

Marlin Mining Project
Indigenous Peoples Development Plan

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By

Montana Exploradora de Guatemala S.A.

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INTRODUCTION

The Marlin Project (the project) is an advanced gold/silver exploration project located in the highlands of western Guatemala, approximately 90 air miles northwest of Guatemala City, in the Municipality of San Miguel Ixtahuacán. Montana Exploradora de Guatemala S. A. (Montana), the owner and operator of the project and a subsidiary of Glamis Gold Ltd., has received approval of its Environmental Impact Assessment (EIA) from the Guatemalan Ministry of Environment and Natural Resources (MARN), and is in the process of conducting feasibility studies for mine development at the site.

Because the project is located in an area populated almost exclusively by Mam-Mayan and Sipakapense-Mayan peoples, Montana has developed this Indigenous Peoples Development Plan (IPDP, or the plan). The plan is intended to reflect Montana's commitment to respecting the rights, customs and culture of indigenous people. Montana intends to demonstrate this commitment by:

- Consulting with local indigenous people and facilitating their informed participation in relevant aspects of project planning and decision making.
- Ensuring that local indigenous people share in the benefits of the project through the following initiatives:
 - Local Hiring: Montana intends to train and hire as many indigenous residents of surrounding communities as practical. Montana's local hiring target is 80 percent of the operations workforce. In addition to the obvious economic benefits of local hiring, reducing the amount of non-local workers will correspondingly reduce the stress on local communities and families that would accompany the in-migration of large numbers of non-local employees.
 - Local Capacity Building and Infrastructure Improvements: Through the non-profit Fundación Sierra Madre (FSM), Montana will assist local governments and appropriate non-governmental organizations (NGO's) in the development and improvement of community facilities and services, such as health care, schools, utilities and municipal management.
 - Sustainable Development: Also through FSM, Montana will collaborate with appropriate agencies and NGO's to help local communities, organizations and women's groups to identify, plan and implement sustainable economic development initiatives. The purpose is to facilitate locally based development that will survive the life of the mining project.
 - Environmental Protection and Development: The western highlands of Guatemala are well suited for reforestation initiatives. Special emphasis will be placed on the identification and development of reforestation and value-added sustainable forest product industries.
 - Project Monitoring and Evaluation: Montana will monitor community socioeconomic indicators and collaborate with FSM, affected communities and partner NGO's to routinely evaluate the effectiveness of each element of the Indigenous Peoples Development Plan.

The IPDP plan is still evolving as FSM initiates operations, consults with communities and forms alliances with existing NGO's and agencies. The plan reflects FSM's most recent initiatives, but will be updated as the IPDP matures. FSM's *Integrated Community Development Program Work Plan for 2004*, which identifies the foundations initiatives for the coming year, is included as Appendix A of this document.

PROJECT DESCRIPTION

The Marlin mining project will consist of surface and underground mining operations, waste rock and tailings disposal areas, ore processing facilities, gold and silver extraction facilities, administrative buildings and a small camp for non-local workers. Land requirements for these facilities and a buffer zone are estimated at about 5 square kilometers.

At present, a 13-plus year life of project is anticipated, including about 20 months of construction, 10 years of operation and 2 years for closure and reclamation activities.

- For the current exploration phase of the Project, Montana routinely employs between 125 to 150 workers, primarily indigenous peoples from surrounding communities. Approximately 45 are long-term and the remainder are temporary, working on a task basis.
- During the peak period of construction it is estimated that up to 1,000 direct project and contractor employees will be required. With the exception of highly skilled and technical workers and key employees that may accompany non-local contractors, construction employees will be drawn from local communities.
- During operations, about 200 employees will be required. Montana intends to hire and train 80 percent of the operations workforce (about 160 workers) from communities surrounding the mine.
- Mine closure and reclamation will require about 40 workers and most of these will be drawn from the local operations workforce.

INDIGENOUS PEOPLES IN THE MARLIN PROJECT AREA

Most of the Marlin Mining Project is located in an area populated by Mam-Mayan peoples, the majority ethnic group in the municipality of San Miguel Ixtahuacán. A small portion of the project is located in the Municipality of Sipacapa, which is populated by Sipakapense-Mayans, a separate linguistic group. Mayan Indians are the largest ethnic group in San Marcos Department and the western highlands of Guatemala. By some estimates Mayans are the largest ethnic group in the country.

In the communities immediately adjacent to the Marlin Project, over 99 percent of the population is Mam. Within the Municipality of San Miguel Ixtahuacán, the percentage of Mam residents is over 96 percent. In the project area, most residents speak both Mam and Spanish. In Sipacapa, Sipakapense and Spanish are spoken.

While residents of communities near the Montana project are indigenous, they are not tribal or nomadic. They typically own land as individuals and families; there is no communal land in the immediate vicinity of the project area. And, while local indigenous persons engage in subsistence farming, most must

supplement these activities with wage labor and small-scale entrepreneurial activities. Generally, local indigenous peoples are active but disadvantaged participants in the local, regional and national economies.

BASELINE DATA

Consultoría y Tecnología Ambiental, S.A. (CTA), as part of the Marlin Project environmental impact assessment (EIA) process, has summarized baseline data for the Marlin Project IPDP from the socioeconomic baseline studies prepared in 2002 and 2003. These data were obtained from the 1994 nationwide census. The Republic of Guatemala also conducted a nationwide census in 2002, but to date, only data at the municipal level has been released. It is anticipated that village level data will be released in mid-2004. When village level data becomes available, Montana will update the baseline information.

Population, demographic, housing, land tenure and economic data were collected for 12 villages near the project site. More detailed information was collected in a series of surveys for the three directly affected villages, Agel, San José Nueva Esperanza and San José Ixcániche.

Population

Population in the 12 area villages totaled 4,086 persons during the 1994 census. The population was fairly evenly divided among males (51 percent) and females (49 percent). A total of 1,410 people lived in the three directly affected villages. About 45 percent of the population fell within the economically active age group (15-64). About 3 percent of the population was in the over-65 age cohort.

Table 1. Population, Age and Sex Data for Communities Near the Marlin Project								
Community Name	Community Category	Reported Population	Sex		Population by Age			
			M	F	0-6	7-14	15-64	> 65
Agel	Aldea	931	480	451	238	240	432	21
Canxack	Caserío	202	100	102	59	49	87	7
San José Nueva Esperanza	Caserío	107	57	50	28	21	53	5
Chumbel	Caserío	125	66	59	29	37	54	5
Chanjul	Caserío	158	80	78	43	46	65	4
Estancia	Caserío	832	419	413	218	203	383	28
Posh	Caserío	238	127	111	65	63	107	3
Salitre	Aldea	440	212	228	119	116	196	9
San José Ixcániche	Caserío	372	187	185	100	94	168	10
Tuicampana	Caserío	274	140	134	77	74	112	11
Chaquibilsaj	Caserío	224	120	104	63	47	99	15
Tierra Blanca	Caserío	183	94	89	47	33	101	2
Total		4086	2082	2004	1086	1023	1857	120
Source: 1994 Census as reported in CTA 2002. Shading indicates communities directly affected by the Marlin project.								

Note that population, demographic and housing data at the village level is now becoming available from the 2002 census, and these data will be updated for the IPDP. Information for Sipacapa will also be incorporated.

Ethnicity

As demonstrated by Table 2, over 99 percent of the residents of communities near the Marlin Project (4,025 of 4,053 persons) are indigenous persons, mostly Mam-Mayan.

Table 2. Ethnicity in Communities Near the Marlin Project Site		
Community	Indigenous	Other
Agel	919	4
Canxack	199	1
San José Nueva Esperanza	105	1
Chumbel	121	0
Chanjul	157	0
Estancia	813	16
Posh	234	1
Salitre	435	0
San José Ixcaniche	370	0
Tuicampana	271	2
Chaquibilsaj	218	3
Tierra Blanca	183	0
Total	4025	28
Source: 1994 Census as reported in CTA 200.		
Shading indicates communities directly affected by the Marlin project.		

Housing

Two thirds of all dwellings in communities near the project are “casas formales” or houses constructed of block with a metal roof and concrete or stone floor. The remaining third are “ranchos” constructed of adobe, with a straw roof and dirt floor.

Table 3. Characteristics of Housing in Communities near the Marlin Project			
Community	Casa formal	Rancho	Total
Agel	124	105	229
Canxack	33	12	45
SJ Nueva Esperanza	26	10	36
Chumbel	12	11	33
Chanjul	9	19	28

Table 3. Characteristics of Housing in Communities near the Marlin Project			
Community	Casa formal	Rancho	Total
Estancia	157	52	209
Posh	16	28	44
Salitre	119	8	127
San José Ixcaniche	68	28	96
Tuicampana	25	36	61
Chaquibilsaj	40	8	48
Tierra Blanca	43	9	52
Total	672	326	1,008
Source: 1994 Census as reported in CTA 2002 Shading indicates communities directly affected by the Marlin project			

Education

There are schools in each of the 12 communities near the project site. Some have been constructed by an NGO, Intervida, and the government has constructed others. As shown in Table 4, about 58 percent of adult residents of communities near the project site have no formal schooling.

Table 4. Educational Attainment in Communities Near the Marlin Project				
Community	None	Pre-Primary	Primary	Middle
Agel	398	5	283	7
Canxack	103	2	38	0
San José Nueva Esperanza	51	0	28	0
Chumbel	52	5	39	0
Chanjul	60	0	53	2
Estancia	333	20	260	1
Posh	98	2	70	3
Salitre	225	3	93	0
San José Ixcaniche	162	1	108	1
Tuicampana	91	6	97	3
Chaquibilsaj	103	10	48	0
Tierra Blanca	71	0	65	0
Total	1,747	54	1,182	17
Source: 1994 Census as reported in CTA 2002 Shading indicates communities directly affected by the Marlin project.				

Community Infrastructure

At the time of the 1994 census, about 28 percent of houses in communities near the project site had running water. Less than one percent had sewer systems or electricity. Based on surveys conducted for the EIA, the number of houses with water and electricity has increased in the intervening nine years, but few houses have obtained sewer systems. For example, the Agel water system currently covers 93% (154) of the homes in the village. The San José Nueva Esperanza water system covers 70 percent of the homes in the village. It also provides water for 11 homes in Agel and 63 homes in the village of Salem. The San José Ixcániche system covers 100 percent of the village (120 homes).*

Table 5. Homes w/ Basic Utilities in Communities Near the Marlin Project: 1994

Community	Water	Sewer	Electricity	Total Number of Houses
Agel	24	0	0	152
Canxack	0	0	1	32
San José Nueva Esperanza	9	0	0	21
Chumbel	1	0	0	18
Chanjul	5	0	0	26
Estancia	65	2	1	133
Posh	15	0	0	37
Salitre	0	0	0	68
San José Ixcánichel	34	0	0	62
Tuicampana	25	1	0	38
Chaquibilsaj	0	0	0	33
Tierra Blanca	4	0	0	34
Total	182	3	2	654

Source: 1994 Census as reported in CTA 2002
Shading indicates communities directly affected by the Marlin project.

Health Care

Health indicators for the Department of San Marcos are described in the socioeconomic baseline studies for the Marlin Project EIA[†] but are not disaggregated for the Municipality of San Miguel Ixtahuacán or for the 12 communities near the project. There is currently a health clinic in San Miguel Ixtahuacán that offers general health services and treats minor emergencies. Montana has recently begun sponsoring a series of health fairs to collect baseline data and offer immunizations, health screening, pre-natal and post-natal care and family planning.

* Consultoría y Tecnología Ambiental, S.A. (February 2, 2003). Informe de Caracterización Socioeconómica: Área de Influencia del Proyecto Marlin.

[†] Ibid.

Socio-cultural Setting

A variety of external economic and political forces are shaping socio-cultural conditions in the Mayan communities in the project area. These forces are dynamic and the socio-cultural response is evolving.

- Culturally, indigenous peoples in the project area are strongly identified with being either Mam or Sipakapense, but within that general identification are broad variances in acculturation to western culture. At one end of the continuum, some residents have embraced western dress and technology (e.g., vehicles and cell phones) and have become relatively active participants in the regional and national economies. Others, through either necessity or choice, adhere to more traditional dress and ways of life.
- There is some religious diversity as exemplified by the range of religious institutions, in each community. Both the Catholic Church and a variety of evangelical Christian churches coexist with indigenous rituals and celebrations.
- Some residents have relatively limited social networks, comprised of extended family and church and community groups. Others, due to extensive trade networks and migration of family members, have relatively large, complex and far-flung networks.
- Within the villages, neighbors and community members provide social support but social ties to extended family members (whether within the village or in other villages) are perhaps stronger. Churches, both Catholic and Evangelical Christian, often serve as important sources of social support.
- Within each of the villages near the project site, village government, (including the alcaldes auxiliares or deputy mayors, village councils, and community improvement and development committees) is the level of government most trusted by villagers.
- Men in the communities near the project typically dominate formal settings such as community and organization meetings. Men also typically represent families in business dealings. Identification of women's issues, concerns and aspirations generally requires a specific initiative.

Economic Context and Resource Use

Although national political influences have asserted strong pressures on indigenous peoples in the recent past, local, national and even international economic conditions are the primary forces affecting indigenous lifestyles and well-being at the moment.

- Much of the land within and immediately adjacent to the project area has been acquired relatively recently. This land is characterized by steep slopes and thin soils and a lack of irrigation alternatives. It is land poorly suited to agricultural use and highly subject to erosion.
- In the three villages directly affected by the project, individuals and families own the land, so the project will affect no communal lands.
- Relatively few landowners live on properties within the project area. Of the properties acquired for the Marlin project to date, about 11 percent of landowners had principal residences on the

property. Many landowners reside in other communities. Some that resided in the project area also have land in other communities. Some have multiple plots of land within the project area.

- In many cases, the attachment of indigenous peoples to the land in the immediate vicinity of the project area is not strong. This is a result of the relatively short tenure of most residents in the area, the fact that most land is marginally arable and the high percentage of landowners who either live in other villages or own land in other areas.
- Most residents of the smaller villages surrounding the Marlin project site cultivate subsistence plots of land or *milpa*, where they raise primarily corn and beans. Many also raise domestic livestock such as chickens, turkeys, pigs, and sheep, and, in a few cases, cattle. In many, if not most cases, subsistence agriculture is insufficient to feed a family year-round.
- A large percentage of area indigenous residents (by some estimates 80%*, including women and children) have traditionally migrated to the coast to work in the sugar cane and coffee harvests. Harvest work provides a fairly low level of income. In many cases, the living and health conditions on the cane and coffee plantations are substandard. In spite of these conditions, these annual migrations are one of the very few supplemental income options available for most families near the project area. Even this source of income is at risk as the fall in international sugar and coffee prices has resulted in fewer jobs in these industries in recent years.
- The annual migration disrupts family life and causes families to leave their networks of social support. In some cases, the entire working-age portions of a family will migrate, preventing school-age children from attending school. In other cases, only the males migrate, disrupting family life. In addition to the obvious social effects, the annual migration complicates the development of alternative economic activities, such as new or more efficient methods of farming, because crops and irrigation structures may not be maintained while farmers are absent to work on the harvest.
- Besides engaging in subsistence farming and agricultural migration, some families also supplement their income with casual jobs, domestic firewood gathering and by operating small businesses such as tiendas (small stores), tailor services, or the making of adobe bricks.
- Many families have one or more members who have left the village for work. Some relocate to Guatemala City, Quezaltenango, Huehuetenango or other cities within the country. Others migrate to Mexico or to the United States. Remittances from these family members are a substantial percentage of income for some families.
- Access to cities and larger markets (e.g., San Marcos and Huehuetenango) has been hampered by the lack of good roads.
- Although no estimates exist for per capita or per household income for the communities surrounding the project area, it is clearly very low. Countrywide, it was estimated in 1999 that 93 percent of indigenous people lived in poverty.† In 2001, it was estimated that the gross national income per capita (Atlas method) was US \$1,670.‡ Payments of municipal taxes in San Miguel

* Ibid. (pp. 3-4).

† Warne, Rees. (February 24, 1999). Draft. Guatemala: Priorities in Natural Resource Management ESW. Start-Up Phase Literature Review/Diagnosis. (p. 17).

‡ Development Data Group, World Bank. (September 9, 2002). ICT at a glance: Guatemala.

Ixtahuacán indicate a much lower average annual income for area residents^{*}, but it is likely that these taxes are not paid on all cash income or on foreign remittances.

LEGAL FRAMEWORK

The following have guided the development of the Marlin Project Indigenous Peoples Development Plan and Montana's interactions with the indigenous peoples residing near the project:

- The March 31, 1995 *Agreement on Identity and Rights of Indigenous Peoples*, also known as the Indigenous Peace Accord.
- Convention No. 169 of the International Labor Organization (ILO), titled *The Indigenous and Tribal Peoples Convention*, accepted by the Congress of the Republic of Guatemala by means of Decree No. 6-96 of June 5, 1996.

Montana has developed the IPDP to comply with both the spirit and provisions of these agreements.

ELEMENTS OF THE INDIGENOUS PEOPLES DEVELOPMENT PLAN

There are five core elements of the Marlin Project Indigenous Peoples Development Plan.

- Respect for the Rights, Customs and Culture of Area Indigenous Peoples.
- Informed Public Consultation and Participation
- Participation in the Direct and Indirect Economic Benefits of the Project
- Local Capacity Building in the areas of Health Care, Education and Vocational Training, Environment, and Municipal Management
- Sustainable Development

These elements were identified in conjunction with local communities and based on the cultural, social, and economic characteristics of the Marlin Project's host communities.

CONSULTATION AND PARTICIPATION PROGRAM

Montana has implemented a multi-faceted program to consult with indigenous peoples and to facilitate participation in development and implementation of the project by indigenous peoples and affected communities. Over time, Montana's consultation and participation program has evolved through several stages.

- Soon after the acquisition of the Marlin project by Glamis, Montana personnel began to meet with municipal and village officials to open lines of communication and to identify community concerns and local objectives for the project. These contacts resulted in some immediate actions,

^{*} Consultoría y Tecnología Ambiental, S.A. (February 2, 2003). Informe De Caracterización Socioeconómica: Área de Influencia del Proyecto Marlin. (p. 3-12).

including roadwork, health clinics and company assistance with water projects and schools. The *alcaldes auxiliares* in affected communities near the project became comfortable enough with Montana management personnel to initiate requests both informally and through formal petitions from the village.

- Additional contacts occurred in the context of the land acquisition program. The land acquisition program is staffed with indigenous members of affected communities. One early result of this consultation was that because of the predominance of non-resident landowners, the prevalence of social ties to other villages and a residual distrust of resettlement efforts stemming from the past thirty years of internal conflict, affected landowners stated their preference to sell their property outright rather than be relocated, either as a community or as individuals. This process is described in more detail in Montana's *Land Acquisition Action Plan*.
- Another independent method of community participation occurred during the performance of the Environmental Impact Assessment for the project. CTA, the Guatemalan contractor for the EIA, conducted community opinion surveys in September of 2002 and February of 2003. The results of these surveys helped form the basis of Montana's current community information, consultation and participation program.
- Montana and CTA also worked to make the EIA available and accessible to indigenous peoples, by developing and broadcasting radio announcements in Mam and Spanish, informing project-area residents of the availability of the EIA. The executive summary of the EIA was translated into MAM, recorded, and the recorded message was made available in a listening kiosk in each affected village.

Within the last six months, as the project began to move from exploration to development, the Marlin project consultation and participation program has been formalized to include the following components:

- A community information component to facilitate informed participation on the part of indigenous peoples and affected communities,
- Formation of a 'Community Relations Group' made up of indigenous residents of affected communities. The Community Relations Group has been trained to provide information about the project and to conduct meetings and facilitate participation of indigenous peoples at the community, organization and individual level. During February through December of 2003, the Community Relations Group conducted the following activities:
 - held 83 meetings in communities which were attended by 5,491 people, including local authorities, teachers, clergy and spiritual leaders, judicial officials (justices of the peace), health officials and members of the public at large, to inform them about the project and its characteristics, and to identify local issues, concerns and opportunities,
 - held 9 open house meetings,
 - gave 44 guided tours of the project to a total of 906 visitors.
- Development of a documentation and reporting component to ensure that community participation is properly recorded and considered within appropriate company levels, and
- Designation of a Community Relations staff person who will be responsible for community participation and for responding to community input.

- Formation of environmental monitoring and contingency planning committees, which will include members of affected indigenous communities as well as officials from local, regional and national levels of government. These committees will be active throughout the life of the Marlin project. The environmental committee was initiated in September of 2003 and has already conducted several informational and training sessions.

DEVELOPMENT AND MITIGATION PROGRAMS

The identification of and planning for indigenous peoples, affected community development programs and impact mitigation for the Montana project is an ongoing and iterative process. From the beginning, indigenous peoples and community leaders have identified the following key areas of interest:

- Project employment and contracting opportunities
- Health care
- Education
- Vocational training
- Community infrastructure and roads
- Environmental protection

In addition Montana introduced the following two topics that generated interest in the community.

- Sustainable development
- Community management and capacity building.

This has led to Montana's consideration of how to develop and enhance the institutional capacity to implement community development and impact mitigation programs.

INSTITUTIONAL CAPACITY: FUNDACIÓN SIERRA MADRE

Although municipal and village governments in the project area have a strong interest in mitigation and development programs associated with the Marlin project, they have neither the resources nor the expertise to implement or manage them. Similarly, there is at present no governmental infrastructure or capacity at the national or departmental level to administer these programs. Consequently, Montana has aligned with Citizen's Development Corps (CDC), to develop and fund Fundación Sierra Madre (FSM), a foundation with the specific mission to plan and implement sustainable, community-based, development and capacity building programs in the municipalities of San Miguel Ixtahuacán and Sipacapa. FSM has received an operating certificate from the Department of San Marcos and is in the process of developing a strategic plan.

The objectives of the organization include the following:

- To provide a long-term commitment to sustainable development and community capacity building that survives the life of the Marlin project,
- To support the identification and implementation of community-based approaches to local development needs,

- To work through existing governmental and non-governmental agencies that have expertise and capacity in specific program areas, and
- To develop additional and ongoing funding sources.

Based on initial input from communities, organizations and individuals, the foundation will have five areas of operation.

- Health Care
- Education and Training
- Sustainable Economic Development
- Environmental Programs
- Community Infrastructure and Local Government Capacity Building Projects

Health

Health issues have been consistently identified as a priority for communities, organizations and individuals in the Marlin project area. In response, Montana sponsored several local health and immunization clinics as part of its exploration phase community participation program. FSM is building on those initial efforts with the expertise of PCI- Project Concern International to support APROSAMI, an NGO, with a long-standing presence in San Miguel Ixtahuacán, whose concern is maternal health care. The initial phase is a series of health activities. The first, a Health Fair, held in San Miguel Ixtahuacán during August 2003, was organized to provide quick impact on the health of indigenous peoples and other area residents. Additionally, a baseline study was initiated in order to benchmark the eventual measurement of the impacts of the different activities. The clinic also offered immunization, cancer screening and health education to a total of 700 individuals. The next health fair will be held in Agel, a village adjacent the Marlin project.

While the initial focus will be on those communities adjacent the Marlin project, the FSM/APROSAMI health project intends to work with a total of 14 communities in the area. Coordinating with the Guatemalan Ministry of Health, the health program intends to develop a clinic to provide basic health care services, develop basic pharmacies and train first level health care providers in each community.

Education and Training

The education and training element includes 2 distinct areas of focus.

Vocational Training: Montana intends to initiate construction of the Marlin project during 2004. FSM has aligned with Instituto Técnico de Capacitación y Productividad (INTECAP), a government agency specializing in vocational training in Guatemala, to train 100 local residents in skills needed for the construction phase of the project and 100 women in complementary activities. Initial training programs will be offered in masonry, plumbing, carpentry, ironwork, industrial electricity and general mechanics, depending on demand of people in communities and Montana's needs for construction-phase workers. Longer-term, the FSM and INTECAP intend to develop training programs for mine operations workers and for administrative, secretarial and other trades and skills. The FSM is conducting a survey to identify interest in specific vocations. Based on the survey information, the training programs will focus on the needs of local and indigenous women, as well as men.

Education and Literacy Training: FSM intends in the longer term to work with area schools and education-related NGO's to identify and address facility, materials and instructional needs and to strengthen the existing educational institutions in the area, as well to align with an NGO to develop adult literacy training classes.

Sustainable Economic Development

FSM intends to pursue sustainable economic development alternatives on several fronts.

Economic Opportunity Identification and Implementation: The general process will be to work within each community to identify development opportunities of interest. FSM will align with appropriate NGO's and assist in conducting the necessary market studies and the development of business plans for appropriate projects. Through CDC, FSM will provide assistance from experts in the chosen endeavor, including market identification and access, project management and operations.

An initial opportunity will be the provision of goods and services to the Marlin project. Montana has committed to developing local sources for goods and services, where feasible. FSM will work with interested community members to develop the necessary skills, resources and management capabilities to address Marlin project needs.

Economic Opportunities for Indigenous Women: FSM will align with the Foundation of Financial Consulting and Development of Social Service Institutions (FAFIDESS) to work with indigenous women in the project area to identify preferred economic strategies, provide training, identify markets and provide marketing and lending assistance. A description of FAFIDESS programs can be found at http://www.tesorosmayas.com/main_foundation.htm#programa1.

Development of a Community Banking Program: FSM will work with FAFIDESS and other appropriate NGO's to develop a community banking program in interested villages to provide access to micro-lending resources.

Environmental Services and Development

FSM intends to initiate the environmental component by helping respond to the reforestation and reclamation needs of the Marlin project. Montana will require seedlings and reclamation services as the Marlin project progresses. At present, Montana operates a nursery and conducts its own reforestation activities. Several neighboring communities have expressed an interest in developing nursery and reforestation businesses. Montana will explore the feasibility of contracting for these services. As deforestation is a major issue in the western Highlands, the potential for a sustainable business is substantial.

The long term potential is that a sustainable forest and forest products industry may be possible. Much of the land in the project area is more suited to forestry than farming.^{*} To the extent that sustainable forests and value added forest products industries could be developed, they may offer a long-term business opportunity for area indigenous persons.

^{*} Curtis, Ronald V. (June 2000). Manejo Integrado de Recursos Naturales in El Altiplano Occidental (MIRNA): A Summary of Policy and Institutional Analyses. Prepared for the Committee on Natural Resources, the Government of the Republic of Guatemala and the World Bank.

Local Capacity Building

FSM intends to work with the municipal governments of San Miguel Ixtahuacán and Sipacapa and the local villages to help them develop the capacity to deal with the growth, development and change that will accompany the mine and the sustainable development initiatives. FSM intends to provide access to professionals with expertise in municipal planning, administration, finance, infrastructure development and other aspects of local government.

In addition to support for the development of infrastructure programs such as water, sewer, electricity and solid waste management, FSM intends to provide management support in the areas of budgeting, financial controls and transparency in order to help municipal government efficiently use the increased revenue they will receive when the mine goes into production.

Montana's Commitment to Fundación Sierra Madre and Sustainable Development and Capacity Building

The FSM sustainable development and local capacity-building program is ambitious. In order to be successful, it must be sufficiently funded, capably managed and vigorously supported. To help ensure its success, Montana has selected an experienced Guatemalan manager with a solid track record of success in similar initiatives. The company also has committed a budget of US \$389,000 for the first year and anticipates similar levels of funding over the following four years. Ongoing support will be determined based on FSM's initiatives at that time and its success in obtaining support from other sources.

Specific FSM objectives and initiatives for 2004 are provided in Appendix A.

MONITORING AND EVALUATION

Montana has developed a program to monitor the implementation of the Indigenous Peoples Development Plan and to measure its effectiveness. Monitoring of socioeconomic indicators will occur on a quarterly basis during project construction and the first several years of operation and on an annual basis thereafter. The results of the monitoring program will be compared to the objectives of the IPDP and the FSM Strategic Plan to measure the effectiveness of both initiatives. The elements of the monitoring program include the following:

Collection of Montana Project Internal Data

- Employment
 - Total number of employees by quarter during construction and the first year or two of operations (until steady-state operations are reached)
 - Number of employees by major job classification (e.g., managerial, administrative, technical, equipment-operators, mechanics, laborers, etc.)
- Ethnicity and residence of employees at time of hire
 - By village for the municipalities of San Miguel and Sipacapa
 - Elsewhere in San Marcos Department
 - Elsewhere in Guatemala
 - Outside Guatemala

- Ongoing place of residence (annual basis)
- Training received
- Turnover (annual basis)
- Spending
 - Payroll
 - Total
 - Total local (San Miguel and Sipacapa)
 - Average annual salary for local residents and indigenous peoples
 - Purchases of goods and services from indigenous and other vendors
 - Within the municipalities of San Miguel and Sipacapa
 - Elsewhere in San Marcos Department
 - Elsewhere in Guatemala
 - Outside Guatemala
- Employee benefits
- Charitable and civic contributions to indigenous and other organizations

Monitoring of External Programs

External monitoring will be performed in collaboration with FSM and appropriate governmental agencies and NGO's. This will occur in 3 areas: community growth and development, social indicators and economic development.

- Community Growth and Development
 - Population change in affected communities
 - San Miguel Ixtahuacán
 - Agel, Nueva Esperanza, Ixcaniche
 - Sipacapa, including Salem and other communities
 - Gain or loss of houses and businesses in affected communities
 - Change in community infrastructure in affected communities (water, electricity, schools, clinics, other municipal and public services), including addition or loss of staff and programs, etc.)
- Social indicators in affected communities (partially subjective, obtained by interviewing local officials, law enforcement staff, health care professionals, etc.)
 - School enrollment and grade level achieved
 - Health
 - Crime
 - Social problems (substance abuse, domestic violence, etc.)
- Economic Development (by community)
 - New businesses (type of business)
 - Expansion of existing businesses (addition of staff, equipment, or new business lines)
 - Mine-related local businesses
 - Assessment of new business sustainability (sustainable vs. mine-dependent)

COST ESTIMATES AND FINANCING PLAN

The initial budget for sustainable development and capacity building programs includes the cost of setting up the Fundación Sierra Madre and the first year's administrative and program costs. It is anticipated that FSM will be funded at a similar level during the first five years of operations. It is also intended that other sources of funding will be identified for specific program initiatives. Continued funding will be dependent on the success of program initiatives, the requirements of initiatives in progress and FSM's success in securing additional funding. The 2004 FSM budget is included in Appendix A.

Table 6. Fundación Sierra Madre 2003 Program Costs	
Account Description	2003 Costs (US\$)
I. FIELD-BASED COSTS	
SALARY – GUATEMALAN STAFF (Executive Director, Program Manager Bookkeeper, Administrative Assistant)	61,769
GUATEMALAN FRINGE AND ALLOWANCES (Housing Allowance, Renovation, Fringe @ 45%)	37,596
GUATEMALAN TRAVEL AND TRANSPORTATION	3,928
GUATEMALAN OTHER DIRECT COSTS (Program Costs, Office Operations)	33,820
II. CDC HEADQUARTERS COSTS	
SALARY – HEADQUARTERS STAFF (Sr. Program Manager, Program Manager)	21,000
HEADQUARTERS FRINGE	6,111
HEADQUARTERS TRAVEL	2,250
HEADQUARTERS OTHER DIRECT COSTS (Shared Program Expenses, Portion of DC Rent, Telephone, fax, e-mail, shipping)	4,097
III. SUBCONTRACTOR COSTS (CHF, Counterpart, Project Concern)	116,947
SUBCONTRACTOR INDIRECT COSTS (Indirect Costs, Fixed Administrative Charge of 5%, Indirect Pass Through to Subcontractors)	101,508
TOTAL PROGRAM FUNDING	\$389,026

APPENDIX A: FUNDACIÓN SIERRA MADRE INTEGRATED COMMUNITY DEVELOPMENT PROGRAM WORK PLAN FOR 2004

I. OVERVIEW

In July 2003, CDC entered into a formal agreement with Glamis Gold, Ltd. (and its Guatemalan subsidiary, Montana Exploradora) to run a multi-sectoral, community development program in partnership with – and for the benefit of – local communities who will be impacted by the new gold mine near San Miguel. Over the past five months, the focus of the program has been on launching a few high-visibility activities while forging long-term partnerships and objectives.

The objectives laid forth in the 2004 workplan consolidate the results achieved thus far into a more structured and participatory vision of development for the communities of San Miguel and Sipacapa. During the course of the year, we intend to build the capacity of the Fundación Sierra Madre, while involving the community in the Fundación's deliberative process. We also seek to capitalize on trainings and capacity-building activities currently underway by adding communal banks to help community members start their own micro and small businesses. We expect that the activities planned for 2004, which are explained in more detail below, will positively impact the men, women and children of the region.

II. OBJECTIVES

The general objective of the program is to support sustainable multi-sectoral development that will improve the quality of life of communities surrounding the Marlin Project in the immediate future and beyond the life of the mine. In 2004, ICDP will focus on four specific objectives, which have been identified as priorities by CDC, Montana and the Fundación Sierra Madre. They are:

- A. Improve access to – and quality of – health services for men, women, and children
- B. Increase economic opportunities by strengthening family/micro economic production
- C. Promote environmental awareness
- D. Develop the institutional capacity and visibility of the Fundación and its partners

A. Improve access to – and quality of – health services for men, women and children

Health continues to be a major priority of ICDP. Over the last few months, the program's health sub-grantee PCI, through its local partner, APROSAMI, has been able to expand health coverage to most of the communities, as well as organize community members into health councils and volunteer groups.

In 2004, the program aims to strengthen health services by: improving the prevention and treatment of diarrhea and acute respiratory infections affecting children; increasing awareness of maternal health issues, including utilization of clean birth techniques for high-risk pregnancies; improving community organization, including functioning referral systems and training community volunteers to offer health services; and strengthening the capacity of APROSAMI to deliver health services, as well as respond to and support local communities, based on identified needs.

These program goals are based on the results obtained from the baseline survey which APROSAMI conducted during the last quarter of 2003. Findings of the baseline will be presented to all program stakeholders during the first quarter of 2004, though some of the major results can be introduced here (based on 833 surveys conducted):

- ✓ Diarrhea remains the most frequent health problem for children > 5 years old (responsible for 50% of children's deaths)
- ✓ 41% of interviewees reported having heard of family planning methods
- ✓ 79% of interviewees has access to potable water
- ✓ 100% of interviewees reported knowing when and where to look for health services

B. Increase economic opportunities by strengthening family/micro economic production

Given the limited economic opportunities for families in the San Miguel/Sipacapa communities, ICDP is investing much of its resources in this component. Several activities that were initiated in the last quarter of 2003 will be continued and expanded in the coming year.

In 2004, the program expects to: improve the economic capacity of the population through vocational trainings in various fields; and increase economic services and opportunities through the establishment rural communal banks and related trainings.

- 1) Vocational trainings will continue, and expand, throughout 2004 once the Fundación enters into a formal agreement with the national training institute, INTECAP. Priority training areas will be in civil construction, mechanical/ electrical repair and services, and domestic services. Other areas will be added as necessary and could be supplemented by CDC Volunteer Advisor (VA) assistance later on. These trainings will be monitored by the Fundación and CDC staff, and evaluated through surveys and participant interviews, which will allow the program to not only assess the efficacy of the trainings, but also understand how people are turning their newly acquired skills into economic improvements.
- 2) Following the successful field assessments carried out by FAFIDESS, a Guatemalan microfinance institution, 15 rural banks will be established in San Miguel/Sipacapa, servicing at least 300 women. FAFIDESS will be making the loans, which will range from \$150-400, with its own capital, though it will be supported financially by ICDP as it sets up operations in the region.

C. Promote environmental awareness

It is of fundamental importance to incorporate the environmental values of the local communities into the program's activities. Given the economic and social changes taking place, environmental awareness will be an important way for the area to preserve its unique identity and to sustain a dialogue and build a partnership with the mine that would help mitigate any impacts on the environment.

In the coming year, ICDP will integrate basic environmental education as part of a cross-sectional training component, offered to people participating in any of the Fundación's workshops and trainings. This will be done by first training a select number of trainers currently involved in the Fundación's health and economic activities on general environmental education, and then by encouraging people to attend an additional "Environmental Awareness Seminar" (EAS) which will be offered as part of the other, on-going trainings. This seminar will be required for people interested in becoming members of the Fundación's Community Advisory Councils (CAC).

In January 2004, the Fundación's Director, with CDC staff help, will contact an appropriate local environmental organization that can lend resources, such as training materials and trainers, to the program. Using these resources, the Fundación will facilitate a training of existing trainers (from INTECAP, APROSAMI and FAFIDESS) for that purpose. General EAS will begin by the third quarter of 2004.

D. Develop the institutional capacity and visibility of the Fundación and its partners

Fundación Sierra Madre has made significant institutional advances since it was legalized in September 2003. In addition to hiring staff and opening an office, it has established important links with local communities, government officials and other development organizations. As its capacity to manage and monitor different development initiatives increases, so will its impact in the overall quality of life of people in San Miguel/ Sipacapa.

In 2004, the Fundación will develop a broad-based communications strategy vis-à-vis its stakeholders, which will in turn help define its vision, mission and values. This strategy will be implemented through a variety of ways, including: newsletter, published in Spanish and English on a quarterly basis; regular presentations to Montana, local government officials, donor agencies and other stakeholders; brochures and other visibility materials; and site visits to all program communities.

ICDP will further strengthen local capacity by promoting the establishment of a Community Advisory Council (CAC), made up of local representatives, to help shape and guide the Fundación's programs and activities. Guidelines for the CAC will be developed during the first quarter of 2004, in order to have a pilot CAC operating by the second half of the year.

CDC, for its part, will focus on two activities within this objective: firstly, it will study and define an intervention to bring targeted, capacity-building assistance to local government institutions, most likely through with one of its VAs.* Secondly, as appropriate, it will help Montana develop a standard approach to all of its community assistance initiatives that lie outside the scope of work of the Fundación, through the creation of a Small Grants Scheme (SGS). This is important in order to create clear and separate roles for each institution – whereas Montana will be providing direct, monetary assistance to communities through the SGS, the Fundación will be working to build local, long-term, sustainable capacities to aid in the social development of the communities in the region.

III. IMPLEMENTATION STRATEGIES

The strength of the ICDP program lies in the CDC model of forging alliances and building the local capacity of institutions and people from the start. In 2004, the program will expand through new partnerships, as well as technical, skills-driven consultancies from CDC staff, VAs and other experts.

Roles and Responsibilities

ICDP will continue to be managed by CDC, with technical and programmatic assistance from international and local partners. In 2004, institutional roles and responsibilities will be as follows:

- CDC will manage and coordinate all activities, through the Fundación's Director, Arturo Melville, and its Washington DC-based staff. CDC will be responsible for communicating regularly with ICDP's donor, Glamis Gold/Montana, through financial and programmatic reports, meetings, site visits and other methods as deemed necessary. It will also liaise with all other ICDP partners and potential donors. CDC will use its institutional capacity to look for additional opportunities for the ICDP program, as well as market Glamis Gold/Montana's CSR strategy as appropriate.
- PCI/APROSAMI will coordinate and implement all health-related activities, as guided by the subcontract signed between PCI and CDC in 2003 (which will be extended until December 2004).

* Please refer to the next section for more information on CDC's Volunteer Advisors.

- INTECAP will provide technical assistance for ICDP's training component, in the form of instructors and (some) equipment. A formal agreement with CDC will be finalized during the first quarter of 2004.
- FAFIDESS will implement the rural banks, through a subcontract with CDC that will be formalized in January 2004. The rural banks project is envisioned as part of a five-year intervention, though the contract with CDC will only run for the 2004 calendar year (and amended as ICDP is extended).

CDC Volunteer Advisors

Drawing from a network of more than 7,500 experts and entrepreneurs, CDC is able to provide additional technical assistance to ICDP. Given the caliber of CDC VAs and the normal costs for experienced consultants, CDC leverages every dollar of program cost into up to two dollars of services delivered. CDC experts travel economy class and receive a small per diem. They provide their services for free and are paid only a per-diem to cover living expenses.

In addition, CDC experts regularly donate equipment and information materials to clients and continue to consult after their return to the U.S. Using these experts is a very cost-effective means of delivering specialized technical assistance.

Two CDC VAs have been budgeted for the second half of 2004. Their specific scopes of work will be developed by the Fundación's Director, in consultation with Montana and CDC staff, during the second quarter of 2004, but it is expected that the VAs will provide technical assistance in one or more of the following areas: forest nurseries* (pending additional funding for this component); local administration (pending additional consultations with local government and institutions); and MSME (Micro, Small, Medium Enterprise) development.

IV. MEASURING IMPACT

The success of ICDP will be measured by changes in social and economic indicators of the local population. In essence, ICDP will be making a difference not by training a number of people in a particular skill but rather, by helping these people use this skill to improve their quality of life.

In 2004, the program will measure impact by consolidating the baseline indicators compiled by Montana and CDC during their respective initial assessments, identifying other informational/demographic needs, and collecting additional data, as necessary. By providing all stakeholders with a comprehensive and accurate portrait of the local region, ICDP will be able to better design its long-term intervention strategies.

The impact of each program component will be measured using a variety of tools, including: interviews (with participants and provider of service); general observations; site visits; surveys; evaluation forms; and focus group discussions, which will ideally be run with – and through – the CAC. These mechanisms will also help ICDP monitor the quality of the activities and make modifications as needed. As subcontractors to the program, FAFIDESS and PCI/APROSAMI will be carrying out their own M&E (Monitoring & Evaluation) activities, the results of which will be shared with CDC continually through reports and meetings. However, CDC will do independent M&E of these projects as part of quality control and to be able to give feedback to all stakeholders.

* See Section V for more details on the Forest Nurseries project.

V. ADDITIONAL INITIATIVES FOR 2004

The initiatives described in this section will require resources that have not yet been fully secured. Part of CDC's responsibility, as ICDP's coordinating organization, will be to seek additional partnerships, leverage other resources and work with Montana to advance these initiatives as much as possible.

Sipacapa Community

Given its proximity to the Marlin Project, the Sipacapa municipality is also a priority target area for ICDP. As such, the Fundación's Director, with the help of CDC staff, will develop a separate intervention plan for Sipacapa during the first quarter of 2004 that corresponds with the specific objectives laid out in this workplan.

Within this plan will be a training component, which will be based on negotiations that have already started with the Ministry of Energy and Mines (MINEM) and Montana. The training would be on "rock artistry" (*artesanía de piedras*) and would be contingent upon securing contributions from MINEM (of trainers) and Montana (of equipment and heavy machinery, as well as any additional funding not included in the FY 2004 budget). This training would teach Sipacapa residents how to cut and design rock for a variety of uses, including jewelry and trophies. Once the training is completed, the Fundación, through a CDC VA, would help newly-trained community members start a small business to market these goods.

The Sipacapa region will also benefit from the FAFIDESS communal banks project. At least one of the projected banks is expected to be opened in Sipacapa, though details of FAFIDESS' implementation strategy in Sipacapa will only be worked out in January 2004.

Currently, ICDP health activities are not being carried out in Sipacapa. PCI/APROSAMI do not have the resources to expand their services, though they are committed to presenting a plan, with an accompanying budget, to the Fundación's Director on how to do so if/when resources become available. This plan will be finalized by the first quarter of 2004.

Communal Banks

Although FAFIDESS is primarily a micro-finance organization, its mandate goes beyond simply lending money to rural women. Over the years, FAFIDESS has developed a series of workshops on social, economic and technical/business issues for the women who participate in its banks, as a way to build their overall capacity to become effective agents of social change.

The 2004 budget does not include this workshop series, but CDC and FAFIDESS are committed to looking for additional funding from outside sources to integrate this important component into the workplan. In January 2004, representatives from both organizations will meet with potential donors for this purpose.

Forest Nurseries

At the end of 2003, Montana submitted its *Plan de Manejo Forestal* to the government, which included a social development component that the Fundación, with additional funding, would be able to carry out. This component would enhance economic opportunities in local communities through forest nurseries designed to supply reforestation, as well as other, projects. A separate budget for the forest nurseries project has been developed and submitted to Montana, along with the ICDP budget for 2004, and pending final approval by Montana, this project will begin.

The forest nurseries project would be overseen by a local staff whom the Fundación has already identified, and implemented in partnership with community members who have expressed an interest in making an initial capital investment in materials and equipment. They would receive continuous

technical assistance from the Fundación as their seedlings mature and are brought to the market. Additional assistance would be provided to help communities develop appropriate business plans and models, by one of CDC's VAs, or in conjunction with the Corporate Citizenship Facility (CCF) of the International Finance Corporation.

The forest nurseries project would also provide an opportunity to teach environmental awareness to communities. Specific forest-related workshops would be held in each of the nurseries, approximately two months after the nurseries are up-and-running, to inform and educate community members, especially those working in the nurseries, on forest conservation, management and safety. The trainings would be conducted by the Fundación staffer in charge of the nurseries project.

VI. BEYOND 2004

The objectives laid out in this workplan serve as a springboard for the future. As the men and women of San Miguel and Sipacapa gain skills, training and access to credit, they will become more capable of running their own MSMEs and improving their economic situation. In the years to come, ICDP will focus on building the capacity of these SMEs to assist the region as it diversifies its economic base.

In the long-term, ICDP will also focus on increasing access to information, through a community-run Resource Center that will maintain a small library of books and other materials and eventually include Internet facilities when they become available in the region. The resource center will help local groups develop their own community improvement and self-help initiatives, facilitate long-distance learning and specialized trainings, and improve communications within the region as well as help nascent local businesses find new markets.

VII. RESULTS MATRIX

The table below outlines the key results and activities expected in 2004. Items in *italics* are not included in the accompanying FY 2004 budget and are thus contingent on additional resources being made available.

Objective 1: Improve access to – and quality of – health services for men, women and children		
Results	Main Activities	Implementation Date
1,000 mothers trained and capable of detecting main signs of risk in children	Community group meetings held in villages	Q1-Q4
	Review/adapt training guidelines	Q1
	Develop/Improve/Edit and print educational material	Q1-Q3
	Conduct trainings on a monthly basis	Q1-Q4
1,000 mothers capable of administering basic treatments for dehydration caused by diarrhea	Schedule trainings with groups of mothers	Q1-Q4
	Print and distribute educational materials	Q1-Q2
	Conduct trainings	Q1-Q4
	Evaluation of behavioral changes	Q4
1,000 families trained and capable of detecting main signs of risk in pregnant women	Community group meetings held in villages	Q1-Q4
	Develop/improve training guidelines and review methodologies	Q1-Q2
	Develop/Improve/Edit and print educational material	Q1-Q2
	Conduct trainings on a monthly basis	Q1-Q4
	Promote Casa Materna as a center of attention for high risk pregnancy women	Q1-Q4
	Evaluation of training sessions	Q1-Q4
200 people referred to health centers and outposts and to the mine's clinic	Coordinate with health center	Q1-Q4
	Promote referral of high risk sick children and mothers to the health center	Q1-Q4
	Follow up with Health Center on cases referred	Q1-Q4
4,500 consultations attended at APROSAMI and the community centers	Renovation and equipment of community centers	Q1
	Schedule service delivery at community centers	Q1-Q4
	Promote services at community centers	Q1-Q4
	Monitoring and evaluation of quality of health services being provided and client satisfaction	Q1-Q4
23 Traditional Birth Attendants (TBA) trained in hygienic deliveries	Schedule trainings with groups of midwives	Q1-Q4
	Provide trainings to midwives	Q1-Q4
	Monitoring and evaluation of training sessions	Q1-Q4
23 TBAs trained in the detection and reference of obstetric risks	Schedule trainings to be conducted by Casa Materna personnel	Q1-Q4
	Provide training to midwives	Q1-Q4
	Distribute educational material	Q2-Q4
	Monitoring and evaluation of trainings	Q1-Q4

Objective 1: Improve access to – and quality of – health services for men, women and children (continued)		
Results	Main Activities	Implementation Date
82 health volunteers trained and using the reference system	Schedule trainings for health volunteers	Q1-Q4
	Develop/improve/edit and print educational material	Q1
	Conduct trainings	Q1-Q4
	Monitoring and evaluation of trainings	Q1-Q4
20 women referred to the Casa Materna	Promotion of Casa Materna as a center for integrated health of women and for monitoring and care of high risk pregnancies	Q1-Q4
	Follow up to patients referred to Casa Materna	Q1-Q4
5 health fairs carried out	Elaboration of health fair plan	Q1-Q4
	Promotion of health fairs at institutional level and at community level	Q2-Q4
	Health fair and mini health fair carried out	Q2-Q4
	Elaboration of health fair reports	Q2-Q4
3 health campaigns carried out	Identify key messages to be emphasized	Q2-Q3
	Develop health campaign	Q2-Q4
	Conduct health campaign through CHW and institutional staff	Q3-Q4
9 APROSAMI staff trained in health-related topics	Trainings for institutional staff on a regular basis	Q1-Q4
	Monitoring and evaluation of trainings	Q1-Q4
Draft of APROSAMI sustainability plan developed	Meeting with APROSAMI Board of Directors and operational staff to brainstorm on organization's sustainability	Q1
	Develop a sustainability plan	Q2
	Socialize sustainability plan	Q2-Q4
	Fundraising and proposal preparation to different stakeholders	Q2

Objective 2: Increase economic opportunities by strengthening family/micro economic production		
Results	Main Activities	Implementation Date
15 communal banks created with credit established for at least 300 women (8 banks in Semester 1; 7 in Semester 2)	Finalize agreement with implementing group (FAFIDESS)	Q1
	Set up FAFIDESS presence in San Miguel (office, logistics)	Q1
	Hire and train project staff	Q1
	Identify and organize participants into banking groups	Q1-Q4
	Monitor and evaluate performance	Q1-Q4
<i>At least 100 women trained in business/technical skills (women participating in rural banks)</i>	<i>Prepare and identify appropriate training materials, participants</i>	<i>Q3-Q4</i>
	<i>Coordinate trainings (based on set schedule)</i>	<i>Q3-Q4</i>
At least 500 people trained in vocational/technical skills (such as construction, mechanics & services)	Determine agreement with training institution (INTECAP)	Q1
	Inform communities of training activities	Q1
	Enroll interested participants	Q1-Q4
	Prepare facilities, organize groups	Q1-Q4
	Coordinate trainings	Q1-Q4
	Evaluate trainings	Q1-Q4
<i>At least 5 Forest Nurseries established for commercial use. (1 Forest Nursery = 10,000 trees)</i> <i>NOTE: The first nursery is implemented with support from Montana, while the others will be defined according to project funding approval.</i>	<i>Hire project coordinator</i>	<i>Q1</i>
	<i>Purchase seedlings and other related materials</i>	<i>Q1</i>
	<i>Train nursery managers</i>	<i>Q1</i>
	<i>Develop economic plan to market seedlings</i>	<i>Q2</i>
Training plan for Sipacapa "rock artistry" project finalized	Meet with Montana and MINEM to determine level of support from each institution	Q1
	Compile budget, workplan and present to stakeholders	Q1

Objective 3: Promote Environmental Awareness		
Results	Main Activities	Implementation Date
<i>At least 10 educational workshops (such as forest preservation) implemented at Forest Nurseries with community members.</i>	<i>Develop training guidelines and schedule</i>	<i>Q1</i>
	<i>Inform community members</i>	<i>Q2</i>
	<i>Coordinate trainings</i>	<i>Q2-Q4</i>
23 Latrines installed and functioning (educational materials on hygiene and sanitation displayed and available).	Purchase latrines	Q1
	Develop and print educational materials (posters, stickers)	Q1
In in	Designate responsibility for upkeep	Q2-Q4
At least 50% of participants in Fundación workshops or activities participate in environmental awareness training.	Contact appropriate environmental organization for technical assistance in training & environmental education	Q1
	Develop training guidelines	Q1
	Identify and train trainers	Q2
	Coordinate training schedule with on-going workshops	Q2-Q4
	Run trainings	Q2-Q4

Objective 4: Develop institutional capacity and visibility of the Fundación and its partners		
Results	Main Activities	Implementation Date
At least 3 Community Advisory Councils (CAC) working regularly (with 1/3 women participation)	Provide communities with information on Fundación and the role of CAC	Q2
	Develop rules, procedures and structures of CAC	Q2
	Select CAC representatives	Q3
Fundación's Organization and Methods (O&M) defined and functioning (process, procedures, standards)	Analyze and define work procedures	Q2
	Approve O&M with Board and CAC	Q2
	Update and approve all sub-contracts and agreements	As Needed
At least one technical assistance intervention conducted with local public institution (government, school board, etc.)	Develop SOW based on identified needs and buy-in of local community	Q2
	Recruit CDC VA for short-term assignment	Q2
	Coordinate CDC consultancy and follow-up	Q3-Q4
Technical assistance provided to Montana to implement Small Grant Scheme (SGS)	Develop SGS proposal	Q1
	Disseminate information to Montana staff and stakeholders	Q1
	Finalize implementation plan, depending on feedback (includes organizing trainings for community on proposal writing)	Q2-Q4
Newsletter is produced and disseminated (on a monthly or quarterly basis)	Create listserv of interested parties (includes Montana, other donors, CSR community, partners, local government, media)	Q1
	Compile monthly information from all project coordinators and partners	Q1-Q4
	Design and distribute newsletter (in Spanish and English)	Q1-Q4
Fundación is represented in at least 1 CSR event	Participate in planning sessions for Guatemala CSR conference	Q1
	Submit presentation proposal for IDB CSR conference	Q1
	Develop CSR-friendly promotional materials	Q1
Fundación's institutional image created and disseminated	Design logo and other communications materials	Q1
	Order materials (brochures, T-Shirts, stickers, etc.)	Q1
	Distribute informational & communications materials to all stakeholders	Q1
Impact model designed and functioning	Consolidate available baseline information	Q3
	Draft end-of-training surveys (specific for each training) and other appropriate evaluation tools	Q3
	Collect program M&E plan and data on quarterly basis	Q3

COST NARRATIVE FOR PROPOSED BUDGET

We believe the budget illustrates a cost effective program. CDC is requesting approximately \$360,000 from Glamis Gold for FY 2004, and we are committed to matching almost \$76,000 or over 20% of the proposed budget, with in-kind contributions from our volunteer consultants and partner organizations.

GENERAL ASSUMPTIONS:

Calculation of costs in dollars

All costs are budgeted in U.S. dollars and are based on recent experience in the region.

Currency

All costs are shown in U.S. dollars. Local salaries and other local costs have been converted to U.S. dollars at the prevailing exchange rates.

Rounding

Calculated amounts in the budget may be rounded up to the nearest dollar.

I. SALARIES AND WAGES

Direct Labor

CDC personnel assigned to the project will be billed based on the actual salary of the performing individual. Proposed salaries of our personnel are in-line with the current salary level and may include increases consistent with CDC policies. CDC assumes that expatriate and local staff work year is made up of 260 days.

A. Guatemala-Based Staff

The program will continue to support and maintain a small professional and administrative staff in Guatemala, which includes the following:

1. **Chief of Party** – The COP will be responsible for the overall integrity and quality control of CDC's ICDP and providing oversight of all local staff. He will also be responsible for day-to-day communications with Glamis Gold, subcontractors, partners and other stakeholders.
2. **Program Coordinator(s)** – The Program Coordinators will manage specific projects of the ICDP, such as training and forestry. They will monitor budgets for these activities, liaise with community members, and report on the progress of activities.
3. **Accountant/Admin. Asst.** – The local accountant will be responsible for the day-to-day financial activities of the program, financial reporting to COP and providing material for the Financial and Quarterly Reports. She will ensure compliance with Guatemalan law, and provide administrative support to the ICDP as needed.

B. Washington-Based Staff

Staff time is distributed between program support and finance personnel and the number of days for each personnel classification corresponds directly to the activities required by the program.

1. **Deputy Director of Programs** – The Deputy Director will provide program oversight and monitor quality and scope of reports, sub-contract agreements and other documentation.
2. **Senior Program Officer** – The Senior Program Officer (SPO) will be responsible for leading the program management support, including negotiating with the program's subs and partners, and supporting all field-based staff and activities.
3. **Program Assistant** – The Program Assistant will support the SPO in day-to-day responsibilities, and will act as replacement for the SPO while she is out of the office. In addition, the Assistant will help coordinate the recruitment process and travel arrangements for the VAs budgeted for 2004. +

4. **Program Accountant** - The CDC/Washington staff accountant will provide all financial services related to the project, including budget revisions, financial training, processing of field expense reports and invoices.

II. FRINGE BENEFITS AND SOCIAL COSTS

Estimated Fringe Benefits	Rate	Base of Application
Fringe Benefits	29.15%	Direct Labor of US & COP
Guatemalan Fringe Benefits	45.0%	Guatemalan Labor

CDC bills fringe benefits based on hours worked on specific projects as reported on employees' timesheets. The amount of fringe benefits budgeted for each staff member is consistent with the percentage of his/her time that CDC expects the staff to work on the ICDP.

A. US-based Fringe

Fringe benefits are estimated at 29.15% of gross salary for U.S. personnel. This rate covers health and accident insurance, retirement, payroll taxes, and other mandatory benefits. CDC charges only the actual costs of fringe benefits to each award, prorated based on hours reported on timesheets.

B. Guatemala-based Fringe

Fringe benefits are calculated at 45.00% of gross salary for local Guatemalan staff. This is consistent with local Guatemalan laws.

Note: The fringe rates specified above are based on historical data. CDC's NICRA does not include a fringe rate; it includes only a G&A rate. Only actual fringe benefits paid will be charged to the program.

III. INTERNATIONAL TRAVEL, TRANSPORTATION AND PER-DIEM

The travel and transportation schedule details the costs for all proposed travel to Guatemala for staff and CDC Volunteer Advisors (VAs). International Airfare costs proposed are based on average *restricted* round trip coach fares from Washington, D.C., to Guatemala City. In actually purchasing tickets, CDC always attempts to obtain the most economical fare possible and will do so for this activity.

Airport Travel is budgeted for each traveler and consists of the following:

- Travel from Staff/ Volunteer's home to the U.S. Airport (\$50 each way);
- Travel from the U.S. Airport to the Consultant's (paid and volunteer) home (\$50 each way);
- In-country transportation for consultants, staff, and volunteers is expected to be provided by the program.

Per-Diem rates are based on Section 925 of the Department of State Standardized Regulations (DSSR) and are discounted in accordance with CDC standard practice. Generally, CDC provides lodging for staff and volunteers when layover(s) are required while traveling to and from assignment as well as during orientation prior to assignments. Meals and Incidental Expenses (M&IE) per-diem are generally based on 70% of the US State Department rates in effect at the beginning of assignments for international stays. For the purposes of this budget, CDC has identified two primary per-diem calculations:

- \$180 – This calculation is used for international and local travel for HQ staff, non-Guatemalan consultants, and VAs. It is comprised of the average DSSR lodging rate for Guatemala City (\$130) as well as 70% of the average Meals & Incidental Expenses (M&IE) allowance for Guatemala City (\$50).

- **\$35** – This calculation is used as the per-diem rate for CDC VAs and it represents 49% of the DSSR M&IE. We used this number because we expect that VAs will have most of their expenses (meals, etc.) covered by Montana when they stay in San Miguel, and thus will not need the full per-diem amount.

Other Travel Expenses are budgeted for each traveler and consists of the following:

- Medical Evacuation insurance (\$46) for staff and short term Volunteers;
- Tax and service fees (\$30);
- Inoculations (\$100) for short term Volunteers;
- Medical Exams (\$100) for each paid and volunteer consultant.
- Airport Transfers (\$100) per trip.

1. **International Airfare**

- i) **Headquarters Management** – Three (3) training, orientation, financial and monitoring and evaluation trips are budgeted for Headquarters Management staff. Flights are budgeted according to the guidelines outlined above.
- ii) **Volunteer Advisors** – CDC has budgeted for 2 VAs to travel to Guatemala during FY 2004 to conduct trainings and other capacity-building interventions.

2. **Per-Diem/International Travelers**

- i) **Headquarters Management** – The per-diem rate for Headquarters Management staff is based on the above calculations. However, for HQ staff we have taken the total amount of per-diem for each budgeted trip and multiplied it by 60%, in order to account for time split between the Marlin Project and Guatemala City (since meals and other expenses are largely covered by Montana, and since we expect lodging rates to be less at the project site than in Guatemala City).
- ii) **Volunteers** – As mentioned above, the Volunteers are budgeted to receive \$35 per-diem while in San Miguel, as well as the DSSR lodging rate of \$130 when in Guatemala City.

Please note that all lodging costs will be billed based on actual receipts and M&IE will be paid based on costs covered by Montana.

IV. OVERSEAS ALLOWANCE

We have not budgeted any allowances for the COP in FY 2004.

V. OTHER DIRECT COSTS

A. **Computers, other office machines, and furniture**

- i) *Office Furniture* – CDC has budgeted \$1,000 to finish furnishing the San Miguel office.

B. **Office Operations**

- i) *Bank Charges* – These have been budgeted to account for wire transfers and other bank services.
- ii) *Internet and Local Phone Charges* – This line item is intended to cover any expenses incurred outside of San Miguel (since service in S.M. is paid for by Montana).
- iii) *Office Supplies* – Office supplies are budgeted to cover paper, toner, and other items.
- iv) *Legal Fees and Registration Costs* – These fees will be paid as the Fundación continues to finalize its legal status, as well as its employee roster.

C. **DC Costs and Education Benefits**

- i) *Office Rent* – The Washington, DC office rent and utilities are allocated based on salary dollars of staff working in that office. The overall rent is \$186,000 per year and we assume a Washington staff of 30 (which equals \$6,200/staff/year), with approximately 0.5 “full time equivalent”, or level of effort, for individuals working on the program shown in the detailed budget. We assume a 260-day work year per person as full-time, and according to the budget, we estimate that the total combined level of effort for all staff is 138 days.
- ii) *Shared Program Expenses* – These expenses are direct program costs that do not benefit one specific agreement but rather benefit all of CDC’s programs as a whole. These expenses are allocated based on the amount of direct salary dollars charged to each agreement expressed as a percentage of all direct program salary dollars.
- iii) *Business – Telephone Communications* – CDC has budgeted for communications related to the Guatemalan Program in the Washington Office. The telephone system in Washington requires staff to input five digit codes that track calls by individual and program benefited.
- iv) *Continuing Education* – CDC recognizes that each of its staff members must stay abreast of the current business and technological topics and techniques if s/he is to be effective. Courses must be relevant to the particular staff member’s position. Included in the budget is \$800 for each staff member in Washington and is adjusted for the anticipated level effort for each staff. CDC reimburses staff for the actual cost of continuing education expenses up to a maximum annual expenditure of \$800 per year. Actual expense is charged to programs based on the level of effort per individual’s timesheets.
- v) *Pre and Post Assignment Costs* – CDC covers pre-and post-assignment advisor costs, including phone, fax, copying, visa and passport photos, and materials needed to fulfill the assignment (e.g., reference books provided to client companies). CDC has budgeted \$300 per advisor based on historical experience. CDC reimburses experts for *actual expenses* substantiated by receipts *up to* this amount.

D. **Program Training and Technical Assistance Costs**

CDC has budgeted \$24,000 for FY 2004 to cover costs associated with vocational training, which includes training equipment, supplies, materials and trainer costs, as well as other training activities planned in Sipacapa.

VI. **CONSULTANTS AND US VOLUNTEERS**

- A. **Regional Consultants** – CDC also utilizes the skills and expertise of local consultants to provide services in technical assistance, evaluation and training. We have not budgeted any specific time for local consultants, though we might utilize them through the Program Training and Technical Assistance Costs line item, as described above.
- B. **CDC Volunteer Advisors** – CDC has access to a vast network of over 7,000 VAs representing businesses of all sizes and sectors as well as local and regional governments. They are an extremely cost effective way of providing expert assistance to local organizations. We have budgeted 78 days of VAs’ time for FY 2004.

VII. **SUBCONTRACTORS**

These line items reflect the subcontractor budgets prepared for CDC by PCI and FAFIDESS, which are available separately.

VII. NICRA

CDC, a tax exempt organization under section 501(c)(3) of the US Internal Revenue Code, allocates General and Administrative costs ("G&A" or "indirect costs") to all its programs in accordance with Generally Accepted Accounting Principles (GAAP). Indirect costs are those that have been incurred for common or joint objectives of multiple programs and cannot be readily identified with a particular cost objective (program). CDC's method for allocating G&A is audited on an annual basis by DC independent accountants. One of the areas that auditors examine most closely is whether G&A is allocated on a consistent basis to like programs. The rate used in the budget to estimate indirect costs is based on experience.

VIII. FEE

CDC will charge a 5% administrative fee on this activity.