

PROGRAM

DEPARTMENT OF STATE

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Proj. 5200185.1
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For each address check one ACTION | IN

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DATE SENT
8/28/70

FROM - AID/Washington

SUBJECT - Development Planning PROP

REFERENCE - 520-11-990-185.1

GUATEMALA

1. AID/W Program Evaluation Committee reviewed this PROP on August 11, 1970. It is approved for one year (FY 1971) with the following conditions:
2. The targets on Page 5 do not appear sufficiently specific. This project has been in effect in its present and early forms for several years without much success. The new government has shown renewed interest in using the tools of development planning for the country development program. It is assumed that the Mission is evolving a finite strategy for development of the planning units of the agriculture, education, health and population programs, ministries, as well as the CNPE. It should be possible by next spring, for the Mission to describe the end-of-project status of the planning staffs in these locations with some specificity.
3. It is suggested, therefore, that a revision of the current PROP be submitted by April 15, 1971 redoing the target section to show exactly what the situation will be in 1973 in these planning units and quantifying not directly the number of professionals who will be available for high quality socio-economic operations at that time. Review of revised targets should permit life-of-project approval at that time.

JOHNSON

PAGE 1 OF 1 PAGES

APPROVED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
<i>[Signature]</i>	LA/OPTS	29882	8-17-70	LA/DP:JIHeller

LA/CLW:TCox
LA/DRWP Idman (Info)
LA/DP: BChapnick

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FROM - GUATEMALA

SUBJECT - NONCAPITAL PROJECT PAPER

REFERENCE -

Country: Guatemala

Project No. 520-11-990-125.1

Submission Date: May 25, 1970

Revision: X

Project Title: Development Planning

U.S. Obligation Span: FY 71 through FY 73

Physical Implementation Span: FY 71 through FY 72

U.S. Dollars

\$475,000

OTHER AGENCY

State
Kunb
Tracy

PAGE 1 OF 6 PAGES

DRAFTED BY

OFFICE

PHONE NO.

DATE

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ECON/AID: M. Cohen: MOS

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38

5/18/70

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Summary

While there has been recent improvement in the performance of several Guatemalan Government planning units, the planning mechanism is still egregiously weak in Guatemala. Part of the weakness is structural, but perhaps even more difficult is the shortage of trained, professional planning personnel.

This project will strengthen planning units of particular interest to AID -- the National Economic Planning Council (CENPE) and sectoral planning units of the Agriculture, Education, Health and Public Works Ministries - with emphasis on the quality of their output (i.e., projects), related to AID-financed programs. Of key interest will be continuing work on AID-financed rural primary education and rural development programs and new proposals for a rural health program.

The project will also upgrade planning personnel at the professional level by providing a significant input of graduate-level academic training for capable personnel of various planning units and by providing short-term consultants in subject-matter areas of particular weakness and concern.

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN 0000)

Country: Guatemala Project Title: Development Planning PROP Date: May 25, 1970
 Revision
 Project No.: 185.1

GUATEMALA

TOA ID A-262

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FY	Ap	L/G	Total	Cont	Personnel Services		Partic. ----	Commod. ----	Other AID	Costs Cont
					AID	Cont				
71	AG	G	145	25	60	20	45	----	15	5
72	AG	G	175	55	60	30	45	----	15	5
73	AG	G	155	55	40	50	45	-----	15	5
Total Life	AG	G	475	135	160	120	135	----	45	15

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Setting

Recent CIAP reviews of the economic development process in Guatemala have generally found the development planning mechanism extremely weak. There has been a marked improvement during the last year, especially within the CNPE. The CNPE has taken the lead in preparing the nation's new Agriculture Development Plan, which includes a \$23 million AID Loan, and is completing a 5-year development plan which is far more complete and valuable than any done previously in Guatemala. There have also been improvements in the planning units of various ministries, most prominently in Public Works and to a lesser extent in Education and Agriculture.

Generally, however, the planning mechanism remains egregiously weak within the government. Structurally, the weaknesses are greatest in the lack of coordination between the Planning Council and the Budget Office, and in the absence of the Planning Council's Secretary General from the powerful Monetary Board. These structural elements will be corrected if a newly drafted organic law for the Planning Council is enacted.

Even in the absence of structural changes, significant improvement in planning can be effected by increasing the pool of planning talent available in Guatemala. There are currently no more than 20, perhaps less than a dozen, Guatemalans in the government or the universities capable of filling professional-level positions in the CNPE or the Ministries and of carrying out their tasks competently.

[There is a larger pool of university graduates--mostly engineers and economists, and some lawyers and agronomists--who are capable of becoming good planning personnel given additional, high quality training.]

Strategy

AID's efforts to support planning in Guatemala during the next three years will have to be conditioned by the presumptive ideological bias of the incoming right-of-center administration against what most local technicians conceive to be the role of economic planning. While dogmatic insistence on a strong central planning function, say of the ECLA persuasion, will not be a part of AID's strategy, we will work to improve planning mechanisms on specific programs of interest to us, to upgrade planning personnel, and to provide planning support to those government and private agencies that recognize the positive role that planning plays in the process of socio-economic development as contrasted to economic growth. The latter, narrowly conceived, can occur in Guatemala without planning, but we hold as a primary objective the widening of the distributive effects of the growth process.

Targets

1. **Strengthened socio-economic planning units within the GOG, especially the CNPE and the planning units of the Agriculture, Education, Health and Public Works Ministries.**
2. **A major input from GOG planning units to the program development process of major AID-supported efforts in education, agriculture and health.**
3. **A significant increase in the quantity of professionals available for high quality socio-economic planning operations.**

Results and Outputs

1. **Under the guidance of the CNPE, implementation of the 1971/75 National Development Plan including continuous analysis of results and refinements of the Plan. The CNPE Secretariat should enter the annual GOG budgeting process and give suggestions for cabinet-level considerations.**
2. **Continuing modifications of the implementation plans for AID loan-financed Rural Primary Education and Rural Development program. These modifications should result from the efforts of the CNPE and the relevant ministerial planning units supported by AID personnel.**
3. **Financeable plans for a major expansion of public education and rural health efforts for presentation to international lenders possibly including AID.**
4. **The training at the MA level of nine professional planners working with the Ministry planning units or the CNPE.**
5. **Coordination by the CNPE of foreign assistance in Guatemala.**

Course of Action

1. **Provision of a direct-hire and contract AID staff available primary to the CNPE and the Ministries and also to other semi-autonomous and private agencies engaged in socio-economic development activities. This staff will be specifically charged with assisting relevant GOG agencies in successive modifications of the implementation plans for AID-financed projects. This staff will also provide assistance in the development of new programs and in socio-economic planning and analysis outside the GOG.**
2. **Short-term technical assistance in subject matter areas of particular weakness in GOG planning agencies, such as econometrics and manpower planning.**

3. Three 18-month participant grants annually for studies leading to MA degrees in economics or other planning specialties.

<u>Funding Requirements</u>	<u>FY *</u> <u>71</u>	<u>FY</u> <u>72</u>	<u>FY</u> <u>73</u>
		(\$000)	
A. <u>Personnel Services</u>			
1. <u>Direct</u>	<u>60</u>	<u>60</u>	<u>40</u>
Planning Economist R3	28	25	30
Ag Economist 74	22	25	--
Local	10	10	10
2. <u>Contract</u>	<u>20</u>	<u>50</u>	<u>50</u>
Social Scientist	--	30	30
Short-term (8 man-months annually)	20	20	20
B. <u>Participants</u>			
Three 18-month academic study grants annually	45	45	45
C. <u>Other Costs</u>	<u>20</u>	<u>20</u>	<u>20</u>
TOTAL	145	175	155

Note that the participant training expenditure in FY 71 is greater than that foreseen in the Congressional Presentation in order to train incoming administration planners. Likewise, funds have been added under Other Costs to support planning activities of new administration.

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