ESR that complies and analyzes all documentation and studies to date.

(iv) evaluation of key potential environmental and sociocultural impacts or risks (direct, indirect, regional, and cumulative); (v) identification of effective measures to prevent, minimize, and/or mitigate the impacts identified; (vi) determination of institutional and financial responsibilities, the schedule, and the corresponding budget for implementing the proposed measures; (vii) development of the mechanism for monitoring environmental and sociocultural impacts throughout project execution, including clearly defined indicators, monitoring schedules, responsibilities, and costs; (viii) strategy proposal for public consultations; and (ix) identification of environmental and sociocultural criteria to determine the eligibility of proposed project activities in accordance with the guidelines set forth in the Operating Regulations. Any supplemental studies requested by the MARN or the Bank in addition to the initial environmental study will be performed by a specialized consultant. FUNDESA, the project team, and the Bank's Environmental Safeguards Unit will decide on terms of reference for such studies.

LOGICAL FRAMEWORK

ESTABLISHMENT AND MANAGEMENT OF A TOURISM DESTINATION IN THE NORTHERN CLUSTER OF THE CUATRO BALAM AREA IN PETÉN (GU-M1024)

Objectives	Indicators	Means of verification	Assumptions
Goal			
The goal of the project is to contribute to the sustainability of tourism in Guatemala as an icon of Mayan culture.	<p>Three years after project completion:</p> <ul style="list-style-type: none"> The tourism destination has an image that associates Mayan culture with sustainable tourism. At least two international, three domestic, and three local operators offer the destination in each of the major tourist markets—Europe and the United States. 	<ul style="list-style-type: none"> Official statistics department Georeferenced study, baseline, and monitoring system Surveys of tour operators that work in the region 	<ul style="list-style-type: none"> There is relative social and economic stability. There are no major natural disasters. The tourism sector remains a political priority.

Objectives	Indicators	Means of verification	Assumptions
Purpose			
<p>The purpose is to support the establishment and management of a tourist destination in the Northern Cluster of the Cuatro Balam Area in Petén, as well as the participation therein by local communities and micro, small, and medium-sized enterprises (MSMEs) in the sector's value chain.</p>	<p>Upon project completion:</p> <ul style="list-style-type: none"> • Profile of the target market segments is completed. • The destination is defined and planned (tourism plan) and positioned (destination mark). • Tourism products are offered by local operators that integrate the communities, in a catalogue of national operators • Community tourism committees are created. • The initial environmental study is presented to the Ministry of the Environment and Natural Resources (MARN). • The MARN issues a resolution indicating the category of analysis. • Documents supplementing the initial environmental study are approved by the MARN. • The National Council on Protected Areas (CONAP) and the MARN implement their joint monitoring plan. 	<ul style="list-style-type: none"> • Statistics department • Baseline and system for monitoring indicators • Semiannual progress reports delivered by the project coordination unit • Midterm and final evaluations • Project completion report (PCR) • Project Performance Monitoring Report (PPMR) • Analysis of tourism attractions • Documents corresponding to the initial environmental study • MARN resolution on the initial environmental study • Consulting reports for the initial environmental study • CONAP-MARN environmental and social monitoring reports 	<ul style="list-style-type: none"> • There is participation by the principal actors who influence and drive the operation of the community groups. • The project remains on the regional and local government agenda.

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> The destination is offered in the catalogues of tourism wholesalers (United States, Europe) by month 36. Community-based tourism models for management of space and services in the destination are ready for implementation and disseminated within the framework of CONAP's sector policies beginning in month 12. <p>Communities: maintenance and monitoring of use of paths, signage, and resources in the destination; observance of carrying capacity and quality of transportation; commitment to invest in lodging and food governed by sustainability standards (septic tanks, solid waste management); appropriate use of the destination mark.</p> <p>Public sector: physical security, protection and monitoring of cultural and natural heritage, maintenance of access and transit routes, regulations for use of community services by operators.</p>		
Components and activities			
<p>Component 1. Definition of the target market and planning of the tourist destination</p> <p>The purpose is to plan the Northern Cluster of the Cuatro Balam Area in Petén from a tourism standpoint, with an emphasis on demand for community services.</p>	<ul style="list-style-type: none"> The target market is defined and the tourism plan for the destination is available for dissemination in month 6. A cartographic study and geographic information is designed, digitalized, and ready to be printed in month 6. 	<ul style="list-style-type: none"> Midterm and final evaluations Semiannual progress report delivered by the project coordination unit PPMR 	<ul style="list-style-type: none"> Local authorities and private actors recognize their role in the development of tourism and remain interested and committed.

Objectives	Indicators	Means of verification	Assumptions
1.1. Prepare a market study to help identify the tourism niches to be served.	<ul style="list-style-type: none"> A market study is prepared that identifies the tourism niches to be served by month 4. 	<ul style="list-style-type: none"> Midterm and final evaluations Semiannual progress report delivered by the project coordination unit Document presenting the study 	
1.2. Prepare a tourism product development plan for the zone that ranks and identifies the products and services to be developed under the project (based on criteria such as potential demand, community interest, level of connectivity, availability of basic services, cartographic study and geographic information, carrying capacity, etc.) ¹	<ul style="list-style-type: none"> A tourism product development plan for the zone that identifies the products and services to be developed under the project and a tourism growth plan (including a cartographic study that helps to identify the tourism niches and routes that could be developed) for the Northern Tourism Cluster of the Cuatro Balam Area in Petén are completed for dissemination in month 6.² 	<ul style="list-style-type: none"> Midterm and final evaluations PPMR PCR Semiannual progress report delivered by the project coordination unit 	<ul style="list-style-type: none"> Local authorities and private actors recognize their role and participate in meetings to prepare a tourism development plan.
1.3. Organize seminars to present the tourism development plan to the members of the cross-sector panel.	<ul style="list-style-type: none"> Three dissemination workshops are held, with at least 30 people in attendance at each and the involvement of all members of the cross-sector panel. 	<ul style="list-style-type: none"> Midterm and final evaluations PPMR 	<ul style="list-style-type: none"> The members of the cross-sector panel demonstrate interest in participating in the dissemination workshops and seminars.
<p>Component 2. Development and implementation of a community partnership model for tourism</p> <p>The purpose of this component is to create a partnership model that allows the communities to administer and manage tourism activities.</p>	A civil association recognized by CONAP, INGUAT, and IDAEH will be created to run the tourist destination before month 18.	<ul style="list-style-type: none"> Midterm and final evaluations Semiannual progress report delivered by the project coordination unit PPMR 	<ul style="list-style-type: none"> The principal actors in the communities participate.

¹ This includes an initial environmental/social evaluation, indicators, and an environmental and social monitoring and evaluation system (see Operating Regulations).

² See indicators in Section 11 and terms of reference in Annexes 5 and 7 of the Operating Regulations.

2.1. Organize consensus-building and community participation workshops.	<ul style="list-style-type: none"> Two workshops in each of the communities in the Northern Cluster of the Cuatro Balam Area in Petén to build consensus for a community participation model that can be recognized and legally established, by month 9. 	<ul style="list-style-type: none"> Lists of participants and photographs of the events. Registered databases. Midterm and final evaluations 	<ul style="list-style-type: none"> The people who live in the communities in the Northern Cluster of the Cuatro Balam Area in Petén are interested in participating in activities to develop tourism in the zone.
2.2. Provide legal advisory services to develop a model for community management of the destination.	<ul style="list-style-type: none"> A standardized management model available for dissemination and ready to be replicated in month 18. 	<ul style="list-style-type: none"> Notarized certificate describing the model that will be used in each of the communities that wish to apply in the Northern Cluster of the Cuatro Balam Area in Petén. 	<ul style="list-style-type: none"> The people in the community agree that management activities should be regulated by law.
2.3. Prepare a document describing the legal framework for the model, for the information of the communities, MSMEs, and institutions in the cross-sector panel.	<ul style="list-style-type: none"> A document is prepared that describes the legal framework that will be used by the communities to run tours to the Mirador archaeological site, as well as different activities identified in the tourism development plan by month 22. 	<ul style="list-style-type: none"> Document describing the management model Midterm and final evaluations PCR PPMR 	<ul style="list-style-type: none"> The legal framework for the model is prepared without delay. The communities are interested in adopting the suggested model and are in a position to do so.
2.4. Disseminate the model to the cross-sector panel and MSMEs.	<ul style="list-style-type: none"> Three dissemination workshops are held, with at least 30 people in attendance at each and the involvement of all members of the cross-sector panel, by month 18. 	<ul style="list-style-type: none"> List of participants Midterm and final evaluations 	<ul style="list-style-type: none"> The members of the cross-sector panel continue to participate in meetings and demonstrate a commitment to strengthen tourism.
Component 3. Product development and microcredit program The purpose of this component is to develop and make available products identified as priorities in the tourism development plan in component 1.	<ul style="list-style-type: none"> Minimum community service standards will be established to provide tourists with better service; communities and MSMEs will be integrated into the tourism value chain; and agreements will be signed with tour operators, by month 26. 	<ul style="list-style-type: none"> Field visits PPMR 	<ul style="list-style-type: none"> The people who live in the communities and the MSMEs in the Northern Cluster of the Cuatro Balam Area in Petén are interested in making the changes needed to sign agreements with tour operators.

3.1. Identify needs based on demand, to meet quality standards.	<ul style="list-style-type: none"> • A document is prepared that indicates the needs that the communities and MSMEs must address to meet the demand for services to be contracted by tour operators in the region by month 10. 	<ul style="list-style-type: none"> • PPMR • Analysis of the supply • Midterm and final evaluations 	<ul style="list-style-type: none"> • The principal actors in the communities and MSMEs participate.
3.2. Identify credit needs and form a partnership with a local organization to provide microcredit for production-related investments.	<ul style="list-style-type: none"> • A partnership is formed with a microfinance entity to provide microcredit, to improve the services provided by the communities and MSMEs, by month 12. 	<ul style="list-style-type: none"> • Institutional agreement that shows the joint work to be conducted 	<ul style="list-style-type: none"> • A company that provides microcredit services is interested in expanding its operations to the Northern Tourism Cluster of the Cuatro Balam Area in Petén.
3.3. Strengthen the product and make improvements, signage, paths, and basic equipment.	<ul style="list-style-type: none"> • The necessary signage is in place and the needed improvements that were identified are made by month 20. • The communities have the basic equipment to provide better service by month 20. • The paths meet minimum international quality standards for transit by month 20. 	<ul style="list-style-type: none"> • Field visits • PPMR • PCR 	<ul style="list-style-type: none"> • The communities and MSMEs want to make the changes needed to operate satisfactorily, in accordance with minimum quality standards. • The public and private actors are willing to continue to work together to improve the Northern Tourism Cluster of the Cuatro Balam Area in Petén.

3.4. Comply with minimum standards of community services and integrate into the value chain and agreements with tour operators.	<ul style="list-style-type: none"> The tourism services provided by the communities and MSMEs in the Northern Cluster of the Cuatro Balam Area in Petén comply with 60% of Green Deal standards for community tourism by month 24. Agreements have been signed between the communities, MSMEs, and at least three local, three national, and two international operators to market tourism products in the Northern Cluster of the Cuatro Balam Area in Petén by month 30. 	<ul style="list-style-type: none"> Copy of the indicator analyses that demonstrates compliance with 60% of the Green Deal standards for community tourism Copies of the signed agreements PPMR 	<ul style="list-style-type: none"> The tour operators and MSMEs feel it is important to establish agreements with the communities, and the destination remains on the national agenda.
<p>Component 4. Community strengthening focused on tourism demand, through training and technical assistance</p> <p>The purpose of this component is to enhance the quality and increase the quantity of tourism services through a set of pilot initiatives.</p>	<ul style="list-style-type: none"> 100 new and/or improved businesses supported by the project offer quality tourism services (lodging, food and beverage, transportation, guide services, marketable products, en route services) by month 30. 	<ul style="list-style-type: none"> Directory of supported businesses Semiannual progress report delivered by the project coordination unit Midterm and final evaluations PPMR PCR 	<ul style="list-style-type: none"> There is a critical mass of entrepreneurs in the Northern Tourism Cluster of the Cuatro Balam Area in Petén.
4.1. Raise awareness of people in the communities, MSMEs, ³ and authorities in the Northern Cluster of the Cuatro Balam Area in Petén about the importance of tourism and how interested parties can participate (potential beneficiaries).	<ul style="list-style-type: none"> 500 individuals and MSMEs/communities participate in awareness-raising activities by month 36. 	<ul style="list-style-type: none"> Semiannual progress report delivered by the project coordination unit List of participants in the awareness-raising workshops 	<ul style="list-style-type: none"> Local leaders and authorities in the communities, hamlets, and municipios in the Northern Cluster of the Cuatro Balam Area in Petén are favorably inclined toward tourism.

³ For the purposes of this project, an **MSME** is a formal or informal, urban or rural unit that provides tourism goods and services directly (direct interaction with tourists) or indirectly (provides goods and services to the former) and employs up to sixty workers, including the owner. A community is the collective group of people in an urban or rural settlement with tourism potential who receive support under the project to create a favorable environment for the development of tourism. The involvement of its leaders and authorities should be established by law.

4.2. Develop and provide training to MSMEs, tour operator workers, and communities in basic competencies, tourism services (food, lodging, guiding, workshops, en route services, handicrafts, etc.).	<ul style="list-style-type: none"> • 500 individuals and MSMEs/communities receive training by month 30. 	<ul style="list-style-type: none"> • Semiannual progress report delivered by the project coordination unit • List of participants in training courses • Evaluation of skills and competencies acquired by participants upon completion of the courses 	<ul style="list-style-type: none"> • Local leaders and authorities in the principal communities in the Northern Cluster of the Cuatro Balam Area in Petén are favorably inclined toward tourism.
4.3. Prepare business improvement plans for MSMEs and community organizations, including the implementation of best practices in sustainable tourism and infrastructure upgrades.	<ul style="list-style-type: none"> • At least 50 businesses (MSMEs/communities) receive technical advisory services through business improvement plans, including implementation of best practices in sustainable tourism and infrastructure upgrades by month 30. 	<ul style="list-style-type: none"> • Directory of supported businesses • Monitoring system 	<ul style="list-style-type: none"> • Entities and/or experts qualified to provide technical advisory services are available. • Local inhabitants, entrepreneurs, and communities are interested in technical assistance, to launch or improve tourism services.
4.4. Provide nonreimbursable funds for the formal registration of microenterprises and internships with companies in the Network of Tourism Business Centers.	<ul style="list-style-type: none"> • At least 100 individuals receive nonreimbursable funds for internships at companies in the Network of Tourism Business Centers by month 30. • 	<ul style="list-style-type: none"> • Monitoring system • List of participants in internships • PPMR • PCR • 	<ul style="list-style-type: none"> • Individuals are willing and interested in receiving nonreimbursable funds for internships.
4.5. Select local trainers to provide business development and support services through the Tourism Business Centers.	<ul style="list-style-type: none"> • 30 local trainers provide support and advisory services to MSMEs and communities through the Network of Tourism Business Centers by month 30. 	<ul style="list-style-type: none"> • Directory of trainers who provide support to MSMEs and communities • PPMR • PCR 	<ul style="list-style-type: none"> • There is interest among local trainers in providing support to MSMEs and communities. • The authorities in the Northern Cluster of the Cuatro Balam Area in Petén are willing to monitor the training initiatives. •
Component 5. Marketing and promotion The purpose of this component is to position Guatemala as an icon of Mayan	<ul style="list-style-type: none"> • By month 36: • The Northern Tourism Cluster of the Cuatro Balam Area in Petén is offered as a destination by at least two international tour operators. 	<ul style="list-style-type: none"> • Operator catalogues • Final evaluation • PCR • 	<ul style="list-style-type: none"> • National and international tour operators remain interested in promoting the Northern Tourism Cluster of the Cuatro Balam Area in Petén.

culture, through the promotion of the Northern Tourism Cluster of the Cuatro Balam Area, in Petén.	<ul style="list-style-type: none"> • Ten or more tourism products by MSMEs and/or communities are offered by at least three domestic and three local tour operators. • The destination is featured in five spots in the national media and at least one spot in the international media. 		
5.1. Develop a marketing plan to position the Northern Tourism Cluster of the Cuatro Balam Area in Petén, through the promotion of the Mirador archaeological site.	<ul style="list-style-type: none"> • A marketing plan is developed that identifies the methodology and activities for promoting the Mirador archaeological park and its tourist attractions, positioning the Northern Tourism Cluster in the Cuatro Balam Area in Petén by month 20. 	<ul style="list-style-type: none"> • Document containing the marketing plan • Final evaluation • PPMR 	<ul style="list-style-type: none"> • The principal stakeholders are interested in implementing a marketing plan that positions the Northern Tourism Cluster of the Cuatro Balam Area in Petén.
5.2. Design and register a mark that identifies the Mirador destination within the Northern Tourism Cluster of the Cuatro Balam Area in Petén.	<ul style="list-style-type: none"> • A legal framework is developed that identifies and promotes the Mirador destination within the Northern Cluster Tourism of the Cuatro Balam Area in Petén by month 24. 	<ul style="list-style-type: none"> • Photocopy of the certificate of registration of the mark • PCR 	
5.3. Organize trips to familiarize domestic and international tour operators with the destination, and specialized press trips.	<ul style="list-style-type: none"> • Four familiarization trips are held between months 24 and 36. • Four press trips are held between months 24 and 36. 	<ul style="list-style-type: none"> • Surveys of tour operators and participating media for each product • Final evaluation 	<ul style="list-style-type: none"> • Tour operators and media are willing to participate in the familiarization and press trips.
5.4. Develop an Internet portal to promote destinations within the Northern Tourism Cluster of the Cuatro Balam Area in Petén.	<ul style="list-style-type: none"> • An Internet portal is developed to promote tourist destinations in the Northern Cluster of the Cuatro Balam Area in Petén and to make reservations, by month 30. 	<ul style="list-style-type: none"> • A live Internet portal that can be used to make reservations for tourist destinations in the Northern Cluster of the Cuatro Balam Area in Petén 	
5.5. Participate in specialized business forums at the international level.	<ul style="list-style-type: none"> • Participation in at least three specialized business forums that promote tourist destinations in the Northern Cluster of the Cuatro Balam Area in Petén, by month 27. 	<ul style="list-style-type: none"> • PPMR 	<ul style="list-style-type: none"> • The Guatemalan Tourism Institute remains interested in promoting the Northern Tourism Cluster in Petén.

5.6. Design, distribute, and print informational materials and disseminate information through the media.	<ul style="list-style-type: none">• Three promotional pieces are designed and 1,000 CDs and 5,000 trifold brochures are developed to market tourist destinations in the Northern Cluster of the Cuatro Balam Area in Petén, by month 36.	<ul style="list-style-type: none">• PCR• Samples of the digital pieces, the CDs, and the trifold brochures	
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**ESTABLISHMENT AND MANAGEMENT OF A TOURISM DESTINATION IN THE NORTHERN CLUSTER OF THE CUATRO BALAM AREA IN PETÉN
(GU-M1024)**

BUDGET

BUDGET CATEGORIES	MIF US\$	Local US\$	TOTAL US\$
Coordination and logistics	8,400	176,400	184,800
Administration	-	176,400	176,400
Logistics, equipment, and central office	8,400	-	8,400
Component 1. Definition of the target market and planning of the tourist destination	207,700	-	207,700
1.1 Prepare a market study to help identify the tourism niches to be served.	36,500	-	36,500
1.2 Prepare a tourism product development plan for the zone that ranks and identifies the products and services to be developed under the project.	116,000	-	116,000
1.3 Prepare studies and strengthen the project coordination unit on environmental issues	25,000	-	25,000
1.4 Organize seminars to present and disseminate the tourism development plan for the region (project launch).	30,200	-	30,200
Component 2. Development and implementation of a community partnership model for tourism	52,800	-	52,800
2.1 Organize consensus-building and community participation workshops.	8,400	-	8,400
2.2 Provide legal advisory services to develop a model for community management of the destination.	18,400	-	18,400
2.3 Prepare a document describing the legal framework for the model, for the information of the communities.	5,000	-	5,000
2.4 Disseminate the model to the cross-sector panel and MSMEs.	21,000	-	21,000
Component 3. Product development and microcredit program	71,000	150,000	221,000
3.1 Identify needs based on demand, to meet quality standards.	14,000	-	14,000
3.2 Identify credit needs and form a partnership with a local organization to provide microcredit for production-related investments.	4,000	-	4,000
3.3. Strengthen the product and make improvements, signage, paths, and basic equipment.	4,000	150,000	154,000

BUDGET CATEGORIES	MIF US\$	Local US\$	TOTAL US\$
3.4 Comply with basic environmental/social standards.	49,000	-	49,000
Component 4. Community strengthening focused on tourism demand, through training and technical assistance	190,800	65,000	255,800
4.1 Raise awareness of people in the communities, MSMEs, and authorities in the Northern Cluster of the Cuatro Balam Area in Petén about the importance of tourism and how interested parties can participate (includes environmental training module).	11,800	-	11,800
4.2 Develop and provide training to MSMEs, tour operator workers, and communities in basic competencies and tourism services (includes environmental training module).	90,000	65,000	155,000
4.3. Prepare business improvement plans for MSMEs and community organizations, including the implementation of best practices in sustainable tourism and infrastructure upgrades (includes environmental training module).	35,500	-	35,500
4.4. Provide nonreimbursable funds for the formal registration of microenterprises and internships with companies in the Network of Tourism Business Centers (environmental eligibility criteria will be applied).	27,500	-	27,500
4.5. Select local trainers to provide business development and support services through the Tourism Business Centers (includes environmental training module).	26,000	-	26,000
Component 5. Marketing and promotion	254,000	-	254,000
5.1. Develop a marketing plan to position the Northern Tourism Cluster of the Cuatro Balam Area in Petén, through the promotion of the Mirador archaeological site.	37,500	-	37,500
5.2 Design and register a mark that identifies the Mirador destination within the Northern Tourism Cluster of the Cuatro Balam Area in Petén.	18,500	-	18,500
5.3 Organize trips to familiarize domestic and international tour operators with the destination, and specialized press trips.	24,000	-	24,000
5.4. Develop an Internet portal to promote destinations within the Northern Tourism Cluster of the Cuatro Balam Area in Petén.	8,000	-	8,000
5.5. Participate in specialized business forums at the international level.	39,000	-	39,000
5.6. Design, distribute, and print informational materials and disseminate information through the media.	127,000	-	127,000

BUDGET CATEGORIES	MIF US\$	Local US\$	TOTAL US\$
SUBTOTAL	784,700	391,400	1,176,100
Contingencies 3%	23,541	11,742	35,283
Midterm and final evaluations	25,000		25,000
Baseline and monitoring system	15,000		15,000
Final audit and ex post reviews	30,000		30,000
TOTAL	868,241	403,142	1,271,383
Cluster activities	25,000		25,000
Contribution to ex post evaluation (0.5% of budget)	4,539		4,539
GRAND TOTAL	907,780	403,142	1,310,922
Percentage (excluding cluster activities)	69%	31%	100%

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/09

Guatemala. Nonreimbursable Technical Cooperation ATN___-___-GU
Definition and Management of a Tourism Destination in the
Northern Cluster of the Cuatro Balam Area in Petén.

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Fundación para el Desarrollo de Guatemala - FUNDESA, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to a technical cooperation for the definition and management of a tourism destination in the northern cluster of the Cuatro Balam area in Petén.
2. That up to the amount of US\$907,780 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on ____ 2009)

LEG/SGO/ CID/IBDOCS# 1886027
GU-M1024