

UNCLASSIFIED

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 1977

GUATEMALA

**DEPARTMENT
OF
STATE**

JULY 1975



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CERTIFICATION OF THE CONTINUED VALIDITY OF THE DAP

The DAP remains valid, and USAID/G's proposed program is in conformity with it, addressing DAP-identified problems in our major sectors of concentration.

In agriculture, among the factors restricting the development of agriculture the DAP cites: the inequality of land ownership -- 87% of the farms are of 7 hectares or less, amounting to only 19% of the total land in farms, with most of them too small to fully employ or support a farm family (p. 31); high population growth rates, producing a continuing decline in average farm size, particularly in the highlands where the minifundio problem is already acute (p. 32); and the fact that meaningful land reform and resettlement programs have been relatively limited (p. 33). However, consistent with the 1975-1979 Development Plan, the COG now appears ready to take steps toward implementing a program of resettlement in the Northern Transversal area as well as a program to make available credit to small farmers in the highlands to purchase small parcels of land with a view towards consolidating minifundio. Both are directed largely toward the above noted problems in the highlands. We currently anticipate that the better part of assistance provided by the FY 1976 Small Farmer Development Loan and Grant will be in support of these programs.

Also noted as a bottleneck is the fact that production of internally consumed crops has grown extremely slowly, with approximately 65% of what growth there has been coming from bringing new lands into production rather than increases in output on existing farms (p. 32). This problem (as well as that of widespread rural malnutrition) is being addressed by the Food Productivity and Nutrition Project, the primary purpose of which is to develop and introduce strains of basic food grains of higher productivity and better protein content. Another limiting factor specified is that marketing systems for crops grown for internal consumption and for non-traditional crops with export potential have been deficient and ineffective (p. 34). To deal with this problem, the Mission is proposing an FY 1977 loan to improve food marketing systems, with the intention of helping small farmers to increase their incomes through the production of diversified crops and to stimulate private investment to provide the assembly, processing and marketing services essential to successful small farmer commercial agriculture.

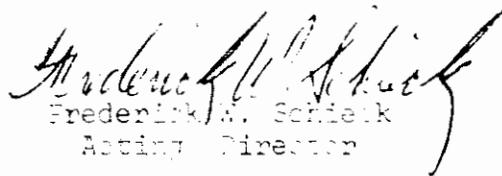
While final results of the Tri-Pactura agriculture sector analysis have not been received, the Mission anticipates that they will support the proposed program.

In Education and Human Resources, new programs focus on rural non-formal education, with a grant project started in FY 1975 and a loan proposed for FY 1977. The DAP notes the predominance of adult illiteracy and limitations of formal education opportunities for rural children, stating that Guatemala offers a special target of need as well as opportunity for testing non-formal, non-classroom educational techniques (p. 51). Such testing has been underway for several years, and the Mission efforts are now focused on assisting the GOG in the implementing of a broad-spectrum rural non-formal education program. A sector assessment is planned for the first half of FY 1976.

In health, in the past, the DAP points out that facilities and manpower were concentrated almost exclusively in the capital city and in a few selected departmental capitals (p. 53). Our on-going program has contributed to a redirection toward rural areas, supporting training of rural health technicians, construction and equipment of rural health posts, and refurbishing of rural regional hospitals. To further this effort, a loan is proposed for FY 1977 to enhance the training, maintenance and administrative capability of the GOG to support these facilities. This will be preceded by a technical support funded health sector assessment which USAID is scheduling for completion in May 1976.

The greater concentration of effort being made by the GOG toward resolution of the problems of rural municipalities is discussed in the DAP (pp. 63-64). In recognition of this, and considering the important role which these municipalities (the equivalent of U.S. county government) play in providing marketing and other services to small farmers in the surrounding countryside, an FY 1977 loan is proposed for INFOM, the Institute for Municipal Development, to assist them in enhancing the capabilities of rural municipal governments to provide a variety of essential services. The need for such a loan was foreseen in the DAP (p. 71).

The overall proposed program of assistance is not only consistent with the DAP, but also with the Congressional mandate and the OIG's 1971-73 Development Plan. The entire program is focused on the rural areas, and on the poor who make up the vast majority of Guatemala's rural population. It also is closely supportive of the initiatives proposed in the Development Plan, which has among its major objectives the redistribution of both income and governmental services in favor of the rural poor.


Frederick W. Schiek
Acting Director

CENTRALLY FUNDED RESEARCH

The Central American Mission Directors' Coordinating Conference (MDCC) has for some time been concerned as a group with the question of expanding the relevance of centrally funded research to the specific development problems addressed by our programs in the field. The issue was explored in some depth with a TAB delegation at the MDCC meeting held in Guatemala in October, 1974, and the decision was taken to develop joint recommendations for increasing the relevance of centrally funded research to field programs at the upcoming MDCC meeting in August. For this reason USAID/G does not feel it appropriate to independently address the issue in this submission, but rather will present its view via the mechanism of the MDCC.

SUMMARY TABLE
(000)

	<u>FY--75*</u>	<u>FY--76</u>	<u>I Q</u>	<u>FY--77</u>
<u>I. FOOD PRODUCTION & NUTRITION</u>				
A. <u>Grants</u>				
1. Agricultural Development (137)	527	--	--	--
2. Cooperative Development (200)	415	75	--	--
3. Food Prod. & Nutrition (232)	275	47	100	415
4. Small Farmer Development (233)	--	575	145	575
5. CRS (CPG) (Nut., Health, Micro-Ag)	--	150	38	150
6. CRS (CPG) (Zona Revna Reset)	--	46	--	--
7. Technical Support (201.1)	50	51	25	51
<u>FP&N Grant Sub-Total</u>	<u>1,277</u>	<u>1,304</u>	<u>308</u>	<u>1,282</u>
B. <u>Loans</u>				
1. Small Farmer Improvement	--	13,000	--	--
2. Agr. Processing & Marketing	--	--	--	4,200
3. Market Town (INFCM II)	--	--	--	3,600
<u>FP&N Loan Sub-Total</u>	<u>--</u>	<u>13,000</u>	<u>--</u>	<u>7,800</u>
<u>FP&N PROGRAM TOTAL</u>	<u>1,170</u>	<u>14,300</u>	<u>308</u>	<u>9,082</u>
<u>II. POPULATION PLANNING & HEALTH</u>				
A. <u>Grants</u>				
1. Population Planning & Rural Health (189)	500	550	138	--
2. New Population Project	--	--	--	515
3. Rural Potable Water (231)	107	107	27	107

*Estimates

	FY--75	FY--76	I Q	FY--77
4. Rural Health Delivery Evaluation (230)	--	101	25	109
5. Agua del Pueblo (312)	--	4	20	80
6. Technical Support (600.2)	30	75	5	35
<u>PP&H Grant Sub-Total</u>	<u>637</u>	<u>880</u>	<u>215</u>	<u>769</u>
<u>D. Loans</u>				
Rural Health Loan II	--	--	--	3,500
<u>PP&H PROGRAM TOTAL</u>	<u>637</u>	<u>880</u>	<u>215</u>	<u>4,269</u>

III. EDUCATION & HUMAN RESOURCES

A. Grants

1. Public Administration (Municipal) (176.2)	52	50	--	--
2. Development Planning and Investment (185)	149	--	--	--
3. Tax Administration (199)	48	--	--	--
4. Basic Rural Education (228)	320	492	205	280
5. Technical Support (600.3)	27	149	20	50
<u>E&HR Grant Sub-Total</u>	<u>596</u>	<u>691</u>	<u>225</u>	<u>330</u>

B. Loans

1. Rural Primary Education	7,000	--	--	--
2. Non-Formal Education	--	--	--	5,000
<u>E&HR PROGRAM TOTAL</u>	<u>7,600</u>	<u>691</u>	<u>225</u>	<u>5,330</u>

	<u>FY--75</u>	<u>FY--76</u>	<u>I Q</u>	<u>FY--77</u>
IV. <u>SPECIAL DEVELOPMENT PROGS.</u>				
Special Development Activities	<u>44</u>	<u>50</u>	<u>15</u>	<u>50</u>
<u>GRANT PROGRAM SUB-TOTAL</u>	<u>2,447</u>	<u>2,874</u>	<u>763</u>	<u>2,428</u>
<u>LOAN PROGRAM SUB-TOTAL</u>	<u>7,000</u>	<u>13,000</u>	<u>--</u>	<u>16,300</u>
<u>TOTAL PROGRAM</u>	<u>9,447</u>	<u>15,874</u>	<u>763</u>	<u>18,728</u>

SUMMARY TABLE
FISCAL YEAR 1978
(\$000)

ON-GOING GRANTS	FP&N	FP&H	ESHR	SDP	TOTAL
1. Cooperative Development 520-15-150-200	79				79
2. Food Productivity & Nutrition 520-11-130-232	400				400
3. Technical Support (FP&N) 520-11-999-000.1	50				50
4. Population Planning & Rural Health 520-15-580-189		550			550
5. Rural Potable Water & Latrine Con- struction (OPG)		107*			107
6. Technical Support (FP&H) 520-11-999-000.2		25***			25
7. Public Administration (Municipal) 520-11-790-176			50		50
8. Basic Rural Education 520-11-670-228			492		492
9. Technical Support (ESHR) 520-11-999-000.3			149		149
10. Special Development Activities 520-15-998-145				50	50
Sub-Total	509	657	691	50	1952
11. Loans					
1. Small Farmer Development	375				375
2. Evaluation of Rural Health Care Delivery System 520-15-590-230		101			101
3. OPG for CRS (Nut. Health & Micro. Ag.)	150***				150
4. OPG for CRS Zona Reyna Rescettlement	46***				46
5. OPG for Agua del Pueblo Sub-Total	71	50*** 151			50 922
LOANS					
1. Small Farmer Development	13,000				13,000
T O T A L	14,300	833	691	50	15,874
PG 490 Title II (Non-Add)					

SUMMARY TABLE
FISCAL YEAR 1976
(\$000)

- * CP Control Level is 100.
- ** CP Control Level is 60.
- *** Not in FY-76 CP.
- **** CP Control Level is 10.



SUMMARY TABLE
FISCAL YEAR 1977
(\$000)

	FPEN	FPFH	EEHR	SDF	TOTAL
ON-GOING GRANTS					
1. Food Production and Nutrition 520-11-130-232	415				415
2. Small Farmer Development	600				600
3. CRS (OPG) (Nut;Health and Micro Ag.)	150				150
4. CARE (OPG)	55				55
5. Technical Support (FPEN)	60				60
6. Evaluation of Rural Health Care Delivery System 520-15-590-230		109			109
7. Rural Potable Water & Latrine Con- struction (OPG)		27			27
8. Agua del Pueblo (OPG)		80			80
9. Technical Support (FPFH)		35			35
520-11-999-000.2			280		280
10. Basic Rural Education 520-11-670-228			50		50
11. Technical Support (EEHR) 520-11-999-000.3				50	50
12. Special Development Activities 520-15-998-145				50	50
Sub-Total	<u>1,280</u>	<u>51</u>	<u>430</u>	<u>50</u>	<u>1,911</u>
NEW GRANTS					
1. New Population Project		518			518
Sub-Total		<u>518</u>			<u>518</u>
LOANS					
1. Agricultural Processing & Marketing	4,200				4,200
2. Non-Formal Education			5,000		5,000
3. Rural Health Loan III	3,600	3,500			3,500
4. Market Town Services (IFOM II)	7,800	3,500	5,000		3,600
Sub-Total	<u>9,000</u>	<u>4,219</u>	<u>5,330</u>	<u>50</u>	<u>16,500</u>
T O T A L					<u><u>18,729</u></u>
Pl. 489 Title II (Non-Add)					

SUMMARY TABLE
FISCAL YEAR IQ
(\$000)

	FP&N	PP&H	E&HR	SDF	TOTAL
<u>ON-GOING GRANTS</u>					
1. Food Production & Nutrition 520-11-130-232	100				100
2. Small Farmer Development 3. CRS (OPG)	145 38				145 38
4. Technical Support (FP&N) 520-11-999-000.1	25				25
5. Population Planning & Rural Health 520-15-580-189		138			138
6. Evaluation & Rural Health Care Delivery System 520-15-590-230		25			25
7. Rural Potable Water & Latrine Con- struction (OPG)		27			27
8. Agua del Pueblo (OPG)		20			20
9. Technical Support (PP&H) 520-11-999-000.2		5			5
10. Basic Rural Education 520-11-670-228			205		205
11. Technical Support (E&HR) 520-11-999-000.3			20*		20
12. Special Development Activities 520-15-998-145				15	15
T O T A L	<u>308</u>	<u>215</u>	<u>225</u>	<u>15</u>	<u>763</u>
<u>NO NEW GRANTS OR LOANS</u>					
PL 480 Title II (Non-Add)					
* CP Control Level was 10.					

SUMMARY TABLE

A.I.D. Financial Support for Private Voluntary Organizations
(\$ 000)

Country: GUATEMALA		INT.	
By Project Title if Possible	FY 1976	QTR.	FY1977
ONGOING GRANTS:			
A. Ongoing OPG (initiated FY75)			
1. Rural Potable Water & Latrine Construction (CARE)(d)	100	25	25
Subtotal	100	25	25
of which cooperatives(non-add)	(-)	(-)	(-)
*B. Non-OPG			
1. (D) Cooperative Development(d)	79	-	-
Subtotal	79	-	-
of which cooperatives(non-add)	(79)	(-)	(-)
NEW GRANTS:			
A. OPGs			
1. Nutrition, Health & Micro-Agriculture (CRS) (d)	150	38	150
2. Zona Reyna Resettlement	46	-	-
3. Potable Water Systems for Small Villages(Agua dei Pueblo)(d)	50	20	80
Subtotal	246	58	238
of which cooperatives(non-add)	(46)	(-)	(-)
B. Non-OPG			
1. Small Farmer Improvement (d)	135	34	135
Subtotal	135	34	135
of which cooperatives(non-add)	(135)	(34)	(135)
LOANS:			
1. Small Farmer Improvement (d)	-	3,000	-
2. Agricultural Processing & Marketing (d)	-	-	2,000
Subtotal	-	3,000	2,000
of which cooperatives(non-add)	(-)	(3,000)	(2,000)

*Indicate whether project primary focus is development (D) or relief (R).
NOTE: If applicable note relationship between Title II and specific OPGs.

COOPERATIVE DEVELOPMENT 520-15-150-200

This project is divided into two elements: (1) technical advisory assistance, commodities and other direct costs support to the Federation of Regional Agricultural Cooperatives (FECCAR) and (2) Residual operating budget support for the Federation of Savings and Credit Cooperatives (FENACCAC). (Which received TA and commodity support under a previous project). Support to FENACCAC terminated in FY 1975 and assistance to FECCAR will end in FY 1976. The objectively verifiable indicators for FECCAR through 3/31/75 as well as the actual status of FENACCAC through 12/31/74 are provided below:

1. Federation of Regional Agricultural Cooperatives
(FECCAR)

<u>Selected Indicators</u>	<u>PEOP/Projected</u> <u>thru 3/31/75</u>	<u>Actual</u> <u>thru 3/31/75</u>
a. <u>Outputs</u>		
1) Regional Cooperatives Organized	6	6
2) Federation Employees	5	5
3) Cooperative Employees	40	40
4) Education Courses	60	82
5) Production Credit Outstanding	1,021,700	724,588
6) Fertilizer Sold (cwts)	201,000	164,000
7) Produce Marketed (cwts)	230,200	119,000
8) Participants Trained (cumulative)	13	12

b. Purpose

1) Affiliated Member Families	11,600	8,581
2) Local Groups Organized	220	236
3) FEEOAR - % of self-sufficiency	53%	70%
4) Regional Cooperatives - % of self-sufficiency.	72%	70%

The technical assistance provided by A.I.D. and Agricultural Cooperative Development International (ACDI) has enabled FEEOAR to make good progress over the past four years, with several of the output and purpose indicators in the project paper either met or exceeded. Six regional cooperatives have been established and fully staffed as projected in the PROP.

The output goals in production credit outstanding and fertilizer sold were not met, due principally to the serious shortage of fertilizer in country during the 1974-75 agricultural year. Since fertilizer is the major input purchased with credit, the lack of fertilizer for sale resulted in less credit being extended to members, even though there were additional credit funds available in the FEEOAR portfolio. The lack of fertilizer was also a contributing factor in not meeting the membership levels projected in the project paper. The regional cooperatives did not want to take on new members unless they could provide them with services, not the least of which is credit for fertilizer purchases.

The target for wheat marketed was not met for a variety of reasons. With the short supply of high price or fertilizer and the low base price established by the government for wheat, many farmers either reduced their wheat plantings or switched to other crops as they believed that they wouldn't make any money growing wheat. This situation was further exacerbated by the damage caused by hurricane Fifi and the extremely dry period which followed the hurricane plus the damage to the wheat crop in some areas caused by the ash fall-out from the eruptions of Fuego and Santiaguillo volcanoes.

The targets for self sufficiency for the federation and the regional cooperatives were exceeded during the 1974/75 crop year due largely to the wind-fall profits experienced in fertilizer sales. FICOP had purchased some fertilizer shortly before the dramatic increase in prices and was able to sell their stocks at a good profit. The net profit of the regionals and the federation should be considerably less this year due to the drop in fertilizer prices since this year's stocks were purchased.

In general, the project is progressing well and it is anticipated that most of the goals projected for the 1975/76 period will be met and that USAID assistance will terminate as scheduled in FY 1976.

2. Federation of Savings and Credit Cooperatives
(FENACCOC)

<u>Selected Indicators</u>	<u>PRDP, Projected</u> <u>thru 12/31/74</u>	<u>Actual</u> <u>thru 12/31/74</u>
a. <u>Outputs</u>		
1) Affiliated cooperatives	90	93
2) Full-time trained managers	87	52
3) Affiliates with life insurance service.	86	52
4) Affiliates with bonding service.	86	20
b. <u>Purpose</u>		
1) Affiliated member families	58,000	54,109
2) Total loans outstanding	4,587,000	3,846,938
3) Total member savings	3,000,000	3,848,501 (*)
4) Total Operating Income	88,061	156,175
5) Total Operating Expenses	150,178	202,860
6) Percentage of self-sufficiency	59%	77%

(*) Q3,440,501 in share capital and Q408,000 in savings accounts.

Through December 31, 1974, FENACOAC had made good progress in meeting the goals established in the PROP. While the number of affiliated cooperatives (83) fell short of the goal of ninety, the membership goal was surpassed by 42%. The indicators for economic viability also demonstrate healthy growth with member savings at \$3.8 million and operating income at \$156,135 which is substantially higher than the level projected in the PROP, bringing the percentage of self-sufficiency to 70%.

The number of affiliated cooperatives with life insurance and bonding services has not progressed as scheduled due largely to the failure of the GCS to rule definitively on whether the provision of such services by FENACOAC are allowable under the existing banking and insurance laws. Without such a ruling FENACOAC has been hesitant to go into full-scale promotion of the services although, as can be noted from the above indicators, the insurance program has been readily accepted, with 52 of the 83 affiliated cooperatives subscribing despite the legal uncertainties.

It should be noted in this respect that FENACOAC has requested and will be receiving the services of a insurance consultant through the auspices of the Volunteer Development Corps

who will assist FENACCOAC in developing its family life insurance program which also bears promise of being popular with member cooperatives.

The amount of loans outstanding in the system was lower than projected due in large measure to the delay in disbursements anticipated under the Cooperative Development Loan (AID 520-L-024). FENACCOAC is now making drawdowns under this loan and it appears that considerable progress will be made during CY 1975 (the last year of AID assistance) towards achieving and/or surpassing the goals projected in the PRCP.

NARRATIVE DESCRIPTION OF IMPLEMENTATION PROGRESS
FOOD PRODUCTIVITY and NUTRITIONAL IMPROVEMENT -

520-11-130-232

The PROP for this project was approved in April, 1975.

A project agreement has been negotiated with the ICG's Agricultural Science and Technology Institute (ICTA), and it is anticipated that the two corn breeders to be contracted under the agreement will commence work in Guatemala in October, 1975. Orders for commodities will be placed following execution of the Project Agreement. One participant has been programmed utilizing O18 loan funds. The other on-going research activities in sorghum, beans and vegetable production which are presently financed under Project No. 520-11-190-197, Agricultural Development, and which will be continued under this project in FY 1976, are progressing well. For example, three production teams charged with the transfer of technology are in place in the Highlands, South coast and Eastern regions. Tests and demonstrations are planted and reported to be performing as planned. Bean breeding experiments are being conducted in the highlands and Eastern regions and seed multiplication plantings have been made. Corn tests are planted in all three regions and seed multiplication is being done on the South coast and in the Eastern region. A Purdue University corn improvement team is scheduled for mid-July arrival to assist with the development of long range plans

for this element of the project. Sorghum testing and seed increase is being carried out in the Eastern region and will be extended to the South coast in September. Vegetable production tests with mellons, cantaloups, peppers and tomatoes are being carried out on a continuing basis in the Eastern region coupled with irrigation studies. Work with garlic is being expanded in the Highlands and plans are being formulated to extend these activities to other promising crops for this region. It appears at this point that all of the output indicators in the PRDP for the end of IV 1977 will be achieved.

NARRATIVE DESCRIPTION OF IMPLEMENTATIONPROGRESS: POPULATION & RURAL HEALTH

The Population and Rural Health Project embraces technical, commodity, and budget support assistance to three key Government institutions in the areas of population/family planning. The Ministry of Public Health, the Private Family Planning Association and the Dalhousie University/Ministry of Education's Sex Education Program.

Following is a listing of objectively verifiable indicators which appear in the PROF and latest PAR:

PROP & PAR OUTPUT & PURPOSE INDICATORS

<u>INDICATOR</u>	<u>TARGETED FOR 5/31/75</u>	<u>ACCOMPLISHED</u>
1. Number of New Acceptors	40,000	20,739 (as of 12/31/74)
Cumulative from 1971	151,000	75,728 (as of 12/31/74)
2. Active Users of FP		
As % women in fertile age	27%	2.5% (as of 12/31/74)
Absolute number of women	323,418	29,609
3. Rising number of new acceptors	(No specific target set)	1971 = 18,067 1972 = 18,131 1973 = 18,791 1974 = 20,739
4. Rising number of Active Users	(No specific target set)	1971 = 25,223 1972 = 29,815 1973 = 26,485 1974 = 29,609

<u>INDICATOR</u>	<u>TARGETED FOR 5/31/75</u>	<u>ACCOMPLISHED</u>
5. Medical and paramedical personnel trained in FP (annually)	M.D.s = 20 Nurses = 60 Social Workers = 30 Other = 10 <u>TOTAL = 120</u>	14 (during CY 1974) 11 15 <u>17</u> <u>104</u>
6. Medical and paramedical personnel trained in FP (cumulative)	1,004	1,337
7. Number of New Health Posts providing FP services	200	43 (35 in 1974 & 11 in 1975)
8. Number of Clinic Forms processed	180,000	160,510 (12/31/74)
9. Number follow-up visit reports sent to clinics (annually)	1,200	1,555 (9/30/74)
10. School children receiving sex education instruction	200,000 (Re-programmed in FIR 74-7)	325,055
11. Teachers trained in Sex Education	2,110 (Re-programmed in FIR 74-7)	2,414
12. Sex Education materials produced	No specific quantity	Teachers guides and student subject matter for all grades of primary school; pamphlets and flip charts.

<u>INDICATOR</u>	<u>TARGETED FOR 6/30/75</u>	<u>ACCOMPLISHED</u>
13. Adults and non-school children receiving sex education instruction	15,000 (annually)	50,000 (CY 1974)
14. Professionals from varying fields trained in sex education/population awareness	80	Program at AFROFAM discontinued

As one can see by the foregoing, project performance has exceeded some of the targeted outputs in several cases and has not achieved the targets in other cases. On balance the project has advanced steadily.

Population/Family Planning activities in Guatemala continue to be surrounded by an atmosphere of political sensitivity, and this key factor can largely explain the low level of program performance in terms of new acceptors of contraceptives. Executive level personnel in the Ministry of Public Health are very cautious in the implementation of family planning services in new rural health posts, since there was a rash of negative publicity for the program in November 1974 and again in February 1975. Two other factors which retarded the opening of FP services in new clinics were: a) the national children's vaccination campaign (a rumor was started which spread nationally that vaccines contained sterilization agents and concerned mothers refused to have children vaccinated. This resulted in the lowest coverage of immunizations in Guatemala's recent history) and b) the total reorganization of the Ministry of Public Health which redefines responsibilities and which is

still in progress.

The strongest and most effective family planning program in Guinea is continues to be that of the private Family Planning Association (AFROPAM). Through 14 FP clinics in Gu tansa City, AFROPAM currently provides FP service to over half of the women actively contraceptive in public programs. Additionally, AFROPAM organizes P/FP training courses for Ministry of Public Health personnel, and is responsible for the design and diffusion of P/FP informational materials. After six years of consecutive bi-lateral funding, the Del Valle Ministry of Education's Sex Education project will continue next year with UNESCO, UNFPA, or host country funding. Graded curricula and teachers guides for primary school should be completed by 12/31/75.

Finally, since March 1975, the Government of Gu tansa, through the Minister of Public Health, has been involved in the drafting of a first "Population Policy" sources from within the P/FP Policy Working Committee comment that the new "Policy" should be ready for promulgation by September 1975. If the "Policy" is decreed this year, the Ministry of Public Health's P/FP Program will for the first time have the legal and moral support that it has lacked in the past, and major improvement in the number of new and active contraceptors should be possible. Also, under these new conditions, both the composition scope, and magnitude of title support to the Ministry of Public Health could change in CY 1975.

Village Water Systems and Latrine Construction520-15-520-231

In 1975, 64% (3.9 million) of the 6.1 million inhabitants of Guatemala reside in the rural areas. Of these less than 600,000 have access to potable water, less than 3.4 million have sanitary services, and less than 3.86 million have homes with connections to sewerage systems. Consequently, morbidity and mortality due to lack of hygiene and the water borne diseases, coupled with chronic malnutrition are alarmingly high. Mortality due to enteritis and diarrhea (329 per 100,000 deaths) and the fact that 46% of all deaths occur in children under the age of 5 years emphasizes the character and magnitude of the problem.

For these reasons, and complementing USAID's other activities to improve the levels of health among the rural poor of Guatemala, the Mission has particular interest in programs designed to address the lack of access to potable water and to improve the sanitary environment.

An important additional purpose is to reinforce the role of the medical auxiliary (Rural Health Technician, TSR). Training and deployment of the TSR as an agent for change in the rural areas is an activity supported in part by AID Loans 520-L-020 and 021. The TSR plays a pivotal role in community organization for improved health and his identity and prestige can be enhanced considerably by involving him in the identification of communities lacking water and which are willing to contribute actively to obtain it.

CARE Program in Dept. El Quiché

Under the AID/PVO grant program, CARE/Guatemala has expressed interest in the installation of water systems and latrines for small rural communities and CARE's OPG proposal was reviewed and approved in principle by the DAEC on May 23rd., 1975.

In Jan. 1975, CARE in conjunction with officials of the Ministry of Public Health and Social Assistance identified the highland, largely Indian area in the Dept. of El Quiché as a region suitable for beginning the program. Medical personnel include approximately 20 TSR who are now working there. The department has some 343,000 inhabitants of which 296,000 (86%) live in the rural areas. The rural population live in 1,072 villages of less

than 2,000 persons and 85% of the rural population live in aggregates of less than 500 persons or dispersed. There is an estimated deficit of 33,000 latrines and 21,000 homes lack access to potable water.

Since January, 1975, CARE has expended approximately \$4,000 in making preliminary investigations in Quiché, and has identified and surveyed communities, as possible recipients of potable water systems and household latrines.

In February 1975, CARE established a regional office in Santa Cruz El Quiché, capital of the department. The staff, headed by a sanitary engineer includes a health educator, an architect specialized in environmental design, a construction supervisor and a sociologist.

Two hundred and thirty communities in the department responded to a questionnaire designed to determine their interest in acquiring a potable water system and in latrine construction. The team, supported by the area TSR has visited 50 of these communities to collect additional data, to meet with local development committees in order to explain the purpose and methodology of the project and to determine the willingness of the communities to make in-kind contributions.

The staff of the Quiché office has developed a flow-chart for project planning comprised 8 stages, including assignment of priority based on need, community interest, topographical and other considerations.

Topographical surveys and systems design are in progress in the villages of Chujuyab, Xetinamit and El Naranjo, each with less than 1,000 inhabitants. The villages, all within one hour's journey from the departmental capital, have been selected for their proximity and to serve as pilot projects.

Three other villages, accessible only by air or by a 2-day journey on foot or horseback are also in process of being surveyed. The villages, Santa María Sejá, Santiago Ixcán and Yabal are in the area assigned to TSR Julio Hernández who is responsible for community organization and health care.

The CARE team have also developed an evaluation protocol that will collect data relating to number of people served in each project, distance of available water supply and time required to reach it and knowledge of use of water in personal hygiene, household cleanliness and in cooking.

The project plans to bring potable water within easy reach and to construct household latrines for approximately 25,000 people in a 3 year period. A little over 1/3 of this population will be reached during the first year.

The project is closely coordinated with the Department of Sanitary Engineer of the Ministry of Public Health and with the Office of Community Development, responsible to the Office of the President. Both groups are providing supporting resources and systems design, and maintenance methodologies are in process of being standardized.

Other PVO's

Because of the massive deficits in available water and latrines, USAID is interested in seeking the cooperation of other PVO whose interests center on improvement of the sanitary environment. For this reason, provisional talks have been held with a PVO (Agua del Pueblo) which has already achieved success in construction and operation of 3 village water systems, using community resources for construction and maintenance.

NARRATIVE DESCRIPTION OF IMPLEMENTATION PROGRESSBASIC RURAL EDUCATION (NON-FORMAL)520-11-670-228

The PROP for this project was approved in April 1975 and the Project Agreement was signed during the last week of June 1975 with the Ministry of Education and the National Economic Planning Council for the purpose of establishing and institutionalizing a viable GOG organization which will have the operational capacity to design and implement an effective low cost multisector NFE program in the rural areas. During May and June, the National NFE Board was organized and members of the Interdisciplinary Team were named and are one board. The team is charged with developing coordination between the Secretariat and the various GOG Ministries and semi-autonomous agencies that are carrying out NFE programs. At the invitation of the GOG, representatives of the IDB, UNDP, UNESCO, UNICEF, AID, Stanford and Michigan Universities met with the National Economic Planning Council. The conclusion reached was that the GOG's NFE plan is feasible and merits bilateral and multilateral assistance. Following upon these meetings, project proposals submitted by UNESCO (168,000) and UNICEF (135,000) to their respective headquarters received approval.

FY-75 AID financing is for a technical assistance contract for research and investigation of content and materials development for new NFE activities. Work is expected to commence by mid-August. It appears that CY-75 PROP output indicators will be achieved on time. Because this grant project is just getting underway, the proposed NFE loan which was put on the shelf for FY-76 is shown for FY-77.

NARRATIVE DESCRIPTION OF IMPLEMENTATION PROGRESSTECHNICAL SUPPORT (EDUCATION)520-11-999-000.3

Activities and services to be financed are the following:

1. Development of a baseline study to include (obtain) information which will provide an accurate and reliable statistical base for the yearly evaluation of the achievements and evolution of the problem-solving, integrated project curriculum used by MOE. (Computer services are included).
2. Development of research and evaluation design and implementation plan which the USAID will use in satisfying agency requirements under Education Loan II. (14).
3. Consultant services for project design in developing training of teacher trainer programs; curriculum and content development; teaching methodologies materials requirements, and evaluation. (60).
4. Sector Assessment specialists for evaluating the impact of USAID programs initiated through FY-1974 and guiding future programming of the Mission in education. (61).

Interim Quarter and FY-77

Financing of short-term consultants and studies related to project design and CAP preparation for the Non-Formal Education Loan.

PUBLIC ADMINISTRATION (MUNICIPAL) 520-11-790-176

Since the project paper for this activity was approved in mid-1972, there have been several changes in the project as a result of political and implementation problems. The purpose of the project originally was to establish six regional associations of municipalities which would, in turn, provide technical assistance to their member municipalities. This concept became embroiled in national politics and could not be implemented. As a result, most of the output indicators in the project paper no longer have relevance. This situation was brought to the attention of AID/W and a new logical framework matrix is to be prepared and submitted for approval in September, 1975.

When it became clear that it would not be possible to carry out project activities through the proposed regional associations, efforts were directed towards creating the capability within the GOG Institute for Municipal Development (INFOM) to provide the administrative, financial management and project planning assistance to municipalities which would have been provided through the regional associations. Short term advisory assistance was provided to INFOM by the Brazilian Municipal Development Institute (IBAM) in FY 1973 and the services of two municipal management and finance specialists from

Servicios Técnicos del Caribe were provided in FY 1974 to strengthen the administrative/technical assistance capacity within INFOM. In FY 1975, USAIT funds are being used to finance a portion of the cost for an INFOM training program for municipal officials and a newly constituted, inter-disciplinary technical assistance field unit which will provide direct advisory assistance to eight selected municipalities in the fields of municipal planning, tax collection, administration, accounting and operation and maintenance of municipal services. It is anticipated that the technical assistance field unit activities will be continued in FY 1976 (the last year of AID funding under the current project) and expanded to cover a greater number of municipalities under a new loan project with INFOM proposed for FY 1977.

PL 480 TITLE IINARRATIVE

The Mission has reviewed and concurs in all major elements of the Title II program plans submitted by CARE and CRS. Both voluntary agency plans are consistent with the current GOG thinking about national nutrition strategy, foreseen in the 5-year plan 1975-79, but yet to be elaborated. Major emphasis is expected to be placed on increasing the quantity and improving the quality of domestic food production: Distribution of the increased food availability is to be accomplished through normal commercial channels made increasingly effective as complementary programs increase the relative incomes of the rural poor. An important role in supplemental feeding of high risk elements of the population, such as pregnant and lactating mothers and pre-school children, is identified for special attention.

The USAID program focuses largely on (1) research assistance designed to increase the productivity and nutritional content of food crops grown in Guatemala -- Food Productivity and Nutritional Improvement grant project (232); and (2) support for GOG efforts to increase rural incomes -- Cooperative Development (200) and Small Farmer Development (1976 new grant and loan). The CARE and CRS program plans are primarily directed at the important supplemental feeding objective which the GOG posits as a necessary transitional step to national nutritional self-sufficiency.

Mission Comments and Recommendations

While concurring in both the CARE and CRS program plans, the USAID offers the following observations:

CARE

1. The FY-77 Incaparina Program proposed in the plan assumes successful conclusion of the 3-month pilot program in MCH feeding during FY-78. Since the evaluation of that pilot program is not complete, our concurrence in the proposed 10-fold expansion of the program for SCH programs is contingent upon favorable evaluation findings on the pilot efforts and a demonstration of sufficient capacity to implement the larger program.

2. The Mission continues to encourage CARE's phase-out of the School Feeding activity to focus on higher priority nutrition feeding programs. The FY-77 plan reflects a continuing successful phase-over to the COG in accordance with the agreement between CARE and the COG which begins to have an effect in FY-76.
3. The MCH program planned for FY-77 assumes an additional 10% increase in recipients. USAID believes that such increases should be concentrated in the rural areas in accord with the AID mandate. Since these areas are admittedly difficult to reach with MCH programs, the feasibility of continuing to increase the program at 10% per year should be re-examined in the light of FY-76 experience.
4. The Mission strongly supports the CARE Food for Work Program. However, this is a new endeavor for CARE and the experience of FY-76 will play an important part in demonstrating whether the increase proposed for FY-77 is practical.

CRS

CRS also plans a 10% increase in the high priority MCH feeding program. USAID believes that such an increase should be concentrated in rural areas. The feasibility of administering such an increase in rural areas should be demonstrated before the FY-77 AER is approved.

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (IF APPROPRIATE BOX)
 ORIGINAL CHANGE
 ADD DELETE

FID DOCUMENT CODE

2. COUNTRY/REGIONAL ENTITY/GRAANTEE
 GUATEMALA

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
 520-L-

5. BUREAU
 A. SYMBOL L/A B. CODE 3

6. PROPOSED NEXT DOCUMENT
 A. PRP PP B. DATE MO. YR. 12 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
 [Improved Food Marketing Systems]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY [77] B. FINAL FY [82]

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
 []

9. ESTIMATED COST (LIFE OF PROJECT)
 (\$000 OR EQUIVALENT, \$1 = [21])

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		4,200
B. OTHER U.S.		
C. HOST GOVERNMENT		3,300
D. OTHER DONOR(S)		
TOTAL		7,500

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
EF & N				850		4,200			
TOTAL							TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
 [Increase income of rural farmers.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
 [Assist Guatemala to develop fruit and vegetable production and marketing expertise to make possible small farmer income increases by production of selected fruit and vegetable crops.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)
 4 man months of specialized TDY assistance est. \$10,000

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *Robert W. Schick*

TITLE: Acting Director, USAID/Guatemala

DATE SIGNED: MO. DAY YR. 6 27 75

16. DATE RECEIVED IN AID/AI, OR FOR AID/AI DOCUMENTS, DATE OF DISTRIBUTION
 MO. DAY YR.

PROJECT IDENTIFICATION DOCUMENTIMPROVED FOOD MARKETING SYSTEMSI. SUMMARY OF THE PROBLEM and the Proposed Solution.A. PROBLEM

A fundamental objective of AIF's program in Guatemala is improvement of rural income. More than 80% of Guatemala's population is dependent upon agriculture for a living, but this segment of the population lags far behind the average for the country as a whole in every index of social and economic well-being. Low rural income (about \$100 per capita) is primarily the result of low returns and underemployment resulting from not only low yields but also from constraints arising from small average farm size. AID efforts in the recent past have concentrated on relieving the situation by increasing the production of basic grain crops grown by the majority of small farmers. These efforts can reduce the rate of deterioration of rural welfare and assure an adequate supply of food for the rural and urban population. Nevertheless, there is a limit to how far this process can alleviate rural poverty in the long run. Basic grain crops are not high unit value products, and there is a practical limit on the extent to which yields increase. An

- 2 -

be continuously achieved. An obvious alternative is crop diversification. In-depth studies of 1600 small farmers were recently conducted in Guatemala to assess the impact of credit on small farmer income. These revealed that small farm income can be substantially increased through a change in crop mix. Farmers who diversified from corn and wheat to high value crops such as deciduous and other fruits and selected vegetable crops, increased their incomes substantially. Equally important, employment opportunities were significantly increased in order to produce the more intensive crops. At the same time, however, local (i.e. Guatemalan) demand for the diversified crops was seen as being too small to permit a wholesale shift to these crops without seriously depressing current prices. Nevertheless, Guatemala has a comparative advantage in climate and labor supply for producing many food commodities needed to supply the continuous demand of 15 million Central American inhabitants. An obvious constraint to supplying this market (as well as export markets other than within Central America) is the lack of knowledge and facilities for assisting small farmers with the complex export marketing process. Needed are mechanisms for facilitating the movement of fresh produce to other markets and the creation of food processing plants

to reduce perishability and lower transportation costs.

B. RESPONSE

The purpose then of this project is to assist the GOG develop a fruit and vegetable production and marketing expertise that will make it possible for small farmers to increase their incomes through the production of selected fruit and vegetable crops and stimulate investment (primarily through cooperatives) to provide the assembly, processing and marketing services essential for a progressive agriculture.

C. DESCRIPTION OF THE PROJECT

1. The project outputs necessary to achieve the project purpose consist of physical facilities and related technology necessary to assemble, transport, grade, package and process in a number of ways the diversified crops for which the Highlands of Guatemala enjoy a comparative advantage in Central America. Among the facilities and technology foreseen as essential for rapidly expanding diversification and increasing small farmer incomes that will be supported by this project are: (a) fruit and vegetable assembly stations; (b) grading and packaging operations; (c) produce refrigeration facilities; (d) canning plants; (e) jelly, jam and preserve manufacture; (f) seed production and distribution operations; and (g) meat processing.

Most if not all of the above facilities will be small farmer owned and operated through cooperatives and directed exclusively for meeting the marketing needs of the small farmer.

2. The AID inputs required to achieve the purpose resulting in the outputs previously described will consist of credit and technical assistance to GOG agencies and the cooperative movement for identifying, purchasing and operating the required facilities.

3. A four-year disbursement period is projected in view of the leadtime necessary to do the basic groundwork first with the small farmers and then at the cooperative level. Because perception of risk within farm groups will be high, a great deal of effort will have to be expended to minimize actual risk of failure both in terms of coop production as well as in the marketing of outputs.

4. The major assumptions underlying the potential success of this project are (a) that traditional corn and wheat growers will shift to other crops and that incomes will be substantially increased by so doing; (b) that importing countries will not erect barriers to trade in the products being exported through this project; (c) that the GOG will have the capacity and the will to undertake these activities; and (d) that cooperatives and private entrepreneurs have the foresight and capacity to pursue these interests.

D. RELATED ACTIVITIES

Except for spotty technical assistance at sporadic intervals, the GOG has not previously undertaken a major effort to provide expanding marketing operations for the products herein addressed. However, the GOG did demonstrate its capacity to be helpful in such undertakings as exemplified by the expanded production and marketing of cut flowers over the past five years. An institution to promote exports, GUATEXPRO, has been organized and is functioning. GOG marketing investment during the recent past has been concentrated on expanding publicly owned and operated grain storage facilities. In spite of certain shortcomings and excessive time requirements, such facilities are nearing completion. Furthermore, some progress has been made in developing the capacity to export selected fruits and vegetables to C.A. and U.S. markets. This has been accomplished by a few progressive individuals and firms and exports have consisted largely of melons and cantaloups to Florida and exotics to California. There is also a limited amount of produce moving to Salvador on a continuous basis. Unfortunately, the sophistication developed insofar as exporting vegetables to the U.S. is

concerned, must be redirected due to the recent discovery of the Mediterranean Fruit Fly in Guatemala. This event contributes to the merit of pursuing opportunities to expand the fruit and vegetable processing industry.

A feasibility study for a new wholesale market produce facility in the metropolitan area of Guatemala City has been completed. This will result in a facility that will complement the activities of this project. Present indications are that it will be financed by CABEI. Other GOG and C.A. activities that address the project in one way or another to a limited degree consist of INDECA's gathering of data on the current prices of products in the Central market in Guatemala City and the promotion for export carried out by GUATEXPRO and PROMECA.

E. ALTERNATIVES TO THE PROJECT

Alternatives are many and varied and include what might be done by FIASA and GUATEXPRO. Based on past performance, there is considerable doubt that small farmers would receive the attention and emphasis necessary to make their participation a success. Consequently, the USAID believes that the cooperative movement is the key to ensuring small farmer participation and as a means for channeling technical assistance. In addition to the cooperatives, there is a likelihood that selected rural entrepreneurs on an individual basis will desire to participate. GOG assistance could be provided through BANDESA or INDECA or jointly to assist the producers in overcoming the marketing constraint. One other alternative to using cooperatives is the use of GOG agencies to erect and operate marketing facilities. This alternative would probably not be as efficient, however, especially in terms of responding to local needs. Bureaucracy and red tape would reduce the efficiency of this alternative also.

F. BENEFICIARIES

Potential direct beneficiaries of this project consist of the estimated 100 cooperatives and their membership (currently numbering some 71,000 small farmers). The small farmer recipients consist of predominantly corn and wheat producers on farms of less than five acres in size whose present family income does not exceed \$500 annually. These farmers will be

provided ready access to markets for higher income crops. It is expected that incomes of participating families can be increased measurably and doubled and tripled in many cases. The third level of recipients are the urban consumers who will have available a much wider range of food products and quality variations thereby improving the nutritional quality of their diets.

G. SPREAD EFFECT

The manner in which the public benefits from the projects is stated above. All sectors of the population can potentially benefit. Also, the demonstration effect of a successful marketing effort in one area should stimulate similar activities in surrounding communities. There is of course a limit to how many such plants and facilities can be justified because minimum volumes are essential for success. The precise number of how many facilities of the kinds described can operate profitably is not known, but should be determined by competition in the market place.

II. FINANCIAL REQUIREMENTS AND PLAN

Present requirements estimates are based on statements made in the 1975-79 National Development Plan. Total cost is estimated at \$ 8,000,000, of which AID will finance \$4.2 million through its loan.

Details are shown in the following table:

PROVISIONAL FINANCIAL PLAN

Activity	1st Year		2nd Year		3rd Year		4th Year	
	U.S.	GOG	U.S.	GOG	U.S.	GOG	U.S.	GOG
Assembly facilities	200	200	300	500	350	500	150	300
Refrigerated storage	150	25	250	75	250	75	150	25
Storage and Processing facilities for grain crops (rice, potatoes, corn and wheat)	200	200	400	400	300	300	100	100
Fruit and Vegetables Processing Plants	200	100	300	400	250	400	150	200
Technical Assistance	100	-	150	-	150	-	100	-
TOTALS:	850	525	1400	1375	1300	1275	650	600

U.S. : 24,200

GOG : 5,000

III. DEVELOPMENT OF THE PROJECT

A. Several studies have been carried out which will contribute to development of the project. These include:

1. The feasibility study for a wholesale produce market for Guatemala City.
2. Feasibility Studies for selected agricultural industries.

In addition, the National Development Bank, working from identified production areas, makes recommendations as to where different kinds of industries and packing plants should be located. Furthermore, the cooperative federations are identifying opportunities and have begun to develop plans for processing crops produced by members.

B. Additional efforts will be required to elaborate the details of each specific activity. Actions required include but may not be limited to the following:

1. Fix responsibility for project development and implementation in a single COG entity to provide coordination for participation of all agencies involved in the program. Based on present organization of the sector, financing would be channeled through BANDESA with INDECA and DIGESA relied upon to supply the technical elements.
2. Determine requirements for additional assistance based on analysis of capacity of personnel available in INDECA, DIGESA and G-ATEXPRO.
3. The preparation of pre-feasibility studies for selected projects which will represent all types of activities to be undertaken in order to determine cost estimates and anticipated benefits. Previous studies will be updated and additional data collected and analyzed.

C. Schedule

The PRP will be submitted by December, 1977 and the NP will be submitted in December, 1978.

- D. The USAID is programming, under the Small Farmer Development grant project, to be submitted in the form of a NP in early FY 1978, two resident marketing specialists. These technicians will assist GOC and USAID staffs in the development of the project, and with the exception of certain highly specialized skills, should be adequate for intensive review. It is estimated that about four man months of specialized assistance will be required.

IV. ISSUES

1. The complexity of export marketing makes this project an extremely difficult one to undertake especially in view of the lack of sophistication of the target group and coop management. However, the advantages to be derived from a properly executed crop diversification program are sufficiently attractive to warrant the risk.
2. This proposal assumes that the Central American Common Market will keep borders open and facilitate an uninterrupted flow of agricultural commodities between countries. This cannot be guaranteed, but the impact of problems in this respect will have to be assessed carefully.

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (USE APPROPRIATE BOX)
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PID
 DOCUMENT CODE
 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE
 GUATEMALA

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
 520-L-

5. BUREAU
 A. SYMBOL L/A B. CODE 3

6. PROPOSED NEXT DOCUMENT
 A. PRF PP B. DATE MO. 1 | 07 | 5 | YR. 5

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
 Municipal Development Loan

8. ESTIMATED FY OF AUTHORIZATION/OPERATION
 A. INITIAL FY 77 B. FINAL FY

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

9. ESTIMATED COST (LIFE OF PROJECT)
 (\$000 OR EQUIVALENT, \$1 = 01)

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		3,600
B. OTHER U.S.		
C. HOST GOVERNMENT		4,700
D. OTHER DONOR(S)		
TOTAL		8,300

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPRO- PRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
FP&N				3,600		3,600			
TOTAL				3,600		3,600	TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
 To increase the income of rural people.

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
 1. To increase the income of participating municipalities.
 2. Assist participating municipalities to develop the capacity to use the income to: a) improve access between the municipal seat and important production zones; b) provide water, waste disposal and power facilities in areas of potential growth; c) construct markets and assembly points for local agricultural commodities; health posts, slaughterhouses and schools in remote areas.

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)
 \$25,000 technical support for short term contractors and consultants.

15. ORIGINATING OFFICE CLEARANCE
 SIGNATURE: *Fredrick W. Schick*
 TITLE: Acting Director
 DATE SIGNED: MO. 06 | DAY 27 | YR. 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MO. | DAY | YR.

PROJECT IDENTIFICATION DOCUMENT

MUNICIPAL DEVELOPMENT LOAN

I. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE

A. The Problem

Guatemala's political administrative divisions consist of 22 departments that might be compared to U.S. states and 324 municipalities somewhat comparable to U.S. counties. Each department has a seat of government located in the capital city of that department. In many (not all) cases the name of the city and department are the same. Each municipality has something comparable to a county seat known as the "Cabecera Municipal". These vary in size from over a million inhabitants in the municipality where Guatemala City is located to those in remote areas with populations of 2,000 or less. With the exception of ten or twelve departmental capitals (which are not included within the scope of this project) the municipalities are made up of small rural towns and scattered villages which offer almost no municipal services. Most residents of these towns are entirely dependent upon agriculture for a living.

The resource requirements for improving the quality of life in these municipalities are tremendous. In addition to considerations related to quality of life, the lack of services and rural infrastructure such as water, roads, waste disposal and power impose severe constraints on the possibilities for the introduction and expansion of economic activity which would provide additional employment opportunities for the rural population. Also, the doctors, teachers, agricultural technicians and other providers of services for the rural population are reluctant to move to the less developed municipalities which are in the greatest need of their services.

The funds required for municipal development cannot be met from the current low levels of municipal revenue which are partially augmented by transfers from the Central Government. The municipalities will have to devise methods to generate increased revenues of their own to provide the services that they require to assist in this effort.

B. The Proposed Response

In order to address the problems described above, a program will be initiated with funds provided under this proposed loan to link provision of municipal services to the improvement of revenue collection in selected municipalities. Additional support will be provided for the elaboration of municipal development plans which take into account the resource base available which can be developed to increase the income. The idea is not only to increase municipal income but also increase income of people in municipality through services which encourage development of locally available resources. The development plan will also identify those municipal services most needed to support full utilization of the resources available within the area. The action agency for the municipal development program will be the GOG's Institute for Municipal Development (INFOM) which has been the recipient of past USAID loan and grant funds. Based on INFOM's experience over the past five years, it appears that the physical projects to be included for loan funding would consist of:

1. Improvement of access between the municipal seat and the more important production zones, including road upgrading and small bridges;
2. Provision of water, waste disposal and power facilities in areas with potential for substantially increased economic activity;
3. Construction of markets and assembly points for locally produced agricultural commodities; and,
4. Provision of health posts, sanitary slaughter facilities for swine and cattle, and school buildings in remote areas.

The thrust of the project differs from the previous INFOM loan in that the facilities to be constructed will be used as incentives for instituting new tax schedules at the municipal level and will also be based on development plans which provide for the rational utilization and development of the agricultural and other types of resources present in the municipality.

C. Project Description

1. Project Outputs

The loan elements of this project will be designed to achieve the following outputs over the life of the project: (a) municipal development plans and comprehensive tax plans for approximately 175 municipalities and (b) the design and construction of about 300 physical infrastructures and/or service facilities. The types of activities to be undertaken are outlined in Section I.B. above.

2. Technical and Physical Resources Required

Loan funding will be provided for the services of 2 foreign technicians, a municipal development planner and a municipal financial and administration specialist, from FY-77 through FY-80. Loan funding will also be provided in FY-77 for the services of six local contract personnel who will be assigned to two technical assistance field units with a matching number of teams and personnel to be provided under the INFOM budget. These technical assistance field units will work with eight municipalities each in devising municipal development plans and improved revenue collection plans and procedures. It is contemplated that the number of technical assistance field units will be increased to six in the second year of loan disbursements and will continue at that level through the life of the project.

The bulk of the loan funds provided under this project will be devoted to the construction of physical facilities in the municipalities participating in the program. Based on INFOM's past experience and preliminary estimates of municipal service requirements, it is anticipated that about 300 individual projects will be constructed at an estimated cost of \$8 million, of which AID funding is not expected to exceed \$3.1 million (plus \$500,000 for technical assistance).

3. Estimated disbursement period

The disbursement period is projected at four years. Lead time required for planning the required facilities can be reduced as a result of experience gained in implementing

AID Loan 520-01-017. Planning of revenues and facilities will move ahead concurrently with construction. A four-year disbursement period is desirable due to the remoteness of the major activities.

D. Major Assumptions

1. That the new municipal tax code scheduled for completion in 1976 will provide the structure and incentives for the development of a national revenue collection scheme at the municipal level.
2. That the Government of Guatemala will provide the necessary legal and policy support to INFOM for the development of new sources of municipal tax revenue.
3. That the municipal councils and officials will recognize and act upon the requirements for sound planning and generation of the increased revenues required.
4. That the cadaster materials prepared by the Ministry of Finance will be utilized in the preparation of municipal level tax schedules.

E. Related activities

INFOM has carried out some 766 projects in 285 municipalities, utilizing grant and loan assistance provided by AID and the IDB in addition to its own resources. A project to fund municipal water supply and waste disposal facilities for 8 major municipalities is proposed for IDB financing in 1976-1977. In addition, the National Community Development Program has provided technical assistance and some funding for a variety of small projects but their capabilities are limited. An AID-funded program to support the construction of potable water systems in small villages in the Department of El Quiché through a PVO was initiated in FY 1975.

F. Alternatives

The alternatives to the proposal that the project be conducted through INFOM are limited. Theoretically, the various GOG ministries (e.g. Ministry of Public Works, Ministry of Health, etc.) could be made responsible for providing all assistance to municipalities. However, more are organized to work closely at local levels in response to ex-

pressed local needs, and none are, of course, concerned with the question of improving local revenues. Typically, the influence of the municipalities over the line ministries in what is to be undertaken and the ways in which the projects are to be implemented is almost zero, thereby removing the municipalities almost completely from any voice of vote in decision-making on matters affecting their own welfare. Furthermore, the line ministries are generally more concerned with requirements of the large municipalities and the national level infrastructure and have their hands full meeting these needs. INFOM was expressly organized to respond to local needs including provision of management assistance. Experience has confirmed this assessment, with the result that INFOM has emerged as an effective institution for providing assistance to the municipalities.

G. Indirect and Direct Beneficiaries/Spread Effect

1. The direct beneficiaries of this project will be the inhabitants of the municipalities in which the physical facilities are constructed. However, we expect that the economic activity generated through the increased availability of services and the improved access to these services at the municipal level will provide increased economic opportunities for people in the surrounding areas. Also it is anticipated that more doctors, teachers, agricultural technicians and other change agents will be willing to live in the rural areas as a result of improved conditions in many municipalities and their services will also be available to the rural population in the surrounding areas.

II. FINANCIAL REQUIREMENTS AND PLAN

The estimated cost of the project on a preliminary basis is about \$83 million. Most of this amount (over \$7 million) is the estimated investment that will be made in municipal works to improve the services for the inhabitants. The GOG counterpart contribution would be \$4.7 million with \$3.1 million for construction costs and \$500,000 for foreign technical assistance to be financed by the AID Loan. INFOM contributions of \$700,000 for the technical assistance will come from budgetary allocations and the \$4.0 million for construction costs be from resources allocated to INFOM by the GOG for these purposes.

III. DEVELOPMENT OF THE PROJECT

Several past and on-going activities are expected to contribute to the design of the project. For example, the experience gained under loan 027 and the technical assistance provided to INFOM by the Brazilian Institute for Municipal Administration (IBAM) and Servicios Técnicos del UPRMA have enabled INFOM to move into expanded municipal development activities. The evaluation of INFOM performed by Chechn and Co. and INFOM's own long-range planning point clearly to the requirements for the type of activities that are proposed for funding under this project. The on-going grant project (FY 1975) provides for one technical assistance field unit in CY 1975, increasing to two field units in CY 1977, which will do the ground work and identify the types of activities and locations which will receive assistance under this project.

The number of field units will be increased to six in CY 1978 so that municipal plans can be developed and requirements identified at an accelerated rate for the duration of the project. A special unit at the INFOM headquarters will be responsible for engineering plans and specifications for the individual activities to be financed and for refinement of work done by the field units including assurance of proper administration of the facilities upon their completion.

The Mission expects to conduct an evaluation of the activities of the technical field assistance units in September 1975 which will serve as the basis for the preparation of the PRP which will be submitted in October, 1975. The PR will be submitted in November, 1976. In order to carry out the evaluation of INFOM activities in CY 1975 and prepare documentation for the proposed project, the following TDY services will be required:

Four man-months of services in Municipal Development Planning, Municipal Finance and Taxation, Agricultural Economics, Small Industry Economics and related fields. The specific expertise and scheduling will be developed over the next three months.

IV. ISSUES

To date, the municipalities have not been particularly successful in imposing and collecting taxes on businesses and individuals. The municipalities may be reluctant to establish and execute new schedules for taxes. In that event, the USAID feels that there is no point in pursuing a municipal development program as the resources required for the task must be generated in a large part at the municipal level.

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (PUT APPROPRIATE BOX)
 ORIGINAL CHANGE
 ADD DELETE

FID
 DOCUMENT CODE

2. COUNTRY/REGIONAL ENTITY/GRANTEE
 GUATEMALA

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
 520-L-

5. BUREAU
 A. SYMBOL: LVE B. CODE: 3

6. PROPOSED NEXT DOCUMENT
 A. PRP PP B. DATE: [] [] [] [] [] []

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
 [Health Delivery System Improvement]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY: [] [] [] B. FINAL FY: [] [] []

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
 []

9. ESTIMATED COST (LIFE OF PROJECT)
 (\$000 OR EQUIVALENT, \$1 = [] [] [])

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		3,500
B. OTHER U.S.		
C. HOST GOVERNMENT		3,500
D. OTHER DONOR(S)		
TOTAL		7,000

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
PP&H				3,500					
TOTAL				3,500			TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
 [To improve the level of health care for the rural population]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
 [Extend the outreach of rural health services and strengthening the rural and medical system by providing 1) central and regional medical repair and maintenance services; 2) training to increase quality of rural health system administration; 3) ISR support activities; a) water system; b) garbage disposal; c) assistance in improving cleanliness of public food.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)
 2 MM of Public Health professional assistance - AID/W or contract est. cost \$6,000, to develop PRP. 6MM for PP.

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *Friedrich W. Schick*
 TITLE: Acting Director, USAID/Guatemala

DATE SIGNED: MO. DAY YR. 06 | 27 | 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MO. DAY YR. [] [] [] [] [] []

Rural Health Loan III1977 - 19801. Summary of the Problem and Proposed Response

Rural ill-health in Guatemala arises from the presence of a dispersed, largely illiterate, indigenous population, many of whom do not speak the national language, Spanish. The health deficits have their roots in ill health, poverty, and ignorance, and have been compounded in the past by the limited outreach of a health system based on hospital curative medical services. Materials and manpower too are short; and such resources as exist have been improperly distributed and utilized. Some health indicators are as follows:

Life expectancy at birth is 45 years for Indians and 61 for non-Indians. Mortality rates per 1,000 live birth are 89 for children under 1 year old, 30 for those aged 1-4, and 16.4 for all ages. The major causes of death (with rates per 100,000) are:

Enteritis and diarrhea	129
Undefined	703
Influenza	131
Other pneumonias	164
Measles	44
Malaria	43
Anemia	40
Whooping-cough	40
Nutritional deficiency	37
Homicide	27

Eighty percent of all children under 1 have protein-energy malnutrition. Of the country's 1,200 doctors, 16% are abroad and 70% are in the capital city. In five of the political departments (accounting for a fifth of the population) the average is 1 doctor per 68,710 inhabitants. The country has 17 hospitals (with 13,203 beds), 78 health centers, and 329 health posts.

Eighty-five percent of the rural population (3.5 million) have no ready access to potable water, approximately 50% have no household latrine, and garbage disposal systems are virtually non-existent.

The Ministry of Public Health and Social Assistance and the Custemslan Institute for Social Security are the two largest organizations in the health sector. The Ministry, with an annual budget of some \$17 million, provides health services to the whole population at low or no cost. The budget represents about 2.5% of total Government expenditure, amounting to \$3.80 a year per head. Of this about \$3 a head goes on curative services. The Custemslan Social Security Institute provides accident services for the whole country and also sickness and maternity care (including preventive medicine and rehabilitation) to some 400,000 insured persons and 135,000 dependants. Average per capita expenditure is \$22 a year, and the services reach 88% of the economically active population and a tenth of the total population.

The problem of health-care delivery lies in three disparities: the disparities of expenditure and needs (curative versus preventive); the disparity between resource distribution and population distribution; and the disparity between the growth of the population and the rate at which services can be extended.

Rural Health Loans I and II

With assistance of Rural Health Loans I and II, (510-L-020, 021), early in 1971, the Ministry of Public Health and Social Assistance embarked on a program intended to improve the level of health care to the rural population. Feasibility studies were completed on a plan for a 4-level health-care delivery system. This envisages the training of two new levels of auxiliary personnel: at level 1, health promoters and native midwives minister to basic needs in the community; and at the level of health posts (level 2), rural health technicians and auxiliary nurses provide preventive, promotive, and some curative services. Levels 3 and 4 are the referral and back-up system, and include medical care in regional hospitals and specialist care in the national reference hospital.

- 3 -

The current AFD loan-assisted program is helping to create the human resources capabilities at levels 1 and 2 of the planned system by training rural health technicians and equipping rural health posts. It also includes support for regional hospitals covering the rural areas and provides urgently needed repairs and renovations of essential medical, kitchen and laundry equipment. In addition the program calls for increased GOG investment in health, including improved budgets for hospitals which has increased from Q0.88 - 1.00 to \$4 per bed/day and allocations for building and equipment repair and maintenance.

For continuing improvement of the health of the poorest majority of Guatemala's population living in the rural areas that are neglected and most remote from health services including health care, it is proposed to assist the GOG, through the Ministry of Public Health and Social Assistance to extend the nature, quality and outreach of rural health services.

Role of the Medical Auxilliary in Health Care for the Rural Poor

The activities undertaken during the past 4 years by the Ministry of Public Health and Social Assistance, with support from Rural Health Loans I and II have successfully created a health infrastructure that is beginning to make an impact in the rural areas. The utility of the medical auxiliaries (Rural Health Technicians - TSR) has already been demonstrated. The TSR, trained as an agent-for-change, focuses his primary efforts on identifying community needs and wants as a basis for organizing local communities to develop effective self-help capacities for improving community health conditions.

Activities of TSR increases demands on Health System

As expansion and outreach of rural health services take place, added demands are already seen to be placed on existing referral facilities and indeed upon virtually all elements of the health care delivery chain. The case-finding function of the TSR, for example, increases the patient-load on health centers and hospitals.

- 4 -

In turn, health care facilities must be better administered, better equipped, better organized and better maintained if the added loads are to be accommodated at reasonable cost - in other words, the efficiency of the system must be raised. The development of community health committees implies additional demands for services to improve the sanitary environment. The training of village health promoters by the TSR requires more extensive supervisory services, and the totality of his activities require more extensive, competent and detailed local planning so that programs are developed within a cohesive and integrated framework.

2. The Proposed Project

To continue the envisioned by Rural Health Loans I and II, the project proposes to intensify programs focused on the TSR. These will expand his effectiveness, increase his stature in the communities he serves and enable the health care delivery chain to accommodate to the increasing demands made upon it.

The program to be developed with use of AID loan funds and GOG counterpart will fulfill two principle functions:

- (1) Back-up Programs: Intended to reinforce components of the delivery system that play key contributory roles in the effectiveness of the TSR and that address the additional stresses that occur as a consequence of his activities.
- (2) Outreach Programs: Intended to expand the effectiveness of the TSR in achieving improvement of the rural sanitary environment at the same time enhancing his prestige, and consequently, his usefulness. The components which make up these two general program areas are depicted in Figure 1 and are detailed as follows:

(1) Back-Up Programs:

(a) Improve capacity and effectiveness of Regional and Area medical directors by training in public health administration, programming, human relations, budget analysis, design of supervisory services, evaluation and data collection. Development of methodologies for improvement of local planning capacity, task analysis, budget analysis and allocation, reporting, setting of priorities, data gathering and health statistics and maintenance of equipment and buildings.

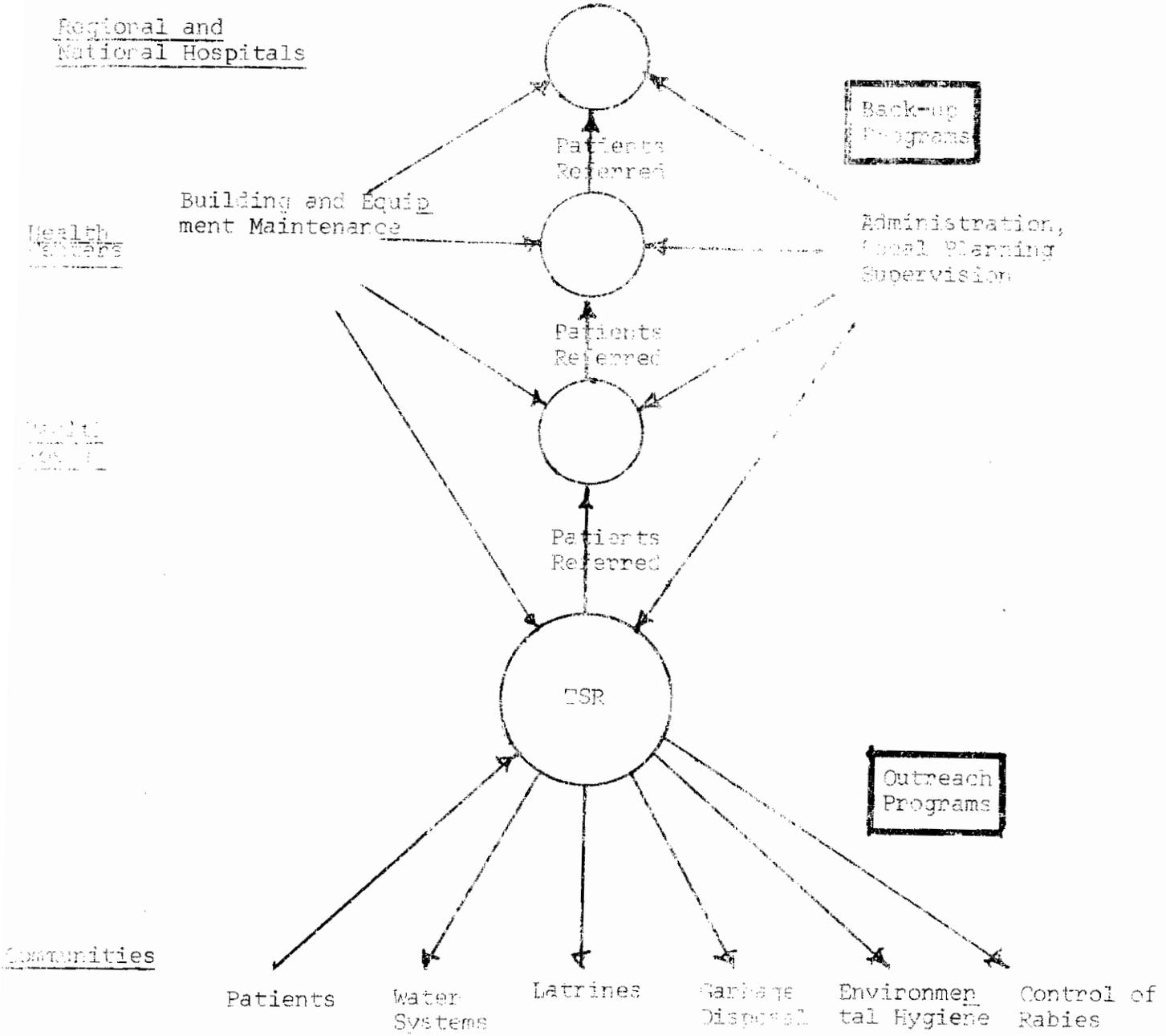


FIGURE 1. The TSR is the focus of health services to the rural poor. The consequences of his activities necessitate reinforcement of the health care delivery system (Back-up Programs). The TSR becomes more effective through the community self-help programs he organizes (Outreach Programs).

- 5 -

(b) Improve capacity and effectiveness of administrators of health care facilities by training in hospital and health center management, personnel management, human relations, statistical analysis and data gathering, equipment and building maintenance, inventory control, purchasing and budgeting. Review of existing health care facility management practices and development of improved systems and methods.

(c) Improve effectiveness of supervisor of ISK's and other medical auxiliaries by supervisor training in work analysis, evaluation, data collection, personnel management and human relations.

(d) Construct, equip and staff one central and four regional medical equipment maintenance and repair facilities. This activity will complement and reinforce the training that has already been made (supported by UN-Women) under which basic hospital maintenance is carried out by Medical Maintenance Technicians working in regional hospitals.

The regional equipment maintenance facilities will provide a more advanced level of servicing and each will be responsible for a group of regional hospitals and rural care facilities (health centers and posts). The National Center will provide the most sophisticated servicing and will be able to call upon equipment manufacturers having representation and servicing facilities for their own lines of equipment in the national capital. It is proposed to utilize the technical assistance of PAHO in this aspect of the project. PAHO has already demonstrated interest in this field and has prepared, in conjunction with the Ministry of Public Health and Social Assistance, preliminary plans for a maintenance system, its administration, organization and types of facilities needed. The outline of the plan is based on PAHO experiences in Venezuela. The Social Security System of Mexico has also provided training of two Guatemalan hospital maintenance engineers and can provide additional needed technical assistance.

(2) Outreach Programs:

(a) The experience gained in construction of water systems for small villages by FVO's including UNRISD Guatemala and "Agua del Pueblo" is strengthening the capacity

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of the Division of Sanitary Engineering of the Ministry of Public Health and Social Assistance. It is proposed to extend the coverage of rural population served by potable water systems and to provide household latrines.

The TSR undertakes the organization of community committees for the project, labor is donated by the potential beneficiaries and the necessary surveys, acquisition of rights and necessary construction material are provided by the Ministry of Public Health and Social Assistance with appropriate technical assistance.

(b) Construction of village garbage disposal systems using local inputs of voluntary labor, in communities organized for the project by TSRs. The system will provide for composting of organic materials and burying of non-biodegradable materials. Project will be conducted by the Division of Sanitary Engineering of the Ministry of Public Health and Social Assistance with appropriate assistance.

(c) Control of hygiene of foods offered for sale and cleanliness of village markets and public places is already part of the TSR duties. These activities will be expanded by additional training of TSR and supervisors with appropriate technical assistance to develop improved methodologies and provision of water and cleaning systems at public markets where necessary.

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(d) Provision of facilities including isolation cages for animals suspected of rabies. Over 200 animals in 1974 were proved to be carriers and 9 human deaths occurred. Appropriate training in identification of rabies and handling of potentially rabid animals will be provided to TSRS, supervisors and area directors.

Technical assistance in project design and construction, or training program will be provided.

2b. The kinds and amounts of technical and physical resources required are as follows:

<u>1. Back-Up Programs</u>	<u>Kind</u>	<u>Amount</u>
(a) Improvement of Regional and Area Directors	Training	5 x 10 MM 10 x 3 MM (in-country)
	Technical Assistance	5 x 3 MM
(b) Improvement of Health Care Facility Administration	Training	4 x 10 MM 11 x 4 MM (in-country)
	Technical Assistance	2 x 4 MM
(c) Improvement of Supervision Training of TSR and Other Auxiliaries		20 x 5 MM (in-country)
(d) Medical Equipment Maintenance	Construction, Equipment & Staffing of facilities	1 General unit 4 Regional units
	Technical Assistance	1 x 24 MM
	Vehicles	8 Units
	Training	1 x 10 MM 15 x 2 MM

<u>Outreach Programs</u>	<u>Kind</u>	<u>Amount</u>
(a) Village Water & Latrines	Materials	100 water systems 100 latrines
	Technical Assistance	1 x 24 MM
	Vehicles	
(b) Village Garbage Systems	Materials	
	Technical Assistance	1 x 6 MM
	Training	100 x 1 MM (in-country)
	Vehicles	
(c) Control of Foods & Cleanliness of Public Places	Training	10 x 12 MM 100 x 1 MM (in-country)
	Technical Assistance	1 x 4 MM
	Materials & Equipment	
	Vehicles	
(d) Control of Feral Animals	Equipment	
	Training	100 x 0.5 MM (in-country)
	Technical Assistance	1 x 4 MM

2c. Effective disbursement period of proposed loan 4 years
(1977 - 1980)

3. Major assumptions pertinent to project success, include:

(1) A continuing emphasis by GCG on improved health

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care of rural population through the delivery system manned by the LSE.

- (2) Willingness of GOB to continue and to increase budgets of health care facilities for operations and maintenance purposes.
- (3) Continued employment of personnel who have received training.
- (4) Acceptance of outreach programs by communities and their willingness to respond to such services.

4. The Ministry of Public Health and Social Assistance with financial assistance from AID, began an intensive program for improvement of rural health services in 1971. The program includes training of medical auxiliaries, and their deployment in the rural areas with priority to the poorest, predominantly Indian areas. Auxiliary nurses are given additional training to improve their abilities in simple curative medicine and public health. Field supervisors are trained and provided with vehicles. Health posts construction continues with assistance of AID Loan 520-L-017, utilizing the services of IMFCM, in conjunction with local municipal governments.

Training of village health promoters has also taken place, with financial assistance of UNICEF. The Pan American Health Organization has provided technical assistance for developing a pilot program in maternal and child health care in one of the largest Indian departments, Huehuetenango.

The GOB is presently exploring with the International Development Bank the feasibility of a loan for construction of hospitals, health centers, and health posts. Details of this proposed activity have not yet been finalized. Hence the proposed AID loan does not duplicate existing and proposed programs and fulfills an essential need if further outreach of health services is to be achieved.

5. The proposed activities complement those objectives already achieved under Loan 020 and 021. Training facilities for medical auxiliaries exist and have functioned for 3 years. A new nursing school for auxiliaries will be constructed in 1975 and the necessary supervision and administrative infrastructure is functioning. With population growth rate at 2.9% per annum expansion of traditional health services will never catch up with needs. Consequently a massive effort utilizing alternative, non-traditional methods is indispensable if outreach is to be achieved.

6. Major Direct and Indirect Beneficiaries

<u>Proposed Activity</u>	<u>Direct Beneficiary</u>	<u>Indirect Beneficiary</u>
1. <u>Back-Up Programs</u>		
(a) Improvement of Regional and Area Directors	Health Services in Region and Area	Rural Population ^{1/}
(b) Improvement of Health Care Facility Administration	Health Services in Region and Area	Rural Population
(c) Improvement of Supervision of TSR & other Auxiliaries	TSR & other Auxiliaries	Rural Population
(d) Medical equipment maintenance	Regional hospitals, health centers and posts	Patients from Rural Areas
2. <u>Outreach Program</u>		
(a) Village Water and Latrines	Rural Population	TSR
(b) Village Garbage System	Rural Population	TSR
(c) Control of Foods & Cleanliness of Public Places	Rural Population	TSR
(d) Control of Rabid animals	Rural Population	TSR

^{1/} Majority have annual incomes of less than \$70 per year.

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7. The project is intended to provide more effective and comprehensive nation-wide coverage of health services. The existing program has already demonstrated the feasibility of training and utilization of medical auxiliaries and experience indicates community acceptance of health services offered in this way.

The program has already attracted wide interest from other countries and similar programs have been started or are in process of planning in Costa Rica, Nicaragua, Peru and Brazil. The build-up of comprehensive rural health services in Guatemala with outreach to the majority of the population, will have increased impact on other countries seeking models for improving their own rural health services.

II. Financial Requirements and Plans

1. Estimated Project Costs	18,940,000
2. Anticipated AID Share Loan	53,500,000
3. Anticipated LDC Share GOC	13,440,000

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Summary of Proposed Budget

	<u>AID</u>	<u>GOG</u>
1. <u>Back-up Programs</u>		
	C = 1000	
(a) Improvement of Regional & Area Directors	81	18
(b) Improvement of Health Care Facility Administration	86	8
(c) Improvement of Supervision of TSR and other auxiliaries	--	4
(d) Medical Equipment Maintenance	1.800	1.020
Sub-Total	1.977	1.050
2. <u>Outreach Programs</u>		
(a) Village Water and Latrines	550	1.500
(b) Village Garbage Systems	224	330
(c) Control of Foods and Cleanliness of Public Places	310	100
(d) Control of Rabid animals	100	150
Sub-Total	1.184	2.080
3. Contingency at 10%	<u>339</u>	<u>310</u>
	<u>3.500</u>	<u>3.440</u>
	50.4%	49.6%

III. Development of Project

The project is a logical extension of activities already established. The following pertinent facilities exist and are in full-scale operation.

- (1) Fully equipped and staffed training center for auxiliaries. Approximately 5 TSS graduates are working in the field as of June, 1976.
- (2) New training school for auxiliary nurses will be constructed in 1976. First output will be in October, 1977.
- (3) Fully staffed office for improvement of rural health services has been organized by Ministry of Public Health and Social Assistance to supervise training of staff and organization, equipment and supervision of existing health posts.
- (4) Training of low-level Medical Maintenance Technicians has began. Approximately 30 have been trained and several short courses in specialized topics (e.g. refrigeration, electric motors, sterilizers) have been given. Two engineers have received short-term training in Mexico and Venezuela. Existing very defective services are in process of reorganization. Hospital budgets have been increased to \$4/bed/day and 2% allocated for maintenance.

Sectoral analysis will be undertaken by the Health Unit of the National Economic Planning Council.

Schedule for submitting PRP and PP

PRP October, 1976

PP November, 1977

AID consulting resources need

- PRP 2MM Public Health Professionals

- PE Approximately 6MM of various PE assistance including:
 - 1MM Health Administration
 - 2MM Medical Equipment Maintenance
 - 1MM Sanitary Engineer
 - 1MM Training Design Specialist
 - 1MM Health Analyst for PE drawing.

AGENCY FOR INTERNATIONAL DEVELOPMENT			1. TRANSACTION CODE (X) APPROPRIATE BOX)				PID			
PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE			<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> CHANGE				DOCUMENT CODE 1			
			<input type="checkbox"/> Add <input type="checkbox"/> DELETE							
2. COUNTRY/REGIONAL ENTITY/GRANTEE GUATEMALA			3. DOCUMENT REVISION NUMBER ---							
4. PROJECT NUMBER 520-15-580-233		5. BUREAU		6. PROPOSED NEXT DOCUMENT						
		A. SYMBOL LP	B. CODE 3	A. <input checked="" type="checkbox"/> PRP <input type="checkbox"/> PP		B. DATE		NO. YR. 11 75		
7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)			8. ESTIMATED FY OF AUTHORIZATION/ OBLIGATION							
[Population and Family Planning]			A. INITIAL FY [] []		B. FINAL FY [8] [7]					
7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)			9. ESTIMATED COST (LIFE OF PROJECT) (\$000 OR EQUIVALENT, \$1 = 01)							
[]			PROGRAM FINANCING						AMOUNT	
			A. AID APPROPRIATED						5,000	
			B. OTHER U.S.						---	
			C. HOST GOVERNMENT						4,000	
			D. OTHER DONOR(S)						3,000	
			TOTAL						12,000	
10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)						11. OTHER U.S. (\$000)				
A. APPRO- PRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS	
			D. GRANT	E. LOAN	F. GRANT	G. LOAN				
PPSH			518		3,000					
TOTAL										
12. PROJECT GOAL (STAY WITHIN BRACKETS)			11. OTHER U.S. (\$000)							
[Reduce the rate of population growth in Guatemala from 42 per 1,000 to 30 per 1,000.]										
13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)			11. OTHER U.S. (\$000)							
[Assist in the strengthening and expansion of Guatemala institutions capabilities to provide family planning information and services to at least 15% of women in fertile age.]										
14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)			11. OTHER U.S. (\$000)							
2 m/m AID/W TDY										
15. ORIGINATING OFFICE CLEARANCE						16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION				
SIGNATURE <i>Andruek W. Schick</i>						MO. DAY YR. [] [] []				
TITLE Acting Director, USAID/Guatemala										
DATE SIGNED						MO. DAY YR.				
0 8 27 75						[] [] []				
AID 1330-2 (5-75)										

PROJECT IDENTIFICATION DOCUMENTPOPULATION/FAMILY PLANNING1. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE

Demographers estimate that as of 1975, Guatemala's population is growing at 2.9% to 3.2% annually. At the minimum estimate of 2.9%, the population will double every 24 years, and at 3.2% every 21.8 years. (Further, if the population were to continue growing at its present rate over the next 100 years population growth would explode from 5,800,000 Guatemalans in 1975 to approximately 320,000,000 Guatemalans in the year 2070.)

Present rapid population growth in Guatemala is undermining the Government of Guatemala's social and economic development efforts. Although ambitious development programs are operating in the areas of Health, Education, and Rural Development, increasing numbers of Guatemalans do not have access to basic education or adequate health services. Unemployment and underemployment continue to be significant problems.

Since March 1975, the Government of Guatemala has become acutely aware of the problems derived from accelerated population growth, and through the Minister of Public Health, is presently preparing an official Population/Family Planning Policy for the country. The official declaration of a P/FP Policy, which is anticipated to occur by September 1975, constitutes a major step forward on the part of the Guatemalan Government. Such a policy will permit for the first time a total reorganization of Family Planning services within the Ministry of Public Health to a higher organizational level with greater priority.

Assuming the successful promulgation of a National Family Planning Policy, the Guatemalan Government has indicated to USAID that it will require technical and financial assistance from USAID and other P/FP donors if it expects to greatly increase the level of FP services provided to Guatemalans in urban and rural areas.

In the past, with ongoing AID grant assistance, only two Guatemalan institutions have been active in Family Planning Programs: the Ministry of Public Health and the local International Planned Parenthood affiliate. The services provided by these institutions have reached fewer acceptors than planned and when compared to the needs of the Guatemalan population have been insufficient to significantly reduce the population growth rate. The theoretical demand for FP services in 1975 is estimated to be approximately 550,000 women in fertile age (40% WIFA). As of January 1975, the M.H. and IPPE Affiliate were reaching only 29,000 women in fertile age, or 2.2% WIFA.

P/FP experts estimate that there should be a minimum per capita investment of \$1.00 annually in P/FP programs. In the case of Guatemala, this would imply that for 1975 the SOG should invest \$5,800,000 in the program. A rough calculation of the program's present cost to the Ministry of Public Health for personnel, equipment, physical facilities, etc. would be around \$200,000 annually for the current FP case load. In order to significantly increase the national FP programs coverage, substantial technical and financial resources are going to be required. USAID has been providing about \$500,000 annually and the IPPF about \$170,000. This total, \$670,000 constitutes approximately 15% of the estimated resources required for a comprehensive national family planning program.

If an effective program is to be mounted, substantial increases in resources have to be made by the Government of Guatemala and International and Bi-Lateral donors. The Government of Guatemala is presently requesting major P/FP assistance from the United Nations Fund for Population Activities, assistance which may be forthcoming by CY 1977, after the review and approval process at the United Nations. It is assumed that International Planning Parenthood Federation Assistance will continue.

a

USAID/Guatemala proposes to design/new project to assist the Guatemalan Government and other institutions involved in P/FP programs in Guatemala. The sector goal would be to assist host country institutions to progressively reduce the birth rate of approximately 42 per 1000 in CY 1975 by at least 2 points annually during the life of the project and to assure conditions that would continue such a decline after USAID assistance is terminated.

The project would begin in FY77 and continue for five successive fiscal years, terminating in FY 81.

The project purpose would be to assist in the strengthening and expansion of Guatemalan institutions' capability to provide family planning information and services to at least 15% of women in fertile age by the end of the project. To achieve this purpose it will be necessary to create the necessary Guatemalan technical competence in the organization, administration, and evaluation of P/FP programs to support P/FP operations research into demographic and sociological issues and to develop and implement successful pilot delivery projects.

Specifically, USAID would provide assistance to the following Guatemalan institutions:

Ministry of Public Health - To expand the outreach and improve the capability to deliver FP services through the existing health infrastructure.

1. Evaluation and data processing of FP statistics for MOH's program and for all other organized FP programs.
2. Design and Supervision of FP delivery services at clinic level.
3. Development and dissemination of IFSI materials.
4. Test the feasibility of using the Malaria Service personnel for motivation and referral.
5. Increase the capability of rural health technicians to provide FP motivation and referral services.
6. Develop within the MOH the capability to redesign and improve their FP delivery capabilities.

APROFAM - IPPF Affiliate -

1. FP clinic services.
2. P/FP training programs performed for MOH and other institutions.
3. Development and dissemination of IFSI materials.
4. Support for pilot demonstration projects.
5. Support for a pilot FP program at the Ministry of Defense.

National Economic Planning Council

1. Creation of a Demographic Analysis Center, associated with the University of North Carolina's International Population Laboratories program.

Guatemalan Social Security Institute (IGSS)

1. Initiation of a post-partum FP program in major hospitals.
2. Expansion of FP services to all IGSS facilities.

In order to achieve the project purpose, the following output information will be required by the GOG and donor agencies:

- x Clinics providing FP services.
- x Hours of clinic time devoted to FP per month.
- x Hours of doctor/nurse time hours in FP daily.
- x Hours of paramedical time used in FP daily.
- x Avg.level of new FP acceptions monthly.
- x Avg.level of new FP acceptions yearly.
- x Avg. number re-visits monthly and yearly.
- x Number of women actively contracepting yearly.
- x Number of follow-up home visits yearly.
- x Number of IE&C materials designed, tested and distributed.
- x Number of referrals produced by Rural Health technicians.
- x Number of referrals produced by Malaria workers.
- x Number of medical and paramedical personnel trained annually.
- x Number of supervision visits made to clinics annually.
- x Number of evaluation studies produced annually.

Following are major assumptions for project success:

1. That the GOG will in fact emit an official population policy which will permit a reorganization of the current program.
2. That at least 15% of women in fertile age wants, or can be motivated to seek, family planning services at public clinics.
3. That the GOG will give sufficient priority to FP programs to direct necessary resources to their implementation and that opposition to family planning programs will not become sufficiently strong to cause the GOG to decrease its support to the family planning program.
4. That clinic personnel will devote sufficient time to satisfy the demand for FP services.

Concerning alternative approaches to the resolution of Guatemala's rapid population growth, the Mission has considered the alternative program direction: of creating totally new institutional vehicles for the delivery of FP information and services rather than relying on existing public institutions, and the utilization of non-clinic delivery systems on a wide-scale. It was decided that the cost of creating new P/FP institutional vehicles would be prohibitive in both the short and long run, would duplicate a part of the existing clinic infrastructure, and would not necessarily assure significantly greater levels of P/FP program coverage. Therefore, the decision has been taken to maximize the Ministry of Public Health and the Social Security Institutes clinic infrastructure for the provision of FP services. At the present time, there is a small pilot non-clinical distribution project being tested by the IPPF affiliate. While such distribution schemes may well be expanded as the GOG's population policy evolves, it appears very unlikely that country-wide utilization of such systems will be politically viable for several more years. The Mission plans therefore to penetrate rural areas with Rural Health Technicians and Malaria Workers who will motivate and refer clientele to clinic-based services. Eventually, however, it is hoped that these paramedical personnel will be permitted to prescribe oral contraceptives, in which case only persons interested in an IUD insertion or sterilization will be referred to a clinic.

Since traditionally the middle and upper classes of Guatemalan society have resorted to private physicians for contraceptive serv-

ices, and since studies indicate that only the lower classes utilize public health clinics, the major beneficiaries of this project will be rural and urban poor women and their families. It is expected that a number of middle class women will benefit from the FP services provided by the Social Security Institute.

The project is expected to have an important spread effect and awareness of and it will be diffused through informal person-to-person communication. It is known that "satisfied users" are the best vehicle for obtaining increased numbers of new acceptances of contraceptives.

II. FINANCIAL REQUIREMENTS AND PLANS

The following table shows the best estimate for project costs for five successive years (FY-77 to FY-81) to be approximately \$15,700,000 in total, of which AID's share would be \$3,000,000.

<u>Institution</u>	<u>FY-77</u>	<u>FY-78</u>	<u>FY-79</u>	<u>FY-80</u>	<u>FY-81</u>	<u>TOTAL</u>
	(In \$000)					
Host Country (Totals)	<u>465</u>	<u>775</u>	<u>1095</u>	<u>1115</u>	<u>1125</u>	<u>4575</u>
Ministry of Public Health	300	600	900	900	900	3600
APROFAM	60	65	70	75	80	350
National Economic Planning Council	30	30	40	50	50	200
Social Security Institute	75	80	85	90	95	425
International & Bilateral (Totals)	<u>2085</u>	<u>2195</u>	<u>2305</u>	<u>2315</u>	<u>2225</u>	<u>11125</u>
USAID	518	682	600*	600*	600*	3000

(Cont'd)

<u>Institution</u>	<u>FY-77</u>	<u>FY-78</u>	<u>FY-79</u>	<u>FY-80</u>	<u>FY-81</u>	<u>TOTAL</u>
IPPF	170	170	170	170	170	850
UNFPA	1200	1300	1400	1400	1300	6600
Pathfinder	50	50	50	50	50	250
AVS	25	25	25	25	25	125
FPIA	40	50	60	70	80	300

GRAND TOTAL FY-77 through FY-81 = \$15,700,000

* Estimated

If USAID were to provide total grant funding of \$3,000,000 over the five-year period, this would represent 19.1% of the estimated total project costs. The anticipated GOG contribution of \$4,575,000 represents 29.1% of total project costs, and the other donors share of \$8,125,000 represents 51.7% of total project costs.

Following is the breakdown of proposed USAID assistance:

<u>Host Country Institution</u>	<u>FY-77</u>	<u>FY-78</u>	<u>FY-79</u>	<u>FY-80</u>	<u>FY-81</u>	<u>TOTAL</u>
<u>Min. of Public Health</u>						
<u>Total</u>	<u>150</u>	<u>230</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>1,950</u>
Contract Services	30	55	5	5	5	100
Commodities	20	20	10	10	10	70
Participants	-0-	-0-	-0-	-0-	-0-	-0-
Other Costs	100	175	185	185	185	880
<u>APROFAM</u>						
<u>Total</u>	<u>318</u>	<u>382</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>1,750</u>
Contract Services	-0-	32	-0-	-0-	-0-	-0-
Commodities	5	5	5	5	5	25
Participants	-0-	-0-	-0-	-0-	-0-	-0-
Other Costs	313	345	345	345	345	1,725

<u>Host Country Institution</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>TOTAL</u>
<u>National Economic Planning Council</u>						
<u>Total</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>150</u>
Contract Services	-0-	-0-	-0-	-0-	-0-	-0-
Commodities	3	-0-	-0-	-0-	-0-	3
Participants	-0-	-0-	-0-	-0-	-0-	-0-
Other Costs	27	30	30	30	30	147
<u>Guatemalan Social Security Institute</u>						
<u>Total</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>100</u>
Contract Services	-0-	-0-	-0-	-0-	-0-	-0-
Commodities	10	10	5	5	-0-	30
Participants	-0-	-0-	-0-	-0-	-0-	-0-
Other Costs	10	10	15	15	20	70

At this early stage of project development, out year budget estimates are, of course, illustrative.

III. Development of the Project

It is anticipated that the Government of Guatemala will issue its official Population Policy around September 1975. Once the General policy is emitted, it will probably take the GOG several months to develop a plan of specific goals and actions. Since a major evaluation will be performed on the Mission's Population/Family Planning program in August or September 1975 by a team organized by AID/W, the results of such an evaluation and the general policies that will be contained in the GOG's Population Policy will serve as the basis for the submission of the PRP in October 1975. The Mission would then anticipate submitting the PP by August 1976. The Mission should be able to prepare both the PRP and the PP by utilizing USAID staff and Guatemalan counterparts but may require some TDY assistance from AID/W on certain aspects of the documentation.

DISCUSSION ELEMENT OF ZONA REYNA RESETTLEMENT PROJECT PROPOSAL

The Zona Reyna project has been inspired by a complexity of problems faced by residents in the Department of El Quiché. The majority of persons involved in the project are victims of circumstances. As a result of an increasing population and poor soil conservation practices, less and less land is being divided among more and more persons. Increasing numbers of families live on parcels too small to support them, thereby requiring long periods of migration to coastal farms where laborers are subjected to poor and inhuman treatment coupled with dangerous health conditions. Due to low productivity, children are often not sent to school so they could help in agricultural activities, and thus a high illiteracy rate exists among families of the Quiché department and a fatalism is symptomatic of the entire situation.

In 1969 a cooperative was formed which would give credit and technical assistance to small farmers in Quiché. Yet this did not address the problems faced by farmers who held too little land and those who owned none at all. Many of the families (115 to be exact) openly said they would abandon their positions in Quiché if they could find somewhere else to go where they could have new hope and not be forced to migrate yearly.

Therefore, Luis Gurriarán, a local priest, with the help of various social promoters and the promise of land from INTA (National Institute of Agrarian Reform) began a colonization effort in the northern area of Quiché known as Zona Reyna. The project addresses itself to the above complexity of problems. Through pioneering of virgin lands it is increasing the land under production in the department while each family now owns sufficient land to allow them to become net producers and not net consumers. At the same time, the settlers have diversified into high value export cash crops. All children of school age are required to attend school, and at least half the adults are receiving literacy and cooperative education classes. The project proposal for AID consideration would assist in covering various "one time costs" related to the construction of infrastructure (bridges, internal roads, landing strip, additional school buildings and various multi-use buildings). Previous government projects have failed due to the lack of support to settlers after their initial arrival, leaving them to fare for themselves without appropriate infrastructure.

The affected persons will be those in the project areas and ex sub-subsistence farmers and other families of the poorest majority who are willing to leave the problems of the higher planes to mi-

- 2 -

grate one last time to the Zona Reyna. The area has an estimated capacity for over 5,000 families, which, when fully operational, will relieve part of the increasing pressures of population and land productivity in the Department.

The GOG has taken great interest in the Zona Reyna project beginning with its promise of land in 1970. INTA later moved families into satellite settlements to the project site and surveyed all lands for the colonists and gave settlers of the project land titles on August 22, 1973.

A study was conducted of the first 115 families who expressed desire to migrate to the Zona Reyna. The socio-economic study covered housing, land possessions, land utilization, family investment, incomes, work (trades), education and birth and death rates. A summary of this study is attached as Annex "A". In the project budget 6% will be allotted for additional multi-facet studies which would cover like aspects and as much as possible the spread effect such a project could have.

We have currently estimated an approximate total cost of US\$107,020 over a two-year period. These inputs are outlined in Annex B attached and would require the following: AID 42.4%, Zona Reyna colonists 21.7% and other agencies already working would contribute 35.9%.

The GOG and AID are collaborating on the preparation of an FY-1976 Small Farmer Development Loan which is also expected to include financing for a resettlement program in the transversal strip of the Petén. Such programs have been attempted in several other developing countries, many with only limited success. While USAID intends to use all relevant AID experience from other countries and background for its loan development, it strongly supports approval of this proposed OPG grant from CRS. Such a pilot resettlement activity may provide valuable experience in Guatemala for the larger, but slower starting and longer running AID/GOG program.

ANNEX A

Results of the Socio-Economic Study among 115 Families Participating in the Project:

NOTE: This study was made at the time the families were inscribed in the project and prior to any families being transferred to the Zona Reyna or the Ixcán.

a) Housing

Of the participating families, 59% owned their own homes, 3% lived in rented houses, and 38% lived in dwellings provided by larger land owners. The average size of a house was 51 square meters. 13% of the houses consisted of a single room while 42% had two rooms, one of which served as living quarters and the other as the kitchen. Only 23% had more than two rooms. Each house had an average of 0.55 inhabitants, or approximately three persons per room, including the kitchen. Ten percent of the dwellings were made of lumber and Dutch construction, while 90% were of adobe and tile roof. Only two houses had a cement floor; the others were all of packed earth. Eight percent had a latrine. 16% of the houses had stoves or cooking facilities on the ground, while 84% had cooking facilities raised above the ground. Concerning sleeping facilities, there was one bed for each 3.4 persons, one chair for each 2.9 people, one table for every five people, and one chest of drawers for every 13 families. The average price of a house was \$181.25.

b) Use of the Land:

Each family had an average of 1.1 hectares of land under cultivation. 41.5% of the land was planted to corn, beans, horse beans, and other products. 19.3% was dedicated to natural pastures. The remaining 36.4% was in valleys, forests, ravines or otherwise unusable for the planting of crops.

c) Land Possession:

35% of the families did not own any land of their own. These people either rented land or lived on large farms where they had the obligation of going to work on the land-owners farms on the South Coast for part of the year. Each family had an average of 1.64 hectares (3 acres) of either owned, rented or borrowed land.

d) Investment:

The average value of the land per family was \$291.49, while the average value of domestic animals was \$53.55 per family.

e) Income:

The average gross annual income of the families surveyed was \$110.92. The "in kind" income, produced from the utilization of family garden products and domestic animals was found to be \$81.11 per year, giving the family a total annual gross income of \$192.03, or a per cent of income of \$45.40 per year.

f) Work:

65% of the men dedicated their entire time to agriculture, while 35% spent at least part of their non-agricultural activity in making local handicrafts and other products, cutting lumber or trees, construction work, baking, or similar activities. 72.4% of the men went to work on the South Coast farms for a minimum of three months per year.

g) Education:

Of the people who signed up for the project and who were above 7 years of age, 43.5% could at least sign their names and read a few words. 29.4% of the people above 7 years of age either were in school or had assisted at school in the past. Only nine (9) of the group members had completed their sixth grade primary education. These figures, which are very superior to the general averages for the Department, indicate that as the level of education increases, there is a stronger desire to improve the individual and family situation in every respect.

h) Birth and Death Rates:

Each mother had had an average of 5.1 births. 21% of the children were either born dead or died before the age of five years. 76% of the children born alive were still living at the time of the survey.

Estimated Cost of Zona Reina

	USAID Portion	Donations over two years.		TOTAL COST
		Heifer Inst.	Zona Reina Colonists	
A) INFRASTRUCTURE				
1) Fridges, commu- nity buildings, schools, etc.	\$ 13,000	\$ -0-	\$ 3,000	\$ 16,000
2) Labor (building construction & misc. labor)	-0-	-0-	19,000	19,000
B) AIR TRANSPORTATION (Emergency & Plants)	2,500	10,400 *		
C) PERSONNEL (Includes Supervisor)	8,920	26,000 *	1,000	36,120
D) ANIMALS	16,000	2,000 *	-0-	18,000
E) EVALUATION	5,000	-0-	-0-	5,000
TOTALS	\$45,420	\$ 38,400	\$ 23,000	\$ 107,000

* Donation from CRS, Wings for Hope, Heifer International, etc.

In Relation	42.4 %	35.9 %	21.7 %	100 %
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Potable Water Systems for Small Villages

1. Problem and Proposed Response

The background to the project lies in the deficits of environmental sanitation of the 5.9 million persons in Guatemala who live in the rural areas. Some 65% have no ready access to potable water and the 10% that do have access reside primarily in one of the larger villages with over 2,000 inhabitants. Because over 30% of the population live dispersed or in aggregates of 500 or less, with very limited access by road, and because there is an absence of communications and deficient social services of all kinds, the need to assist this sector of rural society is overwhelming. Bearing in mind that the majority of these people have annual incomes of \$70 per year or less, that many cannot speak the national language, Spanish, and that virtually every child under the age of 5 years suffers from some degree of malnutrition, the justification for a program designed to reduce water-borne diseases, improve personal cleanliness and reduce the time spent by women each day in the unproductive task of walking to and from a distant water source, appears self-evident.

The proposed project compliments other USAID activities to improve the levels of health among the poorest sector of those living in the rural areas. These activities undertaken with financial assistance by Loans 520-L-020, 511 include the extension of health care using medical auxiliaries. These auxiliaries (Rural Health Technicians, TSR), are recruited and trained in the rural areas and return to assist the communities in the region from which they came. The TSR's work includes the organization of community health councils and emphasis on health education, preventive medicine, nutrition, family planning and simplified curative medicine. His activities include improvement of environmental hygiene by instruction to the communities in the use of latrines and the need for potable water. Obviously the prestige that the TSR can command among the communities that he is assisting, contributes to the success of his efforts.

The project is intended to accomplish two purposes: (1) the reinforcement of the role of the Rural Health Technician as an important and influential agent of change for health purposes, (2) the provision of potable water and latrines to those living in small villages in two departments containing predominantly Indian inhabitants living little above subsistence level.

The activities will be focused predominantly on the Departments of Totonicapán and San Marcos.

Of the approximately 166,000 persons living in the department of Totonicapán, 85% reside in the rural areas. Water borne diseases which include enteritis

and diarrhea account for mortality of approximately 800 per 100,000 live births in children in their first year of life. Death due to parasites accounts for 24 per 1,000 in children between the ages of 1 and 4. About 10% of the total infant mortality for children in these two age groups is thus attributable to water-borne diseases.

The department of San Marcos has 388,000 persons of whom 87% live in the rural areas. Deaths among children of less than 1 year of age exceed 10 per 1,000 live births and parasitic infestations account for 1.6 deaths per 1,000 in the 1-4 age group.

A total of 23 Rural Health Technicians are working in the 2 departments of San Marcos and Totonicapán as of June 30, 1975. Two further classes in training will reinforce the numbers of medical auxiliaries assigned to these areas.

In addition to reinforcing the role of the medical auxiliaries working in these departments, the project will bring accessible sources of potable water to approximately 20,000 people through 20 to 35 individual water projects. Approximately 4-5,000 household latrines will be constructed during the life of the project.

The project will provide materials for water system and latrine construction, supplies and technical assistance through a U.S. private voluntary organization, "Agua del Pueblo." This organization has been working in the rural areas of Guatemala for approximately 3 years. The group include a sanitary engineer, health educator, an architect specialized in environmental design, and a construction supervisor.

This group has independently constructed 3 village water systems in the department of Sololá and is undertaking the construction of a fourth in the department of Huehuetenango. During 1975-1976 they will provide technical assistance to CARE/Guatemala in the development of water projects in the department of El Quiché. It is the intention of the group to expand potable water systems in Guatemala through a program to be independently undertaken and financed during FY 1977.

The project will be undertaken with close cooperation of the Department of Environmental Engineering of the Ministry of Public Health and Social Assistance. The Ministry of Health will provide transportation, engineering services and some administrative costs. The communities to be benefited will be required to provide all labor without charge to the project and to make available individuals for training in the maintenance and use of the water systems. Such training will be undertaken by the "Agua del Pueblo" group in conjunction with the Division of Environmental Sanitation.

At the moment in Guatemala there are approximately 10 agencies working in the field of the provision of potable water. With the sole exception of

the CARE/Guatemala rural potable water and latrine construction program in the department of El Quiché, other programs are dedicated to the provision of water systems for cities, large towns and municipal capitals.

It is difficult to envisage realistic alternatives to fulfill the purposes of this project. The role of the medical auxiliary is to stimulate communities to evaluate their needs for better health and to develop attitudes and programs that will assist them to meet these needs. Without external assistance the numbers of communities that could totally finance potable water and latrines systems are very few indeed. Over 70% of the 310 municipalities in Guatemala have annual revenues of less than Q.15,000 per year. Since in Guatemala the municipal political subdivision resemble U.S. counties including both urban and, predominantly, rural populations, this amount of money is the total available for expenditures on the provision of all municipal public services. Not surprisingly it is almost entirely devoted to urban public works and activities designed to benefit the municipal capital and essentially nothing is available to aid the population in the rural areas of the municipality.

The project is essentially amplification of the small existing program of "Agua del Pueblo" in the department of Sololá and in the proposed CARE Guatemala project in the department of El Quiché. Ultimately it is hoped that successful demonstration of the feasibility of constructing small rural water systems will lead to projects in all departments of the republic, thus benefiting the majority of the rural population.

2. Financial Requirements of Plan

The project calls for contributions raised from private sources by the "Agua del Pueblo" group with counterpart AID contributions during a projected 3-year project life time of \$230,000 to be provided by AID direct grant.

Proposed contribution from AID is as follows:

FY 1976	\$ 50,000
FY 1977	80,000
FY 1978	<u>100,000</u>
TOTAL	<u><u>\$230,000</u></u>

Budget for the entire project is estimated as follows:

a. Agua del Pueblo contribution to be raised from private donors	\$100,000
b. AID counterpart grant	230,000

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c. Pro-rated value of local labor	\$ 80,000
d. Ministry of Public Health and Social Assistance	<u>50,000</u>
TOTAL	<u>\$460,000</u>

It is noted that 50% of the project will be financed by AID direct grant, 23% from other donors to Agua del Pueblo, 10% by the Ministry of Public Health and the equivalent of 17% from local sources.

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (CHECK APPROPRIATE BOX)

ORIGINAL CHANGE

ADD DELETE

DOC REAT CODE 1

2. COUNTRY/REGIONAL ENTITY/GRAantee
GUATEMALA

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
S20-13-190-235

5. BUREAU

A. SYMBOL LA B. CODE 3

6. PROPOSED NEXT DOCUMENT

A. PRP PP B. DATE MO. 05 YR. 71

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)

[Integrated Agricultural Development]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION

A. INITIAL FY [76] B. FINAL FY [77]

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

[]

9. ESTIMATED COST (LIFE OF PROJECT) (\$000 OR EQUIVALENT. \$1 = 01)

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		500
B. OTHER U.S.		
C. HOST GOVERNMENT		
D. OTHER DONOR(S)		
TOTAL		500

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. # YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
EPGN			150		347				
TOTAL							TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)

[Improvement of rural income in highland areas of Guatemala.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)

[In limited geographical areas of the Departments of El Quiché, Totonicapán, and Quetzaltenango, demonstrate a technique for 1) increasing individual and family real income; 2) improving family eating habits; and 3) increasing the availability of local health related services.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *[Signature]*

TITLE: Acting Director, USAID/Guatemala

DATE SIGNED: MO. 05 DAY 07 YR. 71

16. DATE RECEIVED IN AID/... OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MO. DAY, YR.

PROJECT IDENTIFICATION DOCUMENTNUTRITION-HEALTH & MICRO AGRICULTURE, AN OPERATING PROGRAM GRANTPROPOSAL BY CRSII. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE
TO THE PROBLEMA. Summary of the Problem

The majority of people in the rural areas of Guatemala have little or no organized health and nutrition services. Although 80% of the population live in these rural areas, most of the available health facilities are concentrated in the large cities. Thus, many rural people, especially children, die from preventable diseases such as diarrhea. Much of the rural population are beyond the reach of the modern methods of medicine. The lives of the rural poor are saturated with ignorance, apathy, dirt, lack of sanitation, lack of poor drinking water, lack of proper diet and all the ills and diseases which go along with these conditions.

Modern western style medical programs are incapable of dealing with these problems. If for no other reason, the question of money must be an overriding factor. Health

and nutrition services must eventually be paid for by the government. But precious little money is available which is a major constraint on the provision of health care.

The health and nutritional needs of the rural Guatemalan in large part are dependent upon agricultural production. Whenever there is a crop failure the indices of malnutrition and disease rise sharply especially among pre-school age children. The Altiplano region of Guatemala composes one fifth of the country's land extension and contains 35% of the entire population of which 85% are minifundio or sharecrop farmers. The average farm size owned by the large majority of peasants is approximately half of one acre. In this region of the country, agricultural problems are most critical and most difficult to resolve.

Antiquated agricultural methods linked with the high cost of fertilizers and aggravated by vast soil erosion, has left the land in a critical condition. Approximately 300 tons of fertile topsoil per acre washes away yearly. Further linked with health and agricultural problems are cultural and social problems which have resulted in increasing fear, apathy, ignorance and a lack of motivation towards self-dignity and reliance.

With regard to production, it also seems likely that by establishing services able to remove or mitigate the diseases which are most widespread in the rural areas, a major impediment to a higher agricultural output could be removed.

Recognizing that the greatest needs are in the development of rural health/nutrition and agricultural programs, CRS is concentrating on the training of auxiliary personnel through teaching facilities provided within the country. Such first line personnel are able to work very effectively in the operation of rural programs, both preventive and curative.

A vital part of such a program is the training of auxiliary personnel in health, hygiene, sanitation, nutrition and agricultural techniques. These auxiliaries in turn will act as agents of change within their communities based on their needs and within their terms. These programs can be carried out very well by the auxiliary/promoter, with a very small professional staff to plan and direct the programs, to train the promoters and to supervise and maintain their work standards.

B. Proposed Response to the Problem

1. Purpose of the Project

The project centers around three general objectives: First, the increased individual and family productivity and real income. Second, improved family eating habits so that the practices become of a more nutritional and of a permanent nature. Third, the increased availability of local health related services. Those to be served by the project are the approximately 22,000 beneficiaries of the CRS/CARITAS food distribution centers in the Departments of El Quiché, Totonicapán and Quezaltenango. These are among the departments most severely afflicted by the problems discussed in I.A.

As for the project's specific objectives they are broken into nutrition, agriculture and health.

In nutrition, the objectives are to break the dependency on outside foods resources and reach an increased utilization of locally available foodstuffs. Also the increased educational activities in food distribution centers. In the nutrition aspects foods must meet four criterias to be utilized: a) locally available;

b) of high nutritional value; c) be of a reasonable price; d) have relatively high or good acceptance among the participants.

In agriculture, the objectives to reach a state of improved soil conservation practices, increased utilization of organic fertilizer techniques, augmented supervised agro-credit for target group farmers, increased planting and utilization of family gardens and finally the introduction and utilization of domestic animals.

In health it is hoped to produce an increased number of indigenous personnel trained as health promoters, an increased participation in preventive health programs of various agencies and also an increased availability of basic pharmaceutical and medical services.

2. Project Description

a. Required Outputs

The major output would be a trained group of nutritional advisors (2), agronomists (2), extensionists (2), social promoters (50) and health promoters (36) capable of planning and implementing programs of nutritional and agricultural education and providing rudimentary preventative and

curative health care to the beneficiaries of CRS CARE food distribution centers in the three departments noted.

An additional output is a revolving agriculture loan fund with sufficient capital to serve the beneficiaries of the project.

b. Required Inputs

Inputs include: salary, per diem and travel costs for nutritionists, extensionists and agronomists and per diem for promoters (38% of project cost); POL/maintenance/insurance for 3 Broncos, 2 jeeps, and 4 motorcycles (9% of project cost); office equipment/budget control (3% of project cost); training and supply of health promoters (3% of project cost); capital for revolving agriculture loan fund (23% of project cost); radio time, workshops and seminars and materials (9% of project cost); evaluation (5% of project cost); and contingency funds (9% of project cost). Additional inputs not quantified are the time donated by volunteers of the CARITAS national, regional and local organizations, and most CRS overhead.

c. Estimated Disbursement Period

Three years.

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3. Major Assumptions

- a. That CRS/CARITAS prior experience in rural nutrition, agriculture and health education programs in Guatemala has developed the requisite expertise to design and carry-out such a program.
- b. That use of local, bilingual promoters with more highly specialized technical backstopping and supervision is the most effective means for such rural non-formal educational efforts.
- c. That the proposed inputs are sufficient to produce the outputs and that these in turn will achieve the project's objectives.

4. Others active in the Area of Concentration

A substantial number of governmental and private organizations undertake rural non-formal education activities using local promoters in nutrition, agriculture and health. Each differs to varying degrees among each other and from the proposal presented here in specifics of content and approach. Although many organizations are active, a large part of the rural population is still not effectively reached by existing programs.

5. Alternatives

The proposal was recently received and alternatives

have not yet been systematically analyzed by the Mission. Among those which will be considered is the possibility of some consolidation of efforts under a consortium of FVDS.

6. Major Intended Beneficiaries

Beneficiaries will be the approximately 22,000 served by the CRS CARITAS food distribution centers in El Quiché, Totonicapán, and Quetzaltenango. They are drawn from the poorest segment of the population.

7. Spread Effect

If successful, the project could have considerable spread effect. At least one study in the rural highlands, for example, indicates that word of mouth is a major form of diffusion of information on improved agriculture techniques.

II. FINANCIAL REQUIREMENTS AND PLANS

- A. Estimated project cost is \$347,044. This does not include any imputed value for work to be performed by CARITAS volunteers in support of the project, nor does it include the bulk of CRS management or overhead costs.
- B. All funding will be by AID grants, with the exceptions noted above.

- C. The LDC and other donors will make no financial input (same caveat as C).

III. DEVELOPMENT OF THE PROJECT

- A. CRS/CARITAS will develop the project based on the experience of several years of experimentation in Guatemala with different approaches to rural non-formal education. Also, INCAP and CRS internal studies and evaluations will be utilized.
- B. We anticipate that the formal submission of the OPG proposal not later than November, 1975.
- C. No AID/W resources appear to be required. USAID/G will consult and advise CRS during refinement of the proposal.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

We agree in general with the CRS characterization of the problem, as presented in I.A. However, we do not concur with the project as presently structured. It appears to be too diffuse in its focus and lacks sufficient definition in the objectives to be achieved. Additionally, the future of the project after three years of AID funding is unclear. CRS is not able at this time to identify a probable funding source willing to provide the resources necessary to continue project activities.

However, we have found CRS/Guatemala to be a very straight-

forward and forthcoming organization, and believe that there are reasonable prospects that further consultation and discussion may result in sufficient refinement of the concept so as to produce a project which is both of interest to CRS and satisfies our concerns noted above. Therefore, this item has been included in the budget.

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (IF APPROPRIATE BOX)
 ORIGINAL CHANGE
 ADD DELETE

PID
 DOCUMENT CODE
 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE
 GUATEMALA

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
 520-13-190-236

5. BUREAU
 A. SYMBOL LA B. CODE 3

6. PROPOSED NEXT DOCUMENT
 A. PRP PP B. DATE MO. YR. 01 5 7 6

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
 [Highland Integrated Agriculture]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY [7 | 7] B. FINAL FY [7 | 9]

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
 []

9. ESTIMATED COST (LIFE OF PROJECT)
 (\$000 OR EQUIVALENT, \$1 = 01)

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		150
B. OTHER U.S.		500
C. HOST GOVERNMENT		150
D. OTHER DONOR(S)		45
TOTAL		845

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPRO- PRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
FP&N			50		150		PL 480	150	500
TOTAL							TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
 [To increase agricultural productivity of small farmers.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
 [To improve the soil conservation and soil management practices of small farmers.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *Frederick W. Schick*

TITLE: Acting Director, USAID/Guatemala

DATE SIGNED: MO. DAY YR. 01 6 27 5

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MO. DAY YR.

PROJECT IDENTIFICATION DOCUMENT FOR A POSSIBLE CARE JFG PROPOSAL -
EXPAND THEIR HIGHLANDS INTEGRATED AGRICULTURAL DEVELOPMENT PROGRAM.

I. IDENTIFICATION OF THE PROBLEM AND THE PROPOSED SOLUTION

A. The Problem

The problem of the lack of land management, leading to erosion and low crop production, is a crucial problem in certain areas of the Highlands. The nature of this problem is best explained in a report entitled "A program for the management and conservation of soil, plant and water resources of the Highlands of Guatemala", prepared in 1972 by the Organization of American States in collaboration with the Technical Center for Forest Evaluation. The report states that the Highlands region in Western Guatemala is one of the most important agricultural and coniferous forest regions in the entire country and yet its productive capacity in certain regions is being threatened by the destructive process of soil erosion. This process in many of its forms is removing, or has removed, the surface and subsoil materials from many cropped and grazed areas. In the vicinity of Santa Cruz del Quiché the soil losses from sheet and rill erosion have been quantitatively determined to be in excess of 34 metric tons per hectare per year, which is far above any tolerable limits. Gullies and landslides mar the landscape. Sedimentation, the cumulative product of the erosion forms, is causing structural and other damages, both in and out of the region. Overgrazing and other malpractices are causing grass lands and forested areas to deteriorate both in quality and in quantity. The report concludes that this destruction of the environment is reducing the capability of the Highlands to produce food, forage and wood crops.

B. The Proposed Solution

To address these problems, CARE is undertaking a project to improve soil conservation and management practices. These include: control of erosion through the construction of terraces, correction of drainage or overflow

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problems through the construction of small dams and grade stabilization structures, maintenance and improvement of soil productivity for all types of crops (agricultural, grass, forest, etc.), and management of water.

One of the most significant aspects of the implementation of this project will be the fact that Indian promotors will be teaching and working with belly Indians in an effort to restore their own environment. This technique stresses the fact that an important obstacle to successful development projects with Indians is of a personal and cultural nature, not a technical one. The techniques which must be presented are of a fundamental nature -- the real problem comes in communicating over and understanding enough of the culture to present these techniques in such a way that they will be palatable to the recipients.

The purpose of this project is to utilize outside training and knowledge within the framework of a presentation effort designed to overcome the cultural and language barriers in the Highlands. The new betterment techniques will be transmitted through the use of a group of Peace Corps Volunteers, who will work with Indian promotors. The Peace Corps Volunteers will be in charge of applied research in erosion control, land damage surveys, pasture and hayland management, range and forest control, engineering, and water shed protection. PCV's and their counterparts will plan with the local small land-owners or through organized groups progressive practices which will treat soils, plant and water problems, and will assist in the application of new or different practices.

Another important aspect of the project will be the use of demonstration plots in areas typical of the region in general, so as to expose small land-owners to the new techniques through actual observation.

In those areas where cattle are owned, instruction in range management techniques; such as replanting of pasture and rotation of the animals, will be provided. This aspect of the work is important because in many sections of the Highlands, where the land no longer is adequate for crop production, small land-owners often depend on their sheep herds

for a livelihood.

A training center at Santa María, on the outskirts of Quezaltenango, will be utilized for training the promotores. This center has been in operation for some time and has had a great deal of experience in working with potential local change agents. The training program calls for use of local languages. Concepts are conveyed by using the agricultural folklore and easy-to-comprehend drawings, since this will be the same manner in which the promotores will teach their own people. Most of the emphasis at this school is placed on learning through demonstration, in recognition of the fact that most of the students are illiterate and long lectures prove completely ineffective.

C. Status of the Project

The project has been initiated through CARE's Food for Work program under an agreement with INAFOP (the National Forestry Institute), in cooperation with the Peace Corps. It got off to a slow start last year, with about half of the planned 200,000 lbs. of food being used to support land conservation activities. This year, in addition to Food for Work, CARE is on the ready to sign a contract with INAFOP which will provide \$50,000 of CARE funds for materials and equipment. CARE anticipates that the pace of the project will pick up and that its scope will expand in the coming year.

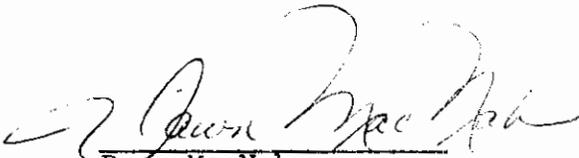
CARE has provided the Mission with a proposal which described the project they are funding this year. CARE has indicated a general interest in the possibility of AID support for an expansion of the project should this year's activities prove successful. However, they are not prepared at this time to make a proposal detailing activities and inputs they would like AID to fund, or the outputs that might result. We have expressed interest in discussing such a possibility with CARE, should their currently planned activities prove successful and if a potentially acceptable proposal is developed. Therefore, we have included \$50,000 for FY 1977 for such a project.

C A R 3

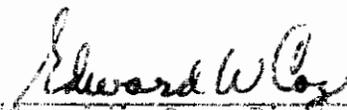
COOPERATIVA AMERICANA DE REMESAS DE DOLARES

GUATEMALA PROGRAM

FISCAL YEAR 1977



Dawn MacNab
Field Representative



Edward W. Coy, Director
CAED/Guatemala

ANNUAL PROGRAM PLAN

FY 1977

(October 1976 - September 1977)

I. ELEMENTS OF OPERATIONSA. Identification

1. Name of Agency: Cooperative for American Relief Everywhere, Inc. (CARE).
2. Country: Guatemala
3. Date submitted: June 5, 1975
4. Name and address of Agency counterpart in foreign country: CARE-Guatemala, 6a. Avenida 6-47, Zona 9, (P.O. Box 1211) Guatemala City, Guatemala.
5. The CARE Director for Guatemala is William F. Salas. He is ultimately responsible for all CARE activities in Guatemala, including the PL 480 Title II nutrition feeding program. Two other American citizens, John Rutten, Assistant Director; and Dawn MacNab, Field Representative; are employed to assist in the development and supervision of CARE programs. Dawn MacNab is directly responsible for the PL 480, Title II nutrition feeding programs in Guatemala. The following Guatemalan personnel assist in the effective implementation of the PL-480, Title II nutrition feeding programs, either on a part-time or full-time basis:

Financial Comptroller	Luis Pacheco
Administrative Assistant (Office)	Janet de Herrera
Administrative Assistant (Food)	Carlos Garcia
Office Assistant (Food)	Esteban Chacón
Office Assistant (Food)	Emilio Rivera
Field Supervisor (Food)	Norberto R. sales
Field Supervisor (Food)	Carlos Castillo
Customs Representative (Food) (Puerto Barrios)	Roy Fearon
Secretary (Food)	Beatriz de Galiana
Secretary	Eugenia Witzl
Secretary	Daniel Garcia
Secretary	Leticia Zelera
Warehouseman (food) (Guatemala City)	Florencio Garcia
Driver (CARE truck) (Food)	Antonio Tel. de
Driver's Assistant (Food)	Juan Gutzi
Driver (CARE truck) (Food)	Julio Toledo
Driver's Assistant (Food)	Estanislao Y. Gán
Messenger	Alfredo Alvarado

B. Agency Agreements

1. CARE program operations are implemented under a bilateral agreement called a "Basic Agreement", originally signed on July 28, 1969. An annual contract is signed between the Government of Guatemala and CARE covering the terms and conditions of each year's program. One contract is signed for the School and MCH programs and another contract is signed for the FFW program. (See Appendixes E, F, and G).
2. CARE does not operate under a "blanket" agreement between the Government of Guatemala and the United States Government.
3. The agency agreement and/or the annual contract provide:
 - a) All expenses for the distribution of commodities received under PL 480, Title II, including port charges, wharfage, inland transportation, warehousing, etc., to be covered by the Government of Guatemala.
 - b) Duty-free entry of PL 480, Title II and other relief supplies.
 - c) For freedom of action that will permit the distribution and recipient agencies to carry out their supervisory responsibilities.
 - d) For maximum protection under the law for all commodities and acknowledgement of Government of Guatemala's ultimate responsibility to assure proper utilization of same.
 - e) That expenditures for foods for needy persons made by the host government will not be reduced as a result of their receipt of PL 480, Title II foods.
 - f) That recipients will not be required to pay for PL 480, Title II foods, except as permitted by USAID regulations.
 - g) That the host government and/or the recipient agencies will permit reviews, inspections of foods in storage, examination of records relating to PL 480, Title II foods, and audits and end-use checks by United States Government and distributing agency personnel concerned.
 - h) For the release of adequate and appropriate program publicity as to the source of the foods.

C. Area, Scope and Conditions of Operations

1. The program will be country-wide, operating in all departments of Guatemala. Please see Appendix A listing sites of MCH, SCH and FFW Programs.
2. The distribution method to be utilized in making food available to

each category of recipients is as follows:

- a) SCH (bread program only) - Those schools outside Guatemala City, totalling 175,000 beneficiaries, which have facilities to bake bread or contracts with local bakeries will be provided with wheat flour, soybean oil or peanut oil (whenever is available) at the rate of 3 lbs. and $\frac{1}{2}$ lbs., respectively, per beneficiary per month for 9 months. If these commodities are not available for whatsoever reason, there will be no commodity substitution. If only flour is available when they pick up commodities, they will be authorized to receive only 3 lbs. of flour. If only oil is available, no commodity will be given until flour is also available.
 - b) SCH (non-bread programs only) - Those schools throughout Guatemala, totalling 105,000 beneficiaries for FY 1977, which do not have facilities for a bread program will be provided a total of 4 lbs. of commodities, including CSB, soy-fortified bulgar, soy-fortified sorghum, wheat flour and perhaps soya flour. Beneficiaries will be authorized to receive a total of 4 lbs. per beneficiary per month for 9 months in any combination.
 - c) MCH - Those health institutions throughout Guatemala, totalling 128,000 preschool children and pregnant and lactating mothers, will receive a total of 8.3 lbs. of commodities per beneficiary per month for 12 months, including whey-soy drink mix (2 lbs.), whole corn converted into "Incaparina" (3.3 lbs.), soy-fortified bulgar (1 lb.), soy-fortified Sorghum (1 lb.), and soy-bean oil (1 lb.). Except for the soybean oil, all other commodities will be inter-changeable, although we shall try to program them in the amounts stated above when feasible.
3. All costs for storage (with some exceptions handled by civic organizations) and transportation and distribution of commodities from warehouse to schools, and institutions are borne by the Government of Guatemala. CARE maintains supervision over 28 warehouses operated by the Military Reserves, Ministry of Education offices or civic organizations in every department of Guatemala, as well as the CARE-operated central warehouse in the capital. All commodities are transported from two ports to these warehouses via rail or truck. CARE owned and operated vehicles, as well as locally-hired trucks, deliver most commodities from its central warehouse to the schools located in Guatemala City, neighboring municipalities and the department of Sacatepequez. Deliveries are also made to health institutions in these areas by CARE, if transportation cannot be provided by these institutions.
 4. CARE coordinates programming of commodities with the Catholic Relief Services in Guatemala, so as to avoid duplication of distributions in the maternal-child welfare and institutional health feeding programs (Catholic Relief Services does not operate a school feeding program in Guatemala). Beneficiary lists are checked in the distribution centers and requests for new programs from Catholic groups are always cleared through Catholic Relief Services before being considered by CARE. With the advent of the World Food Program in Guatemala during 1976, there is some concern that FFW activities in the highlands of Guatemala not become overly complicated. All three organizations (CARE, CRS, and WFP) will be working in this small geo-

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graphic area. It is hoped that an effective coordination of activities can be agreed upon all parties as soon as possible.

D. Control and Receipting - Records, Procedures and Audits

1. As the commodities arrive in the ports, they are generally checked by a CARE representative to determine damages or shortlandings. The damaged commodities are sometimes reconstituted in the port. This count is checked with the Surveyor's and Customs' counts for accuracy. A verification report of commodities arrived is provided by Customs. The commodities are then shipped by commercial truck or railroad to the department warehouses. Each warehouse has a warehouse inventory book and checks arrivals against the carrier's transportation receipts.

Every dispatch made to a warehouse is authorized by a dispatch order, called a "comprobante", made out by the CARE Office. These are numbered in sequence and contain information on commodity, quantity, type of transport, license plates, name of driver, date, etc. They also serve as delivery receipts to be signed and returned to CARE.

In the case of schools, another control form is used, called "recibo de entrega de alimentos" (food delivery receipt), which acts as the end-receipt. This allocation form is made out by Education District Supervisors, and represents an order for the school director to pick up his allocated commodities at his area warehouse. Every pick-up by any school or health institution from a field warehouse must be made only on the basis of this end-receipt. In the case of health institutions, the CARE Office itself issue these end-receipts, not the Education Supervisor. Upon signing the warehouseman's copy of the receipt, the recipient takes possession of the commodities.

In the Incaparina Program, CARE follows their regular system for distribution, however, all warehouse receipts indicate that the commodity is to be sold at the Government-established price of 12 cents a pound. This money is collected through the established channels of the Ministry of Public Health. CARE is not involved in the collection of any of those funds, however, we do receive periodic reports from the Ministry of Public Health.

Both the Government of Guatemala and CARE have permitted and will continue to permit the right to review and audit all transactions made by CARE in pursuance of its program in Guatemala. The Government of Guatemala and CARE's auditors also make periodic checks. These audits permit the review of programs at every level of our operations, such as control records, inspection of food in storage, etc. and include the right to audit funds collected from children participating in school-lunch programs.

2. All losses of Title II commodities incurred from time of port entry until final distribution are recorded in the following manner: Independent surveys are made, as well as Customs' clearance reports and a count made by a CARE representative. Damages and short landings are then verified and documented and evidence is sent to CARE's New York Office for adjudication with the carrier if the claim involves a marine loss.

Losses incurred at Customs, or resulting from internal shipping are documented by a Customs' dispatch order, truck or railroad delivery receipts. Letters of protest and all attached documents are combined to make a loss report, which then is sent to CARE's New York Headquarters. Interior losses above \$100 in value are collected directly from the third parties in Guatemala. All uncollectable interior losses above \$100 in value are covered by the Guatemalan Ministry of Finance at the final accounting at the end of the fiscal year.

E. Port Facilities - Practices

1. Off-loading facilities at the port in Puerto Barrios are adequate to handle commodities required in our program. We would like to once again use the Champerico port on the Pacific for some shipments since it would cut inland transportation markedly.
2. Duty-free entry presents no special problem for CARE.
3. The Government of Guatemala permits us to use our own independent surveyor at each port of entry.
4. A recent Presidential decree of September 17, 1974 has made it mandatory that all incoming foods, grains and livestock be fumigated at the port before being allowed to be transported inland to Guatemala. This is aimed at preventing the spread of infections. We are now in the process of working out a feasible solution whereby the GOG assumes the cost of this fumigation for all PL-480, Title II commodities upon arrival. We hope this new requirement will not slow down the commodity removal from the ports.

F. Storage Facilities

1. Twenty-eight warehouses are maintained throughout Guatemala for the storage of all Title II commodities received by CARE. These are operated by the Military Reserves, Ministry of Education Offices or civic organizations in each department and by CARE in the case of the central warehouse in the capital. All warehouses are supervised by CARE representatives, both by personal visits to these warehouses and by monthly reports of the amounts of foods received and distributed.
2. All 28 warehouses are adequate to handle the amounts of commodities sent to them for the food programs in their areas, and no special problems have been created because of the lack of facilities for storage. Some departments' warehouses are in less than optimal condition but they are inspected regularly by CARE representatives and

all controllable situations are improved as soon as possible.

3. See No. 1 above

G. Inland Transportation

1. Two types of transportation facilities are used by CARE in Guatemala - rail and truck. Refer to Section 1.C.3 for areas in which CARE performs direct deliveries. In all other locales, the rail and truck delivery services are contracted by CARE and paid by the Government of Guatemala in accord with the annual contracts.
2. No special problems are expected to occur in relation to inland transportation in FY 77.

H. Processing - Reprocessing - Repacking

1. School Bread Program: Many individual schools throughout Guatemala, including the city of Quezaltenango there is a central bakery for the preparation of bread, which covers approximately 7,500 students daily. The average contribution from students in Quezaltenango is about \$1.35 per student for the school year. In other bread programs the extra cost of bread preparation is generally borne by "parents' committees". In the case of some municipalities, the cost is covered by municipal appropriation.
2. "New Product" School Program

A new aspect of the School Program is now being negotiated with the Government. INCAP (Institute of Nutrition for Central America and Panama) are serving as a liaison between and technological consultant for both the GOG and CARE. These negotiations are proceeding as rapidly as can be expected but at this point in time no specific details can be given concerning the new product. We hope that this product will be programmed in all primary schools through-out Guatemala by 1980 as our scheduled phase-out target date. In FY 1977 the GOG will expand the pilot program scheduled to begin in the later part of FY 1976 wherein 40,000 beneficiaries will be receiving a "new product". In FY 1977, we hope 120,000 beneficiaries will be receiving this "new product" totally through GOG resources and that of the remaining 280,000 beneficiaries in the CARE Program; 175,000 will be receiving bread whereas 105,000 will be receiving either the new product or the standard 4 lbs. of dry commodities. Again, since time is so short and the developments we hope to gain in the interim period FY 1976 so tenuous, all calculations are subject to later review.

The grant of a food extruding machine, the Brady Crop Cooker, is now being discussed with AID/Washington in the hopes that the machine will be donated to INCAP which has the resources to help produce the new food at minimal cost to the GOG. Until a decision from AID/W. can be received, CARE cannot begin to realistically estimate the cost of production. Thus,

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contracts with INCAP or with Alimentos, S.A., Product are also premature.

We hope to import full-fatted flour for the production of this new product, during FY 1976. But if this is not available in FY 1977 we will have to amend the program.

The GOG will provide the additional commodities: corn, sugar, milk and vitamins necessary to produce the new product. Possible ideas for the product include: biscuits, tortillas or a Mai-Soy product which can be mixed with water to form a nutritious beverage. Please see Appendix D for a letter to the Joint Ministerial Committee concerning this new product and its possibilities.

3. Incaparina Program

In line with all AID circulars and the reduced availability of PL-480 Title II commodities world-wide, CARE-Guatemala has received USAID/W's and CARE-New York's approval to import whole corn for conversion into "Incaparina", a vegetable-protein mixture developed by INCAP (Institute of Nutrition for Central America and Panama) over twelve years ago and now commercially marketed in Guatemala. During the FY 1975 period, a pilot program was begun in the MCH program only. That program used 500,000 pounds of whole corn which was manufactured into approximately 440,000 pounds of Incaparina. That Incaparina is now being programmed in 100 government operated mother-child health clinics, both urban and rural, through-out the country; for a trial period of three months. Each beneficiary is allowed a monthly ration of approximately 2 pounds of Incaparina (3.3 lbs. corn equals approximately 2.9 lbs. Incaparina. Roughly 89% exchange rate), which they could purchase at 12 cents a pound (a difference of 13 cents from regular grocery price of 25 cents a pound). Currently the evaluation of all the data and statistics as well as a thorough program of expansion is being studied. The results of this trial program will be utilized in bettering and expanding the program into more mother-child health centers and municipal pharmacies.

Although the Incaparina Program was not originally approved by all parties to be used in the SCH Programs, results of the pilot program will also be able to clarify expansion possibilities within this age group.

In FY 77, CARE proposes to import 5,069,000 lbs. of whole corn for the MCH program for conversion into Incaparina. If, for some reason this total amount of whole corn cannot be utilized and programmed as envisioned, we shall substitute other PL-480 commodities on a pound-for-pound basis, where necessary. A copy of the current Contract with Alimentos, S.A., to produce Incaparina is included as Appendix E.

Depending upon the results with AID/Washington on the availability of a second Brady Crop Cooker, food extruder, as a grant to the Government of Guatemala; future batches of Incaparina may be produced from this second

machine.

This would greatly reduce the total cost of the Incaparina Program as well as provide additional jobs to the country. It would also eliminate the need to coordinate all activities with the commercial sector of Alimentos, S.A. One further advantage would be the elimination of the contract between Alimentos, S.A., the GOG and CARE/Guatemala. Instead, a direct contract between the GOG and CARE would be adequate. At this point, however, we do not know AID/Washington's decision so more accurate information cannot be given.

I. Financing

1. The Government of Guatemala, under a contractual agreement with CARE, provides financial support for all Title II programs, embracing administrative expenses, port charges, inland transportation costs, postage and telegraph expenses, and 42% of the total cost of any Incaparina programmed.
2. Costs of administration, storage, transportation, processing, repacking, special labels, issuance of informative materials, etc., are all covered by the host government under the CARE contract.
3. Empty commodity containers in the rural-area schools - flour sacks and oil tins - are made into aprons, cloths, flower pots, and watering cans. The empty flour sacks from programs in Guatemala City are used for re-constitution of flour arriving in damaged sacks at the central warehouse. Empty oil tins from programs in Guatemala City are sold and the proceeds are applied to CARE commodity delivery expenses. Empty containers from the Quezaltenango bread program are sold and applied to the bread-preparation expenses.

J. Acceptability of Available Foods - Computation of Food Requirements

1. We plan to import 5,069,000 lbs. of whole corn for conversion into approximately 4,601,232 lbs. of "Incaparina" (this is based upon the average conversion rate of 89%). Because of the machinery used to manufacture "Incaparina", whole corn is preferable to corn meal. We are also trying to create a market for additional corn in the country. Corn can be grown locally and if a sizeable ready market can be proven, it is hoped that the agricultural community will be persuaded to grow more corn. Thus, the "Incaparina" program will have a spiraling effect and result in exponential growth in several sectors of the Guatemalan economy.
2. Corn, wheat flour and soybean oil are the commodities most readily acceptable in all our programs since these commodities are well known within Guatemala. "Incaparina" is a well-known product which is widely available on the open market in the country. FY 1974 was the first year in which we programmed whey soy drink mix and it was well received by mothers and young children. MCH center staff report that this product is more easily digested than non-fat dry milk and therefore, there

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are fewer bad side effects in people unaccustomed to NFDM.

CSB and Bulgar Wheat are mixed with warm water and flavorings to make an "atole", a popular drink in Guatemala. Soy-fortified sorghum and soy-fortified Bulgar are more difficult for the Guatemalan Indian population to accept readily because these products are foreign to their basic diet. CSB is more easily identifiable but even this product is said to make tough tortillas, the staple diet of the majority of people receiving PL-480 commodities.

Generally in all programs, sugar, vanilla, cocoa, cinnamon and other flavorings are added to beverage preparation to sweeten them and make them more palatable.

Recent reports from CARE Headquarters in New York indicate a change from Soyabean oil to peanut oil during FY 1976. We do not anticipate problems with acceptance of this new product.

We have discovered that whole corn and wheat flour are the two grain commodities most readily accepted by the Indigenous in the Altiplano regions of Guatemala where our FFW program is in progress. Although CSB, soy-fortified sorghum have also been programmed in these areas, we have discovered that more highly processed foods are not as easy for the women to prepare without additional lessons and recipes. For this reason, we have increased the percentages of wheat flour, whole corn and oil to be programmed into the FFW Program areas.

A. School-Feeding Program (Elementary School children only)

Target: 280,000 beneficiaries for the 9 month school year. This is year number two of the 5 year school phase-over program.

There will be two separate programs, one a "bread" program in departments outside Guatemala City for 175,000 beneficiaries; and the second a "non-bread" program including all departments and Guatemala City for 105,000 beneficiaries. The rations for each will vary. The average number of feeding days is twenty per month. One pound equals 450 grams.

1. "Bread Program" (175,000 beneficiaries)

<u>Commodity</u>	<u>Daily Ration (g)</u>	<u>Daily Protein (g)</u>	<u>Daily Calories</u>	<u>Total Annual Req. (lbs.)</u>	<u>Lbs. per Month</u>	<u>Total Annual Cost (Dollars)+</u>
All purpose wheat flourX	67.5	9.59	246.38	4,727,000	3.0	\$519,750.00
Soybean oilX	11.0	--	97.24	788,000	0.5	275,800.00
SUBTOTALS	78.5	9.59	343.62	5,513,000	3.5	\$795,550.00

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X

If these commodities are not available when schools with "bread" programs come to pick up commodities, none will be given. If only flour is available, they can take up to the three pounds. If only oil is available, no commodity can be taken.

+

Cost based upon STATE 39119, 2/21/75.

2. "Non-bread" Program (105,000 beneficiaries)

<u>Commodity</u>	<u>Daily Ration (g)</u>	<u>Daily Protein (g)</u>	<u>Daily Calories</u>	<u>Total Annual Req. (lbs.)</u>	<u>Lbs. per Month</u>	<u>Total Annual Cost (Dollars)+</u>
CSB XX	20.25	3.38	75.54	945,000	1.0	\$103,950.00
SF Bulgar XX	20.25	3.54	70.88	945,000	1.0	85,050.00
SF Sorghum XX	20.25	3.24	72.70	945,000	1.0	85,050.00
Wheat Flour	<u>20.25</u>	<u>2.96</u>	<u>76.04</u>	<u>945,000</u>	<u>1.0</u>	<u>103,950.00</u>
SUBTOTALS	81.00	13.12	295.16	3,780,000	4.0	\$378,000.00

XX

All flour commodities can be used interchangeable, up to a total of four pounds per beneficiary per month.

+

Cost based upon STATE 39119, 2/21/75.

RECAP

Total Annual Requirement "Bread" Program	5,513,000 Lbs.
Total Annual Requirement "non-bread" Program	3,780,000 Lbs.
GRAND TOTAL POUNDAGE	9,293,000 Lbs.
GRAND TOTAL COST	\$1,173,550.00

<u>Commodity</u>	<u>Calories per 100 g.</u>	<u>Proteins per 100 g.</u>
Whey	468	20.0
Wheat flour (blend A)	365	14.2

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Soybean oil	884	--
CSB	373	16.7
SF Bulgar	350	17.5
SF Sorghum	359	16.0
Soya flour	421	36.7

B. Mother-Child Health (MCH) Program (children five years old and younger and pregnant and lactating women)

Target: 128,000 beneficiaries for twelve months. The average number of feeding days is thirty per month. One pound equals 450 grams.

CommodityX	Daily Ration (g)	DailyXXX Protein (g)	DailyXXX Calories	Total Annual (lbs.)	Lbs. per Month	Total Annual Cost (Dollars)+
Whey Soy Drink Mix	30.0	6.00	140.40	3,072,000	2.0	\$1,382,400.00
Bagged whole corn (Incaparina) XX	50.0	13.75	185.00	5,069,000	3.3	\$ 304,140.00
SF Bulgar	15.0	2.63	52.50	1,536,000	1.0	\$ 138,240.00
SF Sorghum	15.0	2.40	53.85	1,536,000	1.0	\$ 138,240.00
<u>Oil</u>	<u>15.0</u>	<u>--</u>	<u>132.60</u>	<u>1,536,000</u>	<u>1.0</u>	<u>\$ 537,600.00</u>
GRAND TOTAL	125.0	24.78	564.35	12,749,000	8.3	\$2,500,620.00

+ Cost based upon STATE 39119, 2/21/75

X Except for oil, all other products will be interchangeable, although we shall try to give them in the rations for each commodity as stated above, when feasible.

XX 5,069,000 lbs. of bagged whole corn will equal approximately 4,601,232 lbs. of manufactured "Incaparina", but if it is not possible to program all the bagged whole corn due to Government of Guatemala budget restraints, we shall substitute CSB on a pound-for-pound basis.

XXX

The average daily recommended amounts of calories and protein for the pregnant/lactating mother are:

calories	- 2,600
protein (g)	82.5

For children 1-5, they are:

calories	1,337.5
protein (g)	25.5

C. FOOD FOR WORK

Target: 1,000 altiplano Indigenas and their families will receive 105 lbs. of food each month. (Average number of dependents for each of the 500 beneficiaries is 4; therefore, almost 5,000 individuals will be reached).

Since this feeding program will depend upon the amount of agricultural work completed by the man, we have computed the rations on a monthly basis. Each beneficiary and his family (4 dependents) will receive 105 lbs. of commodities per month (30 days) broken down in the following manner. These figures are based on an average family of five for 30 days.

Commodities	Daily Ration (g)	Daily Protein (g)	Daily Calories (g)	Total Annual Req. (lbs.)	Lbs. per Month	Total Annual Cost (Dollars)+
Wheat Flour	75	11.16	274.00	300,000	25	\$ 33,000.00
Whole Corn	165	14.60	575.00	660,000	55	39,600.00
SF Bulgur	30	5.30	107.00	120,000	10	10,800.00
SF Sorghum	30	4.85	109.00	120,000	10	10,800.00
Soybean Oil	<u>15</u>	<u>---</u>	<u>126.30</u>	<u>60,000</u>	<u>5</u>	<u>21,000.00</u>
	315	35.91	1,191.30	1,260,000	105	\$ 115,200.00

+ Cost based upon STATE 39119, 2/21/75.

K. Program Publicity

1. Yearly instructions go out to all schools, explaining source of foods, program requirements and ways of food preparation. This is also done during periodic visits of CARE field supervisors. Two Peace Corps Volunteers are planning a series of courses to train local Indigena women on the preparation of all PL-480 foods. The plan is that these women will become the teachers in their own communities.
2. All receipts for the handling of these Title II commodities are labeled with the CARE name indicating that the foods come from the United States of America. This program is well known and appreciated and the recipients are well familiarized with the food source.

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Booklets detailing an expanded variety of CSB and WSDM recipes have been delivered to many of the enrolled schools and health institutions. Currently we have Peace Corps Volunteers involved in nutrition education courses in several MCH centers. During FY 1975, a series of nutrition filmstrips were jointly produced by CRS and CARE. These are being used in nutrition classes through-out the country. Posters describing the subsidized Incaparina Program are also being used but their size does not allow them to be included in this report.

3. See No.2 above.

4. See No.2 above.

L. Estimate of Program Duration

1. In the School Feeding Program, CARE/Guatemala has been working with the GOG & with INCAP (Institution of Nutrition for Central America and Panama) to develop a 5-year phase-over program, which would mean the termination of all PL-480 commodities for Guatemalan primary school children by 1980. Below is the agreed upon schedule of phase-over:

1976	10%
1977	30%
1978	60%
1979	80%
1980	100%

This agreement was based upon the current beneficiary levels of 400,000. Thus, we strongly request that AID support us in this phase-over attempt.

Please see Appendices B and C for copies of correspondence between CARE and GOG.

Since receiving the GOG's assurance that they will accept the responsibility for all their school feeding programs, CARE has been working with INCAP to devise a coordinated plan of action. It is for this reason that full-fatted soya flour was added to the 1976 AER list of commodities.

Attached as Appendix D is an excerpt from a letter to the joint Ministries of Education and Public Health detailing several product possibilities which are now being considered as new school feeding products. Due to the extreme short notice by AID/Washington of the FY 1977 Program Plan submissions, no firm data is available on actual product selection. We will continue to negotiate details for a smooth turn-over of responsibilities to the GOG on the above phase-over plan. No decision has been reached as to the geographic location of the first phases of the turn-over although several departments have been suggested as possibilities.

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In the FY 1976 Program Plans, there was a request for soya flour to be utilized in some school feeding programs but due to the fact that we have had no reply from Washington on that request, we do not now feel able to project possibilities of this commodity availability for FY 1977. The AER for 1977 will be able to address this problem more completely and changes will be made at that time if deemed necessary or appropriate.

2. In the MCH Feeding Program we anticipate a growing need for food and have increased our total program by 10%. We hope to increase our beneficiaries by this amount each year, until evaluations prove this is no longer valid. As such, this has been and will continue to be, our major emphasis. Although the Incaparina Program has been slower than anticipated in getting underway, the Pilot Program is working and data is being collated which shall help us smooth out problem areas before proceeding too quickly into vast quantities of Incaparina. We are confident, however, from initial reactions, that the response will be good.
3. The Food for Work Program also has much room for growth since the Indígenas in the Altiplano Region of Guatemala must learn improved agricultural methods as quickly as possible, if they are to continue to exist. We have doubled the number of beneficiaries for FY 1977 to 1,000 but this is subject to change in the light of later information. We are hesitant to move too quickly into a culturally sensitive region and would prefer to keep our goals as realistic as possible. The potential for expansion in this program is immense, however.

II

PLANS OF OPERATION FOR SPECIFIC TYPES OF PROJECTS

Dr. E. Croft Long, Chief of the Health Division, USAID/Guatemala, has written in a recent unpublished article: "The problem of rural ill health arises from the presence of a dispersed, largely illiterate indigenous population, many of whom do not speak the national language, Spanish. These people suffer a set of health deficits having their roots in dirt, poverty and ignorance, the familiar triad of the developing world. These problems have been compounded in the past by the defective outreach of the health care system, a system that has been traditionally founded on the provision of hospital-based curative medical services. The situation has been aggravated by logistical support systems deficient in both material and manpower resources, augmented by maldistribution of the resources themselves and by maldistribution by the population they attempt to serve".

CARE views this program in a holistic sense. We feel with justification that the SCH, MCH and FFW nutrition feeding programs offer, perhaps, the only viable means of providing an effective infrastructure as a delivery vehicle for all components of an effective health system.

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We see FY 1976 as an excitingly challenging one here, for nutrition in Guatemala is at a critical turning point. INCAP, having celebrated their 25th anniversary, is now undergoing a period of serious introspection with the result that they are moving into more areas of applied nutrition. They are willing and able to coordinate efforts with CARE and the GOG. Secondly, the initial stages of an extremely complicated and revolutionary idea, the MCH-Incaparina Program, have been gone through. Legal problems delivery dilemmas, technical miscalculations, personnel changes, all have had a bearing on the slow start of the program. However, we are confident that by FY 1976, all systems will be adequately coordinated so as to ensure program efficiency.

And thirdly, we are moving more forcefully into a previously untouched area for CARE/Guatemala, FFW. The Highlands agriculturalists will be benefitting directly & immediately from these PL-480 inputs, however, the multiplier effect created through-out the country of Guatemala by means of increased agricultural production & utilization of once-worthless land could be immense.

PROJECTIONS

As for long-term planning, CARE/Guatemala projects the following figures for the next 4 years.

	1977	1978	1979	1980
<u>MCH</u>				
At				
8.3Lbs./Ben/12 months				
Beneficiaries	128,000	141,000	155,000	171,000
Poundage	12,749,000	13,543,600	15,438,000	17,032,000 Lbs.
 <u>FFW</u>				
At				
105 lbs./ben/12 months				
Beneficiaries	1,000	1,500	2,000	2,500
Poundage	1,260,000	1,890,000	2,520,000	3,150,000
 <u>SCH</u>				
AT				
4 Lbs./ben/9 months				
Beneficiaries	280,000	160,000	80,000	0
Poundage	10,080,000	5,760,000	2,880,000	0

A. Maternal-Child Health Programs (MCH)

1. The five main objectives of the PL 480 Title II MCH nutrition feeding programs for 116,000 beneficiaries in Guatemala are:
 - a. To improve the physical and mental development of pre-school children through better nutrition.

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- b. To extend applied-nutrition education for these pre-school children and their families.
 - c. To improve the health of the pregnant and lactating mothers and pre-school children, in order to promote optimum fetal development and good infant health at birth and to stimulate effective lactation.
 - d. To encourage mothers to attend the entire range of MCH services, including family planning.
 - e. To educate the mothers on the better use of locally available foods for children and for the family as a whole.
2. The program for FY 1977 will strive to include 128,000 infants, pre-school children, lactating and pregnant women, and will be operated with the cooperation of the Ministry of Health through health institutions located in every department of Guatemala. Please refer to Appendix A for a more specific description of geographic location of these health centers.
 3. The overall plan of the government is to provide health services and nutrition advice to the entire population, but with stronger emphasis on the indigent, malnourished rural population, rather than more affluent in the cities. Because of the remoteness of the rural health centers, facilities are generally primitive, forcing individual distribution of commodities.

Of Guatemala's estimated population of 5.5 million, 56.7% of which are indigenous Indians, 64% live in communities of less than 2,000 with 19% living dispersed or in communities of less than 200. Thus, a system of dry distribution is virtually an indispensable aspect of our programs, especially if we are to reach the most needy beneficiary. Along with this we monitor the programs to ensure that the commodity is being utilized most effectively. This year we intend to include an extensive evaluation program, in collaboration with the Government of Guatemala and INCAP, in connection with our "Incaparina" pilot project.

4. There are some private programs operating within the country which are contributing to the health of children. These are either religious or medical missionary groups. Many of them operate rural MCH centers at which they dispense PL 480 Title II food commodities, medicines, and health, nutrition and family planning advice. These are excellent examples of well-functioning centers and are contributing to the overall MCH program.
5. In the current program, there is an unassociated charge levied at some hospitals and health centers on a monthly basis. This charge is expressly for the plastic bags used for individual distribution and varies from three to five cents per month.

B. Other Child Feeding Programs

1. Orphanages - none.

2. Summer Camps - none
3. Institutions and Health Cases - none.

C. School-Feeding Program (SCH)

1. Day School Feeding: In rural areas of Guatemala, where over 64% of the population live, 91.8% of children 7-13 years of age have not completed primary education. The Government of Guatemala views this as a priority to be dealt with in as forceful a manner as resources permit. It is, therefore, not surprising that the vast majority of the Education Ministry's budget is utilized to build schools, train teachers, and provide the basic essential materials necessary to maintain a minimum level of instruction. However, as stated earlier in Section L.I., the Government of Guatemala is aware of the cut-back of PL 480 commodities for school feeding & is now cooperating with CARE/Guatemala to develop an efficient 5-year phase-over of all school feeding programs.

The four main objectives of the PL 480 Title II SCH nutrition feeding program for 280,000 beneficiaries in Guatemala are:

- a. To improve or maintain the health of the children.
- b. To extend applied-nutrition education for these primary-school children and their families.
- c. To improve the learning efficiency and school performance.
- d. To increase school attendance and enrollment, and reduce the number of drop-outs.

The program for FY 1977 will include 280,000 primary school children for the nine school months. The program is in conjunction with the Ministry of Education through the primary schools located in every department of Guatemala. For a more detailed listing of schools, in geographic areas, please see Appendix A.

In FY 73 and FY 74, CARE and the Peace Corps began to experiment with a pilot project in School District #56 (Department of Quezaltenango) to encourage the cultivation of both school and family gardens. Initially, 46 schools were included, and the Government of Guatemala provided the exclusive use of six qualified teachers from the Department of Education to collaborate with the two Peace Corps Volunteers on this project. As of now, and throughout FY 75 and FY 76, there will be approximately 40 Peace Corps Volunteers in at least four departments working exclusively in a large-scale attempt to cultivate and utilize home/school-grown vegetables as a supplement to the PL 480 Title II commodities now being programmed. Plans are to continue this program beyond FY 76 with new volunteers, while the main objective is to develop a self-sustaining school-feeding program, the educational component is also extended to the families of the children

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and includes, besides nutrition education, education on child care and the development of rural home life.

For the present school-feeding program, a small fee is paid by those students who are able to pay for the preparation - including condiments and fuel costs - of the school lunch. Those students in municipalities served by bread programs through contracts with commercial bakeries also pay for the processing of the ingredients. Generally, this charge amounts to one U.S. cent per two-ounce bread roll or bun.

2. Boarding Schools - none

D. Food for Work (FFW)

1. The major objectives and goals of this FFW program are:
 - a. To introduce and improve conservation and management techniques in the Guatemalan Altiplano region, thereby providing more land for agricultural production.
 - b. To increase land productivity and availability, thus bolstering individual and community economic and consumption levels.
 - c. To maintain the basic cultural patterns and ways of life of the indigenous population, while improving the quality of their life in the afore-mentioned ways.
 - d. To improve the nutritional diet of the indigenous population while also introducing elementary nutritional education into their lives.
2. The program for FY 1977 will include 1,000 families a month with an average family size of 5. Therefore, the actual number of beneficiaries will be 5,000 each month for 12 months. These families will be centered around approximately 15 communities in the western Altiplano area of Guatemala, which houses approximately 65% of the entire population and where destructive erosion, exacerbated by poor land management, annually removes as much as 34 tons of top and sub-soil materials per hectare.
3. Obviously, the Government of Guatemala counterpart agency, INAFOR, with whom we are working on this project, is most interested in conserving the land through reforestation and land reclamation. They are concerned that this totally rural population will soon run out of fresh water and available land and that the people will then be forced to move into the already over-populated urban areas. If we can help to stop some of this continuous destruction of the land now, we can improve the nutritional status of the entire country not just this year, but for many years to come.
4. Currently approximately 40 Peace Corps volunteers, trained in agricultural practices are stationed in the communities and are working with Indian

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promotores in order to organize work groups. The entire operation is being coordinated by an agriculturalist who has lived in the area for several years. A total of 77 different soil conservation practices are being taught to and employed by the participants.

5. Along with the programming of the PL 480 commodities, we are also attempting to provide nutritional education materials to the women of the communities. Two Peace Corps volunteers are now involved with planning training classes which will distribute recipes for commodities as well as instruct local women on elementary nutritional ideas. We hope to be able to expand this aspect of the program in the future through the use of local women as teachers.

III CONTRIBUTIONS TO PROGRAM

- A. The Government of Guatemala provides all inland transportation, warehousing and personnel required to handle the distribution and storage of all PL 480 Title II commodities. The government's contribution also includes administrative costs incurred by CARE in Guatemala and New York attributable to the PL 480 Title II provide 42% of the Incaparina formula for every 58% in whole corn provided under both the PL 480 Title II MCH and SCH programs. The approximate amounts are listed below for the MCH and SCH programs contributions. These two programs are included in one contract with the government of Guatemala. While the FFW program has its own separate contract.

The first listing deals only with the MCH and SCH programs.

1. Inland transportation, port-clearance fees, and CARE administrative costs	\$ 271,384.00
2. Warehousing/personnel	792,630.00
3. Food inputs (market price) 4,601,232 lbs. of Incaparina at 25 cents per lb.)	1,150,308.00
	<hr/>
TOTAL	\$ 2,214,322.00

The second listing deals only with the FFW program.

1. Inland transportation, port-clearance fees, and CARE administrative costs	23,226.00
2. Warehousing/personnel	5,000.00
	<hr/>
TOTAL	28,226.00

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RECAPOF GOG CONTRIBUTIONS

MCH and SCH programs Total	\$ 2,214,322.00
FFW program Total	28,226.00
	<hr/>
GRAND TOTAL OF GOG DISTRIBUTION FY 76	2,242,548.00

B. Distributing Agency Contribution

CARE receives contributions-in-kind from United States food manufacturers, which are distributed in Guatemala to schools and health institutions.

C. Other Contributions to Program

As previously mentioned, nominal charges are sometimes levied to cover the cost of food preparation.

Various civic organizations, such as the Lions and Rotary Clubs, do contribute occasionally to the program by providing storage space.

IV. NEW REQUIREMENTS

- A. CARE remains vitally concerned with the effective coordination of all Government of Guatemala's health-related programs. We will continue to work with the Ministries of Health, Education and Defense, as well as the INAFOR branch of the Ministry of Agriculture in trying to provide the most innovative and coordinated program of nutritional supplementation available for the people of Guatemala. We are also vitally concerned with working with INCAP, an indigenous Guatemalan and Central American nutritional organization which has established its credentials through-out the world.

The result of all this coordination is seen in the new pilot program of the Incaparina Program and also in the GOG's acceptance of the 5-year phase-over schedule in the school feeding program. The interest of the government in providing the best nutrition education and the most nutritionally adequate diet for their entire population is evident. And as can be seen in Appendixes E and F, when CARE asked for a definite statement for the phase-over program. We see this as a major break-through and hope that this interest continues to manifest itself.

- B. The pilot program of the Incaparina program for the MCH centers has enabled the GOG to utilize a new institution - the Municipal Pharmacy - for the sale and distribution of "Incaparina". Additional documentation is needed before specific statements as to the success of this operation can be made, however, another method has been tested for out-reach into the community.

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CARE will continue the research begun during the pilot program of the Incaparina Project and hopes to amass a sizable and accurate amount of knowledge that can then be effectively utilized in the evaluation and implementation of necessary changes.

- D. CARE also proposes to conduct research with the aid of INCAP into alternative food products that can be programmed into the SCH feeding program. The beginnings of this effort can be seen through the ordering of soya flour in FY 1976 in order to create a nutritionally adequate and locally available product which the GOG can utilize in their SCH phase-over program. Any commodity changes necessary for this program will be relayed at a later date.
- E. CARE and INCAP are also cooperating in the research and trials with the Brady Crop Cooker food extruding machine which AID has provided for a period of 30 months. The emphasis of these trials is upon finding an indigenous, nutritious food product that can be processed locally and with a minimum amount of overhead. The results of these trials will benefit not only Guatemala but also all of Central America. We hope to utilize these results in our own MCH, SCH and FFW programs of course.

As has been stated in earlier sections of the Program Plans, we are also awaiting additional information from AID/W, concerning the grant of a second Brady Crop Cooker. This could also greatly effect current feeding program plans.

- F. Attached as Appendix H is a translation of the Government of Guatemala's policy statement on the Nutrition Feeding Policy. We are encouraged by the increasing interest and segregation of the government in Nutrition planning at the highest levels. Specific aspects of the program integrate the VOLAG involvement in the GOG plans. Our objectives are similar to theirs, and we are currently in touch with several members of the PNAM committee. We hope to encourage this concern for advance planning as much as possible and express our intent to coordinate our activities with theirs.

G. Statistical Supplement:

1. Maternal-Child Health: (See Appendix E and F for contracts)

A. Number of mothers:	28,000
B. Number of children (age 5 and under):	100,000
C. Number of persons served prepared foods for consumption in health clinics and nutritional centers:	20,000
D. Number of persons served bulk commodities for home consumption with supervision through distribution centers:	108,000

2. School Feeding (See Appendix F for contract)

Number of Children:

A. Primary Schools

- 1. Public 380,000
- 2. Private: 20,000

B. Secondary Schools

- 1. Not applicable
- 2. Not applicable

C. Boarding Schools

- 1. Not applicable

3. Other Child Feeding (Pre-School and School Age)

- 1. Not applicable

4. Family Planning

We estimate that thirty per cent of the mothers now participate in the programs offering instruction in family planning. We include optional family planning inputs for our MCH Pilot Project in connection with the utilization of "Incaparina". These efforts are being coordinated with INCAP and the Ministry of Public Health.

5. Food for Work (See Appendix G for contract)

- A. Number of workers receiving food each month 1,000
- B. Number of dependents for each worker: 4

APPENDIX A

GEOGRAPHIC LOCATION OF THE CURRENT CARE/GUATEMALA FEEDING PROGRAM AND THE APPROPRIATE JUSTIFICATION AND ANALYSIS OF SAME

WITH THE AVERAGE OVERALL PER CAPITA INCOME OF GUATEMALA LISTED AS Q.400.00, IT IS HARD TO IMAGINE THAT MOST FOOD IS BEING MISUSED IN ANY OF THE DEPARTMENTS OF GUATEMALA. HOWEVER, WHAT FOLLOWS IS A DESCRIPTION OF OUR CURRENT FEEDING PROGRAMS THROUGHOUT THE ENTIRE COUNTRY. WE HAVE DWELT CHIEFLY ON THE DESCRIPTION OF THE MCH AND SCHOOL FEEDING PROGRAMS SINCE THE FFW PROGRAMS ARE ALL IN THE HIGHLANDS AREAS OF HUEHUETENANGO, QUEZALTENANGO, AND TOTONICAPÁN. THERE ARE POSSIBILITIES THAT THESE PROGRAMS MAY EXPAND BY 1977 TO INCLUDE OTHER HIGHLAND DEPARTMENTS, HOWEVER, THE AGRICULTURAL PROGRAM MUST BE LOCATED IN THE HIGHLANDS BECAUSE OF THE TYPE OF AGRICULTURAL PRACTICES WHICH ARE BEING TAUGHT. THERE SHOULD BE LITTLE QUESTION AS TO THE VALIDITY OF THESE PROGRAMS SINCE ALL FFW ACTIVITIES ARE BEING DONE IN TOTALLY INDIGENOUS COMMUNITIES. THE CONDITION OF THE SOIL IS MISERABLE WHILE THE DEPENDENCE UPON THE SOIL FOR EXISTENCE IS OF PRIMARY IMPORTANCE. WITH THIS BRIEF DESCRIPTION OF THE FFW PROGRAM, THE REMAINDER OF THE JUSTIFICATION WILL DEAL WITH THE MCH AND SCHOOL PROGRAMS.

AS REPORTED IN THE LATEST GOVERNMENT CENSUS OF 1968, THE TOTAL POPULATION OF APPROXIMATELY 5 MILLION PEOPLE CAN BE DIVIDED INTO 64% LIVING IN RURAL AREAS AND 36% LIVING IN URBAN AREAS. THE GENERAL TREND IS THAT THE LIVING CONDITIONS AMONG THE RURAL POPULATION IS POORER THAN THEIR URBAN COUNTRYMEN. BECAUSE OF THIS, CARE/GUATEMALA'S MAJOR EMPHASIS IS UPON ENLARGING OUR PROGRAM IN THE RURAL AREAS. CURRENTLY WITH 149 MCH CENTERS IN URBAN AREAS AND 146 CENTERS IN RURAL AREAS, WE HAVE 52% OF THE MCH PROGRAM IN THE RURAL COMMUNITIES. MOST OF THE SMALLER ALDEAS DO NOT HAVE THE FACILITIES FOR SETTING UP A MCH PROGRAM, HOWEVER. IN THE SCHOOL PROGRAM, WE ARE CURRENTLY WORKING IN 4,520 RURAL SCHOOLS AND ONLY 828 URBAN SCHOOLS. THEREFORE, 85% OF OUR SCHOOL PROGRAM IS IN THE RURAL AREAS.

THE OVER-ALL THRUST OF BOTH SCHOOL AND MCH PROGRAMS DIVIDED INTO DEPARTMENTS IS ATTACHED. CARE/GUATEMALA IS IN EVERY DEPARTMENT OF THE COUNTRY. WE HAVE PROGRAMMED OUR INVOLVEMENT IN EACH DEPARTMENT BASED ROUGHLY ON THE POPULATION OF THAT DEPARTMENT. THEREFORE, THE NUMBER OF CARE PROGRAMS IN A DEPARTMENT CORRESPONDS GENERALLY WITH THE RANK OF POPULATION GIVEN THAT DEPARTMENT. PER CAPITA INCOME IS ALSO A FACTOR WHICH IS TAKEN INTO CONSIDERATION.

THE GRAPHS AND STATISTICS THAT FOLLOW WILL ALLOW A MORE CONCRETE EXAMINATION OF THE CURRENT SITUATION IN GUATEMALA. GIVEN THE RESTRICTIONS OF ROADS AND WAREHOUSE FACILITIES, CARE/GUATEMALA IS DEDICATED TO PROVIDING FOOD TO AS MANY PEOPLE ON THE LOWER ECONOMIC SCALE OF THE GUATEMALAN ECONOMY AS IS POSSIBLE.

RANKING OF DEPARTMENTSAS TO AVERAGE INCOMEPROJECTED FOR 1977 (LOWEST TO HIGHEST) *

<u>RATING</u>	<u>DEPARTMENT</u>	<u>AVERAGE INCOME</u>
1	JUTIAPA	\$ 172.20
2	EL PROGRESO	184.00
3	JALAPA	199.90
4	SAN MARCOS	202.90
5	CHICUENDELA	208.10
6	GUATEMALA	209.50
7	ALTA VERAPAZ	212.50
8	BAJA VERAPAZ	218.00
8	EL QUIZEL	218.00
9	HUEHUETENANGO	221.00
10	SUCHITEPEQUEZ	230.00
11	ZACAPA	231.30
12	SOLOLÁ	243.50
13	SANTA ROSA	246.40
14	TOTONICAPÁN	252.70
15	QUEZALTEMANGO	260.00
16	EL PETÉN	281.90
16	RETALHULEU	281.90
17	SACATEPÉQUEZ	297.00
18	IZABAL	298.70
19	ESCUINTLA	372.00
20	GUATEMALA	1,058.00

* NOTE: BASED ON THE AVERAGE INCREASE OF GROSS INCOME ACCORDING TO THE BANCO DE GUATEMALA 1965 - 1972 CALCULATIONS, S.D. # 6.

RANKING OF DEPARTMENT
AS TO INCOME INCREASES

LOWEST TO HIGHEST

RATING	DEPARTMENT	% OF INCOME INCREASE *
1	IZABAL	3.4
2	EL PROGRESO	4.2
3	SUCHITEPÉQUEZ	4.3
4	QUEZALTENANGO	4.4
5	ALTA VERAPAZ	4.7
6	EL PETÉN	4.8
7	RETAHULEU	5.0
7	JUTIAPA	5.0
8	TOTONICAPÁN	5.1
9	SAN MARCOS	5.2
10	CHICUMULA	5.3
10	JALAPA	5.3
11	ZACAPA	5.4
11	CHIMALTENANGO	5.4
12	SUCATEPÉQUEZ	5.8
13	BAJA VERAPAZ	5.9
14	HUEHUETENANGO	6.2
15	EL QUICHÉ	6.3
16	SOLELÁ	6.6
17	GUATEMALA	7.5
18	SANTA ROSA	7.8
19	ESCUINTLA	8.2

* NOTE: BASED ON THE AVERAGE % INCREASE OF GROSS INCOME ACCORDING TO THE BANCO DE GUATEMALA, FROM 1965 - 1972 CALCULATIONS ROUNDUP .5 TO ACCOUNT FOR THE GENERAL TENDENCY.

RANKING OF DEPARTMENTSBY POPULATIONAS REPORTED IN THE LATEST GOVERNMENT CENSUS

(LOWEST TO HIGHEST)

1.	EL PETÉN	25,565
2.	EL PROGRESO	65,592
3.	SACATEPÉQUEZ	80,942
4.	BAJA VERAPAZ	96,485
5.	ZACAPA	96,504
6.	JALAPA	99,155
7.	SOLOLÁ	107,325
8.	IZABAL	116,685
9.	RETALHULEU	117,564
10.	TOTONICAPÁN	141,772
11.	CHIQUIMULA	149,755
12.	SANTA ROSA	157,040
13.	CHIMALTENANGO	163,153
14.	SUCHITEPÉQUEZ	186,634
15.	JUTIAPA	195,774
16.	EL QUICHÉ	249,939
17.	ALTA VERAPAZ	260,438
18.	ESCUINTLA	270,267
19.	QUEZALTENANGO	270,215
20.	FUEHUETENANGO	288,088
21.	SAN MARCOS	336,959
22.	GUATEMALA	810,858

APPENDIX B

NOVEMBER 6, 1971

SIR:

I WISH TO THANK YOU FOR THE MEETING WE HELD ON OCTOBER 30 WITH YOUR COLLEAGUES, THE VICE-MINISTERS OF... AND... AND TAKE PLEASURE IN SUBMITTING HEREUNDER A RESUMÉ OF THE MOST IMPORTANT POINTS COVERED IN OUR DISCUSSIONS:

1. I EXPLAINED TO YOU THE PRIORITIES ASSIGNED BY THE UNITED STATES GOVERNMENT TO THE VARIOUS BENEFICIARIES OF OUR FEEDING PROGRAM. THE NEED TO ASSIGN THESE PRIORITIES HAS ARISEN IN VIEW OF THE LACK OF AVAILABILITY OF COMMODITIES AND/OR THE HIGH COST OF SAME, AND THEY ARE AS FOLLOWS:

THE HIGHEST PRIORITY HAS BEEN GIVEN TO CHILDREN OF PRE-SCHOOL AGE AND PREGNANT AND LACTATING MOTHERS, FOOD-FOR-WORK IS CONSIDERED OF SECOND PRIORITY, AND THE SCHOOL POPULATION AS THIRD.

2. IT IS TO THE LAST GROUP, NAMELY THE SCHOOL POPULATION, TO WHICH WE GAVE SPECIAL ATTENTION IN OUR TALKS, SINCE CARE HAS NOT BEEN INSTRUCTED TO REDUCE THE FEEDING OF THE FIRST TWO GROUPS. IT WAS AGREED THAT THE GUATEMALAN GOVERNMENT WOULD SUBMIT TO US A LETTER STATING ITS INTENTION TO PROGRESSIVELY ASSUME THE COST OF SCHOOL FEEDING OVER THE NEXT FOUR YEARS.

YOU AND YOUR COLLEAGUES WERE IN AGREEMENT THAT IT WOULD BE UNREALISTIC TO EXPECT THAT THE CHILDREN PURCHASES THEIR FOOD AT SCHOOL, IN VIEW OF THEIR LACK OF FINANCIAL RESOURCES, AND THAT THE MOST VIABLE ALTERNATIVE WOULD BE THE ONE OUTLINED IN THE ABOVE PARAGRAPH.

3. BECAUSE OF THE INABILITY OF THE GOVERNMENT TO FINANCE A FEEDING PROGRAM ON A NATION-WIDE BASIS, IT WAS DECIDED THAT THE PROGRAM WOULD BE ADDRESSED TO THE MOST READY AREAS. THE GENERAL CONSENSUS WAS THAT GUATEMALA CITY WOULD BE EXCLUDED.
4. SPEAKING FOR CARE, I OFFERED OUR MAXIMUM COOPERATION DURING THIS PHASE-OVER, AND WE DISCUSSED THE POSSIBILITY THAT CARE IMPORT GRAINS FOR THEIR CONVERSION INTO A FOOD WHICH WOULD BE ACCEPTABLE TO BOTH THE GOVERNMENT OF GUATEMALA AND THE SCHOOL CHILDREN.
5. DUE TO THE AGRICULTURAL TRANSITION TO BE UNDERGONE NEXT YEAR, THE VICE-MINISTER OF AGRICULTURE REQUESTED THAT THE GOVERNMENT ASSUME THE MINIMUM POSSIBLE RESPONSIBILITY DURING THE FIRST YEAR. TENTATIVELY, THE FOLLOWING PLAN WAS FORMULATED:

FIRST YEAR.....	10%
SECOND YEAR.....	30%
THIRD YEAR.....	60%
FOURTH YEAR.....	80%
FIFTH YEAR.....	100%

6. THE VICE-MINISTER OF EDUCATION PROMISED TO FURNISH US BY THE MIDDLE OF THIS MONTH WITH A LIST OF THE AREAS WHICH WILL BE GIVEN PRIORITY, AS WELL AS THE ITINERARY

+

OF THEIR INCORPORATION INTO THE PROGRAM.

PLEASE ALLOW ME TO EMPHASIZE THAT THE SUBMISSION OF THE LETTER MENTIONED ABOVE, WHEREBY THE GOVERNMENT WILL STATE ITS INTENTION OF ASSUMING RESPONSIBILITY FOR THE FEEDING PROGRAM IN THE MANNER DISCUSSED, IS OF THE UTMOST IMPORTANCE. THE PRESENTATION OF THIS LETTER IS A REQUIREMENT WHICH MUST BE FULFILLED BY CARE WHEN PLACING AN ORDER FOR COMMODITIES FOR THE FORTHCOMING YEAR.

AGAIN, LET ME ASSURE YOU OF OUR CONTINUED COOPERATION DURING THIS PHASE-OVER PERIOD.

RESPECTFULLY YOURS,

(SIGNED)

WILLIAM F. SALAS
DIRECTOR OF CARE

LETTER ADDRESSED TO VICE-MINISTERS OF EDUCATION, HEALTH & AGRICULTURE

APPENDIX C

FEBRUARY 11, 1975

WILLIAM F. SALAS
DIRECTOR OF CARE
GUATEMALA

DEAR SIR:

IN ACCORDANCE WITH OUR DISCUSSIONS, ESPECIALLY DURING THE MEETING HELD ON OCTOBER 30 OF LAST YEAR IN WHICH THE VICEMINISTERS OF HEALTH AND AGRICULTURE PARTICIPATED, THE CONCLUSIONS WERE THE FOLLOWING:

1. IT IS THE INTEREST OF THIS OFFICE IN THE MEASURE OF THE BUDGET'S AVAILABILITY AND IN CONFORMANCE WITH THE POLICY OF THE GOVERNMENT OF INCREASING THE PRODUCTION OF BASIC GRAINS, TO ABSORB THE SCHOOL FEEDING PROGRAM GRADUALLY, BEGINNING THE PRESENT SCHOOLAR PERIOD.
2. IT IS CONSIDERED FEASIBLE THE PERCENTAGES STATED IN ITEM 5 OF YOUR LETTER DATED NOVEMBER 6, 1974.
3. THAT THE MINISTRY IS IN AGREEMENT WITH THE RESOLUTION OF INCAP, IN RELATION TO THE AGRICULTURAL PRODUCTS THAT CARE CAN PROVIDE IN THE FUTURE FOR CONVERSION INTO FOOD, ACCORDING TO THE SPECIFICATIONS THAT INCAP RECOMMENDS.

SINCERELY YOURS,

(SIGNED)

LIC. RICARDO PEÑA PINTO
VICE-MINISTER OF EDUCATION

APPENDIX 3

EXCERPTS FROM A LETTER WRITTEN BY DR. JUAN R. AGUILAR

TO THE JOINT MINISTERIAL COMMITTEE - MAY 22, 1975

THE REDUCTION OF THE ICG PROPOSED FOR 1976 WILL AFFECT THIS PROGRAM AND WILL REMAIN AS FOLLOWS:

<u>BENEFICIARIES</u>	<u>TOTAL FOOD REQUIREMENTS YEAR</u>	<u>POUNDS/MONTH - BENEFICIARY</u>
145,000 (CARE)	7,220,000	4
40,000 (CARE/GOVERNMENT)	"NEW PRODUCT"	

3. IMPLEMENTATION PROGRAM "NEW PRODUCT"

THIS PROGRAM WOULD COVER THE 40,000 BENEFICIARIES MENTIONED ABOVE, AND WOULD GIVE THE OPPORTUNITY TO DEVELOP OTHER TYPES OF LOCALLY PRODUCED FOOD THAT CAN BE EASILY HANDLED AND DISTRIBUTED AND WHICH IS OF HIGH NUTRITIVE CONTENT.

CARE HAS OFFERED, AS SPECIFIC HELP FOR THIS PURPOSE, 500,000 POUNDS OF SOYA FLOUR ("FULL FAT").

THIS QUANTITY OF COMMODITIES PLUS THE QUANTITY THAT THE GOVERNMENT WOULD HAVE TO PROVIDE WOULD PERMIT THE INITIATION OF A PILOT PROGRAM TO PRODUCE SEVERAL TYPES OF FOODS FOR USE IN THE SCHOOL PROGRAM DURING THE 1976 SCHOOL YEAR.

SEVERAL FOOD PRODUCTS CAN BE PREPARED IN THIS PILOT PROGRAM SUCH AS COOKIES, PANCAKES AND FLOUR FOR THE PREPARATION OF "ATOLES". BECAUSE OF COSTS, IT IS CONSIDERING ONLY THE PRODUCTION OF THE LAST TWO, AND IF IN THE FUTURE THE GOVERNMENT IS WILLING TO CONTRIBUTE WITH ADDITIONAL RAW MATERIAL, THE COOKIES CAN BE PREPARED ALSO. THE FLOUR FOR THE PREPARATION OF "ATOLES" IS THE FORMULA THAT INCAP HAS PREPARED BY THE GENERIC NAME OF MAI-SOY AND THAT CURRENTLY IS BEING PRODUCED IN BOLIVIA. THIS FORMULA IS ON THE BASIS OF CORN, SOYA FLOUR ("FULL FAT") AND VITAMINS. TWO GLASSES OF THIS "ATOLE" (APPROXIMATELY 60 GRAMS) WILL PROVIDE 10 GRAMS OF PROTEIN AND 280 CALORIES IN THE NORMAL DIET OF A SCHOOL AGED CHILD.

TO SUPPLEMENT THE DIET OF 40,000 CHILDREN WITH 60 GRAMS OF FOOD PER DAY, APPROXIMATELY WE NEED DAILY THE FOLLOWING:

CORN	37 QUINTALES
SUGAR	37 QUINTALES
SOY MILK	16 QUINTALES
VITAMINS	5 POUNDS (≈ 15 QUETZALES)

OF THIS PRODUCTS THE SOYA WOULD BE PROVIDED BY CARE, THE GOVERNMENT WOULD PROVIDE THE CORN, SUGAR AND VITAMINS.

IN ADDITION TO THE ABOVE MENTIONED PRODUCTS, IT IS ALSO NECESSARY TO INCLUDE OTHER ADDITIONAL COSTS AND DEVELOP THE INITIAL INFRASTRUCTURE. THEREFORE, OTHER ITEMS MUST BE CONSIDERED:

PHYSICAL FACILITIES (LOCATION)
ADDITIONAL MACHINERY (TO BE DISCUSSED)

PERSONNEL
TRANSPORTATION
FUEL

ALL THESE ITEMS COULD BE DISCUSSED MORE DEEPLY IN THE FUTURE IF THE GOVERNMENT DECIDES TO ACCEPT THIS PROPOSAL.

INCAP WOULD BE WILLING TO COLLABORATE WITH THE GOVERNMENT OF GUATEMALA, OFFERING THE TECHNOLOGY THAT IT HAS DEVELOPED. HOWEVER, IT COULD NOT OFFER ITS PILOT PLANT TO SET UP THE FACTORY, BECAUSE THE SPACE IS VERY LIMITED, AND THERE IS NOT SUFFICIENT AREA FOR THE STORAGE OF THE RAW MATERIAL AND PROCESSED PRODUCTS. IN GENERAL TERMS, IT HAS BEEN CALCULATED THAT IT WOULD NEED AN AREA (COVERED GALLEY) SIMILAR TO THE ACTUAL PLANT (400 M²).

TRANSLATION OF INCAPARINA CONTRACT

IN THE CITY OF GUATEMALA, ON THE FIRST DAY OF JULY OF NINETEEN HUNDRED SEVENTY FOUR, APPEAR, FOR ONE PART, DOCTOR JULIO CASTILLO SINIBALDI, 53 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE; AND LICENCIADO JORGE LAMPORT RODIL, 43 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE, WHO ACT IN THEIR POSITIONS AS MINISTERS OF PUBLIC HEALTH AND FINANCE, RESPECTIVELY, AND CREDIT THEIR POSITIONS WITH GOVERNMENT AGREEMENTS OF THEIR APPOINTMENTS, BOTH DATED JULY 1, 1974, AND AS REPRESENTATIVES OF THE GOVERNMENT OF GUATEMALA; AND ON THE OTHER PART, INGENIERO RAMIRO CASTILLO, 40 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE, WHO ACTS IN HIS POSITION AS PRESIDENT OF ALIMENTOS, S.A./CENTRAL DISTRIBUIDORA (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "ALIMENTOS, S.A."); AND MR. WILLIAM FREDERIC SALAS, 53 YEARS OF AGE, MARRIED, OF NORTH AMERICAN NATIONALITY, PASSPORT NUMBER Z973454, OF RESIDENCE AT 10a. AVENIDA 14-53, ZONE 14, GUATEMALA CITY, DIRECTOR, WHO APPEARS ON BEHALF AND REPRESENTATION OF THE COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "CARE"), CREDITING SUCH POSITION BY AN APPOINTMENT ISSUED BY MR. FRANK L. GOFFIO, EXECUTIVE DIRECTOR OF CARE, INC., DATED AUGUST 7, 1972. THE PARTIES HERETO AGREE TO SIGN THE CONTRACT CONTAINED IN THE FOLLOWING TERMS:

FIRST: CARE WILL TRY TO OBTAIN BY DONATION FROM THE UNITED STATES GOVERNMENT APPROXIMATELY FIVE HUNDRED THOUSAND (500,000) POUNDS OF BAGGED WHOLE CORN FOR THE SUBSEQUENT MANUFACTURE OF "INCAPARINA", FOR DISTRIBUTION FREE OF COST, AT COST, AT PARTIAL SUBSIDY, OR OTHERWISE, TO PRE-SCHOOL CHILDREN AND PREGNANT AND LACTATING MOTHERS, IN THE MATERNAL-CHILD HEALTH AND FAMILY PROGRAMS.

SECOND: THIS DONATION HAS A TOTAL ESTIMATED VALUE OF THIRTY THREE THOUSAND QUETZALES (Q.33,000.00), WHICH CORRESPONDS TO Q.0.066 PER POUND AT THE LOCAL MARKET PRICE, CORRESPONDING TO APPROXIMATELY 58% OF THE TOTAL PROGRAM VALUE. THESE VALUES ARE ACCEPTED THROUGH SEPTEMBER 15 OF THE CURRENT YEAR.

THIRD: CARE WILL MAKE EVERY EFFORT TO OBTAIN FROM THE UNITED STATES GOVERNMENT THE QUANTITY OF COMMODITY INDICATED IN THE FIRST CLAUSE OF THIS DOCUMENT, AND ARRANGE FOR SHIPMENT TO GUATEMALA. THE GOVERNMENT OF GUATEMALA WILL NOT ASSERT ANY CLAIMS AGAINST CARE FOR LOSS OR DAMAGE OF THE COMMODITY INVOLVED IN THIS PROGRAM, WHEN THE CAUSES OF THE FAILURE TO MAKE DELIVERY ARE BEYOND CARE'S CONTROL.

FOURTH: CARE WILL PROVIDE GRADE 2 CORN, IN ACCORDANCE WITH THE CLASSIFICATION AND SPECIFICATIONS OF THE UNITED STATES DEPARTMENT OF AGRICULTURE, WITH A POSSIBILITY OF 3-TO-4% OF BROKEN CORN AND FOREIGN MATTER AND WITH THE NECESSARY CONDITIONS FOR THE MANUFACTURE OF "INCAPARINA". ALIMENTOS, S.A. COMMITS ITSELF TO ACCEPT THE CORN WHICH MEETS THE ABOVE-MENTIONED STANDARDS, AND WILL DELIVER THE "INCAPARINA" IN ACCORDANCE WITH THE CONDITIONS ESTABLISHED IN CLAUSE SEVENTEENTH, PARAGRAPH A.

FIFTH: CARE WILL TRANSFER THE COMMODITY TO THE GOVERNMENT OF GUATEMALA AT THE END OF SHIP'S TACKLE, AT THE PORT OR PORTS OF GUATEMALA. THE GOVERNMENT OF GUATEMALA FROM THEN ON, WILL BE ENTRUSTED WITH THE PHYSICAL DISTRIBUTION OF SAME IN GUATEMALA. FOR THIS PROJECT CARE WILL RECEIVE THE CORN FROM FEGUA (THE RAILROAD) IN GUATEMALA CITY AND WILL MAKE THE NECESSARY ARRANGEMENTS FOR THE TRANSPORTATION OF SAME TO THE ALIMENTOS, S.A. FACTORY, AT KILOMETER 14½ ON THE SAN JOSÉ PINULA ROAD. THE GOVERNMENT OF GUATEMALA WILL RETURN TO CARE ANY PART OF THE COMMODITY THAT HAS NOT BEEN

UTILIZED AT THE DATE THAT THE GOVERNMENT OF THE UNITED STATES REQUIRES FROM CARE ANY PART OF THE COMMODITY MENTIONED IN THIS CONTRACT.

THE DISTRIBUTION IN GUATEMALA WILL BE SUPERVISED BY UNITED STATES CITIZENS REPRESENTING CARE, WHO WILL RESIDE IN GUATEMALA WHILE THE DISTRIBUTION PROGRAM IS IN OPERATION, AND WILL BE DONE IN CLOSE COORDINATION WITH THE DEPARTMENT OF NUTRITION OF THE DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH (DIMIF), GENERAL ADMINISTRATION OF HEALTH SERVICES, IN ACCORDANCE WITH THEIR GENERAL OBJECTIVES AND PROGRAMS.

SIXTH: IN ORDER TO ENSURE COMPLIANCE WITH THE LAW, REGULATIONS AND TERMS OF THE CONTRACT, AS WELL AS THE CONDITIONS UNDER WHICH CARE WILL SEEK TO OBTAIN THE COMMODITY FROM THE UNITED STATES GOVERNMENT, THE GOVERNMENT OF GUATEMALA AGREES TO THE FOLLOWING:

- a) THE GOVERNMENT OF GUATEMALA WILL PROVIDE, OR CAUSE TO BE PROVIDED, PROPER FACILITIES FOR THE HANDLING, STORAGE AND DISTRIBUTION OF THE CORN AND THE "INCA-PARINA" IN GUATEMALA, AND WILL MAKE ARRANGEMENTS FOR THEIR MAINTENANCE IN GUATEMALA AT ALL TIMES, UNDER GOOD STORAGE CONDITIONS, IN ORDER TO ASSURE THEIR ULTIMATE DISTRIBUTION IN GOOD CONDITION TO THE BENEFICIARIES.
- b) THE PORT AND TRANSPORTATION CHARGES RENDERED BY STATE ENTITIES - AUTONOMOUS, SEMI-AUTONOMOUS OR DECENTRALIZED - WILL BE ABSORBED IN CONFORMANCE WITH CONGRESS DECREE NUMBER 16-69, ARTICLE THREE. THE GOVERNMENT OF GUATEMALA WILL BE RESPONSIBLE FOR THE TRANSPORTATION OF THE CORN FROM THE CUSTOMS' PORT WAREHOUSES TO GUATEMALA CITY. THEREAFTER, CARE WILL BE RESPONSIBLE, AS STATED IN CLAUSE FIFTH.
- c) NO PART OF THE COMMODITIES, AFTER THE DISTRIBUTION IN GUATEMALA, WILL BE RE-IMPORTED TO THE UNITED STATES, ITS TERRITORIES, OR POSSESSIONS, IN ANY FORM OR BY ANY PERSON.
- d) THE GOVERNMENT OF GUATEMALA WILL MAINTAIN ADEQUATE RECORDS OF DISTRIBUTION AND SUBMIT REPORTS AS REQUESTED BY CARE.
- e) THE GOVERNMENT OF GUATEMALA COMMITS ITSELF TO REIMBURSE CARE THE AMOUNT OF FUNDS CORRESPONDING TO LOSSES, PILFERAGE OR DAMAGES TO THE COMMODITIES THAT MAY RESULT THROUGH NEGLIGENT ACTION COMMITTED BY AGENTS OF SAME, OR BECAUSE PART OF THE COMMODITIES WAS USED FOR PURPOSES OTHER THAN THOSE PROGRAMMED IN THE AGREEMENT. THE MINISTRY OF PUBLIC HEALTH WILL BE RESPONSIBLE FOR LOSSES, PILFERAGE OR DAMAGES THAT MAY OCCUR TO THE COMMODITIES WHILE THESE ARE BEING TRANSPORTED IN THEIR VEHICLES OR STORED IN RECIPIENT INSTITUTIONS, AS WELL AS WHEN THESE LOSSES OR DAMAGES OCCUR IN CUSTOMS OR IN SYSTEMS OF TRANSPORTATION ASSOCIATED WITH THE GOVERNMENT. EXCEPTIONS WILL BE THOSE CASES WHERE THE LOSSES OR DAMAGES OCCUR THROUGH CAUSES OF FORCE MAJEURE.

SEVENTH: THE GOVERNMENT OF GUATEMALA AGREES THAT CARE WILL ARRANGE FOR THE SELECTION AND APPOINTMENT OF THE SHIPPING BROKERS FOR TRANSPORTATION OF THE COMMODITIES REFERRED TO IN THE PRESENT CONTRACT.

EIGHTH: THE DEVELOPMENT OF THE PROGRAM WILL BE THE RESPONSIBILITY OF THE DEPARTMENT OF NUTRITION OF THE DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH, ACCORDING TO ITS PLANS AND OBJECTIVES, AND WILL BE COORDINATED AND SUPERVISED BY CARE REPRESENTATIVES.

NINTH: THE PAYMENT OF ANY OTHER ECONOMIC ASPECT THAT THE GOVERNMENT OF GUA-

TEMALA MUST EFFECT IN ACCORDANCE WITH THE PRESENT CONTRACT, WILL BE MADE UNDER THE SUPERVISION OF THE GOVERNMENT ACCOUNTING DEPARTMENT, IN ACCORDANCE WITH THE LAW.

TENTH: THE GOVERNMENT OF GUATEMALA, AS COUNTERPART, AGREES TO CONTRIBUTE TWENTY FOUR THOUSAND QUETZALES (Q.24,000.00), WHICH CORRESPONDS TO APPROXIMATELY 42% OF THE TOTAL PROGRAM VALUE.

ELEVENTH: THE GOVERNMENT, THROUGH THE MINISTRY OF PUBLIC HEALTH, AGREES TO BUY ONE HUNDRED AND FIFTY THOUSAND (150,000) POUNDS OF "INCAPARINA" AT A PRICE OF Q.0.16 PER POUND, EQUIVALENT TO THE SUM OF TWENTY FOUR THOUSAND QUETZALES (Q.24,000.00), CORRESPONDING TO ITS CONTRIBUTION OF 42% OF THE TOTAL PROGRAM.

TWELFTH: THE MINISTRY OF PUBLIC HEALTH AND OR ALIMENTOS, S.A. WILL REQUEST FROM INCAP, AS THE TECHNICAL ORGANIZATION, ITS ADVICE ON THE QUALITY OF THE CORN RECEIVED AND WHETHER IT IS ADEQUATE FOR THE NORMAL PREPARATION OF "INCAPARINA".

THIRTEENTH: IF, FOR ANY REASON, THE CORN SHIPPED DOES NOT MEET THE ABOVE-MENTIONED SPECIFICATIONS AND CANNOT BE USED FOR THE PREPARATION OF "INCAPARINA", THE MINISTRY OF PUBLIC HEALTH WILL RETURN IT TO CARE FOR ITS DISPOSAL OF THE DAMAGED CORN, IN ACCORDANCE WITH THE EXISTING USAID REGULATIONS.

FOURTEENTH: THE MINISTRY OF PUBLIC HEALTH, THROUGH ITS TECHNICAL DEPARTMENTS AND IN COOPERATION WITH INCAP AND CARE, WILL DECIDE UPON THE NORMS THAT WILL APPLY TO THE DEVELOPMENT OF THE PRESENT PROGRAM.

FIFTEENTH: THE GOVERNMENT OF GUATEMALA COMMITS ITSELF TO CONTINUE THIS PROGRAM IF THE RESULTS OF SAME IN THE PILOT PROJECT DEMONSTRATE FEASIBILITY AND EFFECTIVENESS IN ITS DEVELOPMENT. THE GOVERNMENT EXPECTS TO CONTINUE RECEIVING AID FROM CARE, ACCORDING TO THE PROGRAM EXPANSION REQUIREMENTS. CARE COMMITS ITSELF, WITHIN ITS POSSIBILITIES, TO MAINTAIN THE AID IN ACCORDANCE WITH THE PRESENT AGREEMENT, WHICH COULD SERVE AS THE BASIS FOR A NATIONWIDE PROGRAM INCLUDING SECTORS OTHER THAN HEALTH.

SIXTEENTH: THE GOVERNMENT OF GUATEMALA AGREES THAT ANY CLAUSE CAN BE ALTERED BY MUTUAL CONSENT OF ALL PARTIES CONCERNED IN THIS CONTRACT.

SEVENTEENTH: ALIMENTOS, S.A. AGREES TO ABIDE BY THE FOLLOWING CONDITIONS:

- a) ENSURE THAT THE FORMULA USED TO MANUFACTURE "INCAPARINA" FOR THIS PROGRAM WILL BE IDENTICAL AT ALL TIMES TO THE STANDARDS STATED IN THE CONTRACT OF MANUFACTURE AND DISTRIBUTION EXISTENT BETWEEN INCAP AND ALIMENTOS, S.A.
- b) RETURN TO CARE 75% OF THE EMPTY ONE-HUNDRED-POUND BAGS OF CORN, WHICH WILL BE USED IN ACCORDANCE WITH THE PLANS DETERMINED BY CARE AND THE DIMIF OF THE MINISTRY OF PUBLIC HEALTH. CARE WILL ALLOW ALIMENTOS, S.A. TO RETAIN 25% OF THE EMPTY BAGS FOR INTERNAL USE AT THE FACTORY.
- c) ALIMENTOS, S.A. AGREES TO PACK "INCAPARINA" IN ONE-POUND BAGS AND IN FIFTY-POUND CARTONS, CHARGING IN ACCORDANCE WITH THE TERMS STATED IN CLAUSE NINETEENTH, PARAGRAPH B.1, IN ADDITION TO THE FIXED PRICE OF Q.0.16 PER POUND. IN CASE THE PACKING SERVICES ARE NOT DESIGNED BY THE MINISTRY OF PUBLIC HEALTH, IT IS FREE TO PACK IT ON ITS OWN ACCOUNT.

THE PACKAGE DESIGN WILL BE THE SAME. THIS WILL BE MARKED WITH THE FOLLOWING INSCRIPTIONS: "PRONAL" (PROGRAMA NACIONAL DE ALIMENTACIÓN)¹ AND "ESTE PAQUETE DE

¹ NATIONAL FEEDING PROGRAM

'INCAPARINA' HA SIDO SUBVENCIONADA Y PRODUCIDA CON MATERIA PRIMAS PROPORCIONADAS POR USAID A TRAVÉS DE CARE (SÍMBOLO DE CARE)¹, WHICH WILL APPEAR ON EACH ONE-POUND PACKAGE.

- D) ALIMENTOS, S.A. WILL PERIODICALLY INFORM THE MINISTRY OF PUBLIC HEALTH AND CARE ON THE QUANTITY OF CORN RECEIVED FOR THE MANUFACTURE OF "INCAPARINA", INDICATING THE QUANTITY IN STOCK AND DELIVERED INVOLVED IN THIS PROGRAM, USING MUTUALLY-AGREED FORMS.
- E) ALIMENTOS, S.A. WILL APPLY ITS USUAL PATTERN OF MONTH, QUARTER AND YEAR TO IDENTIFY EACH LOT OF MANUFACTURED "INCAPARINA".
- F) ALIMENTOS, S.A. COMMITS ITSELF TO DELIVER THE "INCAPARINA" STATED IN CLAUSE EIGHTEENTH WITHIN A MINIMUM PERIOD OF THIRTY DAYS AND A MAXIMUM OF NINETY DAYS AFTER RECEIPT OF CORN FROM THE GOVERNMENT OF GUATEMALA TO ITS FACTORY, LOCATED AT KILOMETER 14 $\frac{1}{2}$ ON THE SAN JOSÉ PITALLA ROAD, IF AND WHEN THE WHOLE MAIZE IS OF ADEQUATE QUALITY FOR THE MANUFACTURE OF "INCAPARINA".
- G) ALIMENTOS, S.A. WILL TRY NOT TO INTERRUPT THE PROGRAM WHEN THE CORN DOES NOT ARRIVE ON TIME IN GUATEMALA.

EIGHTEENTH: ALIMENTOS, S.A. WILL RECEIVE FROM CARE, THROUGH THE MINISTRY OF PUBLIC HEALTH, THE DONATED CORN AND, IN EXCHANGE, WILL DELIVER TO THE MINISTRY OF PUBLIC HEALTH 206,200 POUNDS, EQUIVALENT TO THE DONATION VALUE (Q.35,000.00) AT Q.0.16 PER POUND, ACCORDING TO AND UNDER THE CONDITIONS PREVIOUSLY STATED IN THE AGREEMENT BETWEEN INCAP AND ALIMENTOS, S.A. (AGREEMENT DATED MAY 4, 1967).

NINETEENTH: THE INCOME TO THE LOCAL HEALTH SERVICES RECEIVED FROM THE SALE OF "INCAPARINA" AT THE ABOVE-MENTIONED PRICES, WILL BE CHANNELLED IN THE FOLLOWING MANNER:

A) ADMINISTRATIVE ASPECTS:

1. CARE WILL RECEIVE AS A FIXED ADMINISTRATIVE COST Q.0.01 PER POUND OF WHOLE MAIZE, THEREFORE EQUAL TO FIVE THOUSAND QUETZALES (Q.5,000.00), PAYABLE IN ONE INSTALLMENT TO CARE BY THE MINISTRY OF PUBLIC HEALTH ON/BEFORE THE FIFTEENTH DAY OF FEBRUARY, NINETEEN HUNDRED SEVENTY SEVEN.
2. CARE WILL ALSO RECEIVE HALF A CENTAVO PER POUND OF WHOLE MAIZE, EQUIVALENT, THEREFORE, TO TWO THOUSAND FIVE HUNDRED QUETZALES (Q.2,500.00), TO EQUIP THE PUBLIC HEALTH INSTITUTIONS INVOLVED IN THIS PROJECT WITH THE NECESSARY MATERIALS NEEDED FOR THE DEVELOPMENT OF SAME, PAYABLE IN ONE INSTALLMENT BY THE MINISTRY OF PUBLIC HEALTH WITHIN THIRTY DAYS FROM THE EFFECTIVE DATE OF THIS CONTRACT.

B) PACKING AND DISTRIBUTION OF COMMODITIES

1. ALIMENTOS, S.A. WILL CHARGE THE SUM OF Q.0.02 PER POUND FOR PACKAGING IN ONE-POUND BAGS.

¹ THIS PACKAGE OF "INCAPARINA" HAS BEEN SUBSIDIZED AND PRODUCED WITH RAW MATERIALS FURNISHED BY USAID THROUGH CARE (CARE SYMBOL).

2. CARE WILL RECEIVE AS A FIXED COST FOR DISTRIBUTION OF THE "INCAPARINA" TO THE DEPARTMENTAL WAREHOUSES THE AMOUNT OF HALF A CENTAVO PER POUND, WHICH IS EQUIVALENT TO ONE THOUSAND SEVEN HUNDRED EIGHTY ONE QUETZALES (Q.1,781.00).
3. THE REMAINING FUNDS, AFTER THE ABOVE-MENTIONED OBLIGATIONS HAVE BEEN FULFILLED, WILL BE UTILIZED IN THE ADMINISTRATION OF DELIVERIES TO THE HEALTH CENTERS, IN A QUANTITY WHICH IS NOT TO EXCEED 25%; TO COVER THE COSTS OF DAMAGED "INCAPARINA"; AND TO SUBSIDIZE THE SALE OF "INCAPARINA" UNDER THE STATED PRICE OF Q.0.12 PER POUND TO THE BENEFICIARIES SELECTED THROUGH THE HEALTH CENTERS.

TWENTIETH: THE DURATION OF THIS CONTRACT WILL BE OF TWELVE MONTHS, FROM THE FIRST OF JULY, 1974 THROUGH THE THIRTIETH OF JUNE, 1975. THIS PERIOD CAN BE EXTENDED FOR EQUAL, SHORTER OR LONGER PERIODS, WITH THE MUTUAL AGREEMENT OF THE PARTICIPANTS, UNLESS THE COMMODITY STATED IN THIS CONTRACT IS NOT DELIVERED TO ALIMENTOS, S.A., LOCATED AT KILOMETER 14 $\frac{1}{2}$ ON THE ROAD TO SAN JOSÉ PINULA, IN WHICH CASE THIS CONTRACT WILL HAVE NO EFFECT OR WILL BE VALID ONLY FOR THE QUANTITY OF WHOLE MAIZE DELIVERED PRIOR TO THE FIFTEENTH OF SEPTEMBER, 1974.

TWENTY-FIRST: THE "INCAPARINA" DELIVERED TO THE MINISTRY OF PUBLIC HEALTH BY ALIMENTOS, S.A. WILL BE UTILIZED FOR ITS COMPLEMENTARY FEEDING PROGRAMS AND, SPECIFICALLY, FOR THE NUTRITION OF THE MATERNAL-CHILD POPULATION AT RISK.

TWENTY-SECOND: THE MINISTRY OF PUBLIC HEALTH WILL AUTHORIZE ITS SERVICES TO DISTRIBUTE "INCAPARINA" FREE OF COST, AT COST, OR AT A PARTIAL SUBSIDY, NOT TO EXCEED Q.0.12 PER POUND, TO THE RECIPIENTS PREVIOUSLY INDICATED, ACCORDING TO THE SPECIFIC CASES.

TWENTY-THIRD: FOR THE EFFECTS OF THE PRESENT CONTRACT, CARE WILL ENJOY THE EXONERATIONS ESTABLISHED IN LEGISLATIVE DECREE NUMBER 16-69, DATED APRIL 28, 1969, IN THE MANNER STATED IN THE SAME DECREE.

TWENTY FOURTH: FOR LEGAL EFFECTS, THE PRESENT CONTRACT MUST BE APPROVED BY GOVERNMENT DECREE.

IN FAITH OF WHICH, IT IS ACCEPTED, RATIFIED AND DULY SIGNED BY THOSE WHO INTERVENE.

ACCEPTED BY:

DR. JULIO CASTILLO SINIBALDI
MINISTER OF PUBLIC HEALTH

LIC. JORGE LAMPORT RODIL
MINISTER OF FINANCE

WILLIAM FREDERIC SALAS
DIRECTOR
CARE-GUATEMALA

ING. RAMIRO CASTILLO
PRESIDENT
ALIMENTOS, S.A.

ADDENDUM: THIS CONTRACT HAS BEEN SIGNED IN THE CITY OF GUATEMALA, ON THE FOURTH DAY OF OCTOBER, 1974, BUT ITS EFFECT WILL BE RETROACTIVE TO THE FIRST DAY OF JULY, 1974, AS SHOWN IN THE INTRODUCTION.

APPENDIX E II.

TRANSLATION
 ADDENDUM TO CONTRACT DATED JULY 1, 1974,
 WHEREBY CARE WILL OBTAIN THE DONATION OF WHOLE CORN
 FOR MATERNAL-CHILD AND FAMILY PROTECTION PROGRAMS

IN THE CITY OF GUATEMALA, ON THE EIGHTEENTH DAY OF FEBRUARY, NINETEEN HUNDRED SEVENTY FIVE, APPEAR, FOR ONE PART, DOCTOR JULIO CASTILLO SINIBALDI, 53 YEARS OF AGE, MARRIED GUATEMALAN, OF THIS RESIDENCE; AND LICENCIADO JORGE LAMPERT RODIL, 43 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE; WHO ACT IN THEIR POSITIONS AS MINISTERS OF PUBLIC HEALTH AND SOCIAL ASSISTANCE AND PUBLIC FINANCE RESPECTIVELY, AND CREDIT THEIR POSITIONS WITH GOVERNMENT AGREEMENTS OF THEIR APPOINTMENTS DATED JULY 1, 1974, AND AS REPRESENTATIVES OF THE GOVERNMENT OF GUATEMALA. ON THE OTHER PART, INGENIERO RAMIRO CASTILLO, 40 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE, WHO ACTS IN HIS POSITION AS PRESIDENT OF ALIMENTOS, S.A./CENTRAL DISTRIBUIDORA (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "ALIMENTOS, S.A."); AND MISTER WILLIAM FREDERIC SALAS, 54 YEARS OF AGE, MARRIED, OF NORTH AMERICAN NATIONALITY, PASSPORT NUMBER Z1771350, OF RESIDENCE AT 10A, AVENIDA 14-53, ZONE 14, GUATEMALA CITY, DIRECTOR, WHO APPEARS ON BEHALF AND REPRESENTATION OF THE COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "CARE"), CREDITING SUCH POSITION BY AN APPOINTMENT ISSUED BY MISTER FRANK L. GOFFIO, EXECUTIVE DIRECTOR OF CARE, INC., DATED AUGUST 7, 1972. THEY AGREE TO SIGN THE CONTRACT CONTAINED IN THE FOLLOWING TERMS:

FIRST: THE PARTIES HERETO AGREE TO ISSUE THIS ADDENDUM IN ORDER TO EXPEDITE THE PROCEDURES FOR THE IMPLEMENTATION OF THE ORIGINAL CONTRACT.

SECOND: THE GOVERNMENT OF GUATEMALA WILL PROVIDE ALIMENTOS, S.A. THE STAMP AND ANY OTHER ITEMS NECESSARY FOR PURPOSES OF IDENTIFYING THE INCAPARINA AS BEING DISTRIBUTED BY THE NATIONAL FEEDING PROGRAM OF THE MINISTRY OF PUBLIC HEALTH AND SOCIAL ASSISTANCE.

THIRD: WITHIN TEN DAYS FROM RECEIPT OF CORN SAMPLES, INCAP MUST FURNISH ALL PARTIES INVOLVED WITH A WRITTEN ANALYSIS OF THE CORN TO BE DELIVERED BY CARE TO ALIMENTOS, S.A. FOR THE MANUFACTURE OF INCAPARINA.

FOURTH: AFTER POSITIVE ANALYSIS RESULTS HAVE BEEN OBTAINED FROM INCAP, ALIMENTOS, S.A. WILL RECEIVE FROM CARE AN INITIAL AMOUNT OF APPROXIMATELY TWO THOUSAND (2,000) QUINTALS OF CORN FOR PROCESSING. IF, UPON COMPLETION OF THIS PROCESSING, RESULTS ARE SATISFACTORY TO ALL PARTIES, THE PROGRAM WILL CONTINUE UNDER THE TERMS OF THIS ADDENDUM WHICH WILL APPLY TO ANY AMOUNT OF CORN WHICH CARE MAY OBTAIN AS A DONATION, WITHIN THE TERMS AND DURATION OF THE ORIGINAL CONTRACT OR ANY EXTENSIONS TO SAME.

FIFTH: IN THE PROCESSING OF CORN, ALIMENTOS, S.A. WILL: a) SET ASIDE ALL BROKEN CORN TO DETERMINE THE AMOUNT OF CORN IN GOOD CONDITION DELIVERED BY CARE, b) PACK ALL BROKEN CORN AND EXCHANGE IT FOR GOOD-QUALITY CORN WITH MANUFACTURERS OF ANIMAL FOOD CONCENTRATES, c) CONSIDER THE ADDITION OF THESE TWO DELIVERIES OF GOOD-QUALITY CORN AS THE TOTAL QUANTITY OF CORN RECEIVED FROM CARE FOR THE MANUFACTURE OF INCAPARINA, d) INFORM CARE ABOUT THE DIFFERENCE BETWEEN THE AMOUNT OF CORN IMPORTED FROM THE UNITED STATES OF AMERICA AND THE AMOUNT USABLE FOR THE PRODUCTION OF INCAPARINA, AS HEREIN INDICATED. THE DIFFERENCE WILL BE BORNE SOLELY AND EXCLUSIVE-

LY BY CARE, WHO WILL HANDLE IT ACCORDING TO ITS INTERNAL PROCEDURES.

SIXTH: ALIMENTOS, S.A. WILL DELIVER TO CARE THE INCAPARINA POUNDAGE WHICH IS EQUIVALENT TO THE NET AMOUNT OF USABLE CORN, IN ACCORDANCE WITH CLAUSE EIGHTEENTH AND CLAUSE NINETEENTH, SECTION B.1, OF THE ORIGINAL CONTRACT, AS STIPULATED IN THE PREVIOUS PARAGRAPH, AND WITHIN SEVEN WORKING DAYS FROM RECEIPT OF THE INITIAL CORN OR ANY SUBSEQUENT DELIVERIES MADE ON THE BASIS OF THIS ADDENDUM.

SEVENTH: THE PROCEDURES HEREBY ESTABLISHED WILL BE UTILIZED IN THE FUTURE AS AN ADDENDUM TO THE ORIGINAL CONTRACT, AND CAN BE INCORPORATED INTO ANY NEW CONTRACT ENTERED UPON, OR BE PART OF ANY EXTENSIONS TO THE ORIGINAL CONTRACT.

EIGHTH: FOR LEGAL EFFECTS, THIS ADDENDUM TO THE ORIGINAL CONTRACT MUST BE APPROVED BY GOVERNMENT DECREE.

IN FAITH OF WHICH, IT IS ACCEPTED, RATIFIED AND SIGNED BY THOSE WHO INTERVENE. EVEN THOUGH THIS ADDENDUM IS SIGNED ON THE EIGHTEENTH DAY OF FEBRUARY, NINETEEN HUNDRED SEVENTY FIVE, IT WILL BE RETROACTIVE TO THE FIRST DAY OF JULY, NINETEEN HUNDRED SEVENTY FOUR, IN ORDER TO COVER ALL OPERATIONS CARRIED OUT UNDER THE ORIGINAL CONTRACT.

ACCEPTED BY:

DOCTOR JULIO CASTILLO SINIBALDI
MINISTER OF PUBLIC HEALTH
AND SOCIAL ASSISTANCE

LICENCIADO JORGE LAMPORT RODIL
MINISTER OF PUBLIC FINANCE

WILLIAM FREDERIC SALAS
DIRECTOR
CARE-GUATEMALA

INGENIERO RAMIRO CASTILLO
PRESIDENT
ALIMENTOS, S.A.

APPENDIX F

TRANSLATION
PARTNERSHIP NUTRITION PROGRAM CONTRACT

IN THE CITY OF GUATEMALA, ON THE SECOND DAY OF JANUARY, NINETEEN HUNDRED SEVENTY SIX, APPEAR, FOR ONE PART, GUILLERMO PUTZEYS ALVAREZ, 39 YEARS OF AGE, MARRIED, BACHELOR OF ARTS, GUATEMALAN, OF THIS RESIDENCE; JULIO RENÉ CASTILLO SINIBALDI, 53 YEARS OF AGE, MARRIED, DOCTOR OF MEDICINE AND SURGEON, GUATEMALA, OF THIS RESIDENCE; FAUSTO DAVID RUBIO CORONADO, 47 YEARS OF AGE, MARRIED, BRIGADE GENERAL, GUATEMALAN, OF THIS RESIDENCE; JORGE LAMPORT RODIL, 44 YEARS OF AGE, MARRIED, ECONOMIST, GUATEMALA, OF THIS RESIDENCE; WHO ACT IN THEIR POSITIONS AS MINISTERS OF EDUCATION, PUBLIC HEALTH AND SOCIAL ASSISTANCE, DEFENSE, AND FINANCE, RESPECTIVELY, AND CREDIT THEIR POSITIONS WITH GOVERNMENT AGREEMENTS OF THEIR APPOINTMENTS DATED JULY 1, 1974, AND AS REPRESENTATIVES OF THE GOVERNMENT OF GUATEMALA; AND ON THE OTHER PART, MR. WILLIAM FREDERIC SALAS, 54 YEARS OF AGE, MARRIED, EXECUTIVE, OF NORTH AMERICAN NATIONALITY, PASSPORT NUMBER Z973454, OF RESIDENCE AT 10A. AVENIDA 14-53, ZONE 14, GUATEMALA CITY, DIRECTOR, WHO APPEARS ON BEHALF AND REPRESENTATION OF THE COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "CARE"), CREDITING SUCH POSITION BY AN APPOINTMENT ISSUED BY MR. FRANK L. GOFFIO, EXECUTIVE DIRECTOR OF CARE, INC., DATED AUGUST 7, 1972. THEY AGREE TO SIGN THE CONTRACT CONTAINED IN THE FOLLOWING TERMS:

FIRST: CARE WILL TRY TO OBTAIN BY DONATION FROM THE UNITED STATES GOVERNMENT APPROXIMATELY 16,000,000 (SIXTEEN MILLION) POUNDS OF COMMODITIES, WHICH WILL HEREAFTER SIMPLY BE CALLED "COMMODITIES", FOR DISTRIBUTION TO PRE-SCHOOL CHILDREN, PRIMARY-SCHOOL CHILDREN, AND PREGNANT AND LACTATING MOTHERS. IF IT DEVELOPS THAT ADDITIONAL QUANTITIES OF COMMODITIES ARE REQUIRED, CARE WILL TRY TO OBTAIN THESE ADDITIONAL COMMODITIES UNDER THE SAME CONDITIONS AS SET FORTH IN THIS AGREEMENT, AND WITHOUT ADDITIONAL COST TO THE GOVERNMENT OF GUATEMALA.

SECOND: CARE WILL REQUEST THE COMMODITIES SPECIFIED IN THE PREVIOUS CLAUSE FROM THE UNITED STATES GOVERNMENT IN EITHER QUARTERLY OR SEMI-ANNUAL INSTALLMENTS, EQUIVALENT TO ONE-FOURTH OR ONE-HALF OF THE TOTAL REQUIREMENT, AND WILL SHIP THE COMMODITIES IN SUCH QUANTITIES AS ARE MADE AVAILABLE TO IT BY THE UNITED STATES GOVERNMENT, AND PROVIDE THEM IMMEDIATELY TO THE GOVERNMENT OF GUATEMALA.

THIRD: CARE WILL MAKE EVERY EFFORT TO SECURE FROM THE UNITED STATES GOVERNMENT THE QUANTITY OF COMMODITIES INDICATED IN THE FIRST CLAUSE OF THIS DOCUMENT AND ARRANGE FOR SHIPMENT TO GUATEMALA. THE GOVERNMENT OF GUATEMALA WILL NOT ASSERT ANY CLAIMS AGAINST CARE FOR LOSS OR DAMAGE OF THE COMMODITIES INVOLVED IN THIS PROGRAM, WHEN THE CAUSES OF THE FAILURE TO MAKE DELIVERY ARE BEYOND CARE'S CONTROL.

FOURTH: THE DURATION OF THIS CONTRACT WILL BE OF TWELVE MONTHS, FROM THE FIRST OF JANUARY THROUGH THE THIRTY-FIRST OF DECEMBER, NINETEEN HUNDRED SEVENTY SIX. THIS PERIOD CAN BE EXTENDED FOR EQUAL, SHORTER OR LONGER PERIODS.

FIFTH: CARE ESTIMATES THAT THE EXPENSES IT MUST COVER WITH RELATION TO THIS PROGRAM, INCLUDING HANDLING, MARKING, INSURANCE, ADMINISTRATIVE COSTS, AND OPERATIONAL EXPENSES IN THE UNITED STATES OF NORTH AMERICA, ARE APPROXIMATELY SEVENTY FOUR THOUSAND SIX HUNDRED SIXTY SIX QUETZALES (Q.74,666.00).

IT IS UNDERSTOOD THAT THIS FIGURE IS AN APPROXIMATION AND THAT THE ACTUAL COSTS CAN

VARY DEPENDING UPON CERTAIN COSTS WHICH ARE SUBJECT TO FLUCTUATION. IT IS FURTHER UNDERSTOOD THAT CARE WILL ENDEAVOR TO KEEP THE COSTS ABOVE MENTIONED TO THE MINIMUM.

SIXTH: CARE WILL ALSO HAVE OTHER EXPENSES WITH RELATION TO THE ADMINISTRATION AND SUPERVISION OF THE DISTRIBUTION OF THE FOODS, EXPENSES WHICH INCLUDE SALARIES OF LOCAL EMPLOYEES, EXPENSES AND PER DIEMS OF THE ASSISTANTS, RENT, TELEPHONE AND CABLES, OFFICE SUPPLIES, REPAIRS, MAINTENANCE AND VEHICLE EXPENSES, TRAVEL, TRANSPORTATION OF COMMODITIES IN GUATEMALA CITY, ITS MUNICIPALITIES AND SACATEPÉQUEZ, AND OTHER EXPENSES RELATED TO THE PROGRAM. SUCH EXPENSES ARE ESTIMATED IN THE AMOUNT OF SIXTY FOUR THOUSAND ONE HUNDRED NINETY THREE QUETZALES (Q.64,193.00).

SEVENTH: THE TOTAL COST TO CARE, AS STATED IN CLAUSES FIFTH AND SIXTH, IS ESTIMATED AT ONE HUNDRED THIRTY EIGHT THOUSAND EIGHT HUNDRED FIFTY NINE QUETZALES (Q.138,859.00).

EIGHTH: THE GOVERNMENT OF GUATEMALA AGREES TO COVER CARE'S EXPENSES IN THE AMOUNT INDICATED IN THE PREVIOUS PARAGRAPH, IN THE FOLLOWING MANNER:

- A) THE SUM OF ONE HUNDRED THIRTY EIGHT THOUSAND EIGHT HUNDRED FIFTY NINE QUETZALES (Q.138,859.00) WILL BE PAID TO CARE IN TWO EQUAL INSTALLMENTS OF SIXTY NINE THOUSAND FOUR HUNDRED TWENTY NINE QUETZALES AND FIFTY CENTAVOS (Q.69,429.50) EACH, THE FIRST INSTALLMENT TO BE PAID ON THE FIRST OF APRIL, 1976, AND THE SECOND ON THE THIRTIETH OF JUNE, 1976, IN QUETZALES, THE LOCAL CURRENCY.
- B) THE TOTAL OF THE COSTS INDICATED IN THE PREVIOUS PARAGRAPH WILL BE PAID IN THE FOLLOWING MANNER: THE MINISTRY OF EDUCATION WILL CONTRIBUTE THE SUM OF FIFTY THREE THOUSAND EIGHT HUNDRED AND SIX QUETZALES (Q.53,806.00), WHICH WILL BE PAID IN TWO EQUAL INSTALLMENTS OF TWENTY SIX THOUSAND NINE HUNDRED AND THREE QUETZALES (Q.26,903.00). THE FIRST INSTALLMENT WILL BE PAID ON THE FIRST OF APRIL, 1976 AND THE SECOND ON THE THIRTIETH OF JUNE, 1976. THE MINISTRY OF PUBLIC HEALTH WILL CONTRIBUTE THE SUM OF FORTY SIX THOUSAND THREE HUNDRED SEVENTY THREE QUETZALES (Q.46,373.00), WHICH WILL BE PAID IN TWO EQUAL INSTALLMENTS OF TWENTY THREE THOUSAND ONE HUNDRED AND EIGHTY SIX QUETZALES AND FIFTY CENTS (Q.23,186.50). THE FIRST INSTALLMENT WILL BE PAID ON THE FIRST OF APRIL, 1976, AND THE SECOND ON THE THIRTIETH OF JUNE, 1976. THE MINISTRY OF DEFENSE, WILL CONTRIBUTE THE SUM OF THIRTY EIGHT THOUSAND SIX HUNDRED AND EIGHTY QUETZALES (Q.38,680.00), WHICH WILL BE PAID IN TWO EQUAL INSTALLMENTS OF NINETEEN THOUSAND THREE HUNDRED FORTY QUETZALES (Q.19,340.00). THE FIRST INSTALLMENT WILL BE PAID ON THE FIRST OF APRIL, 1976, AND THE SECOND ON THE THIRTIETH OF JUNE, 1976.

NINTH: AT THE CONCLUSION OF THE PROGRAM, CARE WILL SUBMIT A WRITTEN STATEMENT TO THE GOVERNMENT OF GUATEMALA OF THE COSTS INCURRED. IF UPON PRESENTATION OF THIS STATEMENT, THE COSTS EXCEED THE ESTIMATED EXPENSES, THE DIFFERENCE, WHICH CANNOT EXCEED TEN PER CENT OF THE TOTAL, WILL BE PAID TO CARE, IN SUCH MANNER AS CARE MAY PRESCRIBE. HOWEVER, IF THE COSTS TO CARE ARE LESS THAN THE PAYMENTS TO CARE, THE BALANCE IN FAVOR OF THE GOVERNMENT OF GUATEMALA WILL BE REFUNDED BY CARE.

TENTH: THE GOVERNMENT OF GUATEMALA AGREES THAT CARE WILL ARRANGE FOR THE SELECTION OF THE SHIPPING BROKERS FOR THE TRANSPORT OF THE COMMODITIES REFERRED TO IN THE PRESENT CONTRACT.

ELEVENTH: CARE WILL TRANSFER THE COMMODITIES TO THE GOVERNMENT OF GUATEMALA AT THE END OF SHIP'S TACKLE, AT THE PORT OR PORTS OF GUATEMALA. THE GOVERNMENT OF GUATEMALA, FROM THEN ON, WILL BE ENTRUSTED WITH THE PHYSICAL DISTRIBUTION OF SAME IN

GUATEMALA.

THE GOVERNMENT OF GUATEMALA WILL RETURN TO CARE ANY PART OF THE COMMODITIES THAT HAVE NOT YET BEEN CONSUMED AT THE DATE THE GOVERNMENT OF THE UNITED STATES REQUIRES FROM CARE ANY PART OF THE COMMODITIES MENTIONED IN THE AGREEMENT.

TWELFTH: IN ORDER TO ASSURE COMPLIANCE WITH THE LAW, REGULATIONS AND TERM OF THE CONTRACT, AS WELL AS THE CONDITIONS UNDER WHICH CARE WILL SEEK TO OBTAIN THE COMMODITIES FROM THE UNITED STATES GOVERNMENT, THE GOVERNMENT OF GUATEMALA LAYS OUT THE FOLLOWING:

- A) THE COMMODITIES, WHEN ENTRUSTED TO THE GOVERNMENT OF GUATEMALA FOR DISTRIBUTION, WILL NOT BE SOLD, EXCHANGED OR DISPOSED OF, EXCEPT BY NON-COMMERCIAL DISTRIBUTION FREE OF COST TO NEEDY PERSONS IN OUR COUNTRY, IN ACCORDANCE WITH THE PROGRAM MUTUALLY ACCEPTED BETWEEN CARE AND THE GOVERNMENT OF GUATEMALA. FOR THIS PURPOSE, NEEDY PERSONS ARE THOSE WHO, BY VIRTUE OF THEIR ECONOMIC STATUS, ARE IN NEED OF FOOD ASSISTANCE.
- B) THE GOVERNMENT OF GUATEMALA WILL PROVIDE, OR CAUSE TO BE PROVIDED, PROPER FACILITIES FOR THE HANDLING, STORAGE, FUMIGATION AND DISTRIBUTION OF THE COMMODITIES IN GUATEMALA, AND WILL ARRANGE FOR THE MAINTENANCE OF THE COMMODITIES IN GUATEMALA AT ALL TIMES, UNDER GOOD STORAGE CONDITIONS, TO INSURE THE ULTIMATE DISTRIBUTION IN GOOD CONDITION TO THE NEEDY PEOPLE.
- C) THE PORT CHARGES AND TRANSPORTATION RENDERED BY STATE ENTITIES, AUTONOMOUS, SEMI-AUTONOMOUS OR DECENTRALIZED, WILL BE ABSORBED IN CONFORMANCE WITH ARTICLE III OF CONGRESS DECREE NUMBER 16-69. EFFECTIVE THIS CONTRACT YEAR, THE MINISTRY OF DEFENSE WILL BE RESPONSIBLE FOR THE TRANSPORTATION OF COMMODITIES FROM CUSTOMS' PORT WAREHOUSES TO DEPARTMENTAL AND INTRA-DEPARTMENTAL WAREHOUSES, FOR INTER-DEPARTMENTAL WAREHOUSE TRANSFERS, AND IN TIMES OF COMMODITY TRANSPORTATION FOR NATIONAL EMERGENCIES. PAYMENT WILL BE MADE TO THE MINISTRY OF DEFENSE ON THE BASIS OF THE COMMERCIAL PRICE OR OTHER STIPULATED PRICES BY THE MINISTRIES OF EDUCATION, HEALTH, AND DEFENSE, ON AN EQUAL ONE-THIRD BASIS FOR THE TOTAL COMMODITIES TRANSPORTED. IT WILL BE THE RESPONSIBILITY OF CARE TO INFORM THE MINISTRY OF DEFENSE IN WRITING EACH TIME THAT THE NEED FOR TRANSPORTATION ARISES. WHICHEVER THE METHOD OF TRANSPORTATION UTILIZED, THE GOVERNMENT OF GUATEMALA WILL ALWAYS BE RESPONSIBLE FOR THE TRANSPORTATION, IN ACCORDANCE WITH CLAUSE TWELFTH, SECTION B). IN NO EVENT CAN THESE EXPENSES BE CHARGED TO CARE, AS STIPULATED BY ARTICLE III OF CONGRESS DECREE NUMBER 16-69, WHEREIN THE RESPONSIBILITY HAS BEEN ACCEPTED BY THE GOVERNMENT OF GUATEMALA.
- D) IN THE DISTRIBUTION OF THE COMMODITIES, THE GOVERNMENT OF GUATEMALA WILL TAKE THE NECESSARY STEPS TO ASSURE THAT THE RECIPIENTS WILL NOT DIMINISH THEIR NORMAL EXPENDITURES FOR FOOD BY REASON OF THE DONATION.
- E) THE DISTRIBUTION IN GUATEMALA WILL BE SUPERVISED BY UNITED STATES CITIZENS REPRESENTING CARE, WHO WILL RESIDE IN GUATEMALA WHILE THE PROGRAM OF DISTRIBUTION IS IN OPERATION.
- F) NO PART OF THE COMMODITIES AFTER THE DISTRIBUTION IN GUATEMALA WILL BE RE-IMPORTED INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, IN ANY FORM OR BY ANY PERSON.
- G) THE GOVERNMENT OF GUATEMALA WILL MAINTAIN ADEQUATE RECORDS OF DISTRIBUTION AND

SUBMIT REPORTS AS REQUESTED BY CARE.

- H) THE GOVERNMENT OF GUATEMALA COMMITS ITSELF TO REIMBURSE CARE THE AMOUNT OF FUNDS CORRESPONDING TO LOSSES, PILFERAGE OR DAMAGES TO THE COMMODITIES THAT MAY RESULT THROUGH NEGLIGENT ACTION COMMITTED BY AGENTS OF SAME, OR BECAUSE PART OF THE COMMODITIES WERE USED FOR PURPOSES OTHER THAN THOSE PROGRAMMED IN THE AGREEMENT.

THE MINISTRIES OF EDUCATION, PUBLIC HEALTH, AND DEFENSE WILL BE RESPONSIBLE FOR LOSSES, PILFERAGE OR DAMAGES THAT MAY OCCUR TO THE COMMODITIES WHILE THESE ARE BEING TRANSPORTED IN THEIR VEHICLES, OR STORED IN THE RECIPIENT SCHOOLS, NATIONAL HOSPITALS OR WAREHOUSES DESTINED AS DEPOTS, AS WELL AS WHEN THESE LOSSES OR DAMAGES OCCUR IN CUSTOMS OR IN SYSTEMS OF TRANSPORTATION ASSOCIATED WITH THE GOVERNMENT. EXCEPTIONS WILL BE THOSE CASES WHERE THE LOSSES OR DAMAGES OCCUR THROUGH CAUSES OF FORCE MAJEURE.

THIRTEENTH: THE PAYMENT OR ANY OTHER ECONOMIC ASPECT THAT THE GOVERNMENT OF GUATEMALA MUST EFFECT IN ACCORDANCE WITH THE PRESENT CONTRACT, WILL BE MADE UNDER THE SUPERVISION OF THE GOVERNMENT ACCOUNTING DEPARTMENT.

FOURTEENTH: FOR THE EFFECTS OF THE PRESENT CONTRACT, CARE WILL ENJOY THE EXONERATIONS ESTABLISHED IN THE LEGISLATIVE DECREE NUMBER 16-69, DATED APRIL 28, 1969, IN THE MANNER STATED IN THE SAME DECREE.

FIFTEENTH: FOR THE LEGAL EFFECTS, THE PRESENT CONTRACT WILL BE APPROVED BY GOVERNMENT DECREE.

IN FAITH OF WHICH, IT IS ACCEPTED, RATIFIED AND DULY SIGNED BY THOSE WHO INTERVENE.

ACCEPTED BY:

COOPERATIVE FOR AMERICAN
RELIEF EVERYWHERE (CARE)

WILLIAM FREDERIC SALAS
MISSION DIRECTOR
CARE-GUATEMALA

LIC. GUILLERMO PUTZEYS ALVAREZ
MINISTER OF EDUCATION

DR. JULIO RENÉ CASTILLO SINIBALDI
MINISTER OF PUBLIC HEALTH

GEN. FAUSTO DAVID RUBIO CORONADO
MINISTER OF DEFENSE

LIC. JORGE LAMPORT RODIL
MINISTER OF FINANCE

APPENDIX G

TRANSLATION OF FOOD-FOR-WORK CONTRACT
(HIGHLANDS INTEGRATED AGRICULTURAL DEVELOPMENT PROGRAM)

IN THE CITY OF GUATEMALA, ON THE FIRST DAY OF JULY OF NINETEEN HUNDRED SEVENTY SIX, APPEAR, FOR ONE PART, DOCTOR ROBERTO ZACHRISSON ASTURIAS, 66 YEARS OF AGE, MARRIED, GUATEMALAN, OF THIS RESIDENCE, WHO ACTS IN HIS POSITION AS MINISTER OF AGRICULTURE, AND CREDITS THIS POSITION WITH THE GOVERNMENT AGREEMENT OF HIS APPOINTMENT OF JULY 1, 1974, AND AS A REPRESENTATIVE OF THE GOVERNMENT OF GUATEMALA; AND ON THE OTHER PART, MR. WILLIAM FREDERIC SALAS, 54 YEARS OF AGE, MARRIED, OF NORTH AMERICAN NATIONALITY, PASSPORT NUMBER Z1771350, WITH RESIDENCE AT 10a. AVENIDA 14-53, ZONE 14, GUATEMALA CITY, WHO APPEARS ON BEHALF AND REPRESENTATION OF THE COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "CARE"), CREDITING SUCH POSITION BY AN APPOINTMENT ISSUED BY MR. FRANK L. GOFFIO, EXECUTIVE DIRECTOR OF CARE, INC., DATED AUGUST 7, 1972, WHO AGREE TO SIGN THE CONTRACT CONTAINED IN THE FOLLOWING TERMS:

FIRST: CARE WILL TRY TO OBTAIN BY DONATION FROM THE UNITED STATES GOVERNMENT APPROXIMATELY ONE MILLION TWO HUNDRED AND SIXTY THOUSAND (1,260,000) POUNDS OF COMMODITIES (WHICH WILL HEREAFTER SIMPLY BE CALLED "COMMODITIES") FOR DISTRIBUTION TO FOOD-FOR-WORK RECIPIENTS, SELECTED AND MUTUALLY-AGREED-UPON BETWEEN THE MINISTRY OF AGRICULTURE, THROUGH THE NATIONAL FORESTRY INSTITUTE (WHICH IN THE BODY OF THIS DOCUMENT WILL BE CALLED SIMPLY "INAFOR"), AND CARE. IF IT DEVELOPS THAT ADDITIONAL QUANTITIES OF COMMODITIES ARE REQUIRED, CARE WILL TRY TO OBTAIN THESE ADDITIONAL COMMODITIES UNDER THE SAME CONDITIONS SET FORTH IN THIS AGREEMENT, WITHOUT ADDITIONAL COST TO THE GOVERNMENT OF GUATEMALA.

SECOND: CARE WILL REQUEST THE COMMODITIES SPECIFIED IN THE PREVIOUS CLAUSE FROM THE UNITED STATES GOVERNMENT, IN EITHER QUARTERLY OR SEMI-ANNUAL INSTALLMENTS, EQUIVALENT TO ONE-FOURTH OR ONE-HALF OF THE TOTAL REQUIREMENT, AND WILL SHIP THE COMMODITIES IN SUCH QUANTITIES AS ARE MADE AVAILABLE BY IT BY THE UNITED STATES GOVERNMENT, AND PROVIDE THEM IMMEDIATELY TO THE GOVERNMENT OF GUATEMALA.

THIRD: CARE WILL MAKE EVERY EFFORT TO SECURE FROM THE UNITED STATES GOVERNMENT THE QUANTITY OF COMMODITIES INDICATED IN THE FIRST CLAUSE OF THIS DOCUMENT AND ARRANGE FOR SHIPMENT TO GUATEMALA. THE GOVERNMENT OF GUATEMALA WILL NOT ASSERT ANY CLAIMS AGAINST CARE FOR LOSS OR DAMAGE TO THE COMMODITIES INVOLVED IN THIS PROGRAM, WHEN THE CAUSES OF THE FAILURE TO MAKE DELIVERY ARE BEYOND CARE'S CONTROL.

FOURTH: THE DURATION OF THIS CONTRACT WILL BE OF TWELVE MONTHS, FROM THE FIRST OF JULY, NINETEEN HUNDRED SEVENTY SIX THROUGH THE THIRTIETH OF JUNE, NINETEEN HUNDRED SEVENTY SEVEN. THIS PERIOD CAN BE EXTENDED FOR EQUAL, SHORTER OR LONGER PERIODS.

FIFTH: CARE ESTIMATES THAT THE EXPENSES IT MUST COVER WITH RELATION TO THIS PROGRAM, INCLUDING HANDLING, MARKING, INSURANCE, ADMINISTRATIVE COSTS AND OPERATIONAL EXPENSES IN THE UNITED STATES OF NORTH AMERICA, ARE APPROXIMATELY SEVEN THOUSAND ONE HUNDRED FORTY TWO QUETZALES (Q.7,142.00). IT IS UNDERSTOOD THAT THIS FIGURE IS AN APPROXIMATION AND THAT THE ACTUAL COSTS CAN VARY DEPENDING UPON CERTAIN COSTS WHICH ARE SUBJECT TO FLUCTUATION. IT IS FURTHER UNDERSTOOD THAT CARE WILL ENDEAVOR TO KEEP THE COSTS ABOVE MENTIONED TO THE MINIMUM.

SIXTH: CARE WILL ALSO HAVE OTHER EXPENSES WITH RELATION TO THE ADMINISTRATION

AND SUPERVISION OF THE DISTRIBUTION OF THE COMMODITIES, EXPENSES WHICH INCLUDE SALARIES OF LOCAL EMPLOYEES, EXPENSES AND PER DIEMS OF THE ASSISTANTS, RENT, TELEPHONE AND CABLES, OFFICE SUPPLIES, REPAIRS, AMINTENANCE AND VEHICLE EXPENSES, TRAVEL, AND OTHER EXPENSES RELATED TO THE PROGRAM. SUCH EXPENSES ARE ESTIMATED IN THE AMOUNT OF SIX THOUSAND EIGHTY FOUR QUETZALES (Q.6,084.00).

SEVENTH: THE TOTAL COST TO CARE, AS STATED IN CLAUSES FIFTH AND SIXTH, IS ESTIMATED AT THIRTEEN THOUSAND TWO HUNDRED TWENTY SIX QUETZALES (Q.13,226.00).

EIGHTH: THE GOVERNMENT OF GUATEMALA AGREES TO PAY FOR ALL EXPENSES INCURRED BY CARE IN THE TRANSPORT OF ALL COMMODITIES WITHIN THE COUNTRY OF GUATEMALA. CARE ESTIMATES THESE EXPENSES AT TEN THOUSAND QUETZALES (Q.10,000.00).

NINTH: THE GOVERNMENT OF GUATEMALA AGREES TO COVER CARE'S EXPENSES IN THE AMOUNT INDICATED IN THE THREE PREVIOUS PARAGRAPHS AS FOLLOWS: THE SUM OF TWENTY THREE THOUSAND TWO HUNDRED TWENTY SIX QUETZALES (Q.23,226.00) WILL BE PAID TO CARE IN TWO INSTALLMENTS OF ELEVEN THOUSAND SIX HUNDRED THIRTEEN QUETZALES (Q.11,613.00) ON FEBRUARY 15, 1977 AND AUGUST 15, 1977, IN QUETZALES, THE LOCAL CURRENCY.

TENTH: AT THE CONCLUSION OF THE PROGRAM, CARE WILL SUBMIT A WRITTEN STATEMENT TO THE GOVERNMENT OF GUATEMALA OF THE COSTS INCURRED. IF UPON PRESENTATION OF THIS STATEMENT, THE COSTS EXCEED THE ESTIMATED AMOUNT, THE DIFFERENCE, WHICH CANNOT EXCEED TEN PER CENT OF THE TOTAL, WILL BE PAID TO CARE, IN SUCH MANNER AS CARE MAY PRESCRIBE. HOWEVER, IF THE COSTS TO CARE ARE LESS THAN THE PAYMENT TO CARE, THE BALANCE IN FAVOR OF THE GOVERNMENT OF GUATEMALA WILL BE REFUNDED BY CARE.

ELEVENTH: THE GOVERNMENT OF GUATEMALA AGREES THAT CARE WILL ARRANGE FOR THE SELECTION OF THE SHIPPING BROKERS FOR THE TRANSPORT OF THE COMMODITIES REFERRED TO IN THE PRESENT CONTRACT.

TWELFTH: CARE WILL TRANSFER THE COMMODITIES TO THE GOVERNMENT OF GUATEMALA AT THE END OF SHIP'S TACKLE, AT PORT OR PORTS OF GUATEMALA. THE GOVERNMENT OF GUATEMALA, FROM THEN ON, WILL BE ENTRUSTED WITH THE PHYSICAL DISTRIBUTION OF SAME IN GUATEMALA.

THE GOVERNMENT OF GUATEMALA WILL RETURN TO CARE ANY PART OF THE COMMODITIES THAT HAVE NOT YET BEEN CONSUMED AT THE DATE THE GOVERNMENT OF THE UNITED STATES REQUIRES FROM CARE ANY PART OF THE COMMODITIES MENTIONED IN THE AGREEMENT.

THIRTEENTH: IN ORDER TO ASSURE COMPLIANCE WITH THE LAW, REGULATIONS AND TERMS OF THE CONTRACT, AS WELL AS THE CONDITIONS UNDER WHICH CARE WILL SEEK TO OBTAIN THE COMMODITIES FROM THE UNITED STATES GOVERNMENT, THE GOVERNMENT OF GUATEMALA LAYS OUT THE FOLLOWING:

- A) THE COMMODITIES, WHEN ENTRUSTED TO THE GOVERNMENT OF GUATEMALA FOR DISTRIBUTION, WILL NOT BE SOLD, EXCHANGED OR DISPOSED OF, EXCEPT BY NON-COMMERCIAL DISTRIBUTION FREE OF COST TO NEEDY PERSONS IN GUATEMALA, IN ACCORDANCE WITH THE PROGRAM MUTUALLY ACCEPTED BETWEEN CARE AND THE GOVERNMENT OF GUATEMALA. FOR THIS PURPOSE, NEEDY PERSONS ARE THOSE INVOLVED IN THE PILOT AREAS OF INAFOR'S CONSERVATION PROJECT IN THE HIGHLANDS.
- B) THE GOVERNMENT OF GUATEMALA WILL PROVIDE, OR CAUSE TO BE PROVIDED, PROPER FACILITIES FOR THE HANDLING, STORAGE AND DISTRIBUTION OF THE COMMODITIES IN GUATEMALA, AND WILL ARRANGE FOR THE MAINTENANCE OF THE COMMODITIES IN GUATEMALA AT ALL TIMES,

UNDER GOOD STORAGE CONDITIONS, TO INSURE THE ULTIMATE DISTRIBUTION IN GOOD CONDITION TO THE NEEDY PEOPLE.

- c) THE PORT CHARGES AND TRANSPORTATION RENDERED BY INAFOR, STATE ENTITIES - AUTONOMOUS, SEMI-AUTONOMOUS OR DECENTRALIZED - WILL BE ABSORBED IN CONFORMANCE WITH ARTICLE III of CONGRESS DECREE NUMBER 16-69. IN NO EVENT CAN THESE EXPENSES BE CHARGED TO CARE.
- d) IN THE DISTRIBUTION OF THE COMMODITIES, THE GOVERNMENT OF GUATEMALA WILL TAKE THE NECESSARY STEPS TO ASSURE THAT THE RECIPIENTS WILL NOT DIMINISH THEIR NORMAL EXPENDITURES FOR FOOD BY REASON OF THE DONATION.
- e) THE DISTRIBUTION IN GUATEMALA WILL BE SUPERVISED BY UNITED STATES CITIZENS REPRESENTING CARE, WHO WILL RESIDE IN GUATEMALA WHILE THE PROGRAM OF DISTRIBUTION IS IN OPERATION.
- f) NO PART OF THE COMMODITIES AFTER THE DISTRIBUTION IN GUATEMALA WILL BE RE-IMPORTED INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, IN ANY FORM OR BY ANY PERSON.
- g) THE GOVERNMENT OF GUATEMALA WILL MAINTAIN ADEQUATE RECORDS OF DISTRIBUTION AND SUBMIT REPORTS AS REQUESTED BY CARE.
- h) THE GOVERNMENT OF GUATEMALA COMMITS ITSELF TO REIMBURSE CARE THE AMOUNT OF FUNDS CORRESPONDING TO LOSSES, PILFERAGE OR DAMAGES TO THE COMMODITIES THAT MAY RESULT THROUGH NEGLIGENT ACTION COMMITTED BY AGENTS OF SAME, OR BECAUSE PART OF THE COMMODITIES WERE USED FOR PURPOSES OTHER THAN THOSE PROGRAMMED IN THE AGREEMENT.

THE MINISTRY OF AGRICULTURE WILL BE RESPONSIBLE FOR LOSSES, PILFERAGE OR DAMAGES THAT MAY OCCUR TO THE COMMODITIES WHILE THESE ARE BEING TRANSPORTED IN THEIR VEHICLES OR STORED IN THEIR WAREHOUSES OR IN WAREHOUSES DESTINED AS DEPOTS, OR IN SYSTEMS OF TRANSPORTATION ASSOCIATED WITH THE GOVERNMENT. EXCEPTIONS WILL BE THOSE WHERE THE LOSSES OR DAMAGES OCCUR THROUGH CAUSES OF FORCE MAJEURE.

FOURTEENTH: THE PAYMENT OR ANY OTHER ECONOMIC ASPECT THAT THE GOVERNMENT OF GUATEMALA MUST EFFECT IN ACCORDANCE WITH THE PRESENT CONTRACT WILL BE MADE UNDER THE SUPERVISION OF THE GOVERNMENT'S ACCOUNTING DEPARTMENT.

FIFTEENTH: FOR THE EFFECTS OF THE PRESENT CONTRACT, CARE WILL ENJOY THE EXONERATIONS ESTABLISHED IN LEGISLATIVE DECREE NUMBER 16-69, OF APRIL 28, 1969, IN THE MANNER STATED IN THE SAME DECREE.

SIXTEENTH: FOR THE LEGAL EFFECTS, THE PRESENT CONTRACT WILL BE APPROVED BY GOVERNMENT DECREE.



IN FAITH OF WHICH, IT IS ACCEPTED, RATIFIED AND DULY SIGNED BY THOSE WHO INTERVENE:

DR. ROBERTO ZACHRISSON ASTURIAS
MINISTER OF AGRICULTURE

WILLIAM FREDERIC SALAS
MISSION DIRECTOR
CARE-GUATEMALA

LIC. JORGE LAMPORT ROCIL
MINISTER OF FINANCE

TRANSLATION OF THE GOVERNMENT OF GUATEMALA'S NUTRITION FEEDING POLICY4. Introduction

The nutritional survey held in the country in 1965 by INCAP and the Ministry of Public Health and Social Assistance confirmed the seriousness and magnitude of nutritional problems, the impact it has on the infantile death rate, morbidity and mortality in children, the working, physical and mental development and the health loss as basic associated and consequential factors. The nutrition problem must then be focused on two points of view: 1) as a social and human problem (good nutrition as a right); 2) as an economic problem (good nutrition as a development factor).

Studies of OAFICA and INCAP have demonstrated that with the tendency of growth for 1990 none of the actual Central American countries will have determined its nutritional problem as a consequence of a greater economic development. If we consider that several factors have affected in a negative manner this projection (dry season 72 - 73 and the crisis of energy 73 with the subsequent high cost of living) it is then necessary to adopt measures to obtain the improvement of nutrition without waiting for the country to reach a development level. It is the original and explicit concept of INCAP that this is not only necessary but is also feasible, as long as there is a decision to do it.

The Government recognizes its responsibilities to assure the welfare of the people, to plan the development of the nation and guarantee an efficient utilization of the limited resources, and the role of the same is defined in the coordination of the sectorial actions. Above everything, the Government should assign the resources to improve the nutrition within the several sectors and give the country the structures and instruments that will allow to put in practice the National Feeding and Nutrition Policy to take the corresponding decisions.

Definition

A Feeding and Nutritional National Policy is defined as

- an orderly and sound unit
- principle decisions of general character
- enunciated by the highest level of political decisions of the country
- based on a simplified model
- that leads to the development of coordinated actions and the creation of a favorable situation (legislation, motivation, etc.).
- engaging complementary resources necessary for its implementation and utilization to the maximum of the existing resources.

- to reach a quick improvement of the nutritional state of the people within the limits of preestablished time, between the national policy of social and economic development.

Objectives of a National Feeding and Nutrition Policy

General Objective

To reach a good nutritional state in all people.

In the special meeting of the Ministries of Health of America held at Santiago, Chile it is recognized that: The adequate nutritional status and the satisfaction of the demand of food is an inalienable right of the people and as a consequence this right is established as an objective, in itself aside from any consideration strictly economic and social development of a country.

Specific Objectives

To reach an adequate production and availability of food and nutrients for the population (for example, fulfilment of the law of basic grains).

To increase the effective demand and obtain the adequate consumption of food by all the population, especially in the vulnerable groups of the same.

To assure a good biological utilization of the food that the population consumes.

Contents of a Feeding and Nutritional Policy

In the formulation of a national feeding and nutritional policy (PNAM) 3 correlated elements must be considered: the supply, the demand and the biological utilization of food.

The following ~~are the~~ greater components of the above policy:

A. Relative policies to the food supply.

These policies consist in providing a production and availability of food (specific objective is number one of PNAM). The greater components of this policy are:

- a) The policy of production of storage, industrialization and trading of food and especially of basic grains.
- b) The enrichment of food and increase of its biological value, (to fortify sugar with vitamin A, maintenance of iodine in the salt and flour), to increase the national production of protein sources of high biological value.
- c) Policy of donation and foreign trade. (programs of feeding complementation and supplementation and exportation of industrialized food, taking into account the needs of the population, that have been satisfied previously).

- d) Policy for emergency cases (distribution of food, sale in popular sites, Banks of Incaparina, etc.).

B. Relative Policy of the demand of food

The production of food and its availability is an empty policy if there is no adequate legislation and the power of sale. This policy has as a purpose to assure a sufficient distribution and consumption of food in particular to the groups of people of lower income.

The components of this policy:

- a) Redistribution of income
- b) Stabilization of prices (minimum and maximum) of food. Policy of feeding protection with preference to groups of greater risk (feeding complementation)
- d) Nutritional education, orientation of consumer and propaganda control

C. Policy related to the utilization of food

To assure an adequate biological utilization of food and nutrients. Consists mainly in the prevention of infectious disease avoiding the losses of food because of poor utilization. Constituting of a very important aspect of the PNAM, which makes it more than a simple policy of feeding. These policies are:

- a) Control of infectious and contagious disease that can be prevented by vaccination.
- b) Control of infectious and parasitosis
- c) Hygiene and control of food
- d) Environmental sanitation
- e) Technology of food

Other necessary policies are:

Policy of investigation in several fields, in particular, nutrition public health and in science and technology of food.

Policy of installation of adequate structures-technical and administrative or improvement of those existing in order to:

Translate PNAM in a nutrition plan or in actions (incorporated programs to the different sectors).

To have available an adequate system of coordination and evaluation including the vigilance through the continuous compilation of informations.

Policy of human resources for the application of PNAM, for the investigation and for the specialized structures.

Is necessary to emphasize that it is not a technical solution nor a malnutrition problem, except in a political solution.

The technician must not only give way to the politician but also submit himself to the politician's decisions since it is his role to put himself at the service of PNAM. On the other hand, the technician (the one who plans, such as a nutritionist, economist, agronomist, etc.), is necessary

for the preparation and implementation of the PNAM.

It is important that in each stage of the national plan of social and economic development, that the sectorial actions as a result of the statement of PNAM, be clearly identified and enumerated pointing out the necessary instruments and resources. The execution of this work involves an uninterrupted dialogue between the planners, nutrition specialists, and the different sectors of Agriculture, Public Health, Education and Economy.

Extend the coverage in regulating the birth rate to 15% of the women in the fertile age.

To train professional and non professional personnel on the techniques of maternal attention, child and familiar planification.

To take a census of empirical obstetricians in all areas of health and to train them with short courses.

To develop complementary activities of nutrition with maximum utilization of the existent resources.

To adopt measures that lead to the improvement of nutrition without necessitating that the country reach a certain level of development.

To formulate and put in practice for a brief term a national feeding policy. To increase the production and availability of food to obtain the fulfilment of national necessities. To adopt complementary measures of enrichment of some nutrients, of utilization of foreign contributions, and the solution of emergency situations.

To study the problems of demand in relation with the entrance per-capita of population, with stabilization measures of prices, etc.

Complementary feeding to the groups under great risk. Fulfill extended program of nutrition education, with utilization of all the resources and in all levels.

Train professional personnel, auxiliary professional, and volunteers of the community. In the techniques and procedure of nutrition.

Mental Health
Dental Health
Doctor's Attention

Reorganize the division of doctor's attention complementary with the essential departments for the planning construction and maintainance of the hospitals and for the standardize of the doctor's attention activities.

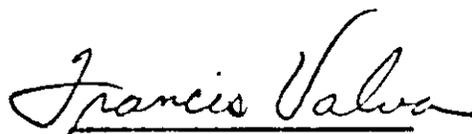
Increase the number of beds in 1,587 to maintain the index of 1.3 beds for 100 inhabitants.

CATHOLIC RELIEF SERVICES - USCC

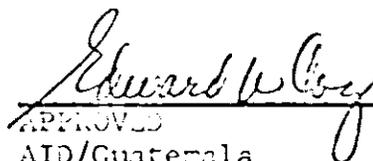
GUATEMALA PROGRAM

FISCAL YEAR 1977

PL 480 TITLE II PROGRAM PLAN



Francis Valva
Program Director



APPROVED
AID/Guatemala
Edward W. Coy
Director

PROGRAM PLAN OF OPERATIONTITLE II PROGRAM FY 1977**A. IDENTIFICATION****1. Distribution Agency**

Catholic Relief Services-USCC
Guatemala Program
Address: 11 Avenida 31-86, zona 5
Guatemala, C.A.

Date of Submission:

June 1, 1975

Program Director:

Francis V. Valva
American Citizen, full time
devoted to administration of
Title II Program.

Assistant Program Director:

Michael P. McCarthy
American Citizen, responsible
for program. Three-quarters
of time devoted to administration
of Title II program.

Inspector:

Aquiles Méndez
Guatemalan Citizen - Full-time
devoted to supervision and
administration of Title II program
and other relief supplies.

Dispatcher/Statistician

Carlos Fernández
Guatemalan Citizen. Devotes
three-quarters of time to
processing shipping documents and
maintains statistical records.

Secretary

Miss Patricia Ardón
Guatemalan Citizen. Handles all
correspondence related to the
Title II program.

2. Catholic Relief Services-USCC Regional Medical and Public Health Office

Medical and Public Health
Consultant

Dr. Frances Rothert M.D., N.P.H.
American Citizen. Devotes full-
time to administration and superv-
ision of Regional Nutrition Education
Program in Mexico, Central America,
Panama and the Caribbean.

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3. Counterpart Agency

Caritas of Guatemala
11 Avenida 31-86, zona 5
Guatemala, C.A.

Board of Directors:

Guatemalan citizens
committed to the policy and
administrative decisions of
Caritas.

Manager:

Lic. Carlos Ruiz
Guatemalan Citizen. Three-quarters
of time devoted to the administ-
ration of the Title II program.

Nutrition Educator:

Lic. Dora Beckley. Guatemalan
Citizen. Full-time devoted
to development of nutrition
education programs.

Head of Distributions

René Higueros
Guatemalan Citizen. Devotes full-
time to the administration of the
Title II Program.

Supervisor/Statistician

Fernando Soto
Guatemalan Citizen. Devotes full-
time to supervision of Title II
programs and statistical control.

Secretary

Lucrecia de Pinzón
Guatemalan Citizen. Handles all
correspondence related to the
Title II Program for Caritas.

B. AGENCY AGREEMENTS

1. Catholic Relief Services operates in Guatemala under the terms of Supreme Decree 1770 signed by the President of Guatemala on June 26, 1968. There also exists an agreement between Catholic Relief Services and Caritas of Guatemala which was signed on November 30, 1966 and which continues in effect.
2. Basic support for the Supreme Decree and the inter-agency agreement is contained in the Government-to-Government agreement signed between U.S. Ambassador, John E. Peurifoy and Guatemalan Minister of Foreign Affairs, Dr. C. Salazar, on September 1st., 1954.

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3. As stated above under No. 1, a formal agreement does not exist between the voluntary agency and the Guatemalan Government, but CRS operates under a Supreme Decree which fulfills all the conditions required under existing AID regulations.

C. AREA, SCOPE AND CONDITIONS OF OPERATIONS

1. The PL 480 Title II Program operated by Catholic Relief Services in Guatemala is countrywide.
2. After importation and customs clearance, Title II foods are transferred from ports of entry directly to Caritas warehouses throughout the country. The presently established regional warehouses are located in Nahualá, Quezaltenango, Huehuetenango, San Marcos, El Quiché and Guatemala City. Additional warehouses may be established in other points as needed. Distribution centers obtain monthly supplies from the warehouse most accessible to them. Distribution is then carried out from the center directly to the beneficiaries registered at the center. Categories of recipients are as follows:

<u>AER DESCRIPTION</u>	<u>FY 77</u>	<u>BENEFICIARIES</u>
Maternal/Child Welfare (Dry Distribution)		46,000
Maternal/Child Welfare (Prepared Distribution)		31,000
Other child feeding		1,000
Economic/Community Development (workers)		3,000
Economic/Community Development (Dependents)		<u>12,000</u>
	TOTAL BENEFICIARIES....	<u>93,000</u>

3. The Government of Guatemala, under the terms of Decree 1770, provides duty-free entry of all Title II foods and other relief supplies and equipment imported by Catholic Relief Services. Under the same Decree CRS also enjoys liberation of port handling and wharfage charges for Title II foods at the Port of Champerico and Santo Tomás de Castilla. There are no other conditions established by the Government of Guatemala with relation to the storage, transportation, distribution or utilization of the commodities.
4. Catholic Relief Services maintain contact with representatives of CARE and WFP both directly and through the USAID/Guatemala Food for Freedom Office in order to avoid duplication of distributions and inequities in rates of distribution.

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As both CRS/Caritas and CARE have MCW and FFW programs there is a possibility for duplication of distributions in these categories. To avoid this, CRS/Caritas and CARE are presently exchanging distribution lists. Relationship with WFP is adequate and at the moment, WFP's Project # 533, a food-for-work program, is supporting the Mobile Agriculture Schools of the Ministry of Agriculture with WFP commodities. Close contact has been maintained with USAID/Guatemala, WFP, and with the coordinator of the Mobile School program to avoid duplication and other transitional problems.

D. CONTROL AND RECEIPTING-RECORDS PROCEDURE AND AUDITS

1. Upon receipt of shipping documents, Caritas prepares its plan of distribution of the commodities received based on information supplied by Catholic Relief Services. The transportation companies are furnished with a copy of the distribution plan, and trucks are dispatched to the port to withdraw the quantities assigned to each warehouse. The regional warehouses are informed of the quantities assigned to them from a particular shipment.

As the commodities are received, receipts indicating the date of delivery, the truck and driver, type and amount of the commodity received, conditions of arrival and other pertinent information are prepared. These receipts should coincide with the customs receipt which the truck driver presents upon arrival at the warehouse. Once the truck has been unloaded and the commodities counted any differences are noted on the warehouse receipt which the truck driver and the warehouseman must sign. If any containers are broken upon delivery, the loss is noted in pounds on the receipts. The warehouseman gives the truck driver the original and one signed copy of the receipt to be returned to the Caritas office in Guatemala City, while a third copy is forwarded to Caritas. A fourth copy is retained for the files of the regional warehouse.

The distribution center obtains its monthly (or quarterly) assignment of foods by delivering the original and two copies of its monthly inventory form plus a monthly financial report form to the regional warehouse. When these forms are properly presented, the regional warehouseman then prepares a receipt, original and three copies, to cover the quantity delivered to the center. One copy is retained by the regional warehouse, one copy is given to the representative of the distribution center, and the original plus one copy is forwarded to the National Caritas office with the monthly warehouse report. Monthly financial reports are only required from those centers which are receiving contributions from the beneficiaries, or which have received an income from the sale of containers.

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Records are kept at distribution centers, regional warehouses and at the National Caritas office. Catholic Relief Services receives copies of all records and maintains all documents in the Guatemala office files. These documents and all documents held at Caritas offices and distribution centers, are always available for inspection by authorized U.S. Government personnel. Documents are available for a minimum of a three year period.

2.

- (a) Independent surveys, Port Authority certificates and outturn reports, are given by the steamship company or its agent to Catholic Relief Services/Guatemala, upon the delivery of each shipment of commodities to a port. The outturn reports indicate short-loadings and damage chargeable to the vessel. The Pacific ports do not have piers; vessels are unloaded at a distance of about one mile from shore. Launches move the foods from the vessel to the docks where delivery is made to the customs and port authorities.

Copies of the outturn reports and independent surveys are sent to Catholic Relief Services/New York together with the original certificate of Duty-Free Entry. These documents are used to pursue a claim against the vessel if there are grounds for a claim.

- (b) The Customs authorities deliver shipments to truck drivers against a signed receipt by the truck driver stating the condition of delivery from port. When the truck driver delivers a shipment to a Caritas regional warehouse, the regional warehouseman notes any exceptions on the delivery receipts. If a loss or shortage should occur in the port, Catholic Relief Services files a claim against the Customs. A copy of the claim is filed with the Food for Peace Office. Money collected is turned over to the U.S. Disbursing Officer in accordance with provisions of Section 211.9 (h) of AID Regulations 11.

- (c) Losses which occur in the process of transportation between port and warehouses are charged to the transportation companies, by Caritas of Guatemala. Catholic Relief Services files the loss against Caritas and a report is also filed with the Food for Peace Officer. When the money is collected from Caritas, it is turned over to Catholic Relief Services, which in turn deposits it with the U.S. Disbursing Officer in the manner prescribed above.

Losses which take place either in the warehouses or in the process of distribution are charged to Caritas if such losses are found to be the result of lack of adequate control or the failure to exercise responsibilities under the existing agreements. Funds collected from Caritas against such claims are also turned over to the U.S. Disbursing Officer as stated above.

E. PORT FACILITIES - PRACTICES

1. Off-loading facilities are adequate to handle the foods needed to put the program plan into operation.
2. Duty-free entry procedures do not present any special problem.
3. The Guatemalan Government places no restrictions on the inspections of survey of shipments arriving at ports.
4. Port charges are absorbed by the Guatemalan Government at the National ports of Champerico and Santo Tomás de Castilla.

F. STORAGE FACILITIES

1. The established regional warehouses have generally provided guarantee of safety and good storage of the Title II foods. In some cases the warehouses are not large enough to contain quarterly assignments of all the foods at one time, but this is partly solved by making more frequent distributions to centers. Generally pallets are used underneath the bagged foods. Precautions are taken against infestation by periodic spraying or the use of non-toxic insecticides. The warehousemen in charge of regional warehouses have been given a course in proper handling and storage methods in order to upgrade their knowledge.
2. Acceptable storage facilities are not always available at the level of the distribution centers. CES inspectors are, however, encouraging Caritas centers to obtain the safest and cleanest storage facilities available, but lack of funds prevents the use of better storage space in some cases. Centers with inadequate facilities are suspended until they can obtain satisfactory space. The problems of storage are generally limited to a reduced number of centers, so it is not a nation-wide problem.
3. The distribution agency does retain control over foods in storage either in regional warehouses or at the distribution center level. The agreement between CES and Caritas provides for permanent access to records pertaining to the operation of all storage facilities.

G. INLAND TRANSPORTATION

1. Truck transportation is used in every movement of Title II foods from ports of entry to regional warehouses. From regional warehouses to distribution centers trucks are used in the majority of cases. Alternately, the priests or other persons operating a distribution center, will utilize their own vehicles to carry foods from a regional warehouse to a distribution center. Railroad transportation is not used.

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2. The main problems of inland transportation are related to the cost of transportation from warehouses to centers. The transportation process itself does not offer any particular problem other than occasional interruptions of roads during the rainy season. The problem of financing the trucking from warehouses to centers is always present. The cost must be born by the centers but some centers are unable to meet this obligations and must withdraw from the program for that reason. The Guatemalan Government covers transportation expenses to the regional warehouses. After that point, the centers must find their own resources. Some centers are many hours away from the nearest warehouse, often over difficult roads which may become impassable during the rainy season, and the cost is generally very high.

H. PROCESSING-REPROCESSING-REPACKING

At the present time CPS is not processing Title II foods with local products. However, a plan is presently under study to utilize PL 400 whole Grain corn to process INCAPARINA which would be subsidized by the GOG and made available to PL 400 recipients.

I. FINANCING

The Guatemalan Government pays the cost of transportation of Title II foods from ports to regional warehouses. In addition to covering the interior transportation costs to regional warehouses, the Guatemalan Government gives Caritas a monthly subsidy of \$2,000 (US\$) which covers the cost of warehouse rent in Guatemala City, plus salaries and administrative expenses of people directly involved in the food distribution and education programs in the National Caritas office.

Empty containers are generally donated by a distribution center to the beneficiaries or used by the center for a daily operation. Very little is derived nationally from the sale of containers.

J. ACCEPTABILITY OF AVAILABLE FOODS-- COMPARISON OF FOOD REACTION TESTS

1. Title II foods have been distributed in Guatemala during the past twelve years. The beneficiaries have become accustomed to blended foods. The other foods requested in the FY 1977 program are familiar foods in the Guatemalan diet, although not always within the economic means of the

people to receive on a regular basis. These include rolled oats, wheat flour and vegetable oil. The seminars and courses provided by the Program Nutrition Educator have served to increase the acceptability of the Title II foods as well as to introduce or encourage the use of local foods in the normal daily diet. The Nutrition Educator has done an excellent job in introducing new methods of utilizing Title II foods. The courses serve to teach the mothers of pre-school aged children the importance of a well-balanced diet in the development of a healthy child.

Past experience has taught that in the most needy cases, the feeding programs are not substitutional for meals the children would have had at home. CRS has spent several years assessing the value of feeding programs in Latin America and Africa. The findings and conclusions of clinical case studies are found in "Central American Regional Training Program for Workers in Preschool Feeding Programs." Regional Medical and Public Health Office, CRS, Guatemala, 1972.

Too little time has elapsed to expect behavioral changes to be seen in the eating habits of recipients of PL 480. Cultural habits, economic possibilities, social customs etc. all affect the improvement of nutrition practices of low income and educational groups. For example, we have motivated people to drink milk over the years, or to eat cheese. These products are economically out of the reach of the poor recipients. Therefore, habits created by PL 480 cannot be meaningfully measured at this time on a supply and demand basis without taking into account cultural and economical factors. Again, past knowledge has shown that years of training are necessary (possibly generations) to change behavioral habits of a population. Concentrated efforts in target areas are being made and sporadic changes can be seen in the eating habits of the recipients. Great emphasis is being placed on home production and consumption of vegetables. Mass media for nutrition education is being used through radio programs, filmstrips and motion pictures.

2. Title II foods will not be exchanged for locally substitutable foods.
3. Food requirements are estimated based on the study of the intake of foods by families, both rural and urban, which the Institute of Nutrition for Central American and Panama (INCAP) recently published. The most important factor is that the intake of protein by the population is low, and the Title II foods are generally high in protein.

There are several problems of malnutrition in Guatemala. Among these problems the one that is most significant in importance is the protein-caloric malnutrition.

The population in Guatemala on July 1st., 1970 was ascertained to be 5,333,000 inhabitants, of which 49% were males and 51% females, according to the Anuario Centroamericano de Estadísticas de Salud 1970, OCECA. The population is primarily in the rural area (66.3%). The major group of the population are children under 4 years of age, 18.2%.

Because of their characteristics of growth, children have high nutritional requirements, thus they are more susceptible to malnutrition. This in turn adds to the risk and intensity of infection, that can increase death among malnourished children.

The clinical and nutritional survey made in Guatemala by INCAP proved that in the population of children under 5 years of age, the percentage of malnourished children is:

(According to Dr. Gómez classification, which compares the children's weight with his age, and calls them Normal, Grade I, Grade II, Grade III)

	28	% are normal children
	45	% Grade I
72.0%	23.5	% Grade II
	3.5	% Grade III

If we apply these percentages to CV 77 current population projections, we will find that the number of children under 5 years of age is:

296,751	Normal	
476,917	Grade I	
249,058	Grade II	thus, 763,061 have some degrees of
37,094	Grade III	malnutrition.
<u>1,059,815</u>		

The clinical and nutritional survey held by INCAP also shows that 1.9% of the children under 5 years of age have kwashiorkor or marasmus; which gives us a total of 20,137 children that have serious malnutrition. This total could be increased if preventive measures are not taken.

Calories and Proteins Provided to the Target Groups:
FY 1977 proposed rations.

CALORIES FROM THE RATIONS GIVEN TO THE BENEFICIARIES

GROUP	Daily re-commend-ation	Daily Rations										Tot. Cal.	% Cal. Rec. ca
		WSB		CSB		Oats		Wheat Flour		Oil			
		g.	cal.	g.	cal.	g.	cal.	g.	cal.	g.	cal.		
Pregnant	2200	45	164	45	168	22	83	22	80	22	198	693	31.5%
Lactating mothers	3000	45	164	45	168	22	83	22	80	22	198	693	23.1%
1 year	1100	45	164	45	168	22	83	22	80	22	198	693	63.0%
2 years	1250	45	164	45	168	22	83	22	80	22	198	693	55.4%
3 years	1400	45	164	45	168	22	83	22	80	22	198	693	49.5%
4-6 years	1600	45	164	45	168	22	83	22	80	22	198	693	43.9%

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PROTEINS FROM THE RATIONS GIVEN TO THE BENEFICIARIES

GROUP	Daily re- commenda- tion	Daily Rations										Total g. of Prot.	% Port. Rat. Rec. P.
		WSB		CSB		Oats		Wheat Flour		Oil			
		g.	P.	g.	P.	g.	P.	g.	P.	g.	P.		
Pregnant	75	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	32.8%
Lactating Mothers	90	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	27.3%
1 year	20	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	123.0%
2 years	25	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	98.4%
3 years	27	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	91.1%
4-6 years	30	45	9.6	45	8.2	22	4.5	22	2.3	22	0.0	24.6	82.0%

NOTE:

The charts have utilized the following criterion:

- Nutritional recommendations of INCAP, revised in 1969.
 - Months of 20 days (4 weeks of five days)
 - One pound equals 450 grams.
 - The values of the calories and grams of WSB, CSB and Wheat Flour have been obtained from the publication "Nutritive Values of Food Distributed under USDA Food Assistance Programs," published in the American Dietetic Journal, Volume 59, Dec., 1970.
 - The value of rolled oats was obtained from publications of Quaker Oats Co.
 - The value of the calories of the vegetable oil is considered 9 calories for each gram (the normal for fats).
 - The last column compares the recommended daily intakes with the actual amounts supplied by the program rations.
- a. In the Maternal/Pre-school category there is a total of 77,000 beneficiaries. All beneficiaries will receive WSB at the rate of 2.0 lbs. per person per month, rolled oats at the rate of 1.0 lbs. and CSB at the rate of 2.0 lbs. We are including wheat flour at 1.0 lbs. and vegetable oil at 1 lb. for all beneficiaries. Consultation with the CRS Regional Nutrition Advisors highly recommend that Vegetable Oil and Flour be made available to all MCH recipients. The type of distribution does not change the nutritional needs of the target groups. Distribution difficulties are overcome in order to obtain nutritional benefits to the recipients.

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It is within the administrative capabilities of CRS/Caritas to reach the desired AEF goal of 77,000 MCH participants. Since this is a priority category and since Guatemala has the highest child death rate in Central America it is believed that the 77,000 recipient figure should be maintained. With a 763,000 malnourished preschool age population in Guatemala, it is sound both from a nutritional and development point of view to set targets a little higher than past performances.

2. One thousand children in orphanages will be given the following rations during the coming fiscal year:

(lbs. per month per person)

Polled Oats	C.S.B.	A.P. Flour	Vegetable Oil
1.0	2.0	1.0	1.0

These beneficiaries are attended on a thirty day per month basis. The programming is maintained at 12 months.

3. Under the category of Economic and Community Development (Economic Development for Work) we propose the following monthly rations in pounds per month based on an average of 10 days work.

	Polled Oats	Vegetable Oil	A.F. Flour	C.S.B.
Workers	2.0	.5	3.0	3.0
Dependents	2.0	.5	3.0	3.0

This ration includes the worker plus four dependents (Ref. AID M.C. 1571.1 Sec. IV, dated January 24, 1972). In keeping with AID/Washington's Title II priorities our ECD program which is designed "to promote economic and community development," has been accorded a high priority for the FY 1977 program together with Maternal/Child Welfare.

Dr. Phillips Church, an agricultural economist attached to the USAID mission in Guatemala, did an evaluation of a sample of farm-to-market road construction projects which receive Title II commodities through Caritas/CRS in Guatemala. Among the observations made by Dr. Church are the following:

1. All the projects studied were economically feasible.
2. In all but two cases, the amount of local resources mobilized was equal to or greater than one to one and in 50% of the cases was greater than 1 to 3. (For every dollar of Title II commodities invested in the project at least one dollar in local resources i.e. labor, materials, tools, etc. was mobilized).
3. Title II commodities were directly responsible for this resources mobilization.
4. In terms of non-economically measurable effects these are very high impact micro-projects. Such factors as regular visits by doctors, agricultural extension workers, and the social integration of the community into the rest of nation were mentioned as examples.

5. The feasibility of a road project, for example, is best indicated by the willingness of the beneficiaries to carry it out as they know best if expected benefits will justify their efforts.

In addition to the micro-projects importance to the local community these projects should also be thought of as extenders and multipliers for monies being invested by USAID and others in the CCG Five-Year Rural Development Plan. As Dr. Church has pointed out a small feeder road project not only facilitates movement by community members but also by outsiders who can offer the community goods and services which were not previously available. For example, the agricultural extension agent trained as part of the Five-Year Development Program will be able to reach these communities more easily and more frequently while the campesinos will also have greater accessibility to the techniques and resources these extensionists and mobile schools will be promoting.

In reviewing the draft of the Recipient Status Report for June 30, 1975, CRS will attend an estimated 13,700 beneficiaries in the FFW category. Given the fact that the program administration and surveillance have improved during the year and the fact that food-for-work is a priority program which is showing both tangible and intangible results in Guatemala, we are requesting that the beneficiary level in this category be increased to 15,000 beneficiaries (3,000 workers and 12,000 dependents), some 1.9 million man hours yearly.

K. PROGRAM PUBLICITY

1. Each warehouse and distribution center is furnished with a poster measuring 27" X 39", on which is printed the legend "For a Stronger and Healthier Guatemala," Caritas and Catholic Relief Services sponsor programs of Maternal/Child Welfare, Health and Nutrition, and Community Development with the assistance of the People of the United States of America." The Alliance for Progress seal is prominently displayed on the poster. Individual beneficiary identification cards also bear the seal of the Alliance for Progress as well as identifying the foods as a donation of the people and government of the United States of America and state that the foods are not to be sold or exchanged.
2. News media publicity has been given to nutrition education course in which Title II foods are used as an "educational tool" as well as a means of upgrading the nutrition level of the children. This type of presentation encounters a positive reaction among public opinion makers. The number of courses and seminars carried out in various parts of Guatemala offer many opportunities for interesting articles and news items.
3. Complete instructions and materials for the proper management of a PL 480 food program are made available to all distribution centers. Educational materials and food demonstrations are also an integral part of program implementation.

L. ESTIMATE OF PROGRAM DURATION

It is not yet possible to predict a time when that child's nutritional problems will be solved. It is estimated that the program will be continued for 7 to 10 years. Any phase down of the food service component of the program would have to come from the most critical areas of the CRS/Caritas centers. According to the Title II Guidelines, top priority is given to CRS children by Food For Work proposals with least priority given to general population. Of the total 95,000 projected beneficiaries of the CRS/Caritas program in the program, a total of 78,000 are involved in the highest priority areas of the program, with the remaining 15,000 involved in the second priority areas of the program. Any cutbacks now will have to come from these other areas of the program.

The GOG has shown some intent of adopting the responsibilities with the INCAPARINA Project. With a strong leadership center within Caritas both nationally and locally for more coordination and sharing of resources and more tactful development of program activities, any elimination of program elements would prove to be retarding.

Furthermore, as a primary input into the experimental project involving the promoters of CAPS, the participation of the beneficiaries of the Caritas centers in the administration and financing of program activities is being stressed. Responsibilities of people to themselves, their families and their communities are being emphasized.

The value of such self-help would serve as a tremendous educational tool as well. Once people realize the forces they themselves possess in group action they will discover that their range of influence is greater than just within the boundaries of the Caritas structured center. The community will offer to them the challenges to interact as a united front against their specific local problems once they themselves have declared what their necessities and needs are lacking. It offers possibilities as endless as the people's energies permit. It is the creation of such healthy forces that CRS/Caritas are encouraging.

CRS and Caritas are in constant search of new ways to increase local inputs. The formation of regional committees as well as the yearly fundraising activities are effective means in obtaining the private sectors participation and support of the program. Local contributions in manpower, materials, transportation and technical assistance are significant.

II PLAN OF OPERATION FOR SPECIFIC PROGRAM

A. MATERNAL CHILD HEALTH

Pregnant and lactating mothers and preschool aged children will receive supplementary food in nutrition/health centers both in the prepared and bulk form. CRS with the cooperation of Caritas, INCAP, Lexdier University and other organizations implements a nutrition education component to the program by use of weight charts, courses and food demonstrations. Local leaders and recipients will be instructed by Social Promoters, Public Health experts, Nutritionists and Religious in the proper use of foods (both PL 400 and local), hygiene, child care and program administration. Visual aids, projectors, recipe booklets, weight charts, scales and other materials are supplied by CRS. Two end-use checkers constantly inspect ongoing projects to insure proper administration and control. Testings and evaluations are made periodically to assure effectiveness.

B. OTHER CHILD FEEDING

All recipients in this category are in orphanages and participate in the program through their respective institutions. Foods are made available by the regional warehouses directly to the orphanage.

C. ECONOMIC/COMMUNITY DEVELOPMENT

Priority is given to projects related to the National Development Plan which is aimed at increased local production, technification, communications, marketing, etc. Food for Work projects are approved as an incentive towards utilizing unemployed and/or underemployed labor forces towards obtaining national objectives and other community development endeavors. Projects are presented by organizations and groups for study and evaluation by CRS/Caritas. If necessary, detailed meetings are held to coordinate activities with other governmental or international agencies. If deemed feasible the project is approved and foods are obtained from the nearest regional warehouse. Onsite inspections are carried out to evaluate project goals and completion. Educational inputs are an integral part of FFW projects, either through the Mobile Schools, capacitation centers or Leadership Training courses.

III CONTRIBUTIONS TO PROGRAM

With the change in emphasis of the Title II program to nutritional input at MCH centers and the FFW categories there has been a considerable phase-up in financial inputs. Percentage wise the greatest increase has been at the local level while contributions from other indigenous institutions both private and public have also risen.

During the past three years the contribution of the FFW has averaged \$8,000. This includes a monthly subsidy for Caritas and internal transportation.

Caritas/CRS at the national level expend another \$25,000 from private sources for administrative expenses. At the regional level the amount of expenditures involved is very difficult to calculate as it is controlled by individual regional committees. However, it is estimated that \$10,000 is expended. This includes the value of the warehouses, salaries for warehousemen, handling and incidentals.

At the local level, or from the regional warehouses to the beneficiaries, is where the greatest increase in input has occurred. In the MCH prepared distribution centers alone there has been a sharp increase during the past year in local contributions. FFW, the other major category in the program, has also demonstrated a high propensity for local resource investment and mobilization. (See Dr. Church's evaluation). A calculated \$300,000 is contributed.

Professional volunteer services such as priests, lawyers, doctors, committee members, board of directors, etc. is estimated at contributing some \$110,000 annually.

Estimated Total Cost of PL 480	\$ 1,117,900	CCC value
Estimated Equivalent Dollar Value of National	168,000	CCC-CRS-CARITAS
Regional and Local Contributions	<u>520,000</u>	Man hours, Transportation, Materials and Technical Assistance.
TOTAL PROGRAM	US\$ <u>1,805,900</u>	

STATISTICAL SUPPLEMENT
FOR
VOLUNTARY AGENCIES AND INTERGOVERNMENTAL ORGANIZATIONS
FY 1977 TITLE II PROGRAMS

I. Maternal/Child Health

A. Number of mothers participating	<u>15,400</u>
B. Number of children participating (age 5 and under)	<u>61,600</u>
C. Number of persons served prepared foods through health clinics and nutritional education centers.	<u>30,800</u>
D. Number of persons served bulk commodities for home consumption through distribution centers.	<u>44,200</u>

II. School Feeding

Number of participants in:

A. Primary Schools

1. Public _____.
2. Private _____.

B. Secondary Schools

1. Public _____.
2. Private _____.

C. Boarding Schools

1. Public _____.
2. Private _____.

III. Other Child Feeding (Preschool and School Age)

Orphanages - 1,000

IV. Family Planning

None.

ATTACHMENT C TO AID CIRC. A-253
ATTACHMENT D TO AID CIRC. A

PL 480 Title II FY 71
GENERAL INSTRUCTIONS

GUATEMALA
(Country)

- 1.) List pounds, dollars and recipients in thousands. Carry recipient data to one decimal place i.e. 10,138 equals 10.1
- 2.) Volag information is basically the same as that contained in lines 1 - 3 of an Annual Estimate of Requirements (AER).
- 3.) To estimate dollar values use CCC prices in W 76 guidelines (State O39119 dated Feb. 21, 1975).
- 4.) Provide the following data for each individual sponsor, e.g., I. CARE, II, CRS and III. Government to Government.

I. Sponsor's Name CATHOLIC RELIEF SERVICES-USCC

A. Maternal and Child Health.....Total Recipients 77

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(thousands)</u>	
		<u>Pounds</u>	<u>Dollars</u>
<u>77</u>	<u>WSB</u>	<u>1,848</u>	<u>207.3</u>
<u>77</u>	<u>Veg. Oil</u>	<u>924</u>	<u>323.4</u>
<u>77</u>	<u>CSB</u>	<u>1,848</u>	<u>208.5</u>
<u>77</u>	<u>Rollod Oats</u>	<u>924</u>	<u>85.7</u>
<u>77</u>	<u>A.P. Flour</u>	<u>924</u>	<u>98.7</u>
<u>Total MCH</u>			<u>924.6</u>

B. School feeding ...N/A..... Total Recipients NONE

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(thousands)</u>	
		<u>Pounds</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ATTACHMENT 6 TO AID TO CIRC. A - 253
ATTACHMENT 1 TO AID TO CIRC. A

Total School Feeding

C. Other Child Feeding Total Recipients 1

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>Pounds</u>	<u>Dollars</u>
<u>1</u>	<u>Veg. Oil</u>	<u>12</u>	<u>4.2</u>
<u>1</u>	<u>CSB</u>	<u>24</u>	<u>2.7</u>
<u>1</u>	<u>Rolled Oats</u>	<u>12</u>	<u>1.2</u>
<u>1</u>	<u>A.P. Flour</u>	<u>12</u>	<u>1.3</u>
<u>Total Other Child Feeding</u>		<u>60</u>	<u>9.4</u>

D. Food for Work Total Recipients 15

<u>No. of Recipients By Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>Pounds</u>	<u>Dollars</u>
<u>15</u>	<u>Veg. Oil</u>	<u>90</u>	<u>31.5</u>
<u>15</u>	<u>CSB</u>	<u>540</u>	<u>60.9</u>
<u>15</u>	<u>Rolled Oats</u>	<u>360</u>	<u>33.8</u>
<u>15</u>	<u>A.P. Flour</u>	<u>540</u>	<u>57.7</u>
<u>Total FFW</u>		<u>1,530</u>	<u>183.9</u>

E. Other (Specify N/A) Total Recipients NONE

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other</u>		_____	_____

Multi-Year Planning Strategy

I Background Analysis

In Guatemala, several national nutrition surveys have been undertaken in recent years. A great part of the following information has been obtained from the Institute of Nutrition for Central America and Panama, INCAP. In 1965, INCAP made a complete nutritional evaluation and published the results, data and analysis in 1969. Other studies were also realized by INCAP in rural areas and specific communities. These studies have the basic aims of investigations and evaluations as well as the aim of education. Such studies are made yearly as part of the INCAP training program.

Catholic Relief Services in 1969 and 1970 made a more specific clinical study of preschool age recipients in the PL 480 Food Distribution Program in five (5) Central American Countries, including Guatemala. For complete data and analysis the following surveys should be studied:

- Evaluación Nutricional de la Población de Centro América y Panamá, Guatemala, INCAP, ICMD, Ministerio de Salud Pública, 1969.
- Central American Regional Training Program for Workers in Preschool Feeding Programs. Catholic Relief Services-USCC. Regional Medical and Public Health Office. Guatemala, 1972.

The 1965 survey evaluated 800 families from 40 communities of which 39 were rural communities and Guatemala City was used as a representative for the urban population.

The nutritional problems most encountered for infants, pre-school children and children of primary school age were:

- Protein-calories malnutrition
- Vitamin A deficiency
- Riboflavin "
- Iron "

Among pregnant and lactating mothers there also existed a low intake of good quality proteins and calories and deficiencies in Vitamin A. In addition, severe degrees of nutritional anemia were discovered due to low iron intake. In the rural areas this problem is worse than in the urban ones. This was further aggravated by infections and intestinal parasites in the rural samples. The study realized by CRS, evaluating children between six (6) months and five (5) years of age of the rural areas, of low income families, revealed marked deficiencies in calories, iron and Vitamin A. Also, deficiencies of Vitamin C and riboflavin and a poor availability of foods containing these nutrients were discovered.

The major nutritional deficiencies revealed in the studies made by INCAP were:

- Protein-calorie Malnutrition: Of the children under five years of age 1.9% suffer from KWASHIORKOR or MARASMUS, and 72% of the children suffer some grade of malnutrition. CRS discovered only 27% of the children had sufficient calorie intake.
- Vitamin A: Biochemical and dietetic studies have demonstrated this deficiency. Also, in certain areas, a large incidence of lesions have been attributed to Vitamin A deficiencies. Such deficiencies may lead to blindness.
- Riboflavin deficiencies: The studies revealed low biochemical levels of riboflavin, and clinical evidences of deficiency such as lesions in the angles of the eyelids, lesions in the corners of the mouth, seborrea of the nose and upper lip and the smoothness of the tongue.
- Nutritional Anemia: Attributed to iron deficiencies affecting pregnant, lactating and young women principally, and in children less than 3 years of age. This existed in the rural areas as much as the urban zones. There also was discovered deficiencies in folates which are as serious as iron deficiencies.

The research was done by INCAP in 1965 and presented findings in agreement with the studies later made by CRS in 1969 and 1970.

CRS research was done by sampling new preschool age recipients of the PL 480 food programs in 1969 and by measuring their nutritional and health conditions again in 1970 after one year including nutrition education. The CRS studies show that there were indications of improvements among the children studied, especially among those who had remained on the supplementary food program, but that dietary deficiencies, especially in calories, remained among many children.

II Food Situation

SIECA and CAFICA are two institutions which collect data concerning the availability of foods, based on the data the General Statistic Departments compile each year.

The availability of foods in Guatemala in 1970, according to studies made by SIECA, is expressed in per capita terminology. It is determined by combining the total domestic production with any importations, less total exportations and losses.

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The following are the results based on present population figures:

- Daily availability of calories per capita: 2025 calories; the great majority from carbohydrates.
- Daily availability of fats per capita: 37.5 grams; of which contribute only about 323 of the total calories intake.
- Daily availability of protein per capita in 1970: 37.5 grams; of this figure, 12.1 grams are of animal protein and are supplied by the following sources:

Meat	5.9 grams
Eggs	1.5
Milk	
products	4.5
Fish	<u>0.2</u>
TOTAL	12.1 grams.

INCAP research revealed that although protein intake was more or less sufficient, the quality of the protein consumed was not utilized effectively by the people. Taking protein quality into account, the majority of the population consumed only between 5 and 15 grams of animal protein (the highest quality protein) daily per person. In protein distribution within family circles, preschool children (especially in rural areas) received smaller quantities of the high quality protein. With respect to calorie intake, 34.5% of the rural families were consuming far below their required daily needs.

- Per Capita Daily Consumption of Calories & Proteins in 1965

<u>Population</u>	<u>Calories</u>	<u>Proteins</u>	
		Animal gr.	Total gr.
Rural	1,994	14.2	60.4
Urban	2,065	26.0	66.0

Source: Resume of Chart No. 55: Daily Consumption of Proteins and Calories and Nutrients per person. Nutritional Evaluation of Populations of Central America and Panama.

Guatemala, UNICEF 1969

Although these figures are from different sources, there was apparently an actual decrease in the per capita availability of protein foods between 1965 and 1970.

III GOG Planning Policy

The GOG has placed priority emphasis, as has AID/G, in the Five Year National Development Plan. Although a specific national nutrition strategy has not been implicitly spelled out as part of the National Development Plan, certain government laws and policies are in effect bringing one to maturity. Regulatory measures are being enforced for the following:

- 1) Fortification of Sugar with vitamin A.
- 2) Government purchase and subsidized sale of basic grains.
- 3) Price stabilization of basic food commodities.
- 4) GOG subsidized sale of fertilizers.
- 5) A 10% utilization of all productive land for the planting of basic grains.
- 6) Long term, low interest agricultural loans.
- 7) Exportation control of basic grains, meats, sugar, etc.
- 8) Experimentations with high yield, lysene grains.
- 9) Supplementary feeding programs.
- 10) National immunization programs.

The GOG National Planning Council has made known its desire to include a long range nutrition strategy as part of the National Development Plan. The basic objective of the nutrition strategy would be to reach an optimum nutritional status for the population. More specifically it pretends:

- 1) To obtain an adequate supply and availability of foods and nutrients for the nation.
- 2) To create a demand and achieve an adequate consumption of foods for the population especially the most vulnerable groups.
- 3) To assure a good biological utilization of foods and nutrients which the population consume.

The National Planning Council contemplates the completion of these objectives through:

- 1) A policy for production, storage, industrialization and commercialization of foods, especially basic grains.
- 2) The fortification of foods to increase biological values and the increase in the national production of sources of protein with high biological value.
- 3) A policy for foreign donation programs (complementary and supplementary feeding programs) and the exportation of industrialized foods.
- 4) National and local emergency policies including food distribution, government subsidized food markets, Incoperinas banks, etc.
- 5) A policy for equitable food distribution assuring low income groups an adequate supply.

- 6) Price stabilization of basic foods.
- 7) The protection of high risk groups.
- 8) Nutrition education and consumer orientation.
- 9) Control of infectious diseases; immunization programs.
- 10) The control of infections and parasites.
- 11) Hygiene and control of food storage facilities.
- 12) Food technology.
- 13) Training of technical and auxiliary staff in maternal child health and family planning.

Many aspects of the national nutrition strategy are already operational. Lacking is the inclusion, integration and implementation of all components under one umbrella for a cohesive multi year program strategy.

IV CBS Title II Program Strategy

Catholic Relief Services carries out its Title II program in cooperation with Caritas of Guatemala, a national institution with regional and local committees. In Guatemala, Caritas is the operational agency. At present Caritas is responsible for dispatching Title II commodities from customs, internal transportation to the regional warehouses and has primary responsibility for the local distribution centers. The majority of the administration of this program is carried out by Caritas with technical assistance from Catholic Relief Services. More and more attention is now being given to socio-economic activity to generate grass-roots energies. Three revolving loan funds with a total capital of some US\$ 80,000 is one aspect of how Caritas is restructuring the problematic cultural structures to give meaningful assistance to grass-roots people. Small pre-cooperative agricultural groups and rural artisans, often excluded from normal credit channels by cultural, lingual, geographical and other obstacles, have no access to short-term loans for project activity. Furthermore, coordinations with other groups designed to reach the marginal man, notably the Altiplano program, have proven to be beneficial to all involved.

Caritas is presently searching for funds to implement a Socio-Economic development department to be incorporated into its own structures. This department would work towards project activities to reach the rural peasant utilizing both national and foreign assistance including ECLA's contribution. One of its basic aims will be the integration of the Caritas services through popular participation of the grass roots majority in the form of development activities.

In addition, the new national Board of Directors of Caritas/Guatemala properly reflects the emerging spirit. Capable, motivated representatives of each diocesan area have been integrated and direct resources and energies toward the development of rural leadership. The creation of these human forces has propelled Caritas into a meaningful and existing realm of work. Sensitivity to the dignity and potential of each individual is the key point of Caritas ideology.

The implementation of specific audit recommendations and the constant upgrading of the Caritas administrative capability plus AID/G monitors of the program has been most effective in strengthening and shifting the responsibility to Caritas. The formation of new Caritas regional committees, composed of people committed to integral development, and the hiring of a qualified nutritionist and end-use checker is other evidence of Caritas' aims to implement effective program goals and assume greater responsibility for the program.

CRS program planning, utilizing Title II commodity resources is complimentary to GOG priority policies of overcoming quantitative food problems as well as qualitative problems or lack of a balanced diet. Both goals are aimed at eradicating the detrimental effect upon the progress of the country and the adverse influence on the development process caused by malnutrition.

A. Maternal Child Health & Other Child Feeding

The goals of the MCH program are:

- 1) Improvement of the state of health of the preschool population.
- 2) Diminish the state of severe malnutrition among children, nursing and pregnant mothers by:
 - (a) Supplementary intake of necessary foods.
 - (b) Expansion of nutrition education to include components of general health and micro-agriculture. Expansion of the project to other areas of the Republic.
 - (c) The inclusion of GOG subsidized Incaparina.
 - (d) Introduce the use of small, low cost storage facilities.
 - (e) The training of auxiliary personnel in the fields of MCH, health, agriculture and responsible parenthood.
 - (f) Make available low interest, supervised agricultural credit.
 - (g) Increase the real income of the poorest majority through the use of home gardens and domestic animals.
 - (h) Promote a greater use of GOG health and agricultural services.

The CRS program in Guatemala is primarily sized at reaching preschool aged children and pregnant and lactating mothers who are in most need of nutritional assistance.

In harmony with the strategy issued in AID to Circular A996, CRS/Caritas has programmed its PL 480 resources directly at the most critical group; pregnant and nursing mothers and preschool aged children and infants. Of the 98,000 total participants of the CRS/Caritas Program, clearly 78,000 are members of this group. Guidelines laid down in State Telegram 235902 stressed the highest priority of the MCH category.

Furthermore, the Nutrition Education Program of CRS/Caritas will target its energies at this group. Designed to affect 120 Caritas Food for Peace Centers (total participant population of 12,000 MCH beneficiaries), an annual CRS budget has been allotted to generate educational energy to this critical sector.

Nutrition motivation and education towards self-dependency through the use of mass media and face to face interviews is the primary aim of the CRS nutrition program. A paid extensionist, living in the field and specifically trained in group dynamics, supervises and gives impetus to the 35 promoters. To compliment the team, the Caritas nutritionist, trained in human development, offers the professional nutrition input necessary for an integrated approach. Efforts are coordinated with the Ministry of Public Health, INCAP, the Ministry of Agriculture, CARE and Peace Corps, all of whom are working in similar or related field of health, agriculture and nutrition development.

Changing behavioral habits calls for mass education. The use of mass media for nutrition education is an important part of the CRS program. A joint endeavor by CRS and CARE of Guatemala in the production of eight (8) additional filmstrips, for this purpose, has been terminated. Subjects covering health, hygiene, economics and home production are covered. Training promoters in the use and presentation of the filmstrips is another aspect of the program. Aside from merely theoretical applications, participants will be encouraged to take practical measures such as planting of home gardens, raising of domestic animals and the proper use of locally produced foods. In order to compliment ongoing mass media activities, CRS produces a weekly, 20 minute radio broadcast concerning nutrition and health matters. The broadcast purposely omits comments on the use of donated foods (except for specific information services) and emphasizes the economical and proper use of locally available products.

Through voluntary agencies, low cost nutrition education can be achieved if grant resources are made available. With the training of proper indigenous personnel, the CRS nutrition education project can be repeated in other departments of the republic thereby making a greater impact with the use of PL 480 foods. The specific pilot project of CRS, using indigenous promoters, is complementary to the AID/G training and staffing of health posts with health advisers and auxiliary nurses. Such programs can be duplicated on a larger scale by the GOG.

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To reach a greater majority of the most vulnerable group, an increase in coverage of 10% in the MCH category is projected for FY 1977.

B. Food for Work

The primary aim of FFW is to generate employment in the rural areas and to encourage community development activities in the fields of agriculture, ecology, marketing, literacy, responsible parenthood and local structure building.

The proposed CRS FY 1977 program contemplates an increase of 5,000 recipients in the FFW category in order to:

- 1) Increase the level of utilization of underemployed man-hours from 1.2 million per year to 1.8 million.
- 2) Expand FFW into other areas of the country with low per capita income.
- 3) Diversify types of projects to address priority development problems such as ecology, reclamation of soil, food production, colonization, etc.

C. Integration of Resources

Title II commodity assistance is integrated with other resources to solve priority development problems. Some examples:

- 1) Heifer Projects International has donated sheeps, cattle, rabbits, goats seeds, etc. as a compliment to CRS/Caritas programs in Quiché, Zona Reyna, Sololá and Huehuetenango; all aimed at overcoming protein deficiency and increasing the real income of the rural campesinos. Today many of these small projects are self sufficient and have extended one success to other endeavors offering good examples of spread effect development.
- 2) Extension Division of the Ministry of Agriculture through capacitation centers and mobile schools has utilized PL 480 resources as an incentive to reach large groups of campesinos with technical assistance and training.
- 3) Ministry of Public Health, (Rural Health Advisors) plus the Wehrhorst Clinic and Sacaltenango Health Promoters training programs have extended their services in health, child care, nutrition, hygiene, etc. to many of the beneficiaries in the CRS/Caritas programs.
- 4) Activities are coordinated with the National Emergency Committee (Ministry of Defense) to reach victims of disasters not only with PL 480 foods but also with clothing, medicines and other required articles.

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- 5) The Caritas Altiplano Committee makes available low interest, supervised ag-credit for seeds and fertilizers to pre coop groups. Coordination with the CCG agricultural bank, BANDESA, has moved recipients into the normal channels of credit.
- 6) Leadership Training Centers have offered education in agriculture, literacy, civics, community betterment, nutrition, home improvements, cooperatives, etc. to groups and townships where PL 480 resources are at work.
- 7) INCAP utilizes PL 480 commodities in specific research projects for human development. INCAP has also been used as an authoritative source for applied nutrition activities linked with PL 480 distribution.

Many projects got their start when a parish priest or other leader gathered a group of underemployed, chronically hungry inhabitants of minifundio to make some needed improvements through a Food for Work project. Hundreds of these projects have since become self sufficient and no longer require food assistance. PL 480 foods have not only alleviated much misery and saved many lives through direct feeding but gave the start for hundreds of flourishing small scale development projects. These micro project activities are concrete examples of how the volagencies are actually reaching rural people with U.S. donated resources and how these resources are used as a catalyst to generate local and other inputs.

At the present time, CCG/G is doubtful of the possibility of further integration of Title II programs into AID planning. Mission programming must first define more specifically how PL 480 resources and volagency expertise might be incorporated into overall country planning. The unique approach which is used by volagencies in reaching the grassroot levels could be lost if volagencies were to be absorbed and eventually controlled through an AID planning process. Too close an integration in planning with either the USC or CCG could ultimately lead to a loss of autonomy of the volag thereby eroding one of its greatest attributes in programming. CCG programs do, however, compliment AID mission priorities.

D. Geographical

In accordance with the INCAP survey, which covered the entire country, malnutrition and poverty is widespread throughout the Republic. Certain areas have specific needs but the nutritional state of the inhabitants are comparable to the rest of the country. The poorest portion of the rural Guatemalan population is found in the Altiplano region. Therefore, some 70% of Title II efforts, including nutrition education, have been planned for the target groups of the Altiplano where a greater impact can be made on the problem.

Because of weak leadership and the lack of organization and interest, some needy areas of the country cannot be reached through the CRS/Caritas structures. Efforts have been made in the past and the failure on the part of local organizations to follow administrative and control procedures forced the closure of these programs.

There is no official per capita income data available by Departments of the country. However, the ratings used were projected through 1977 by financial statistics received from the Bank of Guatemala for the period 1965 through 1972. It will be noted that the largest portion of CRS/Caritas centers are projected for the most populated rural areas.

P R O V I N C E	M				F				O					
	U R B A N		R U R A L		U R B A N		R U R A L		U R B A N		R U R A L		T O T A L	
	Wet	DRY	Wet	DRY	Wet	DRY	Wet	DRY	Wet	DRY	Wet	DRY	Wet	DRY
Guatemala	14	23	2	2	41	1	1	4	1	5				
Chimaltenango	--	--	23	2	25	--	1	1	--	--				
Suchitepequez	--	--	--	9	9	--	--	--	--	--				
Sacatepequez	2	--	--	--	2	--	--	--	--	--				
San Marcos	--	1	4	5	10	--	21	21	--	--				
Soloma	--	--	10	7	17	--	--	--	--	--				
Santa Rosa	--	1	2	2	5	--	3	3	--	--				
Alta Verapaz	--	1	4	3	8	--	2	2	--	--				
Totonicapan	--	1	17	5	23	--	--	--	--	--				
Quezaltenango	4	5	2	11	22	--	6	6	1	1				
Huehuetenango	--	1	1	14	16	1	9	10	--	1				
Chiquimula	1	--	--	--	1	--	--	--	--	--				
Retalhuleu	--	--	--	3	3	--	--	--	--	--				
Quiché	2	--	47	34	83	--	4	4	--	--				
Progreso	--	1	2	5	8	--	--	--	--	--				
Jutiapa	2	2	10	3	17	--	1	1	--	--				
Izabal	4	--	--	3	7	--	--	--	--	--				
Zacapa	3	--	2	--	5	--	2	2	--	--				
Peten	3	--	3	--	6	--	1	1	--	--				
T O T A L S:	35	36	129	104	504	2	50	52	5	2	7	--	--	--

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RANKING OF DEPARTMENTS
AS TO AVERAGE INCOME
PROJECTED FOR 1977 (Lowest to highest)

<u>Rating</u>	<u>Department</u>	<u>Population</u> (000)	<u>Average Income</u>	<u>CPS</u> <u>Proj.</u>
1	Jutiapa	315	\$ 172.2	19
2	El Progreso	101	184.00	8
3	Jalapa	158	199.90	—
4	San Marcos	526	202.90	31
5	Chiquimula	237	208.10	1
6	Chimaltenango	257	209.90	26
7	Alta Verapaz	399	212.50	11
8	Baja Verapaz	151	218.00	—
8	El Quiché	397	218.00	87
9	Huehuetenango	460	221.00	27
10	Suchitepequez	288	230.00	9
11	Zacapa	160	231.30	7
12	Sololá	166	243.50	17
13	Santa Rosa	252	246.60	8
14	Totonicapán	223	252.70	23
15	Quezaltenango	423	280.00	29
16	El Petén	44	281.90	7
17	Retalhuleu	181	281.9	3
18	Sacatepequez	126	297.00	2
19	Isabal	187	298.7	7
20	Escuintla	418	377.0	
21	Guatemala	1,278	1,058.00	47

E. Projections for FY 1977-1979

	<u>FY 1977</u>			<u>FY 1978</u>			<u>FY 1979</u>		
	<u>\$</u>	<u>Lbs.</u>	<u>Recip.</u>	<u>\$</u>	<u>Lbs.</u>	<u>Recip.</u>	<u>\$</u>	<u>Lbs.</u>	<u>Recip.</u>
1. MCH	924.6	6,468	77	924.6	6,468	77	924.6	6,468	77
2. OCF	9.4	60	1	9.4	60	1	9.4	60	1
3. FFW	183.9	1,530	15	183.9	1,530	15	183.9	1,530	15
TOTAL	1,117.9	8,058	93	1,117.9	8,058	93	1,117.9	8,058	93

Total requirements for FY 1977-79 are approximately 8.2 million pounds of PL 480 Title II foods estimated at \$3.55 million.

Items required are:

	(000)	(000) US\$
WSB	5,520	\$ 619.3
Vegetable Oil	3,078	1,077.2
CSB	7,236	316.2
Rolled Oats	3,888	365.5
A.P. Flour	4,428	472.9
TOTAL:	24,150	US\$ 3,351.2

The GOG will contribute approximately \$250,000 for administrative and transportation costs. This figure does not include the proposed GOG subsidized Incaparina program which could increase GOG contributions by more than 100%. Local contributions are estimated at approximately US\$ 2.1 million over the three year period; CRS/Caritas approximately \$250,000, regional committees \$330,000, local project sites \$900,000 and professional services \$330,000. These contributions consist of funds for administration, transportation, warehousing, etc., manpower, professional services, buildings, equipment and training all of which are necessary inputs in order to maintain an effective network for program implementation, control and reporting.

In addition to PL 480 resources, CRS has given priority to socio-economic development programs. CRS worldwide has placed nutrition education in the number one slot. Related to this number one priority are programs in agriculture, health, credit, literacy and a gamut of other problems affecting

the nutritional status in the developing world. CRS/Guatemala following this mandate, initiated efforts to combat malnutrition as far back as 1962. Title II commodities played an important role and still do in making available scarce nutrients to the poorest majority and further being used as an organizational and catalytic tool at the community level.

CRS in coordination with the Ministry of Public Health and AID Guatemala is projecting an expanded, integrated program in nutrition, health and micro agriculture. The general purpose of the program is outlined above in section IV, a. The program addresses major development problems which have received such government attention and concern. The program has been developed through a feedback system which reflects the felt needs of the community and recipient. The lifespan of the program is calculated to be three years and grant resources will be required. A total of some \$350,000 over the three year period will be needed to cover salaries, travel, training, vehicles, materials, loans and evaluation.

CRS socio-economic development activities which are complimentary to the integrated nutrition program, include; educational radio schools, small rural industries, colonization, leadership training centers, promotion of rural women, aid to indigenous students, land reform, consumer coops and other projects which will fit into the CRS/G country program strategy. All activities are aimed at the creation of indigenous organizations at the local, regional and national levels through popular participation of the beneficiaries.