

**Japan International Cooperation Agency (JICA)**

**Ministry of Agriculture, Livestock and Food (MAGA)**

**THE VERIFICATION STUDY  
OF  
THE MASTER PLAN ON SUSTAINABLE RURAL DEVELOPMENT  
FOR THE REDUCTION OF POVERTY  
IN  
THE CENTRAL HIGHLAND REGION  
OF  
THE REPUBLIC OF GUATEMALA**

**VOLUME-II : ANNEX**

**MARCH 2003**

**Nippon Koei Co., Ltd.**

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<b>03-28</b>

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## CURRENCY EQUIVALENTS

US \$1.00 = Quetzales 7.61 = Japanese Yen 121.69  
as of December 2002

## UNITS

### Area:

1 manzana = 0.7 ha

1 cuerda (Chimaltenango) = 1/6 manzana = 0.117 ha

1 cuerda (Sololá) = 1/9.7 manzana = 0.072 ha

1 cuerda (Quetzaltenango & Totonicapán) = 1/16 manzana = 0.044 ha

### Weight:

1 quintal (qq.) = 100 lb. = 45.36 kg

**ANNEX 1**  
**PILOT PROJECTS**

***ANNEX 1 - A***  
***GENERAL INFORMATION***

**ANNEX 1 – A**

**GENERAL INFORMATION**

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## **A. GENERAL**

### 1. Objectives

In the Study, it was planned that the master plan of rural development, which was formulated by the study team in the period from January 2000 to July 2001, should be polished up by reviewing outcomes through implementation of pilot projects. In this context, 14 pilot projects were selected and implemented among the 18 pilot project proposed in the master plan. The pilot projects had been carried out for the following purposes:

- Monitoring and assessment of technical soundness of the Project through the implementation of the pilot projects
- Monitoring and assessment of organization for implementation and support system for the Projects and its management (operation and maintenance) through the implementation of the pilot projects
- Monitoring and assessment of improvement for the farmers' capability in solving problems and constraints through the implementation of the pilot project

### 2. Implementation Schedule

The pilot projects were implemented at two phases, such as phase-I (from October 2001 to March 2002) and phase-II (from May 2002 to December 2002). Out of 13 projects, nine pilot projects were commenced and one project, i.e., mini-irrigation project in Palestina de Los Altos, was canceled because of security reason in phase-I. In phase-II, the rest of four projects were newly commenced. The following table shows periods and contract amounts of the sublet contracts for carrying out the 13 pilot projects.

Area / Project ( <i>Total Project Cost</i> ) [sublet company/organization]	Phase-I		Phase-II	
	Start	Completion	Start	Completion
<i>Xeatzan Bajo</i>				
1) Mini-irrigation plan ( <i>Q.808,137.72</i> ) [AMANCO S.A.]	01/12/21	02/03/17	02/05/07	02/09/30
2) Plan of revolving fund for hand weaving thread ( <i>Q.258,360.00</i> ) [CEIDEC / ECODESA]	01/12/07	02/03/17	02/05/07	02/11/29
3) Water quality improvement plan ( <i>Q.21,184.00</i> ) [HIDROTECNIA S.A.]	-	-	02/09/04	02/11/29
<i>Panyebar</i>				
4) Coffee production improvement plan ( <i>Q.132,137.50</i> ) [REINSA]	01/12/07	02/03/17	02/05/07	02/11/22
5) Coffee processing plan for workload reduction in mountainous area ( <i>Q.75,300.48</i> ) [INDUSTRIA SAN CARLOS]	01/12/26	02/02/10	-	-
6) Rehabilitation plan for drinking water system ( <i>Q.559,200.01</i> ) [AMANCO S.A.]	01/12/26	02/03/17	02/05/07	02/11/26
7) Water quality improvement plan ( <i>Q.40,691.00</i> ) [HIDROTECNIA S.A.]	-	-	02/09/04	02/11/29
<i>Pachum</i>				
8) Plan for extension use of improved stoves and sauna ( <i>Q.129,252.64</i> ) (*1)	01/11/20	02/03/15	-	-
<i>Palestina</i>				
9) Potato storage plan ( <i>Q.15,950.00</i> ) [FUNDIT]	01/12/20	02/03/15	-	-
10) Model farm plan for potato production ( <i>Q.14,080.00</i> ) [FUNDIT]	-	-	02/08/16	02/12/02
11) Water quality improvement plan ( <i>Q.144,973.00</i> ) [HIDROTECNIA S.A.]	-	-	02/09/04	02/11/29
12) Mini-irrigation plan (*2)	-	-	-	-
13) Municipality community health activity plan ( <i>Q.80,092.00</i> ) (*3)	01/12/03	02/03/07	-	-
14) Plan for migrant people to the coastal areas ( <i>Q.320,420.00</i> ) [FUNDAP]	01/12/26	02/03/17	02/05/07	02/11/29

(\*1) Implementation of the plan was made directly by the Study Team in cooperation with Provincial office of MAGA Totonicapán.

(\*2) Mini-irrigation plan in Palestina was cancelled during Phase-I due to the security reason.

(\*3) The sub-contract work was divided into 4 components: Training program-I, Training program-II, Procurement of medicine and Construction of MPU sheds. The date of start and completion for each component is as follows.

Components	Start	Completion	Project Cost
a) Training program-I	02/02/25	02/03/01	Q.19,200.00
b) Training program-II	01/12/03	02/01/11	Q.5,700.00
c) Procurement of medicines, etc.	02/03/04	02/03/07	Q.29,092.00
d) Construction of MPU	01/12/19	02/02/15	Q.26,100.00



***ANNEX 1 - B***  
***PLAN REVOLVING FUND FOR***  
***HAND WEAVING THREAD***  
***(XEATZAN BAJO)***

## ANNEX 1 - B

### PLAN OF REVOLVING FUND FOR HAND WEAVING THREAD (XEATZAN BAJO)

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**B. PLAN OF REVOLVING FUND FOR HAND WEAVING THREAD  
(XEATZAN BAJO)**

**1. Background**

Majority of women in Xeatzan Bajo is engaged in production of traditional Mayan women's blouses called Huipil. They purchase a small quantity of material thread at higher price from retailers due to their limited capital, which results in higher production cost. Under the project, material thread is provided to the women's association as an initial investment for revolving fund. With utilization of the fund, women's association jointly purchases thread in order to reduce the production cost. In addition, educational training are conducted to enhance women's capability.

**2. Objectives**

The main objectives of the project are as follows:

- To reduce production cost of Huipil through joint purchase
- To enhance women's capacity

**3. Components and Schedule**

The project is composed of 5 components as explained below.

(1) Formation of women's association

The women's association was established for joint purchasing of material thread and for operation of a thread shop in the community.

(2) Market survey

Market survey was made for obtaining potential thread supplier and price information. Several participants of the community also joined in this activity.

(3) Procurement of thread and equipment

Material thread and necessary equipment were procured and provided for starting joint purchase and shop operation by the women's association.

(4) Literacy training and basic training for organization management

Basic training for the management of the organization and shop was conducted for the principal members of the association. Besides, literacy training also provided in order to enhance women's capacity.

#### (5) Monitoring

Monitoring was made for shop management especially on cash control and stock control. Besides the monitoring activity, instruction and supervision on shop management were made whenever they were necessary.

Component	2002			2003										
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Establishment of association				■	■	■								
Market survey			■	■	■									
Provision of thread						■								
Taining			■	■	■							■	■	■
Monitoring									■	■	■	■	■	■

#### 4. Monitoring Results

Monitoring indicators are shown in the table below.

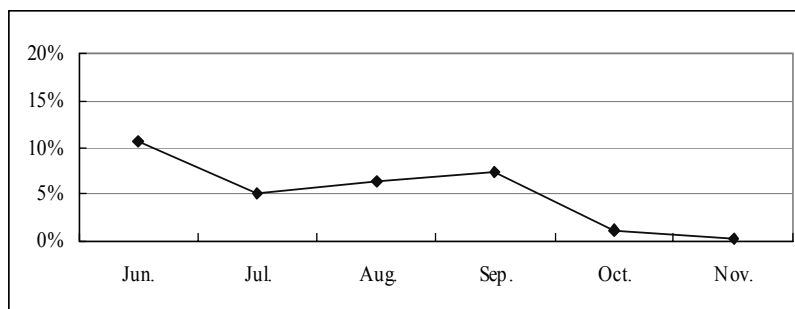
Item	Frequency	Data Collection
(a) Discrepancy between stock in record and actual stock	Once a week	NGO/Association
(b) Discrepancy between account book and actual cash holding	Once a week	NGO/Association
(c) Cost reduction of Huipil production	Once a year	NGO/Association

##### 4.1 Stock inventory

Inventory was made for 13 times during the period from June 10 until November 19. The result of the inventory survey is summarized below and details are shown in Table B1.

Month	Period	Difference*
June	Jun.10 ~ Jul.05	10.74 %
July	Jul.05 ~ Jul.20	5.03 %
August	Aug.16 ~ Aug. 26	6.44 %
September	Sep.04 ~ Sep.24	7.45 %
October	Oct.12 ~ Oct.28	1.16 %
November	Oct.28 ~ Nov.19	0.13 %

\*: The percentage of difference (in absolute value) between actual stock and the expected stock balance against the expected stock balance.



In June, the difference was actually about 10% in average and the status of stock control was in quite poor condition. To cope with this problem, following points were changed.

- (i) One shopkeeper was employed to make the responsibility in stock control clearer. Before this change, the committee members managed the shop in rotation day by day and, therefore, the responsibility was quite unclear among them.
- (ii) Most of the stock was moved into the shelves with lock. Only the necessary amount for 1~2 week sale were kept in the display. Therefore, stock inventory become much simpler and less time consuming.

These countermeasures were taken in October 2002 and, since then, stock control has been improved and the difference reduced significantly.

#### 4.2 Financial condition

##### (1) Cash control

Discrepancy between cash holding and balance in the account book was checked for 4 times from the August 2, 2002. The results are shown below.

(Unit:Q)

Date	Balance in Book	Actual Cash-holding	Difference
August 2	2,038.48	105.67	-1,932.81
October 17	395.85	395.50	-0.35
October 31	916.30	916.30	0.00
November 21	1,255.51	1,253.50	-2.01

On August 2, 2002, there was approximately Q2,000 of difference between actual cash holding and the balance in the book (lack of Q2,000). For this problem, following points were changed.

- (i) One shopkeeper was employed to take care of shop instead of rotation management by the committee members so that responsibility would be clearer.
- (ii) Account book was changed from a small unformatted notebook to a

formatted account book that is easily available in the market. Besides, daily bookkeeping was instructed in detail to the shopkeeper.

The new system was started from October 4, 2002. After the introduction of new system, cash control was dramatically improved and discrepancy between cash holding and balance in book become almost nil.

## (2) Sale

Sales record from August to October is summarized below.

(Unit : Q)

Month	Total Sale	Prime Cost	Net Profit	Profit/Sale Ratio (%)	Working Days	Daily Sale
August	8,291.38	7,265.65	1,025.73	12.4	21	394.83
September	2,345.73	2,041.91	303.82	13.0	9	260.64
October	2,061.80	1,815.60	246.20	11.9	13	158.60
November*	3,781.60	3,395.26	386.34	10.2	18	210.09
Total/Average	16,480.51	14,518.42	1,962.09	11.9	61	270.17

\*: Data is for the period from October 29 to November 18

Due to the intention of resigning among the committee members, working days of the shop in September were only 9 days. Besides, the working days in October were also only 13 days, since the newly assigned shopkeeper became serious sick (typhoid fever)<sup>1</sup>.

Assuming that the fixed cost for operating the shop is Q550 per month (Q150 for rent fee of the building and Q400 for personnel cost), the break-even points in terms of sale and working days are calculated as Q4,621.8/month and 17 days/month, respectively. In other words, if the shop operates more than 17 days or sell more than Q4,621.8 per month, the shop operation will be expected to have additional profit.

## (3) Financial status:

Simple balance sheet and profit-loss statement are prepared as follows. Details are shown in Table B2.

<sup>1</sup> Because of her sickness, a shopkeeper was selected from the previous committee member to take care of shop temporary. The shop operation restarted from October 28, 2002.

**Balance Sheet (as of Nov. 18, 2002)**

<i>Debtor</i>		<i>Creditor</i>	
Item	Value (Q)	Item	Value (Q)
Cash	1,053.71	Initial provision**	86,004.00
Ordinary Account	16,220.77		
Checking Account	1,700.00		
Stock	57,975.18	Net profit	-8,549.17
Office equipment	181.00		
Assets unaccounted for*	324.17		
Total	77,454.83	Total	77,454.83

\*: There are several assets unaccounted for due to the lack of operation record. In this item, the stock of snack and drink is included.

\*\* : Only thread provision is considered and office furniture initially provided is excluded from the calculation.

**Profit/Loss Statement (Mar.21 to Nov.18, 2002)**

Item	Value (Q)	
1. Total Sale	49,909.69	
2. Prime Cost	45,892.54	
3. Sales Profit	4,017.15	8.0%
4. Operating Income	1.78	
5. Operating Cost	3,576.00	
6. Operating Profit	442.93	0.9%
7. Non-operating Cost*	8,992.10	
8. Net Profit	-8,549.17	

\*: The major components of the cost are stock loss (Q4,701.25) and unrecovered credit (Q4,209.95).

Due to the stock loss and unrecovered credit, the financial status of the shop is in quite poor condition. However, after the change of shop operation system, improvement of financial condition can be expected. Because of this change, amount of bank deposit was actually improved significantly from Q460.78 at the end of August to Q17,370.77 as of November 21.

Since price margin is quite little for each thread, the ratio of sale profit to total sales is merely 8.0%. Besides, the ratio of operating cost to sale profit is 89.0%, that is, most of the sales profit is consumed by the operating cost. This means that the operation of the shop is almost even. Therefore, financial improvement is necessary through collection of unrecovered credit, strict control of stock and expansion of profit.

4.3 Cost reduction of Huipil production

Cost reduction in producing Huipil was surveyed through the interview with 28 sample producers. The results of the survey are summarized below.

### Material cost reduction

Items* <sup>1</sup>	Unit	Qty* <sup>2</sup>	Before (Q)		After (Q)		Difference (Q)
			Unit price	Value	Unit price	Value	
Segunda aleman	madeja	20	2.50	50.00	2.40	48.00	2.00
Artisela Iris	cone	17	10.62	180.54	9.25	157.25	23.29
Mish (color)	madeja	20	1.00	20.00	0.90	18.00	2.00
Cedalina D M C	ball	30	3.10	93.00	3.00	90.00	3.00
Listón para cuello* <sup>3</sup>	set	1	9.00	9.00	9.00	9.00	0.00
Total material cost				352.54		322.25	<b>30.29</b>

\*1: Typical threads usually used for producing huipil.

\*2: Quantity usually necessary for producing one Huipil (based on interview).

\*3: The item is not yet dealt with in the shop.

### Cost reduction from time saving and transportation cost saving

	Value	Unit
1. Necessary days for production* <sup>1</sup>	22.4	days
2. Frequency of going to Patzun* <sup>2</sup>	3.0	times/huipil
3. Transportation cost reduction* <sup>3</sup>	<b>30.00</b>	<b>Q/huipil</b>
4. Time consumption for going to Patzun	3.0	hours/time
5. Time consumption for purchasing material* <sup>4</sup>	9.0	hours/huipil
6. Estimated earnings of women	2.06	Q/hour
7. Time reduction profit	<b>18.54</b>	<b>Q/huipil</b>

\*1: It is assumed that approximately 3 weeks are necessary to prepare one Huipil.

\*2: It is assumed that women go only once a week for purchase.

\*3: Q5.00/one-way x 2 (for round trip) x 3 times

\*4: 3 times/ huipil x 3 hours/time

Source: JICA Study Team, Survey in November 2002

According to the survey, it is estimated that the material cost reduced by 8.6% (Q30.29) per one Huipil. Besides, cost reduction from time saving and saving of transportation cost is estimated as Q18.54 and Q30.0, respectively. Therefore, cost reduction for producing one Huipil is estimated as Q78.83.

#### 4.4 Literacy Training

The training course actually started from the second week of August 2002. Forty three (43) women registered for the training in the beginning and 24 women additionally registered at the end of August which raised number of registration to 67 women in total.

The major contents of the class are basic grammar, reading and writing skills, basic mathematical operation, etc. The teachers are employed from Patzún and are complete bilingual Kakchikel-Spanish so that the women feel easier to learn and to have better understanding.

The training course is held from 13:00 ~ 17:00 on every Monday, Wednesday and Thursday so that women can arrange their time to attend the classes. During the



period from the second week of August to the last week of October, about half of registered women attended the course continuously. Monthly average number of participants and estimated attendance rate is shown below and details are tabulated in Table B3.

Month	Registered Women (person)	Number of Participants (pers./week)	Attendance Rate (%)
August	43	19	43.4
September	67	38	56.0
October	67	28	42.4
November	67	29	43.3
Average	-	29	46.4

## 5. Problems Encountered and Countermeasures

### (1) Poor stock control

#### Problem:

Stock control was not properly made and about Q4,701.25 of stock was unaccounted for. Major reasons for the loss are considered as follows.

- (i) Committee members were not well trained in controlling stock.
- (ii) The responsibility in stock control was not clear since committee member managed the shop in daily rotation.
- (iii) It is considered that some of the stock was used personally due to unclear responsibility.
- (iv) Since some of the threads are quite similar each other, those threads might be miscalculated during inventory process.

#### Countermeasure:

Following countermeasures were taken.

- (i) One shopkeeper was employed and takes responsibility for daily operation of the shop so that the responsibility would be clearer.
- (ii) Most of the stock was moved and kept in the shelves with lock. Only necessary amount of stock was kept in the display so that daily stock control would be clearer and easier.

With these measures, significant improvement was observed as it is mentioned in the previous section. In addition to these, following countermeasures would be necessary to secure stock control more in future.

- (i) Considering the amount of sale, the present stock is relatively too large and it makes inventory difficult and time consuming. The amount of stock shall be reduced to the adequate level by stopping replenishing thread for the time being and keep money in bank

deposit.

- (ii) Inventory survey shall be made by the shopkeeper and the committee member regularly at least once in a month. The result shall be audited by the authority of the community for its transparency.

(2) Poor cash control

Problem:

Cash control was not properly made and some of money was actually lost.

Following points are considered as the reasons.

- (i) Committee members were not well trained in controlling cash.
- (ii) The responsibility was not clear since committee member managed the shop in daily rotation. (It created the situation that “nobody will know about the others”.)
- (iii) Cash holding was not clearly grasped among the committee members since daily operation (sale and cost payment) was not recorded in the book systematically. It was actually written in a small book without any format and it caused a lot of miscalculation.
- (iv) Due to unclear responsibility and inadequate control system, some portion of money might be used personally.
- (v) The committee had sold some portion of thread on credit. However, the amount of credit was not clearly grasped by the committee member. In addition, there is no fixed regulation for providing credit. Therefore, some amount of money was lost in credit provision and incurred a lot of unrecovered credit.

Countermeasure:

Following countermeasures were taken.

- (i) One shopkeeper was employed and takes responsibility for daily operation of the shop so that the responsibility would be clearer.
- (ii) Account book with format was used instead of non-formatted notebook and training was made regarding how to keep daily transaction in the account book.
- (iii) Provision of credit was prohibited and completely stopped.  
With these measures, cash control was significantly improved as it is shown in the monitoring results. For future operation, however, following measures shall be taken.

Besides, following countermeasures would be necessary to in future.

- (i) Simple financial statement shall be prepared by the shopkeeper and the committee member. The authority of the community shall audit the statements to avoid any misappropriation of cash by shopkeeper or

committee member.

- (ii) To avoid any suspect by the community people about the misappropriation of money, financial status shall be reported to the association members and community. For this purpose, the audited statement shall be reported in the general assembly at least once in six month and be displayed in the shop so that anybody can see it.
- (iii) To avoid any misappropriation or robbery, cash shall be deposited to the bank more often. Presently, this work is done in cooperation with sub-contractor. In future, however, committee members shall bring money to the bank by themselves. Since carrying large amount of money is dangerous especially for women, cooperation of the authority shall be necessary.

(3) Doubt and distrust among the community people

Problem:

Because of unclear operation of the shop, community people started to doubt about misappropriation of money and thread by the committee. Due to this, the original committee member showed intention of resigning. Although several discussion and persuasion were made with them, they resigned and new committee members were elected on October 17, 2002.

Countermeasures:

The reason for doubt and distrust is simply because of unclear operation of the shop. Therefore, following measures shall be taken to increase transparency in its operation. These system are actually stipulated in the regulation of the thread shop (see Attachment) and ready to implement.

- (i) Preparation of financial statement regarding cash control and thread inventory.
- (ii) Auditing of the financial statement by the authority of the community
- (iii) Reporting on financial condition through general assembly and displaying the statement in the shop.

(4) Little intention to work for the community

Problem:

People in the community generally do not think about the development of the community as a whole. For this reason, without any economical incentive, it is hard for them to have intention to work voluntary for the community. This could be one of the reasons that the previous committee members could not continue.

Countermeasures:

For any type of work, economical incentive shall be considered according to its workload and responsibility. Without this, non-functional operation or misappropriation can easily occur. In this case, workload of the committee member was drastically reduced by assigning a shopkeeper. Therefore, no incentive is necessary for the committee members. On the other hand, incentive (Q400/month) is paid for the shopkeeper since she takes more workload and responsibility.

(5) Existence of other thread shops

Problem:

In the community, there are two more shops that sell material thread for Huipil. This might create competitive situation in the community where demand for thread is quite limited. Besides, it would make opposing movement against the JICA's thread shop.

Countermeasures:

Presently these shops have not shown any opposing movements since they provide credit for women and, therefore, demand sharing are made naturally between these shops and JICA's shop. Considering this fact, it is necessary to share the demand by differentiating the service of the JICA's shop, for instance, no credit provision or handling different thread type.

(6) Workload of women

Problem:

Women in the community have a lot of work to do and very little time to spend for other activities. In electing the new committee members, several elected candidates actually declined the offer due to their heavy workload at their home (for example, one candidate declined since her husband was sick and had to take care of everything from taking care of children to agricultural work).

Countermeasures:

Workload of the committee member was reduced by employing a shopkeeper. Presently, the committee has the responsibility only for supervising operation of the shop. Due to this, it became much easier for women to participate in the activities. On the other hand, incentive is paid for the shopkeeper since her workload is heavier and she has to spend longer time for work.

(7) Insufficient profit for operating the shop

Problem:

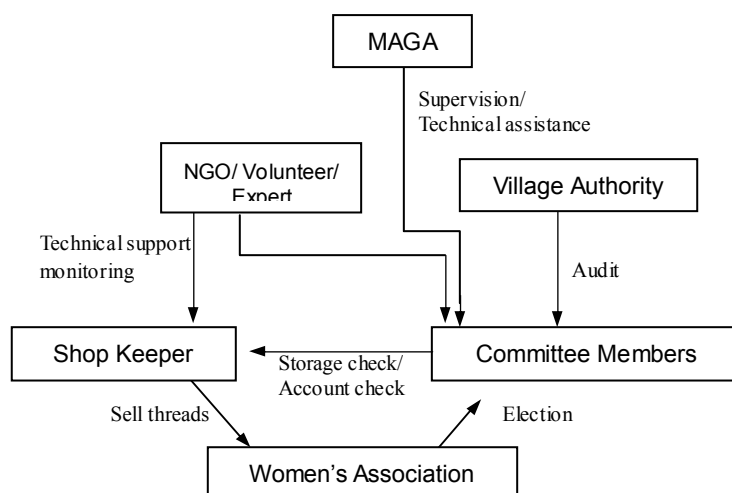
Monthly sale of the shop is roughly estimated Q6,500 in average<sup>2</sup>. Assuming that the net profit is approximately 10% of the total sale, monthly net profit will be Q650. On the other hand, it is necessary to pay Q550 as fixed cost (Q150 for rental fee for the building and Q400 for shopkeeper) and some transportation cost for replenishing stock. It means the operation of the shop is almost even. Unless accumulation of profit is expected, sustainability of the project would be affected.

Countermeasures:

- (i) Sale shall be expanded by obtaining more customers from outside of the communities.
- (ii) Rental fee of the building shall be reduced by negotiation with present owner or by finding other location in future.
- (iii) Price margin shall be revised based on the past sale record. For example, price of highly demanded threads would be raised a little more.
- (iv) Reduction of prime cost shall be considered by searching for wholesalers who sell threads with more reasonable price.
- (v) Some other daily grocery might be sold in the shop to support the sale. However, expansion of business shall be made little by little carefully.

**6. Organizations Concerned for Management of Further Activities**

The relations of the organizations/groups concerned for management of further activities are shown in the figure below.



<sup>2</sup> According to the sales record from August to November, average daily sale is Q270.17/day. Assuming that the operation day is 24 days per month, the expected sale is Q6,484.08/month.

## 7. **Evaluation**

According to the interview with the community women (7 samples), all of the interviewee answered that they use the thread shop for purchasing thread. The main reason is cheaper price of the threads. Besides, availability of various type of threads is also mentioned as an advantage of the shop. Cost reduction in producing Huipil is estimated at about 8.6% based on the survey by the study team. In the interview survey, interviewee answered that 14% of cost reduction was observed in average.

In addition to the cost reduction, availability and access to the thread was improved and more time become available for community women. As a result, women can spend their time for producing more Huipil or for domestic work. Although the cost reduction impact is not so drastic, it can be considered the establishment of the shop contributed to the improvement of various aspects of the women's life.

Regarding literacy training, 6 out of 7 interviewees answered that the training was useful. Although combined effect with shop operation was not clearly observed, it is considered that the training fulfilled basic needs for the literacy of the participants.

**Table B1 Inventory of Thread (1/3)**

#	Thread	Unit	Actual Balance <i>Jun.10</i>	Sold	Buy	Expected Balance <i>Jul.5</i>	Actual Balance <i>Jul.5</i>	Difference		Actual Balance <i>Jul.5</i>	Sold	Expected Balance <i>Jul.20</i>	Actual Balance <i>Jul.20</i>	Difference	
								(no.)	(%)					(no.)	(%)
1	2da aleman medio obscuro 5 lbs	Madeja	3,250	801	0	2,449	2,610	161	6.57%	2,610	206	2,404	2,420	16	0.67%
2	2da aleman medio obscuro 4 lbs	Madeja	2,360	80	0	2,280	2,345	65	2.85%	2,345	115	2,230	2,165	-65	2.91%
3	2da aleman obscuro	Madeja	430	242	0	188	355	167	88.83%	355	25	330	315	-15	4.55%
4	2da aleman color	Madeja	4,435	299	0	4,136	4,020	-116	2.80%	4,020	324	3,696	3,756	60	1.62%
5	Articela Iris	Cono	1,571	177	0	1,394	1,642	248	17.79%	1,642	75	1,567	1,564	-3	0.19%
6	Super Articela	Cono	223	50	0	173	169	-4	2.31%	169	63	106	105	-1	0.94%
7	Articela cono pequeño	Cono	328	19	0	309	202	-107	34.63%	202	8	194	291	97	50.00%
8	Mish Oscuro	Madeja	399	51	0	348	364	16	4.52%	364	26	338	355	17	4.95%
9	Mish medio obscuro	Madeja	121	3	0	117	107	-11	9.05%	107	0	107	102	-5	4.46%
10	Cedalina	Cono	4,068	317	680	4,431	4,350	-81	1.83%	4,350	212	4,138	3,926	-212	5.12%
11	Cono Campana Pequeño	Cono	590	30	0	560	560	0	0.00%	560	21	539	536	-3	0.56%
12	Lana	Lbs.	8,740	1,027	2,800	10,513	10,696	183	1.74%	10,696	167	10,529	10,660		0.00%
13	Articela Madeja	Madeja	1,295	142	0	1,153	1,153	0	0.00%	1,153	35	1,118	1,153	35	3.13%
14	Mish Color	Madeja	1,165	193	700	1,672	1,575	-97	5.80%	1,575	158	1,417	1,318	-99	6.99%
15	Mish Primera	Lbs.	50	0	0	50	50	0	0.00%	50	0	50	50	0	0.00%
16	Segunda Aleman Rojo	Madeja	25	1	0	24	24	-0	0.37%	24	0	24	24	0	0.00%
17	Cono Omega	Cono	71	8	0	63	72	9	14.29%	72	4	68	65	-3	4.41%
18	Cedalina Rosa	Cono		8	380	372	372	0	0.00%	372	17	355	355	0	0.00%
19	Cedalana	Lbs.		0	0	0		0		0	0	0		0	
20	Cono Blanco (grande)	Cono		0	0	0		0		0	0	0		0	
21	Cono Chocoy			0	0	0		0		0	0	0		0	
				0	0	0			10.74%		0				5.03%

B-T-1

**Table B1 Inventory of Thread (2/3)**

#	Thread	Unit	Actual Balance <i>Aug.16</i>	Sold	Expected Balance <i>Aug.26</i>	Actual Balance <i>Aug.26</i>	Difference		Actual Balance <i>Sep.4</i>	Sold	Expected Balance <i>Sep.24</i>	Actual Balance <i>Sep.24</i>	Difference	
							(no.)	(%)					(no.)	(%)
1	2da aleman medio obscuro 5 lbs	Madeja	1,585	55	1,530	1,530	0	0.00%	1,410	10	1,400	1,250	-150	10.71%
2	2da aleman medio obscuro 4 lbs	Madeja	2,050	240	1,810	1,980	170	9.39%	1,980	5	1,975	1,955	-20	1.01%
3	2da aleman obscuro	Madeja	285	0	285	400	115	40.35%	340	0	340	365	25	7.35%
4	2da aleman color	Madeja	3,335	228	3,107	3,185	78	2.51%	3,187	17	3,170	3,100	-70	2.21%
5	Articela Iris	Cono	1,502	96	1,406	1,416	10	0.71%	1,364	36	1,328	1,460	132	9.94%
6	Super Articela	Cono	1,118	60	1,058	1,058	0	0.00%	1,040	22	1,018	1,028	10	0.98%
7	Articela cono pequeño	Cono	287	2	285	283	-2	0.70%	279	1	278	278	0	0.00%
8	Mish Oscuro	Madeja	2,000	250	1,750	1,935	185	10.57%	1,755	0	1,755	1,720	-35	1.99%
9	Mish medio obscuro	Madeja	6,840	90	6,750	6,755	5	0.07%	6,730	90	6,640	6,560	-80	1.20%
10	Cedalina	Cono	6,162	180	5,982	5,963	-19	0.32%	5,841	40	5,801	5,800	-1	0.02%
11	Cono Campana Pequeño	Cono	519	3	516	514	-2	0.39%	513	2	511	510	-1	0.20%
12	Lana	Lbs.	0						0	0				
13	Articela Madeja	Madeja	990	8	982	989	7	0.71%	941	32	1197	1,155	-42	3.51%
14	Mish Color	Madeja	1,145	47	1,098	1,738	640	58.29%	1,116	57	1,059	1,085	26	2.46%
15	Mish Primera	Lbs.	50	0	50	50	0	0.00%	50	0	50		-50	
16	Segunda Aleman Rojo	Madeja	475	0	475	475	0	0.00%	475	0	475	485	10	2.11%
17	Cono Omega	Cono	58	3	55	55	0	0.00%	50	4	46	79	33	71.74%
18	Cedalina Rosa	Cono	340	2	338	338	0	0.00%	332	3	329	329	0	0.00%
19	Cedalana	Lbs.	151	1	150	143	-7	4.83%	136	2	134	132	-2	1.14%
20	Cono Blanco (grande)	Cono	6	1	5	5	0	0.00%	5	1	4	3	-1	25.00%
21	Cono Chocoy		84		84	84	0	0.00%	84		84	84	0	0.00%
								6.44%						7.45%

B-T-2



**Table B1 Inventory of Thread (3/3)**

#	Thread	Unit	Actual Balance <i>Oct.12</i>	Sold	Expected Balance <i>Oct.28</i>	Actual Balance <i>Oct.28</i>	Difference		Actual Balance <i>Oct.28</i>	Sold	Expected Balance <i>Nov.19</i>	Actual Balance <i>Nov.19</i>	Difference	
							(no.)	(%)					(no.)	(%)
1	2da aleman medio obscuro 5 lbs	Madeja	1,251	30	1,221	1,210	-11	0.90%	1,210	0	1,210	1,204	-6	0.50%
2	2da aleman medio obscuro 4 lbs	Madeja	1,930	0	1,930	1,930	0	0.00%	1,930	0	1,930	1,906	-24	1.24%
3	2da aleman obscuro	Madeja	365	0	365	375	10	2.74%	375	0	375	375	0	0.00%
4	2da aleman color	Madeja	3,073	21	3,052	2,900	-152	4.98%	2,900	15	2,885	2,885	0	0.00%
5	Articela Iris	Cono	1,433	35	1,398	1,407	9	0.64%	1,407	33	1,374	1,374	0	0.00%
6	Super Articela	Cono	1,009	36	973	970	-3	0.31%	970	18	952	956	4	0.42%
7	Articela cono pequeño	Cono	277	4	273	273	0	0.00%	273	16	257	257	0	0.00%
8	Mish Oscuro	Madeja	1,770	20	1,750	1,680	-70	4.00%	1,680	70	1,610	1,610	0	0.00%
9	Mish medio obscuro	Madeja	6,560	30	6,530	6,475	-55	0.84%	6,475	20	6,455	6,475	20	0.31%
10	Cedalina	Cono	5,756	62	5,694	5,727	33	0.58%	5,727	117	5,610	5,610	0	0.00%
11	Cono Campana Pequeño	Cono	506	4	502	502	0	0.00%	502	1	501	501	0	0.00%
12	Lana	Lbs.	69	2	67	69	2	2.99%					0	
13	Articela Madeja	Madeja	1,110	38	1,072	1,072	0	0.00%	1,072	2	1,070	1,070	0	0.00%
14	Mish Color	Madeja	1,063	55	1,008	1,060	52	5.16%	1,060	14	1,046	1,046	0	0.00%
15	Mish Primera	Lbs.	0	0	0	0	0		0	0	0	0	0	
16	Segunda Aleman Rojo	Madeja	485	0	485	485	0	0.00%	485	0	485	485	0	0.00%
17	Cono Omega	Cono	76	4	72	72	0	0.00%	72	2	70	70	0	0.00%
18	Cedalina Rosa	Cono	329	3	326	326	0	0.00%	326	13	313	313	0	0.00%
19	Cedalana	Lbs.	129	1	128	128	0	0.00%	128	1	126	126	0	0.00%
20	Cono Blanco (grande)	Cono	1	0	1	1	0	0.00%	1	0	1	1	0	0.00%
21	Cono Chocoy		84	1	83	83	0	0.00%	83		83	83	0	0.00%
								1.16%						0.13%

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## Table B2 Financial Statements of the Thread Shop

### A. Balance Sheet (as of Nov. 19, 2002)

<i>Debtor</i>	Value	<i>Creditor</i>	Value
Cash	1,053.71	Initial Provision*	86,004.00
Ordinary account	16,220.77		
Check account	1,700.00		
Stock	57,975.18		
Office equipment	181.00		
Assets unaccounted for**	324.17	Net profit	-8,549.17
Total	77,454.83	Total	77,454.83

\*: Office furniture initially provided is not considered.

\*\* : Stock of snack and drink are included.

### B. Profit/Loss Statement (Mar.21 - Nov.29)

	3/21-8/2	8/2-10/28	10/29-11/19	3/21-11/19	
1. Total sale	33,429.18	12,698.91	3,781.60	49,909.69	
2. Prime cost	31,374.13	11,123.15	3,395.26	45,892.54	
3. Sales profit	2,055.05	1,575.76	386.34	4,017.15	8.0%
4. Operating income					
1) Interest of deposit	0.00	1.78	0.00	1.78	
5. Operating cost					
1) Personel cost	800.00	400.00	400.00	1,600.00	
2) Rental cost	450.00	600.00	150.00	1,200.00	
3) Transp. & communi.	580.00	0	0.00	580.00	
4) Equipment	145.00	36	0.00	181.00	
5) Other	15.00	0	0.00	15.00	
<i>Sub-total</i>	1,990.00	1,036.00	550.00	3,576.00	89.0%
6. Operating profit	65.05	541.54	-163.66	442.93	0.9%
7. Non-operating cost					
1) Stock loss	4,019.03	682.22	-19.10	4,682.15	
2) Unrecovered credit	4,363.80	-153.85	0.00	4,209.95	
3) Loss by counterfeit bill	100.00	0	0.00	100.00	
<i>Sub-total</i>	8,482.83	528.37	-19.10	8,992.10	
8. Net profit	-8,417.78	13.17	-144.56	-8,549.17	

Note:

*Due to the lack of record, the forms are simplified and may not match with the accounting rules.*

**Table B3 Status of Women's Attendance in Literacy Training**

Month	Week	Number of Registered Women (pesons)	Number of Participants (persons)	Estimated Rate of Participation (%)	Monthly Average (%)
August	2nd	43	18	41.9	43.4
	3rd	43	23	53.5	
	4th	43	15	34.9	
September	1st	67	47	70.1	56.0
	2nd*	67	24	35.8	
	3rd	67	29	43.3	
	4th	67	50	74.6	
October	1st	67	32	47.8	42.4
	2nd	67	28	41.8	
	3rd*	67	18	26.9	
	4th	67	35	52.2	
	5th	67	29	43.3	
November	1st	67	30	44.8	43.3
	2nd	67	33	49.3	
	3rd	67	24	35.8	
Average			29.0	46.4	

\*: Since the trainers had to attend to their capacitation, one class was cancelled. Therefore, the attendance rates are low for these two weeks.

***ATTACHMENT***

**The Article for the “Women’s Association for the Integral Community  
Development for the Village Xeatzan Bajo”  
“ASSOCIATION YEKEMON”**

The board of directors of “The “Artisan Women Association for the Integral Comunitary Development for the Aldea Xeatzan Bajo, Yekemón ”, with headquarters in the village Xeatzan Bajo, from Municipio of Patzún, of the Departament of Chimaltenango.

**CONSIDER**

That it is an imperious necessity the Regulation of their relationships and different activities of the organization, as much as Association like Artificial person.

That the statutes of the Association are a document that governs for norm of type general many activities and norms that logically are not adjusted to the reality of the Association that allow it to reach the objectives for that which was created.

**CONSIDER**

That it is necessary to regulate the functions, rights, attributions and so much activities of the different directive organs and employees that conform the association, that their internal relationships are inside the corresponding legal and administrative mark as the Statutes of the Association specifies and the Regulation of Inscription and Operation of Associations Civil Governmental Agreement 512-98 of the Presidency of the Republic, that tend to improve the economic and social relationships of the Associates and the Association like an entity of sustainable development as the current moments demand.

**THEREFORE**

In the use of the abilities that confers, specified in the article thirty (30°) incise e) of the statutes;

**AGREES**

Present to the Honorable General Assembly of Associates the Present Regulation of Internal Operation, for their study, analysis and corresponding approval, the contents are the following:

**REGULATION OF INTERNAL OPERATION:**

**Chapter I**

**General Dispositions**

**Article First:** The “Artisan Women Association for the Integral Community Development for the Aldea Xeatzan Bajo, Yekemón”, related with their internal matters, in the future it will be governed by the present Regulation..

## **Chapter II**

### **OBLIGATIONS OF THE ASSOCIATES:**

**Article Second:** The obligations of the associates, will be, besides those contemplated in the article twelve (12°) of the statutes, the following ones:

- a) to Attend on time the ordinary and extraordinary assemblies, in those that formally are summoned and to remain in them the time that is necessary and to sign the corresponding records until the finalization;
- b) to pay the contributions on time or taxes agreed by the Directive Board or the General Assembly for specific purposes;
- c) to Pay the penalty imposed by the Directive Board by some fault made to the statutes and present regulation, on time;

### **ASSOCIATES RIGHTS:**

**Third Article:** The rights of the associates they will be, besides those contemplated in the article eleven (11°.) of the statutes, the following ones:

- a) to Use the goods as furniture and properties property of the association under the conditions that settle down for the effect; and
- b) to Attend the General Assemblies with voice but without vote, whichever it is the time that they belong belonging to the association or position that occupy.

## **Chapter III**

### **ASSOCIATION ORGANS ATRIBUTIONS:**

**Fourth article: specific Attributions of the Directive Board:** The directive meeting will carry out, besides the attributions contained in the article thirty (30°) of the statutes, the following ones:

- a.- To carry out, at least once a month, the inventory of threads and articles of the store;
- b.- To revise the movement of the bank bill, to know the carried out deposits and I destination of the whitdrawls of money at least once a month to determine the existent balance;
- c.- To carry out the purchase threads, under the best conditions and prices that can be found in the market;
- d.- To carry out the promotion process, interviews, recruitment contract work conditions and discharge of the one in charge of the store or another employee that there is necessity to hire in the future when the case is need, respecting the procedures labor contents in the existent work laws in the country;
- e.- In the event of lost or lacking money or thread in the store, furniture or equipment, as a result of a wrong handling, bad administration or robbery, the directive doard will be the responsible for 50% of its reinstatement for not having supervised appropriately, the other 50% will restore it the one in charge of the store, should inform to the competent authority, with who will subscribe a records to deduce responsibilities and to emit the corrective measures after carrying out the corresponding verifications, this records it will be good enough for the accountant to reduce the articles of the inventory;
- f.- If the lost is caused by robbery on behalf of people unaware to the Association or natural disasters, the directive board and the one in charge of the store, will be acquitted of all

responsibility, anyway it will be notified to the competent authority with who will be subscribed a records to leave verification after carrying out the investigation, this records will be good for the accountant to reduce the articles of the inventory;

g.- The directive meeting will elaborate a financial state and an inventory on the movement and existence in the store, and they'll give a report every six months on the obtained result, corresponding to the semester of January to June presented it the first week of July and corresponding to the second semester from July to December it presented the first week of January of the following year, which will be presented to the general assembly of associate, in this act the authorities of the community and support institutions will be invited, who will serve as witness of honor and they will make the suggestions that consider convenient;

The report will contain as minimum the following information:

- a) The real balance of money cash at the end of the previous period;
- b) The real balance of money cash to the beginning of the following period;
- c) The real balance of money deposited in the bill of the monetary and saving deposits;
- d) Total of the carried out sales and obtained revenues; and
- e) The Total of the carried out purchases and made expenses;

i.- After each audit carried out by the Commission of Surveillance with the support of the authority of the Community and Technical orientation of personal of support institutions, a report will be presented to the General Assembly of Associates for its knowledge and corresponding approval; the report that is elaborated will be presented openly visible in the store of the association at least during two weeks and later it will stay in the files of the association;

j.- The handling of the funds and articles of the handmade store, it will be under the strict responsibility, manage and control of the Directive board of the Association, since the trust was deposited in them to achieve the reach of the objectives for that which the association was created;

k.- The one in charge or clerk of the store will be under the direction and responsibility of the Directive board who will assign the attributions, rights and inherent obligations to the position.

l.- The directive board will have the responsibility of the shelve keys where the threads are keep and other handmade articles, in case the one in charge of the store needs product for its sale, the Directive board will open the shelves and gave her the product under knowledge, will close the shelves and again take the keys.

**Fifth article: Attributions of the Commission of Inspection and Surveillance:** The Commission of Inspection and surveillance will have the attributions, besides the contained ones in and article 37°, of the statutes, the following:

- a.- The surveillance, control and operation of all the activities of the store of threads and of other goods and services that are implemented in the future;
- b.- To carry out at least once a month a cash check, wich will consist on counting the money and revision of the accounting book; with the presence of the Directive Board, should leave in a records the obtained result, in the book that will be authorized for exclusive use of this commission.

#### **Chapter IV**

## **NORMS THAT WILL GOVERN THE OPERATION OF THE STORE**

**Sixth article: Patrimony and Economic Régime:** For the administration of the Patrimony and economic Régime of the association, the directive Meeting and the General Assembly will watch over the accomplishment of the specified in the articles Thirty nine, forty and fortyone of the statutes, the following thing is also added: The goods obtained to any title, either for purchase or donation are property of the Association, which won't be able to be sold, given or given under any condition to another person or being claimed by the associates when they give up or be separated from the association for some fault made, for that which the authorities of the community will veil for this will be faithfully fulfilled.

### **Chapter V**

#### **CONDITION OF WORK FOR THE RECRUITING OF THE ONE TAKEN CHARGE OF THE STORE:**

**Article Seventh: Requirements to opt to the position of having taken charge of the store.:** The person that has under her responsibility to carry out the sales in the store the threads and handmade articles, is the one in charge of the store who will be selected previously by the Directive board. The following ones are inside the requirements that it should complete the person that is hired, to occupy this position:

- a) To be a broadly well-known person in the community;
- b) That she knows how to read and to write;
- c) Honest;
- d) Bigger than 18 years of age;
- e) Responsible;
- f) Punctual in their work;
- g) Of preference that she is one of the association, and
- h) Ability to use a simple calculator.

**Eighth article: Obligations and responsibilities.:** The obligations of the store that the one in charge will have, will be the following ones

- a) To look after the cleaning, order and good daily operation of the store;
- b) To assist the sale of threads and other handmade articles;
- c) To operate daily and to have under their responsibility the book of Sales;
- d) To operate daily and to have under their responsibility the book of purchases;
- e) To operate daily day and to have under their responsibility the book of existences;
- f) To elaborate and to present the report of movement of money and existence of the merchandise monthly, from the store to the Directive board;
- g) To have under their responsibility the receipt and use of the keys of the doors of the store, opening it and only closing it in the schedule and established days and approved by the Directive board, unless in special and justified cases, for example when they are taken to end inventory, meetings or audits, to avoid the hindering of the sales, that which will be notified with the enough anticipation;
- h) To take the control of the cash daily product of the carried out sales, being due it to surrender to the Directive board every week, who will deposit it in the corresponding account;
- i) She will be able to manage a quantity of fifty quetzals (Q50.00) monthly as small box for minimum expenses, of that which will report on their use to the Directive board;



**Article ninth: Of the Salary:** The initial salary that yielded the one in charge of the store will be four hundred quetzales (Q 400.00) monthly, which will be canceled in the two following days of the month of worked work. The salary will be able to be increased as the volume of sales, responsibilities that are assigned to the one in charge and the economic conditions of the Association, decision that will be taken by the Directive board, previous to financial economic analysis that is carried out.

**Article Tenth: Of the Schedule of work:.** The schedule of work that will carry out the one in charge of the store will be:

Monday to Friday in two journeys, the first one of 8:00 at 12:00 hours and the second of 14:00 at 16:00 hours; Saturdays from 8:00 to 12:00 hours.

The days national holiday she will be entitled to enjoy them, except for the cases that she doesn't want to enjoy them, for personal convenience that officially they fall and want to enjoy him for another occasion, or to consider the Directive board that there are for those days but sales, that which will be previously established of common agreement.

**Article Eleven: working contract:**

The contract for the labor period will be signed among the involved parts: Contracting and hired for a term of one year calendar;

Being able to cancelled or to be renewed at the end of the contract period, if the directive board it considers it convenient and for agreement among the two parts.

**Article twevel: Prescription of the work contract:**

The directive meeting will be able fire the one in charge of the store and to cancel the work contract, when it is incurred in the following faults:

- t) Nonfulfillment of the established schedule presently regulation;
- b) inappropriate Behavior inside the store;
- c) I Use inadequate of the resources;
- d) Robbery of money or of merchandise;
- e) Wrong treatment or attention to the associates, users or I publish in general;
- f) Graft or deviation of the funds product of the sales.

When she has been proven the lacks or crimes that she has made and depending the nature of the same ones, the Directive board the decision in writing had taken, which will be consisted in the corresponding book of records being able to be any of the following causes:

- t) Call of verbal attention;
- b) Call of attention in writing;
- c) temporary Suspension of their work;
- d) definitive Deprivation of their work or discharge of their works.

## **Chapter VI**

### **THE OPERATION OF THE STORE:**

**Article thirteen: Of the articles to sell:**

The articles that are allowed and authorized to sell in the store are;

- t) Materials for making of typical cloths and tunics and other articles for crafts, as well as finished products;
- b) Goodies and pocketed food;

- c) soft Drinks;
- d) canned Groceries or pocketed and articles of daily consumption.

**Article fourteen: Prohibitions:**

It is closing forbidden to sell in the store:

- a) Alcoholic beverages like beer, wine and liquor;
- b) Cigarettes of the different marks and presentations;
- c) The sale of thread or another product to the credit, everything should be to the strict cash, without any excuse or justification.

**Article fifteenth: Price of the products:**

The prices of the products that are sale in the store, will be established as the cost prices to those that were bought and they are indicated in the invoice, the Directive board should consider a gain percentage that is added for their sale to the public, that which will be to cover the administrative expenses and of operation, and so that the store can be capitalized.

The prices will be indicated in a slate or bristol board so that this in view of the public, the changes will depend from the price to which they were bought.

**TRANSITORY DISPOSITIONS**

**Article sixteen:** . To have been conceived under project the concept of communal benefit, the local authority, in this case the auxiliary mayor and their regidores, they'll look after the order and strict execution of the objectives for that which the association was created, without having direct interfer of the statutory decisions who will only be constituted as an entity of moral support or Communal Council of elders.

**The General Assembly of associates, after well-known, studied and analyzed the present Regulation of Internal Régime of Operation, in the use of the abilities that they confer to the Statutes in the article twenty-one incise i) for this means**

**AGREES**

**To approve the present Regulation of Internal Régime of Operation to consider that it is of a lot of utility for the association which will be able to be reformed, modified or enlarged to proposal of the Directive Meeting with the due approval of the General Assembly and under the supervision and support of the authority of the Community.**

**The present regulation entered immediately in validity after having been approved in the present General assembly taken place with date December six of the year two thousand two.**

Aldea Xeatzan Bajo, Patzún, Chimaltenango 6 de Diciembre del 2,002.-

The signatures of the Directive board appear and of the associates Present in this General Assembly:

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Modesta Cumes Canú  
Presidenta  
Cédula C-3 Registro 21,813

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Petronila Cuy Ajú.  
Vicepresidenta  
Cédula de Vecindad C-3 29,625

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Gloria Catalina Olcot Itzol  
Secretaria  
Cédula C-3 Registro 30,485

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Nicomedes Jocholá Ajú  
Tesorera  
Cédula C-3 Registro 21,320

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Emiliana Ajcalon Saguach  
Vocal Primero  
Cédula C-3 Registro 30,890

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Ana María Batz Ejcalon  
Vocal Segundo  
Cédula C-3 Registro 24,470.

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Bonifacia Ajú Ajú  
Vocal Tercero  
Cédula C-3 Registro 18,313

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Leonarda Espital Cumes  
Vocal Cuarto  
Cédula C-3 Registro 17,283.

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Margarita Xicay Xinico.  
Vocal Quinto.  
Cédula C-3 Registro 22,909

*The rest is omitted.*