

MICROENTERPRISE DEVELOPMENT AND PROMOTION IN THE TOURISM SECTOR

(TC-98-10-36-9-GU)

EXECUTIVE SUMMARY

Executing agency:	Guatemalan Development Foundation (FUNDESA)	
Financing:	Modality:	Nonreimbursable
	MIF (Window III-A):	US\$520,000
	Local counterpart:	US\$230,000
	Total:	US\$750,000
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Objectives:	<p>The general objective of the project is to support market entry for tourism microentrepreneurs in the Petén, Izabal, and Antigua areas, as providers of tourism services as well as services to the large and medium-sized hotel sector in these areas.</p> <p>The specific objectives are: (i) to support the marketing processes of 700 microenterprises in the sector; (ii) to increase gross sales by microentrepreneurs by 20% within three years; (iii) to set up five microenterprise networks in each of the project areas, one for each economic activity in the tourism sector; and (iv) to develop local supply of training services for tourism microentrepreneurs on processes for forming associations and marketing.</p>	
Description:	<p>The project would consist of four components: (i) adaptation of the FUNDESA marketing methodology to the microenterprise sector; (ii) the establishment and opening of three Tourism Business Centers (CET); (iii) monitoring, supervision, and dissemination of results; and (iv) management and institutional strengthening.</p> <p>Adaptation of marketing methodology to the microenterprise sector: the purpose of this component is to develop a marketing methodology adapted for use in training microentrepreneurs. The results obtained by FUNDESA to date will be reviewed, and on the basis of that information, special techniques will be designed to enable microentrepreneurs to take an active part in training processes, business conferences, and trade fairs.</p>	

Creation and opening of three Tourism Business Centers: the aim of this component is to finance the creation and opening of three CETs, as centers for training and information on business practices and opportunities for microentrepreneurs.

Monitoring, supervision, and dissemination of results: this component would include the activities necessary to disseminate information on the results obtained from the project and transfer the methodology developed and validated by FUNDESA to the local communities. The results of project execution and information on the methodology used will be disseminated at a workshop organized by FUNDESA in one of the project areas. All stakeholders directly involved in the local development of these areas and in development of the tourism sector will be invited to attend. The experiences and accomplishments of the local development roundtables in the three project areas will also be presented at this workshop.

Management and institutional strengthening: this component will support the establishment of the project executing unit (PEU), composed of a project director and an administrative assistant, as well as a consultancy to assist FUNDESA in deciding on a strategy for the long term sustainability of its business development services function (i.e. whether to become a second-tier provider of training services or continue as direct executing agency).

Beneficiaries: By project completion, it is expected that 700 microentrepreneurs will have been trained, 175 microentrepreneurs will have been effectively integrated horizontally or vertically, and five business groups will have been established according to the types of services provided in each area.

Environmental and social review: The operation was reviewed by the CESI at its meeting on 13 September 1999. Its recommendations are reflected in the operation's design.

Special contractual clauses: As a condition precedent to the first disbursement, FUNDESA will present, to the Bank's satisfaction: (i) terms of reference for hiring project personnel (paragraph 5.5); (ii) terms of reference for the consultancies to be engaged to adapt the FUNDESA marketing methodology for use by microentrepreneurs (paragraph 5.6); and (iii) presentation of the updated work plan (paragraph 5.7), which must include a strategy for conversion into a second-tier provider of training services and the commitment to establish and open the fourth CET, to be financed with resources generated internally by the project (paragraph 4.5).

The technical-cooperation contribution will be disbursed pari-passu with the local counterpart financing.

**Exceptions to
Bank policy:**

None.