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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

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AID-DLC/P-736  
June 19, 1968

5-20-4-015-

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Guatemala: Primary School System Upgrading

Attached for your review are the recommendations for authorization of a loan in an amount not to exceed \$8,600,000 to the Government of Guatemala to assist in financing the costs of Borrower's primary school system improvement program, providing for construction of additional schools and a program of qualitative improvement throughout the primary school system.

This loan proposal is scheduled for consideration by the Development Loan Staff Committee at a meeting on Monday, June 24, 1968.

Rachel C. Rogers  
Assistant Secretary  
Development Loan Committee

- Attachments:  
Summary and Recommendations  
Project Analysis  
ANNEXES I-IV

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June 19, 1968

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GUATEMALA--PRIMARY SCHOOL SYSTEM UPGRADING

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AID-DLC/P-736  
June 19, 1968GUATEMALA - PRIMARY SCHOOL SYSTEM UPGRADINGSUMMARY AND RECOMMENDATIONS - REVISED

## 1. BORROWER:

The Republic of Guatemala, with responsibility for execution of the Project vested in the Ministry of Education.

## 2. THE LOAN:

Up to \$8,600,000.

## 3. THE PROJECT:

The proposed Loan will help finance a program of qualitative improvement (curricula, textbooks and teaching materials, teacher training, appointment and supervision) throughout the primary system as well as the first phase of a six-year construction Project, including rural and urban primary schools and rural normal schools. Construction, training, and staffing goals include the upgrading of all rural schools to either the 4-grade or 6-grade levels, with the Project expected to lead to an annual increase by 1973 of 300% in the number of 4-grade graduates and 400% in the number of 6-grade graduates over graduation levels that might be expected to prevail without the Project. The Project forms part of a sectoral effort by the GOG to improve the productivity of the Guatemalan educational system, and this financing will be coordinated with related projects at the secondary level (IBRD) and the university level (BID). Loan funds will finance the Dollar and local-currency costs of construction contracts, engineering services, hardware, and technical assistance.

This proposal which originally called for loan funding of \$11 million has been intensively reviewed and found worthy of support. However, it was thought better not to obligate funds for six years. Consequently, it is proposed to fund the program with two loans: a four year loan in the amount of \$8,600,000 to be authorized and negotiated now, and a follow-on 2 year loan of \$2,400,000 to be negotiated subsequently depending upon the availability of funds and GOG performance. No changes have been made in the basic program herein presented. As redefined, the loan request defers for future funding the construction of 675 classrooms and one quarter of the textbook costs originally proposed.

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## 4. PROJECT COSTS:

	<u>US</u>	<u>LC\$</u>	<u>Total</u>
GOG	\$ ----	\$ 6,600,000	\$ 6,600,000
AID	<u>1,400,000</u>	<u>7,200,000</u> <sup>1/</sup>	<u>8,600,000</u>
	\$1,400,000	\$13,800,000	\$15,200,000

1/ 1 Quetzal equals 1 U.S. Dollar

## 5. LOCAL CURRENCY FINANCING AND ADDITIONALITY:

About 84% of this loan will be for local cost financing. Although the Guatemalan trade and payments system is an open one, USAID/G will exert its best efforts to develop and implement a system with incentives to achieve U.S. export additionality. (See discussion Section II E.

## 6. ALTERNATE SOURCES OF FINANCING:

BID, EXIM, and IBRD have indicated they are not interested in financing this project.

## 7. STATUTORY CRITERIA:

All statutory criteria have been met.

## 8. ISSUES:

The issues of the Borrower's capability to carry out the Project satisfactorily, the 4-year Loan term commitment in this revised summary, Grant-funding of activities related to the Project, and basic questions of self-help were explored during the Intensive Review and resolved satisfactorily. A full discussion of these points follows in Section III.

## 9. RECOMMENDATIONS:

Authorization of a Loan of up to \$8,600,000 to the Republic of Guatemala under the following terms and conditions:

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- a. Repayment within 40 years from the date of first disbursement including a grace period of 10 years;
- b. Annual interest of 2% during the grace period and 2-1/2% thereafter;
- c. Repayment of principal and interest in U.S. Dollars.

Other Terms and Conditions:

- a. Prior to and as Conditions Precedent to the first disbursement under the Loan, the Borrower shall in form and substance satisfactory to AID:
  - (i) Appoint a Project Administrator who will be an employee of the Borrower with authority and responsibility to supervise and coordinate all aspects of the Project, both construction and qualitative improvements throughout the primary school system;
  - (ii) Contract with an independent consulting engineering firm or consortium of firms to assist the Project Administrator in the administration of the Project and to approve final engineering and specifications, recommend construction contract awards, supervise construction, and to certify AID disbursement requests.
  - (iii) Provide a plan of qualitative improvements to be effected throughout the primary school system over a four-year term, including but not limited to improvements in curricula content, and teacher training, appointment, and supervision.
- b. Prior to and as a Condition Precedent to the disbursement of Loan funds to finance construction in the second calendar year of the Project the Borrower will draw up a maintenance program acceptable to A.I.D. for all schools financed under the Loan.

- c. Prior to and as a Condition Precedent to the opening of Letters of Commitment for disbursement of Loan funds to finance construction in the second and subsequent calendar years of the Project a joint Borrower-AID review will be performed of the progress made in the previous year or years towards meeting the qualitative goals of the Project and Agreement reached on remedial actions needed, if any, to be carried out.
- d. Prior to and as a Condition Precedent to the disbursement of Loan funds to finance any particular construction contract, the Borrower shall furnish satisfactory evidence that all necessary legal rights to land have been received.
- e. As a Covenant of the Loan, the Borrower shall agree to:
  - (i) Make a fiscal self-help effort and to contribute funds for local costs of the Project according to a schedule to be mutually agreed upon by the Borrower and A.I.D.
  - (ii) Maintain, supply, and staff schools in Guatemala financed by A.I.D. under previous programs.
- f. Equipment, materials and services (except shipping and marine insurance) financed under the Loan shall have their origin in and be procured from the United States or the Central American Common Market. Shipping financed hereunder shall be procured from the United States, and marine insurance financed hereunder shall be placed in the United States with a company authorized to do marine insurance business in any state of the United States.

- g. United States dollars utilized under the loan to finance local currency costs shall be made available to Borrower or its designee through Special Letter of Credit and shall be used only for procurement in the United States.
- h. The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

**PROJECT COMMITTEE:**

Capital Development Officer	Charles R. Connolly, Jr.
General Engineer	William M. Campbell
Education Advisor	Peter C. Wright
Economic Advisor	Angelos Theodorides
Regional Legal Advisor	Kent N. Knowles

Drafted by:  
Connolly/Campbell/Wright/Theodorides.  
amo: 5-27-68

## I. PROJECT BACKGROUND AND PLACE IN AID PROGRAM

### A. Project Background

#### 1. Education Sector Analysis

Guatemala has the lowest literacy rate (estimated 36%) in Central America and the second lowest in Latin America. Although this reflects in part the difficulty of educating a large Indian population which speaks a variety of indigenous languages and very little Spanish, it is apparent that the educational system of Guatemala has been generally ineffective in dealing with both the literacy problem and the more sophisticated need for turning out trained technical, scientific, and managerial manpower in adequate numbers.

Based on present and projected revenues, Guatemala cannot afford large-scale adult literacy programs, and though more could be done for the adult population through the army literacy and various industrial and vocational training programs, the principal hope for fundamental change lies in an improvement of the formal educational system of the country. Since 95% of primary output at present comes from urban schools, the major opportunity for substantial improvement in system productivity lies in the rural areas.

The Guatemalan rural economic and social structure is typically peasant, based on subsistence farming. Mere survival is often a crucial problem for the immediate and extended family system of the campesino. The pattern is substantially the same in the two major cultural divisions of the nation, Indian and Ladin peasant. However, between these two major

groups and within them there are wide cultural differences (social structure, economic and language) which obstruct social and political integration, economic planning and education.

The campesino frequently faces diminishing per capita land ownership, diminishing productivity from exhausted lands, and lack of technical knowledge to improve productivity. Cooperative movements, which offer means to acquire seeds, insecticides, fertilizers, technical improvements and marketing outlets in those areas where there are surpluses are frustrated by custom and lack of education.

The illiterate campesino is typically guided by custom and is not oriented to problem solving. He is concrete-minded, respectful of authority, but more loyal to family and custom than to a broader community. Education and literacy have had limited meaning and are not recognizable instruments for the improvement of rural life.

Three critical problems have been posed: 1) the continued failure of education to play a role in alleviating rural economic and social conditions which are a threat to national stability; 2) the waste and inefficiency in the rural primary system; and 3) the failure of the primary school system to provide students for planned secondary school enrollment.

The overall resources necessary to carry out a comprehensive renovation of the system are far greater than the resources available to the GOG at present or likely to be available in the near future. The Minister of Education has become concerned with the fundamental problems of the education sector, recognizes many of the deficiencies

in the present system, and has demonstrated a desire and willingness to cooperate with A.I.D. and other agencies in planning and executing programs designed to begin to overcome these deficiencies.

Ministry of Education personnel in conjunction with representatives of UNESCO, IBRD, IDB and AID have prepared a program of improved educational planning, staff training, textbook and teaching-materials development, and construction throughout the educational system. The international agencies concerned are in agreement on this sectoral approach and have recognized that major external financial assistance will be required, with IDB now considering a capital project at the higher-education level, IBRD at the secondary level, and this Primary School Construction project remaining for AID.

Additional planned inputs to this sector include: an IBRD capital investment in the national agricultural school, complemented by AID-provided technical assistance; AID assistance in educational planning, including development of a pilot program for testing proposed improvements in curricula and teacher training, principally for rural primary schools; and a UN-assisted program to establish a training center for secondary teachers at the University of San Carlos.

A more detailed Education Sector Analysis is presented in the FY 1970 Country Analysis and Strategy Paper - Guatemala (CASP) of March 22, 1968.

## 2. Previous Efforts at Primary School Level

### a. Government of Guatemala.

The GOG Ministry of Education presently oversees the operations of over 3,200 public primary schools (8,700 classrooms) throughout Guatemala, and has

carried out a primary school construction program averaging over 500 classrooms in each of the past eight years. Supplies and materials for this work have been provided by the GOG, local governments, and AID; labor was provided by local governments or procured by the Ministry under contract. The teaching and supervisory staff assigned to the public primary schools totaled 8,551 at the beginning of 1967, with new positions being created at a rate of 1,000 per year.

b. AID

AID assistance at the primary level in Guatemala has consisted of cash, technical assistance, training, and the regional ODECA-ROCAP textbook program, with a total value of approximately \$3,000,000 since 1961. This input has been channeled through the Ministry of Education tripartite construction program described above, administered by the Comité Pro Construcción de Escuelas (Comité) and the Socio Educativo Rural (SER), and also as direct assistance to the Ministry of Education. Classrooms built with this AID assistance total 3,123, over 36% of the present public primary classroom inventory. Costs of these various AID activities are presented in Annex II, Exhibit A. Insofar as this overall assistance was focussed on specific construction and training goals it could be considered successful; however, these goals encompassed considerably less in the way of construction volume, training, and fundamental changes throughout the primary system than is contemplated in the present proposal. In addition, the performance of the Comité in the administration of the bulk of this program left much to be desired, as reported in the Area Controller Audit Report No. 68-22-G4 dated February 23, 1968

(Supplement I to this Loan Paper, available in the official files), and revealed serious deficiencies in both the host-country's administration and the USAID Mission's monitoring practices. None of the individuals associated with the Comité at that time will be associated with the proposed Project. Remedial actions designed to prevent a recurrence of this problem are included in this Project.

c. CARE

CARE's school construction program began with a contract between CARE and the Ministry of Education to run between April 1, 1967 and March 31, 1968, calling for the construction of 100 primary schools containing 300 classrooms. This also is a multi-participant program, with the Comité providing part of the building materials, technical assistance, and transportation of materials; the local government providing some building materials and transportation; local construction committees providing land, local materials, and unskilled labor; and CARE providing a total of up to \$100,000 in building materials. In addition, CARE supplies for each completed school one first-aid kit and one physical education kit, and for each classroom a classroom supply and equipment kit. Schools constructed under this 1967-68 contract are principally in the Departments of Alta Verapaz, Izabal, and Suchitepequez. CARE has recently signed a second contract running through March 31, 1969 calling for another 100 schools with 300 classrooms. School sites for this contract will be selected in coordination with site selections made under the proposed AID-financed project.

d. Private Schools

At the beginning of 1967 there were 1,170 private primary schools in Guatemala with 2,966 classrooms. Of the 65,200 students enrolled in private primary schools, 26,500 were in the 173 schools in Guatemala City. Recent construction rates and future plans are not available; however it appears likely that although this part of the primary school system, serving approximately 18% of the national enrollment and producing 25% of the secondary level matriculates, is growing faster than the system overall, its relative importance will diminish as the proposed AID-financed project gets underway.

e. Other Sources

(i) Peace Corps

The Peace Corps offers university-level English, mathematics, and science teachers and teacher training, but has no formal program at the primary level.

- (ii) Since its establishment in 1962 the Instituto Nacional de Transformación Agraria (INTA), in conjunction with its program of providing state-owned lands for colonization and agricultural cooperative projects, has built 101 rural schools with a total of 197 classrooms. Total cost figures are not available; however from the data on hand it appears that costs have averaged \$3,000 - \$4,000 per classroom, implying a cumulative investment of \$600,000 - \$800,000.

### 3. The Public Primary System at Present

#### a. Curricula and Textbooks.

The primary school curricula consists of a 6-year basic cycle of the three R's, social studies, and natural sciences. Textbooks are available for the first and, in some areas, the second and third years for a minority of schools. Learning is by rote, and the general instructional content is theoretical, urban-oriented, with little relation to the needs of the country or the children.

#### b. Teachers and Supervisors.

The teaching and supervisory staff totaled 8,551 at the beginning of 1967, about one-third of which were without secondary-level schooling or equivalent special training. While there is a surplus of graduates of urban normal schools, rural normal schools graduate only about 55 annually; consequently less than half of the existing rural teachers are properly trained and the need for rural teachers is being met with urban graduates who rarely live in or become members of the communities to which they are assigned. Supervisors are poorly trained and few in number, resulting in inequitable teaching loads (Departmental averages for schools at different grade levels range from 4 pupils per teacher to 54 pupils per teacher), poor distribution of available textbooks and teaching materials, and little or no building and equipment maintenance.

#### c. Physical Plant.

At the beginning of 1967: 3,208 schools containing 8,762 classrooms, an average pupil: classroom ratio of 35:1. However this average is deceptive,

since individual pupil:classroom ratios vary from 4:1 to over 100:1.

According to the Ministry of Education half of the urban schools and one-third of the rural schools are in good condition.

d. Enrollment.

The primary school-age (7-14) population in Guatemala at the beginning of 1967 was approximately 1,044,000. Of this total 36% (369,834) attended school, slightly more than 2% (23,395) reached the sixth grade, and less than 2% (19,000) will go on to secondary school. Annex II, Exhibit B shows the existing relationship between primary school-age total population and rural/urban enrollment. Of the 23,395 sixth graders only 1,206 attend rural schools; it therefore appears clear that of the 19,000 expected to go on to secondary schools, substantially less than 1,000 will come from the rural school system, with the balance - at least 95% - coming from public and private urban schools.

e. Summary Evaluation of Primary School System.

Guatemala's literacy rate, exceeding only Haiti's in the Western Hemisphere, is clear testimony to the ineffectiveness of Guatemala's primary school system. The six outstanding non-physical deficiencies may be summarized as follows: low attendance; high drop-out rate; unqualified teachers; poorly developed curricula; lack of textbooks and instructional materials; and poor teacher supervision. In addition, the diminishing physical capability of the system over the past ten years is illustrated by Annex II, Exhibit C.

The proposed IBRD project in secondary education is aimed at doubling secondary enrollment. At present 82% of the total primary school output is absorbed by secondary schools; hence a near doubling in primary school output is called for merely to keep pace with the expanded capacity planned for the secondary system. Since the secondary and university-level systems obviously are dependent on the primary system for students, their capabilities in turn are controlled by the productivity - quantitative and qualitative - of the primary system. Without the sort of fundamental change implicit in the proposed AID-financed project, the trend of diminishing capability may be expected to spread throughout the system.

#### 4. Genesis of the Project

The first steps were taken by a UNESCO Mission to Guatemala in September, 1965. This Mission reported on all levels of education in Guatemala, presented a detailed critique of the primary system, and offered a number of specific suggestions for remedial action. A few of these suggestions have already been carried out by the GOG; others will be incorporated in this project, as detailed in the "Technical Aspects: Educational" section which follows.

Subsequently the Ministry of Education Planning Office (OPIE) assisted by UNESCO and USAID technicians drew up a sectoral plan of coordinated improvement throughout the system, and in the summer of 1967 the Ministry of Finance approached the IBRD, BID, and AID for the necessary financial assistance. A copy of the official Loan Application to AID follows as Annex II, Exhibit D. This Application has been

modified over the past six months to cover the increased project scope and additional financing - AID and GOG - called for under the present proposal. The Intensive Review Request was approved by the CAEC in January, 1968. A summary of the CAEC minutes and a response thereto follows as Annex III.

B. Place in AID Program

The importance of the inclusion of this project in the AID program at this time is threefold: tactical aspects, CASP considerations, and consortial lending implications.

1. Tactical Aspects

The project adequately meets the basic tactical requirements of any proposed AID financing: the project enjoys a high priority in the host country's overall development program; the project is technically and economically sound, with plans and costs satisfactorily defined; the project is ready for immediate implementation; and the host country is ready to make a substantial self-help effort throughout the project execution term and will commit itself to maintain the physical plant and institutional reforms resulting from the project.

2. CASP Considerations

The current CASP recommends a U.S. posture of continuing support to the GOG, with the level to be adjusted as the country situation evolves. AID Loan assistance to Guatemala since the advent of the present regime has totaled \$4,508,000, <sup>1/</sup> a figure substantially lower than the levels of BID, CABEI, EXIM, and IBRD lending

<sup>1/</sup> excludes the \$5MM Loan to FIASA, a private development bank.

during the same period (Annex II, Exhibit E). The financing requested for this project, assuming related authorizations by IDB and IBRD also, will not alter these comparative standings significantly.

3. Consortial Lending Implications

The project will be coordinated with major projects at the secondary level (IBRD-UNESCO) and the university level (IDB), and represents the first time the GOG has approached a sectoral problem on a sectoral basis. The benefits of this coordination, which has strongly influenced the project's development to date and is expected to figure significantly in its implementation, include: a heightened technical compatibility between the primary, secondary, and university levels, which should result in a more effective investment return than would otherwise be realizable; the setting of a precedent for increased intrasectoral coordination between the international lending agencies, with a consequent reduction in the risk of duplication of effort and expense; and an increased readiness on the part of lenders and borrowers alike to approach future developmental activities throughout Central America on a consortial basis.

In addition, the mutually reinforcing emphasis placed particularly by AID and the IBRD on satisfactory self-help fiscal measures by the Government of Guatemala have led to significant macro-economic policy decisions.

## II. PROJECT DESCRIPTION AND EVALUATION

### A. The Borrower and Project Administration

#### 1. The Borrower

The Borrower will be the Republic of Guatemala, with execution of the project the responsibility of the Ministry of Education. Título III, Capítulo II of the Constitution of the Republic provides for the establishment of a public education system; the Ley Orgánica de Educación Nacional analyses the goals stated in the Constitution and calls for allocations from the national budget to the education system; and under the present regime the Ministry of Education is charged with implementing these Constitutional responsibilities. Repayment of the Loan will be a prime obligation of the Republic of Guatemala.

#### 2. Project Administration

The project will be administered by a Project Administrator reporting to a committee composed of the Ministers of Finance, Communications and Public Works, and Education; assisted by an independent architect-engineering consulting firm and the Planning Office of the Ministry of Education; and authorized to carry out all construction and commodity-procurement activities called for in the project. A joint GOG/AID evaluation committee will also assist the Project Administrator. This administrative plan is described in detail in the "Engineering Analysis: Engineering Plan" section of this Loan Paper.

### 3. Implementation Capability

A review of the implementation record in the five AID Loan-financed projects in Guatemala operative at the beginning of the current regime, as measured by disbursement or firm commitment of funds (Annex II, Exhibit F), indicates that at least some of the factors responsible for the slow progress characterizing projects during previous regimes have been corrected, and offers reasonable assurance that the GOG intends to execute this Project as proposed.

An analysis of the experience and qualifications of the Planning Office of the Ministry of Education indicates that with certain technical assistance, to be provided under contract and by the USAID, the GOG will be capable of executing the institutional reform elements of the Project. This is discussed more fully in Section II-A of this Loan Paper.

An analysis of the planned administrative organization indicates that with the assistance of a qualified independent consulting architect-engineering firm the GOG will be capable of executing the construction component of the Project as proposed. This is discussed more fully in Section III-B of this Loan Paper.

The Mission Director's Implementation Certification follows as Annex II, Exhibit G.

B. Technical Aspects: Educational and Engineering

1. Educational Analysis

a. General Description.

The project follows upon a detailed analysis of attendance, dropout and pupil-classroom-teacher ratios in the nation's 3,208 public primary schools according to rural/urban classification, the number of grades offered, municipality and department. A detailed plan including curriculum improvement, pre-service and in-service teacher training, teaching aids and school equipment, rural pilot schools, rural regional schools, and rural normal schools has been developed by commissions of Guatemalan educators working with the Ministry of Education's Office of Planning and assisted by AID technicians.

This plan is designed to improve the quality and increase the productivity of the existing public primary education system by:

- (i) Upgrading all rural schools to 4 or 6 grades;
- (ii) Providing efficient pupil-teacher-classroom ratios (35/40-1-1) for all primary schools;
- (iii) Improving the rural curriculum;
- (iv) Providing sufficient textbooks to all 4 and 6 grade schools and teaching materials to all 6 grade schools;
- (v) Providing adequate specialized facilities for pre-service and in-service rural teacher training;
- (vi) Training and assigning teachers for rural posts;

- (vii) Providing competent and adequate teacher supervision and materials distribution;
- (viii) Continuing analysis and evaluation of primary school attendance and dropout, curricula, teacher and supervisor performance, and maintenance of buildings and equipment.

Completion of the curricula improvement and rural teacher training activities will require five years; hence the implementation plan, including construction and Loan disbursement, is scheduled over a five-year term with qualitative improvements throughout the system keyed to releases of Loan funds for construction.

The project will be effected as follows:

- (i) Through the training and curricula development work of 4 regional rural pilot schools described in "b" below;
- (ii) Through the execution of the four sub-projects described in "c" below;
- (iii) Through measures described in "d" below which are to be effected by the Guatemalan Government in phase with the release of loan funds, as shown in the Implementation Plan which follows as "e" below.

The project is expected to increase rural public primary school attendance by 45%, primarily through higher retention beyond the third grade. It will enable rural schools to accomodate 27% of the rural school age population in 1972 (vs. 21% of a smaller population in 1967), while urban public schools will maintain their ability to accomodate about 1/2 of the urban school age population.

The output of the public primary system at the conclusion of the project term, estimated with and without the project, is shown in Annex II, Exhibit Q.

b. Grant-funded Subproject: Pilot Schools.

Starting in FY-69 AID/G proposes to grant-fund (\$70,000) the equipping of four pilot schools and provide technical assistance to: 1) adapt the curriculum content and teaching methods to rural social and economic conditions; 2) develop a series of low-cost supplementary textbooks on agriculture, health, nutrition and industrial arts for use in rural schools; 3) pilot-test and conduct in-service rural teacher training; 4) improve supervisory training; 5) create programs of adult education; 6) serve as models for planned Regional rural schools.

Existing facilities, two six-grade schools in Ladino areas and two in Indian areas, will be supplemented with land, equipment and buildings for instruction in agriculture, health, nutrition, home economics, and industrial arts. Library facilities and teaching materials will be provided. The design of all agricultural buildings, and a house to be used for instruction in nutrition and home economics, will reflect

common campesino structures. A pump, irrigation equipment, and a small electric plant for evening classes will be provided. Students and teachers will assume responsibility for the maintenance and repair of buildings and equipment, assisted by the Maintenance Office of the Ministry of Education.

A general purpose building for shop, adult evening classes and in-service teacher training will also be provided.

Instruction in arithmetic and natural and social science will be project-centered and based upon rural life and its improvement rather than the current urban-oriented rote learning now practiced in rural schools. Learning will be practical and take place largely outside the conventional classroom.

A part of the instruction will consist of student projects in agriculture, home-economics, health and nutrition designed to be conducted in their own homes. Parents and the general community will become further involved through adult evening classes and agricultural demonstrations for adults.

The existing teaching staffs of the four pilot schools will be supplemented by technicians in agriculture, health and nutrition, and industrial arts. These will be provided by the Government of Guatemala and financed in part by the AID grant. Their job will be 1) to train and assist the existing staff, 2) to introduce and implement curriculum change, 3) to prepare teaching syllabi, 4) to assist in textbook preparation and evaluation of curriculum revision, 5) to instruct teachers from other schools during vacation periods, 6) to prepare courses of instruction and conduct adult evening programs, 7) aid and direct the construction of agricultural buildings.

Two teams of three technicians will be formed, one assigned to the two pilot schools in Ladino areas and the other assigned to the pilot schools in Indian areas.

The Guatemalan Government will supply a general supervisor and editorial staff for the preparation of textbooks, coordination of curriculum development, teacher training, and conferences at the pilot schools.

To evaluate the project two types of "controls" will be used. The first will consist of sixth grade schools in each area matched to the Pilots and which will have the services of the technicians but will not have specially constructed facilities. Agricultural, nutrition, industrial arts and home economics instruction will be project-centered and carried on in school and in the homes of the students. A small budget will be provided for tools, supplies, teaching and demonstration materials. The second set of "controls" will consist of sixth grade schools matched to the Pilots, but in which no changes will be

introduced. The control schools will be used to evaluate attendance, dropout, community interest and student achievement.

Operation and evaluation of pilot schools will be jointly supervised by the Ministry of Education's Office of Planning and AID.

c. Loan Financed Sub-projects.

(i) Rural Teacher Training Centers.

An increase in the supply of trained rural teachers is the keystone of the entire project. Only 24% of Guatemalan rural teachers are accredited. The balance are urban-trained (21%) or without title or diploma (55%). Existing facilities and curriculum for pre-service and in-service training of rural teachers are inadequate.

Of Guatemala's five existing rural Normal schools only one (La Alameda) meets any of the basic requirements for rural teacher preparation, and this school is housed in inadequate, antiquated buildings. The total output of the five schools in 1967 was 55 teachers. There is an immediate need for over 1,000 trained rural teachers, and a continuing annual demand exceeding 500.

The project calls for the immediate construction and equipping of a new rural Normal school at Laguna de Los Pinos in the Department of Santa Rosa and the addition of needed buildings and equipment to the existing rural Normal school at Chimaltenango. Each school will have a capacity of 500 resident students and an output of 100 teachers annually. Each will be

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located on more than 25 acres of land and will provide buildings and equipment for practical instruction in agriculture, health education, home economics, language study, industrial arts and pedagogy. Library, health clinic, recreational facilities and stores and staff housing will be provided. Housing will consist of small dormitory units in village complexes. Adequate trained personnel is available to staff and supervise these two schools.

Candidates will be selected from graduates of primary schools in predominately rural areas. The Guatemalan government will provide \$100,000 annually for complete and partial scholarships. Salaries as practicing teachers in the final year of study will be considered a part of the scholarship award.

The usual secondary-level preparation for teacher preparation consisting of three years of basic first cycle followed by three years of specialized teacher training will be converted into a 5-year rural teacher training program. During the first two years of operation both Normal schools will accept as students candidates who have completed elsewhere the basic first cycle of secondary education.

In-service rural teacher and supervisor training needs will be met with courses during vacation periods at the two Normal schools, in the Pilot schools and in Regional schools described later.

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Rural Teacher Training ProjectionsRural Normal School Graduates

	<u>1967</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Chimaltenango	55	60	60	60	60	100
Laguna Los Pinos	--	--	--	50	50	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	55	60	60	110	110	200

In-Service Trainees

	<u>1967</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Pilot Schools	--	40	40	40	40	40
Regional Schools	--	--	--	100	200	200
Normal Schools	--	--	200	200	200	200
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	0	40	240	340	440	440

(ii) Upgrading Existing Rural Schools to Four and Six Grades.

Analysis of the existing rural primary system shows a higher dropout rate and lower pupil-teacher-classroom ratio in schools offering 1-3 grades compared with those offering more than 3 grades.

Rural Primary Schools by Grades Offered

	<u>Grade</u> <u>1</u>	<u>Grade</u> <u>2</u>	<u>Grade</u> <u>3</u>	<u>Grade</u> <u>4</u>	<u>Grade</u> <u>5</u>	<u>Grade</u> <u>6</u>
1967	204	480	1,135	404	171	152
1972	---	---	---	2,128	111	321

A projected 45% increase in rural attendance is based upon lower drop-out rates in schools offering 4, 5 or 6 grades compared with schools offering 1, 2, or 3 grades. See Annex II Exhibit H for 1967 drop-out rates in primary schools offering 1 to 6 grades. No estimate is made of increased attendance stimulated by proposed curricula changes.

An estimated rural 1,056 classrooms will be added to existing schools to enable all rural schools to offer 4 to 6 grades. In small rural communities 1,728 schools are judged to have sufficient classrooms to offer 4 grades to the present attending school population in each community. 409 of these presently offer four

grades. The Ministry of Education will upgrade the 1,319 balance to 4 grades by 1973.

In larger rural communities 93 schools are judged to have classroom capacity for 6 grades, while 228 schools need from 1 to 8 classrooms to accommodate 6 grades.

Criteria employed in upgrading to 4 and 6 grades are based upon the school age population of the community, the number of students in the first grade, and projected pupil-teacher ratios determined by current drop-out rates for 4 and 6-grade schools. Fifty Regional schools, described below, will offer the fifth and sixth grades to students in 235 4-grade satellite schools.

A map of schools to be upgraded to 4 and 6 grades is given in Annex II, Exhibit I. A detailed list, by aldeas, is available as Supplement II.

(iii) Construction of New Rural Schools.

50 new 6-grade rural schools and 25 new 4-grade schools are planned for construction in areas that will feed the proposed new (IBRD project) secondary schools and communities that now send their children to neighboring schools but have a large enough school age population to justify having their own school. 294 classrooms are involved. Sites have not been established; however, the criteria for site selection have been agreed upon and follow as Annex II, Exhibit J.

of students in satellite 4-grade schools. The schools will have approximately 5 acres of land, buildings, and equipment for instruction in agriculture, a typical campesino home for instruction in home economics, health and nutrition; and a general purpose building, which will house a workshop, a library, and serve as an auditorium for combined classes, adult education and in-service training of teachers during vacation periods. Each school will have its own water supply and pump, and a small generator to provide power for film projectors and light for adult evening classes.

Curriculum planning for regional schools in the different cultural and geographic areas of the country will be developed in the Pilot schools described in "b" above, which will be set up several years before the Regional schools are in operation. Supplementary text books and teaching materials for Regional and local 6-grade rural schools will also be developed by the Pilot school. Personnel selected for Regional schools will be given intensive training at Pilot and rural Normal schools.

The Regional schools will serve as centers for rural community development, offering courses for adults in collaboration with the Department of Adult Education and other Government agencies sponsoring rural development and health education.

The Regional schools are also planned as a vehicle to upgrade curriculum and teaching in 235 four-grade satellite schools and will be used for in-service teacher training. The schools will be built during the 3rd and 4th

(iv) Construction of 50 New Regional Schools.

Fifty Regional schools are planned as models for rural vocational education, as centers for adult education, and to complete the primary education years of the project. Site locations will take into account accessibility, the number of existing rural schools within an influential radius, and the school age population available to the school. The location of Regional schools and satellite schools and the population to be served by each school is given in Annex II, Exhibit K. Equipment and a provisional list of teaching aids are described in Annex II, Exhibit M.

(v) Construction of Urban Classrooms.

650 classrooms will be built in certain areas presently designated "urban". 176 will be additions to existing structures, and 474 will be in 52 new primary schools. A list and map of urban classroom construction planned is given in Annex II, Exhibit L.

(vi ) Text books.

The ODECA-ROCAP series are the basic text books planned for the primary school system. A series of supplementary booklets are planned for Regional and all 6-grade schools in rural areas.

Until the advent of the ODECA-ROCAP books, text books were available only in the larger urban schools of Guatemala. In the past three years ODECA-ROCAP texts for grades 1, 2 and 3 have been made available without cost to all public primary schools under an agreement between the USAID, ROCAP, ODECA and the Guatemalan Government whereby costs of preparation of the first edition of any book in the series is borne by ROCAP, initial printing by the USAID (grant), and replacement thereafter by the Guatemalan Government. The initial printings for grades 1-2-3 were completed under this grant-funded program; initial printings for grades 4-5-6 and subsequent replacement costs during the Loan term will be Loan-funded.

With an anticipated higher retention rate in rural school attendance due to upgraded schools, initial printing needs for grades 4-5-6 are expected to be approximately triple pre-project estimates, with replacement costs expected to run between \$100,000 and \$150,000 annually thereafter. An analysis of text book costs over the Project term follows as Annex II, Exhibit R.

*Materials developed under pilot schools*

For Regional and local rural 6-grade schools the Pilot schools will develop a series of 21 low cost and expendible supplementary booklets averaging 50 pages, using line drawings and photo offset in one color on news print, as follows:

- Grade 1 - a) health and nutrition, b) agriculture, c) home economics.
- Grade 2 - a, b, c.
- Grade 3 - a, b, c.
- Grade 4 - a, b, c, and d) industrial arts.
- Grade 5 - a, b, c, d.
- Grade 6 - a, b, c, d.

These supplementary texts will follow the general format of newsprint booklets used in an AID-sponsored literacy program in 1962-64. Printing will begin in 1972. These books will become the property of the students.

Annual supplementary textbook needs are estimates as follows:

Grade 1-3 books at 80,000 copies each-	240,000
Grade 2-3 books at 45,000 copies each-	135,000
Grade 3-3 books at 30,000 copies each-	90,000
Grade 4-4 books at 22,000 copies each-	88,000
Grade 5-4 books at 18,000 copies each-	72,000
Grade 6-4 books at 16,000 copies each-	64,000
	689,000

The \$123,000 cost of these texts throughout the project term will be Loan-funded, with continuing costs assumed by the GOG thereafter.

Instruction in textbook use will be emphasized in pre-service and in-service training for

teachers and supervisors in Normal, Pilot, and Regional schools.

(vii) Teaching Aids and Equipment for Urban Primary Schools and Six-Grade Rural Schools (850 schools).

All rural schools and the vast majority of urban schools depend upon such teaching aids as teachers are able to devise or supply from their own resources.

Teaching aids and equipment to be provided under the project will be designed to meet the special needs of schools 1) in urban areas characterized by commerce and industry, 2) in areas of mixed agricultural and commercial activity, and 3) in areas dominated by agriculture.

Budgeted amounts vary with the size and category of the school. The averaged \$500 per school limits selection to minimal requirements for social and natural sciences, health, nutrition, home economics, agriculture, creative and industrial arts. A provisional list of teaching aids, equipment, and cost estimates is given in Annex II, Exhibit M. Replacement costs will be assumed by the GOG

(viii) Technical Assistance.

Loan-funded technical assistance, following the grant-funded TA of FY '69 described above, will be required in the development of primary and normal school curricula, teaching aids, and teacher and supervisory training. The project provides \$150,000 for six short term contracts for technicians in crafts and industrial

arts, agricultural education, health and nutrition, home economics, and textbook preparation throughout the project.

d. Measures to be Effected by the Guatemalan Government.

- (i) For purposes of teacher training and curriculum needs redesignate the present "urban/rural" classification of primary schools according to the socio-economic conditions prevailing in each school community. This is expected to increase the number of rural schools by 10% to about 2,800.
- (ii) Upgrade 25% of the rural schools listed in Supplement II to 6 grades and 25% of all other primary schools to 4 grades by December, 1971; and in like manner upgrade the balance by December 1972.
- (iii) Supply in a ratio of one teacher to approximately 40 students the trained rural teachers needed to upgrade rural schools to 4 and 6 grades by January 1972.
- (iv) During 1972 adjust and maintain pupil-teacher ratios at approximately 40 in presently designated rural schools and 35 in presently designated urban schools.
- (v) Conduct an annual audit of pupil-teacher ratios based upon average attendance at the municipal level and adjust according to the formula in (iv) above.

- (vi) From the beginning of this project on, the Government of Guatemala will build with its own resources only rural schools and will provide teachers for new rural schools constructed by other Agencies which offer at least four grades and provide at least 1.4 square meters of classroom space for each student and one teacher for each 40 students.
- (vii) Establish and enforce criteria for admission to rural normal schools at Chimaltenango and Los Pinos that will insure selection of those candidates best qualified to effectively use a curriculum adapted to rural needs.
- (viii) Establish an annual minimum of 500 scholarships, full and partial, for Normal school students from rural areas.
- (ix) Insure employment and limit appointment of rural Normal school graduates to schools in rural areas.
- (x) Conduct in-service teacher training programs for urban and rural primary teachers in the implementation of the revised curricula and the use of ODECA-ROCAP and supplementary textbooks and teaching aids.
- (xi) Utilize the proposed Regional schools as well as rural Normal schools as in-service training centers for teachers and supervisors during vacation periods. Make in-service training available to teachers in private rural schools.

- (xii) Make Pilot and Regional schools available for programs of adult instruction conducted by various Agencies of the government. Acción Conjunta, INTA, and the Ministry of Health have expressed an interest in this.
- (xiii) Select for new Regional schools only teachers trained in Pilot or new rural Normal schools or otherwise qualified in areas of agriculture, health, nutrition, home economics and industrial arts.
- (xiv) Establish and enforce criteria based upon training and experience for the appointment of all supervisory personnel including school directors.
- (xv) Provide at least one qualified supervisor for every 5 Regional schools.
- (xvi) Establish job descriptions, areas of responsibility and authority, and performance criteria for all supervisory personnel including school directors.
- (xvii) Provide an annual evaluation of Pilot and Regional schools, according to criteria to be established in areas of supervision, teacher performance, in-service teacher training, adult education, curriculum implementation, materials supply, attendance, drop-out and maintenance of facilities.
- (xviii) Provide an annual audit of the progress of the primary system in meeting the objectives of this project. The form of the audit and base lines are contained in the OPIE analysis of the primary system as of 1967, Supplement III to this Loan Paper.

- (xix) Provide an annual budget equivalent to 2 1/2% of building and equipment costs for the maintenance, repair, and replacement of all buildings and equipment provided under this project, grant and Loan funded. Provide a semi-annual inspection report of buildings and equipment.
- (xx) Establish priorities in the Ministry of Education editorial and printing offices to meet textbook publication schedules.
- (xxi) Provide manpower and facilities to implement distribution schedules for textbooks and teaching materials.
- (xxii) All phases of the project will be subject to continuous evaluation by a committee of representatives from the GOG and AID. The committee will be advisory to the Project Director and will make recommendations as needed to the Minister of Education and the Director of AID/G for the prompt correction of any program problems which may develop.

## GRANT FINANCED PROJECTS

1. Provide buildings, equipment, teaching materials, for pilot schools.
2. Technical assistance in project planning, execution and evaluation.
3. Supply first publication ODECA-ROCAP texts as they are available. \*

## LOAN FINANCED PROJECTS

1. Selection of Project Consultants.
2. Final site selection, engineering and bidding for 300 urban primary classrooms and 10 Regional schools.
3. Begin construction of two Normal schools.
4. Publish 1/3 of ODECA-ROCAP text replacement needs for grades 1-4.
5. Furniture and equipment for project in construction.
6. Teaching materials for urban schools.
7. Technical assistance in curriculum development and textbook preparation.
8. Supply first publication ODECA-ROCAP texts as they are available. \*

## MEASURES TO BE TAKEN BY GOG

1. Redesignate urban/rural classification.
2. Establish joint OPIE/AID evaluation committee.
3. Establish criteria for admission to rural normal schools.
4. Establish criteria for supervisory staff for pilot schools.
5. Provide technicians and supervisory staff for pilot schools.
6. Study curriculum revision for rural schools.
7. Establish criteria for selection of regional school staff.
8. Develop mimeographed texts for pilot schools.
9. Develop pre-service and in-service curriculum for rural teacher training.
10. Develop pre-service and in-service curriculum for rural and urban supervisor training.
11. Establish priorities for textbook printing and distribution through loan period.
12. Distribution of textbooks.

1969

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### e. Implementation Plan 1969

(Additional information, procedural details, and progress and disbursement projections are available in Section II-F, beginning on page of this Loan Paper).

\* For explanation see Annex II, Exhibit R.

GRANT FINANCED PROJECT

1. Technical assistance in project execution and evaluation.
2. Supply first publication ODECA-ROCAP texts as they are available. \*

LOAN FINANCED PROJECTS

1. Complete construction of Normal schools.
  2. Construct 300 urban primary classrooms and 10 Regional schools.
  3. Final site selection, engineering and bidding for 350 urban classrooms, 50 rural classrooms, and 20 Regional schools.
  4. Furniture and equipment for schools under construction.
  5. Print 1/3 of ODECA-ROCAP replacement needs.
  6. Technical assistance in curriculum development and textbook preparation.
- Supply first publication ODECA-ROCAP texts as they are available. \*

MEASURES TO BE TAKEN BY GOG  
(Conditions to Loan Disbursement)

1. Maintain pilot schools.
2. Evaluate and revise mimeographed texts.
3. Continue curriculum development, textbook preparation.
4. Evaluate first year of pilot schools.
5. Audit primary school system for 1969.
6. Select and train normal school staffs.
7. Award first 125 scholarships to selected candidates entering normal schools in 1971.
8. Provide staff for schools.
9. Distribution of textbooks and teaching materials.
10. Present curriculum for rural schools by December, 1970.
11. Final editing of supplementary textbooks by December, 1970.

1970

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1970

For explanation see Annex II, Exhibit R.

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GRANT FINANCED PROJECTS

1. Supply first publication ODECA-ROCAP texts as they are available. \*
2. Technical assistance in project execution and evaluation.

LOAN FINANCED PROJECTS

1. Construct 350 urban classrooms, 50 rural classrooms, and 20 Regional schools.
2. Final site selection, engineering and bidding for 475 rural classrooms and 20 Regional schools.
3. Furniture and equipment for schools under construction.
4. Print 1/3 of ODECA-ROCAP replacement needs.
5. Publication of supplementary texts.
6. Teaching materials for rural 6 grade schools.
7. Technical assistance in curriculum development and textbook preparation.
8. Supply first publication ODECA-ROCAP texts as they are available. \*

MEASURES TO BE TAKEN BY GOG  
(Conditions to Loan Disbursement)

1. By December, 1971 upgrade 25% of all rural schools not under construction or expansion to 4 or 6 grades.
2. Selection of teaching materials for regional and 6 grade rural schools.
3. Begin operation of new normal schools.
4. Conduct in-service teacher and supervisory training.
5. Select according to criteria and train staff for first 25 regional schools.
6. Audit primary school system for 1970.
7. Award second 125 scholarships to candidates entering normal schools in 1972.
8. Staff constructed schools.
9. Distribution of textbooks and teaching materials.

1971

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1971

\* For explanation see Annex II, Exhibit R.

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GRANT FINANCED PROJECTS

1. Complete supply requirements of first publication ODECA-ROCAP textbooks. \*
2. Technical assistance in project execution and evaluation.

LOAN FINANCED PROJECTS

1. Construct 475 rural classrooms and 20 Regional schools.
2. Final site selection, engineering and bidding for 675 rural classrooms.
3. Furniture and equipment for schools under construction.
4. Publication of supplementary textbooks.
5. Supply first publication ODECA-ROCAP texts as they are available. \*

MEASURES TO BE TAKEN BY GOG  
(Conditions to Loan Disbursement)

1. By December, 1972 upgrade the remaining rural schools not under construction or expansion to 4 or 6 grades.
2. By December, 1972 adjust pupil-teacher ratios to approximately 35 in urban schools and 40 in rural schools.
3. Continue pilot schools: testing and evaluation.
4. Audit primary system for 1971.
5. Review supplementary textbooks for second printing.
6. Select and train staff and supervisors for second 25 regional schools.
7. Continue pre-service and in-service training of teachers and supervisors.
8. Begin operation of first 25 regional schools.
9. Conduct in-service training in regional schools for teachers of satellite schools.
10. Award third 125 scholarships to candidates entering normal schools in 1973.
11. Distribute published textbooks and teaching materials.

\* For explanation see Annex II, Exhibit R.

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1972

1972

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GRANT FINANCED PROJECTS

1. Technical assistance in project execution and evaluation.

LOAN FINANCED PROJECTS

1. Construct 675 rural classrooms.
2. Furniture and equipment for schools under construction.
3. Publication of supplementary texts.

MEASURES TO BE TAKEN BY GOG  
(Conditions to Loan Disbursement)

1. Begin operation of second 25 regional schools.
2. Transfer pilot schools to regional system.
3. Audit primary system for 1972.
4. Continue pre-service training of teachers in normal schools and in-service training of teachers and supervisors in regional and normal schools.
5. Award fourth 125 scholarships to normal school candidates.
6. Distribute published textbooks and teaching materials.

1973

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1973

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## 2. Engineering Analysis

### a. General Description.

This project includes construction of: 1,200 rural primary classrooms of which about 400 will be included in 80 new school buildings, with 800 built as additions to existing schools; 12 primary schools in Guatemala City having a total of 135 classrooms; 98 primary schools in other urban areas having a total of 515 classrooms; 50 Regional rural schools, which will have 6 classrooms each; 1 rural Normal school in the Department of Santa Rosa with facilities for 500 resident students; and an expansion of the existing rural Normal school in the Department of Chimaltenango to provide facilities for an additional 250 resident students.

Except for the 2 Normal schools, the construction is based on a modification of the standard one-story design which proved satisfactory and was built extensively under the AID-assisted Tripartite School Construction Program. The rural primary schools will be built in units of from one to six classrooms and the urban schools in units of from one to ten classrooms. Approximately two thirds of the rural units will be constructed as additions to existing schools. The standard plan for primary schools, and the preliminary plans for the Regional schools El Pino, and La Alameda follow as Supplement IV.

The GOG contribution to the project includes an estimated \$2,500,000 in the value of land already government-owned and the cash required to buy private or community-owned property. Inasmuch as beneficiary communities are willing to contribute land to the Project there will be certain cash

savings to the GOG; these savings plus contingency funds within the Loan unused for the above construction will be used to finance the construction of up to an additional 600 schoolrooms in isolated areas following the standard design.

b. Engineering Plan for Project Execution.

The school construction project is divided into four principal sub-projects as follows:

- (i) Local Primary Schools.
- (ii) Regional Primary Schools.
- (iii) Amplification of the Alameda Rural Normal School in Chimaltenango.
- (iv) A New Rural Normal School in Santa Rosa.

The entire construction project will be administered by a Project Administrator who will report to a committee composed of the Ministers of Finance, Communications and Public Works, and Education (see organization chart, Annex II, Exhibit N). The Project Administrator will manage the new Primary School Construction Organization, and assisted by an independent consulting firm will be responsible for arranging for an supervising execution of final engineering, bidding documents and construction of the entire primary school construction project. This Organization will also assume a continuing responsibility for maintenance of all schools constructed under the project.

The formation of a completely new school construction organization was necessary because of administrative and operational problems experienced by the Comité Pro-Construcción de Escuelas in executing the AID assisted Tri-Partite School construction program.

As the Primary School Construction Organization has no building experience as an organization (although the Administrator and technical staff do have experience as individuals), the architectural and engineering consulting firm selected as engineering supervisors will play a major role in assisting the Project Manager with the organization and staffing of the new entity, in addition to the preparation of final plans, specifications, and bid documents, supervision of construction, and certification of progress and payments.

Construction will be done by contracts awarded through public competitive bidding with the Ministry of Education as the GCG contracting party. Since the bidding will be divided into multiple units, no difficulty is expected in contracting even the smaller rural primary schools, and several well-qualified contracting firms now operating in the country have already expressed an interest in bidding under the Project. The recent successful experience of INVI, implementing an IDB project, in contracting approximately 5,000 low-cost houses to some fifty contractors in groups of fifty houses is an excellent example of this type of operation.

It is estimated that construction under the Loan will require about fifty months and should start about ten months after the ratification of the Loan. The initial ten months will be used for selection of the Consultant, specific site selection and final engineering for first bidding units and detailed programming of the project.

c. Costs and Designs.

Preliminary plans covering all construction in sufficient detail to meet the requirements of Section 611 have been prepared by architects and engineers of the Comité Pro-Construcción de Escuelas with the guidance of the Planning Office (OPIE) of the Ministry of Education.

The school construction office has adopted for use in all construction under this project the building construction specifications of the GOG General Directorate of Public Works. These specifications are complete and satisfactory and include model bidding documents. A set of these specifications is presented as Supplement V of this Loan Paper.

The location of the two rural Normal schools has been determined and site studies have been completed. Sites for twenty of the proposed fifty Regional schools have been determined. Sites for a small number of the rural and urban primary schools have been determined. The consulting engineer will assist the Primary School Construction Organization in evaluating and approving specific school sites on the basis of suitable topography, access to students, cost of development, drainage, availability of potable water, readiness for construction and safety for both the buildings and the students. Specific site selection standards (see Annex II, Exhibit J ) have been established and will be applied under the guidance of the consulting engineer.

Within the total estimated project cost the number of primary school buildings and classrooms to be built may vary from present estimates, as not all sites have been definitely established. Representative detailed cost breakdowns for all building types to be constructed in the various sub-projects have been prepared (see Annex II, Exhibit O). An analysis of these cost breakdowns and discussions with building contractors in Guatemala has resulted in the conclusion that the cost estimates are reasonable and realistic, and reflect experience and current

practice in Guatemala. It is estimated that of the total construction and equipment costs, approximately 10% will be for imported materials and approximately 90% for local costs.

Although in some instances the standard building plans will have to be adjusted to specific sites, it appears that such changes will be of only minor cost significance and that the estimated average costs for the preliminary designs for all four sub-projects are well substantiated and meet the requirements of Section 611 of the Foreign Assistance Act.

All land used for this construction is either now owned by the GOG or will be obtained by the GOG from the municipalities benefitted. In the event that privately-held land will be needed, the Ministry of Education proposes to acquire it through purchase. Title to the land required for each construction unit will be vested in the Ministry of Education prior to the issuance of Invitation For Bids.

d. Maintenance.

In the past GOG Ministry of Education maintenance of school buildings has been minimal. The maintenance budget for 1968 for all the 8,700 schoolrooms now existing in the country is \$148,000. These funds support the Ministry's Department of School Building Maintenance and Repair which depends chiefly on school watchmen and school teachers to do the actual physical maintenance. In communities where teachers and parents take some interest in the upkeep of the school this system works fairly well. In most communities school maintenance is almost non-existent.

The Primary School Construction Organization will assume a continuing responsibility for the maintenance of all public primary schools. The consulting engineering firm contracted for supervision of the construction project will have included in its total contractual responsibility a specific responsibility for assisting the Project Administrator with the organization, staffing and operation of the Maintenance Department of the Primary School Construction Organization. The GOG intends to add to its school maintenance budget a sum equal to 2.5% of the cost of school construction under the Loan program. This commitment (as a condition of the Loan) to establish, operate and budget adequately for the Maintenance Department under the supervision of the consulting engineers will provide for satisfactory maintenance of buildings to be built under the Loan project.



AID Loan funds will be used to finance the Dollar and local-currency costs of construction contracts, engineering services, hardware, and technical assistance.

These cost estimates are presented in detail with a 5-year cash flow projection in Annex II, Exhibits O, M, and P.

The USAID considers these costs reasonable, well-founded, and consistent with the technical requirements of the project.

2. Alternative Sources of Financing

The IBRD, IDB, and EXIM have formally stated they are not interested in financing this project. Letters to this effect follow in Annex II, Exhibit S. AID appears to be the only free-world source of financing for this project on satisfactory terms.

## D. Economic Considerations

### 1. Rationale for Project Selection

It is generally accepted that there is a close, positive relationship between education and economic development. Experience suggests that education precedes and accompanies economic growth. A literate population is more likely to accept and to use improved techniques of production; educated workers are more productive; large-scale business operations and administration require well-educated managers and trained supervisors and workers; and modern enterprises in any economic sector require trained or trainable workers.

As stated earlier, the educational system of Guatemala has been ineffective in dealing with both the literacy problem and the need for trained technical, scientific, and managerial manpower in adequate numbers. Barring the sort of change implicit in this project, Guatemala is almost certain to remain incapable of carrying out the minimal essential improvements recommended by CIAP in its 1966 review of the GOG's plans and programs in primary education.

While national economic planning is not well advanced in Guatemala, and relative priorities in terms of national economic and social development objectives are not well defined, the fundamental significance of the education sector in establishing the basis for sustained economic development appears clear and constitutes a satisfactory establishment of project priority; and the readiness of the project, in terms of technical preparation and host-country ability and willingness to implement needed institutional changes, justify consideration of the project for financing at this time. The IBRD and IDB, faced with much the same situation at the secondary and university levels, have arrived at similar conclusions.

## 2. Impact on Guatemala's Balance-of-Payments

Guatemala has just completed three consecutive years of balance-of-payments deficits, and various forecasts for 1968 predict up to a \$10 Million loss in reserves. The current CASP includes a detailed discussion of this situation, and concludes that "Guatemala will continue to face balance-of-payments problems for the next year or so but they are unlikely to be critical provided the Bank of Guatemala and the Government continue to apply relatively restrictive fiscal and monetary policies aimed at controlling inflationary pressures."

Favorable elements in the present scene include the recent increase in Guatemala's coffee export quota for 1968-69 and the renewal of the IMF \$10 Million stand-by agreement; and future prospects are that the balance-of-payments picture could show a gradual improvement over the next two to four years, assuming that restrictive domestic policies prevail. In addition, there is the possibility that changes in the GOG's policy towards foreign investment could result in an increased inflow of foreign capital and a consequent improvement in balance-of-payments figures.

This project would provide about \$280,000 in CY '69 and about \$2.7 Million of balance-of-payments support in each of the four subsequent years of the construction period. This modest level of support is consistent with overall balance-of-payments objectives.

## 3. Borrower's Capability to Support Project

### a. Recent Ministry of Education Budgetary Experiences.

The Ministry of Education's budget for 1967 (CY) was \$22,354,700 and for 1968, in spite of the January budget reductions, was increased

\$1,210,576 to \$23,565,276. This represents 1.7 percent of the total national budget of \$178,050,826. A table showing the GOG's operating and capital budgets for 1968 broken down by Ministries, etc., follows as Annex II, Exhibit T.

Although there has been a moderate increase in total GOG budget allocations to the Ministry of Education in recent years, there appears at the same time to have been little change in the relative share of total GOG domestic revenues which the Ministry receives and the relative distribution of the Ministry's revenues among major types of expenditures. The Ministry's budget is largely operating, with less than 5 percent of the total amount for school construction (Annex II, Exhibit U). Salaries and wages make up the bulk of the Ministry's total expenditures, which about 60 percent represent teaching salaries.

Funds earmarked by Congress in the United States for school construction programs are normally supplemented by funds provided by local school districts where schools are to be located. These local contributions have averaged about 30 percent of total school construction costs during the last seven or eight years. They include contribution in money or land made by the municipalities concerned, by local school operating committees, and/or by local committees organized for the purpose of collecting funds for school construction by organizing fiestas, bingo, games, etc.

Funds provided under the budget for maintenance of school facilities and for school books and supplies appear to have been nominal, and were actually spent largely for salaries and wages, according to official statistics available. The department of building

maintenance and repairs of the Ministry has a budget of \$148 thousand for 1968; actual expenditures totalled \$125 thousand in 1967.

Almost one half of the Ministry's total expenditures in recent years have been for primary education, less than fifteen percent for secondary education, and the rest largely for special educational programs, capital improvements, and administrative and related services (See Annex II, Exhibit U, page 4).

d. Project Budgetary Requirements.

This Project will call for a Borrower contribution of \$105,000 in 1969 and from \$1.5 Million to \$3.7 Million in each of the four project years thereafter in addition to funds presently budgeted for the primary school system. The IBRD secondary-level project will require a local contribution of \$5,000,000 in the years 1969-70-71; and the IDB university level project will call for a local contribution of about the same size during the same time. The total funding called for from the GOG for these three related projects over and above present Ministry of Education operating budget levels is shown below:

Sectoral Cost Projections: GOG and AID, BID, IBRD  
(Millions-all figures estimated) -

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>PRIMARY</u>					
AID:	\$0.3	\$2.5	\$2.5	\$2.9	\$ 2.1
GOG:	0.1	1.5	2.1	2.8	3.7
<u>SECONDARY</u>					
IBRD:	\$2.2	\$2.2	\$2.2	-- 1/	-- 1/
GOG:	1.0	2.0	2.0	3.4 <sup>1/</sup>	3.4 <sup>1/</sup>
<u>UNIVERSITY</u>					
BID:	\$2.0	\$3.0	\$4.5	-- 1/	-- 1/
GOG:	<u>1.0</u>	<u>2.0</u>	<u>2.5</u>	<u>3.0<sup>1/</sup></u>	<u>3.0<sup>1/</sup></u>
TOTAL GOG INPUT:	\$2.1MM	\$5.5MM	\$6.6MM	\$9.2MM	\$11.1MM

1/ Continuing maintenance, etc.

To raise the Ministry of Education's budget this ~~sharply~~ will very likely require both the following: a marked relative increase in the Ministry's budget versus the total national budget; and a gross increase in the national budget, including substantially higher tax receipts. A continuing additional annual operations and maintenance obligation exceeding \$9,000,000 will be created by these three projects.

The Ministry of Finance has assured AID and the other agencies involved that the required Borrower contribution will be made available. The requisite annual budget increments are well within the financial capability of the Government to finance - presently central government expenditures are less than 11% of GNP - and new tax measures are either already before the Congress or soon to be submitted. AID considers that reasonable assurance exists that the Borrower is capable of supporting the costs of this project, including the construction contribution, operating and maintenance costs, and debt service requirements.

#### 4. Effect on Private Enterprise

Of the total Loan to the Government of Guatemala, approximately \$1,250,000 will finance the import of commodities by private enterprise or for the use of private enterprise; \$9,000,000 will finance project work (including procurement) done under contract by private enterprise; and a small amount may be used by the GOG for the direct purchase of goods from private enterprise.

In addition to the business boost to local construction contractors and various suppliers, the impact of this project on the development of private enterprise in Guatemala will be significant over the long term as

an improved educational system begins to produce a better trained and more trainable work force and a greater number of candidates for advanced education and technical and management positions.

5. Economic Conclusions

Quantification and evaluation of the benefits attainable through a given investment in a given education project has come to be recognized as highly speculative process.

A recent IBRD publication<sup>1/</sup> analyses the rate-of-return and manpower-projection arguments, and comes to the reasonable (if disappointing) conclusion that neither technique is wholly satisfactory. It does not appear, however, that such sophisticated methodology need be employed to establish the economic importance of an improvement in the Guatemalan educational system if the statistical description offered previously of the system's low productivity is accurate and a positive relationship between education and economic progress is accepted.

1/ A Cost Benefit Approach to Educational Planning in Developing Countries, IBRD Report No. EC-157, December 10, 1967.

E. Effect on U.S. Economy

No competition with U.S. enterprise will arise from this project. The procurement of an estimated \$1,500,000 in U.S. goods and services will make a modest contribution to the U.S. economy over the project execution term, also the substantial amount of local off-shelf procurement of goods of U.S. origin, as well as continuing replacement costs thereafter, will make a contribution to the U.S. economy over a longer term. U.S. government-owned excess property will be procured in lieu of new items whenever possible.

Local-currency expenditures financed under the Loan will be attributed to U.S. imports through the Special Letter of Credit procedure. Inasmuch as the U.S. is Guatemala's major trading partner, with exports of \$97,000,000 producing a \$37,000,000 balance of trade favorable to the United States in 1967 (est.) with an advantageous services flow, the multiplier effects of these local currency expenditures may be expected to stimulate U.S. exports to Guatemala that otherwise would not have occurred.

Although the Guatemalan trade and payments system is an open one, USAID/G will extend its best efforts to develop and implement a system with incentives to achieve additionality of U.S. exports.

## F. Implementation Plan

### 1. Timetable

The timetable presented as Annex II, Exhibit V assumes rapid GOG action in negotiating, signing, and ratifying the Loan Agreement and meeting the Conditions Precedent to Initial Disbursement, and furthermore assumes GOG performance in the non-construction elements of the project satisfactory to allow for annual releases of Loan funds for construction. The non-construction elements of the project to be completed each year prior to the release of funds to finance construction in the succeeding year are described in detail in Section II-B-e, Educational Analysis - Implementation Plan. With a six months setting-up period to be followed by five years of construction and educational improvements, a commitment of AID Loan funds will be required through the end of calendar 1973; however in the light of delays experienced in Guatemala and elsewhere with similar projects, commitment of funds through June, 1974 appears to be more realistic.

### 2. Procurement and Loan Disbursement Procedures

#### a. Procurement.

Procurement will be carried out by the Project Administrator in a manner consistent with the AID Capital Project Guidelines. U.S. Government-owned excess property will be procured in lieu of new items whenever possible.

#### b. Disbursement.

Disbursement of Loan funds for Project Dollar costs will be effected through the AID Letter of Commitment procedure or through other customary AID procedures as appropriate.

**Disbursement of Loan funds for Project local costs will be made from the Special Letter of Credit-generated Quetzal account maintained by the USAID/G Controller. These local costs are estimated to be approximately \$9,500,000 and are subject to the AID/W disbursement authorization procedure prior to disbursement by the USAID/Controller.**

AID/G in order to maintain a control on GOG contributions to the capital costs, will disburse against a percentage, e. g. 80%, of allowable certified vouchers presented for reimbursement.

**Certification for consulting engineering services will be made by the Project Administrator and the USAID/G General Engineer prior to payment.**

Certification for construction and equipment costs will be made by the Project Administrator, the consulting engineering firm, and the USAID/G General Engineer prior to payment.

Certification for replacement textbook publishing and other education-area costs will be made by the Project Administrator and the USAID/G Education Advisor.

3. Monitoring and Reporting

The consulting engineering firm will furnish USAID/G with brief monthly progress reports covering the construction side of the Project, with the Mission General Engineer and Capital Development Officer making regular complementary site inspections. The Project Administrator will furnish USAID/G with brief

monthly reports on progress towards the educational objectives of the Project. These reports will be reviewed by the USAID Education Advisor and Capital Development Officer and will be agenda items for the Joint GOG-AID Evaluation Committee. A summary annual report of construction and educational achievement will be prepared by the Project Administrator for year-end submission to the Joint GOG-AID Evaluation Committee and will be one basis for the release of Loan funds for the next year's construction.

### III. ISSUES

#### A. Capacity of Borrower to Implement Necessary Qualitative Improvements Throughout the Primary School System

The qualitative aspects of the Project, including implementation of curriculum revision, criteria for teacher and supervisor appointment and responsibilities, and the upgrading of rural schools involve far-reaching departures from traditional procedures that are not easily changed.

Three principal factors favor the successful implementation of qualitative changes: 1) the planned improvements are the recommendations of study commissions of Guatemalan educators and are the culmination of a critical review of the primary system begun in 1964. Educators at all levels have been involved in the planning and will participate in the execution of the project; 2) Guatemala has personnel qualified to effect the program: educators and technicians who have studied abroad, who have worked with international agencies, and who hold positions of importance within the Ministry of Education; and 3) Change will be effected according to a manageable implementation schedule and under a qualified project coordinator. It is the Mission's conclusion that under these conditions, and with a continuing, modest level of technical assistance to be provided by the Mission and through short-term contracts, the GOG is capable of implementing the qualitative aspects of the Project.

#### B. Capacity of Borrower to Implement the Construction and Maintenance Program

The record of past performance of the GOG in school construction and maintenance does not constitute adequate assurance that the GOG will be able to carry out a program of the

proposed magnitude; to overcome this deficiency, the GOG will contract for technical assistance from an independent qualified consulting engineering firm or consortium which, under the direction of the Project Administrator, will approve construction sites, participate in the preparation of plans and specifications, approve bid documents, recommend construction contract awards, supervise construction, certify to progress and payments, and train a maintenance office. Under this arrangement the GOG will be able to execute the construction and maintenance program satisfactorily; and since a Guatemala - U.S. consortium is likely to be selected by the Project Administrator and will work closely with his office for several years, a lasting improvement in the school construction and maintenance capability of the GOG may be expected to result from the Project.

C. Commitment of Loan Funds for Six Years

The proposed commitment term through FY '74 exceeds by a fair margin the customary AID effort to restrain commitment terms to up to three years; however, this is considered justified on a number of counts: first, a rapid expansion in the number of rural classrooms without a matching expansion in the number of qualified teachers available - which will not happen in less than five years - would lead simply to more unused or uneconomically used classrooms; second, we are convinced that the proposed program of educational reform and construction cannot be carried out as a whole on less than a five year timetable. Finally while construction might be subject to speed up, only so long as new school construction projects and inaugurations are in sight will we be able effectively to influence the various planned education system reforms, which will take five years.

D. Grant-funding the Pilot Schools

The proposed Loan sub projects, especially the Regional schools, will be dependent upon the pilot schools for pre-tested curriculum revisions, textbooks, in-service teacher training, teaching methods, courses for adult education

and the role of the school in rural development. Hence the Pilot schools should begin operation as soon as possible, preferably 2 - 3 years before the Regional schools are in operation. Any delay in the Pilot schools will alter the Loan implementation schedule unfavorably.

The radical departures in curriculum and methods proposed for the pilot schools and the continuing innovation called for require the guidance, encouragement and direct interest of A.I.D. in their establishment and operation. Grant funding will insure the active interest and participation of the agricultural, rural development and health divisions of USAID/G in Pilot school operation and Regional school planning.

Grant-funding (FY '69) offers some assurance that the Pilot school activities can start promptly, with a lead time which is expected to sharply improve the effectiveness of the subsequent Loan-financed activities.

#### E. The Fiscal Problem

Although the Government of Guatemala's program for upgrading its primary school system meets a clear priority development need and might be thought to merit partial loan funding on its merits, AID/G in discussions with the Government has continuously stressed the concurrent need for Guatemala to take fiscal self-help measures. Central Government tax performance in recent years has been poor, as shown in the following table.

Tax receipts as a percentage of GNP - although undoubtedly considerably understated because of anomalies in the Guatemalan national accounts - have declined since 1965. At the same time, Government operating expenditures have steadily risen, the current account budgetary surplus available for financing public investment programs has shrunk.

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While Government macro-economic policies have successfully maintained relative price stability and kept the balance of payments problem within manageable proportions, in the absence of favorable exogenous factors, the poor fiscal and public investment record has led to a poor growth performance for the economy as a whole. Since population is growing at about 3.3% annually per capita GNP in Guatemala has recently grown far less than the 2 1/2% Alliance for Progress annual goal.

For these and other reasons, the Government has concluded that additional tax measures are imperative and has determined as a matter of policy to seek Congressional enactment of a considerable number of new tax measures. In addition, energetic steps are being taken to improve the administration of the existing tax system and to reduce tax evasion. As a result, we expect tax yield by the 1st quarter of 1969 to be at least 10% above the loan data in the above table and by 1970 to be at least 20% greater.

Paradoxically, the existence of a broad three-stage education improvement program with additional internal financing requirements as well as external lending should facilitate favorable Congressional action on the Government's tax proposals. The reason is that educational improvement has a political appeal in Guatemala, and we would expect the Executive branch of the Guatemalan Government to use the loan and the educational program as strong arguments for Congressional action on new taxes.

Thus AID concludes that the new policy commitments of the Guatemalan Government in the fiscal field go sufficiently far to meet the requirement for fiscal self-help measures and indicate that prompt authorization of final loan negotiations will help obtain passage of the needed new taxes.

GUATEMALA: CENTRAL GOVERNMENT TAX REVENUE  
(In millions of quetzales)

	<u>Actual</u>				<u>1st. Qtr.</u>	<u>1st. Qtr.</u>
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1967</u>	<u>1968</u>
Taxes on foreign trade	36.0	43.5	40.2	35.3	9.5	7.0
Taxes on domestic production and consumption	43.1	47.6	51.3	57.2	14.8	16.0
Taxes on Income and Property	<u>12.0</u>	<u>16.7</u>	<u>16.2</u>	<u>17.7</u>	<u>5.7</u>	<u>6.6</u>
TOTAL TAX RECEIPTS	91.1	107.8	107.7	110.2	30.0	30.4

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June 19, 1968

A.I.D. 1240-2 (11-67)

CHECKLIST OF STATUTORY CRITERIA

(Alliance for Progress)

In the right-hand margin, summarize for each item the information or conclusion requested. As necessary, reference the section(s) of the Capital Assistance Paper, or other clearly identified and available document, in which the matter is further discussed. This form may be made a part of the Capital Assistance Paper.

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1967.

App.- Foreign Assistance and Related Agencies Appropriations Act, 1968.

COUNTRY PERFORMANCE

Progress Towards Country Goals

1. FAA 8.208; 8.251(b)(1); 8.251(b)(5); 8.251(b)(6). Extent to which country is:

- |   |   |
|---|---|
| <p>a. Making appropriate efforts to increase food production and improve means for food storage and distribution.</p> <p>b. Creating a favorable climate for foreign and domestic private enterprise and investment.</p> <p>c. Increasing the public's role in the developmental process.</p> | <p>a. The Government of Guatemala is initiating substantial new programs designed to increase food production and improve food storage and distribution facilities.</p> <p>b. Execution of an agreement to participate in the AID Guaranty Program and official endorsement of the new Private Financiera (FIASA) demonstrate the GOG's intent to create a favorable climate for foreign and domestic private enterprise and investment.</p> <p>c. This primary education project is designed to increase the public's role in the developmental process.</p> |
|---|---|

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d. *Allocating expenditures to development rather than to unnecessary military purposes or intervention in other free countries' affairs.*

d. The GOG allocates a significant portion of its national budget to activities related to development. Guatemala does not appear to be making unnecessary military expenditures.

e. *Willing to contribute funds to the project or program.*

e. The GOG is making a substantial contribution to this project. See Loan Paper, Section II B d.

f. *Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangement, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.*

f. Guatemala has initiated a long-range program of economic, social, and political reforms, and is in the process of starting a 3-year tax-improvement program assisted by another AID Loan (S20-L-014). A substantial part of the resistance being experienced by the GOG in starting this tax-improvement program stems from the clear recognition among the controlling class of the importance of individual freedom, initiative, and private enterprise. Guatemala is considered to have a free press.

g. *Adhering to the principles of the Act of Bogota and Charter of Punta del Este.*

g. Guatemala has been adhering to the principles of the Act of Bogota and the Charter of Punta del Este.

h. *Responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.*

h. This project represents a concrete response to the educational needs of Guatemala, a vital economic, political, and social concern. The substantial commitment of GOG resources during and after the project term, demonstrates the taking of an effective self-help measure.

2. *FAA §.251(b). Information and conclusion on country's efforts to repatriate capital invested in other countries by its own citizens.*

2. In following a course of political stability and attempting to promote economic development, Guatemala is taking an effective action to induce its own citizens to repatriate capital.

Relations With U. S. and Other Nations

3. *FAA §.620(c). If assistance to a government, existence of indebtedness to a U. S. citizen for goods or services furnished or ordered where such citizen has exhausted available legal remedies, debt is not denied or contested by such government or indebtedness arises under an unconditional government guaranty.* 3. The Borrower is not known to be indebted to any US citizen in any such manner.
4. *FAA §.620(d). If assistance for any productive enterprise which will compete in the U. S. with U. S. enterprise, existence of agreement by the recipient country to prevent export to the U. S. of more than 20% of the enterprise's annual production during the life of the loan.* 4. This loan is not for a productive enterprise.
5. *FAA §.620(e)(1). If assistance to a government, extent to which it (including government agencies or subdivisions) has taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U. S. citizens or entities beneficially owned by them without taking steps to discharge its obligations.* 5. The GOG (including government agencies of subdivisions) has not taken any such steps since January 1, 1962.
6. *FAA §.620(j). Information whether the country permits, or fails to take adequate measures to prevent, the damage or destruction, by mob action, of U. S. property.* 6. Guatemala does not permit and has taken adequate measures to prevent such damage or destruction.

7. FAA §.620(l). *Consideration which has been given to denying assistance to a government which after December 31, 1966, has failed to institute the investment guaranty program for the specific risks of inconvertibility and expropriation or confiscation.*
  8. FAA §.620(o). *If country has seized, or imposed any penalty or sanction against, any U. S. fishing vessel on account of its fishing activities in international waters, consideration which has been given to denying assistance.*
  9. FAA §.620(q). *Existence of default under any FAA loan to the country.*
  10. FAA §.620(t). *Prohibition on aid if country has severed diplomatic relations with U. S., unless agreements have been negotiated after resumption of relations.*
  11. FAA §.620(u). *Status of the country on delinquent U. N. obligations.*
  12. FAA §.209. *Information about multilateral assistance being furnished to the country.*
7. The GOG has initiated the Investment Guaranty program.
  8. The GOG has not seized or imposed any penalty or sanction against any US fishing vessel on account of its fishing activities in international waters.
  9. Guatemala is not in default under any FAA Loan.
  10. Guatemala has maintained diplomatic relations with the U.S.
  11. Guatemala is not delinquent on its U.N. obligations.
  12. This project has been planned and will be implemented in coordination with the IDB, which is considering a project at the higher education level, and with the IBRD at the secondary school level. UNESCO has aided with the planning of the projects.

13. FAA §.620(a); App. § 107(a) and (b). *Compliance with prohibitions against assistance to Cuba and any country (a) which furnishes assistance to Cuba or failed to take appropriate steps to prevent ships or aircraft under its registry from carrying equipment, materials, or supplies from or to Cuba; or (b) which sells, furnishes, or permits any ships under its registry to carry items of primary strategic significance, or items of economic assistance, to Cuba.*
13. Guatemala complies with these prohibitions and has taken appropriate steps to prevent such trade with Cuba.
14. FAA §.620(b). *If assistance to a government, existence of determination it is not controlled by the international Communist movement.*
14. The Secretary of State has determined that Guatemala is not controlled by the international communist movement.
15. FAA §.620(i). *Information on representation of the country at any international conference when that representation includes the planning of activities involving insurrection or subversion against the U. S. or countries receiving U. S. assistance.*
15. AID has no evidence of Guatemalan representation at any such national conference.
16. FAA §.620(n); App. 107(b) and 116. *Compliance with prohibition against assistance to countries which traffic or permit trafficking with North Viet-Nam.*
16. Available information reveals no case of trafficking or permitting of trafficking by Guatemala.

Military Expenditures

17. FAA §.620(i). *Existence of determination that the country is engaging in or preparing for aggressive military efforts.* UNCLASSIFIED
17. The President has not determined that Guatemala is engaging in or preparing for aggressive military efforts.

18. FAA §.620(s). *Information and conclusion whether country is devoting unnecessary percentage of budget for military purposes and using foreign exchange for military equipment.*
19. App. §.119. *Information on reduction in assistance by amounts spent by country for the purchase of sophisticated military equipment.*

18. Considering the military needs of Guatemala, Guatemala does not appear to be devoting an unnecessary percentage of the national budget to military purposes. Guatemala is the beneficiary of a substantial US military assistance program, and consequently uses minimal amounts of its own foreign exchange for military procurement.

19. Guatemala has purchased no sophisticated equipment.

#### CONDITIONS OF THE LOAN

##### General Soundness

20. FAA §.201(d). *Information and conclusion on legality (under laws of country and U. S.) and reasonableness of lending and relending terms of the loan.*
21. FAA §.251(b)(2); §.251(e). *Information and conclusion on activity's economic and technical soundness, including information on availability of an application together with assurances to indicate that funds will be used in an economically and technically sound manner.*
22. FAA §.251(b). *Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects.*

20. The proposed Loan is legal under the laws of Guatemala and the U. S. and its terms are reasonable for Guatemala at this time.

21. The activity has been found economically and technically sound. A formal application was received in August 1967, (Annex II, Exhibit D). Satisfactory assurances have been received that Loan funds will be used in an economically and technically sound manner.

22. It appears reasonably certain that Guatemala will repay the Loan. The Country's foreign exchange position warrants the conclusion that dollars will be available as needed for repayment of this loan.

23. FAA §.611(a)(1). Information and conclusion on availability of engineering, financial, and other plans necessary to carry out the assistance and of a reasonably firm estimate of the cost to the U. S. of the assistance.

23. Necessary engineering, technical and financial plans have been completed, and a reasonably firm estimate of the cost to the US of the activity to be financed has been obtained.

24. FAA §.611(a)(2). If legislative action is required within recipient country, basis for reasonable anticipation such action will be completed in time to permit orderly accomplishment of purposes of loan.

24. On the basis of previous good performance by the GOG and the controls to be built into the Loan Agreement, including annual review of Project progress, it is anticipated that Borrower will carry out its required budget actions so as to permit orderly accomplishment of the purposes of the Loan.

25. FAA §.611(e). Compliance with requirement that Mission Director certify, with respect to projects estimated to cost over \$1 million, as to the country's capability effectively to maintain and utilize the project.

25. This Certification is included in the Loan Paper (Annex II, Exhibit G).

26. FAA §.251(b). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States.

26. Financing for this activity is not available from other free-world sources, including private sources within the US. See Annex II, Exhibit S.

Loan's Relationship to Achievement of Country and Regional Goals

27. FAA §.207; §.251(a). Extent to which assistance reflects appropriate emphasis on:

a. Encouraging development of democratic economic, political, and social institutions.

a. An acceptable level of basic education including literacy of the people is fundamental to the development of democratic, economic, political and social institutions in Guatemala. This loan will directly encourage this development.

- b. *Self-help in meeting the country's food needs.*
- c. *Improving availability of trained manpower in the country.*
- d. *Programs designed to meet the country's health needs.*
- e. *Other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and voluntary agencies; transportation and communication; planning and public administration; urban development; and modernization of existing laws.*
28. *FAA §.251(b)(3). Information and conclusion on activity's relationship to and consistency with other development activities, and its contribution to realizable long-range objectives.*
29. *FAA §.251(b)(?), Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.*
- b. This loan, by financing buildings, equipment and curricula for instruction in agriculture, health and nutrition, will directly aid Guatemala's efforts to meet its food needs.
- c. The major ultimate aim of this project is an increase in trained and educated manpower in Guatemala.
- d. Revisions in primary curricula, brought about under this project, will reflect a new emphasis on Guatemala's health needs.
- e. This project will have an impact in the area of "social infrastructure", with resulting benefits throughout the areas of economic, political, and social development.
28. This project is consistent with the balance of the host country's development plan and the AID program, and its execution is essential to the realization of long-range development objectives.
29. Insofar as an improvement in the basic education structure in Guatemala is essential to economic development, this project will contribute to the achievement of self-sustaining growth.

30. FAA §.281(a). *Extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the country, through the encouragement of democratic private and local governmental institutions.*
30. Through the improvement of Guatemala's educational and training system, the loan will contribute directly to the people's ability to so participate and will encourage private and local governmental institutions.
31. FAA §.281(b). *Extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in governmental skills.*
31. The loan is applied to satisfying the needs and improving the capacities of the people and the intellectual resources of the country. It will directly aid civic education and training.
32. FAA §.601(a). *Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.*
32. The loan should result indirectly in encouragement of the above factors through an increase in the educational level of the people of the country.
33. FAA §.619. *Compliance with requirement that assistance to newly independent countries be furnished through multilateral organizations or plans to maximum extent appropriate.*
33. Guatemala is not a newly independent country.

34. FAA §.251(h). *Information and conclusion on whether the activity is consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its review of national development activities.*
34. This activity is consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its review of national development activities.
35. FAA §.251(g). *Information and conclusion on use of loan to assist in promoting the cooperative movement in Latin America.*
35. This loan will not directly assist in promoting the cooperative movement.
36. FAA §.209; §.251(b)(8). *Information and conclusion whether assistance will encourage regional development programs, and contribute to the economic and political integration of Latin America.*
36. To the extent that Guatemala is economically strengthened by the development of its human resources and improvement of its institutions of primary education, the project will contribute toward economic and political integration.
- Loan's Effect on U. S. and A.I.D. Program.
37. FAA §.251(b)(4); §.102. *Information and conclusion on possible effects on U. S. economy, with special reference to areas of substantial labor surplus, and extent to which U. S. commodities and assistance are furnished in a manner consistent with improving the U. S. balance of payments position.*
37. This project will have no foreseeable adverse effects on the U.S. economy or areas of labor surplus. Assistance will be furnished in a manner consistent with improving the U.S. balance of payments position. See Section II E.
38. FAA §.601(b). *Information and conclusion on how the loan will encourage U. S. private trade and investment abroad and how it will encourage private U. S. participation in foreign assistance programs (including use of private trade channels and the services of U. S. private enterprise).*
38. U.S. private trade and investment abroad will be indirectly encouraged through development of the education system in Guatemala.

39. FAA §.601(d). If a capital project, compliance with the Congressional policy that engineering and professional services of U. S. firms and their affiliates are to be used in connection with capital projects to the maximum extent consistent with the national interest.

40. FAA §.602. Information and conclusion whether loan will permit U. S. small business to participate equitably in the furnishing of goods and services financed by it.

41. FAA §.620(h). Compliance with regulations and procedures adopted to ensure against use of assistance in a manner which, contrary to the best interests of the U. S., promotes or assists the foreign aid projects or activities of the Communist-Bloc countries.

42. FAA §.621. Information and conclusion on how the loan in providing technical assistance will utilize to the fullest extent practicable goods and professional and other services from private enterprise on a contract basis. If the facilities of other Federal agencies will be utilized, information and conclusion on whether they are particularly suitable, are not competitive with private enterprise, and can be made available without undue interference with domestic programs.

39. Services of U.S. professional firms will be utilized to the maximum extent. Procurement of engineering and consultant services financed under the Loan will be limited to the U.S. or the Central American Common Market.

40. Through advertisement of proposed procurement in the Commerce Business Daily, as specified in the A.I.D. Capital Projects Guidelines, U.S. small business will be permitted to participate equitably in the furnishing of Project goods and services.

41. Will be complied with; assistance provided by this Loan will not be used in a manner which promotes or assists foreign aid projects or Communist-Bloc activities.

42. The Loan in providing assistance will finance the procurement of goods and services from private enterprise on a contract basis. See Section II D 4.

43. FAA §.252(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources.

43. Substantially all procurement of goods and services will be from private enterprise.

Loan's Compliance with Specific Requirements

44. FAA §.608(a). Information on measures to be taken to utilize U. S. Government excess personal property in lieu of the procurement of new items.

44. The loan agreement will so require.

45. FAA §.604(a); App. §.108. Compliance with restriction of commodity procurement to U. S. except as otherwise determined by the President and subject to statutory reporting requirements.

45. Commodity procurement will be restricted to the U.S. or CACM countries; statutory reporting requirements will be met.

46. FAA §.604(b). Compliance with bulk commodity procurement restriction to prices no higher than the market price prevailing in the U. S. at time of purchase.

46. No bulk commodity procurement is contemplated under this loan.

47. FAA §.604(d). Compliance with requirement that marine insurance be placed in the U. S. on commodities financed by the loan if the host country discriminates against U. S. companies.

47. Will be complied with; the loan agreement will so provide.

48. FAA §.604(e). *Compliance with requirement that funds not be used for procurement of any agricultural commodity or product thereof outside the U. S. when the domestic price of such commodity is less than parity.*
48. Agricultural commodities will not be purchased under the Loan.
49. FAA §.611(b); App. §.101. *If water or water-related land resource construction project or program, information and conclusion on benefit-cost computation.*
49. This project is not water or water-related land resource construction.
50. FAA §.611(c). *Compliance with requirement that contracts for construction be let on competitive basis to maximum extent practicable.*
50. Construction contracts will be let on a competitive basis to the maximum extent practicable.
51. FAA §.620(f); App. §.109. *Compliance with prohibitions against assistance to any Communist country.*
51. Guatemala is not a Communist country.
52. FAA §.620(g). *Compliance with prohibition against use of assistance to compensate owners for expropriated or nationalized property.*
52. Will be complied with. The loan agreement will preclude such use of loan funds.

53. FAA §.612(b); §.636(h). Steps that have been taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and that foreign currencies owned by the U. S. are utilized to meet the cost of contractual and other services.
53. Guatemala is providing a substantial contribution to the project in local currency. See Loan Paper, Section II B and C. No U.S.-owned foreign currencies are available for utilization in this project.
54. App. §.102. Compliance with requirement that payments in excess of \$25,000 for architectural and engineering services on any one project be reported to the Congress.
54. This requirement will be complied with.
55. App. §.104. Compliance with bar against funds to pay pensions, etc., for military personnel.
55. Will be complied with. The loan agreement will preclude such use of loan funds.
56. App. §.106. If country attempts to create distinctions because of their race or religion among Americans in granting personal or commercial access or other rights otherwise available to U. S. citizens generally, application which will be made in negotiations of contrary principles as expressed by the Congress.
56. No case is known of attempts by Guatemala to create such distinctions in the granting of rights to U.S. citizens.
57. App. §.111. Compliance with requirements for security clearance of personnel.
57. This requirement will be enforced.
58. App. §.112. Compliance with requirement for approval of contractors and contract terms for capital projects.
58. A.I. D. will approve any firms providing services for the project and financed under the Loan, and the terms of any contracts under which such

59. *App. §.114. Compliance with bar against use of funds to pay U.N. assessments, etc.*
59. The loan agreement will preclude such use of loan funds.
60. *App. §.115. Compliance with regulations on employment of U. S. and local personnel for funds obligated after April 30, 1964 (Regulation 7).*
60. Will be complied with.
61. *FAA §.636(i). Prohibition on financing non-U. S.-manufactured motor vehicles.*
61. No non-U.S. - manufactured motor vehicle will be financed under the Loan.
62. *App. §.401. Compliance with bar against use of funds for publicity or propaganda purposes within U. S. not authorized by the Congress.*
62. No loan funds will be used for publicity or propaganda purposes in the U.S.
63. *FAA §.620(k). If construction of productive enterprise where aggregate value of assistance to be furnished by U. S. will exceed \$100 million, identification of statutory authority.*
63. This loan will not involve construction of a productive enterprise, and will not exceed \$100 million.

PRIOR AID CONTRIBUTION TO PRIM  
1961 - 1967

I	<u>School Construction</u>	
	Comité	
	Comité-SER	
	Special Development Fund	
II	<u>Technical Assistance</u>	
	Provided by USAID/G	\$
III	<u>Training</u>	
	In the U.S. (SER-Teachers)	\$ 38,200
	In Guatemala (Inservice, Primary Teachers)	350,000
	In Guatemala (SER-Professionalization)	81,600
	In Guatemala (SER-Indian Literacy)	39,100
		<u>\$ 508,900</u>
IV	<u>Textbook Program</u>	
	USAID/Guatemala Contribution	\$ 333,430
	Total AID Contribution:	\$2,973,494

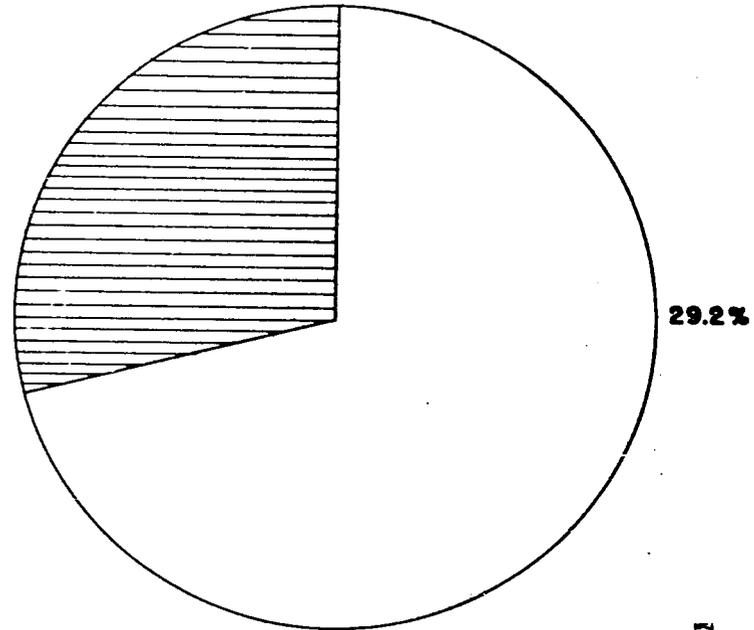
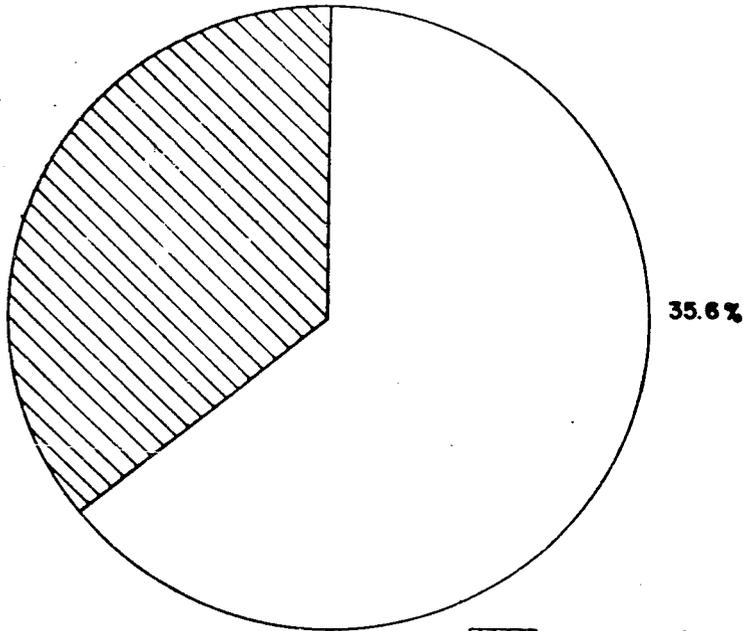
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SECTION I

COMBINED RURAL AND URBAN PRIMARY ENROLLMENT AS A PER CENT  
OF TOTAL SCHOOL AGE POPULATION (1, 044, 000)

1

- 1-RELACIÓN PORCENTUAL ENTRE LA INSCRIPCIÓN Y LA POBLACIÓN DE EDAD ESCOLAR
- 2-RELACIÓN PORCENTUAL ENTRE LA ASISTENCIA Y LA POBLACIÓN DE EDAD ESCOLAR



 INSCRIPCIÓN (INICIAL)  
 POBLACIÓN DE EDAD ESCOLAR  
 ASISTENCIA

UNCLASSIFIED

ANNEX II  
EXHIBIT B, Page 1 of 3

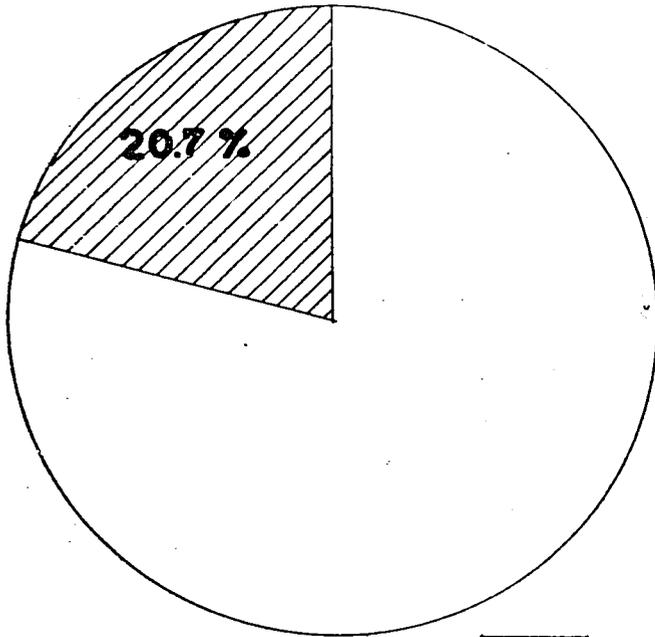
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RURAL ENROLLMENT AND ATTENDANCE AS A PER CENT OF TOTAL  
RURAL AGE POPULATION (700,000)

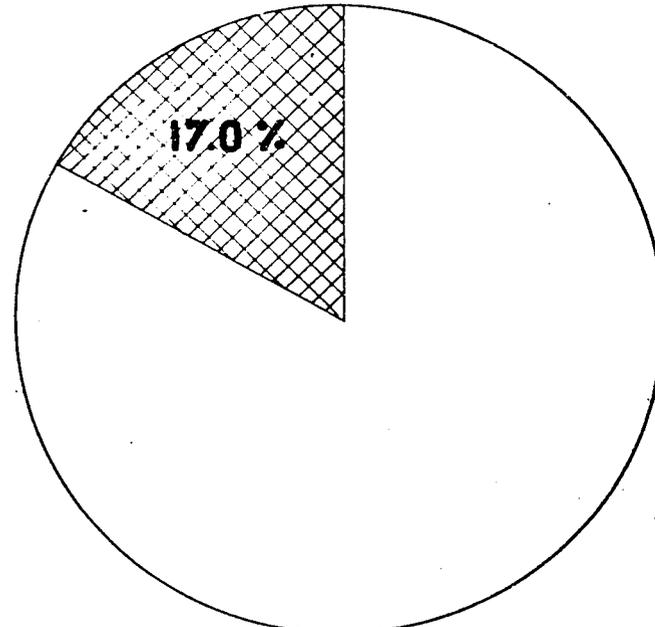
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1-RELACIÓN PORCENTUAL ENTRE LA INSCRIPCIÓN Y LA POBLACIÓN  
RURAL DE EDAD ESCOLAR

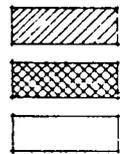
2-RELACIÓN PORCENTUAL ENTRE LA ASISTENCIA Y LA POBLACIÓN  
RURAL DE EDAD ESCOLAR



N° 1



N° 2



INSCRIPCIÓN (INICIAL)

ASISTENCIA

POBLACIÓN RURAL DE EDAD ESCOLAR

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UNCLASSIFIED

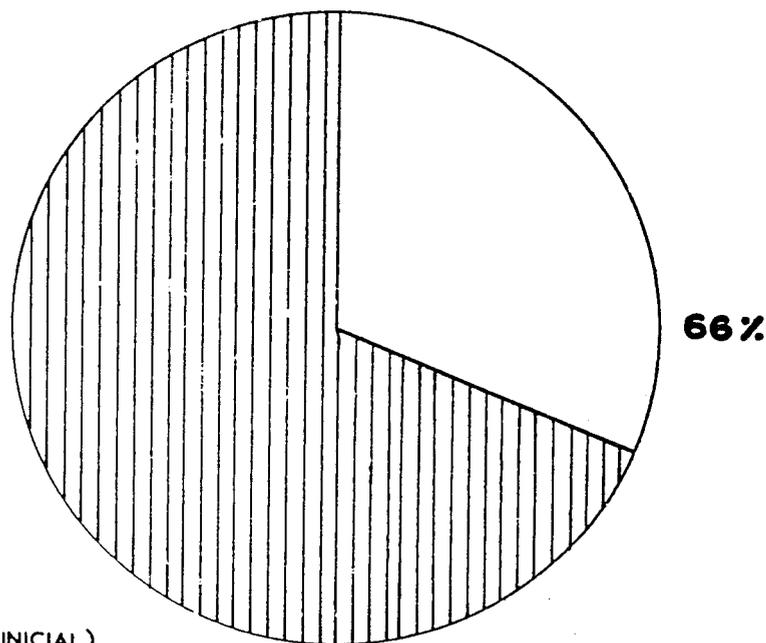
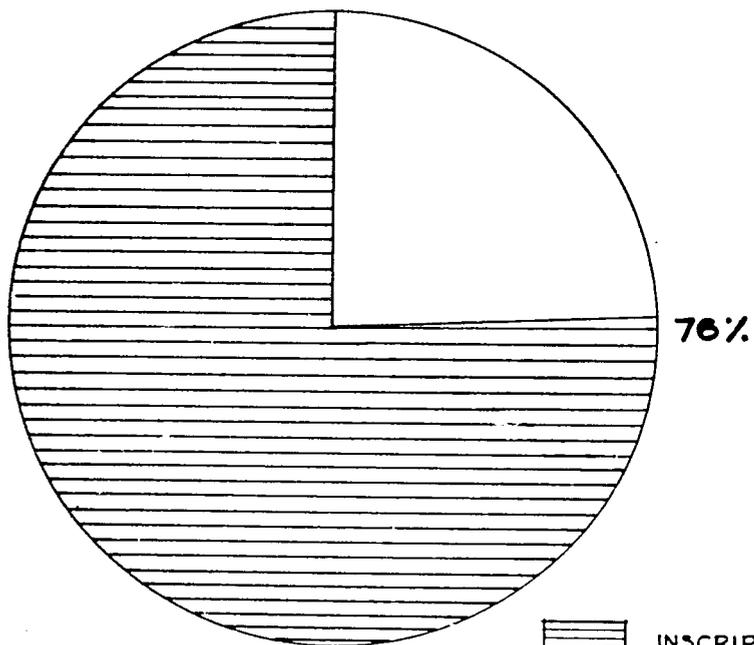
ANNEX II  
EXHIBIT B, Page 2 of 3

URBAN ENROLLMENT AND ATTENDANCE AS PER CENT OF TOTAL URBAN SCHOOL AGE POPULATION (344,000)

3

1-RELACION PORCENTUAL ENTRE LA INSCRIPCIÓN Y LA POBLACIÓN URBANA DE EDAD ESCOLAR

2-RELACION PORCENTUAL ENTRE LA ASISTENCIA Y LA POBLACIÓN URBANA DE EDAD ESCOLAR

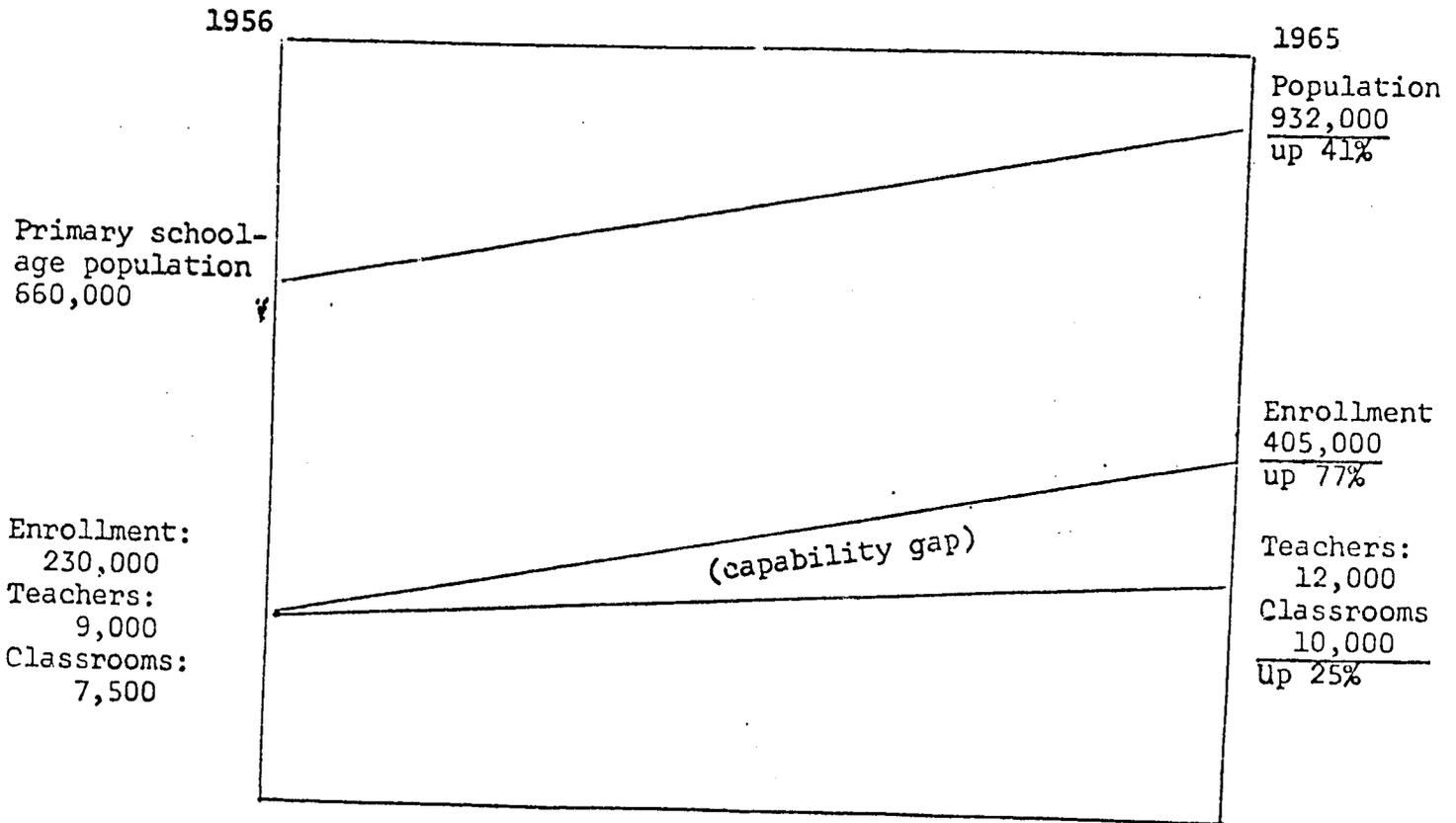


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	INSCRIPCIÓN (INICIAL)
	ASISTENCIA
	POBLACIÓN URBANA DE EDAD ESCOLAR

DIMINISHING CAPABILITY OF THE  
GUATEMALAN PRIMARY SCHOOL SYSTEM

1956 - 1965



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INFORMAL TRANSLATION

ANNEX II

Ministry of Finance and Public Credit  
Guatemala, C. A.

EXHIBIT D, Page 1 of 2

02294

August 24, 1967

Mr. Edward Marasciulo, Acting Director  
AID Mission to Guatemala  
Cruz Azul Building  
Guatemala City

Mr. Director:

As you are aware, the Government of Guatemala has been preparing a program of public investment within the education sector; a program which will depend on financial and technical assistance from at least four international organizations: the Agency for International Development (primary level), the World Bank (secondary level and agricultural education), the Inter-American Development Bank (university level), and the United Nations (technical assistance). Today we are submitting for World Bank consideration a loan request, of which a copy is attached, for \$6,600,000 to cover part of the costs of our secondary-level program.

In this letter I am pleased to submit for the consideration of the Agency for International Development a formal request for financial assistance in our primary-level program, as described in the enclosed document "Proposal for the Expansion of Primary Education in the Republic of Guatemala". This program includes the construction of 2,917 classrooms during the next three years, of which 993 will be located in urban areas and 1,924 in rural areas. 1,801 of these classrooms are intended to meet the needs of the emerging schoolage population; 823 are intended to complete schools which at present offer only up to three years' training; and 293 classrooms will replace existing facilities which are unsatisfactory for various reasons. The 2,917 classrooms planned will serve 116,680 students each year, and their locations have been selected in accord with national needs, giving preference to the rural areas. In addition, as can be seen in this document, a clear emphasis is being given to the vertical development of the primary education system as well as horizontal development; that is, instead of attempting to serve all the schoolage population immediately, we prefer to reduce the present drop-out rate with the aim of having more students complete six years of schooling. This policy fits with our secondary-level program, since the secondary schools will then receive an increasing number of primary school graduates.

The cost of the program described in the attached document, which will be carried out over three years is \$8,576,695, of which \$1,136,125 represents U. S. dollar costs and \$7,440,570 represents local-currency costs. Of this total, a loan is requested for \$6,860,000, about 80% of the cost of the project, with the understanding that the Government of Guatemala will contribute \$1,700,000 to the investment program. We wish to point out that the Government of Guatemala will allocate approximately an additional \$7,600,000 during the next four years to cover the increased operating costs created through the construction of 2,917 new classrooms.

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Considered in a broad sense, the cost of the proposed program over the next four years will be \$16,200,000, of which Guatemala will contribute \$9,300,000 or 57.4%. A loan is requested for \$6,860,000 at the most favorable terms possible.

This program will be implemented and administered by the Ministry of Education, which intends to appoint a Project Administrator within the Ministry's Planning Office. This official will also be in charge of the secondary education program, with the purpose of maximizing coordination between the AID and IBRD projects.

The following table shows the annual input required for the primary and secondary education programs:

	1968		1969		1970		1971
	<u>Loan</u>	<u>GOG</u>	<u>Loan</u>	<u>GOG</u>	<u>Loan</u>	<u>GOG</u>	<u>GOG</u>
<b>PRIMARY</b>							
Investment	3,035,168	758,593	2,153,554	538,389	1,672,792	418,198	--
Operations	--	--	--	1,314,282	--	2,627,391	3,321,600
<b>SECONDARY</b>							
Investment	1,245,998	774,102	3,302,752	2,051,904	2,056,754	1,277,802	--
Operations				300,000		852,100	
							2,428,800
<b>Totals</b>	<u>4,281,166</u>	<u>1,532,695</u>	<u>5,456,306</u>	<u>4,204,575</u>	<u>3,729,546</u>	<u>5,175,491</u>	<u>5,750,400</u>

The \$5,750,000 in operating costs for 1971 (a 25% increase over present levels) will require a substantial self-help effort by the Government of Guatemala; but this increase is feasible, even with the present tax structure. Government revenues are expected to reach \$164,000,000 in 1971, which implies that 17.2% of these revenues will be required for education-- a proportion even lower than the present budget allocation.

Finally, both the AID and World Bank programs will be augmented by the technical assistance which the United Nations Special Fund will provide in teacher training and the Inter-American Development Bank will provide in the field of advanced education.

In summary, the Government of Guatemala has assigned a top priority to the education sector within its public investment program, and, after approximately one year of specific project preparation, is prepared to begin implementation in 1968. Clearly this program is very ambitious, considering the record of past achievement; but it should be recognized that the program could be termed modest in relation to national needs. We are hopeful that with the assistance of international financing agencies we will be able to carry out this plan, and through it make an effective contribution to the future economic development of Guatemala.

The undersigned and the Minister of Education will be pleased to answer any questions you may have about this application.

Sincerely,

Dr. Albert Fuentes Mohr  
 Minister of Finance and Public Credit.

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ANNEX II  
EXHIBIT E, Page 1 of 1

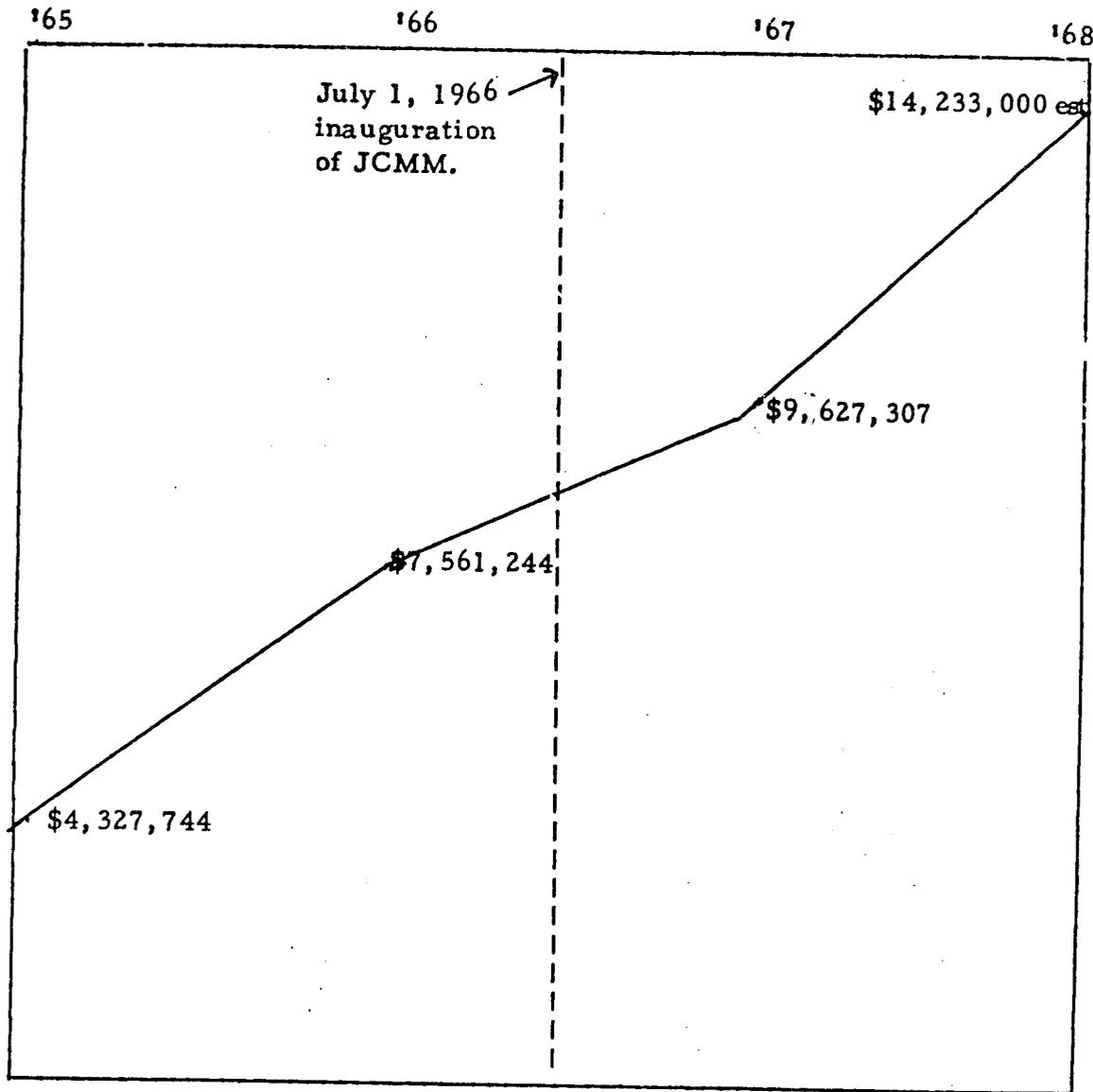
LOANS TO GOG: JULY, 1966 THROUGH MAY, 1968

<u>SOURCE</u>	<u>PROJECT</u>	<u>LOAN SIZE</u>	<u>SIGNED</u>
AID	Malaria Eradication	\$ 1,550,000	8-17-66
	Rio Hondo Paving	758,000	10-14-66
	Property Tax Development	- 2,200,000	7-10-67 (1)
	Sub-Total	\$ 4,508,000	
BID	Municipal Water	\$ 3,020,000	8-11-66
	Rural Water Supply	1,300,000	9-30-66
	Ind/Agr. Credit	6,000,000	12- 1-66
	Access Roads	9,000,000	3- 9-67
	Small Irrigation Works	6,000,000	2-15-68 (1)
	Sub-Total	\$25,320,000	
CABEI	Cobán Road	\$ 4,200,000	8-17-66
	Cobán Road	4,000,000	9-11-67
	Padre Miguel-Angiatú, CA-12	2,433,000	9-11-67 (1)
	Sub-Total	\$10,633,000	
EXIM	Rio Hondo Paving	\$ 1,312,000	9-30-66
	Matías de Gálvez	4,550,000	9-30-66
	Interamerican Highway	1,000,000	3-10-67
	Sub-Total	\$ 6,862,000	
IBRD	Electrification	\$15,000,000	3-10-67
<b>TOTAL:</b>		<b>\$62,323,000</b>	

(1) Not yet ratified by GOG Congress.

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IMPLEMENTATION RECORD: PROJECTS OPERATIVE AT July 1, 1968  
(Year-Ends)



Project	Loan	1965	1966	1967	1968 (est.)
Rio Hondo Highway	005/012	\$4,269,744	\$4,269,744	\$4,998,077	\$6,158,000 (1)
Rubber Development	002	58,000	3,291,500	4,115,700	5,000,000 (1)
Studies & Surveys	008	signed 9-1-65	CPs met 3-15-66	32,000	1,600,000
Customs	009	signed 8-17-65	CPs met 3-28-66	24,276	375,000
Malaria	011	---	signed 8-17-66	457,254	1,100,000
		<u>\$4,327,744</u>	<u>\$7,561,244</u>	<u>\$9,627,307</u>	<u>\$14,233,000</u>

(1) Commitment and/or disbursement completed.

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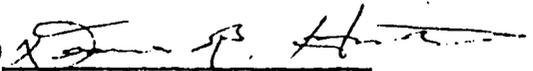
ANNEX II  
EXHIBIT G , Page 1 of 1

CERTIFICATION PURSUANT TO SECTION 611(e) OF THE  
FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

I, Deane R. Hinton, the principal officer of the Agency for International Development in Guatemala, having taken into account, among other things, the maintenance and utilization of projects in Guatemala previously financed or assisted by the United States, do hereby certify that in my judgment Guatemala has both the financial capability and the human resources capability to effectively maintain and utilize the capital assistance project, Primary School System Upgrading.

This judgment is based upon the improving implementation record of AID-financed projects in Guatemala and the planning which has gone into this new project.

(sign)



(date)

June 3, 1965

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CLAVE:

R.O. = Rural Oficial  
 U.O. = Urbana Oficial  
 R.P. = Rural Privada  
 U.P. = Urbana Privada  
 C.O. = Capital Oficial  
 C.P. = Capital Privado  
 T.O. = Total Oficial  
 T.P. = Total Privado

RESUMEN DE ASISTENCIA EN LAS ESCUELAS PRIMARIAS DE LA REPUBLICA DE GUATEMALA

PRIMER TRIMESTRE, 1967

GRUPOS	ASISTENCIA						TOTAL	NUMERO DE ESCUELAS	AULAS	MAESTROS	ALUMNOS POR MAESTRO
	1o.	2o.	3o.	4o.	5o.	6o.					
1o.	5,262						6,262	204	216	206	30
1 - 2	9,725	4,364					14,089	480	552	493	28
1 - 3	26,675	11,961	7,539				46,175	1,136	1,451	1,300	35
1 - 4	11,533	5,251	3,497	2,244			22,525	405	677	603	37
1 - 5	5,912	2,710	1,932	1,142	855		12,551	171	337	297	42
1 - 6	5,906	3,585	2,589	1,858	1,457	1,091	17,486	150	456	445	39
Total R.O.	67,013	77,871	15,557	5,244	2,312	1,091	119,088	2,546	3,689	3,344	35
Total U.O.	38,117	22,921	19,279	16,052	13,283	10,241	119,893	477	3,344	3,434	34
C.O.	17,485	11,798	11,032	10,205	8,474	6,642	65,536	185	1,729	1,773	37
T.O.	122,615	62,590	45,868	31,501	24,069	17,974	304,617	3,208	8,762	8,551	36
R.P.	13,840	5,735	2,761	865	310	115	23,626	878	1,041	1,008	23
U.P.	4,145	2,798	2,491	2,060	1,852	1,747	15,093	119	736	600	22
C.P.	5,701	4,692	4,419	4,219	3,908	3,559	26,498	173	1,149	1,104	24
T.P.	23,686	13,225	9,671	7,144	6,070	5,421	65,217	1,170	2,966	2,792	23
Gran Total	146,301	75,815	55,539	38,645	30,139	23,395	369,834	4,378	11,728	11,343	33

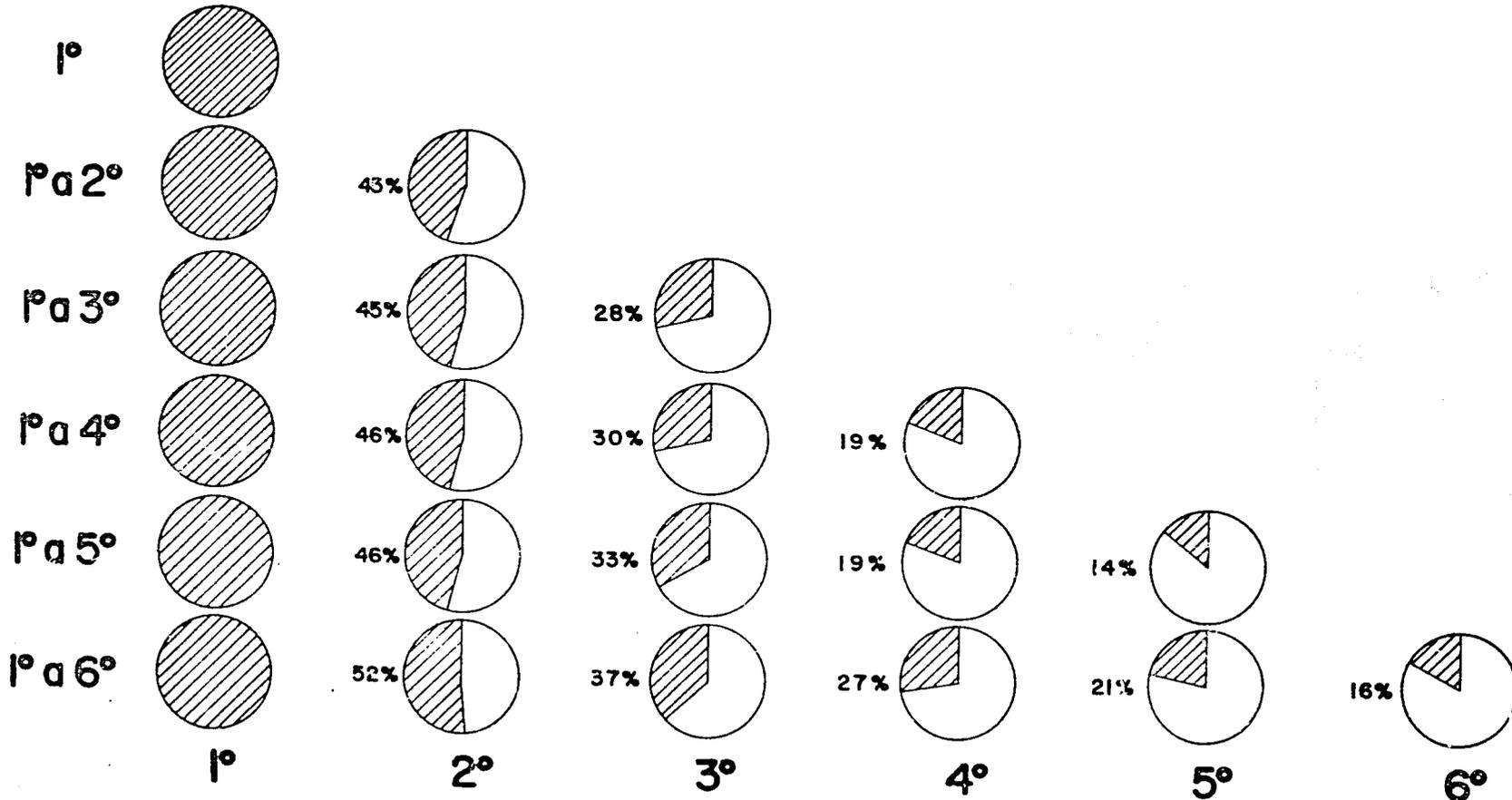
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 ANNEX II  
 EXHIBIT H-1 of 6

CHART SHOWS RURAL SCHOOL ATTENDANCE IN SCHOOLS OFFERING ONE GRADE, TWO GRADES, ETC. TO SIX GRADES. ATTENDANCE IS SHOWN AS A PER CENT OF FIRST GRADE ATTENDANCE, INDICATING DROP OUT RATE.

# 4

## PORCENTAJE DE ASISTENCIA EN TODOS LOS GRADOS DE PRIMARIA CON RELACIÓN AL PRIMER GRADO. TODA LA REPÚBLICA ÁREA RURAL. SECTOR OFICIAL. AÑO 1967

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Exhibit H  
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ANNEX II

AVERAGE PUPIL-TEACHER RATIOS IN RURAL SCHOOLS ACCORDING TO THE NUMBER OF GRADES OFFERED AND BY DEPARTMENT. NOTE: PUPIL TEACHER RATIOS INCREASE AS THE NUMBER OF GRADES OFFERED INCREASES IN 18 OF 22 DEPARTMENTS.

**GUATEMALA: ALUMNOS POR MAESTRO EN EL NIVEL PRIMARIO  
ÁREA RURAL SECTOR OFICIAL AÑO 1967**

DEPARTAMENTO	N° Esc.	G		R		A		D		O		S	
		1°	N° Esc.	1° - 2°	N° Esc.	1° 3°	N° Esc.	1° - 4°	N° Esc.	1° - 5°	N° Esc.	1° - 6°	
GUATEMALA	11	29	23	36	63	39	28	40	17	38	31	41	
EL PROGRESO	10	44	4	44	28	31	24	45	17	39	13	43	
SACATEPÉQUEZ	1	20	5	33	12	32	4	28	1	26	3	35	
CHIHALTENANGO	11	28	26	23	56	30	15	31	4	36	5	33	
ESCUINTLA	4	35	11	45	45	41	28	47	12	52	12	49	
SANTA ROSA	7	46	21	31	64	43	15	44	9	51	5	44	
• SOLOLÁ	2	14	9	17	20	24	6	33	2	29	2	31	
QUEZALTENANGO	4	17	15	38	48	31	33	30	14	44	11	34	
SUCHITEPÉQUEZ	-	-	10	38	33	36	19	49	7	49	3	40	
RETALHULEU	1	39	12	38	34	36	12	42	9	51	-	-	
SAN MARCOS	9	23	27	24	79	35	47	34	31	42	18	42	
HUEHUETENANGO	27	27	54	23	120	31	11	40	6	39	9	30	
EL QUICHÉ	16	23	36	27	37	32	12	39	3	32	2	53	
BAJA VERAPAZ	9	33	11	33	37	34	13	43	4	43	3	35	
ALTA VERAPAZ	20	15	51	15	23	20	4	21	3	21	4	22	
PETÉN	1	4	3	36	6	27	4	15	5	40	1	48	
IZABAL	11	29	29	30	25	42	14	36	4	45	8	40	
ZACAPA	13	35	11	30	28	33	37	32	7	47	8	34	
CHIQUIMULA	18	38	39	31	78	36	21	36	7	44	2	25	
JALAPA	15	34	23	30	60	38	13	36	3	38	2	40	
• JUTIAPA	13	53	42	39	107	46	35	54	3	42	8	89	
TOTONICAPÁN	1	20	18	26	33	31	10	27	3	33	-	-	

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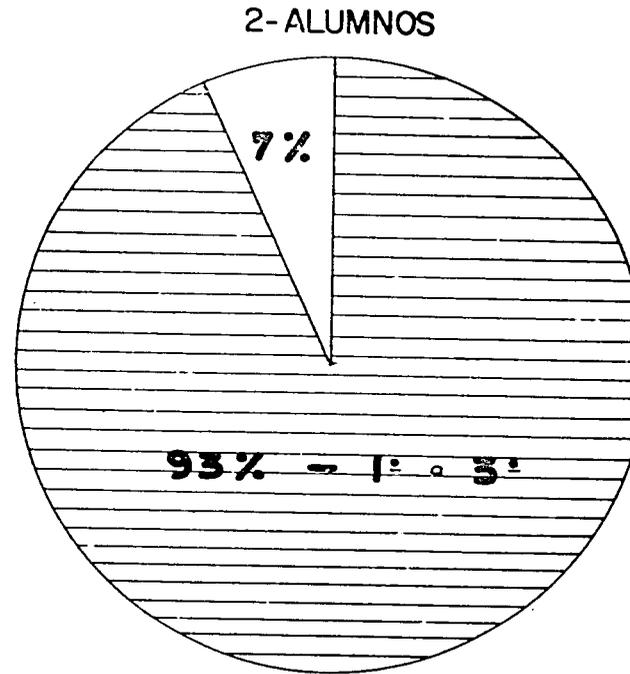
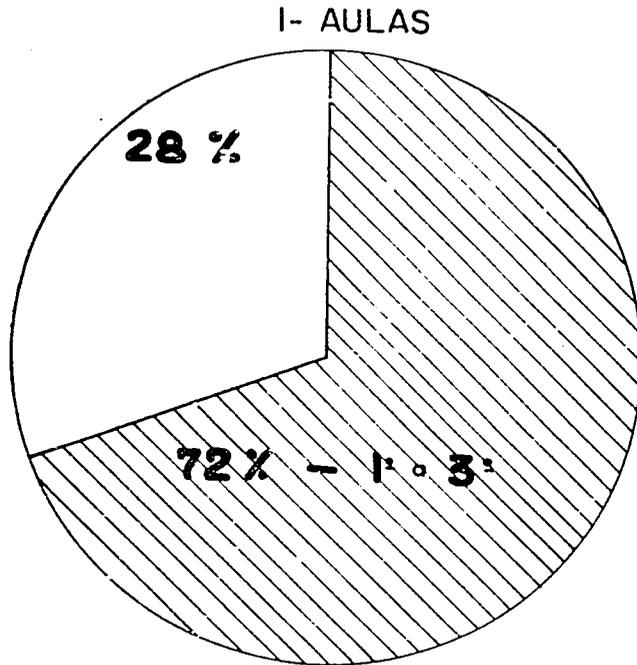
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ANNEX II

EXHIBIT H  
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COMPARISON BETWEEN RURAL SCHOOLS OFFERING 1-3 GRADES AND THOSE OFFERING MORE THAN THREE GRADES: 1) 72% OF ALL RURAL SCHOOLS OFFER ONLY 1-3 GRADES, 2) 9 % OF ALL RURAL STUDENTS ARE IN SCHOOLS OFFERING 1-3 GRADES.

**RELACIÓN PORCENTUAL DE LA INSCRIPCIÓN EN ESCUELAS COMPLETAS E INCOMPLETAS**  
ÁREA RURAL. SECTOR OFICIAL. AÑO 1967

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- 1 72% AULAS EN ESCUELAS DE 1º a 3er. GRADO  
 28% AULAS EN ESCUELAS DE 1º a 6º GRADO
- 2 93% ALUMNOS INSCRITOS EN ESCUELAS DE 1º a 3er. GRADO  
 7% ALUMNOS INSCRITOS EN ESCUELAS DE 1º a 6º GRADO

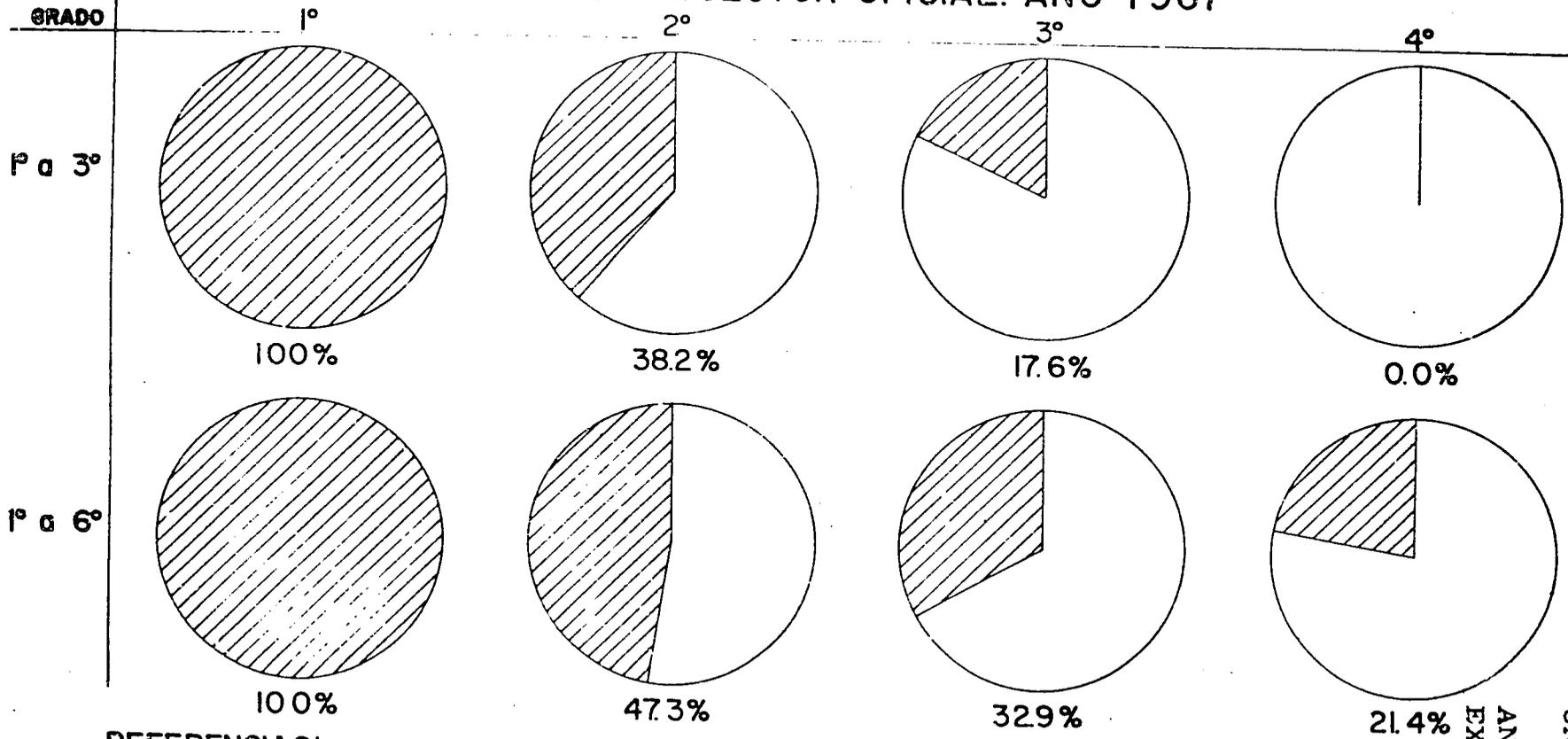
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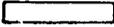
ANNEX II

EXHIBIT H, Page 4 of 6

COMPARISON OF ATTENDANCE (AND DROP OUT RATES) IN RURAL SCHOOLS OFFERING 1-3 GRADES AND THOSE OFFERING MORE THAN THREE GRADES

PORCENTAJE DE ASISTENCIA Y DESERCIÓN RESPECTO AL PRIMER GRADO EN TODA LA REPÚBLICA, SEGÚN EL NÚMERO DE GRADOS POR ESCUELA. ÁREA RURAL. SECTOR OFICIAL. AÑO 1967



REFERENCIAS:  
 ASISTENCIA  
 DESERCIÓN

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# ALUMNOS POR MAESTRO EN EL NIVEL PRIMARIO

## ÁREA RURAL. SECTOR OFICIAL. AÑO 1967

PUPIL-TEACHER RATIOS IN RURAL SCHOOLS OFFERING 1-3 GRADES COMPARED WITH THOSE OFFERING MORE THAN THREE GRADES.

ESCUELAS GRADOS	ALUMNOS POR MAESTRO
1° a 3°	30
1° a 6°	39

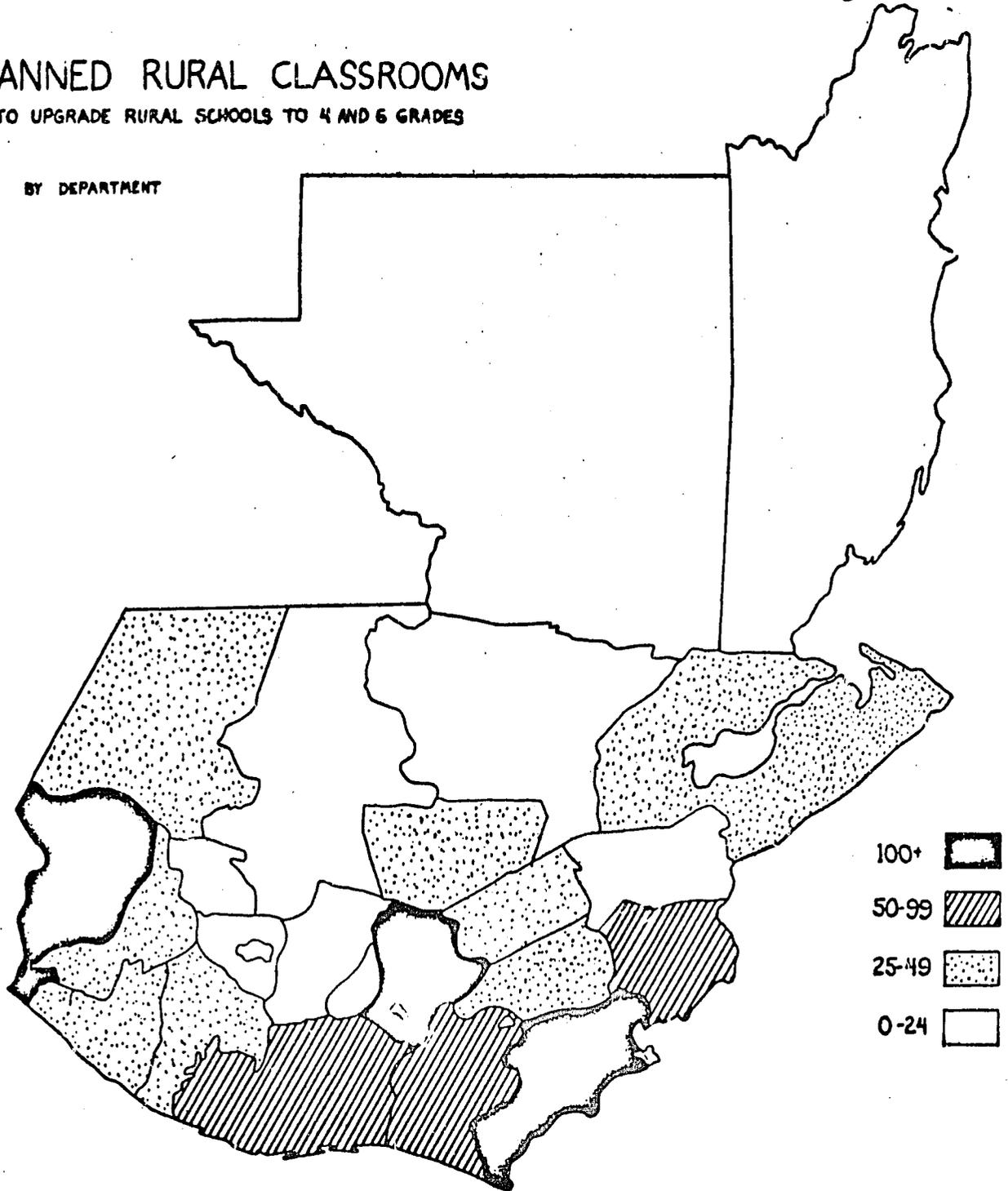
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ANNEX II  
EXHIBIT H Page 6 of 6

# PLANNED RURAL CLASSROOMS

TO UPGRADE RURAL SCHOOLS TO 4 AND 6 GRADES

BY DEPARTMENT



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ANNEX II  
EXHIBIT J, Page 1 of 2

Criteria Used by the Architect/Engineer in Site Inspection

1. Title must be held by the appropriate agency of the Guatemalan Government.
2. The site should be functionally suitable to the purposes of the project.
3. The land should be reasonably flat, so as to avoid excessive terracing or dirt removal.
4. There should be no open sewers, cesspools, ditches, garbage dumps or incinerators on or near the site.
5. The site should be adequately accessible for the transportation of materials and construction equipment and be located so as to be easily accessible to school children.
6. The soil bearing value should be satisfactorily determined and suitable for building foundations without unreasonable expense.
7. There should be no serious rock conditions which would require expensive removal.
8. The nature and extent of filled areas, if any shall have been identified.
9. Encroachments of every character including buildings, fences and hedges should be clearly shown.
10. There should be no sub-surface obstructions, such as tanks, foundations or buildings, or if present, they should be clearly identified.

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ANNEX II

EXHIBIT J , Page 2 of 2

11. The site should have sufficient slope to drain properly.
12. The site should be free from swamps, freshets and exposure to floods, erosion or other natural hazards.
13. The building to be constructed should be properly oriented to climatic conditions.
14. The site should have access to a suitable water supply. If either a piped water supply or a deep well are not available at a reasonable distance from the site, the feasibility of drilling a deep well on the site should be determined.
15. There should be no sources of excessive noise, such as railroads, switching yards, foundries or industry near the site.
16. The site should be within a reasonable distance of the school population.

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DEPARTAMENTO	MUNICIPIO	No.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA		POBLACIÓN DE 7 A 14 AÑOS			
Guatemala	San Juan Sacatopéquez	1	Parcelamiento Agrario Las Rosas	Parcelamiento Agrario Santa Fé	14	---	100	---		
				Cruz Blanca	105		750			
				Pajoc	16		114			
Guatemala	Chinoutla y San Pedro Ayampuc	1	Tres Sábanas	Parcelamiento El Pilar	21	156	150	1 114		
				Labor vieja	53+94		147		1 060	
				Lagunilla	35		235			
				La de Reyes	45		105			
				El Durazno	23		136			
Guatemala	Palencia	1	Los Mixcos	La Laguna	23	279	460	2 607		
				Los Tecomates	115+43		23		550	
				Piñ del Cerro	159		59		479+179	
				El Paraíso	21		33			
El Progreso	San Agustín Acasaguastlán	1	Chanrayo	Conacaste	25-22	239	250	996		
				El Conté	47		64		56	
				Tecufs	63		162			
				El Cimiento	29		74			
				Temiluya	43		110			
				Escaleras	33		35			
				Puerta de Golpe	60		154			
					52		327		133	
										339
				Chimaltenango	Tecpán Guatemala y Comalapa		1		Pocorral	Pamajabal
San José Chirijuyú	44	210								
Chimosat	99	471								
Chimaltenango	San Martín Jilotepeque	1	Las Venturas	Xatinamit	24+13	221	35	501		
				Estancia de San Martín	37		55			
				Los Jametes	71		101			
				Patzaj	32		73			
				Chuabrijito	15		24			
				Culmal	29		51			

DEPARTAMENTO	MUNICIPIO	No.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA	POBLACION DE 7 A 14 AÑOS
Quintana Roo	Pueblo Nuevo Tiquisute	2	Parcelamiento Nueva Concepción	Todo el Parcelamiento ( 17 )	1 818	7 575
Quintana Roo	San Vicente Pacaya	1	El Centro	San Vicente Pacaya El Patrocinio Dajual San Francisco de Salas	27-226 253 12 10 32	123+1027 1 150 54 45 145
Santa Rosa	Santa María Ixhuatán	1	La Esperanza	La Fila Estanzuela Media Legua San Antonio Llano Grande	69+57 126 58 52 35 27	329+271 600 276 248 167 129
Santa Rosa	Chiquimulilla	1	Chiquimulilla	Sinacantán Ujuxtaltes Buenas Brisas Guazacapán ( municipio )	918+36 954 33 44 667	1 358 113 103 293 1 002
Yucatán	Totonilcapán	1	Juchanep	Paquí Nimapa Poxloj Chotacoj	159+129 288 31 56 110	935 759 182 329 647
Quetzaltenango	Flores Costa Cuca	1	Granados	Barrios Aldea Juárez Sequivillá Los Paz	103-82 185 66 39 45	381+304 68 244 144 167
Quetzaltenango	Coatepeque	1	San Agustín Pacayá	La Felicidad La Democracia San Vicente Pacayá Colán Los Cerritos	43+77 120 50 43 37 40	187+335 522 217 167 161 174
Quetzaltenango	San Juan Ostuncalco	1	Pueblo Nuevo	Monrovia Varsovia Buena Vista La Victoria	23+54 77 82 32 51	177-415 592 631 246 392

DEPARTAMENTO	MUNICIPIO	No.	ESCUELAS REGIONALES	ESCUELAS SATÉLITES	ASISTENCIA	POBLACIÓN DE 7 A 14 AÑOS		
San Marcos	San Miguel Ixtahuacán	1	El Triunfo	Chilive	89+40	129	494	222
				Sicave		58		322
				Subchal		55		306
San Marcos	Tumbador	1	La Democracia	Cabajalúm	71+ -	17	259	94
	"			La Fraternidad		71		507
	"			La Cruz Roja		--		--
	Pajapita			El Cielo		88		629
	Tumbador			San José Belice		37		148
Huehuetenango	Cuilco ( Huehuetenango )	1	Horno de Cal	Buena Vista	43+61	--	196	--
				Yerba Buena		104		172
				Cuá		34		244
				Subunul		49		136
				Canibál		18		196
				Agua Sembrada		28		72
				El Triunfo		37		112
Huehuetenango	La Libertad	1	El Paraíso	Chiquihull	79+24	26	296	148
				El Bejonal		103		376
				Chicharro		50		114
				Peña Roja		55		239
Huehuetenango	Malacatanclito	1	Río Hondo	Chalón	22+23	53	261	262
				Motzitzac		45		76
				Panillá		34		79
				Cancobal		19		117
				San Ramón		27		66
				Malá		26		93
				Pueblo Viejo		43		50
Huehuetenango	Huehuetenango			Chiquiliabaj		16	208	143
						--		43
								717

DEPARTAMENTO	MUNICIPIO	Nb.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA	POBLACION DE 7 A 14 AÑOS
				Vienen	192	738
	San Jacinto			La Mojada	55	250
				Los Pastores	34	155
	Chiquimula			El Cloraja	25	96
				Sábana Grande	101	388
Chiquimula	San Juan la Ermita	1	San Juan La Ermita	Buena Vista	98	100
				Los Plones	42	210
	Camotán			Caulotes	37	285
Chiquimula	San Juan La Ermita	1	Achiotes	Carrizal	27	135
	Ipala			Estanzuela ( Quetzaltepeque )	65	111
				Las Pozas	49	86
				Yerba Buena	150	263
	San Jacinto			Santa Cruz	28	127
Jalapa	Jalapa	1	Sanyuyo	Río Grande	59	104
				San Francisco Poza Verde	107	238
				La Laguneta	46	219
				La Paz	10	48
				Palo Verde	34	162
				El Durazno	46	219
Jalapa	Monjas	1	Monjas	Los Izotes	31	148
				La Campana	48	159
				Los Terrones	44	138
				Llano Grande	24	75
				El Sólamo	29	91
Jalapa	San Manuel Chaparrón	1	El Espinal	Plan de la Cruz	42	131
				Los Angeles ( Sn. Luis Jilot. )	78	107
	San Luis Jilotepeque			San José Las Pilas	37	71
				Tropichitos	44	153
				Poza Verde	50	100
				Vivares	40	80
Jalapa	Santa Catarina	1	Horcones	La Palmilla	28	58
				Aldoa Nueva	216	55
				Suchitón	73	197
				Cuenta del Guayabo	67	181
				El Limón	62	149
				Posan		
				Pusan:	418	1 150

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DEPARTAMENTO	MUNICIPIO	Nb.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA	POBLACION DE 7 A 14 AÑOS
	San Jacinto			Vienen	192	738
	Chiquimula			La Mojada	55	250
				Los Pastores	34	155
				El Obraje	25	96
Chiquimula	San Juan la Ermita	1	San Juan La Ermita	Sábana Grande	101	398
				Buena Vista	98	100
				Los Planes	42	210
Chiquimula	Camotán			Caulotes	37	285
	San Juan La Ermita			Carrizal	27	135
	Ipala	1	Achiotes	Estanzuela (Quezaltepeque)	65	111
				Las Pozas	49	86
	San Jacinto			Yerba Buena	150	263
Jalapa	Jalapa	1	Sanyuyo	Santa Cruz	28	127
				Río Grande	59	104
				San Francisco Poza Verde	107	238
				La Laguneta	46	219
				La Poz	10	48
				Palo Verde	34	162
Jalapa	Monjas	1	Monjas	El Durazno	46	219
				Los Izotes	31	148
				La Campana	448	159
				Los Terrones	44	138
				Llano Grande	24	75
Jalapa	San Manuel Chaparrón	1	El Espinal	El Sálamo	29	91
				Plan de la Cruz	42	131
	San Luis Jilotepeque			Los Angeles (Sn. Luis Jilot.)	78	107
				San José Las Pilas	37	74
				Trapichitos	44	153
				Poza Verde	50	109
Jalapa	Santa Catarina	1	Horcones	Vivares	40	60
				La Palmilla	29	58
				Aldea Nueva	216	58
				Suchitán	73	197
				Cuesta del Guayabo	67	111
				El Limón	62	162
				Pasan		
				Pusan:	418	1120

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ESTADO	MUNICIPIO	No.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA	POBLACIÓN DE 7 A 14 AÑOS
				Vienen:	418	1 130
				Cuebracho	21	57
				Tierra Colorada ( no está		
				La Arada	17	46
Jutiapa	Santa Catarina	1	Caña Vieja		356	1 233
	Asunción Mita		( Escuela Nueva )		+42	89-114
	Santa Catarina			Zacuapa	42	203
	"			Santa Cruz	21	57
	"			La Barranca	36	97
	"			San Vicente	32	103
	Asunción Mita			Santa Rosa	24	60
	Santa Catarina			El Pito	33	103
	"			La Cuesta de García	46	124
Jutiapa	Asunción Mita	1	Tiucal	Zorrillos	19	52
				Valle Nuevo	147+39	334+39
				Girones	186	423
				Loma Larga	40	91
				San Matías	37	84
				Las Pozas	45	102
				El Trepiche Abajo	36	82
				San Jerónimo	77	175
				Shanshul	--	--
Jutiapa	Jalpatagua	1	Sapuyuca	El Sitio	42	95
	"		( Sin Escuela )	Monzón	463	1 052
	Comapa			El Molonar	36	133
	Jalpatagua			El Coco	55	219
	"			San Jerónimo	63	252
	Comapa			Guachipilín	80	296
	Comapa	1	Comapa	La Cruzita	19	71
	"			Tecoyotillo	66+	334
	"			Pozas Blancas	--	195+
	"			El Carrizo	63	470
				Paxan:	134	566

MUNICIPIO	No.	ESCUELA REGIONAL	ESCUELAS SATÉLITES	ASISTENCIA	POBLACIÓN DE 7 A 14 AÑOS
Yupiltepeque Comapa			Vienen :	134	596
			El Calvario	53	341
			San José	62	355
			San Cristobal	<u>22</u>	<u>129</u>
			276	1431	

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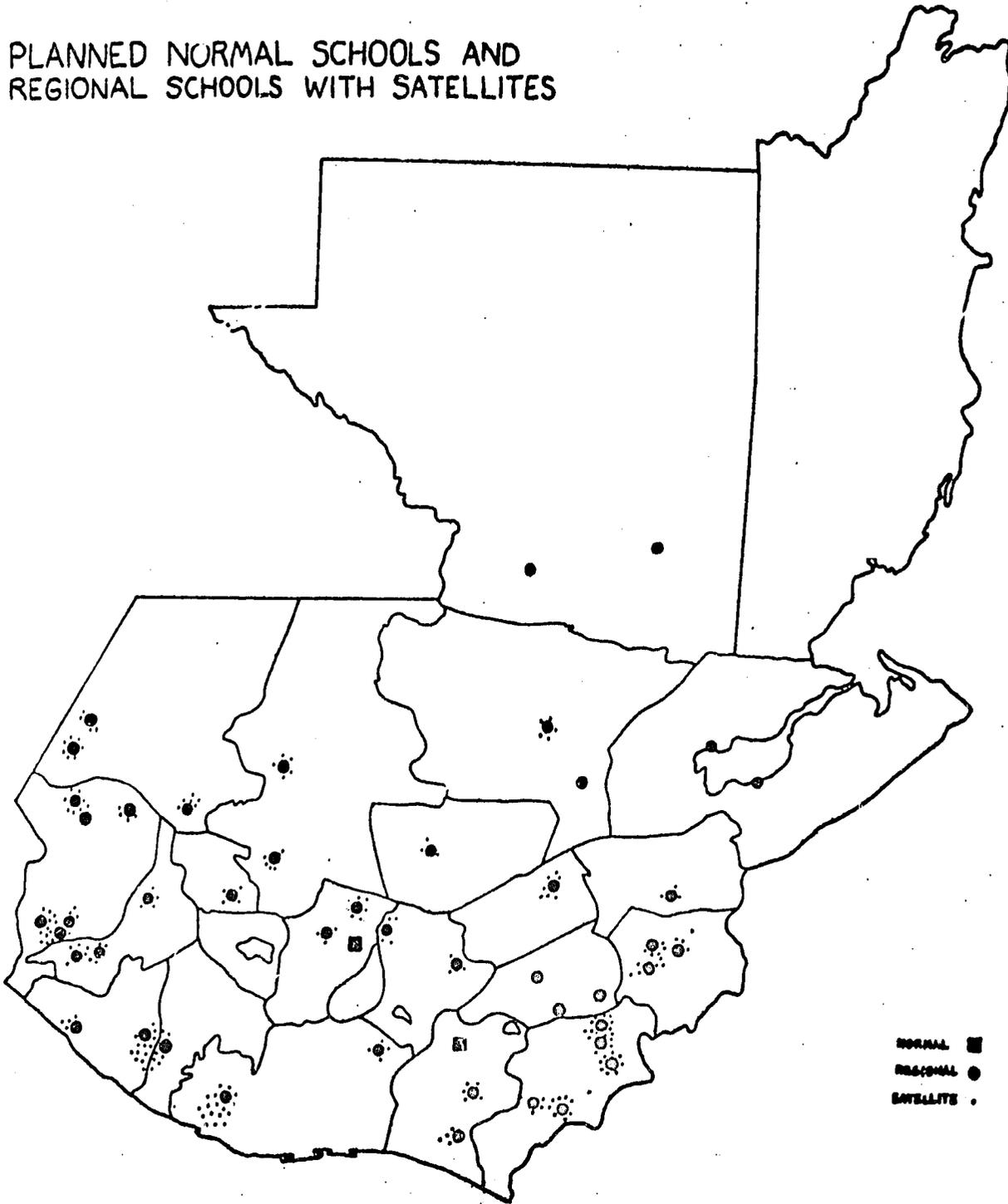
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PLANNED NORMAL SCHOOLS AND  
REGIONAL SCHOOLS WITH SATELLITES



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ANNEX II,  
EXHIBIT L, Page 1 of 7

PLANNED CLASSROOMS  
FOR  
PRESENTLY DESIGNATED URBAN COMMUNITIES

DEPARTMENT OF GUATEMALA:

Guatemala City	135
Amatitlán	23
Villa Nueva	18
Chinautla	1
San Juan Sac.	2
San Pedro Ayampuc	3
Palencia	3
San Raymundo	1
Mixco	15
Villa Canales	3
Santa Catarina Pinula	1
San José Pinula	<u>3</u>
Total Dept. Guatemala	208

DEPARTMENT OF EL PROGRESO:

Sansare	2
El Progreso	6
San Agustín	<u>5</u>
Total Dept. El Progreso	13

DEPARTMENT OF SACATEPEQUEZ:

Sumpango	2
Magdalena M.A.	1
Ciudad Vieja	4
Alotenango	1
Santa María Jesus	2
San Bartolomé M.A.	2
San Miguel Dueñas	<u>1</u>
Total Dept. Sacatepequez	13

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DEPARTMENT OF CHIMALTENANGO:

San José Poaquil	2
San Juan Comalapa	10
San Andrés Itzapa	1
Saragoza	<u>4</u>
Total Dept. Chimaltenango	17

DEPARTMENT OF ESCUINTLA:

Escuintla	22
Palín	1
La Gomera	1
Masagua	2
Sta. Lucía Cotzumalguapa	10
Tiquisate	18
Puerto San José	9
La Democracia	3
San Vicente Pacaya	<u>2</u>
Total Dept. Escuintla	68

DEPARTMENT OF SANTA ROSA:

Cuilapa	11
Barberena	5
Oratorio	2
Sta. Maria Ixhuaton	1
Chiquimulilla	12
Taxisco	12
Guazcapán	7
Casillas	2
Pueblo N. Viñas	3
Nueva Santa Rosa	<u>2</u>
Total Dept. Santa Rosa	57

DEPARTMENT OF SOLOLA:

San Pedro la Laguna	<u>2</u>
Total Dept. Sololá	2

DEPARTMENT OF TOTONICAPAN:

Totonicapán	9
San Cristobal	2
San Francisco el Alto	1
Momostenango	<u>1</u>
Total Dept. Totonicapán	13

DEPARTMENT OF QUEZALTENANGO:

Olintepeque	1
Coatepeque	<u>10</u>
Total Dept. Quezaltenango	11

DEPARTMENT OF SUCHITEPEQUEZ:

Mazatenango	2
San Francisco Zapotitlán	2
Samayac	2
San Antonio	5
Patulul	1
Santo Tomás Unión	2
Rio Bravo	2
San Gabriel	2
Zunilito	<u>1</u>
Total Dept. Suchitepequez	19

DEPARTMENT OF RETALHULEU:

Retalhuleu	30
Champerico	2
San Felipe R.	8
El Asintal	1
San Andrés Villa Seca	1
San Sebastián	<u>3</u>
Total Dept. Retalhuleu	45

DEPARTMENT OF HUEHUETENANGO:

Santa Cruz Barillas	1
Jacaitenango	<u>1</u>
Total Dept. Huehuetenango	2

DEPARTMENT OF SAN MARCOS:

San Pedro Sac	1
Sibinal	1
San Rafael Pie de la Cuesta	2
La Reforma	4
El Tumbador	1
Malacatán	6
Catarina	4
Ayutla	<u>2</u>
Total Dept. San Marcos	21

DEPARTMENT OF QUICHE:

Santa Cruz del Quiché	9
San Antonio Ilotenango	4
San Bartolomé	<u>1</u>
Total Dept. Quiché	14

DEPARTMENT OF BAJA VERAPAZ:

Salamá	1
Santa Cruz El Chol	1
San Miguel Chicoy	1
Rabinal	<u>6</u>
Total Dept. Baja Verapaz	9

DEPARTMENT OF ALTA VERAPAZ:

None

DEPARTMENT OF PETEN:

San Benito	<u>3</u>
Total Dept. Petén	3

DEPARTMENT OF IZABAL:

Puerto Barrios	18
Los Amates	2
Livingston	10
Morales	<u>10</u>
Total Dept. Izabal	40

DEPARTMENT OF ZACAPA:

Río Hondo	1
Zacapa	6
Gualán	<u>4</u>
Total Dept. Zacapa	11

DEPARTMENT OF CHIQUIMULA:

Quezaltepeque	2
Ipala	8
Jocotán	3
Concepción Las Minas	<u>1</u>
Total Dept. Chiquimula	14

DEPARTMENT OF JALAPA:

Jalapa	4
Mataquescuintla	2
San Luis Jilotepeque	2
San Pedro Pinula	2
Monjas	<u>2</u>
Total Dept. Jalapa	12

DEPARTMENT OF JUTIAPA:

Jutiapa	18
Moyuta	1
Jalpatagua	5
Atescatempa	1
Asunción Mita	19
Santa Catarina Mita	2
Agua Blanca	2
El Progreso	6
San José Acatempa	4
Quezada	<u>6</u>
Total Dept. Jutiapa	64

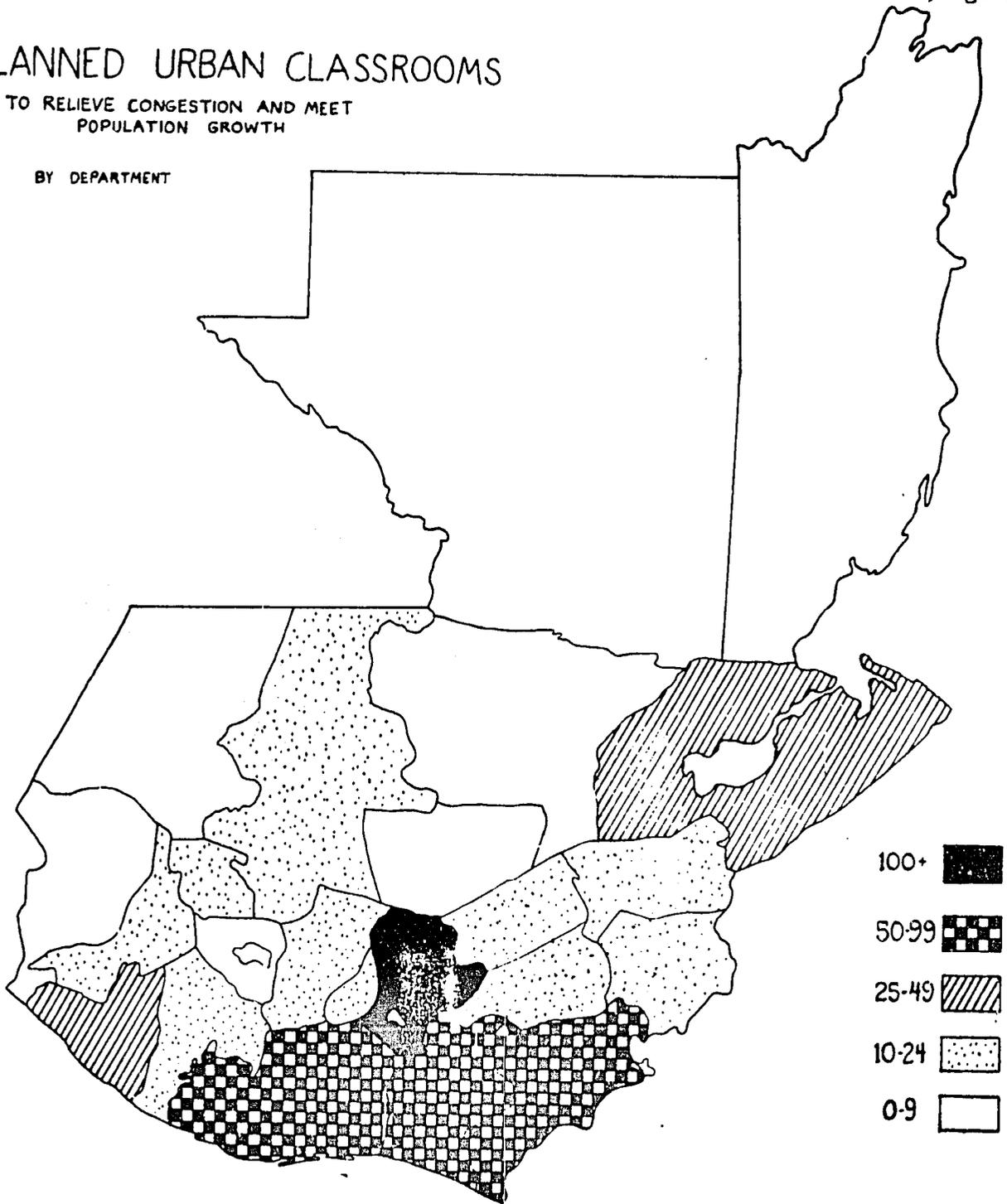
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# PLANNED URBAN CLASSROOMS

TO RELIEVE CONGESTION AND MEET  
POPULATION GROWTH

BY DEPARTMENT



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## EQUIPMENT AND SUPPLIES FOR RURAL NORMAL SCHOOLS

A. Teachers Equipment, School Farm:		
1. Medical equipment: syringes, vaccines, med. kit. animal	\$ 65.00	
2. Demonstration equipment, incubator and beehive	60.00	
3. Tools for School Farm: shovels, rakes, machetes, wheelbarrows, cultivator, sprayers, 1 chicken brooder, etc.	715.00	
4. Miscellaneous supplies: fertilizer, insecticides, herbicides, seeds, etc.	<u>425.00</u>	
Total equipment		\$ 1,265.00
B. Tools and Equipment for Farm Mechanics: (20 students per class) hammers, saws, drills, planes, dies, squares, chisels, etc.		
		2,300.00
C. Supplies for Farm Mechanics		
1. Woodworking supplies: lumber, nails wire, screws, glue, etc.	1,000.00	
2. Metal working supplies: iron, steel pipe, rods, flux, etc.	1,000.00	
3. Hardware: bolts, nuts, washers, hinges, rivets, etc.	500.00	
4. Miscellaneous	<u>250.00</u>	
Total supplies		2,750.00

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ANNEX II  
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Equipment and Supplies

D. Audio-visual supplies for agriculture: filmstrips, slides, charts, col- lections of fertilizers and seeds, preservatives, etc.	280.00
E. Equipment and supplies for natural science lab.	7,256.82
F. Equipment and supplies for home ec. lab.	3,027.98
G. Audio-visual supplies for social studies lab. maps, graphs, charts, etc.	185.00
H. Supplies and equipment for mathematics: rulers, compasses, scales, abacus, etc.	100.00
I. Supplies for language instruction: flash cards, charts, tapes, etc.	725.00
J. Supplies for health and safety: graphs, charts, etc.	100.00
K. Equipment and supplies for esthetic education: graphs, charts, plastics, etc.	100.00
instruments for school orchestra including piano (\$1,000)	<u>3,610.00</u>
Total for esthetic education	3,710.00
L. Audio-Visual Electronic equipment: film projector, slide and filmstrip projector, overhead projector, screen, tape recorder, audio equipment, radio, etc.	2,000.00

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Equipment and Supplies

M. Books and supplies for library	7,500.00
N. Language Laboratory equipment for 15 students	15,000.00
O. Equipment and supplies for clinic	3,565.00
P. Athletic equipment	<u>300.00</u>
TOTAL . . .	\$50,064.80

Teaching supplies and equipment for two rural  
normal schools at \$51,064.80

\$100,139.60

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REGIONAL SCHOOLS

SUMMARY: Teaching Aids and Equipment:

Teaching aids and supplies:

50 schools at \$4,445.00 ea.	\$ 222,250.00
Audiovisual equipment	9,450.00
Generators, wells, pumps (20 schools)	61,200.00
	<hr/>
TOTAL.....	\$ 292,900.00
	<hr/>

REGIONAL RURAL SCHOOLS

Teaching AIDS & Supplies for 50 Schools

A. Agriculture:	
1. Farm and industrial arts shop: tools and equipment	\$ 1,175.00
2. Agricultural tool	420.00
3. Demonstration equipment	60.00
4. Medical equipment	65.00
5. Seeds, insecticides, fertilizers	175.00
6. Supplies: lumber, wire, hardware for construction of small agricultural buildings and shop use	<u>1,000.00</u>
TOTAL Agriculture & Industrial Arts	
	\$ 2,895.00
B. Natural Science (microscopes & charts)	140.00
C. Home Economics (stove, kitchen utensils, sewing machines, misc.)	600.00
D. Social Studies	60.00
E. Mathematics	50.00
F. Health and Safety	50.00
G. Arts & crafts	100.00
H. Library (books)	200.00
I. Athletic equipment	50.00
J. Typewriter - Duplicator	300.00
<hr/>	
COST PER SCHOOL.....	\$ 4,445.00

REGIONAL SCHOOLS

AUDIOVISUAL EQUIPMENT

15 16mm projectors at \$400 ea.	\$ 6,000.00
15 slide projectors with film strip attachment	1,500.00
30 screens at \$45 ea.	1,350.00
Slides and film rental	600.00
	<hr/>
TOTAL.....	\$ 9,450.00
	<hr/>

GENERATORS, WELLS, PUMPS FOR 20 SCHOOLS

20 generators at \$ 500 ea.	\$ 10,000.00
20 pumps & wells at \$ 2,500	50,000.00
20 sets of tools at \$60 ea.	1,200.00
	<hr/>
TOTAL.....	\$ 61,200.00

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TEACHING AIDS FOR SIX GRADE SCHOOLS

I. Teaching aids for schools in commercial/industrial areas

1. Social sciences (maps, globe, charts)	\$ 75.00
2. Mathematics (rulers, compass, scale, abacus, etc.)	60.00
3. Natural sciences (microscope, charts)	135.00
4. Industrial arts (tools)	70.00
5. Health education (charts)	25.00
6. Home economics (sewing machine, charts)	110.00
7. Arts and crafts (paints, clay, simple tools)	35.00
8. Library (books)	<u>95.00</u>
Per school	\$ 605.00

II. Teaching aids for schools in commercial/agricultural areas

1. Social sciences (maps, globe, charts)	\$ 55.00
2. Mathematics (rulers, compasses, scale, abacus)	60.00
3. Natural sciences (microscope, charts)	135.00
4. Industrial arts (tools)	70.00
5. Health education (charts)	25.00
6. Home economics (sewing machine, charts)	110.00
7. Arts and crafts	35.00
8. Library (books)	95.00
9. Agriculture (tools, seeds)	<u>70.00</u>
Per school	\$ 655.00

III. Teaching aids for schools in agricultural areas

1. Social studies	\$ 40.00
2. Mathematics	40.00
3. Natural science	135.00
4. Industrial arts	50.00
5. Health education	25.00
6. Home economics	110.00
7. Library	50.00
8. Agriculture	<u>70.00</u>
	\$ 520.00

Teaching Aids for Six Grade Schools

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ANNEX II  
EXHIBIT M, Page 8 of 8

IV. Audio visual equipment for schools in Departmental Capitals

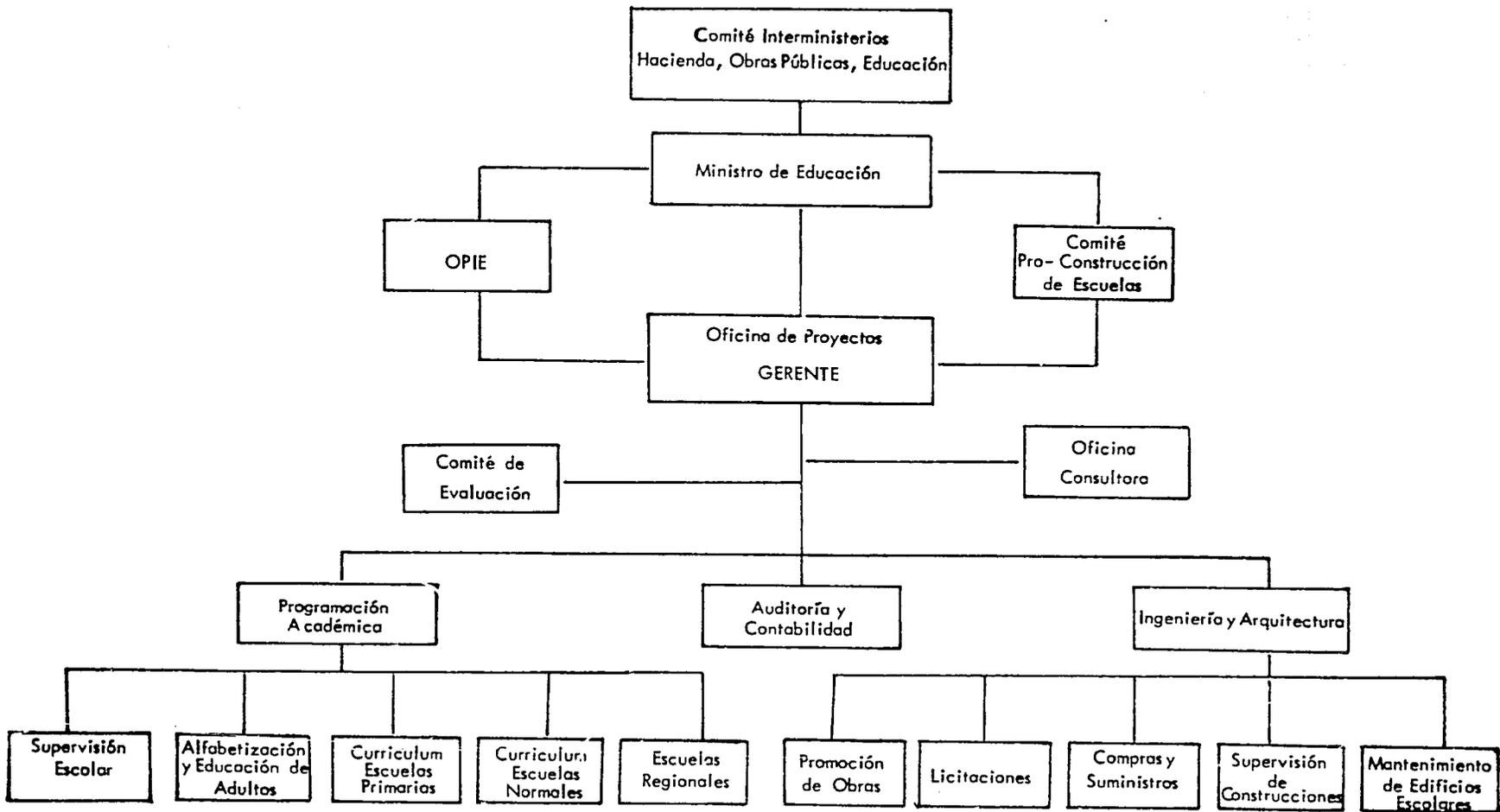
1. 40 16 mm projectors @ \$400	\$ 16,000.00
2. 40 slide projectors and film strip attachment @ \$100	4,000.00
3. 40 stands for projectors @ \$45	1,800.00
4. 60 screens 40 x 40" @ \$45	2,700.00
5. Rental and purchase of slides and film	<u>1,100.00</u>
Total	\$ 25,600.00

SUMMARY

I. Aids for schools in commercial/industrial areas 200 @ \$605	121,000.00
II. Aids for schools in commercial/agricultural areas 83 @ \$655	54,365.00
III. Aids for schools in agricultural areas 562 @ \$520	292,240.00
IV. Audio visual equipment	<u>25,600.00</u>
TOTAL . . .	\$ 493,205.00

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Project Administration: Organization Chart



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ANNEX II  
EXHIBIT O  
Page 1 of 5

I. Cost Analysis: Primary Schools

<u>Article</u>	<u>Cost Total</u>	<u>GOG</u>	<u>AID</u>
A. Land	\$1,200	\$1,200	--
B. Site Selection, Final Engineering, and Preparation of Bidding Documents	81	16	65
C. Construction:			
1. Site Preparation	76	--	76
2. Foundations and Structural	353	--	353
3. Masonry	858	--	858
4. Windows and Misc. Metal Work	227	--	227
5. Roof and Carpentry	378	--	378
6. Electrical	76	--	76
7. Plumbing	126	--	126
8. Finishing Structure and Misc.	101	--	101
9. Water Supply	51	--	51
10. Sewage and Drainage	126	--	126
11. Landscaping and Playgrounds	76	--	76
12. Access	76	--	76
D. Equipment and Furnishings	286	--	286
E. Administration (GOG)	51	51	--
F. Engineering Supervision (Contract)	126	--	126
	<hr/>	<hr/>	<hr/>
TOTALS	\$4,268	\$1,267	\$3,001

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Page 2 of 5

Cost Breakdown, Regional Primary School

<u>Article</u>	<u>Total Cost</u>	<u>GOG</u>	<u>AID</u>
A. Land	\$ 5,550	\$5,550	\$ --
B. Site Selection, Final Design and Preparation of Bid Documents	1,400	300	1,100
C. Construction:			
1. 6 School Rooms (Typical Design)	14,212	--	14,212
2. Shop and Storeroom	3,058	--	3,058
3. Administration	1,579	--	1,579
4. Model Home	2,850	--	2,850
5. Sanitary Facilities	840	--	840
6. Garage	350	--	350
7. Concrete Patios	2,220	--	2,220
8. Chicken House	336	--	336
9. Pig Pen and Rabbit Hutch	420	--	420
10. Gardens, Fencing, Walks	450	--	450
D. Equipment and Furnishings	5,858	--	5,858
E. Administration (GOG)	1,473	1,473	--
F. Construction Supervision (Contract)	1,400	--	1,400
	<hr/>	<hr/>	<hr/>
TOTALS	\$41,996	\$7,323	\$34,673

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Cost Breakdown, La Alameda Rural Normal School

<u>Article</u>	<u>Total Cost</u>	<u>GOG</u>	<u>AID</u>
A. Land	\$125,000	\$125,000	\$ --
B. Site Investigation, Final Design and Bidding Documents	17,000	2,000	15,000
C. Construction:			
1. Remodeling Main Building			
a. Roofs	5,250	--	5,250
b. Floors	7,000	--	7,000
c. Electric Installation	1,344	--	1,344
d. Sanitary Facilities	1,720	--	1,720
e. Drainage	3,500	--	3,500
f. Room Divisions	2,000	--	2,000
g. Teachers' Lounge	2,400	--	2,400
h. Paint	800	--	800
2. Demolition of Present Girls' Dormitory	3,000	--	3,000
3. Remodeling Boys' Dormitories			
a. Roofs	985	--	985
b. Ceilings	924	--	924
c. Electric Installation	336	--	336
d. Drainage	400	--	400
e. Metal Window Frames	1,440	--	1,440
f. Sanitary Facilities	900	--	900
g. Floors	1,500	--	1,500
h. Walls	1,600	--	1,600
i. Paint	720	--	720
j. Wooden Doors	200	--	200
4. Conversion of Existing Dining room to shop instruction area	5,500	--	5,500
5. Remodeling and Expansion of Kitchen Personnel Living Quarters	4,000	--	4,000

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<u>Article</u>	<u>Total Cost</u>	<u>GOG</u>	<u>AID</u>
6. Remodeling Garage and Storage Building	\$ 12,000	\$ --	\$ 12,000
7. New Girls' Dormitory	82,500	--	82,500
8. New Boys' Dormitory	144,350	--	144,350
9. Teachers' Living Quarters	22,400	--	22,400
10. Dining Room	65,440	--	65,440
11. Laboratory	19,800	--	19,800
12. Infirmary	19,250	--	19,250
13. Library	19,000	--	19,000
14. Auditorium	57,000	--	57,000
15. Water Installation	10,000	--	10,000
16. Drainage	7,000	--	7,000
17. Electric Installation	1,500	--	1,500
18. Interior Walks, Roads and Parking	15,000	--	15,000
19. Landscaping and Fencing	3,000	--	3,000
20. Contingency	53,000	--	53,000
D. Equipment and Furnishings	100,000	--	100,000
E. Administration (GOG)	20,000	20,000	--
F. Construction Supervision (Contract)	27,000	--	27,000
	<hr/>	<hr/>	<hr/>
TOTALS	\$865,759	\$147,000	\$718,759

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Cost Breakdown, El Pino Rural Normal School

<u>Article</u>	<u>Total Cost</u>	<u>GOG</u>	<u>AID</u>
A. Land	\$ 50,000	\$ 50,000	\$ --
B. Site Investigation, Final Design and Preparation of Bidding Documents	17,000	2,000	15,000
C. Construction:			
1. Administration Building	8,568	--	8,568
2. Laboratory School	22,890	--	22,890
3. Schoolroom Buildings	46,305	--	46,305
4. Shops and Laboratories	46,585	--	46,585
5. Dining Room	24,930	--	24,930
6. Infirmary	9,810	--	9,810
7. Student Dormitories	168,075	--	168,075
8. Teacher Living Quarters	51,629	--	51,629
9. Auditorium	36,155	--	36,155
10. Covered Sidewalks	20,220	--	20,220
11. Stabler, Hen House, Pig Pen, Rabbit Hutch and Storage	3,830	--	3,830
12. Water Installation	10,000	--	10,000
13. Drainage	7,000	--	7,000
14. Electric Installation	3,000	--	3,000
15. Interior Roads, Walks and Parking	12,500	--	12,500
16. Landscaping and Fencing	3,000	--	3,000
17. Contingency	48,000	--	48,000
D. Equipment and Furnishings	100,000	--	100,000
E. Administration (GOG)	15,000	15,000	--
F. Construction Supervision (Contract)	27,000	--	27,000
TOTALS	\$731,497	\$67,000	\$664,497

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Primary School Program Cost Summary (Loan-Funded)

Article	Total Cost	1969		1970		1971		1972		1973	
		GOG	AID	GOG	AID	GOG	AID	GOG	AID	GOG	AID
<b>I. Construction &amp; Equipment:</b>	<b>\$ 11,949,903</b>										
A. Primary	7,895,700	23,680	96,200	381,220	904,850	500,400	1,174,400	594,225	1,394,500	844,425	1,981,800
B. Regional Primary	2,099,790	1,200	44,000	70,530	349,430	140,460	676,860	140,460	676,850	-	-
C. La Alameda Normal	865,759	2,000	15,000	100,000	500,000	45,000	203,759	-	-	-	-
D. El Pino Normal	731,497	2,000	15,000	40,000	400,000	25,000	249,497	-	-	-	-
E. Contingency	460,068	-	-	-	115,017	-	115,017	-	115,017	-	115,017
<b>II. Teaching Materials:</b>	<b>\$ 1,871,174</b>										
A. Textbooks	984,000	-	67,400	-	327,400	-	190,400	-	204,400	-	194,400
B. Teaching Supplies	887,174	-	-	-	197,669	-	165,535	-	115,535	-	408,435
<b>III. Operation &amp; Maintenance:</b>	<b>\$ 7,352,898</b>										
A. Primary Teachers	6,300,000	-	-	780,000	-	1,180,000	-	1,840,000	-	2,500,000	-
B. Normal Teachers	403,828	-	-	32,800	-	123,676	-	123,676	-	123,676	-
C. Teacher Supervision	414,000	-	-	72,000	-	73,200	-	114,000	-	154,800	-
D. Maintenance	235,070	76,334	-	32,432	-	40,994	-	40,260	-	45,050	-
<b>TOTALS</b>	<b>21,276,886</b>	<b>105,214</b>	<b>237,600</b>	<b>1,508,982</b>	<b>2,794,366</b>	<b>2,128,730</b>	<b>2,775,468</b>	<b>2,852,621</b>	<b>2,506,302</b>	<b>3,667,951</b>	<b>2,699,652</b>

PRIMARY SCHOOL SYSTEM OUTPUT, WITH AND WITHOUT THE PROJECT

	School Age Pop.	Attendance	Project Increment	4th Grade Output	Project Increment	6th Grade Output	Project Increment
<u>RURAL</u>							
1967	700,000	119,000 (17%)		5,244 (.7%)		1,091 (.16%)	
1972 (without)	875,000	148,000 (17%)		6,200 (.7%)		1,332 (.15%)	
1972 (with)	875,000 (est.)	215,000 (25%)	67,000 (45%)	23,000 (3%)	16,800 (300%)	6,200 (1%)	4,868 (400%)
<u>URBAN</u>							
1967	344,000	185,529 (54%)		---		16,883 (4.9%)	
1972 (without)	430,000	185,529 (43%) (1)		---		16,883 (3.9%) (1)	
1972 (with)	430,000	209,000 (48.6%)		---		19,200 (4.5%)	

(1) Present urban schools at enrollment capacity; GOG urban construction over recent years has been largely replacement construction rather than new construction.

(2) All urban schools are 6-grade.

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**PUBLIC RURAL PRIMARY SCHOOLS**

Result End of Program (1973)

Schools by Grades	Year	Attendance in each grade						Total Attend- ance	No. Schools	No. School rooms	No. Teachers
		1st	2nd	3rd	4th	5th	6th				
Less than 4 grades	1967	42,662	16,325	7,539				66,526	1,820	2,219	1,999
	1973	0	0	0	0	0	0	0	0	0	0
4 Grades	1967	11,533	5,251	3,497	2,244			22,525	405	677	603
	1973	69,000	32,000	21,000	14,000			136,000	2,153	3,450	3,400
5 Grades	1967	5,912	2,710	1,932	1,142	855		12,551	171	337	297
	1973	4,000	2,200	1,500	1,000	600		9,300	111	230	210
6 Grades	1967	6,906	3,585	2,589	1,858	1,457	1,091	17,486	150	456	445
	1973	25,000	14,500	10,000	8,000	6,400	6,200	70,100	421	1,840	1,750
<b>TOTALS</b>	1967	67,013	27,871	15,557	5,244	2,312	1,091	119,088	2,546	3,689	3,344
	1973	98,000	48,700	32,500	23,000	7,000	6,200	215,400	2,685	5,520	5,360

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Page 3 of 6

URBAN PUBLIC PRIMARY SCHOOLS  
Result End (1973)

	<u>1967</u>	<u>1973</u>
Total Attendance	185,529	209,000
6th Grade Output	16,883	19,200
No. Classrooms	5,073	5,723
No. Teachers	5,207	5,723

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EXHIBIT Q  
Page 4 of 6

RURAL TEACHER TRAINING - RESULT END (1973)

(No. Produced)

	<u>1968</u>	<u>1973</u>	<u>1975</u>
Pre-Service Training	0	230	540
In-Service Training	55	1,060	1,940

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Page 5 of 6

TEXTBOOKS - RESULT END (1973)

(No. Copies Available)

	<u>1968</u>	<u>1973</u>
ODECA-ROCAP Grades 1-4	1,600,000	2,000,000
ODECA-ROCAP Grades 4-6	0	244,000
Supplementary Texts	0	2,000,000
TOTALS	1,600,000	4,244,000

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Page 6 of 6

TEACHING MATERIALS - RESULT END (1973)

(No. Schools Supplied)

	<u>1968</u>	<u>1973</u>
Urban Schools	0	283 (Limited)
Rural 6 grade	0	562 (Limited)
Rural 4 grade	0	0
Regional	0	50 (Complete)
Rural Normal Schools	4 (Limited)	2 (Complete)

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EXHIBIT R  
Page 1 of 2 Pages

TEXTBOOKS

Reprinting ODECA-ROCAP Textbooks for all Primary Schools  
(2,000,000 Books)

(in thousand of dollars)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Research and editing	\$13	\$ 13	\$ 13	\$ 13	\$ 13
Publication (reprint)	12	272	100	100	100
Distribution	5	5	5	5	5
	<u>\$30</u>	<u>\$290</u>	<u>\$118</u>	<u>\$118</u>	<u>\$118</u>

TOTAL ..... \$674,000

Supplementary Textbooks for Regional and 6 grade Rural Schools

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Research and editing	\$18	\$24	\$ 5
Publication	15	23	32
Distribution	2	2	2
	<u>\$35</u>	<u>\$49</u>	<u>\$39</u>

TOTAL ..... \$123,000

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ANNEX II  
EXHIBIT R  
Page 2 of 2 Pages

Original Printing of ODECA-ROCAP Textbooks

(Science 4, Social Studies 4, Science 5, Social Studies 5,  
Language 6, Social Studies 6 and Science 6)

NOTE:

Two thirds of the costs of printing the above reflect increased attendance in upper grades due to loan financed projects and will be loan financed as follows:

	<u>1969</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Publication	37.4	37.4	37.4	37.4	37.4
TOTAL .....				\$187,000	

SUMMARY

ODECA-ROCAP Reprints (2,000,000 copies)	\$674,000
ODECA-ROCAP - Original Printing	187,000
Supplementary Booklets for Regional and 6 Grade Rural Schools	<u>123,000</u>
TOTAL .....	\$984,000

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— SCHOOL —

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.  
Area Code 202 • Telephone • EX-100 36300 • Cable Address • INTBAFRAD

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ANNEX II  
EXHIBIT S  
Page 1 of 3

January 24, 1963

Mr. Jerzy Z. Mirski  
Assistant Director  
Office of Capital Development  
Agency for International Development  
Department of State  
Washington, D.C. 20523

Dear Mr. Mirski:

Referring to your letter of January 17, 1968 I am writing to advise you that the Bank is not interested in considering for financing the primary education project in Guatemala.

Sincerely yours,



Gerald Alter  
Director  
Western Hemisphere Department

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IBRD Sign-off

— Seymour School —

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ANNEX II  
EXHIBIT S - 2 of 3  
January 30, 1968

REVISED MINUTES

Export-Import Bank - AID Liaison Group

811 Vermont Avenue, N. W. - Room 1267

January 25, 1968

PRESENT: Export-Import Bank  
Seymour Pollack

AID  
Bill Courtney

Guatemala - Government of Guatemala  
(Primary Schools)

\$6,860,000

The Bank representative stated that after reviewing this application the Board of Directors decided that the Bank would express no interest in it in view of the nature of the project and the fact that the proposed loan would be used in large part for local currency expenditures and requires concessional financing. (See agenda of 1/25/68)

Ecuador - Private Development Bank  
(Relending)

\$3 million

The Bank representative indicated that after reviewing this request the Board of Directors had decided that the Bank would be willing to consider an application for a credit of up to \$1.5 million for this purpose on the basis of a repayment term of 7 years including a 2 year grace period with the possibility that a guarantee may be required. (See agenda of 1/25/68)

Ethiopia - Government of Ethiopia  
(Bailey Bridges)

\$1.5 million

The Bank representative stated that the Board of Directors had reviewed this request and decided that the Bank would be prepared to consider an application for approximately \$1,064,000 for 60 Bailey Bridges on a direct credit basis with a repayment term of six to eight years. (See agenda of 1/25/68)

Ethiopia - Government of Ethiopia  
(Highway Maintenance Equipment)

\$13.9 million

The Bank representative stated that the Board of Directors had considered this application and decided that the Bank would be willing to consider participating in the financing of U.S. road and maintenance equipment under its normal exporter credit program. The AID representative indicated that in preliminary discussions the Ethiopians have stated that they would have some difficulty in accepting terms as short as 5 years for road maintenance equipment since it would add materially to the burden of payments falling due during this period. (See agenda of 1/25/68)

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EXIM Sign-off

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ANNEX II

INTER-AMERICAN DEVELOPMENT BANK  
WASHINGTON, D. C. 20577

EXHIBIT S - 3 of 3

CABLE ADDRESS  
INTAMLANC

February 20, 1968

Mr. Jerzy Z. Mirski  
Assistant Director  
Agency for International Development  
U.S. Department of State  
Washington, D. C.

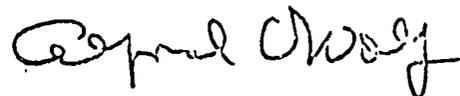
Dear Mr. Mirski:

This is in response to your letter of January 17 in which you asked for our comments concerning a proposal for a loan to the Republic of Guatemala to assist in financing a primary school program construction.

The Bank encourages the AID to undertake this loan. We feel that its execution is indispensable to the realization of the educational program of the Government of Guatemala.

As you know, this national program has been reviewed by the AID, the World Bank and this institution. Our demonstration of interest in the higher education component of the plan is consistent with the policies of the Bank, whereas the World Bank is concentrating on its traditional area of interest of middle level and technical education, while I understand AID has agreed to support primary education.

Sincerely yours,



Alfred C. Wolf

Program Advisor to the President

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BW Steinoff

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ANNEX II  
EXHIBIT T, Page 1 of 1

GOG 1968 OPERATING AND CAPITAL BUDGETS

OPERATING EXPENDITURE BUDGET

Legislative Department	\$ 976,738
Judicial Department	2,406,734
<u>Executive Department</u>	
Office of the President	4,148,534
Ministry of Foreign Relations	2,538,733
Ministry of Government	10,136,920
Ministry of National Defense	14,381,300
Ministry of Finance	40,205,798
Ministry of Education	23,565,276
Ministry of Public Health	14,307,990
Ministry of Labor	690,109
Ministry of Economy	1,790,765
Ministry of Agriculture	3,082,998
Ministry of Communications and Public Works	13,956,346
Attorney General	165,252
Electoral Registry	85,115
Controller	667,833
<u>TOTAL</u>	\$133,106,447
	<u>-54,918</u>

CAPITAL EXPENDITURE BUDGET

Ministry of Finance	\$ 19,102,590
Ministry of Education	1,370,575
Ministry of Public Health	835,800
Ministry of Economy	218,930
Ministry of Agriculture	3,479,994
Ministry of Communications and Public Works	19,991,414
<u>TOTAL</u>	<u>\$ 44,999,303</u>

RESUME

Operating Expenditure Budget	\$133,051,523
Capital Expenditure Budget	44,999,303
<u>TOTAL</u>	<u>\$178,050,826</u>

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SECTION II

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ANNEX II

EXHIBIT U, Page 1 of 1

MINISTRY OF EDUCATION BUDGET EXPENDITURES BY  
MAJOR CLASSES

1965-1968 <sup>1/</sup>

1.	Item	1966	1967	1968
-----In dollars (000's)-----				
1.	<u>Operating Expenditures</u>			
	Personnel Services	18,807	20,281	22,138
	Central Administrative and Technical	1,645	1,929	2,412
	Teaching (Permanent Personnel)	11,742 <sup>2/</sup>	12,508 <sup>2/</sup>	12,943
	Other <sup>3/</sup> <sup>4/</sup>	5,420	5,844	6,783
	Other Services <sup>5/</sup>	379	370	383
	Material and Supplies <sup>4/</sup>	550	468	536
	Machinery and Equipment	98	29	5
	Current Transfers <sup>6/</sup>	441	539	514
	Miscellaneous	221	173	180
	Financial Disbursements	1	0	0
2.	Capital Expenditures (Construction)	644	494 <sup>7/</sup>	1,180 <sup>8/</sup>
	TOTAL	21,140	22,355	24,936
----- Per cent of Total-----				
1.	<u>Operating Expenditures</u>	97	98	95
	Personnel Services	89	91	89
	Central Administrative and Technical	8	9	10
	Other	26	26	27
	Teaching	55	56	52
	Other Services	2	2	1
	Materials and Supplies	3	2	2
	Machinery and Equipment	9/	9/	9/
	Current Transfers	2	2	2
	Miscellaneous	1	1	1
	Financial Disbursements	9/	0	0
2.	<u>Capital Expenditures (Construction)</u>	3	3	3
	TOTAL	100	100	100

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SECTION II

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EXHIBIT U, Page 2 of 4

FOOTNOTES

1/ Actual (closed accounts) data for 1966-1967 and approved (final) budget allocations for 1968.

2/ Budget allocations, believed to be approximately equal to actual expenditures; data on the latter are not available.

3/ Largely personnel of the department of general stores of the Ministry, engaged in purchases and supplies; also includes (a) personnel engaged in transportation, repairs and maintenance of motor vehicles and school buildings and production of school books and other educational materials and (b) student scholarships.

4/ Allocations for school building maintenance and school books (largely for personnel and smaller amounts for materials) in the Ministry of Education budget, were as follows: (in thousand dollars):

	<u>1966</u>	<u>1967</u>	<u>1968</u>
a. Department of Building Maintenance and Repairs of School Buildings	N/A	125	148
b. Publishing Department and for publications of school books and other educational material and for offset printing workshops "José de Pineda Ibarra"	N/A	174	169

The Ministry of Communications and Public Works budget also provides small amounts, annually, for maintenance and repairs of educational buildings; the 1968 budget provides

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\$66,000 for this purpose. However, according to information received from Ministry of Education, these funds of the Ministry of Communications and Public Works are diverted to other uses and are, therefore, seldom (if ever) used for the purposes intended.

- 5/ Telephone, electricity, water, rents, etc.
- 6/ To private educational institutions.
- 7/ The amount shown is much larger than it should be; it represents the amount budgeted by GOG for transfer to the Comité Pro Construcción and not the amount the latter actually spent on school construction in that year. Of the total amount shown, only \$250,000 was actually transferred to the Comité and much less disbursed for construction by the latter during the year; the rest of the funds represent balances earmarked for transfer to the Comité in 1968 (to be spent on the 1967 school construction program which is in arrears).
- 8/ Consists of \$680 thousand for construction of secondary schools and \$500,000 for construction of primary schools; excludes direction, administration, supervision and design, which if included, bring the total investment to \$1,370,574. However, included are \$300,000 of IDB funds and \$300,000 of AID funds which are not likely to be disbursed in the given year.
- 9/ Less than one percent.

SOURCE: General Accounting Office, GOG.

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MINISTRY OF EDUCATION BUDGET EXPENDITURES, BY LEVELS OF EDUCATION

1963-1968

(In 000 dollars)

<u>Year</u>	<u>Total</u>		<u>Pre-Primary</u>		<u>Primary</u>		<u>Secondary</u>		<u>Other</u> <sup>3/</sup>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1963/64	<u>1/</u> 18,068.3	100	502.0	3	8,632.9	48	2,166.3	12	6,767.1	37
1964	<u>1/</u> 18,964.8	100	502.0	3	8,609.2	45	2,654.2	14	7,199.4	38
1965	<u>1/</u> 20,462.0	100	503.1	2	8,534.5	42	2,956.9	14	8,467.5	41
1966	<u>1/</u> 21,139.6	100	503.4	2	9,059.7	43	2,881.9	14	8,694.6	41
1967	<u>1/</u> 22,354.7	100	501.9	2	9,982.8	45	3,023.4	14	8,846.6	39
1968	<u>2/</u> 24,935.9	100	<u>4/</u>	<u>4/</u>	11,637.1 <sup>5/</sup>	47 <sup>5/</sup>	2,538.0	10	10,760.8	43

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1/ Actual (closed accounts) data.

2/ Budget approved by Congress (final), includes \$300 thousand AID funds (for primary education) and \$300 thousand IBRD funds (for secondary education) for school construction.

3/ Includes cultural and art programs, central administration and administrative and special educational services, current transfers and construction of school buildings.

4/ No separate data available; included in primary level.

5/ Includes pre-primary level.

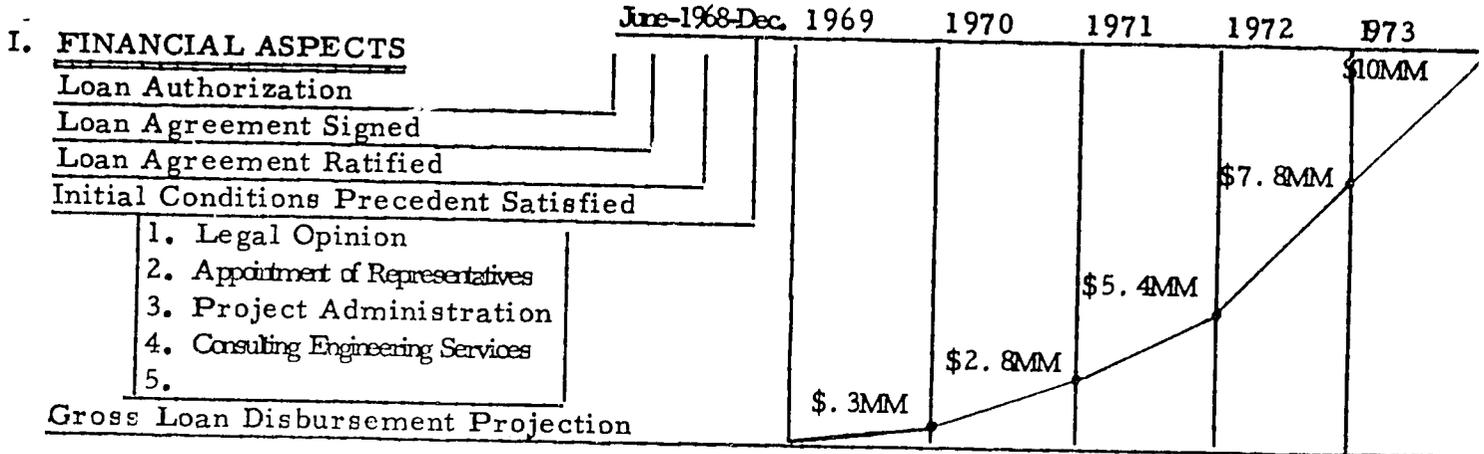
SOURCE: General Accounting Office.

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IMPLEMENTATION SCHEDULE: FIVE YEARS



II. CONSTRUCTION ASPECTS

Primary Schools - Local (1,850 classrooms)

1. Site Selections		300	400	475	675
2. Final design & specs.		classrooms	classrooms	classrooms	classrooms
3. Bidding and Awards					
4. Construction					

Primary Schools - Regional (300 classrooms)

1. Site Selections		60	120	120
2. Final design & specs.		classrooms	classrooms	classrooms
3. Bidding and Awards				
4. Construction				

La Alameda Normal School (6 buildings)

1. Final design & specs.		
2. Bidding and Awards		
3. Construction		

Los Pinos Normal School (6 buildings)

1. Final design & specs.		
2. Bidding and Awards		
3. Construction		

Debt Servicing Prospects

The external public debt is quite small in relation to the size of the economy. At the end of 1967 outstanding liabilities were equivalent to less than 6% of the GNP. Thus, even though a high proportion of the debt will be repayable within the next five years, total annual scheduled debt service payments in this period are equivalent to only 7% of projected export receipts in 1968.

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GUATEMALA - ESTIMATED CONTRACTUAL SERVICE PAYMENTS ON EXTERNAL MEDIUM - LONG - TERM PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF  
JUNE 30, 1967 1/

Debt Repayable in Foreign Currency  
(In thousands of US dollar equivalents)

Year	Debt Outst. (Begin. of Period)	Payments During Period		
	Including Undisbursed	Amorti- zation	Interest	Total
		Grand Total		
1967	93,532 <u>2/</u>	10,287	2,777	13,064
1968	91,231	11,091	3,050	14,141
1969	80,140	10,386	2,836	13,222
1970	69,754	10,846	2,462	13,309
1971	58,908	6,612	2,672	9,289
1972	52,296	7,168	2,566	9,734
1973	45,128	5,059	2,259	7,318
1974	40,068	4,808	1,983	6,792
1975	35,260	4,148	1,725	5,873
1976	31,112	2,516	1,530	4,045
1977	28,596	2,296	1,429	3,725
1978	26,299	1,945	1,324	3,269
1979	24,354	1,725	1,218	2,944
1980	22,629	1,759	1,121	2,880
1981	20,869	1,685	1,022	2,707

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Footnotes

1/ Includes service on all debt listed in Table I prepared October 27, 1967 except the following amounts outstanding:

Total	<u>\$15,627,000</u>
Suppliers' credits	<u>174,000</u>
Others Privately-placed debts	<u>15,453,000</u>
Lines of credit	2,810,000
Revolving credit	10,000,000
Bonds	2,643,000

2/ Amount outstanding is as of June 30, 1967; payments are for the entire year.

SOURCE: IBRD, Statistical Services Division.

June 19, 1968

RESPONSE TO CAEC MINUTES

In its review on January 12, 1968 of the Intensive Review Request (IRR) covering this Project, the CAEC recommended that the five issues raised in the IRR and three others raised in a LA/CD memo of January 9 be considered and incorporated in the final Loan Paper. The treatment of these eight points is as follows:

<u>ISSUE</u>	<u>RESOLUTION</u>
(1) GOG Position on Needed Reforms.	The Ministry of Education has revised its overall project plan to include specific action to remedy deficiencies in curricula content, teacher training, appointment, and supervision, teaching materials and textbook supply, and has agreed to key the release of Loan funds for construction to progress in these qualitative areas. See Section II-B-1, "Technical Aspects: Educational", and the Implementation Plan text included therein.
(2) Improvement in Curriculum Content and Supply of Text-books and Teaching Materials.	Treated in item (1) above.
(3) Improvement in Teacher Training and Supervision.	Treated in item (1) above.
(4) Local-Cost Financing and "Additionality".	The budgetary demands of this project, particularly in conjunction with large BID and IBRD projects in the same sector, will call for an outstanding self-help effort by the GOG, as detailed in Section D-3, "Economic Considerations: Borrower's Capability to Support Project". It does not

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<u>ISSUE</u>	<u>RESOLUTION</u>
	appear reasonable to expect more of a local contribution, and the local-cost financing requested, about 86 % of the total, is considered justified. Unfortunately it does not appear that any "additionality" will result from the Project except over the long term, as mentioned in Section E, "Effect on U.S. Economy".
(5) Relation to Multi-Agency Coordinated Lending Strategy.	This Issue is discussed in Section I-B-3, "Place in AID Program: Consortial Lending Implications".
(6) Past Efforts in Education in Guatemala.	This Issue is treated in Section I-A-2, "Project Background: Previous Efforts at Primary School Level".
(7) Maintenance: Past, Present and Future.	This is discussed in Section II-B, "Technical Aspects: Engineering".
(8) Financial Capability of GOG.	This question is discussed in Section II-D-3-c, "Ministry of Education Budget Plans 1969-73".

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LOAN AUTHORIZATION

DRAFT

Provided from: Alliance for Progress Loan Funds  
GUATEMALA: Primary School System Improvement

Pursuant to the authority vested in the Deputy U.S. Coordinator, Alliance for Progress, by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title VI, Alliance for Progress, to the Government of Guatemala ("Borrower") of not to exceed eight million six hundred thousand United States dollars (\$8,600,000) to assist in financing the costs of Borrower's primary school system improvement program, providing for construction of additional schools and a program of qualitative improvement throughout the primary school system ("Project").

1. Interest and Terms of Repayment. Borrower shall repay the loan to the Agency for International Development ("A.I.D.") in United States dollars within forty (40) years from the date of the first disbursement under the loan, including a grace period of not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars interest on the disbursed balance of the loan of two (2) percent per annum during the grace period and two and one-half (2½) percent per annum thereafter.
2. Other Terms and Conditions.
  - (a) Equipment, materials and services (except shipping and marine insurance) financed under the loan shall have their origin in and be procured from the United

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States or Member Countries of the Central American Common Market. Shipping financed under the loan shall be procured from the United States, and marine insurance financed hereunder shall be placed in the United States with a company authorized to do marine insurance business in any State of the United States.

- (b) United States dollars utilized under the loan to finance local currency costs shall be made available to Borrower or its designee through Special Letter of Credit procedures and shall be used only for procurement in the United States.
- (c) Prior to and as a condition precedent to the first disbursement under the loan, Borrower shall furnish A.I.D., in form and substance satisfactory to A.I.D., evidence that it has:
  - (i) Appointed a Project Administrator who will be an employee of Borrower with authority and responsibility to supervise and coordinate all aspects of the Project, including both construction and qualitative improvements throughout the primary school systems;
  - (ii) Contracted with a qualified independent consulting firm or consortium of firms to assist and advise the Project Administrator in the administration of the Project and to approve final engineering designs and specifications, recommend construction contract awards, supervise construction,\* and to certify A.I.D. disbursement requests;
  - (iii) Provided a specific plan of qualitative improvements to be effected throughout the primary school system over a 5-year term together with a timetable for

\* Supervise maintenance practices.

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carrying out these improvements, including but not limited to improvements in curriculum content and teacher training, appointment and supervision.

- (d) Prior to and as a condition precedent to the disbursement of Loan funds to finance any particular construction contract, Borrower shall, in form and substance satisfactory to A. I. D. , furnish:
  - (i) Evidence that all necessary rights to the land have been obtained;
  - (ii) Final engineering designs and specifications for the particular school; and
  - (iii) An executed contract with a construction firm satisfactory to A. I. D. or in exceptional cases recognized as such by A. I. D. an agreement with a Borrower agency.
- (e) Prior to and as a condition precedent to the opening of further Letters of Commitment to finance construction after one year subsequent to the date of opening of the first Letter of Commitment hereunder, Borrower shall in form and substance satisfactory to A. I. D. furnish a maintenance program or plan for all schools to be financed under the loan.
- (f) Prior to and as a condition precedent to the opening of further Letters of Commitment to finance construction after one year subsequent to the date of opening of the first Letter of Commitment hereunder, and yearly thereafter until completion of all construction financed hereunder, Borrower and A. I. D. will perform an intensive review of progress made in the previous year or years towards meeting the goals of the Project and will reach agreement on the remedial actions, if any, to be carried out by Borrower.

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- (g) Borrower shall covenant to contribute at least the equivalent of ten million three hundred thousand United States dollars (\$10,300,000) for the local costs of the Project according to a schedule to be mutually agreed upon by the Borrower and A.I.D.
- (h) Borrower shall covenant to carry out the maintenance program and program of qualitative improvements agreed upon with A.I.D. for the Project, and to satisfactorily maintain, supply, and staff the schools in Guatemala financed by A.I.D. under previous programs.
- (i) The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

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Deputy U.S. Coordinator

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Date

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