



PROCOEES: Project for the Creation of Economic Opportunities and Sustainable Entrepreneurship in Guatemala (Phase II)

The Western Highlands is a region that is among the poorest and most rural in Guatemala. The departments of Quetzaltenango, Quiché, San Marcos, Totonicapán and Huehuetenango, which are part of the Western Highlands of Guatemala, where the PROCOEES Project intervenes in its phases I and II, is the region with low and medium human development indicators and with high rates of unemployment and poverty. This has an impact on the lack of economic opportunities for people in this region and is the major common cause of mass migration from Guatemala due to extreme poverty and little or lack of employment, mainly of people from rural areas who do not live near large cities. Guatemala remains the most rural country in Central America and one of the youngest and poorest. Nationally, 51% of Guatemalans live in urban areas and 49% in rural areas. Related to this, one-third of all Guatemalans depend on agriculture as their main source of income. Guatemala is the fifth poorest country in Latin America and the Caribbean. People with this economic crisis of poverty and lack of access to employment, migrate irregularly to another place or country, and as a potential destination the United States, in search of better economic and personal development and improved income.

The **PROCOEES Project in its second phase** is based on the good practices and lessons learned from economic development and entrepreneurship promotion initiatives implemented by Helvetas in Guatemala within the framework of the project "Territorial Rural Economic Development - PRODERT Ixqib" which was financed by the Geneva Foundation and the Swedish Embassy in Guatemala and also on good practices and lessons learned by the PROCOEES Project in its first phase and seeks to scaling up such good practices and models such as the Municipal Single Employment Windows (VUME), promoting entrepreneurship and strengthening micro, small and medium-sized enterprises in other municipalities and with new beneficiaries. The actions implemented by PROCOEES in its first phase have allowed the creation of economic opportunities in the region for more than 5,000 people, who are the most vulnerable population, particularly women and young people with a propensity to emigrate and returned migrants. The VUME model has made it possible to improve the conditions of employability and access to decent employment for women and young people and returned migrants.

Producers improved their businesses, have increased their income, access to employment and had access to new formal and inclusive markets and access to financial services. The annexation of producers to formal entities (agricultural MSMEs), legally constituted (agricultural cooperatives, marketing cooperatives and associations), was promoted, which allows them to manage economies of scale, negotiation capacity and receive marketing services, technical assistance, financing and supply of inputs from the cooperatives. Likewise, Women's Economic Empowerment was promoted, by promoting value chains where women play a predominant role.

The **PROCOEES Project in its phases I and II** aims to promote the creation of economic opportunities in the region for the most vulnerable population, in particular women and young people with a propensity to migrate and returned migrants. This will be done by strengthening and promoting small and medium-sized enterprises, to make them innovative and competitive and thus contribute to preventing the target population from leaving the region in search of better economic opportunities. The **PROCOEES Project in its phase II** will give continuity and expand the impacts and results achieved by the project in its phase I, in terms of:

1. Replication and scaling: capitalize on and expand the VUMEs model to other municipalities with high migration rates (phase I was a pilot phase of learning in the VUMEs).
2. Expand the scope to other associative and individual MSMEs and continue with the promotion of new innovative ventures.
3. Promotion of associative and individual MSMEs that are strengthened in an innovative business sector and that access markets of greater national and international value.
4. Strengthen the certifications of MSMEs that are required by the market as a source of differentiation and added value, as well as managerial and financial technical assistance.
5. Promote product and value-added diversification.
6. Strengthen market intelligence for the diversification and expansion of markets for MSMEs and entrepreneurs.
7. Training and certifications of labor competencies as a strategy for the labor insertion of young people and post-labor insertion follow-up.
8. Continue to expand the joint business model (business associativity) by promoting the massive linkage of business networks (which have not yet been annexed from the previous + new phase of the project) with legally constituted formal organizations (agricultural MSMEs).

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9. Promotion of access to finance for MSMEs and entrepreneurs.
10. Promote the **circular economy approach** in MSMEs through the promotion of production models that involve reusing discarded products, renewing, regenerating natural systems, eliminating waste and pollution and taking advantage of all materials and products as a result of the work of MSMEs to create added value.

DEVELOPMENT OBJECTIVE

Women and young people prone to emigrate and returned migrants have access to income and decent employment through a strong network of micro, small and medium-sized enterprises, which contributes to reducing forced migration in Guatemala.

SPECIFIC OBJECTIVES

Specific Objective 1: MSMEs increase competitiveness and productivity for market access.

Specific Objective 2: Women and young people have competitive skills that allow them to access economic opportunities in the labor market.

RESULTADOS

1. MSMEs are strengthened in an innovative business sector.
2. MSMEs access new markets of greater national and international value.
3. Municipal governments establish Municipal Single Employment Windows (VUME) in municipalities with the highest migration rates to create local economic opportunities and provide personalized and specialized care to women, youth, and returned migrants.
4. Returned women, young people and migrants develop labour skills and abilities that are geared towards the needs of the labour market, strengthening the links between labour supply and demand.

VALUE CHAINS

Work will continue with the 10 value chains prioritized by PRODERT Ixoquib' and PROCOEES in its phase I and it is proposed to carry out pilot actions in the transformation link with the value chain (cocoa), a complementary chain to other chains such as amaranth and which is a chain that links women and young people in the transformation link (chocolate production).

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| 1. Potato; | 6. Coffee; |
| 2. Local vegetables; | 7. Honey; |
| 3. Export vegetables; | 8. Amaranth; |
| 4. Sheep; | 9. Pigs; |
| 5. Chickens and hens; | 10. Modernized handicrafts. |

INTERVENTION AREAS

Micro, Small and Medium-sized Enterprises (MSMEs):

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

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

Advocacy for access to decent employment: Through advocacy on the creation and strengthening of VUMES and bringing the programs and opportunities of the National Employment Service of the Ministry of Labor and Social Welfare closer to the municipalities. Likewise, programs for the care of returned migrants and job orientation programs will be promoted so that people can get a job or start their own business.

FAST FACTS

Geographical Location:

The PROCOEES Project will have five geographical areas served by the project in its phase I, these being San Marcos, Quetzaltenango, Totonicapán, Quiché and Huehuetenango, with the intention of reaching other municipalities of these five departments that were not served in phase I, covering at least 15 new municipalities and a total of 30 municipalities as a scope in the geographical coverage. where the MSMEs that will benefit from the project are located. The creation and strengthening of Municipal Single Employment Windows will cover only the 13 municipalities where VUME will be created, which are municipalities with the highest rates of poverty and migration and where the municipal authority is interested in having VUME. The promotion of new ventures will take place mainly in the municipalities (not in the 30) with the availability of co-investment.

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

Phase and Duration: II Phase, 3 years

Start Date: January 01, 2025

End Date: December 31, 2027

Phase Budget: Q 5,608,800.00

Main Actors and Partners:

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

- Municipal authorities of the selected municipalities.
- Ministry of Economy (MINECO) through its departmental/municipal delegates.
- Ministry of Agriculture, Livestock and Food (MAGA) and its Municipal Rural Extension Agencies (AMER).
- Ministry of Education (MINEDUC) through the school feeding program.
- Ministry of Labor and Social Welfare (MINTRABAJO)
- The Guatemalan Association of Exporters (AGEXPORT)
- The Savings and Credit Union (COSAMI)
- Universities and Guilds
- The National Coffee Association (ANACAFÉ)
- Technical Institute of Training and Productivity (INTECAP)
- National Institute of Cooperatives (INACOP) through its departmental and regional headquarters.
- Regional Center for the Promotion of Micro, Small and Medium Enterprises (CENPROMYPE).
- National Commission for Migrant Assistance in Guatemala (CONAMIGUA)
- Local organizations, which will be implementing partners.

Donors:

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

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