



PROCOEES: Opportunity Creation Project Economics and Sustainable Entrepreneurship in Guatemala

The countries of Central America, particularly those of the Northern Triangle, where Honduras, El Salvador and Guatemala are located, are the ones with the highest emigration rates, mostly of young people between 15 and 35 years of age, and the highest net migration rates. negative (IICA, 2021). The population continues to face structural problems such as lack of economic opportunities, poverty, inequality, violence, insecurity, weak governance and climate change, which are the main drivers of massive and forced migration of people. Although migration is a human right, the transit of migrants is characterized by the lack of guarantee of their rights and protection, which implies various types of risks such as possible detention and deportation by the Mexican authorities, accompanied by the exercise of violence, exploitation and abuse (Helvetas, 2020).

The **PROCOEES Project** is based on good practices and lessons learned from economic development and entrepreneurship promotion initiatives implemented by Helvetas in Guatemala within the framework of the Territorial Rural Economic Development Project - PRODERT Ixqib' financed by the Geneva Federation of Cooperation and the Embassy of Sweden in Guatemala since 2013. The **PROCOEES Project** aims to promote the creation of economic opportunities in the region for the most vulnerable population, in particular women and young people with a propensity to emigrate, and returned migrants. This will be done by strengthening and promoting small and medium-sized enterprises, to make them innovative and competitive and thus help prevent the target population from leaving the region in search of better economic opportunities.

The PROCOEES Project will continue and expand the impacts and results achieved by the PRODERT Ixqib' Project, in terms of:

1. Capitalize and expand the joint business model (business associativity) by promoting the massive linking of business networks (which have not yet been annexed from the previous + new phase of the project) with legally constituted formal organizations (agricultural MSMEs), as well as the promotion and strengthening of these MSMEs to make them more competitive and innovative.

2. The promotion of access to financing, following up on the risk capital guarantee fund that the Swedish International Development Cooperation Agency (SIDA) has granted to the Savings and Credit Cooperative (COSAMI) in November 2021; likewise, the promotion of access to financing for MSMEs to Impact Investment Funds such as the Isidro Fund of Catholic Relief Services -CRS-.
3. Expand the impact of access to higher value markets for small and small producers through the development of business intelligence systems to identify market opportunities.
4. Development of a market system for technological innovation in order to have a permanent supply of innovation.
5. Monitoring of the advocacy plan to institutionalize the Municipal Offices of Local Economic Development for the promotion and allocation of budgets for local economic development LED, in the territories, as well as the opening of Single Municipal Employment Windows -VUME in spanish- as the space at the municipal level employment exchange, information and training for people from the municipality to access a job or start their own business.
6. Promotion of new sustainable enterprises and their co-financing in the early stages of business activity, mainly for women and young people with few economic opportunities, and in this expansion of the project (PROCOEES), it will include returned migrants among the beneficiaries. Also, the co-financing of a certified specialized technical training program for returnees and women and young people with a propensity to migrate; the type of training will be based on the demand of the labor market and companies.

In order to achieve the impact objective of this project, it is necessary to address both the structural causes of forced migration in Guatemala, mainly those related to economic factors, as well as the specific bottlenecks for the promotion of micro, small and medium-sized enterprises in chains of agricultural value, in collaboration with the main actors of the public and private sector of the MSMEs ecosystem. MSMEs will be strengthened by supporting their modernization, helping them to access new higher value markets and helping them to access financing mechanisms. On the other hand, the municipalities will be supported in the creation of support structures (VUME) for the search for employment or the start-up of their own companies for the target population.

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DEVELOPMENT OBJECTIVE

Women, youth, and migrants who have returned to Guatemala have access to dignified income and jobs through a solid network of micro, small, and medium-sized enterprises (MSMEs), thus helping to reduce forced migration.

SPECIFIC OBJECTIVES

Specific Objective 1: MSMEs increase their productivity, profitability and sales, improve their competitiveness and, consequently, their access to new markets.

Specific Objective 2: Returned migrants have access to regional/local economic opportunities that allow them to take advantage of their experiences and skills acquired outside the country.

RESULTS

- MSMEs will be strengthened in a new, modern, creative and competitive business sector at the national, regional and international levels.
- There is an offer of market information services that allows MSMEs to access higher value markets.
- Financial sector actors offer relevant and accessible financial products and services, and existing and future MSMEs access and use these financial services.
- Municipal governments establish Municipal Employment Windows (VUME) in municipalities with higher rates of migration to create local economic opportunities and provide personalized and specialized attention to returned migrants.

VALUE CHAINS

The **PROCOEES Project** plans to continue working with the 10 value chains that the **PRODERT Ixoqib' Project** prioritized and worked on, and plans to carry out pilot actions with a new value chain (Cacao), a chain that is complementary to other chains such as amaranth and that links women and youth. The 10 chains prioritized and already validated within the framework of the **PRODERT Ixoqib' Project** are:

1. Potato;
2. Local vegetables;
3. Export vegetables;
4. Sheep cattle;
5. Poultry;
6. Coffee;
7. Honey;
8. Amaranth;
9. Pork;
10. Modernized crafts.

The project will reserve the flexibility to address new value chains if opportunities arise according to the selection criteria established in the **PRODOC**. The **PROCOEES Project** will not necessarily be considering the 10 value chains, it will depend on the prioritization of MSMEs that will be beneficiaries.

AREAS OF INTERVENTION

Micro, Small and Medium Enterprises -MSMEs -: Improvement of the competitiveness of MSMEs. The strengthening of MSMEs will focus on their modernization and transformation towards innovation and their access to new national, regional and international markets. It will be based on an agribusiness diagnosis that will be made to each MSME to identify its bottlenecks around the support functions identified in previous analyses. These five areas are: Business Development, Administrative, Fiscal and Legal Development, Associativity, Financial Services and Access to Market Information.

Promotion of New Entrepreneurships and Sustainable:

Dynamic and innovative undertakings that respond to market demand. In other words, they will be opportunity ventures, where the "business network" model will be promoted. For the promotion of new ventures, it will be a tripartite investment; co-investment of the entrepreneur, co-investment of the project and ideally another co-investment by the municipality or some other private or cooperation actor.

Advocacy: Through promoting the creation and strengthening of the first three VUMEs and giving continuity to the process of influencing the institutionalization of the Municipal Economic Development Offices - OMDEL in Spanish - as the municipal unit responsible for making the Single Municipal Employment Windows VUME operational. Currently, there is already an established incidence route. Likewise, care programs for returned migrants and job orientation programs will be promoted so that people can get a job or start their own business.

FAST FACTS

Geographic location:

The **PROCOEES Project** will have as a geographical zone the five departments served by the **PRODERT Ixoqib' Project**, these being San Marcos, Quetzaltenango, Totonicapán, Quiché and Huehuetenango, with specific actions in the department of Quiché, covering at least 25 municipalities where the MSMEs that will benefit from the project. The creation and strengthening of Single Municipal Employment Windows will cover only three municipalities with the highest rates of poverty and forced migration and where the municipal authority is interested in having this municipal unit (VUME). The promotion of new ventures will take place mainly in these three municipalities, with the option of expanding to municipalities surrounding the project's coverage area; municipalities with willingness to co-invest and to incorporate women, youth and returned migrants among the target population to benefit.

- **Department of San Marcos:** Tejutla, Tacaná, San Miguel Ixtahuacán, Sipacapa y San Marcos.
- **Department of Quetzaltenango:** Palestina de Los Altos, Cantel, Cabricán, Quetzaltenango, Zunil, Salcajá, Olinstepeque y Concepción Chiquirichapa.
- **Department of Totonicapán:** Santa María Chiquimula, San Bartolo Aguas Calientes, San Cristóbal Totonicapán, Momostenango, San Francisco el Alto y Totonicapán.
- **Department of Quiché:** Sacapulas, Nebaj, Chicamán y Chajul.
- **Department of Huehuetenango:** Malcatancito, San Pedro Necta, San Antonio Huista, Jacaltenango, Concepción Huista y Chiantla.

Phase and Duration: 1st. Phase, 2.5 years

Start date: June 01, 2022

Finish date: December 31, 2024

Phase Budget: Q 5,349,468.51

Main Actors and Partners:

In application of the Systemic Approach and assuming a facilitating role, **PROCOEES** will articulate with a variety of local and national actors, strengthening different roles and developing agreements of different nature and duration. Those identified at the moment, with whom the **PROCOEES Project** may establish coordination and/or strategic alliances:

- Municipal authorities of the selected municipalities.
- Ministry of Economy (MINECO) through its departmental/municipal delegates.
- Ministry of Agriculture, Livestock and Food (MAGA) and its Municipal Rural Extension Agencies (AMER).
- Ministry of Education (MINEDUC) through the school feeding program.
- The Guatemalan Association of Exporters (AGEXPORT).
- The National Association of Poultry Farmers (ANAVI).
- The Savings and Credit Cooperative (COSAMI).
- The University of the West (UDEO).
- The National Coffee Association (ANACAFÉ).
- Technical Training and Productivity Institute (INTECAP).
- National Institute of Cooperatives (INACOP) through its departmental and regional offices.
- Regional Center for the Promotion of Micro, Small and Medium Enterprises (CENPROMYPE).
- Local organizations, which will be implementing partners.

Donors:

- Geneva Federation of Cooperation
- HELVETAS Swiss Intercooperation (own funds)

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