



Service Provider to Monitor Implementation of Forest Governance, Markets and Climate Programme

Guatemala Report

th November 2013



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Acronyms and Abbreviations

ACOFOP	Asociación de Comunidades Forestales de Peten
AR	Annual Review
CITES	Convention on International Trade in Endangered Species
CONAP	Consejo Nacional de Áreas Protegidas
DECC	Department of Energy and Climate Change
DEFRA	Department for Environment Food and Rural Affairs
DFID	Department for International Development (UK)
EFI	European Forestry Institute
EU	European Union
FAO	Food and Agricultural Organisation
FGMC	Forest Governance, Markets and Climate Programme
FLEGT	Forest Law Enforcement, Governance and Trade
HMG	Her Majesty's Government
ICF	Investment Climate Facility
IUCN	International Union for Conservation and Nature
INAB	Instituto Nacional de Bosques
ITTO	International Tropical Timber Organisation
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NGO	Non-Governmental Organisation
PERT	Programa de Estudios Rurales y Territoriales
PINFOR	Programa de Incentivos Forestales
PINPEP	Programa de Incentivos para Pequeños Poseedores(as)
REDD	Reducing Emissions from Deforestation and Forest Degradation
RRI	Rights and Resources Initiative
SIFGUA	Sistema de Información Forestal de Guatemala
TOC	Theory of Change
ToR	Terms of Reference
VPA	Voluntary Partnership Agreement

Executive summary

Review objectives:

The overall purpose of the visit was to ground truth the evidence presented in the progress reports submitted by the funded entities to FGMC against their original proposal for funding. Key review questions are formulated around the criteria of relevance, value for money, including the criteria of efficiency, economy, effectiveness and equity, coordination and lessons learned. The findings section gives answers to those questions.

Evaluation methodology and approach: In the absence of an overarching country specific logframe for the FGMC investments, and even logframes specific to the two FGMC-funded entities IUCN and RRI for Guatemala, a FGMC country theory of change was developed during the country visit and validated to the extent possible with FGMC-funded entities.

Country context: Out of the 19.7 million hectares of forest cover in Central America,¹ 19% or 3.7 million hectares are located in Guatemala, equivalent to 34% of its territory. 1.6 million hectares, or 12% of Guatemala's overall surface, are communal lands. In the rainforests of Petén 0.5 million hectares of community concessions were given to communities to be managed for sustainable timber production.

The Guatemalan timber market is largely focused on the domestic market. In 2011, Guatemala produced 19 million cubic meters of roundwood, but only 165,000 cubic meters were exported. The European market represents only about 5% of Guatemala's wood export market, putting into picture the low leverage of a potential FLEGT-VPA agreement with the European Union, compared to other countries.

FGMC investments in Guatemala: The evaluation team found that IUCN invested £141,115 (\$226,793) in Guatemala in 2013. £28,000 (\$45,000) of FGMC funds have been allocated to RRI in Guatemala in 2013, which constitutes about 49.4% of RRI's Guatemala budget. Overall, around 2% of all FGMC funding is allocated to Guatemala.²

Key message of the country visit:

The main finding of this review is that DFID already contributes to FGMC impact objectives in Guatemala with measurable results in reforestation and poverty reduction due to the country's effective forest governance by guaranteeing forest communities' tenure rights. The main recommendation is that IUCN and RRI should relocate FGMC funds strategically to enhance the implementation potential in Guatemala. This should be combined with a significant increase of DFID FGMC funding to RRI and IUCN for Guatemala but also directly to local implementation partners to further accelerate FGMC impact.

¹ For 2010, source: Inter Press Service/FAO 2011: <http://www.ipsnews.net/2011/02/central-america-has-highest-rate-of-forest-loss-in-region/>

² Those numbers do not correspond to the results of the survey of FGMC accountable grant holders carried out for the 2013 annual review. According to the survey completed by FGMC-funded entities, FGMC funds to IUCN Guatemala amount to 13% (£113,754) of the total grant (£875,027) for IUCN between July 2012 and June 2013. RRI stated that £108,554 or 5% of the total FGMC budget for RRI was allocated to Guatemala between July 2012 and June 2013. Reasons for discrepancies might be related to the fact that country budgets do not exist either for IUCN (regional budget) or for RRI (global budget).

Objectives of FGMC-funded entities: IUCN and RRI aim to strengthen local economic agents and collective alliances to participate in national policy debates around the rights of forest-dependent people. In addition, IUCN focused on reduced transaction costs for forest management and M&E for public policies related to the use of forests. Capacity building, awareness raising, technical assistance and lobbying are key approaches to achieve those objectives.

Main findings:

FGMC implementation partners and complementarities: IUCN and RRI are the main FGMC-funded entities in Guatemala. Implementing partners are mainly the community forestry organisations ACOFOP and Ut'z Che' (RRI provided £23,378 to Ut'z Che'³ and £295 to ACOFOP between July 2012 and June 2013) as well as the National Forests Institute INAB. Forest communities are the main beneficiaries of FGMC investments in Guatemala. While DFID funds allocated to IUCN and RRI are insufficient for fully-fledged programming, they stipulate FGMC funded entities' and implementation partners' creativity to complement funding with own and other external resources. IUCN and RRI have a slightly different approach to addressing the FGMC objectives in Guatemala, with IUCN focussing on sustainable forestry businesses and RRI on tenure and rights, albeit with significant overlap.

Relevance – why invest FGMC funding in Guatemala? IUCN's and RRI's interventions are linked to global FGMC impact objectives and mainly address *reforestation* and *poverty reduction*. At the same time FGMC-funded entities address the FGMC outcome objective on governance and market reforms by influencing legislative processes and government's programming. Key drivers of *deforestation* outside the forestry sector in Guatemala such as illegal logging to clear forests for palm tree plantations, cattle rearing, the expansion of sugar cane plantations for bio fuel production and the extraction of firewood are not addressed and reflect to some extent ambiguities in the FGMC logframe as well.

Is FGMC investment in Guatemala value for money? As a result of continuous and long-term engagement by IUCN and RRI in Guatemala prior to the FGMC, FGMC now is at the point of seeing concrete results at the impact level, with a small but important funding contribution. In the case of RRI, a significantly higher proportion of its FGMC funding goes to country implementation (58.2%), compared to the RRI average (38.9%).

Despite the fact that salaries are the main cost driver in the FGMC budget for IUCN in Guatemala, IUCN uses this budget line strategically to maintain and leverage significant additional funding, ten times the FGMC investment in 2012. Those additional funds are used around objectives of forestry governance with high relevance for the FGMC. For the £37,700 (\$60,590) of IUCN's direct transfers to its main implementation partner ACOFOP in Guatemala, the partners provided an additional 71.4% of contributions in 2012/13. Those aspects seem to highlight that FGMC investment in Guatemala show an elevated level of value for money. For a relatively small investment in the country (2% of FGMC funding) significant results are being achieved.

Are FGMC funded entities using FGMC resources efficiently? In the absence of a logframe, the assessment of efficiency focused mainly on processes. RRI's 3-tired monitoring approach, including annual revisions linked to annual forward planning with partners based on performance and opportunities constitutes a practical and efficient application of results-based management. However, the quality of quarterly reporting on FGMC to DFID could be improved. The DFID quarterly

³ This is Maya K'iche language and can be translated as "good tree".

reporting format with its narrow focus on the FLEGT-VPA process limits the quality of reporting. In fact, when trying to ground truth the evidence presented in the progress reports submitted by the funded entities to FGMC against their original proposal for funding, as stipulated in the ToR, the DFID quarterly reporting format seems one reason for important underreporting of FGMC related activities and results in Guatemala.

In IUCN the focus seems to be on activity monitoring, given the absence of a stable and simple overarching planning framework, a fact that is currently being addressed. In IUCN, short-term contracts with implementation partners like ACOFOP seem less efficient from an administrative viewpoint due to high transaction costs. Both IUCN and RRI apply corporate procurement policies for FGMC funds. However, given the comparatively small amounts of funding, all sub-contracts in Guatemala are below thresholds for competitive tendering.

Effectiveness – are tangible results being achieved or likely to be achieved? Complementarity of IUCN and RRI actions funded under FGMC is given due in part to coordination by implementation partners rather than the FGMC funded entities. Results to date are achieved in the areas of: a) governance - political influence of marginalized populations on programming, legislative processes, community forestry concessions as well as access to financial incentives for reforestation); b) business climate - capacity building for forest users to access incentives); and c) M&E - preliminary indicators for regional forestry strategy in 8 countries).⁴

The likelihood of receiving expected results in the next 12 to 24 months is high, although some results might require more time. As the status of FLEGT-VPA in Guatemala is unclear and does not address the main drivers of deforestation in the country, attainment of concrete results is unlikely.

Likelihood to achieve results emerges for the following topics: a) governance/tenancy and rights - likelihood in achieving renewal of forestry concession for communities on 600,000ha in protected areas, i.e. the right to manage the forest in protected areas, harvest timer according to strict 30 year management plans, under the oversight of the National Council for Protected Areas (CONAP); analysis of forestry potential for forestry concession for communities for 150,000ha land currently excluded from those concessions; b) business climate - start of forest extension programme in 324 municipalities over the next 24 months benefitting 50,000 forest users; c) M&E baseline created for regional forestry strategy in 8 countries by October 2014. Point a) is particularly important as the main loss of forest cover in Petén takes place in protected areas without concessions for communities. Intentional fires are not fought in those areas where change in land use occurs.

Equity - are the most excluded and vulnerable benefitting from FGMC? Work related to the strengthening of local networks and alliances does open spaces for more participation, benefits and opportunities for the poorest and indigenous people. There is a gap with respect to the inclusion of women in the forestry sector; however there are opportunities to develop interventions to mitigate this, for example with ACOFOP. Therefore the most vulnerable are benefitting from FGMC but more could be done, particularly for women.

Impact - FGMC is generating impact-level results because it is sustaining and expanding successful processes that were established before FGMC funding started. Those processes include DFID's own investment through the Governance and Transparency Fund.

⁴ Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Panama, Nicaragua, supported by IUCN, FAO and other partners.

Reforestation: The forest incentive programme PINFOR accounts for 328,577 hectares of reforested forest and has been found to be the leading cause of increasing forest gains and to slow down net deforestation rates.

Poverty reduction: PINEP has benefitted 52,650 poor forest-dependent people.

Deforestation: No progress was made until 2010 in reducing illegal logging. Trend changes since 2010 are unlikely because the main drivers related to other commodities have not been addressed, and legality assurance systems have not been fully implemented yet. However, community forestry concessions in protected areas are managing forest sustainably and policing them, representing effective barriers to deforestation. Community concessions represent close to 60% of protected areas and protected areas represent 52% of forest cover in Guatemala.

Audit of FGMC funded entity systems: For 2012, an audit report for all FGMC funds is available in RRI at the global level and in IUCN at the regional level. Country-specific audits are not undertaken and are not required by DFID. The audit reports for both organisations verify the correct use of funds in accordance with generally accepted accounting principles.

Main recommendations:

Relevance

- a. IUCN Technical Unit of IUCN Mesoamerica office: strengthen the link between interventions and regional project objectives. The on-going development of an IUCN master plan for Guatemala is fully endorsed by the evaluation team, under the condition that it will be the only planning framework to guide IUCN's work in the country and replaces all previous planning frameworks and approaches for Guatemala. Very high priority: recommended implementation in the next 3 months.
- b. IUCN Technical Unit of IUCN Mesoamerica office /RRI facilitator and regional director: develop initiatives to address the main driver of illegal logging and deforestation, forest clearance for palm tree plantations and cattle raising (e.g. through the certification of products not sourced from deforested areas, or through compensation schemes). Medium priority: recommended implementation in the next 12 months.

Efficiency

- c. RRI: the regional facilitator should contribute to and quality assure the quarterly FGMC report on Guatemala. Very high priority: recommended implementation in next 3 months.
- d. IUCN: the Technical Unit of IUCN Mesoamerica office should use the new Guatemala master plan to include a ToC outlining linear and non-linear processes, SMART indicators, short, medium and long term results (impacts), as well as quantifiable annual and final targets. This should constitute the base for results monitoring. Very high priority: recommended implementation in the next 3 months.
- e. IUCN: rather than providing implementation partners with a number of contracts per year, contracts for at least 12 months duration are preferable to reduce transaction costs. Very high priority: recommended implementation in the next 3 months.
- f. DFID: review the quarterly reporting format to allow for progress reporting against all FGMC objectives and to allow for a stronger focus on the main drivers of deforestation related to other commodities. Very high priority: recommended implementation in the next 3 months.

Effectiveness

- g. IUCN/RRI: maintain the good practice of providing dialogue spaces for project implementation partners under FGMC in Guatemala.
- h. IUCN and RRI should have at least an annual coordination meeting, with RRI's regional facilitator being allowed to participate to make full use of local knowledge. Very high priority: recommended implementation in the next 3 months.
- i. IUCN and RRI: strengthen dialogue with CONAP on forest community concessions. High priority: recommended implementation in the next 6 months.
- j. IUCN should consider channelling resources foreseen on VPA-related work in Guatemala to alternative strategies to address the main drivers of illegal logging and deforestation related to other commodities. Medium priority: recommended implementation in the next 12 months.

Equity

- k. IUCN/RRI: significantly upscale the organisation of, and financing for, forest activities that further increase women's participation in forest resources access and management. High priority: recommended implementation in the next 6 months.

A summary of key findings, conclusions and all recommendations is provided in Section III.

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Finally we thank Claudia Santizo for facilitating our stay in Guatemala, including the scheduling of all meetings, and the provision of transport.

Methodology

For the purpose of this country visit, a mixed-methods review approach was applied, combining quantitative approaches to permit estimates of magnitude and distribution of effects like deforestation or reforestation, with qualitative approaches that permit in-depth description, analysis of processes of social interaction such as lobbying for pro-poor laws and programmes for the forestry sector.⁵

The review approach entailed the following tools and processes: a) document review; b) preliminary telephone interviews with the FGMC-funded entities' regional office and headquarters respectively; c) a 10 day country visit to Guatemala for interviews, observation and validation of reporting to FGMC; d) participatory development of a Theory of Change with IUCN and subsequent validation; e) data analysis; f) half-day debriefing with FGMC-funded entities; g) audit of procurement policies; and h) reporting.

Key stakeholder interviews, focus group discussions, both based on a semi-standardized questionnaire⁶ were the main evaluation tools and were complemented by observation from partners, processes and results. Data collected related to finances, processes and results.

The field visit included interviews with the FGMC-funded entities' and implementation partners in government and civil society in Guatemala City, either in person or by phone. The country visit was complemented by a 1-day field visit to the main implementation partner ACOFOP in Flores, Petén in northern Guatemala and an interview with community forest concessionaries, as outlined in Annex 4.

In the absence of an overarching country-specific logframe for the FGMC investments and logframes specific to the two FGMC-funded entities IUCN and RRI for Guatemala, a FGMC country ToC was developed during the country visit and validated to the extent possible with FGMC-funded entities.

⁵ see Bamberger et al, 2009 : Using Mixed Methods in Monitoring and Evaluation: Experiences from International Development (<http://www.bwpi.manchester.ac.uk/resources/Working-Papers/bwpi-wp-10709.pdf>)

⁶ see Annex 7

Section I: Context and background

1 Guatemala context

1.1 Forests in Guatemala

Out of the 19.7 million hectares of forest cover in Central America,⁷ 19%, or 3.7 million hectares, are located in Guatemala, equivalent to 34% of its territory. 52% of the forest cover is located in protected areas and 50% in the department of Petén in the Northern part of the country.⁸ The figure below is a satellite picture showing Guatemala’s forest cover in detail.

Figure 1: Forest Cover in Guatemala⁹



⁷ For 2010, source: Inter Press Service/FAO 2011: <http://www.ipsnews.net/2011/02/central-america-has-highest-rate-of-forest-loss-in-region/>

⁸ Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010, Instituto Nacional de Bosques, Consejo Nacional de Áreas Protegidas, Universidad del Valle de Guatemala, Universidad Rafael Landívar, Page 7-8, 99.

⁹ Source: Ibid, page 39

1.2 Tenure arrangements

There are various tenure arrangements in Guatemala, with state-owned and privately owned lands, which can have various different management arrangements at the individual, community or national level. 1.6 million hectares, or 12% of Guatemala's overall surface, are communal lands. These are defined as areas where a social group or community shares tenure, ownership or possessions rights, and include both private and state-owned land.¹⁰ Communal tenure rights have been enshrined in the constitution and reinforced by the 1996 peace treaty. Civil society organisations have been vocal about protecting and guaranteeing these rights in policy making processes.

Among these communal lands, the most prominent are community concessions in state-owned protected areas in the department of Petén. These cover 0.5 million hectares of forest, or approximately a third of all communal lands in the country, while the remaining two thirds are widely distributed in mostly smaller areas of land.¹¹ These community concessions in the rainforests of Petén were given to communities to be managed for sustainable timber production.

Benefits of community concessions are shared between the State and the communities themselves. Communities commit themselves to sustainable timber production through comprehensive forest management plans. They harvest only small parts of their concessions and only selected individual trees each year with the help of GIS-based information systems. Taxes and certification fees are paid to the government. In other parts of the country, smallholders also have to present comprehensive forest management plans that commit them to sustainable practices.

1.3 Timber market structure

The Guatemalan timber market is largely focused on the domestic market. In 2011, Guatemala produced 19 million cubic meters of roundwood, but only exported 165,000 cubic meters— meaning that the domestic market is about 115 times bigger than the export market.¹² Most exports are unprocessed roundwoods and sold to neighbouring countries in Central America. Exports to neighbouring countries amounted to 38 million USD in 2011, with wood worth 32 million USD exported to other countries. Of these 32 million USD, half were generated through exports to the United States and only 3.6 million through exports to the European Union. The European market thus represents only about 5% of Guatemala's wood export market, and only about 0.045% of the total Guatemalan market. While these figures are only approximate estimations, they do nevertheless inform the potential leverage of a FLEGT-VPA agreement with the European Union.

1.4 Institutional context

¹⁰ Elias et al 2009: Diagnostico de la conservación y manejo de recursos naturales en tierras comunales. Grupo promotor de tierras comunales, page 42.

¹¹ Elias et al 2009: Tenencia de la tierra, bosques y medios de vida en el altiplano occidental de Guatemala. CIFOR and PERT, page 7.

¹² Navarro et al forthcoming: Análisis del Comercio Internacional de Productos de Madera y su Gobernanza Administrativa en la Región de América Central y la República Dominicana, San José, Costa Rica

In Guatemala, there are two different governmental entities responsible for the management and administration of forest resources. The National Council of Protected Areas (CONAP), part of the presidency of the republic, is in charge of protected areas (31% of the country), while the National Institute of Forests (INAB) of the Ministry of Agriculture, Livestock and Food covers the remaining areas of Guatemala's territory. CONAP is also responsible for monitoring and certifying all wood products that fall under the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES). Given this responsibility, CONAP already uses a rather sophisticated wood tracking and certification system. Together with INAB, a broader wood information system called SIFGUA is being developed that is hoped to eventually cover non-CITES species and the domestic market.

The governmental forestry sector in Guatemala is also implementing various other programmes and initiatives, most importantly the forestry incentive programmes PINPEP and PINFOR.¹³ These are INAB-based payments for eco-services programmes. Smallholders with ownership rights – in the case of PINFOR – and with possession rights - the case of PINEP - are provided with monetary incentives if they sustainably manage forest or agroforestry areas, or forest plantations under their control. The monetary incentives ensure sustainable production practices with long-term gains, instead of short-term harvesting gains, and are also necessary for many areas defined as conservation-only areas. These programmes have been very successful in increasing reforestation and reducing the poverty amongst forest-dependent people,¹⁴ and have been supported by various donors to date.

¹³ Programa de Incentivos para Pequeños Poseedores(as) de Tierras de Vocación Forestal o Agroforestal, and Programa de Incentivos Forestales del Estado de Guatemala

¹⁴ See section 8.1 and 8.2 for more details.

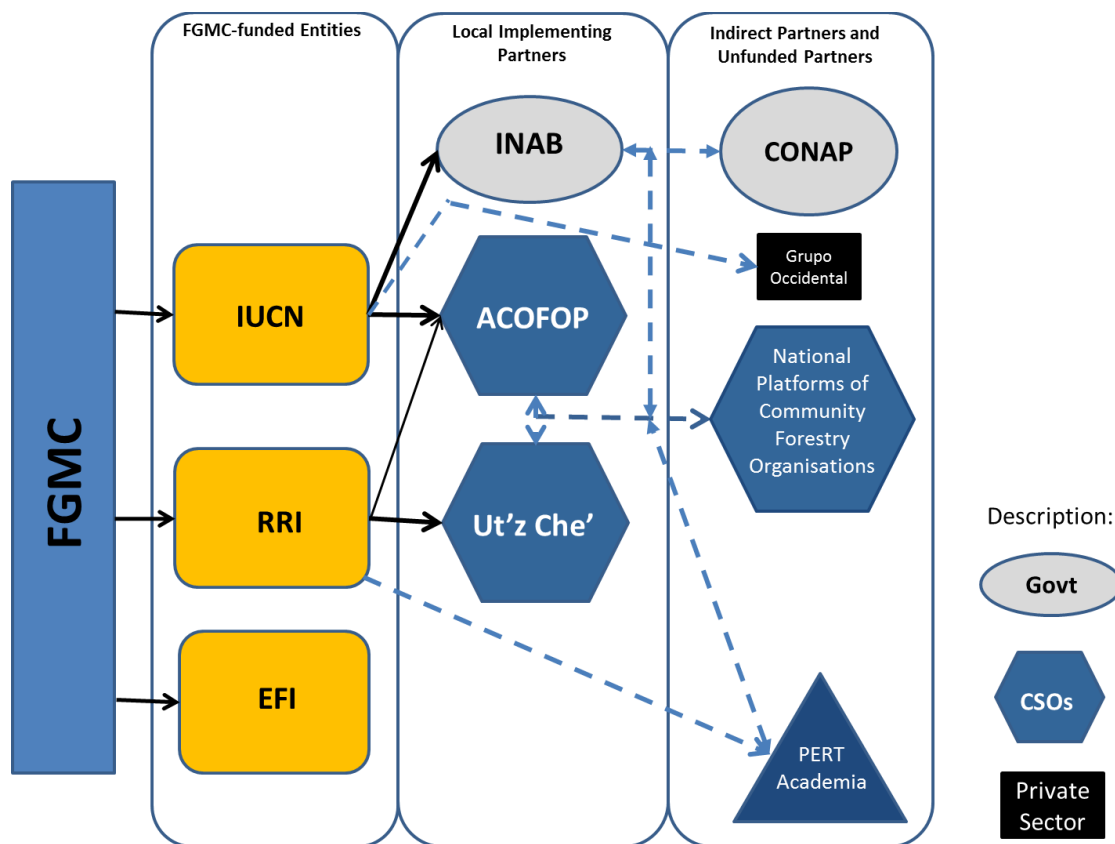
2 Mapping of FGMC investments and counterparts in Guatemala

There are two main FGMC-funded entities in Guatemala: the International Union for Conservation and Nature and Natural Resources (IUCN) and the Rights and Resource Initiative (RRI).

- IUCN and RRI are the main FGMC-funded entities in Guatemala. Implementing partners are mainly the community forestry organisations ACOFOP and Ut'z Che' as well as INAB.
- FGMC funds allocated to IUCN and RRI are relatively small, so they are used to complement own funds and other external financial sources.
- Forest communities are the main beneficiaries of FGMC investments in Guatemala.

Another partner, the European Forestry Institute (EFI), is not using a specific FGMC budget for its nascent operations in the country. The FGMC-funded entities implement their interventions through the government of Guatemala (INAB) and forest community civil society organizations (ACOFOP, Ut'z Che') at the local and national level. Other indirect partners without direct funding benefits include national platforms of forest community organisations, the academia (PERT), and other governmental institutions such as CONAP. Figure 2 shows a map of FGMC stakeholders in Guatemala. Thick black arrows represent direct funding streams, while dotted arrows represent other indirect ways of cooperation.

Figure 2: FGMC Guatemala stakeholder map



2.1 FGMC-funded entities

The World Conservation Union (IUCN)

IUCN was founded in October 1948 and is a neutral forum for governments, NGOs, scientists, businesses and local communities to find practical solutions to conservation and development challenges. IUCN has more than 1,200 member organisations, including more than 200 governments and more than 900 non-governmental organisations, almost 11,000 voluntary scientists and experts, grouped in six commissions in 160 countries. IUCN has a Regional Office for Mesoamerica and the Caribbean. This office implements FGMC in Panama, Nicaragua, Guatemala, Honduras and Mexico.

FGMC funds to IUCN Guatemala for 2013 amount to £ 141,115 (\$ 226,793), including salaries and direct transfers.

FGMC funding contributes to IUCN's regional governance, forests and markets programme in Mesoamerica based on strengthening local economic agents, reduced transaction costs for forest management and M&E for public policies. The objectives are further specified in Section 3.

Rights and Resources Initiative (RRI)

RRI is a global coalition of 14 partners and over 120 international, regional and local organisations dedicated to promoting reforms of land and forest tenure, as well as policies and market reforms. Globally, RRI promotes collaboration and strategic investment of their partners and collaborators around the world through research and promoting dialogue between strategic actors to catalyse change. RRI operates under the coordination of the Rights and Resources Group (RRG), a non-profit organisation based in Washington D.C. Some of its partners at the global level are ACICAFOC, Helvetas, PRISMA, Forest Trends, The Center for People and Forests, World Agroforestry Centre, IFRI, Civic Response, Forest Peoples Programme, FPCD. For 2013, £28,000 (\$ 45,000) of FGMC funds have been allocated to RRI in Guatemala, which constitutes about 49.4% of RRI's Guatemala budget.

RRI's strategy in Guatemala since 2009 has been to strengthen collective alliances among, local, regional and national level organisations to participate in national policy debates.

European Forest Institute (EFI)

EFI is an international organisation, established by 25 European States that have ratified the Convention on EFI. EFI have around 130 Associate and Affiliate Member organisations in 36 countries, five Regional Offices and one Project Centre. The headquarters is in Joensuu, Finland and the Policy Support office is located in Barcelona, Spain. According to the organisation's representative for Latin America, the organisation has nascent operations in Guatemala but no specific FGMC budget for the country.

2.2 Local implementing partners

Government partners

The FGMC-funded project implemented by IUCN has directly supported various initiatives within the National Forestry Institute (INAB), most importantly the wood information and monitoring system SIFGUA, but also various other forest administration reform initiatives. Furthermore, IUCN has indirectly helped several governmental initiatives and programmes, especially those related to the

advocacy for PINPEP and PROBOSQUES laws with INAB,¹⁵ and expanding contracts for forest concessions and design REDD + pilot projects in protected areas with CONAP. No resources have been transferred but goods and services have been directly sourced by IUCN, parts of them financed through FGMC.

Community forestry organisations: ACOFOP and Ut'z Che'

Both IUCN and RRI's work is focused on supporting community forestry organisations. The Community Forest Association of Petén (ACOFOP) and the National Community Forestry Association (Ut'z Che') are the main local partners for IUCN and RRI. They promote dialogue on forestry issues and forestry networks and alliances, which have become important spaces of forest community participation and of advocacy in the forestry sector of the country. Whereas ACOFOP is based in Petén, Ut'z Che' has members nationwide. Systems or models of forest management in the regions covered by each institution are different due to the patterns of land tenure.

ACOFOP is an association formed by 23 community-based peasant and indigenous organisations of the natural forests of the Multiple Use Zone of the Maya Biosphere Reserve in the department of Petén in Northern Guatemala. The main objective of ACOFOP is to improve the quality of life of forest communities through sustainable community forest management. The association collectively represents 11 community forest concessions and several cooperatives. Its work focuses on providing technical support to forest concessions and to engage in negotiations with the government of Guatemala and international partners on different forestry issues. ACOFOP currently has more than 2,000 associates and generates work in forestry operations, benefiting more than 15,000 people. In 2012/2013, IUCN provided £37,700 (\$60,590),¹⁶ entirely funded through FGMC.

Ut'z Che' is another civil society association that consists of community organisations dedicated to the sustainable community management of natural resources, forests and water sources. Currently Ut'z Che' represents 33,000 member families and 36 grassroots organisations across the country, within which there are several organisations and indigenous communities, cooperatives, associative rural enterprises (ECA's), civil associations and agricultural communities. In 2013, among its partners, there are 74,279.54 hectares under community tenure, 47,544.82 hectares of natural forest, 2,499 hectares of reforestation and 3,849 hectares with agroforestry systems. In 2012-2013, RRI has provided £23,378 to Ut'z Che', half of which is funded through FGMC.

PERT

PERT is the Rural and Territorial Studies Program of San Carlos University of Guatemala and one of RRI's partners. The programme began in 2007 by influencing the Cadastral process to address the issue of communal lands under collective management. PERT matches RRI interest in supporting collective patterns of natural resource management and a supportive relationship has been ongoing over the last six years. The emphasis has been on providing information and studies that show that the areas that are managed collectively by communities are areas that suffer less deforestation. This emphasises that communities are not the cause of deforestation in Guatemala and integrating this finding into the design of public policies are PERT's main objective. In 2012, RRI provided £4,470 to PERT – about half of it funded through FGMC – but in 2013 the cooperation has been based on a non-funding partnership.

Grupo de Occidente S.A.

Grupo Occidente S.A. is a representative group of banks in Guatemala and Central America. IUCN's work with this group is based on the formation of a business platform for investment in forestry and

¹⁵ PROBOSQUES is the successor programme of the PINFOR incentive programme.

¹⁶ And RRI £295 in 2012-2013.

REDD+, within the framework of social and environment responsibility of private business. No transfers have been made for this cooperation.

2.3 Indirectly supported stakeholders: National community forestry platforms

ACOFOP and Ut'z Che', supported by IUCN and RRI, have promoted the unification and internal dialogue among forest communities in the country to achieve greater political influence in national forest matters, helping to strengthen three platforms, and networks of major importance, for the forestry sector. This network is made up of: The National Alliance of Forest Communities - grouping all forestry organisations in the country; the National Network of indigenous Authorities - which, as its name suggests, is represented by recognised indigenous authorities in the country; and the Network of PINPEP beneficiaries. All three platforms aim at increasing forest community participation and opening up spaces for dialogue and public policy advocacy.

The National Alliance of Community Forestry was created by ACOFOP, Ut'z Che' and a few other strong forest community associations. IUCN has supported the alliance meetings through ACOFOP, the fourth and most recent national meeting was an event attended by 135 community leaders from 11 second-level community organisations.

2.4 Complementarities with other donor funds

FGMC funding directly links up with a previous £1.3m DFID investment through the Governance and Transparency fund, the project titled "Strengthening Emerging Local Governance Capacity to Conserve Natural and Cultural Resources and Secure Livelihoods in the Petén, Guatemala", was implemented by the Wildlife Conservation Society between August 2008 and August 2013. The project aimed at strengthening and consolidating local capacity to create and manage representative, accountable, transparent and effective institutions responsible for the management of the natural and cultural resources. FGMC and GTF overlap geographically (Petén), thematically (capacity building of civil society organisations and government partners) and also in terms of project partners (CONAP, community forest concessioners).

Only a very small share of IUCN's annual budget in Guatemala is funded by FGMC and supplemented by funds from other donors such as NORAD, Argidius, USAID, ITTO, the European Union and Canada. Many areas of work are funded by multiple sources. Tenure rights and resources are the only programme areas of IUCN in Guatemala that are exclusively funded by FGMC. Additionally, IUCN transferred £37,794 to ACOFOP in 2013. These funds are also complemented by other donors' investments. Please see Section 6.1 for further discussion.

About 50% of RRI's activities in Guatemala are funded through DFID. All RRI activities are funded by multiple donors. FGMC funds are administered as part of a common fund comprised from all core donor funds, so the results of each country program are attributed to all donors of RRI. Additionally, RRI transferred £23,378 in 2012-2013 to Ut'z Che', which were complemented by other donor funds.

2.5 Main beneficiaries

The main beneficiaries of DFID projects in Guatemala are community-level forest organisations. IUCN and RRI strategies have been to strengthen collective alliances among, local, regional and

national level organisations. In total, these alliances represent over 400 community-based organisations.

Through these organisations, more than 70,000 forest-dependent people benefit directly from FGMC investments. These investments in turn generate employment and economic opportunities along the value chain, in particular in the case of the community concessions in Petén.

Furthermore, PINPEP is estimated to generate benefits for more than 30,000 forest-dependent people, and between 2006 and 2010 PINFOR has generated 23,885 jobs per year in rural areas, mostly linked to forestry and related sectors. While FGMC's contribution to these programs has only been indirect, we can confidently say that there are a large number of people that have benefited.

Section II: Findings

3 Relevance of FGMC investment in Guatemala

Key findings:

- IUCN’s and RRI’s interventions are linked to their regional and global project objectives. However, IUCN’s regional project objectives would benefit from some reformulation to be able to better capture the work undertaken.
- IUCN’s and RRI’s interventions are linked to global FGMC impact objectives. Additional key drivers of illegal logging such as forest clearance for palm tree plantations and cattle raising or firewood production are not addressed

3.1 Relevance to the organisational objectives of IUCN and RRI

This section sets out the relevance of FGMC-funded interventions in Guatemala to achieve the project objectives of IUCN and RRI. Key project objectives of IUCN and RRI are identified and the main interventions that the two FGMC-funded organisations have planned or undertaken in Guatemala are listed. Comparing these two elements allows for a brief assessment of the relevance of the work in Guatemala to the initial project objectives of IUCN and RRI.

IUCN

Project objectives (at the regional level)	Interventions per project objective in Guatemala
1. Improve the representativeness and legitimacy of local economic agents linked to the forest.	<ul style="list-style-type: none"> • Support the dialogue, organisation and coordination of forest communities at the local and national level (Alianza de Organizaciones Forestales Comunitarias, ACOFOP, Red de Autoridades y Pueblos Indígenas, Red de Comunidades Beneficiarias del PINPEP); and • Support communication and advocacy activities of forest community organisations (PROBOSQUES law, community concession extension, Guatecarbon proposal, etc.).
2. Reduce transaction costs associated with the processes of management, use, transport and commercialisation of forest products.	<ul style="list-style-type: none"> • Support to INAB-CONAP in the revision and improvement of regulations to improve and facilitate forest administration processes; • Support to INAB-CONAP to improve traceability of forest products via SIFGUA • Assess the costs of access to legality, timber flows and verification systems (with EFI); • Support the development and implementation of the forest landscape restoration strategy, the market integration strategy, and the forest extension programme; • Support to value-adding initiatives for small diameter products; • Development of commercial chains; • Promote access to financial instruments (PINPEP, PROBOSQUES, REDD+, PPP); and • Technical assistance to forest management, commercialisation and transport.
3. Develop mechanisms to monitor & evaluate public	<ul style="list-style-type: none"> • Development and implementation of a regional M&E system (PERFOR); and • Development of sector studies (on forest policy, incentive programmes, deforestation).

policies to improve governance and the business climate.	
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IUCN’s planned interventions are mostly relevant to achieving the regional project objectives. However, the regional project objectives would benefit from a reformulation to be able to better capture the work undertaken. The link of the planned interventions to the objectives had to be made by the evaluation team and was not provided in a clear manner by IUCN. Furthermore, there is a multiplication of different objectives and it is not sufficiently clear how they are linked and build on each other. IUCN has recognised these challenges and is committed to improving its Theory of Change, logframe and other planning instruments.

RRI

Project objectives (at the global level)	Interventions per project objective in Guatemala
1. Tenure legislation, policy and regulatory frameworks recognise and strengthen the rights of local communities and indigenous peoples in a subset of countries in Africa, Asia, and Latin America.	<ul style="list-style-type: none"> Promote the approbation and application of legislative tenure reforms.
2. Markets, trade, investment or conservation legislation and policies adopted or implemented by governments that strengthen indigenous peoples’ and local communities’ rights, enterprises, benefits and incomes in a subset of countries in Africa, Asia, and Latin America.	<ul style="list-style-type: none"> Promote inclusion of forest community perspectives in the climate change law and the PROBOSQUES law.
3. Strategic national level coalitions of CSOs and global climate and trade initiatives actively committed to and engaged in advancing national-level tenure and governance reforms.	<ul style="list-style-type: none"> Support the dialogue, organisation and coordination of forest communities and stakeholders at national level (Alianza de Organizaciones Forestales Comunitarias, ACOFOP, Ut’z Che’, PERT).
4. Private sector entities actively support tenure and governance-related reforms, and support community governed production and management in the countries where they operate.	<ul style="list-style-type: none"> None in Guatemala. Justification that the private sector is very conservative in the country and does not yet play a significant role in the forest sector.

RRI’s planned interventions are extremely relevant to achieving the global project objectives. More work with the private sector might become useful in the future.

3.2 Relevance to programmes and policies of the government of Guatemala

FGMC-funded interventions are relevant to a number of key government programmes and policies related to forestry in Guatemala. The National Forest Administration Institute (INAB) is a direct implementing partner of IUCN, which guarantees a clear alignment with government policies and capacity building of governmental institutions. The following section names a few of the most important government programmes and policies being supported by FGMC-funded interventions, but does not provide an exhaustive list.

For instance, IUCN supports the development of PINPEP forest management plans with Dutch funds. FGMC funds are used to support the network of PINPEP beneficiaries, its articulation with other

national forestry organisations, and advocacy activities. Moreover, IUCN is, among other things, contributing to the implementation of the government's forest policy and market integration strategy. Important contributions to the governmental timber information system SIFGUA are made. Furthermore, both IUCN and RRI support the development of the new PROBOSQUES law and the inclusion of forest community perspectives. Both organisations also engage in advocacy activities with respect to the new climate change law and in the preparation of the REDD Readiness Preparation Proposal (RPP).

3.3 Relevance to FLEGT objectives

Guatemala has formally expressed interest in FLEGT, but no formal conversations have started and no multi-stakeholder process has begun. The proposed interventions of IUCN, RRI and EFI related to providing information, studies and experiences on FLEGT which are relevant to the early stages of the process, most importantly the EFI-IUCN study on timber flows in the region. IUCN also reports the promotion of a dialogue on the sub-national level regarding the development of the FLEGT-process among its planned interventions, and RRI a regional workshop to share lessons-learned from Africa and Asia on FLEGT.

Furthermore, IUCN has another planned intervention that is highly relevant to FLEGT objectives: support to INAB-CONAP to improve the traceability of forest products via the SIFGUA system. This is essential to assuring legality and hence to FLEGT objectives. Various other forest sector reforms that are undertaken in cooperation with INAB would also serve a potential FLEGT-process.

Finally, both IUCN and RRI work primarily through forest community organisations and their interaction with the government of Guatemala. Although this is not a fully-fledged multi-stakeholder process as required by FLEGT, FGMC-funds do indeed focus on dialogue processes between the government and forest community organisations, thereby contributing to FLEGT objectives.

3.4 Relevance to REDD+ objectives

IUCN's planned interventions are relevant to REDD+ objectives. They include support to the REDD RPP process through the inter-institutional coordination group in discussions and proposals on social and environmental safeguards, carbon rights and benefits distribution, capacity building and consultation, and the implementation of a REDD+ pilot in the Laguna de Lachua National Park.

Moreover, both RRI and IUCN's work with ACOFOP includes a REDD+ proposal (Guatecarbon) and communication and advocacy with respect to the climate change law. These interventions are highly relevant to the REDD+ process.

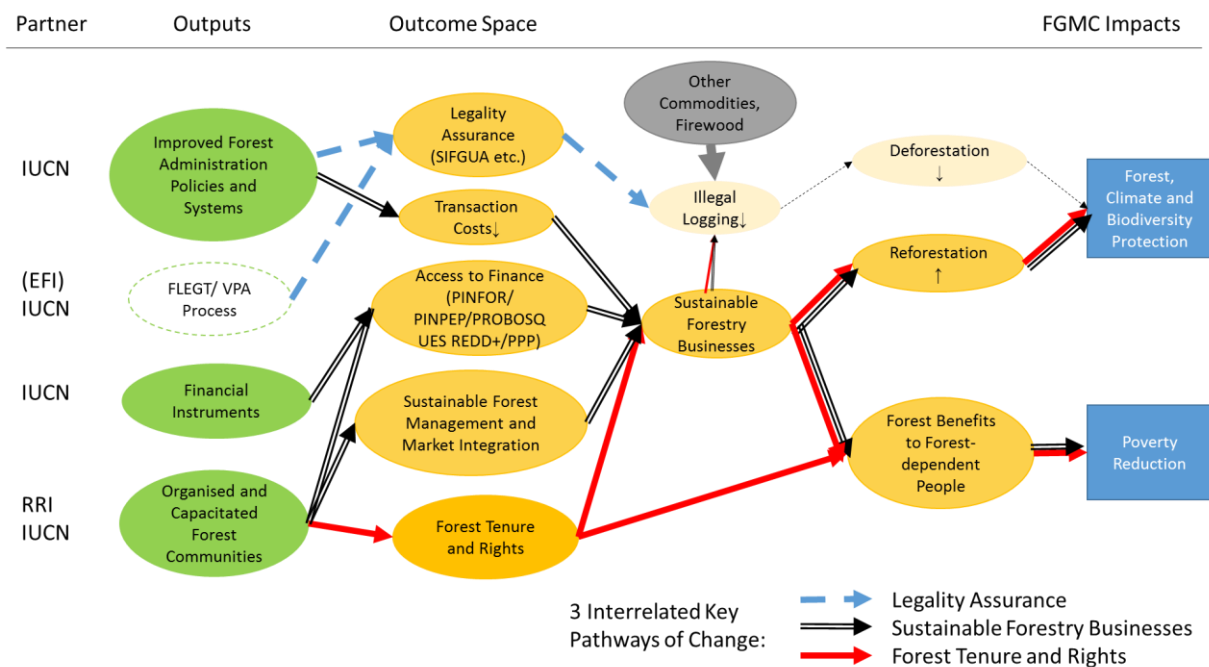
Since no formal FLEGT-VPA process has started yet, it is not possible to comment on the coherence between the two processes. However, the same stakeholders and forest community organisations are engaged in dialogue processes on issues both related to REDD+ and FLEGT, suggesting high levels of coherence. Incentives are aligned since the private sectors plays only a minor role, and forest community organisations represent both timber production and conservation champions.

3.5 Relevance to FGMC objectives – a Theory of Change for Guatemala

Assessing the relevance of planned interventions in Guatemala to global FGMC objectives requires a ToC. The link between the supported processes in Guatemala and global FGMC objectives has to be established in order to draw conclusions about their relevance. Given the lack of clarity of IUCN’s objectives, their link to FGMC objectives, and the fact that RRI’s resources spent in Guatemala are rather small and focussed on one specific set of activities around forest tenure and rights, it was necessary for the evaluation team to develop a ToC. This ToC is broad and simple, aiming at setting out the link between interventions by FGMC funded-entities in Guatemala and global FGMC objectives.

In term of global FGMC objectives, it was found that there are slightly varying definitions in the FGMC Business Case and FGMC logframe. However, FGMC’s high-level objectives at impact level are clear and entail forest, climate and biodiversity protection, and poverty reduction. Therefore, this report focusses on establishing the link between FGMC investments in Guatemala and these impact objectives.

Figure 3: Theory of Change



The evaluation team found that the interventions supported by FGMC through its partners in Guatemala are manifold and diverse. Three interrelated key pathways of change have been identified that are strengthened by various interventions by various organisations, and contribute to the achievement of FGMC’s global objectives at the impact level. As the partner column on the left side of the diagram indicates, IUCN is working on all three key pathways of change while RRI and EFI focus on one pathway of change each.

1. The first key pathway of change (in blue dotted arrows in the graph) aims at achieving forest, climate and biodiversity protection through reducing illegal logging via improved

legality assurance systems. The underlying conceptual idea is to improve the overview and control of forestry resources to limit illegal resource use. IUCN is the main FGMC-funded entity working on this pathway of change, mostly through its work with INAB. Legality assurance is also a key building block of a potential FLEGT process and therefore indirectly and loosely supported by EFI.

2. The second key pathway of change (in black double line arrows in the graph) aims at achieving forest, climate and biodiversity protection and poverty reduction through promoting sustainable forestry businesses. Various different interventions aim at contributing to progress on this pathway of change, some of them through reducing transaction costs, improving access to finance, and promoting sustainable forest management practices and market integration. The underlying conceptual idea is to increase the profitability of sustainable forestry business so that they can compete better with illegal and unsustainable land use alternatives. IUCN is the key FGMC-funded partner engaged in this process, with RRI playing a minor role through its work with forest community organisations. This key pathway of change is the main focus of IUCN's interventions in Guatemala.
3. The third key pathway of change (in red arrows in the graph) aims at achieving both forest, climate and biodiversity protection and poverty reduction through improving and guaranteeing forest tenure and rights. As indicated by the stronger colours used in the graph, forest tenure and rights are understood as an essential building block for all three key pathways of change. Without established and maintained forest tenure and rights, illegal logging is unlikely to decrease and sustainable forestry businesses are unlikely to be sustained. The underlying conceptual idea is that forest tenure and rights need to be clear to allow forest communities and legal forestry businesses to operate. Thereby, interventions related to forest tenure and rights aim at generating direct benefits for forest-dependent people. RRI is the key FGMC-funded organisation contributing to this pathway of change with additional support from IUCN. This most important pathway of change has already progressed significantly thanks to many years of work by various organisations. FGMC funds are only contributing at a very late stage in this historical process, but nevertheless key to sustain these processes.

Assessing relevance through the Theory of Change, it was thus found that FGMC-funded interventions in Guatemala are relevant to FGMC's global objectives.

3.5 Assumptions and assessment of risks

Naturally, there are a large number of assumptions underpinning each key pathway of change that have to hold to effectively link outputs, outcomes and impacts in the ToC. While the parameters of this report do not permit the development and discussion of these in detail, the following section attempts to present some of the most important ones.

The first key pathway of change assumes that improved forest administration policies and systems and a potential FLEGT-VPA process will improve the legality assurance of forest products. Various risks such as systemic corruption and patronage, increased insecurity in the relevant areas of the country or lack of capacity within INAB may have the potential to undermine this assumption.

Furthermore, the third key pathway of change assumes that capacitated and organised forest communities are able to guarantee and expand forest tenure rights through advocacy. Again, this assumption will only hold if there are not radical changes in parameters such as political will or the reputation of forest community organisations.

Further towards the impact level, the second and third key pathways of change are based on the assumption that increased forest benefits to forest-dependent people reach the most vulnerable and generate poverty reduction impacts. This assumption might be at risk if, for example, gender relations are growing increasingly unequal or forest incentive programmes change their focus.

A key assumption at the centre of the ToC is based on the idea that more profitable legal and sustainable forestry businesses are able to effectively compete with illegal forest exploitation. The risk here is that illegal logging is so much more profitable that improvements in the profitability of legal and sustainable forestry businesses will not be sufficient to crowd these out. While this does not seem the case for illegal logging per se, we have indeed identified a major barrier to this assumption.

According to various sources of information and stakeholder interviews,¹⁷ deforestation in Guatemala is related to illegal logging, but mostly not for the purpose of exploiting and selling timber resources, but for clearing the forest for alternative land use purposes. This is done on an industrial scale and not artisanal. Among these, palm oil plantations, oil production and extensive cattle raising, often connected to money laundering, are the most prominent. While these other commodities are the main drivers of deforestation in Northern Guatemala, it seems that firewood production is the main driver in the central and southern parts of the country, where population densities are high and the majority of households depend on firewood for cooking and heating.

FGMC-funded interventions are not directly addressing these main drivers of deforestation, and therefore are unlikely to achieve significant results in terms of reducing deforestation. This is partly due to a misinterpretation of FGMC's nature, exacerbated by the logframe and reporting template that are narrowly focussed on the VPA-FLEGT-process. FGMC-funded entities in Guatemala confirmed that they see interventions addressing other drivers of deforestation as beyond the remit of FGMC, and therefore have not able to address them.

These other drivers of deforestation are thus only indirectly addressed by increasing the profitability of sustainable forestry businesses compared to other commodities. However, economic gains from the previously mentioned commodities are so much higher than from legal timber production that even more competitive sustainable forestry businesses are unlikely to significantly compete and reduce deforestation. In other words, a key assumption underpinning the concept of increasing the profitability of sustainable forestry businesses does not hold. Firewood production is also only indirectly addressed by promoting the plantation of energy forests via PINFOR and PINPEP. Therefore, the interventions are not sufficiently relevant to reduce deforestation. This is reflected in small dotted arrows and weaker colours in the diagram.

Nevertheless, FGMC-funded interventions are very relevant to increase reforestation and reduce poverty of forest-dependent communities. They are thus relevant to FGMC's global objectives, however, they would benefit from addressing deforestation more directly by promoting initiatives to limit alternative land uses related to other commodities, and firewood production.

¹⁷ e.g. Cuéllar et al 2011: Dinámicas territoriales en Centroamérica: Contexto y desafíos para comunidades rurales. San Salvador, Fundación PRISMA, or Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010. INAB, CONAP, URL/IARNA, UVG

4 Value for money

Key findings on main cost drivers:

- **RRI:** 58.2% of FGMC Guatemala funds are grants to implementation partners, compared to 38.9% in global RRI budget for 2012.
- **IUCN:** two main cost drivers are salaries and social charges (39%), and grants to implementation partners (32%). Higher percentage of investment in salaries allows IUCN to leverage additional donor funds and to maintain current ones, nearly 10 times the DFID budget, with contribution of FGMC objectives of forestry governance (salaries used as IUCN's counterpart contribution for other grants).
- **IUCN:** for the £40,063 (\$64,560) of IUCN's direct transfers to its main implementation partner ACOFOP in Guatemala, the partners provides an additional 71.4% of contributions. This compares favourably to the average ratio of 30% for FGMC funding to IUCN in the Mesoamerica region.

Key findings on investment in strategic partners:

- As a result of continuous and long-term engagement in Guatemala by IUCN and RRI prior to becoming eligible for the FGMC, FGMC now is at the point of seeing concrete results at the impact level, with a small but important contribution.

The value for money concept consists of the criteria of efficiency, effectiveness, economy and equity. In this section some overarching issues are presented including the element of economy. The analysis focuses on cost drivers, cost reduction, administrative and general costs, and leverage of funding from implementation partners and non-financial value for money. The other value for money criteria of efficiency, effectiveness and equity are analysed separately in the following sections.

The two main cost drivers of IUCN's FGMC related work in Guatemala are salaries and social charges (39%) and grants to partners (32%). DFID's FGMC investment in salaries has a significant effect for IUCN to leverage additional donor funds and to maintain current ones, nearly ten times the DFID budget.

RRI's most important budget lines for the FGMC globally are collaborative agreements, i.e. grants to sub-contractors (58.2%), compared to 38.9% in the total RRI budget.

Leveraging of funding: For the £37,700 (\$60,590) of FGMC funding for IUCN in Guatemala, partners provide an additional 71.4% of contributions. The 76% contribution ratio compares favourably to the average ratio of 32% for FGMC funding to IUCN in the Mesoamerica region.

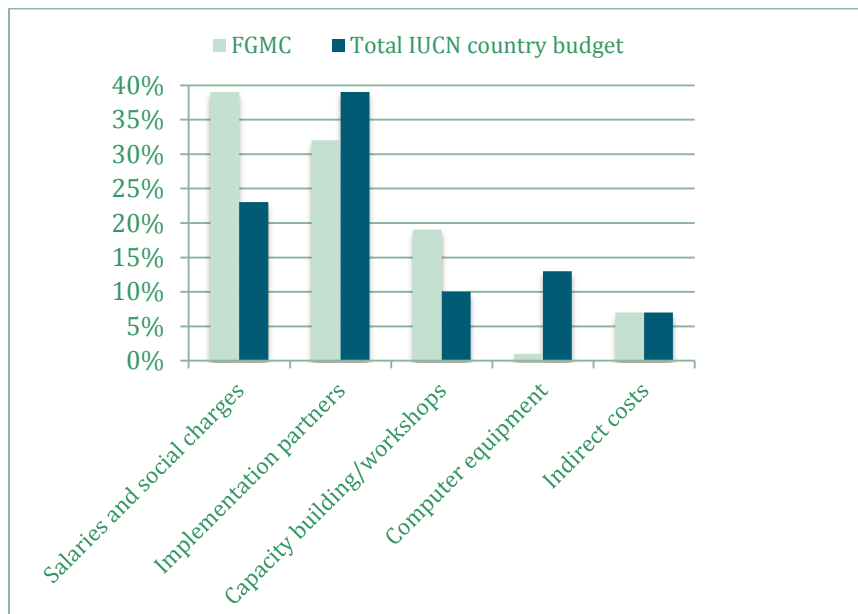
4.1 Cost drivers

IUCN: DFID provides a regional FGMC grant to IUCN in Mesoamerica. The budget for IUCN Guatemala in 2013 is £141,115 (\$ 226,793).

In 2012, the main cost drivers of IUCN’s FGMC related work in Guatemala were salaries and social charges (39%), grants to partners (32%) and workshops (19%).¹⁸ Figure 4 highlights lower investments made from the FGMC budget in implementation partners (32% vs. 39%) and equipment (1% vs. 31%), compared to the total IUCN country budget in Guatemala. Expenditure in salaries is significantly higher in the FGMC budget, compared to the overall country budget (39% vs. 23%), as shown in Figure 4.

DFID’s FGMC investment in salaries has a significant effect for IUCN to leverage additional donor funds and to maintain current ones. The FGMC budget of £65,706 (\$105,600) in 2012 ensured a total investment of \$1,053,000, nearly ten times the DFID budget, as other funds require IUCN to present a contribution in terms of staff.

Figure 4: Comparison of top 5 cost drivers of IUCN FGMC budget and total IUCN country budget, 2012



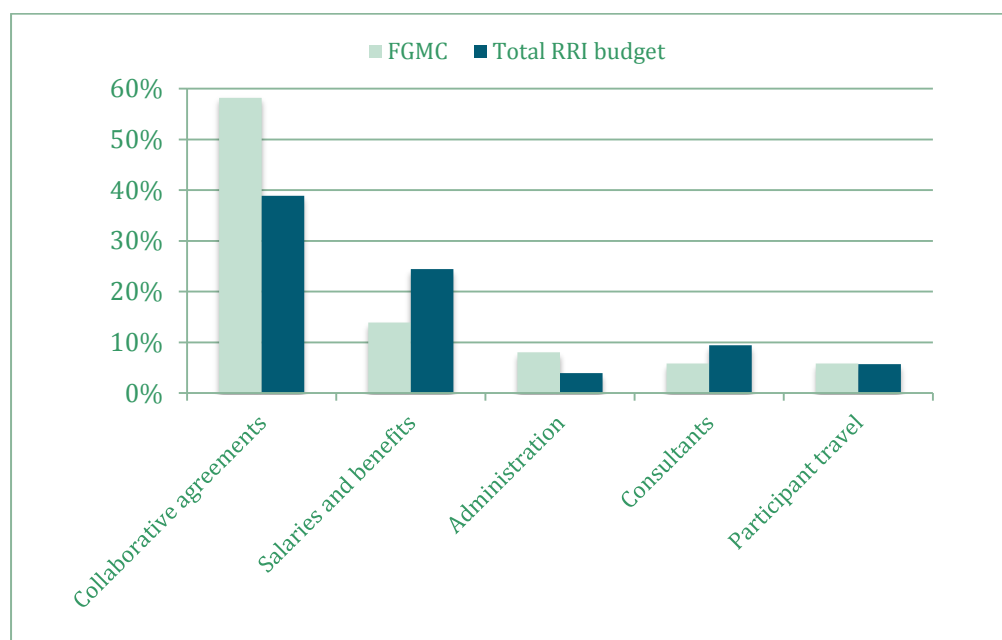
Source: IUCN, 2013

RRI presented a global proposal to DFID and the FGMC provides funds to RRI globally. 1.5% of RRI funds were allocated to Guatemala in 2013, a total of £28,000 (\$42,000). This constitutes 49.4% of RRI’s Guatemala budget.

RRI’s most important budget lines for the FGMC globally in 2012 were collaborative agreements, i.e. grants to sub-contractors (58.2%), salaries and benefits (13.9%), administration (7.99%), consultants (5.9%) and participant travel (5.9%). Figure 5 shows that in relation to the global RRI budget the use of FGMC funds for collaborative agreements were significantly higher (38.9% vs. 58.2%). The expenditure of salaries and benefits was significantly lower for RRI’s FGMC budget than for the total RRI budget (13.9% vs. 24.4%).

¹⁸ Based on a budget of \$105,600 for 2012.

Figure 5: Comparison of top 5 cost drivers of RRI FGMC budget and total RRI budget



Source: RRI, 2013

4.2 Leverage of funding from implementation partners

For the £37,700 (\$60,590) of FGMC funding for IUCN in Guatemala, partners provide an additional 71.4% of contributions. The 70% contribution ratio compares favourably to the average ratio of 32% for FGMC funding to IUCN in the Mesoamerica region. Table 1 provides an overview of partners' contributions to FGMC funds in all countries of the region.

Table 1: Counterpart contribution for FGMC funds in IUCN's Mesoamerica Region in 2012/13 (£)

Country	FGMC direct transfers	Counterpart contribution	Ratio
Costa Rica	18,642	18,666	100%
Guatemala	37,700	28,670	76%
Honduras	67,150	0	0%
Mexico	84,621	24,328	29%
Nicaragua	45,889	3,422	7%
Panama	56,218	25,511	45%
Total	312,690	100,629	32%

Source: IUCN, 2013

4.3 Value for money of investing in strategic partners

FGMC makes a strategic investment in Guatemala. The selection of IUCN and RRI represents additional investment in partners that have been working in the country for years (RRI since 2009) or even decades (IUCN since 1992). Both partners, but particularly IUCN, have been engaged in policy processes for a long time through capacity building, awareness raising, technical assistance and lobbying of both civil society organisations and government. As a result of continuous and long-term engagement in Guatemala by IUCN and RRI prior to become eligible for the FGMC, FGMC is at the

point of seeing concrete results at the impact level, with a small but important contribution. This seems to be unique in the FGMC portfolio.

Figure 6 presents an overview of strengths and weaknesses of FGMC’s investment in IUCN and RRI, including an analysis of how to bridge existing gaps.

Figure 6: Value for money assessment of FGMC’s strategic engagement with IUCN and RRI in Guatemala

<h2 style="text-align: center;">FGMC funding to IUCN and RRI - value for money?</h2>		
<p><u>Strengths of IUCN/RRI:</u> Create spaces for dialogue; long standing engagement in the country; political leverage and neutrality local organizations/alliances would not have.</p>	<p><u>Weaknesses: of IUCN/RRI:</u> No direct coordination, but through implementation partner.</p>	<p><u>How to bridge the gap:</u> in the absence of a DFID country office for strategic oversight IUCN, as the main FGMC funded entity, could institutionalise annual meetings for joint FGMC partner review and sharing of plans for annual planning to see complementarities and even better use of synergies.</p>

5 Efficiency of processes

Key findings:

Results monitoring systems

- RRI: 3-tired approach, including annual revisions linked to annual forward planning with partners, based on performance and opportunities;
- Quarterly reports to DFID do not reflect the richness of results achieved by RRI;
- IUCN: Google fusion tables and Zoho projects allow for real-time activity-based work planning and tracking; and results focus of the system beyond outputs (“products”) is less clear.

Financial monitoring and management

- IUCN: Short-term contracts with ACFOP cause high transaction costs for both IUCN and the implementation partner.

The assessment of efficiency is focused on processes, as stipulated in the ToR.¹⁹ Given the absence of a logframe, an assessment of how efficiently inputs are transformed to outputs was not possible.

5.1 Systems for financial management and reporting

Both IUCN and RRI apply their respective corporate systems for financial management and reporting. No specific new systems are used to report to FGMC.

IUCN has been operating on two to three months contracts with its implementation partners so far under FGMC. The main partner ACOFOP indicated that those short-term contracts, requiring a financial report at the end of the contract entail high transaction costs and minimum 12 month contracts would be more efficient. IUCN is currently reviewing this situation and is considering 6 month contracts.

RRI’s financial reporting depends on donor requirements. For the FGMC, funds are distributed to partners on an annual basis and reporting adheres to this time frame.

Both the accounts of RRI in Washington and IUCN’s regional office in San José, Costa Rica, were audited in 2012 and no irregularities were detected by the external auditors. Hence financial systems of both FGMC funded entities managing FGMC funds seem to be working according to standards.

5.2 Systems for results monitoring

¹⁹ See « aim of the country visit ».

IUCN monitors its regional work through “Google fusion tables”, a free online application for data visualisation web application to gather, visualise, and share larger data tables. The system allows for updating of information in real time from multiple sources and countries. Indicators for FGMC-related operations are directly linked to the FGMC logframe indicators. Monthly regional Skype meetings, where specialists highlight tasks to do and any limitations encountered, complement IUCN’s monitoring. Operational plans are developed on an annual basis and agreed with counterparts.

The monitoring system is highly appreciated by IUCN staff for activity-based work planning and tracking. However, the results-focus of the system is less clear. Operational performance and attainment of annual targets are contributions to outcomes e.g. through a dashboard or traffic light system seems not included in “Google fusion tables”.

RRI applies a three-tiered results monitoring: 1) at a global level, RRG in Washington reviews results and discussed upcoming opportunities as part of the annual planning exercise; 2) In Guatemala, RRI and its local implementation partners undertake a self-assessment about attainment of objectives and apply a 4-point scale for that purpose. RRI’s 2013-2017 framework proposal states clear objectives and progress is assessed based on rather generic indicators. However, the generic nature of the indicators allows working on a changing set of activities, given emerging opportunities in the country, but always towards the agreed objectives. The outcome level indicators for RRI, including its work in Guatemala are a) hectares of forest lands under formally recognised ownership or control of indigenous peoples, forest communities and or households; and b) number of people in indigenous territories and forest communities in developing countries that benefit from strengthened rights to forest lands and resources; and 3) An external monitoring exercise takes place annually. The annual external monitoring regularly covers Guatemala, being one of two priority countries in Latin America.

The quarterly reports to DFID do not reflect the richness of results achieved by RRI and its implementation partners. This is partly related to the fact that work starts in March of each year and in the first two quarterly reports of 2013 results attainment was still limited. A lack of clarity about which activities are specifically funded by DFID adds to challenges in fully reporting on progress made with FGMC funds in Guatemala. In addition, the RRI facilitator in the country is not further consulted before RRI in Washington D.C. sends the quarterly monitoring report on FGCM to DFID.

DFID’s quarterly reporting format for FGMC is narrowly focused on FLGET-VPA output achievement and does not allow for reporting against progress of other approaches that contribute to FGMC objectives. This directly impacts on the quality of reporting of FGMC-funded entities.

In fact, when trying to ground truth the evidence presented in the progress reports submitted by the funded entities to FGMC, against their original proposal for funding, as stipulated in the ToR, the DFID quarterly reporting format seems one reason for important underreporting of FGMC related activities and results in Guatemala.

5.3 Procurement policies and procedures

Both IUCN and RRI have procurement policies and procedures in place to safeguard FGMC funds.²⁰ The following areas are covered in those policies and procedures: a) processes for systematic competitive tendering; b) acquisition policies; c) policies to select sub-contractors; and d) systems to track the expenditure of sub-contractors.

IUCN and RRI have operational policies in place to ensure that services above a certain threshold are purchased following a tendering process. IUCN asks for offers for services above CHF 25.000 and services above CHF 100.000 require a tendering process. RRI's procurement policy demands a documentation of price comparison for equivalent goods and services between at least three vendors for purchases above £622 (\$1000). Where appropriate, a formal request for proposals should be issued to foster competitive bidding for services above £ 6,222 (\$10.000).²¹

In Guatemala, both organisations have not applied competitive tendering processes yet, due to the comparatively low budgets, which are below the tendering thresholds.

IUCN is exempt of sales tax in Guatemala and RRG, RRI's secretariat in the Unites States of America is a tax-exempt non-profit organisation.

A full quantitative self-assessment of IUCN and RRI about their respective systems and polices and a qualitative summary are provided in Annex 6.

²⁰ IUCN 2012: Policy and procedures on procurement of goods and services. RRG 2013: Financial policies and procedures – procurement policy

²¹ RRG 2013: Financial policies and procedures. Procurement policy, pages 2 and 3.

6 Effectiveness of achieving results

Key findings:

- Although the designs of IUCN and RRI projects were not undertaken together, they are working with the same local partner organisations which ensure complementarities.
- Results to date were achieved in the areas of: a) governance - political influence of marginalized populations on programming, legislative processes, community forestry concessions as well as access to financial incentives for reforestation; b) business climate - capacity building for forest users to access incentives; and c) M&E - preliminary indicators for regional forestry strategy in 9 countries.
- Likelihood to achieve results in next 12 to 24 months: a) Governance/tenancy and rights - likelihood of achieving renewal of forestry concession for communities on 600,000ha in protected areas; analysis of forestry potential for forestry concession for communities for 150,000ha land currently excluded from those concessions; b) business climate - start of a forest extension programme in 324 municipalities over the next 24 months benefitting 50,000 forest users; and c) M&E baseline created for regional forestry strategy in 9

6.1 Cooperation of main partners to achieve FGMC objectives

There is no formal cooperation between the main FGMC partners IUCN and RRI. The two organisations have a slightly different approach to addressing the FGMC objectives in Guatemala, with IUCN focussing on sustainable forestry businesses and RRI on tenure and rights, albeit with significant overlap.

However, both organisations are working through forest community organisations and their national platforms, IUCN more through ACOFOP and RRI more through Ut'z Che'. These implementing partners ensure high levels of cooperation in the implementation of FGMC-funded interventions. An example was mentioned of activities where IUCN was funding the facilitator of an event while RRI funds were used to rent the venue of the very same event.

Nevertheless, other programme areas which do not share the same implementing partners – such as IUCN's work with INAB, for instance – remain largely uncoordinated between the two main FGMC partners in Guatemala. RRI promotes a very highly valued space for dialogue, analysis and annual planning with its implementing partners, which may open opportunities to better coordinate with IUCN. However, the regional facilitator seems unable to fully benefit from this dialogue (e.g. during the debriefing for this country visit) due to competencies centralised in Washington.

IUCN is working to strengthen coordination and complementarities of actions on key issues between the government institutions responsible for forest management INAB – CONAP. Under Strategic Forest Governance Plans, spaces for dialogue are also promoted but the profile kept low to empower further project implementers.

6.2 Implementation of proposal and progress to date

IUCN

IUCN’s FGMC proposal contains five objectives. Following an internal review process in April 2013, those objectives were reviewed to allow for a strategic focus of the FGMC investment in the Mesoamerica region, as shown in Table 2. The revision helped to further sharpen IUCN’s focus and to avoid that resources are spread too thinly. Table 1 links main activities to the main objectives. However, given the non-linear nature of interventions in the forestry sector, some activities might be related to multiple objectives.

IUCN uses the name “Governance, Forests and Markets” as a synonym for the FGMC investment and now operates towards achieving three objectives. Indicators are currently developed as part of country master plans.

Table 2: Revision of IUCN objectives for FGMC in Mesoamerica

Main activities	Objectives IUCN proposal	Revised objectives (April 2013)
Tenancy and rights	"Improving the capacities, representativeness and legitimacy of local economic agents for the development of Forest Governance Strategic Plans (FGSP)".	Governance: "Improving the representativeness and legitimacy of local economic agents of the forestry sector linked to business climate"
—	"Identify value and prioritize the main internal and external factors that affect the social, economic and environmental performance of major forests in Mesoamerica".	—
Integration Forest-Industry-Markets; FLEGT;	"Support local economic agents in the development of the Forest Governance Strategic Plans (FGSPs) to improve the business climate at the sub-regional level for the management, restoration and protection of the region’s major forests, and to reduce deforestation, increase employment and income, and improve the quantity, quality and price of forest goods and services offered to the market".	Business Climate: "Reduced transaction costs associated with processes of management, use, transport and commercialisation of forest products"
Financial mechanisms	"Create a series of legal/political, technical, economic and market instruments to improve the structure of opportunities of local economic agents linked to forests".	—
M&E	"Support the development of monitoring, evaluation and knowledge management systems to determine the effectiveness, impacts and replicability of actions undertaken by each FGSP in terms of reducing deforestation, increasing employment and income, and providing market goods and services"	Monitoring and evaluation: "Monitoring of impacts of the governance system, business climate and forest management"

The following progress has been made to date to achieve IUCN's revised strategic FGMC objectives:

Governance

Marginalised and vulnerable actors like small holders and indigenous peoples have been successfully included in decision-making. Examples are the Probosque law and the forestry related government programmes of PINFOR and PINPEP. In those cases national or regional networks and alliances representing rural communities lobbied for example for the full disbursement of forest incentives in 2013, after the Congress had decided to significantly cut those payments. Technical and legal proposals have been formulated to support the enhancement of forest community concessionary rights over the Multiple Use area of the Mayan Biosphere Reserve Territories in Petén, Northern Guatemala, which amount approximately to 540,000 hectares and 18,000 families. As well, a roadmap for lobbying and advocacy has been presented and is being implemented in 2013.

Work also included the improvement of the new Forest Administration System for The National Council of Protected Areas (CONAP) and for the National Forest Institute (INAB) of Guatemala. This system (SIFGUA) is an online platform that includes the registry, control and monitoring of proceedings like forest harvesting licenses, transportation guides, tax exemptions, and forestry incentives. The overall activity included the purchase of 29 remote servers and preparation of training material.

Business climate

FLEGT: A simplification of procedures and a tracer system is in place. Informal bilateral negotiations with the EU have started in 2013. IUCN in coordination with EFI, developed a study on Timber Flows for the Central American Region and Dominican Republic, which includes an analysis of all exports and imports procedures to and from the Region to main markets (USA, EU, China, Mexico, South America and rest of Asian countries). Work on FLEGT-VPA has been of informal and informative nature only.

Integration Forest – Industry – Markets: Capacity building for people managing forests to access government incentives and for sustainable forest management is being provided.

Financial mechanisms: IUCN provided support to implement PINPEP and development of the law PROBOSQUES, and is working on a finance mechanisms for forestry businesses with the commercial bank Grupo Occidental REDD+: With contributions from FGMC funding, community forestry organisations are in the process of consultation to develop a proposal for a Special Financial Vehicle to define mechanisms for benefit sharing and participation in carbon trading operations that will take place under GUATECARBON project in the Maya Biosphere Reserve in Guatemala. IUCN provided technical and financial support to INAB in Guatemala, in setting up the National Climate Change Institutional Agenda, with the purpose of guiding institutional collective action and their contribution to reducing the effects of climate variability to forest ecosystems for the benefit of forest sector stakeholders and civil society. At the time of the debriefing for this country visit, news arrived that ACOFOP, a key partner in the GUATECARBON left the process, which means that the process might be stalled for some time.

M&E

Until April 2013, progress was limited. However, following the internal revision of objectives and a clarification of the M&E component in the FGMC-funded work, significant progress has been made. In November 2013, the M&E system for the Strategic regional Forestry Programme (PERFOR) was presented, containing very useful indicators. Combined with sectoral studies, evidence-based

decision making is being facilitated. The importance of M&E for IUCN’s work in Guatemala and the Mesoamerica region can be linked to its FGMC proposal and subsequent implementation. Other activities and related information is presented in detail in the FGMC-funded entities’ quarterly reports to DFID.

RRI

RRI’s work in Guatemala contributes to the organisation’s global framework proposal 2013-2017. The latter remains unchanged and the relation of RRI’s work in Guatemala under the FGMC and RRI’s global objectives is presented in Table 3. No specific indicators were developed for Guatemala.

Table 3: Link of global RRI objectives to FGMC funded work in Guatemala

Global RRI objectives	Focus in Guatemala
Tenure legislation, policy and regulatory frameworks that recognise and or strengthen the rights of local communities and indigenous peoples in a subset of countries in Africa, Asia, and Latin America.	X
Market, trade, investment or conservation legislation and policies adopted or implemented by governments that strengthen indigenous peoples’ and local communities’ rights, enterprises, benefits and incomes in a subset of countries in Africa, Asia, and Latin America.	XXX
Strategic national-level coalitions of CSOs or global climate or forest trade initiatives actively committed to and engaged in advancing national-level tenure and governance reforms	X
Private sector entities actively support tenure and governance-related reforms, and support community- governed production and management in the countries where they operate.	

In May and June 2013, the National Association of Community Forestry Ut’z Che’, and the Petén community organization, ACOFOP, along with the National Alliance of Community Forestry Organizations, partnered and assembled a series of discussions to analyse the preparation process of specific recommendations for the defence of collective rights and lands in order to start negotiations around the law proposals of forest incentives and climate change. During these discussions, community forest organisations analysed information provided by government advisors and drafted specific recommendations for upcoming negotiations with both the national government and private sector. These negotiations aim to ensure community forestry activities are suitable incentives and promoted in these laws.

On 5th September 2013 the National Congress of Guatemala passed the “Framework Law for Regulating the Reduction of Vulnerability, Obligatory Adaptation to the Effects of Climate Change and the Mitigation of Green House Gases GHG.” The members of the National Alliance of Community Forestry, specifically RRI Collaborators Ut’z Che’ and ACOFOP, participated in an ad hoc committee formed by the National Congress, where they were successfully able to include some demands of community organisations in the law.

RRI actively promotes communities' access to manage forest areas in protected areas through its local implementation partner, where no concessions are currently provided. This comprises up to 150,000ha.

6.3 Likelihood of achieving objectives in the next 12 to 24 months

Under IUCN's governance objectives it is likely to take two to three more years of work on consultations and facilitations to achieve the approval of the law PROBOSQUES. The law aims to institutionalise among others the PINFPOR programme of incentives for small holders. PINFOR runs till 2017 and the law PROBOSQUES should be approved by then. IUCN support the process through lobbying communities and the timber industry.

Work on systems to safeguard the rights of indigenous People in REED+ process might take another two years. However, the REED+ process is likely to be fully operational after 2020. Given the informative and informal nature of the FEGT-VPA process at this point in time, it is unclear whether Guatemala will officially enter in negotiations with the EU. In the meantime, IUCN promotes a dialogue at national and sub-national level.

Tenancy and rights: Over the next seven to nine years, a political consensus of parties represented in the Congress is required to ensure that forestry concession for 600,000 ha in protected areas are renewed for communities. In addition, the legal status of using 60,000 ha is in limbo and a clarification required. While CONAP is confident that this aim can be achieved, the likelihood in achieving progress in the next 12 to 24 months is unclear due to the complex political situation in the country.

Business Climate

Integration Forest – Industry – Markets (BIM): The work stream on BIM is about to start with the aim to implement the forest extension programme in 324 municipalities over the next 24 months. Ultimately, 50,000 forest users will benefit from capacity building. Sustainability of products and services in an area of over 1m ha is envisaged. At this point in time work on manuals for training of trainers is starting and training should be rolled out in the next 12 months.

Financial mechanisms: IUCN develops schemes for financing and investment for the Forest Landscape Restoration strategy and a first scheme is due to be finalised in June 2014 for a donor meeting in Bonn, Germany.

One practical scheme could entail the costs for dredging up rivers to be transferred to restore forests in the upper parts of rivers' catchment areas. Costs for dredging and the restoration of riverbanks amounted to over £7m following a single flooding event in 2012.

M&E: For the Regional strategic plan on forest governance, protocols will be developed by March 2014 and a baseline undertaken by October 2014.

RRI

The focus of RRI's work over the next 12 to 24 months is likely to remain on three key areas, depending on opportunities for achieving most results: law PROBOSQUES, climate change law and community forestry concessions, which are highly relevant for forest and tenure rights.

For the law PROBOSQUES campaigning and awareness raising for maintaining forestry incentives is paramount with an additional focus to include environmental services in the law. Work in the next 12 months on those issues identified by the National Alliance of Community Forestry will be channelled through Ut'z Che'. As mentioned for IUCN, it is likely to take over 2 years for the law to be approved by Congress.

With regard to the climate change law, RRI will campaign for including proposals of community based organisations on communal land management concepts.

RRI also plans an analysis of forestry potential for the 150,000 ha of land in protected areas where no concessions for forestry have been issued. Ultimately it is hoped that communities will benefit from those concessions for forest management as a means of ensuring their livelihoods. Communities are supported in the development of forestry management plans by the FGMC-funded entities and government.

The likelihood of achieving concrete results following the activities described above on those three main topics in the next 12 to 24 months is difficult to predict.

7 Equity

Key findings:

- The work related with local networks and alliances strengthening, open spaces for more participation and benefit opportunities for the poorest and indigenous representatives.
- The forestry sector is dominated by men and the spaces and participation of women is very limited. PINPEP and ACOFOP showed results in including women and are interested in developing new gender activities. There are still great opportunities that can increase participation of women in different areas of the forest sector,

7.1 How to ensure the focus on the most vulnerable people in Guatemala

DFID projects that are implemented under FGMC in Guatemala are working with four priority vulnerable groups: 1) poor families possessing only small portions of land; 2) ancestral indigenous groups and organisations; 3) poor rural forest communities in vulnerable areas or territories; and 4) to a lesser extent women. Those are the main beneficiary groups of the PINPEP and PINFOR programmes where FGMC-funded entities contributed to design and implementation. PINFOR implementation started in 1998 and PINPEP in 2007.

- 1) Poor families owning small pieces of land are being benefited by PINPEP incentive program. This programme focuses on benefiting families who own the land, but cannot prove property of land in the National Registry of Property. This incentive programme opens opportunities for the participation of poor families with 1-5 ha of land, which is a high percentage of the rural population of Guatemala.
- 2) In Guatemala there is evidence of great efforts that a number of indigenous organisations have made to be inserted in several spaces for dialogue, advocacy and decision-making at national level. In the environmental and forest fields, these institutions have found a sector open to many of their demands and found spaces to achieve an important role. DFID projects in Guatemala are working in strengthening the National Indigenous Authorities Network and several other local indigenous organisations.

Traditional indigenous authorities played important roles in decision-making in their communities and their resources in the past. Now, they have been relegated to very low or almost zero participation in the spaces and decision-making structures that governments have formed and strengthened. The fact of initiating work with the indigenous leaders network, demonstrates the interest in renewing the authority that these organisations and leading personalities had in the past. These are still important to their communities as ancestral and traditional forms of organisation and decision making, particularly those related to natural resources, including forests.

3) Poor Rural Forest communities living in vulnerable and high risk areas

Working with and through the National Alliance of Forest Communities can guarantee the participation of rural communities as beneficiaries of various forest related programs and projects. There are a high number of communities whose food security is being affected by

climate change effects, especially in populated areas with high slopes in the western highlands of Guatemala. Restoration programs supported by IUCN can help to reduce the vulnerability of these communities to disasters caused by climate change, to improve their living conditions and food security, while maintaining the flow of goods and services that ecosystems provide in restored areas.

- 4) Women participation in forestry has traditionally been low, but there are programs in Guatemala that have successfully included women in forestry activities. There are two important initiatives in this regard: the participation of women in the collection, sorting, processing and packaging of Xate leaves, Chamaedorrea sp. (decorative palm leaves for export as a non-timber forest product) in Petén forest concessions is an important one.

The second initiative that has been successful in including women is the incentive programme PINPEP. Between 2009-2012, this programme directly benefited 5,108 women, being the 31% of total direct beneficiaries. Another 26,953 women have benefited indirectly from related forest activities (51% of total indirect program beneficiaries).

ACOFOP has expressed interest in increasing the participation of women in forestry and other sustainable tourism concessions, activities for which they are requesting funding. Despite the achievements to date there are still great opportunities that can increase participation of women in different areas of the forest sector.

8 Impact: benefits for environment, governance and poverty reduction

Key findings:

- Deforestation/environmental benefits: gross deforestation rates have been high and increasing between 2006 and 2010. Deforestation rates in community concessions have been insignificant.
- Reforestation/environmental benefits: the forest incentive programme PINFOR has been found to be the leading cause of increasing forest gains.
- Poverty reduction benefits: PINEP has certified 6700 projects. Most PINEP projects are at the level of very poor families.

This section sets out the benefits for the environment and poverty reduction of FGMC-funded interventions in Guatemala. It thus assesses progress towards FGMC objectives on the impact level.

8.1 FGMC impact 1: Forest, climate and biodiversity protection through reduced deforestation

In order to assess progress towards this impact, it is important to note that forest, climate and biodiversity protection is mostly generated through reduced deforestation, and that net deforestation is the sum of gross deforestation and reforestation. In Guatemala, a reliable study based on satellite pictures has identified the following values for the three different elements of the equation for the period of analysis between 2006 and 2010:

$$\text{gross deforestation} + \text{reforestation} = \text{net deforestation}$$

$$500,219 \text{ hectares} + 354,104 \text{ hectares} = -146,111 \text{ hectares}^{22}$$

In terms of gross deforestation, it was found that rates remain high and are increasing each year. No measurable progress has been made. Although the mentioned forest cover analysis only captures data until 2010 and thus not the timeframe of FGMC-funded interventions, gross deforestation trends are unlikely to have changed in the last 2-3 years. Legality assurance systems are not fully implemented and sustainable forestry businesses not significantly expanded yet, in particular in the department of Petén where 82% of forest cover losses occur.²³ Furthermore, the main drivers of deforestation related to forest clearance for palm tree plantations, oil production, extensive cattle raising and firewood production are not currently sufficiently addressed, neither by FGMC investments nor by other interventions. Therefore, the evaluation team found that the gross deforestation trend in Guatemala is unlikely to have changed.

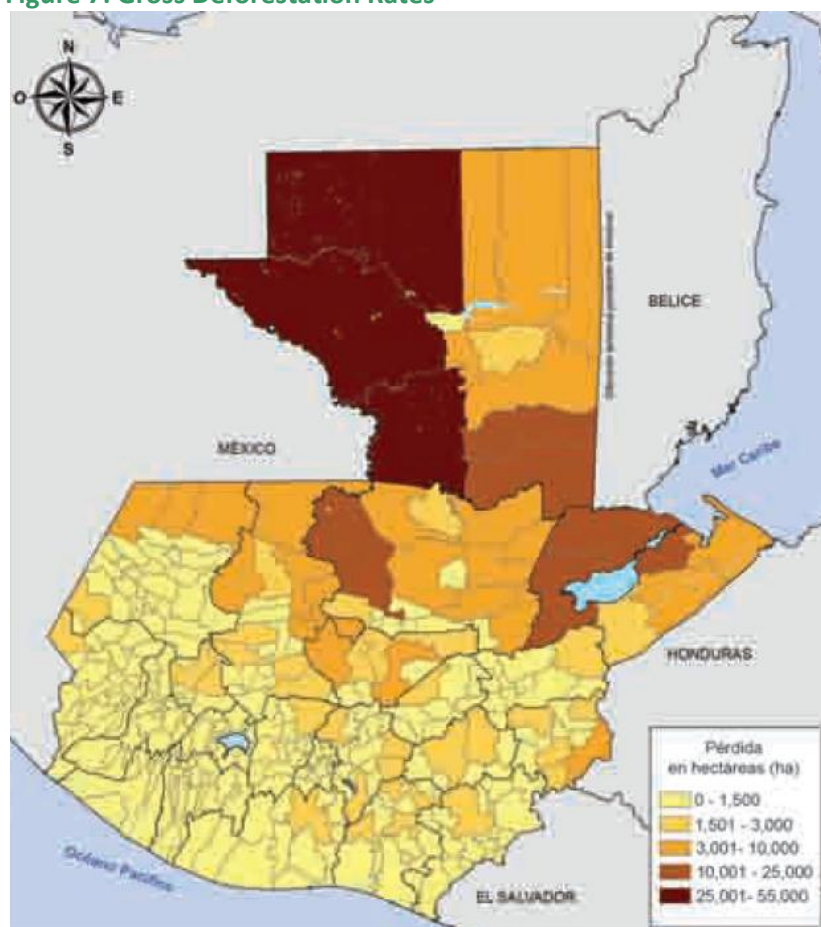
²² Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010. INAB, CONAP, URL/IARNA, UVG, Page 99

²³ Ibid

In terms of FGMC's contribution, another important point has to be made: Gross deforestation was found to be mostly centred on national parks and undefined areas in the department of Petén. The community concessions in the area do not display any significant deforestation rates and seem to represent effective barriers to deforestation.²⁴ Community concessions manage forests very well and sustainably, harvesting limited areas and species only, and monitoring and policing their concession areas effectively – all as agreed on in the forest management plans with the government. This finding suggests that gross deforestation rates would be higher without community concessions, and so would have been the negative impacts on forest, climate and biodiversity protection. FGMC-funded interventions have contributed to these benefits through helping forest communities to organised and strengthen capacity e.g. ACOFOP, Ut'z Che' and the Alianza de Organizaciones Forestales Comunitarias. These contributions were found to be important elements to ensure the extension and expansion of community concessions in the future, protecting and increasing the positive environmental impacts they have already generated.

The following figure shows gross deforestation rates in Guatemala. These have been particularly high in protected areas of Petén as marked by darker colours.

Figure 7: Gross Deforestation Rates²⁵

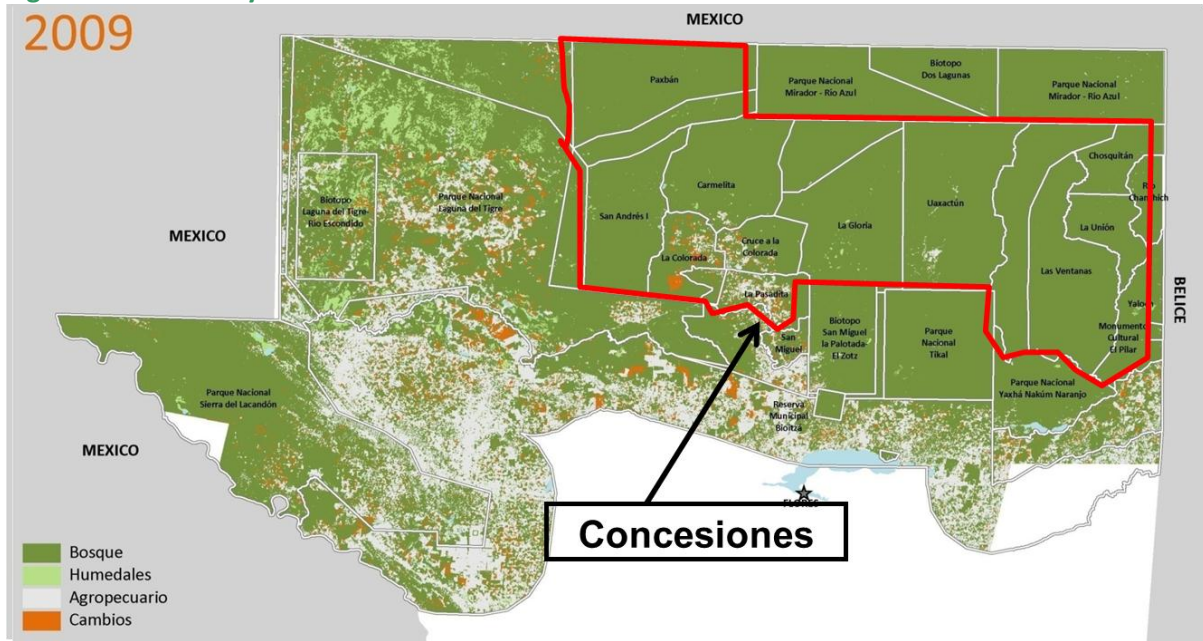


²⁴ Ibid, or Cuéllar et al 2011: *Dinámicas territoriales en Centroamérica: Contexto y desafíos para comunidades rurales*. San Salvador, Fundación PRISMA, or Hughell and Butterfield 2008: *Impacto der la certificación FSC sobre la deforestación y la frecuencia de incendios forestales en la reserva de la biosfera maya*. Rainforest Alliance

²⁵ Source: Regalado et al 2012: *Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010*. INAB, CONAP, URL/IARNA, UVG, page 41

However, as mentioned before, community concessions have been an exception. This can be seen in the following figure where community concessions are marked in red and demonstrate clearly that they have been able to protect forests better than surrounding national parks and undefined areas.

Figure 8: Community Concessions and Deforestation²⁶



In terms of reforestation, data suggests that rates have increased over the last years, in particular in the central and southern parts of the country. The forest incentive programme PINFOR was found to be the leading cause of increasing forest cover in Guatemala²⁷ and accounts for 328,577 reforested hectares between 1998 and 2012.²⁸ While FGMC's contribution to PINFOR was not direct, FGMC-funded interventions have been crucial to ensure the inclusion of forest community perspectives in the new PROBOSQUES law proposal. PROBOSQUES is the successor of PINFOR and FGMC-supported forest community organisations have provided significant inputs into the law proposal in order to ensure the extension and expansion of the initiative, protecting and increasing the positive environmental impacts already generated.

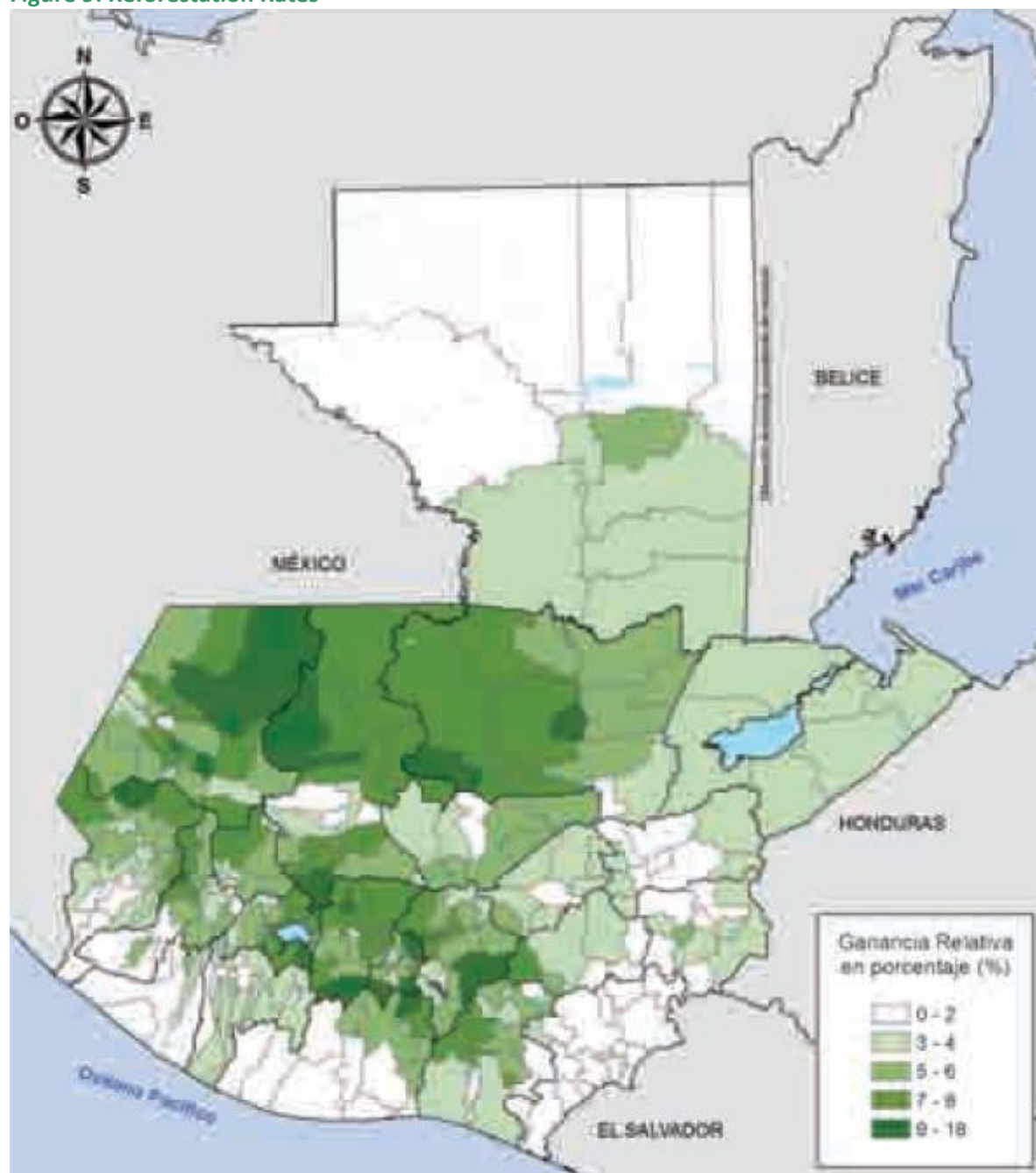
The following figure shows reforestation rates in Guatemala. It can be clearly seen that reforestation has mostly happened in the more populated central and southern parts of the country where most PINFOR beneficiaries live.

²⁶ Source: ACOFOP presentation

²⁷ See for instance INAB 2012: Plan Quinquenal 2012-2016, page 11, or Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010. INAB, CONAP, URL/IARNA, UVG, page 38

²⁸ <http://www.sifgua.org.gt/Reportes/Incentivos/Pinfor.aspx>

Figure 9: Reforestation Rates²⁹



In sum, gross forestation remains a major barrier to ensure forest, climate and biodiversity protection in Guatemala. On the other hand, significant progress has been made in increasing net forestation and reducing overall net deforestation. FGMC-funded interventions have had an important role in maintaining and expanding impacts already made.

²⁹ Source: Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010. INAB, CONAP, URL/IARNA, UVG, page 42.

8.2 FGMC impact 2: Poverty reduction through benefits for forest-dependent people

Poverty reduction for forest-dependent people directly depends on the benefits generated for forest-dependent people. In Guatemala, there are three major mechanisms of ensuring benefits for forest-dependent people: The two forestry incentive programmes PINPEP and PINFOR, and the community concessions. The following assesses the poverty reduction impacts achieved by these mechanisms in more detail.

PINPEP is estimated to have generated 3,000 permanent jobs. 6,700 projects have been certified so far, most of them at the level of very poor families, generating benefits for more than 30,000 people. The incentive paid can amount to up to 25% of annual income for poor families and is thus generating significant poverty reduction impacts.³⁰ FGMC's contribution has been important to guarantee coordination of PINPEP beneficiaries with other forest community organisations, and to advocate for the payment release of PINPEP incentives.

PINFOR is estimated to have generated 23,885 jobs per year between 2006 and 2010.³¹ On average, beneficiaries are not the poorest but do include some poor families. Support to PINFOR is therefore generating some poverty reduction impacts. FGMC has not directly contributed to PINFOR, but to the development of the new PROBOSQUES successor programme that ensures continued poverty reduction impacts.

The community concessions in the department of Petén are estimated to benefit 15,000 forest-dependent people.³² On average, beneficiaries are not the poorest but do include some poor families. Forest communities benefit through jobs and income generated from timber sales and non-timber forest products. Support to community concessions has thus generated some poverty reduction impacts, and FGMC has contributed to these benefits through helping forest communities to get organised and build their capacity.

In sum, significant poverty reduction impacts through direct benefits for forest-dependent people have been achieved, mostly through the PINPEP incentive programme. Again, FGMC-funded interventions have had an important role in maintaining and expanding progress already made.

³⁰ Data collected during interviews with INAB-PINPEP and FAO

³¹ INAB 2012: Plan Quinquenal 2012-2016, page 11. Regalado et al 2012: Mapa de Cobertura Forestal de Guatemala 2010 y Dinámica de la Cobertura Forestal 2006-2010. INAB, CONAP, URL/IARNA, UVG, page 13.

³² Data collected during interviews with ACOFOP and Arbol Verde.

9 Audit of partner systems and processes

Table 4 shows the funding flows from FGMC-funded entities to implementation partners. RRI funded three implementation partners in 2012/13 and IUCN funded one.

Table 4: Financial flows to FGMC-funded entities and implementation partners 2012/13 (GBP)

Implementation partner	Funding
IUCN	
ACOFOP	37,700*
RRI	
Asociación de Comunidades Forestales de Petén	295
Asociación Ut'z Che'	23,378
Facultad Latinoamericana de Ciencias Sociales	4,470

* \$60,590

Systematisation of financial reports

IUCN implement FGMC through quarterly disbursements, according to agreements with DFID and respective work plans. Quarterly disbursement requests are submitted to DFID and accompanied by quarterly financial reports.

Work with implementation partners is based on agreement letters that are negotiated with and signed by the partner. Those letters include a work plan and a budget. Financial flows to the implementation partner are results-based. IUCN's Technical Unit verifies Implementation in the field and subsequently stimulates the next disbursement. Every disbursement to implementation partners requires a financial report to IUCN which is revised and eventually approved by the Technical Unit.

Communication processes

IUCN's and RRI's communication with FGMC is systematised through quarterly reports. In addition, RRI invites its donors for an annual planning meeting as another means of direct communication. IUCN's formal financial communication with implementation partners is through the report prepared when deliverables are finalised.

Audit report for FGMC funds in Guatemala

DFID does not require independent audit reports at country level but regionally for FGMC funds. For 2012 the independent audit report for IUCN's regional office concludes that income and expenses, cash flows, and changes in funds and reserves for the years ended, are in accordance with policies adopted, IUCN statutes and accounting and valuation principles as set out in the accompanying notes.

In RRI the 2012 annual audit report for all FGMC funds is available. Country specific audits are not undertaken. The audit report verifies the correct use of funds in accordance with accounting principles generally accepted in the United States of America.

Audit of all funds in Guatemala

Neither IUCN nor RRI undertake country specific audits, given that this is not a donor requirement.

10 Lessons for FGMC globally

Coordination

- In the absence of a DFID country office, clear lines of communication, coordination and knowledge sharing are missing for the FGMC portfolio in Guatemala. The local implementation partner ACOFOP ensures complementarities of FGMC funds provided by IUCN and RRI. A certain coordination role of a FGMC funded entity would add value for joint annual view and assessment of synergies when undertaking annual planning, as well as global lessons sharing.

Reporting and financial management

- The DFID FGMC reporting format is too narrow and does not allow for the presentation of the full picture of results in Guatemala. The current format is focused on FLEGT-VPA processes only while the FGMC business case, and to some extent the logframe, go beyond FLEGT. A reviewed format is also needed to allow for a stronger focus on the main drivers of deforestation related to other commodities.
- Flexibility to use FGMC funding allows for complementarities with other donor funds as well as attracting new funds. DFID is distinctive thanks to its flexibility and gets true value for money

Strategic planning and results based management

- In the absence of clear strategic planning, it is challenging to establish efficient monitoring systems beyond the activity/output level. A single, stable planning framework provides clarity for implementation, monitoring and reporting compared to multiple and changing frameworks.

Results of FGMC-funded entities' long-standing country commitment

- Accelerated process in FGMC implementation and attainment of results in less than two years of funding is deeply rooted in FGMC-funded entities' long-standing work in, and commitment to, Guatemala. Changes in governance and policies take decades in democratic systems and this is a comparative advantage of FGMC-funded entities in the country where work goes as far back as the 1990s.

Partnership and the importance of non-financial support

- When implementation partners consider FGMC-funded entities as “partners” rather than donors, and spaces for joint review and planning are given, and the possibility for achieving change is significantly enhanced. Local implementation partners' benefit from FGMC funded entities' relations with government as a neutral actor, their status and links to a larger programme of those FGMC- funded entities.

Successful land-use models

- Community forestry models in Guatemala have characteristics which provide examples for other community forestry regimes for other indigenous, afro-descendant and peasant

communities with collective rights over forests elsewhere in the Latin American region and countries with a post-conflict environment like Nepal. In particular, the community concessions, communal forests and forestry incentive programmes have become a central factor in livelihood and poverty alleviation in the country, providing jobs in the region and directly benefiting local communities.

- The importance of forest areas under control of non-state actors for forest protection is confirmed in the case of Guatemala. FGMC investments in Guatemala have contributed to maintaining and strengthening related models rather than implementing new processes.

Section III: Conclusions and recommendations

This section lists conclusions and recommendations. To show the relationship between key findings to conclusions and recommendations and to underpin the robustness of this logic, key findings are presented, too.

	Main findings	Conclusions	Recommendations
1. Complementarities	<p>1.1 IUCN and RRI are the main FGMC-funded entities in Guatemala. Implementing partners are mainly the community forestry organisations ACOFOP and Ut'z Che' as well as INAB.</p> <p>1.2 FGMC funds allocated to IUCN and RRI are relatively small, so they are used as complements of own funds and of other external financial sources.</p> <p>1.3 Forest communities are the main beneficiaries of FGMC investments in Guatemala.</p>	<p>1. While DFID funds allocated to IUCN and RRI are insufficient for fully-fledged programming, they stipulate FGMC-funded entities' and implementation partners' creativity to complement funding.</p>	<p>1. No recommendation</p>
2. Relevance	<p>2.1 IUCN's and RRI's interventions are linked to their regional and global project objectives. However, following a number of adaptations and revisions, IUCN's regional project objectives would benefit from some reformulation to be able to better capture the work being undertaken. The development of a master plan to strengthen strategic planning is underway for all countries in the region.</p>	<p>2.1 While IUCN's and RRI's interventions are relevant to achieving their regional and global project objectives, the intervention logic has been evolving and is not fully clarified yet.</p>	<p>2.1 IUCN Technical Unit of Mesoamerica office: strengthens the link between interventions and regional project objectives. The development of an IUCN master plan for Guatemala is fully endorsed by the evaluation team, under the condition that it will be the only planning framework to guide IUCN's work in the country and replaces all previous planning frameworks and approaches for Guatemala.</p>
	<p>2.2 IUCN's and RRI's interventions are linked to global FGMC impact objectives and mainly address reforestation and poverty reduction. Key drivers of deforestation such as forest clearance for</p>	<p>2.2 FGMC-funded interventions in Guatemala are relevant to FGMC's global objectives, but not</p>	<p>2.2 IUCN Technical Unit/RRI facilitator and regional director: Develop initiatives to address the main driver of illegal logging and</p>

	<p>palm tree plantations, cattle rearing, the expansion of sugar cane plantations for bio fuel production and the extraction of firewood are not addressed.</p>	<p>covering all important elements exhaustively. The main drivers of deforestation are not directly addressed.</p>	<p>deforestation, forest clearance for palm tree plantations and cattle raising (e.g. through certification systems of products not sourced from deforested areas, or through compensation schemes).</p>
<p>3. Value for money</p>	<p>Main cost drivers <u>3.1 RRI</u>: 58.2% of FGMC Guatemala funds are grants to implementation partners; compared to 38.9% in global RRI budget for 2012 <u>3.2 IUCN</u>: two main cost drivers are salaries and social charges (39%), and grants to implementation partners (32%). Higher percentage of investment in salaries allows IUCN to leverage additional donor funds and to maintain current ones, nearly 10 times the DFID budget, with contribution of FGMC objectives of forestry governance (salaries used as IUCN’s counterpart contribution for other grants) IUCN: for the £40,063 (\$64,560) of IUCN’s direct transfers to its main implementation partner ACOFOP in Guatemala, the partners provides an additional 71.4% of contributions. This compares favourably to the average 32% partner contributions for FGMC funding to IUCN in the Mesoamerica region. 3.3 As a result of continuous and long-term engagement in Guatemala by IUCN and RRI prior to become eligible for the FGMC, FGMC now is at the point of seeing concrete results at the impact level, with a small but important contribution.</p>	<p>3.1 RRI: DFID gets value for money as a significantly higher proportion of its FGMC funding goes to country implementation, compared to the RRI average. 3.2 IUCN: Despite the fact that salaries are the main cost driver in the FGMC budget in Guatemala, IUCN uses this budget line strategically to maintain and leverage significant additional funding. 3.3 FGMC funds are allocated strategically to long-standing partners in Guatemala with high leverage.</p>	<p>3. No recommendations</p>

<p>4. Efficiency</p>	<p>Results monitoring systems</p> <p>4.1 RRI: 3-tired approach, including annual revisions linked to annual forward planning with partners based on performance and opportunities</p> <p>Quarterly reports to DFID do not reflect the richness of results achieved by RRI</p> <p>4.2 IUCN: Google fusion tables and Zoho projects allow for real-time activity-based work planning and tracking; Results focus of the system beyond outputs (“products”) is less clear.</p> <p>4.4 DFID: The quarterly reporting format for FGMC is narrowly focused on FLGET-VPA output achievement and does not allow for reporting against progress of other approaches that contribute to FGMC objectives.</p>	<p>4.1 RRI: practical application of results-based management.</p> <p>Quality of quarterly reporting on FGMC to DFID could be improved.</p> <p>4.2 IUCN: Focus seems on activity monitoring, given the absence of a stable and simple overarching planning framework.</p> <p>4.3 FGMC-funded entities face challenges when reporting on work not directly linked to the FLGET-VPA.</p>	<p>4.1 RRI: The regional facilitator should contribute to and quality assures quarterly FGMC report on Guatemala.</p> <p>4.2 IUCN: see Recommendation 2.1 on relevance. It is furthermore recommended that IUCN’s Technical Unit uses the new Guatemala master plan to include a theory of change outlining linear and non-linear processes, SMART indicators, short, medium and long term results (impacts), as well as quantifiable annual and final targets. This should constitute the base for results monitoring.</p> <p>4.3: DFID: Review the quarterly reporting format to allow for progress reporting against all FGMC objectives.</p>
<p>(continued)</p>	<p>Financial monitoring and management</p> <p>4.5 IUCN: Short-term contracts with ACFOP cause high transaction costs for both IUCN and the implementation partner.</p>	<p>4.3 Short-term contracts with implementation partners seem less efficient from an administrative viewpoint.</p>	<p>4.4 Rather than providing implementation partners with a number of contracts per year, contracts for at least 12 months duration are preferable to reduce transaction costs.</p>

5. Effectiveness	<p>5.1 Cooperation of main partners to achieve FGMC objectives</p> <p>5.1.1 Although IUCN and RRI have not communicated for the design of their projects, they are working with the same local partner organisations and there are complementarities in the actions they take.</p> <p>5.1.2 RRI promotes a space for dialogue, analysis and annual planning with national partners. However, the regional facilitator seems inhibited to fully benefit from this dialogue (e.g. during the debriefing for this country visit) due to competences centralised in Washington D.C.</p> <p>5.1.3 IUCN is working to strengthen coordination and complementarities of actions on key issues between the government institutions responsible for forest management INAB – CONAP. Under Strategic Forest Governance Plans, spaces for dialogue are also promoted but the profile kept low to empower further project implementers.</p>	<p>5.1.1 Complementarity of IUCN and RRI actions is given thanks to coordination by implementation partners rather than the FGMC funded entities.</p> <p>5.1.2 Space for dialogue, analysis and annual planning of RRI with national partners is valued and results in synergies between forest organisations. The lack of RRI in Washington to fully include the regional coordinator, based in Guatemala seems most unfortunate and a missed opportunity.</p> <p>5.1.3 IUCN: Spaces for dialogue provided include Strategic Forest Governance Plans, despite the lower visibility of IUCN.</p>	<p>IUCN/RRI</p> <p>5.1.1 Maintain dialogue spaces for project implementation partners under FGMC in Guatemala.</p> <p>IUCN and RRI should have at least an annual coordination meeting, with RRI’s regional facilitator being allowed to participate to make full use of local knowledge.</p>
	<p>5.2 Implementation of FGMC proposal</p> <p>5.2.1 IUCN results to date governance - political influence of marginalized population in law PROBOSQUES, PINFOR, PINPEP, SIGAP; access to incentives programme PINPEP for micro and small forest holders; implementation of PINPEP and development of law PROBOSQUES, business climate - capacity building for forest users to access incentives, M&E - preliminary indicators for regional forestry strategy. However, on community forestry concessions CONAP seems not included in initial dialogues.</p>	<p>5.2.1 The implementation of FGMC proposals is ongoing. However, despite CONAP’s openness, the Council is insufficiently targeted to extend the length of forest community concessions.</p>	<p>5.2.1 IUCN and RRI: Strengthen dialogue with CONAP on forest community concessions.</p>

Effectiveness (continued)	<p>5.2.2 RRI: Results to date: political influence of forest communities and indigenous People in law PROBOSQUES, climate change law and community forestry concessions. However, on the latter CONAP seems not included in initial dialogues.</p>		
	<p>5.3 Likelihood to achieve results in next 12 to 24 months: IUCN: Governance – Law PROBOSQUES: 2 to 3 more years of work on consultations and facilitations required for approval; another 2 years for systems to safeguard the rights of indigenous People in REED+ and the FLEGT-VPA (REED+ operational likely after 2020 and no consensus yet on entering FLEGT-VPA negotiations); tenancy and rights: likelihood in achieving renewal of forestry concession for communities on 600,000 ha in protected areas.</p> <p>Business climate – BIM: start of forest extension programme in 324 municipalities over the next 24 months. Implementation of capacity building in next 12 months, benefitting ultimately 50,000 forest users. Financial mechanisms: presentation of first scheme for financing and investment for the Forest Landscape Restoration strategy to donors in 06/2014.</p> <p>M&E – Regional strategic plan on forest governance: protocols are being developed by March 2014 and a baseline undertaken by October 2014.</p>	<p>5.3 The likelihood of receiving expected results in next 12 to 24 months is high, though some might require more time.</p> <p>As the status of FLEGT-VPA in Guatemala is unclear and would not address the main drivers of deforestation in the country, attainment of concrete results is unlikely.</p>	<p>5.3 IUCN should consider channelling resources foreseen on VPA-related work in Guatemala to alternative strategies to address the main drivers of illegal logging and deforestation related to other commodities (see also recommendation 2.2)</p>
	<p>5.4 RRI: likelihood of achieving results in the next 12 to 24 months is high for two out of three strategic objectives. Law PROBOSQUES - maintain forestry incentives and include environmental services; Forestry concession for communities for 150,000 ha land currently excluded from concessions – analysis of forestry potential. For both objectives results are likely for strengthening civil society organizations in the forest sector. Carbon law - it is unlikely that for the climate change law communal carbon rights would be included</p>	<p>5.4 The likelihood of receiving expected results in next 12 to 24 months is high.</p>	

	through work on legal norms.		
6. Equity	6.1 Focus on the poorest and indigenous People: Work related with local networks and alliances strengthening open spaces for more participation, benefits and opportunities for the poorest and indigenous people.	6.1 The strengthening of local civil society organisations of 2nd and 3rd level, including poor small holders and indigenous people, demonstrate the potential to influence forest policies and other productive sectors.	6.1 Strengthening of and support to networks and alliances in order to increase the impact of organised small holders and indigenous peoples on public policies.
	6.2 Focus on women: the forestry sector in Guatemala is dominated by men and the spaces and participation of women is very limited (with exception of the beneficiaries network of PINPEP; where 34% of the management plans are under female 34% entitlement). Though no actions are aimed to change this overall situation to date, ACOFOP showed interest in developing and including gender activities in the area of women leadership.	6.2 Although there is a gap with respect to the inclusion of women in the forestry sector there are opportunities to develop interventions.	6.2 Significantly upscale organisation of and financing for forest activities that further increase women participation in forest resources access and management.
7. Impact	<p><u>7.1 Deforestation</u></p> <p>7.1.1 Gross deforestation rates have been high and increasing between 2006 and 2010.</p> <p>95.15% of logged timber volume is due to illegal logging, mostly in Petén.</p>	<p>7.1.1 No progress has been made until 2010 in reducing illegal logging. Trend changes after 2010 are unlikely because legality assurance systems have not been fully implemented yet and sustainable forestry businesses not been significantly expanded yet in Petén, where most illegal logging occurs.</p> <p>For the lack of addressing underlying causes of illegal logging, see section 2 (relevance).</p>	7.1.1 Continue supporting the improvement of legality assurance systems (SIFGUA etc.) and the promotion of sustainable forestry businesses.

	7.1.2 Deforestation rates in community concessions have been low. Community concessions represent close to 60% of protected areas in Guatemala, and protected areas 52% of forest cover.	7.1.2 Community forestry concessions in protected areas represent effective barriers to deforestation.	7.1.3 Continue supporting advocacy interventions via organised forest communities (ACOFOP, Ut'z Che', Alianza), with the aim of renovating and expanding community concessions for forest management.
	<u>7.2 Reforestation</u> 7.2.1 The forest incentive programme PINFOR has been found to be the leading cause of increasing forest gains.	7.2.1 PINFOR has been the driving force to slow down net deforestation rates.	7.2.1 Continue supporting advocacy interventions to maintain and expand the programme.
	<u>7.3 Poverty Reduction</u> 7.3.1 PINEP has certified 6,700 projects. Most PINEP projects are at the level of very poor families.	7.3.1 PINPEP has generated significant poverty reduction benefits to more than 30,000 people.	7.2.1 Continue supporting advocacy interventions to maintain and expand the programme.

Annex 1: Terms of Reference

Project background

1. The Department for International Development's (DFID) Forest Governance, Markets and Climate Programme (FGMC) is a 10-year, £250 million programme aimed at tackling forest governance failures in developing timber-producing countries, and the consequent market failures that result in illegal exploitation of forest land and resources and the associated trade in timber and other commodities.
2. The programme aims to combine "demand-side" actions in European and other consumer countries, and "supply-side" actions in developing timber-producing countries. This will result in reductions in the consumption and production of illegal timber and other illegally-sourced commodities that drive illegal forest clearance and deforestation, such as soybean, palm oil, beef and leather.
3. FGMC provides the UK contribution to the EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, as part of a global effort to tackle deforestation. It is one element of the UK's broader initiative on international forestry and climate under the International Climate Fund (ICF). It will be implemented as part of broader UK efforts to reduce emissions from deforestation and forest degradation (REDD+).
4. DFID is required to report progress with implementation to senior management and the public through completion of Annual Reviews. These assess progress against the milestones set out in the log frame and make recommendations for adjustment to the programme.
5. To ensure that FGMC activities are on track relative to the milestones and contributing effectively towards respective Outputs and outcome, DFID engaged a Service Provider "to monitor activities on a continuous basis and complete draft Annual Reviews".
6. After a competitive tender, the service provider contract was awarded to Itad in consortium with Triple Line (The Reviewer Team) on 17th June 2013. The end of the contract is March 2015. The one month inception phase was completed on 23rd July 2013. The implementation phase has been divided into five phases, the first two of which are outlined in the Terms of Reference below.

Implementation Phase 1: Annual Report 2013 (up to 1 day)

- **Team meeting for Annual Report drafting (approx. 1 day):** Attend and contribute to team meeting for drafting the Annual Report on September 24th.

Implementation Phase 2: Theory of Change, Logframe and Semi-annual Report (up to 17 days)

- **Preparation for Guatemala country visit (approx. 5 days):** Five days of preparation work will involve reading relevant FGMC documentation, refining field visit templates and checklists based on reading and consultations and ensuring adequate organisation of trip logistics via a local consultant.

- **Guatemala country visit and report writing (approx. 10 + 2 days):** Participate in field visit to Guatemala from October 30th to November 8th as Team Leader. Liaise with technical expert to write field visit report for Guatemala, in the appropriate format to be submitted to DFID. Draft report is due by the end of the visit. Two days of report revision involve finalising the report after comments have been received.

Background to the visit:

The visit will not follow the format of the other country visits carried out in September 2013. This is because DFID have asked the review team to look at the funded entities and the results of their activities so far within the context of Guatemala (which is not a FLEGT VPA country).

The overall purpose of the visit is therefore to ground truth the evidence presented in the progress reports presented by the funded entities to FGMC against their original proposal for funding. The findings will be triangulated this with external stakeholder interviews and visits to activities in country. Value for money will form an integral part of the review hence the analysis of budgets and data monitoring systems will form part of the visit.

Understanding the context within Guatemala on the issues covered by the funded entities will be important to understand the relevance of the grants/funded entities to the wider context. The inter-relation between FGMC-funded entities and other entities operating in-country will help to determine whether the work being done is coordinated with others.

Factors for and against the results being achieved and a thorough risk analysis will be used to determine whether or not the funded entities are “on track” to achieve their objectives.

The visits will look at three funded entities explicitly. *NB budgets are for FGMC at a global level. It is unknown how much funding relates to Guatemala. The FGMC review team has asked all funded entities to report on this for the forthcoming annual review:*

1. RRI (accountable grant): £6million (2011-2015), £8million (2011 – 2017)
2. IUCN Mesoamerica (accountable grant): *Strengthening Local Governance Systems, to improve Business Climate in the Mesoamerican Forest Sector “An alternative for reducing deforestation and poverty”*. Total IUCN commitment is until 2017 (£6.84million) with funding agreed 2011-2015 £4.5million
3. EFI EU FLEGT-REDD Facility (MoU) £8million (£2 million per year 2011-2015)
4. There may be other funding from FGMC in Guatemala which could relate to **Client Earth** and **Global Witness**. This information will be known by the project manager prior to the visit.

Prior to the visit:

- Interviews with RRI (Washington D.C. and Guatemala), IUCN and EFI (Guatemala)
- Oversee logistics, liaising with local consultant. Provide list of key contacts for local consultant to make advance arrangements with.

Proposed schedule for country visit:

Wednesday, 30 October:	Travel to Guatemala
Thursday, 31 October:	Interviews
Friday, 1 November:	Interviews

Saturday, 2 November:	Community visit to inspect results of funds spend
Sunday, 3 November:	Team: discussion and analysis of emerging findings
Monday, 4 November:	Interviews and audit of financial flows
Tuesday, 5 November:	Interviews and audit of financial flows
Wednesday, 6 November:	Reporting, any additional interviews
Thursday, 7 November:	Reporting, any additional interviews
Friday, 8 November:	Reporting and presentation of emerging findings; travel back

Stakeholders

- Key NGOs (RRI, IUCN, EFI)
- Other relevant forestry NGOs (platforms?)
- Government (including provincial government?)
- Other relevant donors/UN/forestry programmes
- Private sector, industrial loggers?

Aim of the visit

- Assess FGMC-funded entities' theory of change (or equivalent), results framework, and results chain (inputs, activities results, short and longer term outcomes etc). Outline key assumptions behind the achievement of the results.
 - Country coverage
 - Co-funding
 - Key target groups
 - Government interlocutor(s)
 - Defining the procurement chain between the funded organisations and other implementing partners. How much goes to whom and for what—can we trace the procurement chain in relation to budgets and roles and responsibilities to assess value for money in relation to this?
 - Assess communication and information flows on this procurement chain including outside interactions with government(s), other NGOs, private sector, communities etc.
- Assess strategic fit (relevance)
 - Check the strategic relevance of FGMC engagement for the NGOs / MOU (global/regional strategy)
 - Strategic cooperation of three NGOs for a “single” country intervention (any incentives or did they rather split of NGO community?)
 - Link to the FGMC outcomes/logframe in general (see also ToCs)
 - Wider strategic link of FGMC funded interventions to: government forestry strategy/ FLEGT/ REED+
- Assess implementation (economy, efficiency, effectiveness, equity)
 - Check whether proposals are being implemented/revised
 - Results achieved to date
 - Likelihood of concrete results being achieved within one year and two years (state the results and what the risks/assumptions are to their achievement). How much are the implementing partners in control of the achievement of the results (direct and indirect control).
 - Who are the beneficiaries, are the results likely to have a benefit on a) environment (forestry, land and other resources, b) governance, c) poverty reduction

- Monitoring processes/ transparency/ VfM (economy, efficiency, effectiveness, equity)
- Existing M&E and data collecting systems as well as financial management systems
- Audit of expenditure, audited accounts
- Outreach to communities to check some of their involvement in FGMC funded: knowledge, awareness, practice (feedback loops between communities and implementing partners of FMGC funded entities in Guatemala).
- Lesson learning visit for FGMC more widely, around ownership, process (e.g. deliberative process), results frameworks, M&E, forest governance issues, political dynamics, incentive structures or innovation, etc.

Key review questions

- What is the strategic fit of the FGMC for forestry governance in Guatemala?
- What are FGMC results to date? To what extent are results linked to overall FGMC objectives?
- Is FGMC's engagement in Guatemala value for money? Are the funding modalities appropriate? Why FGMC is funding Guatemala?
- What is their level of evidence and what are there any risks associated with their financial management system?
- Scope for lessons to be learnt (in terms of the areas listed above)?
- How does the information and communication work between the organisations/stakeholders involved in implementing the grant directly and indirectly?
- Who has "ownership" of the projects and what is the decision making process behind any change to the project direction? Are decisions made based on what will make a difference to results (efficiency, cost effectiveness, etc.)?

Overall conclusions and recommendations should include but not be limited to:

- Are the funded entities are "on track" to achieve their own objectives.
- Is what FGMC is funding relevant to the context of Guatemala
- To what extent does what is being funded contribute to the FGMC umbrella logframe and theory of change at a global level?
- Whether or not FGMC funding is value for money in relation to the projects visited. What remedial action is required if the projects are not thought to represent value for money. What timeframe and resources are likely to be required to carry out these actions?
- Are M&E and financial systems adequate for reporting to DFID in relation to FGMC? Can more be done to improve this? (e.g. output based monitoring/budgeting?)
- Lessons learnt from this visit for DFID and FGMC?

Background documentation

- FGMC business case and logframe
- Review team inception report (July 2013)
- FGMC global budget spreadsheet
- FGMC annual review 2013 (due 9th October)
- MOUs/proposals for FGMC funded entities
- Relevant budgets – original and any subsequent budgets used for reporting?
- Annual /quarterly reports to FGMC
- Any external evaluations (e.g. RRI).

- Other relevant information in relation to the context within which the organisations are operating.
- Organisational web sites, strategic plans, operational guidelines etc.

Annex 2: Bibliography

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INAB 2012: Plan Quinquenal 2012-2016.

IUCN 2013: – FGMC quarterly report, Q1 2013

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IUCN 2012: Policy and Procedure on Procurement of Goods and Services.

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RRG 2013: Financial Policies and Procedures – Procurement Policies.

RRI 2013: – FGMC quarterly report, Q2 2013

Annex 3: People interviewed

Name	Position	Organisation
Alvaro Samayoa	Director	National Forest Institute/INAB/ FLEGT; Area Industry and Commerce
Amauri Molina	Second General Manager	National Forest Institute/INAB
Carlos Maldonado	Forest manager	Arbol Verde Society, Forest Concession
Cesar Beltetón	Director	National Council of Protected Areas; Department for Forest Management
Diana Menendez	Coordinator	PINPEP/INAB PINPEP Department Desarrollo y Fomento del INAB, Mario Salazar
Didier Devers		EFI
Estuardo Roca	Regional Officer for business and financial instruments	IUCN, Technical Unit, Regional Office Costa Rica
Francisco Chante	President	Ut'z Che', Managing Board
German Obando	Operational Manager for the	IUCN, Technical Unit, Regional Office Costa Rica
Guillermo Navarro	Regional Forest Economy and Governance Coordinator	IUCN, Technical Unit, Regional Office Costa Rica
Joel Pacheco	President	Board of Directors, Arbol Verde Forest Concession
Josue Morales	General Manager	National Forest Institute/INAB/ FLEGT
Juan Girón	Sub director	ACOFOP
Juan Morales	President	Alianza Nacional de Comunidades Forestales

Julio Asig	Vice-president	PINPEP network
Liliana Monterroso	Regional Facilitator	RRI
Marcedonio Cortave	Executive Director	ACOFOP
Mario Rivas	Coordinator	ACOFOP, Forest Productive Development
Mario Rodriguez	Coordinator	National Forest Institute/INAB/ FLEGT-International Cooperation Unit
Noe Sanchez Solano	General Manager	Arbol Verde Society, Forest Concession
Ogden Rodas	National Forest Specialist	FAO
Omaira Bolaños	Regional Director for Latin America Program	RRI
Pedro Vicente López	Member	Board of Directors, Arbol Verde Society, Forest Concession
Silvel Elias	Coordinator	PERT
Victor López	Executive Director	Ut'z Che'
Victoria Hernandez	Administrative assistant	IUCN, Regional Office Costa Rica
Walter Aroche Arriaga	Administrator	ACOFOP

Annex 4: Country visit schedule

Day	Date	Time	Organisation	Informant	Contact Details	FGMC funded entity
Thursday	31/10	8:30 am	IUCN	Guillermo Navarro Estuardo Roca	UICN office in INAB	Yes
Thursday	31/10	10:30 am	INAB	Amaury Morales Alvaro Samayoa Mario Rodriguez	National Forest Institution/INAB/ FLEGT	Yes
Thursday	31/10	14:30	FAO	Ogden Rodas	UICN and RRI partner	Yes
Thursday	31/10	15:30	PINPEP	Diana Menendez	PINPEP/INAB Oficina de Desarrollo Forestal 502 58968077	To confirm
Thursday	31/10	17:30 pm	EFI	Didier Devers	didier.devers@efi.int Tel: +50253801554 Skype: didier_devers	Yes
Friday	01/11	9:00 am	IUCN	Guillermo Navarro Estuardo Roca	+50279263572 mrivas@acofop.org	Yes (RRI partner)
Saturday	02/11	8:00 am	ACOFOP – Community Concession Marcedonio Cortave, Mario Rivas Visit to Carmelita and/or AFISAP concessions, Arbol Verde			Yes (RRI partner)
Sunday	03/11	7:30 am	FORESTCOM	Spencer Ortiz		
Monday	04/11	8:30 am	RRI	Liliana Monterroso	Central America Coordinator Tel: 502 59031257 IUCN zona Pradera	Yes

					Office	
Monday	04/11	14:30	RRI partner	Sivel Elias	PERT-FAUSAC Research Institute Tel: 502 58543618 silvelelias@yahoo.com	Yes
Tuesday	05/11	9:00	Ut'z Che	Victor López	Executive Director +502572403514, vittillescas@gmail.com +502 78388938 office	Yes
Tuesday	05/11	11:00	IUCN Red PINPEP Alianza Forestal Fundalachua	Phone calls to IUCN partners Julio Asig Juan Morales Hector Ruiz	UICN zona Pradera Office 502 45452165 502 53219824 502 50369856	Yes
Wednesday	06/11	9:00	CONAP	Cesar Beltetón	National Council of Protected Areas 502 24226700 Forest Director Unit	Yes
Wednesday	06/11	14:00	Consultants	Report Writing	La Inmaculada	Yes
Thursday	07/11	9:00	Consultants	Report Writing	La Inmaculada	Yes
Friday	08/11	9:00	IUCN	Estuardo Roca	UICN , Zona Pradera Office	Yes
Friday	08/11	9:00	RRI	Liliana Monterroso	UICN, Zona Pradera Office	Yes

Annex 6: Assessment of procurement processes and policies

IUCN: Systematic tendering processes are worthwhile, and costs and time for those processes are adequate. Tendering tends to be lengthy in IUCN but the organisation follows the rigour demanded in its procurement policy. The margin for rationalising the tendering processes is not given. Acquisition policies are part of IUCN's procurement policy. Given the organisation's experience with these processes, time and cost reductions have been achieved over time. Depending on the quality of services provided acquisition processes might be further speeded up and undertaken with fewer resources.

Policies for selecting sub-contractors are also part of IUCN's procurement policies. Cost and time for those processes depend on sub-contractors' organisational capacity. With previously contracted partners, selection processes can be accelerated, requiring fewer resources.

All contracts with sub-contractors require a financial report as a means to monitor their costs. IUCN also established the right for spot checks in the field. Costs are specified in the contracts, following a quality check by IUCN. Monitoring the costs of sub-contractors requires minimal costs, given that they are part of the partner's reporting.

RRI:

Competitive tendering falls within RRI's formal procurement process with clear rules. The process is as streamlined as possible to ensure efficiency while not compromising on oversight. This process incorporates the procurement requirements of the seven major donors to the RRI Framework Program, as well as compliance with US legal and accounting standards for non-profit organisations. All staff are trained on these rules and acceptable documentation. Expenditures over a series of thresholds require greater levels of competitive pricing and assessment of quality of services/ goods/ product to be provided. With each procurement, RRI deliberately considers whether the purchase represents value for money for the resources our donors—and the taxpayers of the supporting governments—have entrusted to RRI.

Acquisition policy: RRI's policies require comparison of both price and quality to ensure value-for-money. RRI also maintains a strict policy against any purchasing practices that involve nepotism, favouritism, or conflict of interest. As above, thresholds are established for increased review and documentation of procurement decisions.

Policies to select sub-contractors: RRI has a participatory planning process with Partner and Collaborator organizations in each country or region to determine strategic interventions and the organization best positioned to implement those interventions effectively. Participatory planning, however, involves increased costs upfront for the consultative planning process, although this results in increased value-for-money and impact of the supported activities once implemented.

Systems to monitor the costs of sub-contractors depend on partners' standards, as RRI works with Partner and Collaborator organisations with varied systems and approaches for financial management and documentation, in over 30 countries. RRI supports interventions that allow organizations to work together to supplement the activities the individual organisations are undertaking with other funding, to achieve greater impact. Therefore, RRI seeks to be flexible in the format and timing of financial reporting to ensure the process is not over-burdensome, while still

maintaining rigorous oversight; this increases the time and cost of RRI’s monitoring of the expenditures of our Partners and Collaborators. All Partners and Collaborators submit their annual institutional audit reports to RRI, which include a specific component letter addressing the funding RRI provides. RRI also seeks to build capacity of local organisations where appropriate; in some cases where financial management capacity of an organisation does not meet our requirements; we will have another local organisation as the lead to help manage the funding to the other organisation to ensure proper accountability and transparency

Table 5: FGMC-funded entities’ self-assessment of procurement procedures and policies

System/policy	Worthwhile	Adequate cost and time	Potential for acceleration	Potential for cost savings
	IUCN/RRI	IUCN/RRI	IUCN/RRI	IUCN/RRI
Systematic processes for competitive tendering	6/6	6/5	3/5	3/6
Procurement policies	6/6	6/5	3/5	3/6
Policies to select sub-contractors	6/5	6/5	3/4	3/5
Systems to monitor costs of sub-contractors	6/5	6/4	3/4	3/6

Scale: 1 to 6, 6 being the highest

Annex 7: Review questionnaire

DFID Forest Governance, Markets and Climate Programme

Revisión anual – Guatemala

I. Preguntas generales

1. Visión global del FGMC en Guatemala (mapeo de contrapartes y enfoques)
1.1 ¿En que áreas claves invierte su organización fondos del FGMC?
1.2 ¿Complementa su organización los fondos del FGMC con fondos de otros donantes o fondos propios para el trabajo en los áreas claves?
1.3 ¿Cuáles son sus socios y contrapartes, incluyendo del gobierno?
1.4 ¿Cuáles son los beneficiarios principales?
2. Relevancia
2.1 ¿De que manera apoyan los fondos del FGMC los objetivos estratégicos de su organización en Guatemala?
2.2 ¿Porque tiene su organización estos objetivos en Guatemala?
2.3 ¿Cuales son los resultados del trabajo de su organización (conjuntamente con sus socios) en Guatemala? ¿De que manera contribuyen los fondos del FGMC a estos resultados?
2.3 ¿Cual es la probabilidad que los objetivos de su organización serán alcanzados en Guatemala en los próximos 12 a 24 meses? ¿Cuales los son supuestos para alcanzar los objetivos?
2.4 ¿De que manera han EFI, RRI y UICN colaborado en Guatemala para alcanzar objetivos del FGMC?
2.5.1 ¿De que manera contribuye el trabajo financiado por FGCM en Guatemala a los siguientes objetivos:
a) Reducción de la tasa de deforestación
b) Valor monetario añadido (puestos de trabajo, madera, servicios de ecosistema)
c) Política forestal y gobernanza
d) Cantidad y valor de explotación forestal ilegal
e) Área y valor de bosques que pertenecen o son manejados por comunidades
2.5.2 ¿Cuáles son los enlaces del trabajo financiado del FGCM con la estrategia forestal del gobierno, FLEGT y REED+?
2.6 ¿Qué factores son responsables para la deforestación ilegal en Guatemala y como ayudan los fondos del FCGM a enfrentar estos factores?
3. Eficacia
3.1 ¿De que manera se está implementando la propuesta que su organización presentó al FGMC? ¿Hubo algunas revisiones del plan de trabajo?
3.2 ¿Cuál es la contribución de su organización a los objetivos presentados en su propuesta al FGMC?

3.3 ¿Cuáles son los beneficios de los fondos del FGMC en términos de a) medio ambiente, b) gobernanza o c) reducción de pobreza?
--

4. Eficiencia

4.1 ¿Qué sistemas usa su organización para
--

a) los informes financieros para rendir cuentas al FGMC?
--

b) el monitoreo de los resultados de actividades financiadas por el FGMC?

5. Equidad

5.1 ¿Cómo asegura su organización que los fondos FGMC son usados por el beneficio de las personas mas vulnerables en Guatemala?

6. Lecciones aprendidas

6.1 ¿Cuáles son lecciones aprendidas del trabajo con fondos del FGMC para otros países, particularmente en África y Asia?

II. Preguntas específicas de “buena relación calidad-precio”: FGCM Guatemala

1. ¿Cuales son las líneas presupuestarias mas importantes de su organización en Guatemala en términos monetarios? (¿en que se gasta la mayor parte del dinero? Por ejemplo transporte, personal, alquiler de oficinas, capacitaciones, etc.)

2. ¿Existen maneras de reducir costos por ejemplo por medio de subcontratación, adquisición de insumos al por mayor, procesos de licitaciones competitivos, etc.)

3 ¿Qué porcentaje del presupuesto se gasta en la administración de los fondos de su organización en Guatemala?

4. ¿Qué porcentaje del presupuesto de su organización en Guatemala son gastos generales?

5a. ¿Tiene su organización:

a) procesos sistemáticos para licitaciones competitivos?

b) políticas de adquisición?

c) políticas para seleccionar socios de subcontratación?

d) Sistemas para monitorear los costos de sus socios de subcontratación?

5b) Valoración de los procesos/de la políticas

Clasificación de 1 a 6 (6 es el puntaje mas alto)

Sistema/política	Vale la pena	Costos y tiempo adecuados	Podría ser acelerado	Podría ser realizado con menos recursos
procesos sistemáticos para licitaciones competitivos				
políticas de adquisición				
políticas para seleccionar socios de subcontratación				
Sistemas para monitorear los costos de sus socios de subcontratación				

III. Auditoria

1. ¿Cuales son los procesos de monitoreo de resultados relacionados a su trabajo en Guatemala, incluyendo el FGMC? ¿Cual es el nivel de sistematización del monitoreo?
2. ¿Cuales son los flujos de fondos del FGMC a su organización y sus socios en Guatemala? ¿Cual es el nivel de sistematización para los informes financieros?
3. ¿Cuáles son los procesos de comunicación entre su organización y el FGMC/ su organización y sus socios/ su organización y contrapartes del gobierno en Guatemala?
4. ¿Tiene su organización una copia del informe de auditoria de los gastos de fondos FGMC para el 2012/13 en Guatemala?
5. ¿Tiene su organización una copia del informe de auditoria de todos sus gastos e ingresos para el 2012/13 en Guatemala?