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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT GUATEMALA

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FY 1983 - FY 1990

ACTION PLAN

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USAID/GUATEMALA

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FY 1989-90 ACTION PLAN

I. COUNTRY STATEMENT, STRATEGY SUMMARY AND OVERVIEW OF PROGRESS

A. Country Statement

After decades of internal turmoil and military rule, Guatemala has just completed the first two years of successfully restored democratic government. This is in itself a significant achievement. There has also been visible and substantial progress in economic stabilization coupled with promising signs of renewed private sector-led economic growth.

The advent of democracy has ended Guatemala's long estrangement from the international community. Government of Guatemala (GOG) leaders have pursued an aggressive campaign to publicize their drive for improved human rights and a more equitable society.

--In 1987, visits from the President of West Germany and the foreign ministers of Canada, Japan and Sweden underscored Guatemala's renewed respectability among the Western democracies.

--Hosting of the 1987 OAS general assembly and visits by the presidents of Peru, Uruguay and Mexico signaled Guatemala's improved stature in the Latin American community.

--Generated by interest in Guatemala's rich and diverse Mayan heritage and extraordinary landscapes, tourism receipts--which had dropped dramatically from 1979 to 1984--rebounded to a figure 63.8 percent higher than that for 1986. The trend in 1988 is toward significant additional gains.

Progress on the economic front has been marked by courageous and largely successful reform measures. The nation's continuing economic problems, while serious, are not

nearly as intractable as they appeared to be just three years ago.

--Domestic price and cost inflation is now under ten percent per year, down from 32.7 percent in 1986.

--Over-valuation of the national currency, at least in terms of international trade transactions, has been substantially cured.

--Interest rates, though still controlled by the Central Bank, are now positive in real terms and are rising as price inflation subsides.

--A sustained six year contraction of gross domestic production was halted in 1986 and reversed in 1987 as real growth of 2.5 percent or better was realized.

--Investment as a percent of GDP rose from 7.6 percent in 1986 to 8.4 percent in 1987. Tax revenues rose from 7 percent of GDP in 1986 to 7.8 percent in 1987.

--Foreign debt is a relatively modest $2.6 billion and an excessively tough short-term repayment portfolio has been largely rescheduled on favorable terms.

--Public sector expenditures account for only about 10 percent of GDP and are increasingly focused on economic growth and equity programs.

In economic terms, the restoration of stability was an essential pre-condition for launching a genuine revival of private saving, investment and production. In 1987 new private foreign investment levels rose by an estimated $136 million over 1986. There is a promising trend as well in new construction.

In political terms, expectations of the new democracy were high. While there is considerable frustration at the slow pace of solving serious national problems, few Guatemalans lean toward a return to policies that were characterized by coups, unchecked political violence and international isolation.

Finally, and most important of all, in spite of serious friction between the public, and private sectors, the determination of the majority of Guatemalans to make democracy work remains strong.

Notwithstanding the positive political and economic trends, Guatemala still faces an uphill struggle to overcome a legacy of politically motivated violence, social and economic woes, and the strains of a divided and polarized society.

--Despite the modest positive GDP growth of 1987, per capita income overall is still down 20 percent since 1980.

--In the cities abject poverty exists side-by-side with conspicious consumption amid a sky-rocketing common crime rate.

--Approximately one third of Guatemala's people, mostly Indians in the Western Highlands, live on small subsistence-level farm plots.

--Half or more of the population does not have access to adequate education and health services, potable water nor electricity.

--Less than one-half of the adult population is literate, the second lowest rate in Latin America.

--Infant mortality is as high as 150 per 1,000 in some rural communities.

--The population is growing at almost 3% per year, further aggravating the inadequacy of social services.

--In the countryside, population pressure on the fixed supply of arable land has led to demands by peasant organizations for land redistribution.

--In isolated areas of the Highlands and in the Peten, the persistence of small but stubborn Marxist guerilla bands underscores the divisions in the society.

--Cynicism about politics and politicians is widespread. Habits of corruption and nepotism die

hard, and reform of legislative, executive and judicial institutions, while underway, is a slow, long-term process.

--Since the latter half of 1987, the government has found itself embroiled in a series of increasingly bitter disputes with the private sector, the media and the political opposition. The disputes involve tax legislation, the national budget, and electric power rate hikes, and successful mediation is proving very difficult.

B. Strategy Summary

1. Overview

In the evolving country situation described above, the principal objective of the U.S. Government in Guatemala is to support the consolidation and institutional strengthening of Guatemalan democracy. The U.S. Agency for International Development's (USAID) activities assist the GOG and the people of Guatemala in the development and execution of the national economic stabilization, growth and equity programs that underwrite this objective. Additionally, specific support is provided to strengthen the legislative, judicial and electoral institutions that constitute the core of the democratic process.

The U.S. assistance strategy in Guatemala seeks to restore financial stability and supply real productive resources so that Guatemala can regain a stable long run growth path averaging about four percent per year. On the other hand, it recognizes that under present structural conditions a large proportion of the population, perhaps the majority, would participate only marginally, or not at all, in the proceeds of real growth.

Thus, the program is focused on direct interventions to forge durable links between aggregate economic progress and those large segments of the population that traditionally have been left behind.

2. Elements of the Strategy

a. Stabilization and Growth

The overriding focus of USAID policy dialogue and resource programming in Guatemala over the last two years has been and continues to be economic stabilization.

However, now that substantive positive returns on the stabilization program are evident, it is possible to give a higher priority to increased efforts to promote private sector-led growth resulting in enhanced employment opportunities and higher incomes, particularly in the agriculture sector.

In moving toward more focus on growth opportunities, USAID will employ a common policy agenda covering both macroeconomic and sectoral issues designed to create an improved policy environment to alleviate the constraints to production, investment and income generating opportunities for both large and small entrepeneurs. In this context, direct project and sectoral investments will leverage greater efficiency, higher incomes, and rising standards of living, particularly in the rural subsistence and small business sectors.

In order to reach a growth path in the neighborhood of four percent per year, the structure of economic activity has to be dictated by Guatemala's real underlying resource constraints and endowments. For this reason, USAID will continue to vigorously support entrepreneurial undertakings by the private sector as a whole.

However, agriculture generates, both directly and indirectly, most of the employment and other income earning opportunities. In agriculture, there exists evident excess physical capacity and a large pool of the relatively unskilled labor needed for enhanced production. The import intensity of production in this sector is relatively low, the labor intensity high, and the export potential is excellent given strong external demand. Thus, the agricultural sector is the indispensable candidate sector to support a return to rational and sustainable growth. Increased concentration on this sector will be reflected in ESF programs as well as in the DA portfolio and P.L. 480 program.

b. Basic Services and Infrastructure

In reality, there is an inescapable complementarity between private sector investment in productive capacity, and public sector investment in human and physical capital. Despite its relatively high per capita GDP, Guatemala ranks behind the other countries of Central America in health, education and other development indicators. Lack of public investment in infrastructure and social services has not only dampened improvements in living standards, but also represents

an impediment to private sector growth. Without an educated and healthy work force, and without good roads, water systems and other facilities, Guatemala will find it difficult to achieve high rates of growth in its productive sectors.

Basic education, general health, and family planning are important determinants of the productivity (and hence earning capacity) of the work force. Social and economic infrastructure directly influence the quantity, quality and earnings from production. Thus, economic growth and improved quality of life complement and reinforce each other in contributing to comprehensive and sustainable development. Indeed, achieving both in tandem is a critical objective toward consolidation of a viable democracy.

In addition to gains from the common policy agenda, the strategy advances the basic services and infrastructure goal in two ways. First, through USAID's project portfolio, direct DA, ESF and local currency interventions are made in critical areas and sectors. Second, both ESF and P.L. 480 local currency generations will be used over this Action Plan period toward the formulation and execution of a core development budget. USAID hopes to assist the GOG to achieve a soundly planned and efficiently executed public investment program that will impact favorably on the delivery of basic social services, such as education and health, and on the establishment and maintenance of critical infrastructure needed for broadly-based growth.

c. Democratic Institutions

By far the most catalytic change in Guatemala over the last few years is in the political sphere. As a consequence of free and open elections held in late 1985, Guatemala now has an elected civilian government. The press, interest groups and opposition political parties freely criticize the country's leadership and push their own agendas. A new constitution provides for independent executive, legislative and judicial branches of government and those bodies have begun their institutional development. Increased respect for human rights is evident in the more open political atmosphere. This return to democracy has provided the foundation for economic and social progress and it is the consolidation of that democracy that is the single most important factor in the future of Guatemala.

Seeking to strengthen directly democratic institutions in Guatemala, USAID will further expand its work with the judiciary, the legislature and the electoral system to help each improve its operations. The institutional effectiveness of these organizations is vital to the future of democracy in Guatemala. A major new bilateral program will begin this year to further advance earlier administration of justice activities funded with Bureau resources. The CAPS program is also designed to strengthen democratic values among its participants, through exposure to U.S. systems and values and through heightened awareness of opportunities and constraints at home. This program will also be continued throughout the Action Plan period.

C. Overview of Progress

The progress, anticipated results for the FY 1989-90 Action Plan period, and critical issues facing the program are carefully detailed in the texts of the eight objectives set forth in this Action Plan. LAC Objective 11, Improve Housing, carried separately in last year's Action Plan, has been folded into Objective 2, Strengthen the Private Sector, reflecting the role of construction as a component for that objective. Central focal points and highlights for each of the eight objectives are as follows.

Objective No. 1 Increase Agricultural Production

A. Progress

A downward trend of recent years in the national growth figure of real value added in agriculture was halted in 1987 and a gain of 1.6 percent posted despite a disappointing performance in coffee prices. The growth of non-traditional exports in 1987 was 37.8 percent over 1986. Also important were survey findings for USAID specific small farmer diversification projects. The results of a large and representative sampling show income gains from diversified fruit and vegetable operations of anywhere from a doubling to a quintupling of earnings, tending generally toward the higher figures. This is an indication of the success of the irrigation, other land improvements and crop diversification formula directed at spurring the productivity and earning potential of small farmers.

B. Anticipated Results

Building on the agriculture sector level policy dialogue in combination with the ESF program (the common policy agenda) and the package of specific small-farmer oriented DA

and P.L. 480 financed interventions, and barring unexpected serious set-backs, USAID expects to see--in combination with national and other donor inputs--steady progress toward the sector goal of 3.5 percent real growth. Working with the existing and planned small farmer interventions, USAID also expects to see a further substantial spreading of small farmer gains already noted. Projected value of production gains from irrigation for small farmers, a central component, should more than double over prior years estimates.

C. Critical Issues

1. The ability to reach and implement sector level policy reform decisions for agriculture through the common policy reform agenda for agriculture is critical to success.

2. Adequately high levels of ESF and P.L. 480 Title I local currency generations to support the sector thrust in agriculture are also critical.

Objective No. 2 Strengthening the Private Sector

A. Progress

Due to continued improvements in the exchange and interest rate areas and growing predictability for investment and market decisions, 1987 was generally a good year for the private sector.

Private investment as a percent of GDP halted the decline of earlier years and posted a gain from 7.8 percent in 1986 to 8.7 percent in 1987. 1987 tourism receipts rebounded sharply (63.8 percent higher than in 1986) and promise to make further substantial gains in 1988. While accurate figures are hard to come by, it is also obvious that after stagnation of several years, construction activity is on the upswing. Again, accurate statistics are not readily available, but perceptible gains in reducing unemployment and underemployment were made.

B. Anticipated Results

Assuming a continuation of the political will to adopt additional reforms in macroeconomic and sectoral policies and assuming maintenance of a workable public/private sector dialogue affecting the business climate, there should be further investment, productivity and income gains.

The consolidation and strengthening of Guatemalan democracy has set the stage for further economic growth by providing much of the stability and predictability required by private entrepeneurs and investors and by maintaining the favorable international image so important to foreign trade and tourism. Given the consolidation of democracy, the key to economic success lies in the continued dynamism and creativity of the nation's private sector.

C. Critical Issues

The progressively worsening tension between the public and private sectors since July 1987 over the new tax package, the disposition of the national budget and a 40 percent electricity tariff hike is a worrisome factor which has the potential to unravel gains to date and halt the continued sense of confidence and predictability on which the success of the private sector-led growth scenario rests.

Objective No. 3 Stabilize Financial Structures

A. Progress

In 1986 and 1987, ESF programs supported a GOG stabilization program that has been one of the most successful ever recorded. Price inflation has been reduced from annual rates near 40 percent in 1985 to less than 10 percent in 1987. The fiscal deficit has been trimmed to an enviable 1 percent of GDP. Interest rates which were negative in real terms are now positive, even on the traditionally low-yielding savings accounts in commercial banks. The free market and regulated market exchange rates have devalued the Guatemalan currency sufficiently to compensate more than fully for Guatemalan price inflation relative to that of her trading partners. Among the key preliminary macroeconomic policy actions needed to set the stage for growth, only exchange market unification remains. The GOG intention is to complete the unification in the first quarter of 1988. The U.S. negotiating team has made it clear that we take full unification as an action required before a FY 1988 ESF program can be negotiated.

Favorable action is expected shortly on completion of the unification of exchange rates. Market forces still need to play a greater role in setting interest rates, and implementation of the public sector investment budget, while up over 1986, continues to fall below target. Other indications with favorable trends bearing on this objective have been reviewed in Objective One, Increase Agricultural Production, and Objective Two, Strengthen the Private Sector.

B. Anticipated Results

USAID anticipates further real GDP growth gains to 3 percent in 1988, 3.5 percent in 1989 and 4 percent in 1990, based on a continuation of realistic and market-predictable policies that provide the private sector and foreign investors positive signals. Full exchange rate unification is expected in 1988 along with a continued reduction in inflation and a concomitant improvement in the structure of real interest rates. The increased focus on growth-related policies, particularly in the agriculture sector, should be a positive factor as well.

C. Critical Issues

1. The current high level of tension in the public/private sectors' dialogue on sectoral issues poses a real threat to the consensus approach to serious economic and social challenges. To be successful in reaching the desired growth goals, it is necessary that the prior working dialogue and compromise approach be restored.

2. The U.S. economic and political team's ability to formulate and implement the common policy agenda, particularly for sectoral issues, will be a key determinant of the success in meeting this objective and in the program overall.

Objective No. 8 Increase Access to Voluntary Family Planning Services

A. Progress

The serious allegations against this program that so marred the atmosphere in 1986 have not been heard in 1987. Private sector groups (principally APROFAM and IPROFASA) continue to make steady progress. The Ministry of Health has also increased the quality and quantity of training for their staff to provide family planning information and services, and in a major step forward has expanded its family planning services to all health regions. The number of clients receiving these services during the past year in Ministry-sponsored programs increased by 50 percent. The climate for family planning in both public and private sectors during the past year has been on the whole positive. However, the program outreach is not moving quickly enough to allow observers to cite a scale of action that allows for visible progress against the indicators. Beyond the Ministry of Health, few national leaders have

adopted a proactive stance for measures associated with the Constitutional article guaranteeing couples the right to plan the number and spacing of their children.

B. Anticipated Results

USAID anticipates that at a minimum gains to date will be maintained over the next year and accelerated over the balance of the Action Plan period. The currently slow growth trend should be quickened by the package of income-enhancing agriculture and microenterprise activities expand, as there is an established link between income enhancement and acceptance of family planning practices.

C. Critical Issues

1. Despite the positive Ministry of Health views this year, it is obvious that a more proactive GOG leadership role is necessary to complement the excellent private sector initiatives. USAID intentions toward achieving this are to meld family planning activities move closely into the concepts of general family health and other services, such as ORT and Immunization, the two key components of the child survival portfolio.

2. Management capacity in the Ministry of Health, thought improved, continues as a constraint to effective service delivery. The Ministry has recently agreed to a major U.S. technical assistance activity which will directly address this constraint in key functional areas.

3. A continuing problem exists in designing appropriate educational and motivational materials for the rural, Indian population.

Objective No. 10 Reduce Infant and Child Mortality

A. Progress

The leading causes of infant and child mortality in Guatemala are diarrheal disease, respiratory infections and conditions associated with child birth. USAID supports programs of the public health system and private sector organizations to alleviate these problems.

Perceptible gains have been made since 1985 and despite apparent setbacks in early 1987 statistics, health officials see a downward trend of child mortality for the period

1987-1990. The early 1987 statistic is attributed to anomalies of weather over the three months of reporting. USAID is not so sanguine and will be looking into this statistic plus the generally poorer-than-expected performance of statistics in other indicators for 1987, including only 9.5 percent versus 15 percent projected for ORT treatment of children under five years of age and only 12.4 percent versus 15 percent projected for the percent of women aged 15 to 49 who delivered in the twelve month period and who received two doses of tetanus toxoid.

B. Anticipated Results

USAID, other donor and national health officials remain basically optimistic that substantial gains in generalizing ORT and immunization services to the rural and urban poor population will be recorded for the Action Plan period. Start-up institutional coordination problems, including participating PVOs, have been largely worked out.

C. Critical Issues

1. The statistical base needs to be clarified.

2. Institutional coordination arrangements need to be reviewed to ensure they are functioning as intended.

Objective No. 12 Improve Educational Opportunities

A. Progress

USAID's program seeks to support the Government's effort to improve the quality and efficiency of the education of Indian children through the 4th grade. The current program is reaching about one quarter of these children. The Government continues to support bilingual education which is considered key to successfully meeting the educational needs of Indian children who speak Mayan languages. In order to increase the availability of qualified professionals in bilingual education and other development fields, approximately 600 scholarships are being provided to Indians. USAID programs in this area have been successfully coordinated with education projects funded by the World Bank and the IDB.

B. Anticipated Results

By the end of 1989, the Bilingual Education Program is expected to reach approximately one-third of the estimated 260,000 Indian children of primary school age.

Also, the scholarship program is expected to be successful and to lead to additional scholarship activities directed at the indigenous population. These opportunities should enhance the employment and income status of participants.

C. Critical Issues

GOG moral and financial support for bilingual education and indigenous scholarship programs must continue unabated as this is a long-term essential requirement to integrate the indigenous population more successfully in the nation's economic and social life.

Objective No. 13 Increase Numbers and Improve the Effectiveness of Participant Training

A. Progress

USAID Guatemala's Central American Peace Scholarships Program is the largest in Central America. It seeks to close gaps in human resource development among disadvantaged young people, especially Indians and women. Through FY 1987 it has reached over 3,000 individuals from all parts of rural Guatemala, 1,037 in 1987 alone. These Peace Scholars have been exposed to U.S. institutions and values and have returned home with an enhanced commitment to democracy in Guatemala and a belief that they have a role in it.

In 1988 and over the Action Plan period USAID is moving toward a 50 percent life of project participation figure for women and to a 30/70 percent split for long-term training versus short term. Follow-on programs with returned trainees, initiated in FY 1987 and expanded in 1988, are another key CAPS element. There are also new long term CAPS buy-in merit scholarship and agricultural training (at Zamorano) programs well underway and a growing range of traditional project specific training initiatives.

B. Anticipated Results

All the above programs will continue over 1988 and the Action Plan period. Additionally, new projects will have larger training components and another non-CAPS, non-project specific training program will be initiated to reach groups not covered by other activities.

C. Critical Issues

1. Authority to continue to use the CAPS mechanism to respond to Guatemala's unique needs, including strengthening Guatemalan institutions, as an integral part of the program is vital to realizing the dual objectives of the CAPS program.

2. Effective cost containment by USAID's contractor to receive the maximum return on funds invested in training programs is a continuing concern.

Objective No. 14 Strengthen Democratic Institutions

A. Progress

The Guatemalan government has continued to make progress on reducing political violence and respecting human rights. USAID and the Embassy are assisting in the development of stronger judicial, legislative and electoral institutions. Cooperative agreements with Harvard Law School and Boston University's Center for Democracy to work respectively with Guatemalan judicial and legislative organizations started up in 1987. The training of judges and support personnel for the court system and police investigators (through ICITAP) is receiving increased emphasis. The modernization of the electoral system in preparation for the 1988 municipal elections and the 1989 national elections is an equally important element of the program and received special funding during 1987.

B. Anticipated Results

In 1988 a $300,000 institutional strengthening grant will be completed to help the recently established Human Rights Ombudsman's Office to better equip its central and regional offices. A major new bilateral administration of justice project will be formulated following the deliberations of Guatemala's national commission for administration of justice affairs. The sector assessment report will be available to them in March 1988.

C. Critical Issues

1. U.S. country team elements working in administration of justice and democracy initiatives need to continue the close collaborative relationships already established.

(2) Formulation of the new bilateral project and any other activities undertaken must reflect the political sensitivities attendant to administration of justice and democracy enhancement activities.

D. Matrix of Goals and Objectives

Objectives	GOALS				PROBLEM AREAS				
	Stabili-zation	Reforms/ Growth	Spreading Benefits	Demo-cracy	Income	Hunger	Health	Educa-tion	Popu-lation
1. Increase agricultural production		X	X		X	X			
2. Strengthen the private sector	X	X	X		X				
3. Stabilize financial structures	X	X			X				
8. Increase access to voluntary family planning services			X				X		X
10. Reduce infant and child mortality			X				X		
12. Improve educational opportunities		X	X					X	
13. Increase participant training		X	X	X				X	
14. Strengthen democratic institutions			X	X				X	

OBJECTIVE No. 1 : INCREASE AGRICULTURAL PRODUCTION
MISSION OBJECTIVE: Increase value of agricultural production to Q.166.7 million by 1990.

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Real Value-Added in Agriculture (Q. millions) 1/	754	754	763	766	781	807	835
b. Total Ag. Sector Production (Q. millions) 2/	3,158	4,438	4,924	4,915	5,541	5,724	6,516
c. Growth of Real Value-Added in Agriculture (%)	-0.8	0.0	+1.3	+1.6	+2.3	+3.3	+3.5

Source: Bank of Guatemala and USAID estimates
1/ 1958 prices
2/ Current prices: a Quetzal equals $0.40 (Jan. 1988)

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Increased Gross Value of Production (in Q. millions)							
(1) Fruit and vegetable production	4,776	12,807	23,345	34,320	67,408	139,110	180,134
(2) Trad. ag. export production	--	--	--	461	1,682	4,396	13,275
(3) Fish and milk production	37	44	91	109	125	146	166
Total Cumulative value of production	5,175	13,614	24,573	34,890	69,215	143,652	166,693
b. Physical Outputs (Cumulative)							
(1) No. of small farmers using terracing	4,824	9,052	15,164	12,672	34,400	53,480	72,628
(2) Hectares irrigated for fruits and vegetables	497	1,244	1,846	1,031	4,780	17,244	24,176
(3) Hectares diversified but not irrigated	384	868	1,509	4,689	6,386	9,097	12,219
(4) Hectares improved for trad. export crops	--	--	--	3,500	4,436	5,376	7,320
(5) Hectares terraced	1,206	2,263	3,791	3,168	8,600	13,370	18,157
(6) Hectares reforested	48	103	N/A	138	253	2,825	5,358
(7) Fish ponds constructed 1/	--	--	--	1,172	1,270	1,320	1,350
(8) Kilometers of roads constructed	249	435	635	615	640	1,255	1,580
(9) Kilometers of roads maintained	580	700	900	900	1,208	1,513	1,838
(10) Kilometers of tertiary roads upgraded	--	--	--	--	60	120	180

SOURCE: A.I.D. Current and Proposed Project Portfolio

1/ This indicator was determined to be more accurate than pounds of fish produced.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishments	Actual Accomplishments
a. Decentralize BANDESA's operations and improve efficiency	a. The Bank increased its lending authority for its regional branches from Q5,000 to Q15,000 on individual loans; legal documentation was considerable reduced; collateral requirements were made more flexible.
b. Encourage the GOG to clearly define an official land policy and program	b. The GOG distributed 3,400 hectares of agricultural land to 8,350 landless families during 1987 through a land purchase/sale mechanism as a demonstration of its policy of voluntary, peaceful land redistribution and respect for private property. This policy was announced by the President in July 1987 and has been repeated by ranking officials since.
c. Maintain the GOG investment budget for agriculture at least at 1986 levels, while encouraging increases in real terms	c. The Ministry of Agriculture's budget increased from 4.6% of the total GOG budget in 1986 to 5.6% in 1988 (from Q78.5 million in 1986 to Q165.0 million in 1988 in real terms).
d. Encourage the Ministry of Agriculture to increase budget allocations for ICTA research	d. While ICTA's budget in real terms increased insignificantly (by Q.250,000) between 1986 and 1988, its proportion of the total public sector decreased from 0.7 percent to 0.4 percent.
e. Expand the Penny Foundation administrative structure to handle an increased land market program	e. $8.0 million was added to the program toward administrative improvement and toward making it self-financing by 1992.
f. Place into operation two agricultural laboratories	f. One laboratory was equipped and became operational; the second should become operational in 3rd. quarter 1988.
g. Initiate diversification activities in coffee-growing areas	g. AID/W and the Mission agreed in May 1987 that these activities should not be undertaken through the Agricultural Diversification project, but should be a new project effort in FY 1989.

Cont'd

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN - Cont'd

Planned Accomplishments	Actual Accomplishments
h. Redesign crop diversification activities	h. The redesign effort based on evaluation findings was initiated in early FY 1988; it will be made part of an expanded Highlands Agriculture project; the PP amendment will be approved by the Mission in 3rd. quarter FY 1988.
i. Place into operation an agricultural training center	i. Bids for construction have been reviewed and contractor has been selected; the training center will be operational by 4th. quarter FY 1988.
j. Place into operation a Highlands Agriculture project implementation unit	j. The Unit was created in the 1st. quarter FY 1988 and is presently in operation.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
a. Encourage the GOG to continue increasing its budgetary allocation for the Ministry of Agriculture from the 1986 level of 4.5% of the total public sector budget to the 1976 level of 7.6% by 1990, in order to significantly increases productive agricultural investment and technical assistance.	3/88 3/89
b. Encourage the GOG to increase its budgetary allocation for agricultural research with ICTA from the 1986 level of 0.7% of the public sector budget to the worldwide average for developing countries of 1.8% by 1990.	3/88 3/89
c. Encourage the Ministry of Agriculture to establish clear research priorities and incorporate the private sector into research plans and activities, thereby accessing additional technical and financial resources.	4/88
d. Encourage the Ministry of Agriculture to expand its budgetary allocation for constructing irrigation facilities and to contract private engineering firms wherever possible for the actual construction, thereby accelerating installation and operation of these systems.	3/88 3/89
e. Encourage the Ministry of Agriculture to continue decentralizing its services and authority, especially those related to BANDESA, the Ministry's Sectoral Planning Office (USPADA), and ICTA, while strengthening its regional (COREDA) and sub-regional (COSUREDA) coordination bodies in order to accelerate planning and project implementation.	2/88 2/89
f. Encourage the Ministry of Agriculture to double its agricultural extension outreach capability, especially through its guías agrícolas and representantes agropecuarios (local farmers).	2/88 2/89
g. Encourage the Ministries of Agriculture and Economy to review their agricultural commodity pricing policies for producers and consumers, simultaneously analyzing the existing and future role of the National Marketing Institute (INDECA), and establish/strengthen free-market policies, thereby encouraging greater agricultural production and investment.	3/88
h. Encourage the GOG to double its land purchase/sale program using the Penny Foundation model of individual ownership, thereby facilitating greater access to productive resources by land-poor and landless families.	2/88
i. Encourage the GOG to develop, approve, and implement a Water Use Law, thereby improving the management and productivity of irrigation facilities.	4/88
j. Encourage the GOG to establish a clearly-stated agricultural diversification policy, including the establishment of incentives for agro-industrial investment in the rural areas to support the growing, processing, and marketing of nontraditional products, thereby increasing productivity and investment.	4/88

Cont'd

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD - Cont'd

	QUARTER/ YEAR
k. Given the government's commitment to a policy of basic grain security, encourage the GOG to channel government-purchased and internationally donated inputs (fertilizers, tools, seeds) through the cooperative and farmer association movement to small and medium farming operations, at prices as close to market value as feasible, thereby eliminating the need for government institutions (BANDESA, municipalities) to handle the distribution at heavily subsidized prices. This would strengthen the indigenous private sector in the rural areas and provide more productive allocation of scarce inputs in accord with real factor costs.	1/89
l. Encourage the GOG, through the Central Bank, to provide increased total credit flows of rediscounted funds through the private banking system to the agriculture sector, especially for nontraditional agriculture production, thereby increasing productive investment in the rural areas.	2/89
m* Encourage the Ministry of Agriculture to prohibit the use of pesticides outlawed in the U.S. thereby reducing the danger of contamination.	2/88
n. Encourage the Ministry of Agriculture to restructure the National Forestry Institute (INAFOR) especially to support private reforestation activities.	3/88
o. Encourage the GOG to develop, approve, and implement a forestry law, thereby improving the use and management of forestry resources.	4/88
p. Encourage the GOG to provide the necessary financial support to the National Commission on the Environment, thereby permitting it to effectively carry out its functions.	1/89
q. Encourage the Ministry of Agriculture to develop a national watershed management plan, which would prioritize the watersheds to be managed as well as proposed interventions (soil conservation, reforestation, etc.)	2/89

*As noted in the Narrative, emphasis will be placed on the management and preservation of natural resources, paragraphs m-q support that emphasis.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
a. Incorporate the National Commission on the Environment into related AID activities.	2/88
b. A final report of the Small Farmer Impact Survey (both the socio-economic and nutritional portions) will be completed and delivered to USAID and GOG. (Project 0255)	3/88
c. USAID and the Penny Foundation will decide as to whether to use the secondary mortgage market for discounting land mortgages. (Project 0343)	3/88
d. Road selection process will be more closely coordinated between the General Directorate of Roads and the Ministry of Agriculture's Extension Service (DIGESA). (Project 0332)	3/88
e. Upgrading of tertiary roads will begin. (Project 0332)	3/88
f. The Environmental Assessment of the Medfly Program will be completed and submitted to the GOG and AID.	4/88
g. Environmental Impact Statements for four ongoing ORD projects will be completed.	4/88
h. A National Water Use Master Plan will be developed. (PL 480 Title I)	1/89
i. A feasibility study for the construction of a sesame seed processing plant will be completed. (Project 0363)	1/89
j. An integrated pest management activity will become operational within the expanded 0274 project.	2/89
k. USAID/GOG crop diversification activities will be expanded into at least three additional departments of the Highlands. (Project 0274)	2/89
l. A fund for financing improvements in dairy production/processing will be established. (Project 0355)	2/89
m. Recommendations for an improved and more efficient land registration system will be presented to USAID and GOG. (Project 0343)	3/89
n. An Agriculture Sector Assistance Program will become operational. (ESF)	3/89
o. Contracts for adaptive agricultural research will be signed with private sector and/or universities. (Project 0274)	4/89
p. Improvements in small-farmer technology for traditional export crops of coffee and cacao will be initiated. (Project 0381)	2/90

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
a. Small Farmer Diversification Systems	520-0255	O	DA/FN	3,696	G	3,696	—	—	—
			DA/FN	5,500	L	5,500	—	—	—
b. Highlands Agricultural Development	520-0274	O	DA/FN	13,245	G	2,100	3,145 2/	4,000	4,000
			DA/FN	17,100	L	13,500	3,600 2/	—	—
c. Family Fish Ponds I 1/	520-0290	O	DA/FN	343	G	343	—	—	—
d. Cardamom Cultivation and Commercialization	520-0317	O	DA/FN	290	G	290	—	—	—
e. Pilot Commercial Land Market I 1/	520-0330	O	DA/FN	1,000	G	1,000	—	—	—
f. Farm-to-Market Roads	520-0332	O	DA/FN	7,600	G	2,100	—	3,300	2,200
			DA/FN	21,086	L	17,586	3,500	—	—
g. Pilot Commercial Land Market II	520-0343	O	DA/FN	10,000	G	9,465	535	—	—
h. Family Fish Ponds II	520-0351	O	DA/FN	500	G	500	—	—	—
i. Dairy Development	520-0355	O	DA/FN	1,200	G	1,200	—	—	—
j. Ag. Production and Marketing	520-0363	O	DA/FN	1,500	G	200	300	570	430
			ESF	300	LC	—	(300)	—	—
k. Trad. Export Crops Improvement	520-0381	N(89)	DA/FN	5,500	G	—	—	1,500	4,000

1/ Completed projects.
2/ Includes reobs of $145 (G) and $1,600 (L) from Project No. 520-0255

Cont'd

6. PROJECTS SUPPORTING OBJECTIVE - Cont'd

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
l. Public Sector Budget Support-Rural Development Infrastructure	520-0347	0	ESF	(17,150)	LC	(17,150)	—	—	—
	520-0359	0	ESF	(19,700)	LC	(19,700)	—	—	—
	520-0372	N(88)	ESF	(12,000)	LC	—	(12,100)		—
	520-0373	N(89)	ESF	(19,200)	LC		—	(19,200)	—
	520-0374	N(90)	ESF	(19,200)	LC	—	—	—	(19,200)
m. PL 480 Title I Programs	1984	0	PL 480	(6,300)	LC	(6,300)	—	—	—
	1985	0	PL 480	(6,700)	LC	(6,700)	—	—	—
	1986	0	PL 480	(6,800)	LC	(6,800)	—	—	—
	1987	0	PL 480	(12,300)	LC	(12,300)	—	—	—
	1988	N(88)	PL 480	(15,000)	LC	—	(15,000)	—	—
	1989	N(89)	PL 480	(15,000)	LC	—	—	(15,000)	—
	1990	N(90)	PL 480	(15,000)	LC	—	—	—	(15,000)
n. Section 416 Sugar Compensation	1986	N	416	(6,700)	LC	(6,700)	—	—	—
	1987	N	416	(12,500)	LC	(12,500)	—	—	—
	1988	N	416	(5,062)3/	LC	—	(5,062)	—	—
o. Program Development and Support	520-0000	N	DA/FN	CONT	G	8,663	535	500	490
TOTAL						66,143	11,615	9,870	11,120

3/ Latest estimate

7. NARRATIVE

During the 1988-89 Action Plan period, an Agriculture Sector Strategy was developed and refined. The Strategy points out the dualistic nature of Guatemalan agriculture: the numerically largest "subsistence" system composed primarily of land-poor farmers and landless laborers producing basic commodities for their own consumption; and the large-farm "commercial" system producing for export (coffee, cotton, livestock, bananas, etc.). Because of agriculture's importance to the overall economy of Guatemala, the constraints to improved production, investment, and incomes of both the "subsistence" and "commercial" systems must be alleviated. Consequently, the Strategy is designed to support a transition of subsistence farms into commercial operations -- principally through the introduction of irrigation and crop diversification -- while improving investment, efficiency, and income-generating opportunities for the already commercial enterprises, principally through a stable policy environment. Specific project interventions during the Strategy period (1988-1992) will concentrate on: product marketing and processing, irrigation, farm credit, agricultural research and extension, and rural infrastructure. Increased emphasis will be placed on natural resource management. Simultaneously, the Agriculture Sector Assistance Program will undertake intensive agricultural policy dialogue and reform, as well as direct budget support to achieve GOG institutional strengthening and reorganization.

Due to the Mission's decision to considerably expand its efforts in small- and medium-scale irrigation (irrigated land will increase to 17,244 hectares by 1989, instead of 2,016 hectares projected in last year's Action Plan for the same period), increased value of agricultural production will total Q134,652 in 1989 instead of the targeted Q69,082, or an increase of 143%. By 1990 the share of increased agricultural GDP generated by AID programs should reach 20%. It should be pointed out that most of this increase in agricultural production will result from PL480 Title I local currency-financed irrigation, something which was not accounted for in last year's Action Plan. AID's experience over the last seven years in crop diversification combined with small-scale irrigation supports the view that with proper assistance, subsistence farmers can break the poverty cycle through nontraditional crop production in as little as three years.

With a target outlay of AID funding totaling $200 million over the five-year strategy period -- combining DA, ESF, and PL480 Title I funds -- great strides in reaching a target outlay of 3.5 percent average annual growth in agricultural GDP by 1992 can be made.

As noted above, emphasis will be placed on natural resource management, including land use, soil conservation, agroforestry, and pasture management. Although some short-term impacts can result from these interventions, most of the impacts are to be medium- to long-range.

Due to the GOG's increasing awareness of the deterioration of the environment, in terms of contamination and a degradation of its resources though soil erosion, deforestation, and reduced biological diversity, it has expressed a desire to dedicate considerably more PL-480 Title I local currencies to manage and preserve its natural resource base. This is reflected in the large increase in hectares terraced and reforested during the Action Plan period.

OBJECTIVE No. 2 : Strengthen the Private Sector
MISSION OBJECTIVE: Increase investments generated by AID-supported programs to $98.8 million in 1990

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Private Investment as a percent of GDP	8.8	7.8	8.2	8.7	10.4	10.8	11.2
b. Nontraditional Exports/millions of current $ 1/	127.4	127.7	146.9	176.0	202.4	232.7	267.5
(1) Agricultural/millions of current $ 1/	65.2	65.3	74.1	88.8	103.5	119.0	136.4
(2) Nonagricultural/millions of current $ 1/	62.2	62.4	72.8	87.2	98.9	113.7	131.1
c. Guatemalan Exports of Drawback Products (Labor value added only)/ millions of current $	9.3	13.4	—	25.5	45.0	77.0	130.0
d. Foreign Exchange Earnings from tourism/millions of current $	13.3	29.3	—	48.0	52.0	59.8	68.8

Source: Bank of Guatemala and USAID estimates

1/ Nontraditional agricultural exports include sesame, cacao, shrimp, fish, rubber, chicle, flowers, fruits, honey, tobacco and vegetables. Nontraditional exports are defined as total exports less exports of cotton, bananas, coffee, cardamom, meat, sugar, petroleum and exports to the CACM.

NOTE: Exports and tourism have been included because the Mission has decided that they represent a performance indicator under this objective rather than a separate objective. Increases in nontraditional exports projected for 1988-90 reflect the anticipated impact of exchange rate devaluation and improvement in the regulatory environment (e.g., the one-stop export center). Nontraditional Exports projections for 1988-90 assume a 15% annual growth rate.

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Investments generated by AID-supported projects and programs/millions of $	3.0	1.9	3.4	43.0 1/	57.3	77.5	98.8 3/
b. Credit to private sector financed under AID projects and programs/millions of $	3.8	0.9	2.2	24.0 2/	39.9	56.4	66.3 4/
c. Exports generated by AID projects and programs/millions of $	—	4.8	—	12.5	14.3	15.9	19.0

Source: USAID estimates (from existing/proposed project portfolio)

1/ Includes $40.00 M. guaranteed by TCIP
2/ Includes $20.00 M. guaranteed by TCIP
3/ 1988-90 targets include additional investment generated by TCIP and HG
4/ 1988-90 targets include additional credit guaranteed under TCIP and HG

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishment	Actual Accomplishment
a. Nontraditional export growth of 15 percent to 1987 target of $146.9 million.	a. Nontraditional exports reached $176.0 million which represents an annual 37.8 percent nominal increase. This was due to changes in GOG exchange rate policy, and to Guatemalan private sector increased export promotion, improved technology transfer and higher levels of investment. Mission accomplishments included additional assistance to the Nontraditional Product Exporters Guild to facilitate training and technical assistance to exporters.
b. Ten medium-sized agribusiness enterprises established or expanded by the end of FY 1987.	b. As of 2/88, four enterprises received loans and 9 other loans were in process for business expansion. After loan criteria were modified and with Bank of Guatemala procedures streamlined, the total amount of project funds in process through private banks was approximately $4.0 million. Also, additional agroindustrial projects (estimated at $1.5 million) have been identified and are awaiting funding at this time.
c. Seven hundred micro-enterprises assisted with credit and/or technical assistance by FY 1987.	c. Two hundred fifty microenterprises were provided technical and managerial assistance in the highlands under the Private Sector Coordination Project. The new Micro-Business Promotion project (FY 87), will further augment such improvements.
d. Fifty small and medium businesses assisted in productivity, management and export performance improvements.	d. Performed on schedule under Private Sector Development Coordination Project: 17 export and 34 domestic market producers were provided assistance to improve their management and productivity under the IESC subcomponent of the Private Sector Coordination Project.
e. Facilitate private sector investment and access to credit.	e. $40 million in letters of credit for raw materials and equipment imports were provided by TCIP. Mission continued working with the Bank of Guatemala to expanding credit under the Agribusiness Project.
f. Strengthen the private sector under both the ESF and the private sector portfolio.	f. The new Private Enterprise Development Project and the Micro-Business Promotion Project were approved. These projects were designed in close collaboration with the Guatemalan private and public sectors.
g. Long-term credit for private sector investment in low-cost housing.	g. The recent BOG Monetary Board approval to provide credit lines for 20-year mortgage financing to IFIs at local market interest rates opens the way for implementation of the $10 M. HG program.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
Macroeconomic	
a. Maintenance of the exchange rate at a market-determined level	Continuous
b. Market-oriented credit and interest rate policies	Continuous
c. Liberalization of capital markets	Continuous
Sectoral	
a. A one-step document, to complement the one-stop export window, which will further facilitate exports and encourage investment in export industries	4/88
b. Improved public/private sector coordination and cooperation in areas such as fiscal incentives for investment and exports, and customs procedures.	88/90
c. Revised free zone/drawback (maquila) legislation	4/88
d. Negotiations and studies to increase the availability of longer-term credit for private sector investment	88/90
e. Negotiations to establish a policy environment conducive to nontraditional exports, and to a broader access to services/finance by small and medium enterprises	88/90
f. Establishment of a National Export Plan	2/89
g. Negotiations and studies to further facilitate competitive transportation "open skies" arrangements	2/89
h. Improve the coordination with other donors with respect to assistance to the private sector	4/89
i. Development of a strategy for increasing the level of domestic savings to finance private sector investment	3/90

NOTE: The policy dialogue actions cited above relate to planned Mission efforts to increase domestic levels of employment, income, productivity and economic growth by assisting in the development of a more competitive private sector in Guatemala.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
a. Work closely with Government of Guatemala to identify barriers to increased investment, support financial market research, development and promotion, and further explore alternatives to improve banking procedures in conjunction with private lending institutions.	88/90
b. Intensify and expand Private Sector Development Training	
(1) Under the new Private Enterprise Development Project (520-0341), hold 4-5 workshops and seminars annually for 25-50 persons each, to improve management skills	88/90
(2) Under the Cooperative Strengthening Project (520-0286) train up to 300 cooperative leaders annually in business management and cooperative operations	88/90
(3) Under the Micro-Business Promotion Project (520-0377) train up to 500 microentrepreneurs annually in various business-related areas	88/90
(4) Under the Low-Cost Housing Project (520-0261) train up to 5 staff members of FHA and commercial banks per year in credit analysis procedures and criteria for serving low-income families	88/90
(5) Under the Rural Electrification III Project (520-0353) provide up to 1,000 owners of microenterprises with skills in productive use of electricity annually	89
c. Provide loan guarantees valued at up to $3.0 million annually	89/90
d. Establish a free trade production facility	4/89
e. Assist the following number of microbusinesses with technical assistance and financial support:	
(1) 750	88
(2) 2,000	89
(3) 2,500	90
f. Assist the following number of small and medium enterprises through new and/or ongoing projects:	
(1) New businesses established or expanded:	
(a) 50	88
(b) 75	89
(c) 100	90
(2) Existing businesses improved in their management, productivity and export performance:	
(a) 250	88
(b) 750	89
(c) 1,000	90
g. Stimulate increased levels of productivity and economic growth of micro, small and medium enterprises:	
(1) Expand efforts under existing organizations (ACCION/AITEC, FUNDAP, ASINDES)	88/90
(2) Develop alternative mechanisms (organizations such as IESC, PADF, CARE or others)	88/90

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Agribusiness Dev.	520-0276	0	ESF	3,000	G	3,000	—	—	—
				9,500	L	9,500	—	—	—
Trade Credit Ins. Prog. (TCIP)	-	0	TCIP	Cont.	-	70,000	70,000	70,000	70,000
Private Sect. Dev. Coord.	520-0337	0	DA (FN)	2,000	G	1,500	500	—	—
	520-LC-0337		ESF	(500)	LC	—	(500)	—	—
Low-Cost Housing	520-0261	N (88)	DA (SD)	600	G	—	300	300	—
	520-HG-004	0	HG	(10,000)	L	(10,000)	—	—	—
Private Enterprise Dev.	520-0341	0	DA(ARDN, SD)	10,750	G	6,670	1,780	2,050	250
	520-LC-0341	0	ESF	(10,900)	LC	—	(10,900)	—	—
Rural Electrification III	520-0353	N (88)	DA (FN)	7,000	G	—	800	4,590	1,610
		N (88)	DA (FN)	3,000	L	—	3,000	—	—
Private Sector Skills Trg.	520-0324	N (89)	DA (EH)	4,500	G	—	—	2,000	2,500
Cooperative Strengthening	520-0286	0	DA (FN)	11,000	G	11,000	—	—	—
Micro-Business Promotion	520-0377	0	DA (SD)	500	G	200	300	—	—
	520-LC-0377	0	ESF	(1,906)	LC		(1,906)	—	—
Financial Markets Dev.	520-0387	N	DA(ARDN, SD)	7,130	G	—	—	—	7,130
PL 480, Title I, Section 108		0	PL 480	Cont.	LC	—	(4,500)	(5,000)	(5,000)

Cont'd

6. PROJECTS SUPPORTING OBJECTIVE - Cont'd

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Program Dev. and Support	520-0000	O	DA (SD)	Cont.	G	500 1/	250	300	300
	520-LC-0000	O	ESF	Cont.	LC	—	(450)	(450)	(500)
Shelf (Non-add) Microenterprise Dev.	520-0375	N	DA (SD)	5,000	G	—	—	(3,000)	(2,000)
			TOTAL			102,370	76,930	79,240	81,790

1/ Projects support two different objectives. Amounts have been divided between objectives Nos. 2 and 14.

7. NARRATIVE

During CY 1987 the Guatemalan private sector responded favorably to an improved economic environment fostered by low inflation and an improved exchange rate. Additionally, export procedures improved when the GOG terminated its contract with the Societé General de Surveillance (SGS). Exports increased by 7.4 percent overall in 1987 compared to a decline of 14% in 1986. Guatemalan exports to the Central American Common Market grew by 23.8 percent, while nontraditional exports jumped 37.8 percent in 1987. As forecasted in last year's Action Plan, Guatemala is rapidly making up for lost time. For example, by doubling its maquila exports to the United States, it has already surpassed Honduras and El Salvador.

Investment growth was a respectable 3.6 percent in 1987 ($67 million) -- twice the 1984-86 rate. Workers are beginning to benefit from this private sector-led expansion. Low open unemployment, estimated at around 7.3 percent for the Department of Guatemala -- and inferred lower for other regions -- has allowed a rise in real wages in several industries. Unskilled textile workers, for example, have increased their gross wage from $0.30/hour to $0.50/hour. Microentrepreneurs and the informal sector have begun to receive both political and economic support from the GOG.

Recently, the GOG developed a fiscal reform program, increased utility rates, and raised the minimum wage for most industrial categories. It is still too early to quantify the impact of these measures on private sector investment. The final outcome will depend greatly on the ability of the GOG and the private sector to develop a more collaborative approach to fiscal and monetary policy issues that affect investment and savings. The new Fiscal Administration Project (520-0371) has this as one of its objectives as well as developing fiscal policies that are neutral with regard to affecting the structure of private sector investment. If the efforts to bring about a reconciliation between the public and private sectors succeed, then Guatemala will be in a good position to build on its recent economic successes.

Building on a successful ESF-assisted GOG economic stabilization effort including establishment of a policy and regulatory environment more conducive to stimulating private investment and saving, the Mission's private sector program activities will support technical and financial assistance to develop a stronger and more competitive private sector. The efforts to assist the private sector can be classified under two programatic categories: Business Environment and Business Structure.

I. Business Environment

A. Policy dialogue: The Mission will identify and assist in the negotiation of areas of common gain for both public and private interests, specifically those which enhance private sector productivity through improved competition as well as fiscal equilibrium through economic growth. Temporary import and free trade zone legislation enacted into law; improved investment and export procedures; financial markets development; and a more competitive transportation (e.g., open skies) are important elements envisioned for 1988-90. The policy package negotiated through our ESF program is the main vehicle for pursuing these objectives.

B. Improved Competition: Improved delivery of services could result from selected efforts to open up avenues for private sector competition with public sector monopolies. The Mission is exploring, for example, how the GOG may be

Cont'd

7. NARRATIVE - Cont'd

induced to allow for private sector participation in new telecommunciation services not currently under the control of GUATEL. The role of Employee Stock Ownership Plans will be looked into as a tool to open the door for private investment into SOEs. Another option may be to assist the GOG in converting selected SOEs to private companies that operate primarily in response to market signals. An example of the former is Empresa Electrica S.A. that, although 90 percent owned by the GOG, operates as a private company, is efficiently managed, and is a reliable provider of electrical service. Care will be taken to avoid the situation that merely replaces a state monopoly with a private one, particularly in the absence of a strong public service regulatory mechanism.

C. Investment Policy: During 1988 and 1989, policy and operational constraints affecting key industries (i.e., chemicals, plastics, transportation, metal-mechanics and tourism) will be identified and improvements recommended to strengthen a competitive manufacturing sector in general, and an accelerated growth strategy for small- and medium-size ventures in particular.

II. Business Structure

A. Financial Development: Two guaranty facilities, a PRE-financed, five-year offshore guaranty facility, and local currency-funded guaranty fund, will facilitate access to commercial credit by small and medium enterprises (SME) in 1988-89. A three year $10 million HG will provide long-term financing primarily through private sector financial institutions for low cost housing to benefit below-median income families. P.L. 480 Sec. 108 local currencies will provide additional lines of credit for investment purposes. Private entrepreneurs have demonstrated strong interest in establishing new IFIs specializing in SME; these financial mechanisms will partially protect SME from the usual bias against them found in periods of tight monetary policy. Building on the experiences gained through these activities, and the financial research, development and promotion sponsored by the PED project, a 1990 project will support the establishment of a new financial markets development facility which will enhance the role of competitive forces in Guatemala's commercial finance sector.

B. Microentrepreneur Support: Based on careful analysis of experience gained in (a) helping microentrepreneurs through a small ACCION/AITEC OPG, (b) designing the productive uses component of Rural Electrification III, (c) the current GOG microenterprise program and, (d) an IDB microenterprise project, the Mission will determine how best to assist this segment of the private sector in the future, commencing with a possible FY 1989 shelf project in Microenterprise Development.

C. Export and Investment Expansion: Exporters will be assisted primarily through the ongoing Agribusiness Development Project and the Private Enterprise Development Project. Increased investements will be supported through the various guaranty facilities noted above. Moreover, the IBRD will support exports through an $80 million loan ($60 million balance of payments support and $20 million a preexport financing facility).

D. Human Resource Development: The PED project will focus on increasing mid-level management productivity. Based on the outcome of a workforce training needs assessment currently underway, the Mission will make a final decision on the development of a basic skills project to enhance the productivity of workers and first-line supervisors in private sector firms.

OBJECTIVE No. 3 : Stabilize Financial Structures
MISSION OBJECTIVE: Achieve external and internal balance, consistent with progress toward a real GDP growth target of 4.0% by 1990

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Internal Balance							
(1) Consolidated Public Sector Deficit*/ percent of GDP 1/	-5.9	-3.2	-3.5	-3.5	-2.5	-2.0	-2.0
(a) Central Government Deficit/ percent of GDP 2/	-1.9	-1.4	-2.5	-1.0	-2.0	-2.0	-2.0
(b) Central Bank Losses/percent of GDP 1/	-4.5	-1.8	-1.0	1.5	0.0	0.0	0.0
(c) Deficit of the NF Public Enterprises/ percent of GDP 1/	+0.5	0.0	0.0	0.0	0.5	0.0	0.0
b. External Balance							
Current Account Balance/percent of GDP 1/	-2.5	-0.3	-2.9	-3.1	-2.9	-2.4	0.0
c. Inflation							
Consumer Price Index/December-December 3/	+27.9	+25.7	+12.0	+9.3*	+7.0	+5.0	+3.0

* Does not include fiscal balance of local governments.
1/ IMF and Bank of Guatemala, AID estimates.
2/ National Statistical Institute, AID estimates.
3/ Bank of Guatemala, AID estimates

2. A.I.D. PROGRAM PERFORMANCE INDICATORS 1/	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Internal Balance							
a.1 Central Government Tax Revenues/ percent of GDP	6.1	7.1	7.5	7.8	9.0	10.0	10.0
b. External Balance							
b.1 Trade Balance FOB commodities only/ current $	-17.0	+168.1	-112.6	-268.5	-42.0	-5.0	0.0
c. Economic Growth							
c.1 GDP real growth rate/percent	0.0	0.0	+1.5	+2.5	+3.0	+3.5	+4.0
c.2 Central Government Investment/ percent of GDP	2.1	2.1	2.5	2.3	2.8	3.1	3.5

1/ Bank of Guatemala, AID estimates

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN Cont'd

Planned Accomplishment	Actual Accomplishment
a. Central Government deficit reduced to 2.5 percent of GDP in 1987 and 2.0 percent in 1988.	a. Central Government deficit was only 1 percent of GDP in 1987. Central Government budget for 1988 passed with estimated deficit of 2 percent of GDP.
b. Export tax phase-out begun in 1987.	b. Phase-out underway per schedule.
c. Tax administration and revenue improvements.	c. Package of tax law revisions passed late 1987. Revenues were up from 7.5 percent of GOP in 1986 to 7.8 percent in 1987.
d. December-December inflation 12 percent in 1987 and 10 percent in 1988.	d. Consumer prices rose only 9.3 percent in 1987. The target for 1988 is 7 percent.
e. Reduce number of products subject to price controls.	e. The price control list has now been reduced to 8 basic foods.
f. Full unification of exchange rate by end of March, 1988.	f. This still expected to occur before the end of March 1988.
g. Maintenance of exchange rate at market-oriented level.	g. Recent evidence suggests a need for either more devaluation or tighter monetary policy. The GOG has announced a new, tighter monetary program for 1988.
h. Nontraditional export growth (non-CACM) 15 percent.	h. Nontraditional exports increased by 37.8%, more than twice the expected rate.
i. Maintenance of utility prices at level which reflects true cost of servicing external debt.	i. A hike of 40 percent in electricity tariffs has moved the GOG substantially toward this objective. (A recent legal challenge has suspended this increase at least temporarily.
j. Positive real rates of interest.	j. Present ceiling rates of interest are positive in real terms. However, allowing market forces a greater role is still to be desired.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN Cont'd

Planned Accomplishment	Actual Accomplishment
k. Disciplined monetary policy.	i. Monetary expansion in 1987 was just on target and helped restrain price rises.
l. Improved public sector investment budget execution rate.	l. Once again, public sector investment 2.3 percent was below target (2.5) percent.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

	Macroeconomic	FY 1989	FY 1990
a.	Demand Management	Maintain fiscal and monetary programs that restrain growth of aggregate demand to 9 percent over 1988.	Same as 1989
b.	Fiscal Management	(i) Restrict overall public sector deficit to 2.5 percent of GDP. (ii) Continue refining the management and operation of the Core Development Budget, with assistance of the technical assistance provided through the Fiscal Administration Project.	Same as 1989
c.	Foreign Exchange Rate	Achieve increase in net international reserves by $40 million.	Achieve increase in net international reserves by $50 million.
d.	Savings	Achieve domestic savings rate of 10 percent of GDP.	Achieve domestic savings rate of 12 percent of GDP.
e.	Public Sector Investment	Achieve public sector investment of 3 percent of GDP.	Achieve public sector investment of 4 percent of GDP.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR

Planned accomplishments are listed under Policy Dialogue Actions.

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Economic Stabilization	520-0347	O	ESF	47,350 —	G L	23,425 23,925	—	—	—
Economic Stabilization/ Structural Adjustment	520-0359	O	ESF	90,750	G	90,750	—	—	—
Economic Stabilization/ Structural Adjustment II	520-0372	N(88)	ESF	75,000	G	—	75,000	—	—
Economic Stabilization/ Structural Adjustment III	520-0373	N(89)	ESF	69,000	G	—	—	69,000	—
Economic Stabilization/ Structural Adjustment IV	520-0385	N(90)	ESF	70,600	G	—	—	—	70,600
ESF PD&S	520-0347	O	ESF	500	G	500	—	—	—
PL 480 Title I	--	O	PL I	CONT	L	69,000	18,000	18,000	18,000
Section 416 (Sugar Quota set aside)	--	O	SECTION	CONT	G	20,500	5,062 1/	—	—
Fiscal Administration Improvement	520-0371	N	DA (SDA)	5,000	G	—	950	1,500	550
TOTAL						228,100	99,012	89,500	89,150

1/ Latest estimate

7. NARRATIVE

Since taking office, the GOG has substantially fulfilled its commitment to the Guatemalan people to adopt sound economic policy management practices for correcting an economic crisis that caused seven straight years of declines in real per capita GDP. During the Action Plan period, the GOG and USG objective is to reverse this trend to achieve modest increases in real per capita GDP by 1989. Critical to this result is the level of U.S. ESF grant funds as well as continued emphasis on growth-oriented policies by the Guatemalan government. Additional ESF funds over the planning levels could help bring about an increase in real per capita GDP as early as 1988.

We anticipate Guatemala will enter the FY 1989-90 period with its stabilization program in place and with initial necessary steps taken toward creating a more open economy with a predictable and rational regulatory environment. Achievement of growth targets for 1988 and 1989 depends on three critical factors: (1) sufficient availability of balance of payments support to meet short-term BOP gaps; (2) an increased level of public investment in productive infrastructure; and, (3) moderate expansion of exports, with the small nontraditional export sector taking a leading role. By 1990, under this scenario, private investment and a strengthened export sector are expected to take over as the engines of growth, supported by increased indusement to private saving and investment.

The FY 1989 and 1990 ESF programs will be directed toward maintaining and adjusting stabilization policies and toward continued progress in structural adjustment. The specific stabilization policies at the forefront in the Action Plan period will be fiscal reform and improvements in tax administration to meet revenue targets, and further liberalization and flexibility of credit policies, and a sector-specific effort in support of agricultural growth.

Linkages between ESF macroeconomic policy dialogue and sector/project policy concerns will be vigorously pursued. Credit policies applied in agricultural, for example, will be coordinated with macro-level conditionality on interest rates. Bureaucratic practices and procedures for investment project implementation will be the target of high level scrutiny.

Local currencies will be principally directed toward support of the public investment budget and programs to stimulate private saving investment, production and export. However, local currency programming will be designed to achieve consistency with development and operation of a Core Development Budget. The goal is to use local currency availability to influence the composition of credit and public expenditure toward greater growth and equity.

The GOG is negotiating an 18-month stand-by agreement with the IMF. In addition, the GOG is discussing a sectoral adjustment loan (to strengthen nontraditional exports) with the World Bank, which would also offer significant balance-of-payments assistance in both 1988 and 1989.

The relative financial stability that has been achieved to date must continue if investors are to undertake the expansion of production that translates into real growth.

OBJECTIVE No. 8 : Increase access to voluntary family planning services
MISSION OBJECTIVE: Increase contraceptive prevalence to 35.3% by 1990

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Percentage of couples using contraception	25	25	27.7	25*	30.3	32.8	35.3

* Estimate. This data will be available in June 1988.
Source: CDC Survey.

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Couple-Year-Protection (thousands) 1/ (CYP)	225.6	206 2/	212.7	221.4	243.5	245.9	248.3

1/ This statistic is a consolidation of family planning agency contributions to contraceptive usage.
2/ The apparent reduction is due to a change in the method of calculation rather than a real decline in the indicator itself.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishment	Actual Accomplishment
a. Encourage GOG to draft a population/family planning policy.	a. The GOG did draft a policy, but no formal document has yet been approved.
b. Ensure that MOH understands role of private sector in providing family planning services.	b. MOH has not developed any new regulations limiting private sector family planning methods sales or distribution, allowing the C.S.M. private sector program to continue.
c. Encourage MOH to commit itself to birth spacing as integral part of its MCH program.	c. MOH has accepted birth spacing as a legitimate child survival intervention.
d. Integrate family planning into national MCH program.	d. MOH has increased the quality and quantity of staff training on family planning. Logistic support has lagged.
e. Initiate family life education (AGES) program.	e. AGES program has reached been initiated. It has reached more Mayan language speakers than any other element of the family planning project.
f. Prepare expansion of family planning project.	f. Project Paper Supplement was prepared and obligated.
g. Conduct MCH health Survey.	g. Field work completed. Preliminary analysis of data underway.
h. Conduct workshop on educational materials production.	h. Three very successful workshops were held.
i. Evaluate family planning project.	i. Project was evaluated, 1-2 January and February 1988.
j. Prepare new Family Health project.	j. This activity will be carried out in 1991.
k. Evaluate AGES program.	k. AGES was evaluated in January - February 1988.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
a. Promote the integration of child spacing activities within the context of the national MCH program, while still preserving family planning as a strong and discrete program priority.	Continuing
b. Raise awareness of the effects of rapid population growth by presenting demographic and public health data gathered through the recent CDC Young Adult Survey and Westinghouse MCH surveys to key policy makers and leaders in the public and private sector.	2/88
c. Encourage the MOH to utilize local health providers, such as patent medicine salesmen, by providing training and official recognition of their work.	89
d. Encourage the GOG to promote education, especially of young rural women as a way to improve MCH, raise family income and break down tradition discrimination against women in general and rural and Mayan women in particular.	88 - 90

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
a. Expand female education program (AGES) to three new geographic areas	2/88
b. Present the National Demographic Health Survey (MCH Survey) data to INCAP, MOH, PAHO, UNICEF and other national level technical and political decision makers	3/88
c. Overall evaluation of Expansion of Family Planning Services Project (520-0288)	2/88
d. Amendment of Expansion of Family Planning Services Project (520-0288)	3/88
e. Management Evaluation of AGES	3/88
f. Support child spacing activities with mass media education	88-90
g. Open two new AGES centers	90
h. Incorporate 3-5 new private sector family planning service points	89-90
i. Begin new "integrated" MCH clinics in APROFAM	2/88
j. Start Rural Physician Program in APROFAM	2/88
k. Evaluate Rural Physician Program	89-90
l. Carry out operations research on training and service delivery in rural areas	88-89
m. Carry out interim Contraceptive Prevalence Survey (CPS)	90
n. Launch low-dose oral contraceptive in the commercial sector	4/89
o. Start rural social market program to reach Mayan population	2/89

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Expansion of Family Planning Services	520-0288	O	DA	24,771	G	12,116	5,035	3,810	3,810
Project Development & Support	520-0000.5	O	DA	CONT	G	832	100	200	200
TOTAL				24,771		12,948	5,135	4,010	4,010

7. NARRATIVE

In support of the Guatemalan constitutional right of couples to space their families, the USAID family planning strategy provides family planning methods through the public sector (the Ministry of Health and a network of health posts and centers); through the private sector (the Guatemalan Association of Family Welfare, APROFAM, and the Guatemalan Association of Sex Education, (AGES); and, through the commercial sector (IPROFASA, which is a social marketing organization). Voluntary family planning services are provided by outlets that have comprehensive educational programs, a good mix of family planning methods, and a referral service to other available methods, including natural family planning methods. High-quality information, education and training activities are expected to expand the knowledge of family planning and its benefits to a wide audience. The use of workers fluent in and materials written in Mayan languages and for people with low literacy levels in Spanish will ensure broader penetration of the messages to both the Ladino and Mayan population groups in Guatemala.

As a result of APROFAM's effectiveness the program difficulties encountered in 1986 were overcome. FY 1987 brought about an expansion of services and a positive climate within the Ministry of Health and the country in general for family planning. The Ministry's network of health posts and centers, and the activities in the private sector continued at acceptable levels. As an example of this, the Ministry of Health began to extend family planning logistical coverage and MCH supervision to an additional eleven areas. As a result, the MCH family planning and MCH distribution and supervision will cover the entire country by July 1988. These events plus planned institutional improvements in implementing skills offer hope of accelerating program achievements over the Action Plan period.

Recent studies in Guatemala have shown that creating appropriate educational materials for the rural population and offering a more integrated approach to family planning services need to be emphasized. All of the implementing agencies have participated over the past year in a series of seminars to help them develop appropriate educational material for Mayan speakers and for people with low literacy skills. Operational research in training and service delivery has been designed and will be implemented in CY 1988. IPROFASA has carried out a small research project in four different linguistic areas in order to gather information about knowledge, attitudes, and practices in regard to family planning. A consultant began working with patent medicine salesmen to asses the feasiblity of using them as an innovative means to reach the rural population. These activities are all being carried out in an attempt to reach the rural and Mayan speaking populations

Improving access to education for women will be another means of lowering the Total Fertility Rate, the Maternal Mortality Rate, and the Infant Mortality Rate. An expansion of the pilot education project for young women will be implemented to cover 500 families in six communities.

The extension of the Expansion of Family Planning Services Project will support both basic child survival and maternal health activities along with family planning services. Services will be offered during the pre and post-natal periods, when appropriate care can greatly reduce a woman's health risks. These are appropriate times to discuss child spacing and offer services. The amendment consists of a 36-month extension of the PACD and addition of $14.0 million in grant funds. The proposed amendment is described in the New Project Description (NPD) of this Action Plan.

OBJECTIVE No. 10 : Reduce Infant and Child Mortality
MISSION OBJECTIVE: Reduce Infant Mortality to 60.9/1,000 live births in 1990

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Reduce Infant Mortality Rate (per 1,000 live births)							
National rate	73.4	68.2	64.8	69.7 1/	62.8	61.5	60.9

1/ Data for first quarter 1987 only, including traditional increase during rainy season. Longer term trend is for a continued decline in rate.

Source: MOH, DGSS, Program Unit

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. % of cases of diarrhea in children under 5 years of age treated with ORT 1/	3.5	3.5	15.0	9.5 1/&2/	25.0	40.0	50.0
b. % children 0-59 months having received complete series of polio, measles, DPT, BCG	27.0	37.0	47.0	50.0 2/	60.0	70.0	75.0
c. % (15-49) women delivered in the last 12 months who have 2 doses of tetanus toxoid 2/	N/A	0.4	15.0	12.4 2/&3/	37.0	58.0	60.0
d. % total rural population provided with new water supply service during the year (all public entities) 3/	2.08	1.81	--	1.84	3.42	3.29	N/A
e. % total population in rural areas provided with new sanitation facilities during the year (Latrines-all public entities) 3/	4.05	5.77	--	3.19	4.25	4.08	N/A

1/ Source: INCAP sentinel areas.

2/ Source: MOH, DGSS, Program Unit.

3/ Includes AID, MOH; AID Projects represent roughly 1/3 of the investments in water and sanitation.

(1) Source: INCAP/MOH - Community KAP Survey, Preliminary Analyses 1987

(2) Source: INCAP/MOH - Demographic Health Survey-Preliminary Analysis, 1988

(3) Source: MOH, Annuario 1986
Note: Proxy measure for % of pregnant women seen in MOH facilities who received 2 doses of TT before delivery).

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishment	Actual Accomplishment
a. Encourage GOG to give top priority to child survival interventions.	Continuing concern and policy dialogue objective.
b. Complete Health Sector Assessment.	Achieved.
c. Equip 90% of MOH health centers and posts with cold chain system.	Achieved.
d. Conduct maternal child health survey.	Field work completed. Preliminary analysis of data is underway.
e. Design add-on to family planning (birth spacing) project.	Accomplished.
f. Implement a health education component on water and latrines.	Under design.
g. Establish a computerized growth monitoring system for beneficiaries of PL 480 feeding programs.	Under design.
h. Initiate production of oral rehydration salts.	Local production delayed. UNICEF ORT pachets were purchased as stop gap measure.
i. Train 85% of MOH service delivery people in immunizations, ORT, and "channeling" Techniques.	Channeling is being carried out in 21 of the 24 health areas of the country. Immunization training and ORT ??
j. Prepare project paper for Improved Family Health project.	Postponed until 1991.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
a. Encourage the GOG to give top priority to child survival interventions within a primary health care context, emphasizing the maternal-child target group. Our efforts will focus on assuring that the Ministry of Health demonstrates this commitment through policy and budgetary commitments to child survival activities and that these policies are effectively implemented.	Continuing
b. Promote close coordination between the Mission and other bilateral and multi-lateral donors including UNICEF, PAHO, Rotary International and UNFPA in order to optimize the impact of our aggregate contributions to the health sector.	Continuing
c. Achieve significant management improvement in MOH to facilitate health delivery systems.	90

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
a. Updated 1987 Health Sector Assessment and MCH survey completed to provide baseline planning data	3/88
b. Design and implement a health education component to support the installation of potable water systems and latrines	3/88
c. Initiate local production of oral rehydration salts	6/88
d. Train 85% of the MOH service delivery personnel in immunizations, ORT techniques, and in the "channelling" methodology	1/88
e. Initiate the administrative decentralization procedures in three health areas	3/88
f. Prepare PP Supplement for amendment of Expansion of Family Planning Services project (520-0288)	3/88
g. Authorization and obligation of Expansion of Family Planning Services project (520-0288)	3/88
h. Install potable water and latrines systems in 300 communities of the Western Highlands	3/90
i. Establishment of an effective Health/Management Information System	1/89
j. Support ongoing Immunization/ORT activities and campaigns with mass media and public health education	87/89

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Immunization/Child Survival	520-0339	O	DA (HE)	8,348	G	8,348	—	—	—
			DA (CS)	5,570	G	5,570	—	—	—
			LC	(1,030)		—	(160)	(360)	(510)
			ES (CS)	2,500	G	—	2,500	—	—
Expansion Family Planning Services	520-0288	O	DA (CS)	6,560 1/	G	—	2,760	1,900	1,900
Community-Based Health & Nutrition Systems	520-0251	O	HE	1,300	G	1,300	—	—	—
Community-Based Health & Nutrition Systems	520-0251	O	HE	9,500	L	9,500	—	—	—
Maternal & Child Health, P.L. 480, Title II (CARE/CRS)		O	PL 480	CONT	G	—	4,775	5,075	5,075
Rural Potable Water and Sanitation II	520-0350	O	DA (HE)	1,000	G	1,000	—	—	—
Rural Water	520-0336	O	DA (HE)	500	G	500	—	—	—
Project Development & Support	520-0000.2	O	DA (HE)	CONT	G	930	300	305	305
Project Development & Support	520-0000.6	O	DA (CS)	CONT	G	—	50	100	100
ORT, Growth Monitoring and Education	596-0115	O	DA 2/	8,000 2/	G	8,000 2/	—	—	—
Project HOPE: Child Survival	938-0507	O	DA 3/	700 3/	G	700 3/	—	—	—
Project CONCERN: Child Survival	938-0000	O	DA 3/	400 3/	G	400 3/	—	—	—
Public Sector Budget	520-LC-0347		ESF	(3,096)	LC	(3,096)	—	—	—
Support-Health and	520-LC-0372		ESF	(5,460)	LC	—	(5,460)	—	—
Sanitation Infrastructure	520-LC-0373		ESF	(5,040)	LC	—	—	(5,040)	—
	520-LC-0374		ESF	(4,200)	LC	-	-	-	(4,200)
TOTAL						36,248	10,385	7,380	7,380

1/ Split funded with Population Objective.
2/ ROCAP-funded, non-add.
3/ Centrally funded through PVO/FVA office, AID/W; non-add.

7. NARRATIVE

The Immunization and Oral Rehydration Therapy (ORT) Services for Child Survival (1985-1991), Community-Based Integrated Health and Nutrition Systems (1980-1988), the Rural Potable Water and Sanitation I and II (1984-1987), Water, Women, and Health (1985-1989), and the ongoing P.L. 480 Title II Maternal and Child Health Program, all contribute directly to reducing infant and child mortality rates. The leading causes of infant and child mortality in Guatemala are diarrheal disease, acute respiratory infections and low birth weight/prematurity. These causes are usually linked to endemic moderate-to-severe malnutrition in infants, children, and pregnant and lactating women. The above-mentioned projects will attempt to reduce the high rates of infant mortality by increasing immunization coverage among children 0-60 months for polio, pertussis, measles, diphtheria and tetanus and for BCG and tetanus toxoid (T.T.) among pregnant women. Because a high percentage of the infant deaths in Guatemala is caused by neonatal tetanus, the project proposes to increase the coverage of T.T. among pregnant women from 0.4% (1986) to 60% in 1990. These projects will also assist the MOH and the private sector (CARE, Agua del Pueblo) to decrease diarrheal disease by increasing access to clean water and sanitation and increasing the use of ORT. The ROCAP and PVO projects are supportive of the Mission's child survival strategy.

Most of the Mission's projects aimed at reducing infant mortality depend on the MOH's infrastructure for delivering child survival interventions. Unfortunately, the MOH network of support systems is weak. Improvement of these problem areas (e.g., management, management information system, data collection and interpretation, etc.) will be addressed through the amendment to the Child Survival Project which was obligated in FY 1987. The newly obligated funds will finance technical assistance in key areas of management and administration.

The Mission has concluded that to better assist Guatemala in improving the health of women and children, more significant integration of child survival interventions into the current family planning project is necessary. To this end, a sector approach using Health, Child Survival and Population accounts will be adopted through a single project with sub-agreements for public and private sector health and family planning agencies.

To verify available baseline data, the Mission has funded a Demographic Health Survey with the financial support of other major Maternal Child Health (MCH) sub-sector donors. This nationwide survey, scheduled for completion in the fourth quarter in FY 1988, will provide us with reliable MCH data. In addition, an evaluation of the Title II program is planned to determine its effectiveness in improving nutrition and, as a result, reducing infant mortality, while providing future direction for this program. The results of both the MCH survey and the Title II evaluation will also be used as a basis for the design of the Improved Family Health project.

OBJECTIVE No. 12 : Improve Education Opportunities
MISSION OBJECTIVE: Provide appropriate educational opportunities for 50 percent of rural indigenous primary school age population by 1990.

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Gross Primary Education Enrollment Ratio % 1/	75	76	75	75*	75	76	76
b. Net Primary Education Enrollment (%)	63	64	63	N/A	63	64	65
c. Completion Rate (%) 2/:	50	50	50	N/A	51	52	53
c. Year to Produce a 6th grade graduate	10.5	10.4	10.3	N/A	10.1	9.9	9.8

* Estimate

Source: AID/W data

1/ This is defined as the total number of students enrolled in primary school divided by the total school age population (7-13 years).
2/ This is defined as the percentage of students that complete 6th grade.

2. A.I.D. PROGRAM PERFORMANCE INDICATORS a/	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Enrollment in Bilingual Schools (%) b/	N/A	N/A	N/A	N/A	75	76	76
Fourth grade completion Bilingual Education Schools (%) c/	N/A	N/A	N/A	N/A	N/A	37	38
Promotional rate Bil. Ed. Schools (%)	N/A	71.5	72.5	70	73.5	74	75
Rural/Indigenous Higher Education graduates (number) d/	N/A	N/A	N/A	N/A	N/A	166	166
Rural/Indigenous families receiving literacy materials under Private Sector Project (number)	N/A	N/A	N/A	N/A	75,000	100,000	125,000

a/ The present focus of the Mission's emphasis is on assisting the Government of Guatemala in improving the quality and efficiency of education of the Indian primary school-age population. Of a total primary school-age population of around 950,000 (7-12) age group), the Indian primary school-age population represents around 240,000 and our current program is reaching around 25% of them. By 1990, the Mission expects to be reaching 120,000 Indian primary school-age children or one-half of total Indian primary school age population. The Mission is also 1) providing higher education opportunities which are critically needed by disadvantaged rural/indigenous groups; and 2) assisting a literacy reinforcement program which provides post-literacy materials to nearly 60,000 rural families.

b/ In areas where there are bilingual schools the objective is to have 76% of school-age indian children enrolled in those schools by 1990.

c/ Bilingual schools are beginning 4th grade this year

d/ A.A. degrees

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

	TARGET	PLANNED	ACTUAL	DISCUSSION
a.	Strong GOG support for bilingual education		President lauded program in major ceremony	Needs continuing emphasis
b.	150 new bilingual teachers appointed	150	150	
c.	Dictionaries and grammars prepared (4 major languages)	4 languages	4 languages	Will need to introduce into instructional system
d.	Textbooks in 4 major languages up thru 4th grade		Completed	Students have materials for full 4 years 1988
e.	Stimulate other donors to participate in bilingual program	IBRD and BID to be involved	IBRD and BID support and complement AID program	IBRD discussing new loan which will assist bilingual program
f.	Indigenous students in special higher education program	300	300 students enrolled	Program on schedule
g.	New radio station for Non-Formal Education	Completed 1987	Completed early 1988	Delay in getting equipment
h.	Prototype Non-Formal education materials	10 folletos 20 radio programs	10 10	Delay in getting equipment
i.	Guide books NFE - Curriculum and Radio Education		Completed	Now in use
j.	RTAC II University books sold	20,000	20,000	Program effective
k.	Post-literacy materials	Get PVO underway	Produced 2 issues rural newspaper	On schedule
l.	In-country scholarships in Higher Education for needy, qualified potential leaders	95	95	On schedule

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
a. Timely input of counterpart funds and other resources such as 150 new bilingual teachers each year	Continuing
b. Increased GOG expenditures on education and increased budget proportion for primary education	Continuing
c. Increased GOG expenditures for bilingual texts and other texts and instructional materials	Continuing
d. Agreement on alphabet, grammatical constructions for Indian Languages	2/88
e. Qualified educational leaders in key primary education and bilingual education positions	Continuing
f. Regionalization program encouraging responsibility at the local level	Continuing
g. Curricula made flexible to be adaptable to regional differences	4/88
h. School schedule varied to meet regional requirements	4/88
i. Linkages between the bilingual program and bilingual normal schools	4/88

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
Bilingual Primary Education	
a. Consolidate bilingual education program in all 400 target schools so that all have complete 4th grade program, bilingual teachers, instructional materials and equipment	4/89
b. Reach agreement on linguistic elements of written language	2/88
c. Distribute (and develop process to promote use of) bilingual education support materials: dictionaries, grammars, teacher guides, etc.	4/88
Decentralization	
a. Initiate policy research program	4/88
b. Creation of up to eight regional offices of education and provision of equipment and furniture	4/88
c. Train regional administrative staff members	2/88
d. Develop adaptable curricula	3/88
e. Complete studies for pilot activities: standardized testing, double shifts in rural schools, different school calendars, collection and use of management information	4/88
Leadership for Indian Communities	
Train up to 300 at junior college and an additional 200 at B.A. level	4/90
Non-Formal Education	
Provide post literacy material for at least 75,000 rural inhabitants	3/88
Private Sector Skill Training	
Provide skills upgrading for up to 3,000 individuals to promote development of private sector	4/90

Cont'd

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD - Cont'd

	QUARTER/YEAR
Primary Education Sector Improvement	
a. Instructional materials supporting active child learning process	2/90
b. Normal schools programs supporting innovative teacher/learning process	4/90
c. In-service teacher training for innovations	3/90
d. Upgrading of administrators and supervisors	4/90
e. Enhanced testing and evaluation in participating schools	4/90
f. Improved use of statistics and school information to manage programs and increase retention rates	3/90

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)*or Ongoing(O)	Type of Funding**	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
a. Primary Education Improvement	520-0282	O	DA	13,500	L/G	13,500	—	—	—
	520-LC-0282	O	ESF	—	LC	—	—	(1,000)	(1,000)
b. Altiplano Higher Education Development	520-0304	O	DA	5,000	G	5,000	—	—	—
c. Non-Formal Education	520-0281	O	DA	2,800	L/G	2,800	—	—	—
d. Private Sector Skills Training	520-0324	N (88)	DA	5,000 2/	G	—	—	2,000 2/	2,500 2/
e. Private Sector Education Initiative	520-0364	N (87)	DA	1,500 2/	G	1,500 2/	—	—	—
f. Primary Education Management Improvement	520-0320	N (87)	DA	500	G	—	500	—	—
g. Education Sector Improvement	520-0374	N (88)	DA	5,000	G	—	—	2,000	2,000
h. Public Sector Budget Support-Education Infrastructure	520-0359	O	ESF	(3,196)	LC	(3,196)	—	—	—
	520-0372	N (88)	ESF	(5,460)	LC	—	(5,460)	—	—
	520-0373	N (89)	ESF	(5,040)	LC	—	—	(5,040)	—
	520-0374	N (90)	ESF	(4,200)	LC	—	—	—	(4,200)
i. Program Development and Support	520-0000	O	DA	Cont	G	2,151	137 1/	239	289
TOTAL				33,300	G	24,951	637	4,739	2,289

1/ Part of this amount to be used on studies to determine how to improve quality and efficiency of primary education in future as well as involvement in other education improvement areas.
2/ Non-add, support strengthening of private sector as primary objective.

7. NARRATIVE

Although the Government of Guatemala has recognized the need to give greater support to primary education, with the rapid increase of the school-aged population, the government has found it difficult to increase the percentage of children enrolled. The problem is complicated by the large percentage of the indigenous, non-Spanish speaking population (45%). Without bilingual education programs, the primary schools are really not accessible to the indigenous children.

The Mission has focussed its efforts on bilingual education, and the IBRD and BID in their primary education project have complemented AID efforts by reproducing and distributing some of the instructional materials. This focus is in line with GOG policies: the new constitution legalized the use of Indian languages.

Bilingual education is not easy to implement in Guatemala since until recently the languages were only oral, and there are 23 different languages. The plan is to start with the 4 major languages which cover the majority of the indigenous population. The alphabets had to be standardized, and instructional support materials such as dictionaries and grammars had to be developed. Teachers who belong to the specific language-speaking communities had to be trained. The text and teacher guides had to be developed from pre-primary through the 4th grade. At this time, the instructional support materials have been developed, and this year the program will go through the fourth grade. The process now calls for the consolidation of the program so that all of the 400 AID target schools will have all of the essential elements, and a system is in place to deploy effectively the materials and methodology.

Since the quality of bilingual education will be dependent in large part on the quality of primary education, the Mission has started to help the GOG to attack situations which limit the effectiveness of the primary eduction system in general.

Through a process of decentralization, the GOG with Mission support, is attempting to upgrade the administration and supervision of the primary schools, making them more responsive to the needs and desires of the local communities.

The GOG and the Mission are undertaking eight studies of primary education, such as: a study on how to make the curricula more flexible and adaptable to the needs of the different regions; what conditions affect low student enrollments; and how mass media, specifically radio instruction might be used to expand access to education. It is anticipated that these studies are to result in a primary education sector improvement program.

Although the emphasis of the Mission is on primary education, it recognizes the need to support other educational elements which are essential for the success of the efforts in primary education. The Mission supports a project to develop leaders in the Indian communities so that better options are selected through greater participation in the development process. For example, in the bilingual education project, a need was revealed to develop Indian technicians such as curriculum experts if the project were to be appropriate to the Indian cultures.

The Mission has supported other elements in higher education where significant improvements can be made with small inputs of resources and project monitoring.

Cont'd

7. NARRATIVE - Cont'd

These include through RTAC II the access to inexpensive university textbooks, a joining together of all the university libraries through a computerizing of their collections, and the creation of a national merit scholar system as an EHR buy-in to the CAPS program.

The Mission expects the Education Sector to support other Mission Sectors which find the need for efforts in the educational system in order to make their projects successful. The Private Sector has indicated the need for skill training programs so a study is underway to assess the skills training needs and the capabilities of the training providers. The study may establish the need for a private sector skills training project.

To assist the Agricultural Division with its need for agricultural experts, the Mission developed a training project to send needy rural youth to the Pan American Agricultural Institute as an EHR buy-in to the CAPS program. The non-formal education project was developed through a private sector initiative.

OBJECTIVE No. 13 : Increase Numbers and Improve Effectiveness of Participant Training
MISSION OBJECTIVE: To update skills and provide training opportunities for Guatemalans in the U.S., Guatemala or third countries.

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
None							

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 1/ Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Number of persons beginning training programs under CLASP (CAPS)							
(1) Short-term (less than 9 months)							
(a) Men	185	184	450	448	280	230	230
(b) Women	127	610	600	589	320	270	270
Subtotal	312	794	1,050	1,037	600	500	500
(2) Long-Term (9 months or more)							
(a) Men	4	— 2/	— 2/	— 2/	132	159	155
(b) Women	21	— 2/	— 2/	— 2/	192	216	220
Subtotal	25			—	324	375	375
Grand Total	337	794	1,050	1,037	924	875	875
b. Number of persons beginning training under other programs (Non-CLASP)							
(1) Short-Term (up to 9 months)							
(a) Men	—	—	37	35	53	100	150
(b) Women	—	—	12	11	19	55	100
Sub-Total	—	—	49	46	72	150	250
(2) Long-Term (more than 9 months)							
(a) Men	—	—	3	—	10	30	19
(b) Women	—	—	—	—		20	12
Sub-Total	—	—	3	—	10	50	31
Grand Total	—	—	52	46	82	205	281

Source: CIS and PTMS

1/ Program did not start until 3/85
2/ Guatemalan trainees under Georgetown and Arkansas CAPS programs are included in AID/W totals, and are not included in our statistics.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishments	Actual Accomplishments
CLASP (CAPS)	
a. Short-term training for 800 Peace Scholars in FY 88 (45% women).	One-third of these participants have departed as of Feb'88 (45% are women).
b. Long-term training for 300 Peace Scholars (60% women).	Reflecting increased emphasis that Mission is placing on long-term training, 300 long-term Peace Scholars are now programed for FY 88 (60% of which will be women).
c. Direct funding of follow-on activities	CAPS alumni association formed. Quarterly newsletter established. Special non-CAPS fund being created to help returned scholars disseminate their skills and knowledge through the development of community activities.
	Other A total of 45-50% of all short-term Peace scholars spent all or part of their training in HBCUs. We will continue using HBCUS for short and long term training in the U.S.
	Mission is also in the process of introducing reinforcement seminars in Guatemala for returned Peace scholars.
	Introducing measures to contain training costs, including the use of TCA and fixed price contracting.
NON-CLASP	
a. None planned but Mission indicated there was need to increase the amount of participant training carried out in general.	Reviewing possibility of reprogramming funds under existing projects.
	Carrying out training needs assessments and using results in design of new projects in key sectors/areas.
	Designing new development planning, training and support project.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

QUARTER/ YEAR

This program does not require any policy dialogue or related actions but participant training will continue to support such efforts in other sectors areas.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
a. Mission expects to carry out following CAPS Programs:	
(1) U.S. Training	
(a) Short-Term five-week technical training:	
(i) Fifteen groups of around 40 Peace Scholars each	88
(ii) Twelve groups of around 40 Peace Scholars each	89
(iii) Twelve groups of around 40 Peace Scholars each	90
(iv) In-country reinforcement/follow-on seminars and programmed instruction for up to 2,000 returned Peace Scholars for three months per trainee.	2/88 to 2/90
(b) Long-Term training	
(i) Technical	
Junior Year Abroad approximately 300 Peace Scholars for twelve months per trainee each Fiscal Year	4/88-90
(ii) Academic	
(a) Del Valle for 50 Peace Scholars to complete last two years towards B.S. Degree in the U.S.1/	25 to U.S. in 2/88 25 to U.S. in 2/89
(b) Merit Scholarship CAPS buy-in program at Guatemalan universities for 100 Merit Scholars, including a Junior year at a U.S. University1/	50 to U.S. in 2/92 50 to U.S. in 2/93
(c) Zamorano CAPS buy-in component for undergraduate training for 70 Peace Scholars at Zamorano Agricultural School in Honduras, including one year of U.S. BA-completion training in the U.S.	35 to U.S. in 2/91 35 to U.S. in 2/92

1/ Only the U.S. training is included in the program performance indicator chart.

Cont'd

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD - Cont'd

	QUARTER/YEAR
(2) General	
(a) Holding of meetings, seminars and related activities by CAPS alumni Association for returned Peace Scholars	Continuous
(b) Non-CAPS funding of follow-on community development activities of returned Peace Scholars	Continuous
(c) Continued publication of quarterly newsletter of CAPS alumni Association	Each Qtr. of ea FY
b. Mission expects to carry out following non-CAPS programs:	
(1) U.S. Training	
(a) Short-term programs for around 280 individuals in following fields: small-scale irrigation, soil conservation, agricultural diversification, dairy development, child survival, voluntary family planning, labor, private sector development management, strategic/operational planning, financial management, PVO development, etc.	89-90
(b) Long-term programs for around 50 individuals in the following fields: leadership development, private sector strengthening, agricultural development, etc.	89-90
(2) Third Country Training	
(a) Short-term programs for around 200 individuals in the following priority sectors/areas: agriculture, health and education	88-90
(b) Long-term programs for around 40 individuals in the following fields: agriculture, health and education	90

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
CAPS	520-0362	O	DA/ESF 2/	40,000 3/	G	19,200 2/	2,500	8,000	8,000
	520-LC-0362	O	ESF	(1,200)	LC	---	(200)	(500)	(500)
Development Planning, Training & Support	520-0384	N	DA(EHRD) (SDA)	5,000	G	---	950	2,600	1,450
TOTAL				45,000		19,200	3,450	10,600	9,450

1/ Funding for non-clasp (CAPS) programs included under projects supporting other statements*
2/ Split funding in FY 1987 - $13.6 million of ESF and remainder in DA. FY 1987 DA amount also includes $3.5 million of CAPS buy-in components described under Narrative Section. Funding in ESF only for FY 1988-FY 1990.
3/ Excludes regional funding of $5.1 million in FY 1985 and $4.9 million in FY 1986.
4/ Project includes funds for development training, planning related studies and research, and special projects/activities.

7. NARRATIVE

The Mission's overall development strategy, based in turn on the congressionally approved Central America Initiative (C.A.I.), recognizes the importance of increasing training in the United States and third countries as one of its most important objectives in assisting the U.S. and Guatemalan Governments accomplish their mutually agreed upon development goals of economic growth, sharing the benefits of that growth, and strengthening democratic institutions/processes.

One of the most important programs is CAPS, whose goals are to provide Guatemala's socially and economically disadvantaged groups, especially its indigenous population, with exposure to U.S. culture and values and to provide essential academic and/or technical training as well. Results of a number of recent evaluations have indicated that this program has been successful thus far. Efforts in the first year of the program (FY 1985) helped the Agency and LAC Bureau to meet a Congressional target CAPS of 1,200 trainees in that year. Returned CAPS scholars have rated the technical training as very useful to them since their return and also indicate that the "Experience America" component further reinforced their positive attitudes/impressions about the United States. To date more than 2,000 Guatemalans have successfully participated in the CAPS program and returned home to share their new knowledge and information with their colleagues, etc. At the same time, the evaluations pointed out the need for several improvements such as increased emphasis on long-term training, increased duration of short-term training, need for follow-on programs, need for increased participation of women and increased use of Historical Black Colleges and Universities. Actions were undertaken during FY 1987 and FY 1988 to implement these new directions as follows:

a. Increased Emphasis on Long-Term Training - several new components of long-term training have been added which change the program mix from almost exclusive short-term training during FY's 85, 86 and 87 to over 40% long-term training during FY's 88, 89 and 90. Following a successful pilot effort at Guatemala's Del Valle University (which provides four years of undergraduate training to 50 disadvantaged Guatemalans towards a U.S. Degree, several additional long-term training activities have been developed. These include: a Merit Scholarship CAPS buy-in component to provide undergraduate training to 100 disadvantaged Guatemalans leading to a Guatemalan degree with their Junior Year Abroad at a U.S. University (half of students have begun their studies in Guatemala); a Zamorano CAPS buy-in component to provide undergraduate agricultural training to 70 disadvantaged Guatemalans leading to a U.S. degree (half of students have begun their studies at Zamorano); a rural Youth component to provide nine months of technical training to youth of 14-20 years (one group of 20 participants has already departed for the U.S.); and a Junior Year Abroad component to provide 12 months of non-degree U.S. undergraduate training to Guatemalan University students (300 students are currently being screened to begin such programs at U.S. institutions in September 1988). These and other efforts should result in over 1,000 new starts in long-term training over the three fiscal years (FY88-FY90). Current projected life for Guatemala's CAPS program is FY 92. A continuation of the current focus on long-term training will result in successful achievement of a 70%/30% short-term/long-term mix by FY 92.

b. Increased Duration of Short-Term Training. The Mission is in the process of establishing a follow-on program of in-country technical training to complement the short-term training of returned CAPS Scholars. Reinforcement seminars of one week duration over a two year period will be accompanied by two months of self-study programs-thereby increasing the short-term training program duration to 4 months for 2,000 returned CAPS scholars.

Cont'd

7. NARRATIVE - Cont'd

c. Increased Participation of Historically Black Colleges and Universities (HBCUs). The Mission only funded short-term training in FY 87. Some 480 short-term trainees or almost 50% of all these FY 87 CAPS Scholars spent part or all of their U.S. training at HBCUs. This short-term program will be continued. In addition, with the expansion of CAPS into long-term training in FY 88, the Mission plans to program at least 20% of its long-term CAPS scholars into HBCUS and other Gray Amendment institutions.

d. Follow-On. Significant follow-on programs were introduced in FY 1987 including establishment of a CAPS Alumni Association and Quarterly newsletter and a special non-CAPS fund to provide returned Peace Scholars with needed resources to apply and disseminate skills and knowledge acquired during CAPS training.

e. Other. The Mission introduced several measures in FY 1987 and FY 1988 to contain training costs. First it set cost parameters for all programs through P.I.E.T. and will closely monitor P.I.E.T.'s performance to remain within them. It is also requiring P.I.E.T. to use the TCA as a basis for estimating and negotiating costs. Secondly, the Mission found ways to combine in-country, third country and U.S. programs to minimize costs.

With regard to Non-CAPS training, the Mission will significantly increase the amount of participant training over the next several years. Towards this end, we have started looking at reprogramming of funds under existing projects to the participant training area, carrying out training needs assessments in priority sectors or areas and incorporating results into proposed projects, and designing a new general development training and support project to provide needed training to public and private sector Guatemalans that cannot be provided through other means.

OBJECTIVE No. 14 : Strengthen Democratic Institutions
MISSION OBJECTIVE: Strengthen judicial, legislative, electoral and other democratic processes/institutions.

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
None 1/							

1/ During the next year, upon receipt of Guatemalan Justice Sector Assessment and key studies and/or analyses in other areas, Mission will attempt to identify appropriate Country Development Trends indicators for next Action Plan submission.

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
a. Strengthen Court Systems							
(1) Number of Judges, court administrators, prosecutors and other judicial personnel trained in improved operating procedures	—	40	150	150	400	500	600
(2) Establishment of career or civil service system for court personnel	—	—	—	—	—	X	—
(3) Improved planning and administration							
(a) Establishment of Planning/Evaluation Office within Supreme Court	—	—	—	—	—	X	—
(b) Implementation of management information system that provides useful statistics and other data on operations	—	—	—	—	—	X	—
(c) Provision of law library(ies) of basic codes and manuals for judges	—	—	—	—	1	X	—
(d) Implementation of improved administrative measures and procedures for handling cases, etc.	—	—	—	—	—	X	—
(4) Establishment of functioning public defender system	—	—	—	—	—	X	—
(5) Establishment of system for improving role and involvement of Attorney General's Office (public prosecutors)	—	—	—	—	—	X	—
(6) Public education and information campaigns on court system conducted	—	—	-	—	—	—	X
(7) Establishment of programs within legal professional organization (Bar Ass'n) and other related associations to provide needed support to court system	—	—	—	—	—	—	X

Cont'd

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Cont'd							
b. Strengthen Legislature							
(1) Legislators and Congressional staff trained in carrying out their responsibilities	—	20	40	40	150	200	250
(2) Improvement of committee structure	—	—	—	—	—	X	—
(3) Management informational systems to provide data for decision-making	—	—	—	—	—	—	X
(4) Improvement of library/research facilities							
(5) Implementation of public education and information programs	—	—	—	—	X	X	X
c. Strengthen Electoral Processes							
(1) Personnel trained (voter registration, counting/reporting etc.)	—	—	—	—	320	—	400
(2) Establishment of improved system for processing and storage of voter information	—	—	—	—	—	X	—
(3) Establish improved system for safeguarding registration documentation for citizens of voting age	—	—	—	—	—	X	—
d. Improve Human Rights Climate							
— Strengthen capacity of Office of Human Rights Ombudsman to perform duties	—	—	—	—	X	—	—

Cont'd

2. A.I.D. PROGRAM PERFORMANCE INDICATORS - Cont'd	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
Cont'd							
e. Development of Regional and Local Institutions which Strengthen Democracy							
(1) Labor Unions							
(a) Approval of new project intervention with AIFLD to strengthen agricultural labor unions	--	--	1	1	--	--	--
(b) Members/leaders trained	--	--	--	--	--	20	20
(2) PVO Organizations							
(a) ASINDES							
(1) Approval sub-grant proposals	--	--	15	15	20	25	30
(2) Leadership/members trained	--	--	10	10	20	25	30
(b) Approval grant proposals with other PVOs	--	--	--	--	2	4	5
(3) Village/Local Organizations							
-- Expanded and/or new community development interventions (SDF, SPAF with Peace Corps, Cooperatives)	70	79	95	93	125	175	200

1/ Strengthening Democracy (including the Administration of Justice) is not easy to measure quantitatively. Upon receipt of Guatemala's Justice sector Assessment and other studies an effort will be made to develop a list of possible quantifiable indicators of progress (e.g. percentage of prisoners awaiting trial but not convicted, percentage of serious offenses dismissed for lack of adequate evidence, etc.). In order to provide some indication of progress in this area, the Mission has decided to use some general verifiable but not quantitative indicators to assess institutional development.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Planned Accomplishment	Actual Accomplishment
Judiciary	
a. Establish national commission to improve the administration of justice and provide funding support	Commission created Oct. 28, 1987 and begun to hold meetings with representatives of all branches of government and private sector. Funding support being provided to commission at this time.
b. Passage of laws to establish judicial career system	Commission established end CY 1987 to draft legislation and expects to submit it to Congress end of CY 1988.
c. Improvement of the country's criminal justice system	Mission signed Cooperative Grant Agreement with Harvard University's Center of Criminal Justice to strengthen the institutional capacity of Guatemala's judicial branch to contribute to the improvement of the country's criminal justice system.
Legislative	
a. Appointment of human rights ombudsman	Highly respected judge appointed to fill ombudsman position.
b. Administrative/Managerial improvements in legislative process	Mission has just signed cooperative grant agreement with Boston University's Center for Democracy, which as a first step, will conduct an analysis of Guatemala's National Congress' needs in this and other area.
c. Improve administrative capacity of Supreme Court	Study partially completed on overall information needs and systems to meet them within court system. In addition, an improved system for collection and analysis of judicial statistics will be pilot tested end of CY 1988.
d. Upgrade law library and provide other commodity	Law library and other commodity support provided to Supreme Court during FY 1987/beginning of FY 1988.
e. Sector Assessment completed	Sector Assessment completed end February 1988.
f. Establishment of long term development plan	Establishment of long-term development plan will depend on results of Guatemala's National Workshop to take place beginning April 1988.

Cont'd

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN - Cont'd

Planned Accomplishment	Actual Accomplishment
Electoral	
a. Changes in electoral law needed	Necessary laws passed to improve electoral process.
b. Upgrade computer-based electoral data system	Grant signed with Supreme Electoral Tribunal to provide computer hardware/software as well as TA for modernizing computer system. Equipment expected shortly.
c. Plan training program for electoral personnel to participate in April 1988 Municipal elections	Grant made to CAPEL for training election officials and official observes. Training programs currently being carried out.
Other	
-- GOG policy framework to support PVOs which promote democracy	Pending. Policy statement expected in 1989.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/ YEAR
Judiciary	
a. Development of career judiciary and civil service law(s) for employees of the judicial system as called for by the constitution.	4/89
b. Development of other enabling laws to make the judicial system fully functioning and responsive to the needs of the Guatemalan population (judicial branch organization and functions of Attorney General, etc.	4/89
c. Revision of new criminal codes.	2/89
d. Introduction of oral proceedings in criminal law process.	3/90
Legislative	
-- Carry out needed improvements in Congressional structures, processes, etc. to permit passage of better and quicker legislation.	2/88 2/90
General	
a. Government of Guatemala to authorize and make available adequate resources from National Budget to support judicial, legislative (including human rights), electoral and other (PVOs, etc.) democratic institutions in implementing their programs as required.	3/88
b. Government of Guatemala to provide policy framework and support to private institutions to fully participate in development process, e.g. accelerate issuance of "personería jurídica" to PVOs to permit them to operate legally in Guatemala, obtain duty free tax exemption on goods, services, etc.	1/89

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
Judiciary	
a. Carry out country-specific activities under the Regional Administration of Project to meet immediate needs as follows:	
(1) Training of up to 1,500 judicial and judicial support personnel at national/regional seminars on different subjects dealing with criminal justice.	88-90
(2) Provide technical assistance to assist Supreme Court in studying administration needs of court system and determine best ways of meeting them under this project or other projects.	3-4/88
b. Holding of National Workshop to discuss findings of Sector Assessment and determine recommendations/future planning in this area	3/88
c. Design of bilateral project.	3/88
d. Approve and Implement bilateral project.	4/88-90
Legislative	
a. Carry out comprehensive analysis of needs in this area, especially with respect to equipment needs to improve its administrative operations.	2-4/88
b. Carry out seminars for legislators each fiscal year to discuss issues with regards to the modification of Congress' structure/responsibilities.	2-4/88-90
c. Carry out series of training programs to study specific issues raised at seminars or by leadership of Congress, e.g. committee structure, constituent relations, administrative and research needs, budgetary procedures, etc.	2-4/88-90
d. Establishment of Civic Awareness/Adult Education programs through publications and presentations to Guatemalans (high school students, etc.).	Continuous
Electoral	
a. Personnel trained for legislative, mayoral and national elections of 1990	2-3/90

Cont'd

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD - Cont'd

	QUARTER/YEAR
b. Improved system for retrieval/storage of voter information.	3-4/88
c. Improved system for protection of voter registration forms.	4/88
Other	
a. Development of strategy/program mechanism to expand USAID and Peace Corps people-to-people small project assistance programs at the rural community level.	3-4/88
b. Extension of PACT/ASINDES Grant (OPG) to assist ASINDES strengthen the capacity of the PVO community in Guatemala.	3/88

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
Regional Admin. of Justice	597-0002	O	DA	1,145 1/	G	1,145 1/	—	—	—
Improved Admin. of Justice	520-0369	N (89)	ESF	5,000	G	—	1,100	2,500	1,400
	520-LC-0369	N (88)	ESF	(1,500)	LC	—	(500)	(500)	(500)
Guatemala Strengthening of Democracy	520-0386 2/	O	ESF	1,485 2/	G	485	500	500	—
	520-LC-0369	O	ESF	(1,500)	LC	—	(500)	(500)	(500)
Guatemalan Judicial Dev.	520-0376	O	ESF	1,482	G	1,482	—	—	—
Cooperative Strengthening	520-0286	O	DA	(11,000) 3/	G	(11,000) 3/	—	—	—
ASINDES PVO Development	520-0348	O	DA (SD)	2,300	G	1,050	500	750	—
	520-LC-0348	O	ESF	(800)	LC	—	(800)	—	—
	520-LC-0348	O	PL	(6,400)	LC	—	(2,000)	—	(2,400)
Special Project Assistance Fund 4/	520-0383	N (88)	DA(FN)	CONT	G	—	80	80	80
Special Development Fund	520-0145	O	DA(SD)	CONT	G	1,647	100	100	100
	520-LC-0145	N (88)	ESF	CONT	LC	—	(500)	—	—
Subtotal						5,809	2,280	3,930	1,580

1/ Guatemala's budget based on Amendment to Regional Administration of Justice Project Paper (most of funds have been used).

2/ Covers funding of Boston University's Center of Democracy's proposal to assist the GOG (part of Regional Strengthening of Democracy Project in 1987)

3/ Non-add. Primary purpose is to contribute to Mission's objective of strengthening the private sector.

4/ Support of Peace Corps activities.

Cont'd

6. PROJECTS SUPPORTING OBJECTIVE - Cont'd

Title	Number	New (N) or Ongoing(O)	Type of Funding	LOP ($000)	L/G/ LC	OBLIGATIONS Cum. thru FY 87	FY 1988	FY 1989	FY 1990
AIFLD - OPG 5/	520-0363	N (87)	DA (SD)	1,500 5/	G	200 5/	300 5/	570 5/	430 5/
	520-LC-0363	N (87)	ESF	(300)	LC	—	(300)	—	—
Program Dev. & Support	520-0000.4	O	DA(SD)	CONT	G	473	280	306	306
	520-LC-0000	N (87)	ESF	CONT	LC	(675)	(200)	(300)	(300)
Regional Strengthening of Democracy 6/	597-0003	N (88)	ESF	300	G	—	300	—	—
TOTAL						6,482	3,160	4,806	2,316

5/ Primary purpose of activity is to increase agricultural production; therefore, DA amounts should be shown as non-add here.

6/ Support to Office of Human Rights Ombudsman.

7. NARRATIVE

An elected democratic civilian government, now in its third year, continues to take significant steps towards ending political violence and establishing a framework for improving the administration of justice and guaranteeing the protection of human rights. The Government feels that a strong connection is needed between social and economic development and democratic development to assure realization of a prosperous society. Additional executive, judicial, legislative, and other actions have been carried out by the Government of Guatemala towards this end. Two examples of this are the recent establishment of a National Commission and the recent appointment of a Human Rights Ombudsman towards this end during FY 1987 and the first half of FY 1988. Equally important during the first half of FY 1988 was the GOG's decision to establish 80 new rural courts and assign judicial personnel to head them -- effectively transfering such responsibility from the municipal authorities to the judicial branch. However, much more needs to be done to achieve a lasting and effective democracy. Of critical importance are the passage of key laws and other actions to strengthen the judiciary, legislature, electoral and other institutions (PVOs) dedicated to strengthening democracy in Guatemala.

Not only has USAID/Guatemala provided useful initial assistance to develop strong democratic institutions, especially in the judicial, legislative, and electoral areas, but we expanded such assistance in FY 1987 and the first half of FY 1988 to these and other areas and plan to continue doing this during the Action Plan period.While at the same time, we plan to strengthen democratically oriented private institutions and expand popular participation in the democratic process through increased support of CAPS and other related community development programs, labor unions, umbrella PVO groups and/or cooperatives. Our principal new interventions, during the Action Plan period, in priority order are:

Strengthen the Judiciary - The Mission plans to develop and implement a new bilateral project to strengthen Guatemala's judiciary to make it more efficient and responsive to the needs of Guatemala's population in the area of criminal justice. Its focus or major components will be based on the findings of Guatemala's Justice Sector Assessment (to be completed shortly) and their prioritization in terms of needs and actions to be taken to resolve them by the newly formed National Commission. Based on this and other information (such as inputs from a midpoint evaluation being conducted of results to date under Regional Administration of Justice project and any inputs under our grant with Harvard University), such components should include but not be limited to the following: judicial reform (whether its helping to make a new law to establish a career judiciary or change out-of-date existing laws, codes and procedures to facilitate the disposition of criminal cases in a fair and efficient manner); placing heavy emphasis on both short-term and long-term training of judicial and administrative support personnel; improving planning, administration and evaluation within the courts; providing better legal defense to accused persons; educating the public on the judicial system; and strengthening local bar associations and law facilities at universities.

Strengthen Legislative - Identify other ways of reinforcing Boston University Center of Democracy efforts to strengthen legislature through increased focus on training programs in and outside of Guatemala, establishment of improved committee systems, and improved administration through computerized information systems and other commodity assistance.

Cont'd

7. NARRATIVE - Cont'd

Strengthen Electoral Process - Reinforce past assistance to Supreme Electoral Tribunal as well as their future efforts to prepare for municipal, mayoral and presidential elections in 1990 through procurement of additional commodities to ensure fair elections (such as security paper for ballots, indelible ink and special materials to build ballot boxes) provision of additional assistance to CAPEL for training election officials, etc.

Strengthen Other Institutions - A recent midpoint evaluation of the ASINDES Dev. Program found that while much has been accomplished, an extension is recommended to permit PACT to provide sufficient assistance to ASINDES to become self-sufficient in strengthening PVO community in Guatemala. The Mission feels there are other areas worthy of attention and one of these is local governments or municipalities. It may make sense to carry out some pilot efforts to focus on the capacity of municipalities to strengthen the basic institutional framework of a democratic society through the better provision of services and lobbying for the local needs of Guatemalans.

COUNTRY: GUATEMALA

SUMMARY PROGRAM FUNDING TABLE
($000)
Dollar Program by Functional Account

PROJECT TITLE	PROJECT NUMBER	L/G	FY 1988	FY 1989	FY 1990
DA					
Agriculture Rural Development and Nutrition					
Program Development & Support	0000	G	535	500	490
Highlands Agricultural Development	0274	G	3,000	4,000	4,000
Highlands Agricultural Development	0274	L	2,000	0	0
Farm-to-Market Roads	0332	G	0	3,300	2,200
Farm-to-Market Roads	0332	L	3,500	0	0
Private Sector Development Coord.	0337	G	500	0	0
Private Enterprise Development	0341	G	500	0	0
Commercial Land Markets II	0343	G	535	0	0
Rural Electrification III	0353	G	800	4,590	1,610
Rural Electrification III	0353	L	3,000	0	0
Ag. Prod. & Mktg. Services (OPG)	0363	G	300	570	430
Technification of Trad. Export Crops	0381	G	0	1,500	4,000
Special Project Assistance Fund	0383	G	80	80	80
Financial Markets Development	0387	G	0	0	1,730
Total for Account			14,750	14,540	14,540
Grants			6,250	14,540	14,540
Loans			8,500	0	0
Population Planning					
Program Development & Support	0000	G	100	200	200
Expansion of Family Planning Services	0288	G	5,035	3,810	3,810
Total for Account			5,135	4,010	4,010
Grants			5,135	4,010	4,010
Loans			0	0	0
Health					
Program Development & Support	0000	G	300	305	305
Total for Account			300	305	305
Grants			300	305	305
Loans			0	0	0

COUNTRY: GUATEMALA

SUMMARY PROGRAM FUNDING TABLE
($000)
Dollar Program by Functional Account

PROJECT TITLE	PROJECT NUMBER	L/G	FY 1988	FY 1989	FY 1990
Child Survival					
Program Development & Support	0000	G	50	100	100
Expansion of Family Planning Services	0288	G	2,760	1,900	1,900
Total for Account			2,810	2,000	2,000
Grants			2,810	2,000	2,000
Loans			0	0	0
Education and Human Resources					
Program Development & Support	0000	G	137	239	289
Private Sector Skills Training Dev.	0324	G	0	2,000	2,500
Education Sector Improvement	0374	G	0	2,000	2,000
Develop. Planning, Training & Support	0384	G	450	1,500	950
Total for Account			587	5,739	5,739
Grants			587	5,739	5,739
Loans			0	0	0
Selected Development Activities					
Program Development & Support	0000	G	560	606	606
Special Development Fund	0145	G	100	100	100
Low-Cost Housing	0261	G	300	300	0
Private Enterprise Development	0341	G	1,280	2,050	250
ASINDES Development Program	0348	G	500	750	0
Fiscal Administration Improvement	0371	G	950	2,500	550
Micro Business Promotion (OPG)	0377	G	300	0	0
Develop. Planning, Training & Support	0384	G	500	1,100	500
Financial Markets Development	0387	G	0	0	5,400
Total for Account			4,490	7,406	7,406
Grants			4,490	7,406	7,406
Loans			0	0	0
Special Dev. Activ. - Shelf (Non-Add)					
Microenterprise Development	0375	G	0	(3,000)	(2,000)

COUNTRY: GUATEMALA

SUMMARY PROGRAM FUNDING TABLE
($000)
Dollar Program by Functional Account

PROJECT TITLE	PROJECT NUMBER	L/G	FY 1988	FY 1989	FY 1990
Total DA Account			28,072	34,000	34,000
Grants			19,572	34,000	34,000
Loans			8,500	0	0
ESF					
CAPS	0362	G	2,500	8,000	8,000
Improved Admin. of Justice	0369	G	2,000 1/	2,500	1,400
Economic Support Program	0372	G	75,000	0	0
Economic Support Program	0373	G	0	69,000	0
Economic Support Program	0385	G	0	0	70,600
Guatemala Strengthening of Democ.	0386	G	500	500	0
Total for Account			80,000	80,000	80,000
Grants			80,000	80,000	80,000
Loans			0	0	0
COUNTRY TOTAL			108,072	114,000	114,000
GRANTS			99,572	114,000	114,000
LOANS			8,500	0	0
P.L. 480					
Title I			18,000	18,000	18,000
Title II			4,775	5,075	5,075
Total			22,775	23,075	23,075
SECTION 416 (Sugar Quota Set-Aside)			5,062 2/	0 2/	0 2/
PROGRAM TOTAL			135,909	137,075	137,075

Footnotes:

1/ $900,000 will be obligated by the Department of Justice to support ICITAP program.

2/ Estimate for FY 1988. Mission unable at this time to determine amount of Section 416 (sugar quota set-aside) assistance that Guatemala will receive during FY 1989-FY 1990.

II. B. 2. Summary Project List by Objective

		Objective Number								
		1	2	3	8	10	11	12	13	14
BILATERAL										
DA										
0000.1	Program Development and Support (FN)	P								
0000.2	Program Development and Support (HE)					P				
0000.3	Program Development and Support (EH)							P		
0000.4	Program Development and Support (SD)		P							P
0000.5	Program Development and Support (PN)				P					
0000.6	Program Development and Support (CS)					P				
0145	Special Development Fund									P
0248	Rural Electrification		P							
0251	Community Based Health and Nutrition System					P				
0255	Small Farmer Diversification System	P								
0261	Shelter Sector Dev.						P			
0274	Highlands Agricultural Dev.	P								
0276	Agri-Business Development	S	P							
0281	Integrated Non-Formal Education							P		
0282	Rural Education Improvement							P		
0286	Cooperative Strengthening		P							S
0288	Expansion of Family Planning Services				P					
0304	Altiplano Higher Education							P		
0317	Ixcán Cardamon Cult. & Comm.	P								
0320	Primary Ed. Mgmt. Improvement							P		
0324	Private Sector Skills Training		P						S	
0332	Farm-to-Market Roads	P								

		Objective Number								
		1	2	3	8	10	11	12	13	14
0335	Rural Pot. Water & Sanitation II (OPG)						P			
0336	Rural Water (OPG)						P			
0337	Private Sector Dev. Coordination		P							
0339	Immunization/Child Survival Therapy						P			
0341	Private Enterprise Development			P						
0343	Comm. Land Markets II	P								
0344	Electrical Power Reserve									P
0347	Program Development and Support (ESF)			P						
0348	PACT/ASINDES PVO Development Program		S							P
0351	Family Fish Pond Development II (OPG)	P								
0352	Tertiary Roads	P								
0353	Rural Electrification III		P							
0355	Guatemala Dairy Development	P								
0362	CAPS									P
0363	Agricultural Prod. & Mktg. Ser. (AIFLD)	S								
0364	Private Sector Ed. Initiative		P							
0369	Improved Admin. of Justice									P
0371	Fiscal Admin. Improv.			P						
0374	Education Sector Improvement							P		
0375	Micro-Enterprise Development		P							
0376	Guatemalan Judicial Development									P
0377	Micro-Enterprise Promotion		P							
0378	Election System Support									P
0379	Volcanic Hazards Preparedness									P
0381	Technification Traditional Export Crops	P								
0383	Special Project Assistance Fund (PC)									P

		Objective Number								
		1	2	3	8	10	11	12	13	14
0384	Development Planning, Training and Support								P	S
0386	Guatemala Strengthening of Democracy									P
0387	Financial Markets Dev.		P							
ESF										
0347	ESF Program			P						
0359	ESF Program - FY 87			P						
0372	ESF Program - FY 88			P						
0373	ESF Program - FY 89			P						
0385	ESF Program - FY 90			P						
P.L. 480										
	Title I	S		P						
	Section 416 (Sugar set-aside)	S		P						
	Title II					P				
	Section 416 (share)					P				
HIG										
004	Housing Investment Guaranty						P			
TRADE CREDIT AND INSURANCE PROGRAM			P							
REGIONAL										
0002	Regional Admin. of Justice									P
0003	Regional Strengthening of Democracy 1/									P
0011	Regional Training AID Center II (RTAC)							P		
CENTRAL										
	Cooperative Housing Foundation						P			

1/ Activities covered under this project include the following: Cooperative Grant Agreement with Boston University's Center for Democracy to strengthen the legislative process over 3 years (FY 87 - FY 89); assistance to Inter-American Institute for Human Rights (CAPEL) for election system support; and strengthening of journalism.

NEW PROJECT DESCRIPTION
(Amendment)

GOAL	:	Increase Agricultural Production
OBJECTIVE	:	To extend commercial, diversified agriculture in highlands subsistence areas through irrigated farm systems
PROJECT TITLE	:	Highlands Agricultural Development (HADS) Phase II Amendment
PROJECT NUMBER	:	520-0274

			OYB	REOB	
PROJECT FUNDING ($000)	:	FY 1988:	$ 3,000 (G)	$ 145 (G)	From
			$ 2,000 (L)	$1,600 (L)	0255
		FY 1989:	$ 4,000 (G)	--	
			-- (L)	--	
		FY 1990:	$ 4,000 (G)	--	
			-- (L)	--	
		LOP :	$13,100 (G)	+ 145 (G)	=
				13,245 (G)	
			$15,500 (G)	+ 1,600 (L)	=
				17,100 (L)	

FUNCTIONAL ACCOUNT	:	Food and Nutrition (FN)
PURPOSE CODE	:	000

A. Relationship to A.I.D. Country Strategy/Objectives: N/A.

B. Relationship to Host Country and Other Donors: N/A.

C. Conformance with Agency and Bureau Policies: The amendment will draw on private sector capability, particularly in research, watershed management, and credit to decrease dependency on limited public sector service delivery capability. Credit will be provided at prevailing market rates.

D. Project Description: A 5-year amendment will consolidate the Small Farmer Diversification Systems Project (520-0255) and the Highlands Agricultural Development Project (520-0274). The consolidation and its components are based on the results of detailed evaluations of both projects carried out in late CY 1988. The amendment will include the following elements:

1. Land and Water Use. Introduction of small-scale irrigation systems with diversified production technologies. Complementing this will be a series of appropriate interventions in watershed and soil conservation activities.

2. Agricultural Research and Extension. Focus will be on identifying and disseminating crops and livestock with market potential which can productively adapt to a wide range of ecological, climatic and cultural conditions.

3. Commercial Products Marketing/Processing. Under this component, efforts will be made to strengthen or reorganize public marketing institutions and provide inputs towards defining and strengthening GOG marketing policies and interface with the private sector. Continuation of assistance in cooperative development, successfully begun under the Agribusiness Development Project, is also being considered to strengthen production and marketing of non-traditional export crops by small-farmer coops.

4. Credit The goals of this activity will be decentralizing of credit processes, stimulating more participation of private sector, and modernizing credit delivery and recovery systems.

5. Rural Roads. The $6.415m. access roads component will continue as planned to 9/30/90. Additional unmet demand for construction and maintenance of access or tertiary roads will be addressed through the Farm-to-Market Access Roads Project 520-0332.

A common theme throughout the project will be improvements in management capability and efficient program execution. To achieve this, the project will finance a well-structured package of technical assistance, in-country and off-shore training, and commodity support. Improving budgetary, financial management and resource delivery systems in the public agriculture sector will be an important focus of this institutional strengthening.

Activities	Outputs
Hectares diversified providing increased incomes to participating small farm families	X
Application of irrigation and related resource conservation technologies	X

Activities	Outputs
Development and adoption of improved, site-specific production technologies	X
Introduction of upgraded credit and marketing systems	X
Marketing and processing infrastructure established to serve principal production areas and expedite channeling of produce to domestic and export markets	X
Private sector institutions working in partnership with public agricultural institutions	X
Baseline data and monitoring system installed	X
Adoption of lean, streamlined management structure for allocating and utilizing project resources	X

Implementing Agencies: Ministry of Agriculture.

Method of Obligation: Handbook 3 Loan and Grant Agreement. Possible Handbook 13 instruments to the extent private institutions participate as major implementing agencies.

E. Mission Management: USDH employee in the Office of Rural Development will provide overall project supervision, assisted by two FSN agriculturalists with prior experience in diversified, irrigated highlands agriculture.

F. Special Requests: AID/W concurrence is requested for the following: USAID approval of the PP Amendment; a three-year extension of the PACD from 9/30/90 to 9/30/93; and, a delegation of authority to the Mission Director to authorize an amendment with an LOP in excess of $30m.

G. Potential Issues: (1) GOG concurrence in intra-ministerial administrative arrangements being proposed for the amended project; (2) GOG responsiveness to donor-leveraged changes in sectoral policy and institutional reform related to credit and marketing; and, (3) public sector capacity to react positively to increased private sector involvement in highlands agriculture.

H. A.I.D./W TDY Support for Project Development: None required.

I. Estimated PID Approval: N/A

PP Amendment Approval: April 1988

NEW PROJECT DESCRIPTION
(Amendment)

GOAL	:	Increase Access to Voluntary Family Planning Services
OBJECTIVE	:	Continue to expand the availability of family planning and associated child survival services in Guatemala through public, private and commercial sector activities.
PROJECT TITLE	:	Expansion of Family Planning Services (Amendment)
PROJECT NUMBER	:	520-0288
PROJECT FUNDING	:	FY 1988: $5,035 (PN Grant) $2,760 (CS Grant) FY 1989: $3,810 (PN Grant) $1,900 (CS Grant) FY 1990: $3,810 (PN Grant) $1,900 (CS Grant) LOP : $31,331 (Grant)
FUNCTIONAL ACCOUNT	:	Population Planning (PN) Child Survival (CS)
PURPOSE CODE	:	400

A. Relationship to A.I.D. Country Strategy/Objectives: N/A

B. Relationship to Host Country and Other Donors: N/A

C. Conformance with Agency and Bureau Policies: The project conforms fully with Agency and Bureau policies regarding non-support of abortion and abortion-related activities, informed consent and referral issues. In addition, it supports the Agency's policy and strategy for Child Survival. The project is primarily directed at strengthening and expanding activities of private sector agencies. Gray Amendment procurement will be pursued in contracting for technical assistance.

D. Project Description: The amendment will include the following elements: (1) intensified delivery of family planning services and information in indigenous areas; (2) continued

integration of child survival services into family planning programs, including development of additional private sector delivery mechanisms; (3) strengthening of selected services for the mother (e.g., pre-natal, post-natal, safer delivery, breast feeding); (4) improved supervision and contraceptive logistics; and, (5) special studies of structural and administrative changes required in the Ministry of Health to improve absorptive capacity. Results of a national maternal and child health survey, a study of private sector health care delivery alternatives for Guatemalan farm workers, and a full-scale project evaluation will be drawn upon in designing the three-year project amendment.

At the end of this project, it is expected that contraceptive prevalence will be at levels projected in the Action Plan and that service points will have significantly increased with greater participation from the private sector in delivering both family planning and child survival services. The project will be followed in FY 1991 by a new project, originally planned as an FY 88 start, which integrates funding from population planning, health and child survival accounts in a single health sector project.

Activities	Output		
	Current	Amend.	Total
Increase service delivery points:			
- APROFAM clinics	10	5	15
- Community-based Distributors	1,500	450	1,950
- Pharmacies (Class A and B)	700	300	1,000
- Health System Facilities (MOH)	500	220	720
- Private Sector Service Providers	2	5	7
- Rural Physicians	50	100	150
- Training (participants)	2,000	1,500	3,500
- Increase Couple-Year-Protection (000's/yr)	200	321	521
- Increase Contraceptive Prevalence	25%	12.8%	37.8%

Implementing Agencies: The project will continue to work with both private and public sector agencies, including APROFAM, the Guatemalan Association for Sex Education (AGES), Pharmaceutical Importers (IPROFASA) and the Ministry of Health (MOH). Additional private sector service delivery agencies will be incorporated into the project under the amendment to extend family planning and child survival activities to new geographical areas and at-risk populations.

Method of Obligation: Amendment to Operational Program Grants (OPG) with APROFAM and AGES, Cooperative Agreement with IPROFASA, bilateral grant agreement with MOH and other mechanisms with private sector agencies. All agreements will be in accordance with procedures outlined in Handbooks 3 and 11.

E. **Mission Management:** A USDH employee in the Office of Human Resources Development Office will be responsible for project monitoring. This officer will supervise a U.S. Personal Services Contractor (PSC) who will in turn supervise a number of institutional contractors.

F. **PID and PP Approval:** USAID/Guatemala requests Bureau concurrence for USAID approval of the PP supplement and delegation of authority to the Mission Director to authorize the amendment which will increase the LOP beyond $30 m.

G. **Potential Issues:** None identified.

H. **A.I.D./W TDY Support for Project Development:** External design team to be contracted. TDY support not anticipated.

I. **Estimated PID Approval:** N/A

PP Amendment Approval: April 1988

NEW PROJECT DESCRIPTION
(OPG Amendment)

GOAL	:	Strengthening Democratic Organizations
OBJECTIVE	:	To help ASINDES (a consortium of local and international PVOs) build its institutional capacity to offer technical and financial assistance to the PVO community in Guatemala
PROJECT TITLE	:	PACT/ASINDES PVO Development Project (Amendment)
PROJECT NUMBER	:	520-0348
PROJECT FUNDING	:	FY 1988: $ 500 (G) FY 1989: $ 750 (G) LOP : $2,300 (G)
FUNCTIONAL ACCOUNT	:	Selected Development Activities (SDA)
PURPOSE CODE	:	769

A. Relationship to A.I.D. Country Strategy/Objectives: N.A.

B. Relationship to Host Country and Other Donors: N.A.

C. Conformance with Agency and Bureau Policies: This project strengthens private sector participation in development activities.

D. Project Description: The purpose of this amendment is to further strengthen ASINDES' ability to support indigenous and international PVOs operating in Guatemala and to be able to channel resources provided by the donor community. A mid-term evaluation of the activity indicates that, while the project in its initial stage has provided an important contribution to the institutional development of ASINDES, further development is necessary if ASINDES is to make a substantial impact on the PVO community. Fifteen subgrants for productive or socio/economic infrastructure have been undertaken to date.

To fully achieve the purposes of the grant, the evaluation recommends a two-year extension of the project during which time specified activities will be carried out to: a) strengthen

ASINDES' management of sub-grants to member/non-member PVOs, b) diversify its funding sources, and c) design and carry out an effective technical assistance and training program to strengthen the PVO community in Guatemala. The proposed activities described below follow the recommendations of the evaluation.

As a related but separate activity, PACT/ASINDES will manage for USAID a special small project grant fund (under $10,000 per project) on behalf of the returned participants association of the Central American Peace Scholarships (CAPS) program. The procedures and guidelines used for USAID's long-standing Special Development Fund will apply to this CAPS important follow-on activity.

Activities	Output
Under Amendment	
-- ASINDES Board/staff trained	12
-- Improved administrative systems in areas of project reviewing, implementation, financial planning and evaluation/monitoring established	3
-- PVO needs survey conducted	1
-- Workshops, seminars, etc., to strengthen PVOs held	14
-- Fund-raising campaigns implemented annually	2
-- Grants to PVOs approved for project activities (using dollars from the grant and local currency generated under ESF/PL-480 agreements)	45
-- CAPS association subgrants	150

Implementing Agencies: This project is being implemented by Private Agencies Collaborating Together (PACT), a U.S. Private Voluntary Organization. PACT works directly with ASINDES, a consortium of 27 local and international PVOs in Guatemala.

Method of Obligation: Funds will be obligated through an amendment to the Specific Support Grant (Handbook 13) to PACT.

E. Mission Management: A FNDH employee in the Program Office will continue to have overall responsibility for project management, under the supervision of a USDH employee.

F. PID and PP Approval: N/A.

G. Potential Issues: A major portion of ASINDES' sub-agreements are dependent on Title I and ESF/LC funding provided to ASINDES by the Ministry of Finance with USAID concurrence. If

this funding is not realized, how will the sub-agreement projects be financed given that this amendment will be used primarily for institutional strengthening.

H. A.I.D/W TDY Support for Project Development: None needed.

I. Estimated Execution of Grant Amendment: May 1988

NEW PROJECT DESCRIPTION

GOAL	:	Strengthen Democratic Institutions
OBJECTIVE	:	To improve the efficiency and effectiveness of Guatemala's criminal justice system.
PROJECT TITLE	:	Improved Administration of Justice
PROJECT NUMBER	:	520-0369
PROJECT FUNDING ($000)	:	FY 1988: $1,100 (G) FY 1989: $2,500 (G) FY 1990: $1,400 (G) LOP : $5,000 (G)
FUNCTIONAL ACCOUNT	:	Economic Support Fund (ESF)
PURPOSE CODE	:	901

A. Relationship to A.I.D. Country Strategy/Objectives: The project supports a major NBCCA goal "to develop and nurture democratic institutions and practices including a strong judicial system to enhance the capacity to redress grievances" and the LAC Bureau objective to strengthen democratic institutions. It supports the Agency's long-standing commitment to human rights and USAID efforts to help strengthen institutions and processes critical to sustaining Guatemala's fledgling democracy. The project will build on accomplishments under the Regional Administration of Justice project 597-0002 and the findings of a judicial sector assessment, financed under the latter, which will be completed in late February.

B. Relationship to Host Country and Other Donors: The Government of Guatemala's priority development objectives, as outlined in a March 19, 1987 Presidential memorandum, include major emphasis on strengthening democratic institutions and processes as a means to achieve more widespread participation in the country's political and development processes and to lay the foundation for an economically prosperous society. The GOG took concrete steps in 1987 toward this goal, among which were establishment of a National Commission on the Administration of Justice (NCAJ), and the Office of Human Rights Ombudsman.

Other donor activity in the sector is limited to the United Nations Latin American Institute for the Prevention of Crime and Treatment of the Offender (ILANUD), the counterpart agency for AID's regional justice project. In a separate but related area, bilateral assistance for police training and equipment is being provided from Spain, Germany and Venezuela.

C. Conformance with Agency and Bureau Policies: Although the project's principal focus will be the public judicial sector, the project will also maximize opportunities to draw on and strengthen private legal organizations, e.g., Guatemalan Bar Association, law school.

D. Project Description: The five-year project will be developed on the basis of Justice Sector Assessment findings, and the recommendations of the NCAJ. While it is too early in the process to define project activities with precision, preliminary data from the sector assessment suggest the following for possible project financing: (1) training of judicial and administrative support personnel; (2) creation of a judicial career system; (3) establishment of an automated system of judicial and executive laws, regulations and decrees; (4) analysis of overall information needs and development of improved systems and structures to meet them in such areas as case handling, judicial statistics and records management; (5) creation of an effective public defender system; (6) upgrading legal profession capabilities and professional legal associations; (7) streamlining the handling of criminal cases by improving the public prosecutor system; (8) development of educational programs to increase public awareness of legal rights and judicial processes; and, (9) assistance in drafting legislation to improve efficiency of the judicial process.

Implementing Agencies: The Supreme Court is the logical choice but given the magnitude of needs and high degree of political sensitivity, it may prove advisable to include other legal organizations.

Method of Obligation: Several options will be considered, including one or more Handbook 3 Agreements and possible Handbook 13 Specific Support grants, (to the extent private legal institutions participate in the project), or, alternatively, an umbrella-type agreement with several organizations.

E. Mission Management: A PSC Guatemalan lawyer hired in 1987 will manage the project under the direct supervision of a USDH officer in the Program Office. The FSN PSC will, in turn, supervise one or more local PSCs according to requirements identified at the PP stage.

F. PID and PP Approval: USAID/Guatemala requests Bureau concurrence for field approval of the PID and PP.

G. Potential Issues: Given the highly sensitive nature of the sector, USAID intends that development of the project be based on priority needs identified by Guatemala's National Commission on the Judicial Administration, beginning with a March 1988 workshop to review results of the Judicial Sector Assessment. Should the Guatemalans move more slowly than planned in developing a judicial improvement program, the Mission may opt to commence with a small Phase I effort in FY 88, with financing for a few discrete activities, and move from there to a broader program to support. Guatemalan leadership and - ownership - of the project will be of paramount concern to the Mission at all stages of design and implementation of this initiative.

H. A.I.D./W TDY Support for Project Development: To be determined.

I. Estimated PID Approval: March 1988

Estimated PP Approval: July 1988

NEW PROJECT DESCRIPTION

GOAL	:	Stabilize Financial Structures
OBJECTIVE	:	To achieve external and internal balance consistent with progress toward a real GDP growth target of 4% by 1990.
PROJECT TITLE	:	Economic Stabilization/Structural Adjustment
PROJECT NUMBERS	:	520-0372, 520-0373 and 520-0385
PROJECT FUNDING	:	FY 1988: $ 75,000 (G) FY 1989: $ 69,000 (G) FY 1990: $ 70,600 (G)
FUNCTIONAL ACCOUNT	:	Economic Support Fund (ESF)
PURPOSE CODE	:	990

A. Relationship to A.I.D. Country Strategy/Objectives: The proposed FY 1988-90 ESF programs are consistent with both NBCCA and Mission strategy for Guatemala. The programs will assist the Guatemalan government to undertake policy reforms to stabilize the economy and to stimulate growth through greater saving and investment. The proposed inclusion of the agricultural sector as part of the FY 1988 ESF program will establish a framework for this fiscal year and beyond to meet the CAI mandate to focus increasingly on sector growth programs as the Guatemalan economy stabilizes. The development objectives of the strategy will be furthered through programming of local currency and through protection of the Guatemalan public investment budget in support of productive infrastructure and small-farm production.

B. Relationship to Host Country and Other Donors: USAID's ESF program continues to play a central role in helping Guatemala meet its stabilization and structural adjustment goals and, increasingly over the Action Plan period, in moving toward economic growth predicated on a soundly planned and efficiently executed public investment program; increased private sector saving and investment; and a reactivated agriculture sector. Other donor support includes an 18-month stand-by agreement currently under negotiation with the IMF. In addition, the GOG

is discussing a sectoral adjustment loan (to strengthen nontraditional exports) with the World Bank, which would also offer significant balance-of-payments assistance in both 1988 and 1989.

C. Conformance with Agency and Bureau Policies: The proposed FY 88-90 programs comply with Agency and LAC Bureau cash transfer policies, including recent guidance on utilization and monitoring of local currency. The Mission requested and received all grant ESF funding for FY 1988. Grant funding will be sought in FYs 1989 and 1990. All grant ESF serves to (1) reward Guatemala for its exceptional policy progress amid a severe economic crisis, (2) give the Mission greater policy dialogue leverage, and (3) create greater parity between Guatemala's terms of ESF funding and those of its regional neighbors.

D. Project Description: The FY 1988-90 ESF programs will provide annual grant cash transfers to the Government of Guatemala to (1) sustain Guatemalan policy progress in maintaining economic stabilization, structural adjustment, and growth; (2) aid in meeting balance of payments financing gaps projected for these years; (3) support a strong agricultural sector impetus with emphasis on export/internationally competitive production; and, (4) assist in realization of Guatemala's development objectives through local currency programming in the areas of public investment and infrastructure in support of private investment, production and exports.

The program will address three critical development areas. First, Guatemalan economic growth is impeded by a foreign exchange gap resulting from lackluster traditional export prospects and high debt service requirements in 1988 and 1989. While the nontraditional exports sector shows promise as a future, more stable source of foreign exchange than Guatemala's traditional commodities, this sector is starting from a small base and will not be important in meeting Guatemala's foreign exchange needs until the 1990s. The FY 1988, 1989 and 1990 ESF program will be critical in assisting Guatemala to meet its target rates of growth, resulting in a modest increase in real per capita income by 1989.

Second, Guatemalan economic prosperity depends on continued commitment to sound economic management and to policies which reduce structural disincentives to export and investment. The ESF program will seek to support positive policy progress in these areas. Key areas of policy conditionality will be (1) full unification of the exchange rate at a market-determined

level, (2) control of the fiscal deficit, and, (3) monetary restraint and policy related specifically to the agricultural sector.

Finally, Guatemalan development has suffered from years of chronic underspending in economic and social infrastructure. A significant portion of the ESF local currencies will be directed to budget support to help Guatemala catch up in this area within the framework of a Core Development Budget. Local currencies will also assist Guatemalan development through programs which undergird and enhance productivity and investment, especially in the nontraditional export sector.

Implementing Agencies: Ministry of Public Finance, Bank of Guatemala, and Ministry of Agriculture.

Method of Obligation: Handbook 4 cash transfer agreement.

E. Mission Management: The Office of Economic Policy Analysis has lead responsibility within the Mission for the ESF program, particularly on development and monitoring of policy conditionality. As the ESF program moves increasingly toward an agriculture sector focus, USAID's Office of Rural Development will have a correspondingly greater role in development and monitoring of policy conditionality and local currency programming. The Program Office coordinates the programming of local currency generations, and the Controller's Office is responsible for tracking both ESF dollar uses and local currency utilization through a new unit established in the Mission in late 1987. Physical end-use monitoring of local currency uses will be undertaken by a local CPA firm under Controller Office supervision.

F. Special Requests: None.

G. Potential Issues: The Mission has developed a strategy to better link ESF and sectoral policy dialogue. Key areas of concern are agricultural credit and investment, government capacity to implement projects, and budgetary allocations to the Ministries of Education, Agriculture and Health. A continuing issue on the local currency side is the very real problem of identifying acceptable mechanisms for channeling LC resources to private sector programs. Failure to resolve this issue satisfactorily will lead inevitably to use of scarce dollars, particularly in the already-pinched SD account.

H. A.I.D./W TDY Support for Project Development: None required.

I. Estimated FY 1988 Concept Paper Approval: March 1988

Estimated FY 1988 PAAD Approval: April 1988

Approximate approval dates for FY 1989 and 1990 programs are January (Concept Paper) and March (PAAD) of 1989 and 1990, respectively.

NEW PROJECT DESCRIPTION

GOAL	:	Increase Agricultural Production
OBJECTIVE	:	Increase small farmer productivity in the production and export of coffee and cacao
PROJECT TITLE	:	Technification of Traditional Export Crops
PROJECT NUMBER	:	520-0381
PROJECT FUNDING ($000)	:	FY 1989: $ 1,500 (G) FY 1990: $ 4,000 (G) LOP : $ 5,500 (G)
FUNCTIONAL ACCOUNT	:	Food and Nutrition (FN)
PURPOSE CODE	:	000

A. Relationship to A.I.D. Country Strategy/Objectives: The 1988/89 Action Plan target is to increase the cumulative value of agricultural production from Q2.3 million in 1984 to Q68.1 million by 1989. The goal of the Mission's rural/agricultural development strategy is to enable the rural sector to make a greater contribution to national economic growth with a greater sharing in the benefits of growth by the rural poor. This project will contribute directly to these objectives by assisting small coffee and cacao producers to substantially increase the productivity of their operations and to diversify, leading to increased production, income and employment generation.

B. Relationship to Host Country and Other Donors: The project supports GOG policy on diversification and increasing agricultural exports. Other donor participation in the target crops is minimal.

C. Conformance with Agency and Bureau Policies: Interest rates for the credit component will be market. Grant funds will be utilized to finance technical assistance and training costs only. Credit will be financed from ESF local currency generations. An environmental impact assessment will be required if credit funds are used to procure pesticides. Private Guatemalan firms will be utilized to the extent possible to provide technical assistance to producers.

D. Project Description: Major emphasis of the project will be on increasing the productivity of 4,000 small coffee producers through the introduction of a technology package composed of improved plant varieties, increased plant populations, and more intensive management of shade, soil fertility, and pruning. Average yields will increase five times, per unit production costs will be reduced, net income increased, and farmers will be able to devote less land to coffee and diversify into other income-generating crops. For cacao the technology is similar, and the emphasis will be on shifting lower elevation coffee producers into cacao production as a more suitable crop. The implementing agency, ANACAFE, will utilize its own extension system and contract with existing private Guatemalan firms to provide technical assistance in combination with a credit fund from ESF local currency generations.

The project will also include funds for special studies of cardamom and rubber to explore options for increasing their profitability for small-scale producers.

Implementing Agencies: The project will work with ANACAFE, the National Coffee Producers Association.

Method of Obligation: A cooperative agreement with ANACAFE is planned.

E. Mission Management: A USDH employee in the Office of Rural Development will have overall responsibility for project monitoring, with the assistance of a personal services contractor (PSC).

F. PID and PP Approval: USAID/Guatemala requests Bureau concurrence for Mission approval of the PID and PP. A waiver is also requested to limit competition to ANACAFE as a unique representative of the coffee growers.

G. Potential Issues: For coffee and cardamom, expanded net Guatemalan production may not be desirable in light of controlled and declining markets. For both crops the project economic analysis will assume low or non-quota prices. Also coffee renovation will be limited to only a portion of the farm so as to provide an opportunity and incentive to diversify. The commitment of ANACAFE to assist small farmers is unclear as is the willingness to enforce a law that gives small farmers preference to quota prices.

H. A.I.D./W TDY Support for Project Development: To be determined.

I. Estimated PID Approval: August 1988

PP Approval: February 1989

NEW PROJECT DESCRIPTION

GOAL	:	Strengthen Democratic Institutions
OBJECTIVE	:	Upgrade public and private sector institutional capability in development policy, planning and program execution
PROJECT TITLE	:	Development Training and Support
PROJECT NUMBER	:	520-0384
PROJECT FUNDING ($000)	:	FY 1988: $ 450 EH (G) $ 500 SD (G) FY 1989: $1,500 EH (G) $1,000 SD (G) FY 1990: $ 950 EH (G) $ 500 SD (G) LOP : $2,900 EH (G) $2,100 SD (G)
FUNCTIONAL ACCOUNT	:	Education and Human Resources (EHR) Selected Development Activities (SDA)
PURPOSE CODE	:	600

A. Relationship to A.I.D. Country Strategy/Objectives: The Mission has concluded that the most serious constraint affecting development progress and achievement of NBCCA goals in Guatemala is the weak institutional base for formulating viable economic and social development policies, plans and programs, and implementing them expeditiously and effectively. This affects all donor assistance and impacts on productive use of national resources. A priority concern for the Mission, other donors and the GOG must be improvements in public sector performance and greater participation by the private sector in policy analysis, planning, and in the delivery of goods and services required for sound economic development. Weak, ineffectual, or inept public sector institutions, or prolonged confrontational politics between the public and private sectors only weakens the democratic process. The success of the GOG in developing efficient and responsive development programs, and effectively integrating the private sector into the development process, will determine the pace and sustainability of the democratic process in Guatemala.

B. Relationship to Host Country and Other Donors: The GOG, through the Presidential Memorandum of March 19, 1987, articulated its commitment to economic stabilization and growth; improvement in the delivery of basic social services in health, eduction, and basic infrastructure; and strengthening of democratic institutions. As part of this emphasis, the GOG is making serious efforts to improve its overall planning and administration of development programs, and to reduce institutional deficiencies. Moreover, the focus on promoting greater private sector participation in development projects requires improved institutional and human resource capacities to effectively translate financial assistance into measurable economic growth.

The UNDP and numerous other donors are providing assistance to strengthen Guatemala's human resource and institutional base, but much additional assistance is needed to meet Guatemala's priority development needs.

C. Conformance with Agency and Bureau Policies: Throughout its portfolio, USAID seeks to increase effectiveness of the private sector and its organizations and to expand private sector participation in the overall development process. Therefore, any efforts in this and other projects to improve institutional effectiveness must include consideration of private sector as well as public sector technical assistance and training needs.

D. Project Description: The project will strengthen public and private sector institutional capacity to formulate sound development policies and programs and develop streamlined systems for program execution. To achieve these objectives, the project will focus on training public and private sector workforce in areas critical to economic development which are not otherwise addressed under CAPS or USAID's DA portfolio. Training, to be provided in the U.S., Guatemala, or third countries, will be directed at: Enhancing the role of the private sector in the economic development process including promotion of improved labor-management cooperation; improved public-private sector relations; and upgrading PVO capabilities to design, implement and evaluate projects. Improved public sector policy analysis capability, including statistical training focussed on collection, analysis and reporting of development sector-related data; improved public-private sector dialogue; and financial management training to improve GOG monitoring and auditing capabilities related to improved fiscal administration. Upgrading the technical and leadership role of Guatemalan universities, including faculty exchange programs with U.S. universities for masters and PhD programs; and sponsoring future Guatemalan

leaders in PhD programs in broad-based leadership development programs. Other areas related to these three main categories may be identified during project development.

The project will also finance studies, workshops, and conferences to promote the formulation, review and analysis of key development issues of priority interest to both USAID and the Guatemalan public and private sectors such as a national water use plan, education strategies for reducing illiteracy and improving basic education opportunities, and a refined private sector assistance strategy.

Technical support will be provided to high priority activities jointly identified by USAID and the GOG. Illustrative areas include technical assistance to the Ministry of Finance and other GOG institutions to identify and propose solutions to project implementation bottlenecks (e.g., host country procurement); technical assistance to municipal governments to maximize the use of the eight percent of the national budget allotted to them for public works; improved GOG capacity for environmental assessments and natural resource development; assistance to GOG microenterprise activities; and other non-project areas that may be financed with ESF or PL-480 local currencies as well as high priority areas financed by other local or donor resources where critical technical support is not adequately provided for by other means.

Activities	Outputs
Sectoral policies/strategic plans adopted	X
GOG development and approval of development programs and projects based on sectoral strategies	X
Program or project implementation improvements	X
Instances of public-private sector colaboration on priority development activities	X
Improved public participation in key GOG policy determinations and legislative initiatives	X

Implementing Agencies: Representatives from the National Economic Planning Council, External Finance Department of the Ministry of Finance and USAID will constitute an implementation committee to determine training and technical support activities for project financing selected on the basis of criteria to be established at the PP stage. An institutional contractor will be hired to facilitate the selection process, obtain training and technical services, and assist with project implementation.

Method of Obligation: Handbook 3 grant agreement.

E. Mission Management: A USDH officer in the Program Office will assume overall responsibility for project monitoring, with the assistance of an FN PSC employee.

F. PID and PP Approval: USAID/Guatemala requests Bureau concurrence for Mission approval of the PID and PP.

G. Potential Issues: N/A.

H. A.I.D./W TDY Support for Project Development: To be determined.

I. Estimated PID Approval: March 1988

PP Approval : May 1988

NEW PROJECT DESCRIPTION

GOAL	:	Strengthen the Private Sector
OBJECTIVE	:	Improve the efficiency and effectiveness of Guatemalan financial markets in mobilizing and allocating savings for small/medium sector investment.
PROJECT TITLE	:	Financial Markets Development
PROJECT NUMBER	:	520-0387
PROJECT FUNDING ($000)	:	FY 1990: $1,730 FN (G) $5,400 SD (G) LOP : $7,130 (G)
FUNCTIONAL ACCOUNT	:	Food and Nutrition (FN) Selected Development Activities (SDA)
PURPOSE CODE	:	840

A. Relationship to A.I.D. Country Strategy/Objectives: The project supports the current CDSS in Guatemala, USAID's private enterprise strategy and complements other Mission initiatives to stimulate private sector growth by helping, via targetted economic activities, to achieve broader participation in development of the productive sectors. The project supports the LAC and NBCCA goals of building a foundation for long-term growth and providing equity in the distribution of benefits.

B. Relationship to Host Country and Other Donors: The project is consistent with the GOG's development plan which seeks additional adjustment measures, and macro-economic and institutional reforms, to improve the environment for investment and eliminate constraints affecting private sector strengthening.

C. Conformance with Agency and Bureau Policies: The project will draw heavily on the private sector for both design and implementation. Market interest rates will be applied to all project-financed credit.

D. Project Description: The project will improve the effectiveness of the Guatemalan financial markets to mobilize and allocate savings toward productive investments. Increased efficiency will be gained through improved financial management

skills. Equally important, the project will facilitate financial resources to foster initiatives that strengthen competition and leverage existing resources in favor of the primary target population: small and medium enterprises (SME) in the agricultural and manufacturing sectors.

Special attention will be given to activities whose worth and performance requirements are, due to their demonstration effect, crucial to stimulate investment and increased economic activity. Target areas, such as the cooperative sector, will be reviewed to determine if they can be viable and active channels for providing financial services (e.g., savings and loans). To accomplish the above, the project's major components will comprise the following:

1. Assistance to a private financial institution, which will operate as an independent investment authority, to establish a trust fund (fideicomiso) for SME financing. Specialized technical assistance, training and management assistance inputs will be included to better organize and implement the activities of the fund.

2. Provision of resources for medium- and long-term credit for SME projects through the Guatemalan financial system (including banks, financieras, and bonded warehouses). Technical assistance and advisory services established on a cost-recovery basis will be included for project appraisal and implementation. A larger SME population will gain sustainable and growing access to existing and new IFIs, and to an expanded capital pool.

3. Provision of training to personnel from the financial intermediaries to improve their institutional and credit analysis capabilities vis-á-vis private sector investment initiatives. This training will focus on how to appraise project worth/performance (e.g., management depth, industrial systems, marketing strategies, and inventory controls), in addition to conventional credit analysis techniques.

E. Potential Issues: Sensitivity in the area of private banking policies.

F. Estimated PID Approval: July 1989

PP Approval : April 1990

FY 1989 SHELF

NEW PROJECT DESCRIPTION

GOAL	:	Strengthen the Private Sector
OBJECTIVE	:	Increase productivity and incomes of microenterprises
PROJECT TITLE	:	Microenterprise Development
PROJECT NUMBER	:	520-0375
PROJECT FUNDING	:	FY 1989: $3,000 (G) FY 1990: $2,000 (G) LOP : $5,000 (G)
FUNCTIONAL ACCOUNT	:	Selected Development Activities (SDA)
PURPOSE CODE	:	800

A. Relationship to A.I.D. Country Strategy/Objectives: This project is consistent with A.I.D.'s strategy of increasing the incomes and productivity of the poor. It also responds to the NBCCA objective of encouraging the development and expansion of small businesses, including microbusinesses, as a means to achieve broad-based participation in economically productive activities and expand employment. Given the fact that microenterprise owners and workers are generally in the lower income groups, improvements in their incomes contributes to more equitable distribution of the economic benefits of development.

B. Relationship to Host Country and Other Donors: The project is complementary to ongoing GOG and other donor programs. The GOG recently launched a program of financial and technical assistance to microenterprises, and has initiated a series of national policy changes designed to support informal sector activities.

C. Conformance with Agency and Bureau Policies: This project will provide credit to microenterprises at market interest rates. It is anticipated that credit will be provided through PL 480 Sec. 108 local currencies. This will minimize the use of dollar resources for local costs and reinforce the sound financial use of the resources by the implementing agency and the private sector firms benefitting from the project.

D. Project Description: The project purpose is to increase productivity and incomes of microenterprises. Current estimates are that there are approximately 25,000 enterprises, with from one to ten workers, in Guatemala's two major cities alone. Such firms are generally excluded from formal credit markets and mainstream private sector programs oriented to established firms in the formal sector. The beneficiaries of the project will be those microenterprise firms operating in the informal sector. The focus will be on providing credit, technical assistance, and training to promote productivity increases, and thereby incomes, in labor intensive mircoenterprises. In addition, the project will support promotional activities to focus on a national educational program and the use of mass media to improve outreach efforts to microenterprises.

Activities	Output
Microentrepreneurs Trained	X
Microenterprises Receiving Loans	X
Microenterprises Benefitting from Technical Assistance	X
Increases in Earnings of Microenterprises Participating in the Project	X
Increases in Employment Levels in Microenterprises	X

Implementing Agencies: The Mission plans an assessment of the experiences of the GOG, ACCION/AITEC, and other donor assistance to microenterprises to determine how best to channel assistance to this group of firms. The ongoing development of the credit component of the Rural Electrification III project will provide additional information on alternative assistance mechanisms. To minimize Mission management burden, the possibility of using an umbrella organization to channel resources and assistance to a number of private sector development organizations will also be explored during project development.

Method of Obligation: A cooperative agreement or operational program grant, as appropriate, in accordance with Handbook 13 procedures.

E. Mission Management: A US PSC in the Private Sector Program Office, under the supervision of a USDH employee, will have overall responsibility for project monitoring.

F. PID and PP Approval: USAID/Guatemala requests Bureau concurrence with Mission approval of the PID and PP.

G. Potential Issues: Relationship of the project to ongoing Mission and GOG microenterprise projects.

H. A.I.D./W TDY Support for Project Development: None needed.

I. Estimated PID Approval: November 1988

PP Approval : April 1989

USAID/Guatemala

FY 1988-90 Project Documentation and Development Schedule

	NPD* Required	USAID PID Review	PP Team ETA	USAID PP Review	CN Required	Est. Obligation Date
FY 1988 Obligations						
Highlands Agricultural Development Phase II 520-0274 (Amendment)	Yes	N.A.	1/88	4/88	TBD	6/88
PER III 520-0353	No	1/88	2/88	5/88	No	7/88
Expansion of Family Planning Services 520-0288 (Amendment)	Yes	N.A.	2/88	4/88	Yes	5/88
Improved Fiscal Administration 520-0371	No	2/88 w/ AID/W Partic.	3/88	6/88	Yes	6/88
Administration of Justice 520-0369	Yes	3/88	5/88	7/88	Yes	8/88
ESF Economic Stabilization/ Structural Adjustment 520-0370	Yes	2/88 USAID 3/88 AID/W	N.A.	3/88 USAID 4/88 AID/W	Yes	4/88
Private Sector Development Coordination 520-0337 (OPG) (Amendment)	No	N.A.	N.A.	N.A.	Yes	4/88
Development Training and Support 520-0384	Yes	3/88	TBD	5/88	Yes	6/88
PACT/ASINDES PVO Development 520-0348 (OPG) (Amendment)	Yes	N/A	N/A	N/A	Yes	5/88

*New Project Description

	NPD* Required	USAID PID Review	PP Team ETA	USAID PP Review	CN Required	Est. Obligation Date
FY 1989 Obligations						
ESF Economic Stabilization/ Structural Adjustment 520-0373	Yes	12/88 USAID 1/89 AID/W	N/A	2/89 USAID 3/89 AID/W	Yes	3/89
Private Sector Skills Training 520-0324	No	9/88	11/88	2/89	No	4/89
Education Sector Improvement 520-0374	No	12/88	2/89	5/89	No	6/89
Microenterprise Development 520-0375 (Shelf)	Yes	11/88	11/88	4/89	Yes	3/89
Technification of Traditional Export Crops 520-0381	Yes	8/88	10/88	2/89	No	4/89
FY 1990 Obligations						
Financial Markets Development 520-0387	Yes	7/89	10/89	4/90	Yes	6/90
ESF Economic Stabilization/ Structural Adjustment 520-0385	Yes	12/89 USAID 1/90 AID/W	N/A	2/90 USAID 3/90 AID/W	Yes	3/90

2. Food Aid

Relationship to Mission Strategy

USAID's P.L. 480 Title I program has been one of the key instruments for carrying out its basic strategy for Guatemala of stabilizing its economy and helping to return the country to a pattern of long term economic growth while emphasizing participation of the poor in the benefits of that growth. Guatemala's past economic crisis and large balance of payment deficits have limited the country's ability to import essential foods and P.L. 480 Title I resources have provided balance of payments support and essential food imports while also helping to assure food security. Self-help measures and local currency generations have been used to provide needed counterpart and other support of developmentally sound activities that have contributed to increased agricultural production and strengthening of the private sector.

USAID's P.L. 480 Title II supplementary feeding program has been and will continue to represent an important resource to support the Government of Guatemala's priority needs. The program seeks to improve the nutritional status of "at risk population" and help contribute to a reduction of a nation-wide average infant mortality rate (0 to 12 months) of 69.7 per 1,000 live births, one of the highest in Latin America. Greater attention is being paid to carefully integrate Title II activities with other child survival, health and agricultural interventions to accomplish this.

Country Food Situation

Basic food crop production, which continues to be concentrated among subsistence farmers, has not improved significantly over time. This situation coupled with enormous structural and related problems and increased consumption (especially in the cities with their rapidly increasing populations), has led to a gradual increase of food imports. This is particularly true for wheat (Guatemala produces soft white wheat in limited quantities) and vegetable oil where Guatemala's growth in demand or consumption for such products continues to exceed its internal production capacity, thus providing a strong demand for imports. The Table I (derived from the U.S. Embassy's Agricultural Attache's reports) provides background information supporting these observations.

Complicating the wheat and vegetable oil supply and demand gap, is Guatemala's difficult economic situation,

particularly foreign exchange shortages and its increased balance of payments gap. This is expected to continue through the Action Plan period. Consequently, donor assistance will be critical over this period. As progress in overcoming its current economic difficulties is achieved through stabilization policies and an improved investment environment, Guatemala should increase its agricultural production and exports, thereby permitting it to assume more of the costs of importing food. However, during the Action Plan period, access to concessional food aid will continue to be a critical component of Guatemala's economic restructuring program.

Proposed Food Assistance Levels

Given the country's growing urban population and limited capacity to produce wheat, projected Title I wheat imports should increase by about 5 percent annually, reaching an estimated total of 130,000 MT in FY 1990 with an estimated value of $14 - $16 million. Depending on the country's experience with increasing oilseeds production, vegetable oil imports should vary between 10,000 and 15,000 MT in FY 1990 with an estimated value of $4 - $6 million.

Projected Title II commodity requirements to contribute towards reduction of infant, mortality among the "at risk population" should also increase by around 5 percent with an estimated annual value of $4.8 million during the Action Plan period.

Table II provides an estimated breakdown of commodity requirements and their value for both Title I and Title II programs.

Potential Disincentive Effects on Local Production (Bellmon Amendment)

The distribution of P.L. 480 Title I or Title II commodities has not resulted in disincentives to domestic production and marketing of the proposed commodities. Virtually three fourths of Guatemala's wheat and vegetable oil are imported as Guatemala produces both only in limited quantities (the former in spite of the GOG's generous support price and requirement that the wheat milling industry purchase all domestic wheat production before permits are issued for imports, and the latter because Guatemala's contraction in cotton seed production has created a short-fall in oilseeds which has not yet been filled by soybeans or other crops). Commodity imports

under the Title II program are too small to cause any disincentives to local production. Furthermore, the country's port handling, storage and distribution facilities are adequate for commodities recommended under the Title I and Title II programs without risk of spoilage or waste.

Host Country Food Policies and Key Reforms to be Supported with Food Aid

Beginning in FY 1988 and throughout the Action Plan period, the Mission will be jointly developing with the Government of Guatemala a economic program centered on the implementation of policies to sustain economic stability and reach its long-term private sector-led economic growth targets. One of the most important parts of such a common policy agenda or policy focused program will be the establishment of an appropriate policy framework to increase agricultural production to satisfy domestic needs and expand exports. Macro and sectoral related policy reforms worthy of consideration (which require further analysis) include, but are not limited to, the following: increased priority allocation of GOG budgetary resource in support of top priority agricultural development investments in services (technology generation and dissemination, extension, etc.) and basic infrastructure (irrigation, roads, markets, storage, etc.); the provision of adequate operational and investment credit, especially to small farmers; improved natural resource management; and the removal of bureaucratic and regulatory impediments to increased exports.

USAID overall support of such a policy dialogue effort will be carried out through a tightly knit integration of all A.I.D. resources (DA, ESF and P.L. 480) and through mutually agreed upon self-help measure.

Additional Self-Help Measures

In addition to the proposed self-help measures highlighted above, additional self-help measures will address important reforms in other areas. For example, the Government's current process for registering and issuing land titles is slow and cumbersome. USAID proposes to carry out a study of the situation under its Commercial Land Markets II project and then incorporate its recommendations into a self-help measure that will help to streamline and improve the current process. In addition, self-help measures will focus on strengthening the private sector's role in the importation and distribution of P.L. 480 Title II commodities.

Principal Local Currency Uses

USAID has selected a range of local currency activities consistent with the Mission's objectives, specifically those of increased agricultural production and strengthening the private sector, to support the implementation of self-help measures, as follows: (1) expansion of irrigation systems; (2) expansion and improvement of farm-to-market roads to link production and processing of agricultural products to markets (especially non-traditional agricultural exports); (3) increase of agricultural production through increased credit and applied research in traditional and non-traditional export crops; and (4) implementation of other complementary efforts, such as expansion of reforestation/forest management activities, the protection of water resources, and providing support to USDA animal and plant health activities.

It is intended that the 1988 Title I agreement will include a new Section 108 program, under which 25 percent of all local currency generations will be made available to strengthen the role of the private sector in carrying out these and other related activities.

Beneficiaries/Development Impact/Institutional Capacity/Monetization Requirements (under Title II)

During the Action Plan period, CARE and CRS will continue to reach around 340,000 beneficiaries (CARE is reaching around 270,000 people while CRS is reaching around 70,000 people) in carrying out supplementary maternal child health (MCH) feeding programs to help alleviate the serious malnutrition problem found among the "at risk" population in Guatemala, e.g., children under five years of age and pregnant and lactating women.

In addition, CARE and CRS will be managing food for work (FFW) programs to provide an incentive to large numbers of unemployed and underemployed Guatemalans to promote social and economic development throughout the country during the Action Plan period. Examples of an estimated 30,000 small community development projects being carried out include roads, bridges, drainage systems, community centers, schools, reforestation and soil conservation activities. An example of such an effort is CARE's urban FFW program involving labor-intensive subprojects which are benefiting some 155,000 people living in 55 marginal areas of Guatemala City. Based on its initial success, CARE has requested AID's authorization to expand its urban FFW program to assist four additional municipalities which

have a critical need for public infrastructure in marginal areas inhabited by approximately 50,000 people. USAID is awaiting a response from AID/W on this request.

Both CARE and CRS have had more than 20 years of experience in managing Title II and other food programs in Guatemala. They have demonstrated a capacity to adequately carry out activities in an efficient manner. USAID considers institutionalization or development of a Guatemalan capacity to plan and implement such food resource programs a top priority and will be working closely with Guatemala's public and private sectors to help them establish such a capacity during the Action Plan period.

The last evaluation of the Title II program was conducted in the 1970's. USAID is currently carrying out an evaluation to assess the overall effectiveness of the program to date in terms of its nutritional and related effects to review management aspects, monetization needs, etc. -- and to recommend future program directions that are consistent with the Mission's objectives -- with special focus on its contribution to a reduction of infant mortality.

Management Considerations

USAID views food aid as a critical resource that should be integrated with other resources to help accomplish overall objectives. Towards this end, USAID is currently developing a food assistance strategy and related food resource management plan that will both increase the development impact of food aid (leading to institutionalization and/or self-sustaining development) and ensure the efficient management of this resource.

TABLE I

COUNTRY FOOD SITUATION: STOCK ON HAND, PRODUCTION, CONSUMPTION AND IMPORTS

(In 1,000 MT) 1/

Crop	Year 1983 2/ Begin Stocks	Prod	Imports	Cons.	1984 2/ Begin Stocks	Prod	Imports	Cons.	1985 2/ Begin Stocks	Prod	Imports	Cons.	1986 Begin Stocks	Prod	Imports	Cons.	1987 (est) Begin Stocks	Prod	Imports	Cons.
Wheat 3/	27	41	96	137	27	54	120	150	51	44	140	180	55	53	148	194	62	46	150	193
Vegetable oil 4/	0	11	18	25	4	11	19	28	6	10	14	30	0	11	32	34	9	7	32	36
Corn (Jul-Jun)	-	-	-	-	-	-	-	-	-	-	-	-	142	920	110	1,149	23	1,100	80	1,190

1/ Information obtained from Ag Attache cables (Guatemala 12837 dated 12/2/87 and Guatemala 13204 dated 12/14/87).
2/ Revised figures needed for corn during these years.
3/ Includes imports financed under GSM-102, PL 480 Title I and/or Section 416.
4/ Includes imports financed under GSM-102, PL 480, Title I and/or palm oil imports from Honduras.

TABLE II

PROPOSED FOOD ASSISTANCE LEVELS FOR FY 1989-FY 1990

Program	Commodity	FY 1989 MT(est)	FY 1989 $ Millions	FY 1990 MT(est)	FY 1990 $ Millions
Title I	Wheat	122,000	20	130,000	22
	Vegetable Oil	10,000		12,000	
Title II (CARE/CRS)	NFDM	2,500		2,625	
	CSM	1,600		1,680	
	SF Bulgur	5,000		5,150	
	Corn meal	5,000	4.8	5,250	4.8
	Vegetable Oil	1,400		1,470	
	Corn	1,300		1,365	
	Wheat flour	900		945	
	Rice	150		160	
	Pinto Beans	450		475	
		18,300		19,220	

1/ Amounts based on needs and not proposed budget levels for planning purposes during Action Plan.

3. Local Currency

USAID has conducted a careful review of the impact of revised Agency guidance on the use of local currency from a program and management point of view.

First, USAID is in agreement with the Agency's revised guidance. We fully support the concept in Agency guidance that local currency programming is one of several resources to be used for "moving towards the goal of an overall host country budget that represents a sound development oriented allocation of budget resources established within a market-oriented macroeconomic policy framework."

The recently updated Mission Order for local currency management reflects this concept -- recommending the establishment of a Core Development Budget as part of the FY 1988 ESF program to meet the priority development investment needs of Guatemala in the nation's annual budget. Such an instrument will also ensure that such planned investment expenditures take place as planned. Since the Mission Order also reflects all other key aspects of the Agency's revised guidance, no changes were required as a result of recent Bureau guidance. The following comments reply to the general concerns expressed in A.I.D./W with regards to ownership and joint programming.

-- Ownership

With regard to ownership, a clear understanding exists between USAID and the Government of Guatemala (GOG) that local currencies generated under either ESF, P.L. 480 or Section 416 Sugar Quota Set-Aside agreements are owned by the GOG. Specific language to this effect was included in last year's Supplemental Agreement and will be restated in all future agreements.

-- Joint Programming

USAID jointly programs the use of host country-owned local currency generated under the aforementioned agreements in accordance with GOG and USG legislation. USAID records covering the allocation of local currency funds under any of the aforementioned agreements to date provide clear evidence of this as will future agreements.

Secondly, with regard to any impact on program effectiveness of workforce requirements, USAID believes it is necessary to mention one area -- that of trust funds.

This is perhaps the only area where USAID has experienced some implementation problems to date. Under normal circumstances such funds should be used only for administrative expenses (OE). However, a few special circumstances exist that have led USAID to request use of the trust fund mechanism for program purposes.

One of these circumstances deals with the Private Enterprise Development (PED) project approved last year. This project can receive $10.9 million in local currency only through the trust fund mechanism because most of the implementing organizations for the project are considered for profit private enterprises and Guatemalan laws as currently understood prohibit the direct transfer of any GOG resources to such organizations.

The other exception involves $2.8 million for a series of small non-profit PVO activities for which use of the trust fund mechanism is contemplated for a number of reasons which were cabled to the Bureau. With regards to the PED project, Bureau approval has permitted the Mission to work out the necessary procedures with appropriate Guatemalan public and private sector institutions to obtain the needed local currency. Concerning support of PVOs, the Mission is awaiting a Bureau response to its cable.

The use of the trust fund mechanism for such purposes would require additional staff time to ensure that such funds are used in accordance with A.I.D. policies and procedures. USAID has the appropriate staff and established procedures to do so.

In sum, USAID's intention is that the vast bulk of local currency will be programmed through the Core Development Budget concept, whereby USAID and the GOG mutually plan to agree on an investment portfolio within the national budget each year. The use of the trust fund mechanism for program purposes is intended to be limited in both scope and amount, as indicated above. The following tables outline estimated uses over the Action Plan.

FY 1987

LOCAL CURRENCY UTILIZATION
($000)

	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC. 416	OTHER	TOTAL
A. Uses							
HG Budget General	—	—			—		—
HG Budget Attributed	—	—			—		—
HG Contribution to AID Projects	1,357	5,275			—		6,632
HG Contribution to Other Donor Projects	3,076	955			—		4,031
HG-Managed L/C Projects (Govt.)	40,927	5,922			—		46,849
AID-Managed L/C Projects	—	—			—		—
AID OE Trust Fund	1,997	—			—		1,997
AID Proj. Trust Fund	—	—			—		—
Section 108	—	—			—		—
Other	—	—			—		—
TOTAL	47,357	12,152	—	—	—	—	59,509
B. Channel for Assistance							
Public Sector	47,357	12,152			—		59,509
Private Sector	0	0					0
TOTAL	47,357	12,152	—	—	—	—	59,509

FY 1988

LOCAL CURRENCY UTILIZATION
($000)

	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC. 416	OTHER	TOTAL
A. Uses							
HG Budget General	—	—			—		—
HG Budget Attributed	6,000	—			—		6,000
HG Contribution to AID Projects	4,942	4,621			—		9,563
HG Contribution to Other Donor Projects	11,640	3,642			—		15,282
HG-Managed L/C Projects (Govt.)	89,384	20,171			9,740		119,295
AID-Managed L/C Projects	—	—			—		—
AID OE Trust Fund	2,697	—			—		2,697
AID Proj. Trust Fund	12,425	—			—		12,425
Section 108	—	—			—		—
Other	—	—			—		—
TOTAL	127,088	28,434	—	—	9,740	—	165,262
B. Channel for Assistance							
Public Sector	114,663	28,434			9,740		152,837
Private Sector	12,425	0			0		12,425
TOTAL	127,088	28,434	—	—	9,740	—	165,262

FY 1989

LOCAL CURRENCY UTILIZATION
($000)

	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC. 416	OTHER	TOTAL
A. Uses							
HG Budget General	—	—			—		—
HG Budget Attributed	12,600	—			—		12,600
HG Contribution to AID Projects	5,200	—			—		5,200
HG Contribution to Other Donor Projects	14,000	—			—		14,000
HG-Managed L/C Projects (Govt.)	30,000	14,871			6,268		51,139
AID-Managed L/C Projects	—	—			—		—
AID OE Trust Fund	13,675	—			—		13,675
AID Proj. Trust Fund	2,965	—			—		2,965
Section 108	—	2,500			—		2,500
Other	—	—			—		—
TOTAL	78,440	17,371	—	—	6,268	—	102,079
B. Channel for Assistance							
Public Sector	75,475	14,871			6,268		96,614
Private Sector	2,965	2,500			0		5,465
TOTAL	78,440	17,371	—	—	6,268	—	102,079

FY 1990

LOCAL CURRENCY UTILIZATION
($000)

	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC. 416	OTHER	TOTAL
A. Uses							
HG Budget General	—	—			—		—
HG Budget Attributed	13,200				—		13,200
HG Contribution to AID Projects	5,400				—		5,400
HG Contribution To Other Donor Projects	14,000				—		14,000
HG-Managed L/C Projects (Govt.)	30,200	12,000			—		42,200
AID-Managed L/C Projects	—				—		—
AID OE Trust Fund	3,575				—		3,575
AID Proj. Trust Fund	8,800				—		8,800
Section 108	—	2,500			—		2,500
Other	—	—			—		—
TOTAL	75,175	14,500			—		89,675
B. Channel for Assistance							
Public Sector	66,375	12,000					78,375
Private Sector	8,800	2,500					11,300
TOTAL	75,175	14,500					89,675

4. Women in Development (WID)

USAID continues to vigorously comply with the Percy Amendment and A.I.D.'s policy of integrating women into the mainstream of economic development. Towards this end, we are taking whatever steps are necessary to ensure that women in development issues are specifically and fully addressed in all key mission planning documents and that gender analysis is carried out.

With regard to the Mission strategy and efforts to date, the Mission feels the best way of addressing WID issues is by integration into the portfolio as a whole rather than creating separate components within projects or new women-specific interventions. To date this procedure has proven very successful. Samples of WID issues being successfully addressed in this way are described below.

Under the Private Sector Coordination Project (520-0337), there are two activities which have a specific impact on women. The first activity involves the training of seamstresses under the Technical Foundation (FUNTEC) component. Approximately 40 women complete this course every two months are provided with a guaranteed job either in a maquila (drawback) industry or in specialized shops. The second activity falls under the Development Foundation (FUNDAP) Momostenango component of the project. Although the training and technical assistance provided are not directed specifically at women, the new employment and income opportunities are principally theirs as women play an important role in the entire process of raising sheep and processing the by-products (e.g., washing, carding, spinning, dying, knitting and weaving the wool and processing the milk to make cheese).

Two other private sector projects will also have positive impact on women. During implementation of the Private Enterprise Development Project (520-0341), consideration will be given to providing training and technical assistance to small- and medium-size entrepreneurs, where women are likely to be involved. These will include pharmacies, seamstress shops, food service outlets and "Mom and Pop" stores in which women often shoulder the main responsibility. The Microbusiness Promotion Project (520-0377), carried out in conjunction with Acción/AITEC, is also intended to have a major positive impact on women. The purpose of the project is to increase the income of entrepreneurs involved in the "informal" sector or microbusinesses (less than ten employees). It is expected that a major portion of project resources in the form

of training and technical assistance will go to women. It is estimated that women make up approximately 30 percent of this informal sector, which is considerably higher than that of small- and medium-size businesses.

Under the Central American Peace Scholarships (CAPS) program, 48% of the participants are women. This exceeds the Mission's goal of 40% women participants in this training activity. This achievement reflects the Mission's commitment to expanding opportunities for women in Guatemalan development programs.

The Expansion of the Family Planning project objectives of providing family planning information and services, maternal-child health services and enhanced school attendance for girls are all designed to improve the health and educational attainments of women. The general health of mothers and their children can be improved by providing them the information and materials needed to exercise the Constitutional right of couples to plan the number and timing of their children through increasing the birth interval, decreasing the rates of high risk pregnancies and thereby also reducing concomitant maternal, infant and child illnesses and mortality.

The Immunization and Oral Rehydration Therapy activities complement the family planning project by reducing the high rates of infant and child mortality and morbidity. These projects work together to allow women to have healthier, better planned pregnancies and give their infants and young children greater chances of survival. If a mother is able to produce the number of living children she wishes with less failed or troubled pregnancies, she will be less physically depleted and be in better health both for herself and to be able to provide the maternal care her children.

In addition, USAID has continued to identify other ways to focus increased emphasis on WID concerns. A workshop, organized jointly by the Mission and International Center for Research on Women (ICRW) was held on November 4, 1987. Attended not only by key USAID staff but representatives of other donor organizations in Guatemala as well, it was considered a successful initial step in sensitizing development workers to key issues in this area. Essentially it permitted an exchange of views on lessons learned and specific experiences to date, focused on key opportunities or factors positively or negatively affecting the interaction of women in the nation's development, and provided participants with the opportunity to make recommendations on how we can improve our efforts.

Following the workshop, ICRW assisted USAID in the initial preparation of a comprehensive WID strategy (which will be finalized by June 1987). ICRW has also helped USAID staff to focus on the need for gender-disaggregated data bases that can be included in existing or new projects and assisted the WID Officer to establish a small library to facilitate future efforts. The recent WID practical guidelines developed by ICRW are an excellent example of recent additions to the resource base and are currently being utilized by USAID personnel in the design and implementation of more effective/efficient programs.

III. MANAGEMENT STRATEGY

A. Portfolio Consolidation

During FY 1987, USAID took a hard look at its program in light of two overriding considerations: (1) the almost certain prospect of a continuing small USDH staff (relative to the high levels of funding for Guatemala); and, (2) the considerable level of DA and ESF funds which annually is obligated in the project assistance mode.

The conclusion reached by the Mission is to gradually achieve a tighter focus for the program using a sector-level approach. At the same time, older projects will either be allowed to terminate at PACD or, in the case of projects demonstrating only marginal performance, be deobligated.

Sector-focused consolidation begins in FY 1988 in agriculture with the amalgamation of Small Farmer Diversification and Highlands Agricultural Development.

The groundwork is being laid over the 1988-90 period for a consolidation of primary health care, family planning and child survival activities in a single health sector program planned as an FY 1991 start. During the three-year extension of our Family Planning Services project, selected MCH and child survival activities will be introduced. At the same time, our Child Survival project will be addressing structural deficiencies in the Ministry of Health. Thus, when the two projects terminate in FY 1991, the functional and institutional groundwork will have been completed for a consolidated sector program amalgamating three separate funding accounts.

In our private sector program, USAID is resisting the temptation to fund a series of worthwhile but nevertheless fragmented activities, particularly in the microenterprise subsector. Small and medium business needs are being addressed under the Private Enterprise Development project. During CY 1988, the Mission will analyze experience thus far with, and options for, assistance to microenterprises in preparation for a unified intervention currently planned as an FY 1989 shelf project.

The critical objective across all sectors is to concentrate resources and management time on priority, high payoff programs while allowing for elimination of marginal activities. In addition to sectoral consolidation at the project

level, this objective will be served by USAID's adoption of a unified approach to resource allocation calling for more integrated programming of DA, ESF and P.L. 480 resources and the local currencies generated under the latter two.

Portfolio consolidation is also supported by USAID's new "common policy agenda" which establishes macroeconomic and sectoral policy reforms or adjustments believed by the Mission to constitute the most critical constraints to sustained stabilization and growth and achievement of equity goals. This common policy agenda will provide a focal point for macro and sector-specific policy dialogue and project-level interventions.

A third consolidation tool is the Core Development Budget to be adopted by the GOG in FY 1988 as part of the ESF package. The CDB will provide a framework for disciplined, less USAID management-intensive local currency programming and is directed at assuring full, 100 percent execution of top priority investment budget programs. Implementation of the Core Development Budget will be assisted by joint USAID and World Bank efforts over the FY 1988-90 period to vastly improve GOG budgeting, programming and program execution performance within the context of a tightly focussed, priority-determined development agenda.

B. Mission Management

New Office Building for A.I.D.

A high priority of USAID/Guatemala is to resolve the lack of office space. A temporary solution, worked out during 1987, houses the staff in three separate buildings 11 blocks apart. This inconvenient arrangement reduces efficiency and increases operating expenses.

USAID is now in the final stages of negotiating a long term solution. A local investor has agreed to construct a building incorporating most of AID's security requirements which USAID will lease when completed, estimated at two years after construction begins. Plans and the initial proposal for this building have been sent to SER/MS/OD and IG/SEC/PS. The final proposal will be forwarded in early March. Prompt security waiver and approval of the proposed financial arrangements are needed.

The plans for the new office building are based on AID's providing the infrastructure for the building --electrical wiring and lights, telephone system, computer cabling, interior partitions and carpeting. The 1989 procurement plan includes roughly estimated figures for anticipated expenditures in connection with the new building. When final figures are developed, revised procurement plans for both FY 89 and 90 will be submitted.

Moving with all speed to have the new office building constructed and prepared for occupancy is the number one management priority of the Mission. Other issues discussed below, while important, are secondary to the need for prompt approval of the plans for the new building and allocation of the funds to provide the interior infrastructure, as mentioned above.

1. Leasing

Assuming prompt approval to proceed with the new office building is received, USAID will still have to extend the lease on the present main office building from April 1990 until the new offices are ready for occupancy. The present lease is considerably below current market value and we anticipate at least a 300% increase for the lease extension. Increased funds have been requested in the 1990 budget for these anticipated expenditures.

2. Staffing

A USDH contract officer position was earlier approved. During FY 1988, USAID will continue to seek Ambassadorial and Bureau approval for a USDH Legal Advisor to deal with the multitude of issues involved in the project design and approval, procurement, contractual and managerial aspects of the ESF and DA portfolios.

USAID intentions are to cover other professional staff requirements related to the project portfolio with the use of Guatemalan professionals or time-limited, project funded U.S. technical assistance personnel, as necessary. To further increase the pool of Guatemalan contractors, USAID is initiating a Guatemalan Development Intern program modeled after the IDI program.

At another level, USAID seeks to hold down its own staffing needs over time by financing programs to strengthen the institutional management and implementation capabilities of our principal counterparts.

3. Plans for Seeking OE Trust Funds from the ESF Program

USAID will negotiate with the Government to allot 10% per year of ESF for the OE Trust Fund. This will provide $7.5 million in local currency in FY 1988 and an estimated $7 million in FY 1989 for operating expenses.

4. Streamlining USAID Management

Four specific actions have been taken in the last year or are underway to improve USAID's internal management over the Action Plan period.

First, the Director has delegated to the Deputy Director and the Division Chiefs increased authority to act on his behalf, including cable approval. This has accelerated the decision making process.

Second, functional statements have been issued for each Division and clearance procedures simplified, expediting the flow of documents.

Third, plans have been made to move the management of most projects from the staff offices to the technical divisions; this reorganization will be put into effect as soon as nominated personnel are on board. This consolidation of project management effort will eliminate some duplication of work and free the Program Office in particular to focus on broad program management strategies.

Fourth, all repetitive work is being automated, insuring increased efficiency and effectiveness and holding down the numbers of new personnel needed to manage the expanding program. Both the expendable and non-expendable inventories have been computerized. A new program to integrate the management of both DH and PSC personnel systems is just coming on line with further design work to be done in the coming year. A program to automatically calculate budgets for FSN PSCs, including split years, is now being tested. The tracking of documents in the clearance process is now automated, as is the logging of incoming and outgoing communications. Many of these programs are integrated with the MACS system so information can be transferred between user offices. An impediment to the full use of automation is the lack of hardware. Computerization becomes a bottleneck if personnel cannot access a screen to enter data. As money becomes available, USAID has been adding to the inventory of computers and word processors. Additional equipment is requested for FY 89, 90 and 91.

5. Dealing with Program-Wide Management Deficiencies

a. In early 1987, USAID contracted for a Management Assessment Team to evaluate the Mission's effectiveness and make recommendations for improvement. The principal problem identified was that the overworked staff had not kept pace with increased program funding. This problem has been solved to some extent with new personnel brought on board during the intervening months and will be further alleviated when all nominated personnel arrive. To further help bring the individual workloads down to manageable levels, USAID has been hiring well-qualified Guatemalans in various professional capacities. This is not only a cost-effective measure but one which assures institutional memory and meets larger USG directives on limiting the size of the official U.S. presence abroad.

b. A comprehensive vulnerability assessment study was conducted by two senior retired FS personnel and minor problems were uncovered, all of which have been or are enroute to being corrected. At present a study is being conducted to determine how to improve the Management Information System for the Mission to provide the Director and Division Chiefs with more timely and useful information. It is expected that this study will lead to even more automation of functions with the need for increased hardware.

C. Staffing

OPERATING EXPENSE
STAFFING LEVEL
FY 1987

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
DIRECTOR	2	2				1				5
PROGRAM	2	3			1	4				10
PDSO	3	6				4				13
ECON ANALYSIS	2	0			1	4				7
HRD	3	7			2	5				17
ORD	5	3			1	3				12
PRV SECTOR	2	1			1	5				9
*CON	3	12				17				32
*EXO	2	9			1	25			35	72
TOTAL	24	43	0	0	7	68	0	0	35	170

PD&S
STAFFING LEVEL
FY 1987

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
PRM					1					1
TOTAL					1					1

*Provide services to both USAID & ROCAP.

OPERATING EXPENSE
STAFFING LEVEL
FY 1988

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
DIRECTOR	3[a]	2				1				6
PROGRAM	2	3	1		1	5				12
PDSO	3	6	1			5				15
ECON ANALYSIS	2	0			1	5				8
HRD	3	6	1		2	7				19
ORD	5	3	1		1	6				16
PRV SECTOR	2	1			1	6				10
*CON	3	12				17				32
*EXO	3[b]	10			1	32			35	81
TOTAL	26	43	4	0	7	84	0	0	35	199

PD&S
STAFFING LEVEL
FY 1988

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
PRM					1					1
TOTAL					1					1

*Provide services to both USAID & ROCAP.
[a] New position of Legal Advisor requested.
[b] RCO to be transferred from Panama to USAID/Guatemala

OPERATING EXPENSE
STAFFING LEVEL
FY 1989

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
DIRECTOR	3[a]	2				1				6
PROGRAM	2	3			1	5				11
PDSO	3	6				5				14
ECON ANALYSIS	2	0			1	5				8
HRD	3	6			2	7				18
ORD	5	3			1	6				15
PRV SECTOR	2	1			1	6				10
*CON	3	12				17				32
*EXO	3[b]	10			1	32			35	81
TOTAL	26	43	0	0	7	84	0	0	35	195

PD&S
STAFFING LEVEL
FY 1989

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
PRM					1					1
TOTAL					1					1

*Provide services to both USAID & ROCAP.
[a] New position of Legal Advisor requested.
[b] RCO to be transferred from Panama to USAID/Guatemala

OPERATING EXPENSE
STAFFING LEVEL
FY 1990

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
DIRECTOR	3[a]	2				1				6
PROGRAM	2	3			1	5				11
PDSO	3	6				5				14
ECON ANALYSIS	2	0			1	5				8
HRD	3	6			2	7				18
ORD	5	3			1	6				15
PRV SECTOR	2	1			1	6				10
*CON	3	12				17				32
*EXO	3[b]	10			1	32			35	81
TOTAL	26	43	0	0	7	84	0	0	35	195

PD&S
STAFFING LEVEL
FY 1990

OFFICE	USDH	FNDH	IDI	Res. H	USPSC	FNPSC	MANPOWER CONT. PROF.	CLER.	D/C	TOTAL
PRM					1					1
TOTAL					1					1

*Provide services to both USAID & ROCAP.
[a] New position of Legal Advisor requested.
[b] RCO to be transferred from Panama to USAID/Guatemala

D. Operating Expenses

USAID's operating expense picture would not be negatively affected for the immediate future by a 35 percent reduction of ESF funds. An anticipated 10 percent trust fund contribution in FY 1988 and FY 1989 with projected ESF programs of $80 million each year would provide sufficient funds to cover the currently estimated budget amount needed of approximately $10 million for the FY 1988-90 period.

FY 1989-1990 ACTION PLAN
GUATEMALA (25520)

EXPENSE CATEGORY	FUNCTION	OBJ CLASS	FY 1987 ACT. ($ 000) DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	FY 1988 EST. ($ 000) DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	FY 1989 REQUEST ($ 000) DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST	FY 1990 REQUEST ($ 000) DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
U.S. DIRECT HIRE	U100		1,455.7	29.5	1,476.2			1,954.6	167.9	2,122.5			1,962.4	136.0	2,098.4			2,107.3	213.0	2,320.3		
U.S. CITIZENS BASIC PAY	U101*	110	1,003.9	0.0	1,003.9	19.7	53.7	1,383.5		1,383.5	26.0	52.4	1,477.3		1,477.3	26.0	56.8	1,477.3		1,477.3	26.0	56.8
FT/TEMP U.S. BASIC PAY	U102*	112	1.9	0.0	1.9			0.0		0.0			0.0		0.0			0.0		0.0		
DIFFERENTIAL PAY	U103*	116	142.7	0.0	142.7			204.5		204.5			221.6		221.6			221.6		221.6		
OTHER AID/W FUNDED CODE 11	U104*	119	41.9	0.0	41.9			9.4		9.4			9.4		9.4			9.4		9.4		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0		0.0		
EDUCATION ALLOWANCES	U106	126	6.8	12.2	19.0	6.0	3.2	0.0	78.0	78.0	39.0	2.0	0.0	78.0	78.0	39.0	2.0	0.0	104.0	104.0	52.0	2.0
RETIREMENT-U.S. DIRECT HIRE	U107*	120	83.0	0.0	83.0			95.4		95.4			103.4		103.4			103.4		103.4		
LIVING ALLOWANCES	U108	126	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0		0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	42.4	0.0	42.4			50.6		50.6			52.4		52.4			54.6		54.6		
OTHER MISSION FUNDED CODE 12	U110	129	12.4	7.3	19.7			13.9	50.0	63.9			8.5	28.0	36.5			9.0	66.0	75.0		
POST ASSIGNMENT - TRAVEL	U111	212	11.0	0.0	11.0	7.0	1.6	36.0	0.0	36.0	18.0	2.0	8.0	0.0	8.0	4.0	2.0	20.0		20.0	10.0	2.0
POST ASSIGNMENT - FREIGHT	U112	220	61.4	0.0	61.4	7.0	8.8	132.0	0.0	132.0	11.0	12.0	24.0	0.0	24.0	2.0	12.0	120.0		120.0	10.0	12.0
HOME LEAVE - TRAVEL	U113	21.	24.3	0.0	24.3	14.0	1.7	17.0	17.0	34.0	11.0	3.1	13.0	13.0	26.0	8.0	3.3	31.0	31.0	62.0	16.0	3.9
HOME LEAVE - FREIGHT	U114	220	6.0	1.0	7.0	16.0	0.4	21.0	10.0	31.0	11.0	2.8	17.0	7.0	24.0	8.0	3.0	46.0		46.0	16.0	2.9
EDUCATION TRAVEL	U115	215	2.6	0.0	2.6	6.0	0.4	1.7	2.3	4.0	8.0	0.5	3.0	0.0	3.0	7.0	0.4	3.0		3.0	7.0	0.4
R AND R TRAVEL	U116	215	8.6	0.0	8.6	9.0	1.0	6.2	5.0	11.2	28.0	0.4	24.8	0.0	24.8	62.0	0.4	12.0		12.0	30.0	0.4
OTHER CODE 215 TRAVEL	U117	215	6.9	0.0	6.8	14.0	0.5	3.4	5.6	9.0	6.0	1.5	0.0	10.0	10.0	6.0	1.7	0.0	12.0	12.0	6.0	2.0
F. N. DIRECT HIRE	U200		0.0	463.1	463.1			0.0	587.4	587.4			0.0	725.1	726.1			1.0	864.3	865.3		
BASIC PAY	U201	114	0.0	387.7	387.7	40.1	9.7	0.0	472.0	472.0	43.0	11.0	0.0	586.2	586.2	43.0	13.6	0.0	701.3	701.3	43.0	16.3
OVERTIME, HOLIDAY PAY	U202	115	0.0	17.3	17.3	1.6	10.9	0.0	28.0	28.0	2.5	11.2	0.0	33.0	33.0	2.5	13.2	0.0	37.2	37.2	2.5	14.9
ALL OTHER CODE 11 - FN	U203	119	0.0	1.0	1.0			0.0	4.9	4.9			0.0	6.0	6.0			0.0	7.2	7.2		
ALL OTHER CODE 12 - FN	U204	129	0.0	56.6	56.6			0.0	81.5	81.5			0.0	99.9	99.9			0.0	118.6	118.6		
BENEFITS FORMER FN PERSONNEL	U205	130	0.0	0.5	0.5			0.0	1.0	1.0			0.0	1.0	1.0			1.0		1.0		
CONTRACT PERSONNEL	U300		170.6	604.9	775.5			293.0	868.4	1 161.4			351.6	1,081.3	1,432.9			421.9	1,213.5	1,635.4		
PASA TECHNICIANS	U301	258	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	152.0	5.2	157.2	4.7	33.4	293.0	0.0	293.0	8.0	36.6	351.6	0.0	351.6	8.0	44.0	421.9		421.9	8.0	52.7
ALL OTHER U.S. PSC COSTS	U303	255	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
F.N. PSC - SALARY/BENEFITS	U304	113	18.6	408.9	427.5	73.0	5.9	0.0	660.3	669.3	84.0	7.9	0.0	806.3	806.3	84.0	9.6	0.0	883.5	883.5	84.0	10.5
ALL OTHER F.N. PSC COSTS	U305	255	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0		0.0		
MANPOWER CONTRACTS	U306	259	0.0	190.8	190.8			0.0	228.1	228.1			0.0	275.0	275.0				330.0	330.0		
JCC COSTS PAID BY AID/W	U307*	113	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
HOUSING	U400		66.1	240.6	306.7			28.8	356.2	385.0			90.9	359.1	450.0			103.6	350.7	454.3		
RESIDENTIAL RENT	U401	235	0.0	24.9	24.9			0.0	24.9	24.9	1.0	24.9	0.0	24.9	24.9	1.0	24.9	0.0	24.9	24.9	1.0	24.9
RESIDENTIAL UTILITIES	U402	235	0.0	3.8	3.8			0.0	4.5	4.5			0.0	7.6	7.6			0.0	9.1	9.1		
MAINTENANCE AND RENOVATION	U403	259	0.0	2.7	2.7			0.0	3.3	3.3			0.0	4.0	4.0			0.0	4.8	4.8		
QUARTERS ALLOWANCE	U404	127	0.0	188.2	188.2			0.0	267.8	267.8	23.4	11.4	0.0	299.7	299.7	24.6	12.2	0.0	284.4	284.4	25.0	11.4
RESIDENTIAL FURNITURE/EQUIP	U405	311	58.9	5.1	63.9			21.5	35.6	59.1			71.1	0.0	71.1			81.2		81.2		
TRANS./FREIGHT - CODE 311	U406	220	5.7	0.0	5.7			5.4	0.0	5.4			17.8	0.0	17.8			20.3	0.0	20.3		
SECURITY GUARD SERVICES	U407	259	0.0	15.9	15.9			0.0	19.1	19.1			0.0	22.9	22.9			0.0	27.5	27.5		
OFFICIAL RESIDENCE ALLOWANCE	U408	254	0.4	0.0	0.4			0.4	0.0	0.4			0.5	0.0	0.5			0.6		0.6		
REPRESENTATION ALLOWANCES	U409	252	1.2	0.0	1.2			1.5	0.0	1.5			1.5	0.0	1.5			1.5		1.5		

FY 1989-1990 ACTION PLAN GUATEMALA (25520) SUPLEMENTAL EXPENSE CATEGORY	FUNC TION	OBJ CLASS	05-Feb FY 1987 ACT. ($ 000) DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	FY 1988 EST. ($ 000) DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	FY 1989 REQUEST ($ 000) DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST	FY 1990 REQUEST ($ 000) DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
OFFICE OPERATIONS	U500		382.3	667.5	1,049.8			214.0	898.2	1,112.2			589.8	847.8	1,437.6			464.5	1,212.5	1,677.0		
OFFICE RENT	U501	234	0.0	226.6	226.6			0.0	210.0	210.0			0.0	210.0	210.0			0.0	437.4	437.4		
OFFICE UTILITIES	U502	234	0.0	14.0	14.0			4.7	12.0	16.7			0.0	14.4	14.4			0.0	17.3	17.3		
BUILDING MAINT./RENOVATION	U503	259	0.0	30.0	30.0			0.0	50.0	50.0			0.0	60.0	60.0			0.0	72.0	72.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	72.6	59.5	132.1			6.6	18.0	24.6			17.5	0.0	17.5			12.2	0.0	12.2		
VEHICLES	U505	312	55.4	0.0	55.4	1.8	30.8	41.0	0.0	41.0	2.3	17.8	45.1	0.0	45.1	2.3	19.6	49.6	0.0	49.6	2.3	21.6
OTHER EQUIPMENT	U506	319	40.4	16.7	57.1			18.5	63.6	82.1			225.8	0.0	225.8			92.5	0.0	92.5		
TRANSPORTATION / FREIGHT	U507	220	0.2	3.2	3.4			16.5	0.0	16.5			72.1	0.0	72.1			38.6	0.0	38.6		
FURN/EQUIP/VEH REPAIR/MAINT.	U508	259	0.4	11.8	12.2			0.0	14.6	14.6			0.0	17.5	17.5			0.0	21.0	21.0		
COMMUNICATIONS	U509	230	0.0	103.3	103.3			0.0	123.5	123.5			0.0	148.2	148.2			0.0	177.8	177.8		
SECURITY GUARD SERVICES	U510	259	0.0	58.4	58.4			0.0	70.0	70.0			0.0	84.1	84.1			0.0	101.0	101.0		
TRAINING	U511	240	0.0	30.9	30.9			0.0	36.9	36.9			0.0	44.3	44.3			0.0	53.2	53.2		
SITE VISIT-MISSION PERSONNEL	U513	210	3.8	2.1	5.9	51.0	0.1	0.0	6.0	6.0	51.0	0.1	7.0	0.0	7.0	55.0	0.1	8.0	0.0	8.0	55.0	0.1
SITE VISIT-AID/ PERSONNEL	U514	210	17.0	0.7	17.7	16.0	1.1	30.0	0.0	30.0	25.0	1.2	22.0	0.0	22.0	20.0	1.1	26.0	0.0	26.0	20.0	1.3
INFORMATION MEETINGS	U515	210	28.0	0.3	28.3	19.0	1.5	10.7	1.3	12.0	7.0	1.7	20.0	10.0	30.0	20.0	1.5	18.0	12.0	30.0	20.0	1.5
TRAINING ATTENDANCE	U516	210	13.1	8.6	21.7	5.0	4.3	19.0	10.0	29.0	5.0	5.8	20.0	10.0	30.0	6.0	5.0	18.0	12.0	30.0	6.0	5.0
CONFERENCE ATTENDANCE	U517	210	16.7	3.0	19.7	22.0	0.9	15.6	3.4	19.0	20.0	1.0	24.0	0.0	24.0	22.0	1.1	28.0	0.0	28.0	22.0	1.3
OTHER OPERATIONAL TRAVEL	U518	210	5.3	2.0	7.3	9.0	0.8	0.0	4.0	4.0	4.0	1.0	0.0	7.0	7.0	4.0	1.8	0.0	8.0	8.0	4.0	2.0
SUPPLIES AND MATERIALS	U519	260	48.9	49.2	98.0			34.4	82.9	117.3			41.3	99.5	140.8			49.6	119.4	169.0		
FAAS	U520	257	13.9	0.0	13.9			17.0	0.0	17.0			20.0	0.0	20.0			24.0	0.0	24.0		
CONSULTING SVCS. - CONTRACTS	U521	259	62.3	0.0	62.3			0.0	124.0	124.0			75.0	75.0	150.0			100.0	100.0	200.0		
MGT./PROF. SVCS. - CONTRACTS	U522	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
SPEC STUDIES/ANALYSES - CONT.	U523	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
ALL OTHER CODE 25	U524	259	4.4	47.2	51.6			0.0	68.0	68.0			0.0	67.8	67.8			0.0	81.4	81.4		
TOTAL O.E. EXPENSE BUDGET			2,074.7	1,996.6	4,071.3			2,490.4	2,898.1	5,388.5			2,994.7	3,150.3	6,145.0			3,098.3	3,854.0	6,952.3		
RECONCILIATION			1,329.7	0.0	1,329.7			1,740.4	0.0	1,740.4			1,884.1	0.0	1,884.1			1,890.3	0.0	1,890.3		
SECTION 636(c) (Non-add)	U600	320	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
OPERATING EXPENSE REQUIREMENTS	U000		745.0	1,996.6	2,741.6			750.0	2,898.1	3,648.1			1,110.6	3,150.3	4,260.9			1,208.0	3,854.0	5,062.0		
			TOTAL NO. ADP WORK STATIONS				29	TOTAL NO. ADP WORK STATIONS				35	TOTAL NO. ADP WORK STATIONS				39	TOTAL NO. ADP WORK STATIONS				
			TOTAL NUMBER OF PC'S				13	TOTAL NUMBER OF PC'S				19	TOTAL NUMBER OF PC'S				21	TOTAL NUMBER OF PC'S				
OBJECT CLASS 210 TRAVEL			83.9	16.7	100.6			75.3	24.7	100.0			93.0	27.0	120.0			98.0	32.0	130.0		
Dollars Required for Local Currency Expenses			3.8					0.0					41.3					50.6				
Exchange Rate Used (November 2, 1987)			2.63					2.63					2.63					2.63				

III. E. 1

EVALUATION REPORT

Project Number & Title	Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
I. Program Evaluations							
PL 480, Title II	—	—	—	—	2nd	3rd	Last program evaluation was conducted some time ago. Need to assess overall benefits of program (nutritional, disencentive/ incentive effects of commodities on domestic agricultural production, consumption and marketing and the distributional effects of such commodities), compare actual results with stated objectives for program of participating organizations, determine costs, evaluate overall management and administration of program, and identify potential future program directions. Based on findings, recommend appropriate actions for future programming.

Project Number & Title		Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
II. Project Evaluations								
ARDN								
520-0238	Small Farmer Marketing	1st	3rd	1st	--	--	3rd	Final evaluation.
520-0255	Small Farmer Diversification	4th	1st 88	4th	--	--	2nd	Final evaluation to determine feasibility of expanding diversification activities.
520-0274	Highlands Ag. Development (Natural Resources Component)	--	--	--	--	1st	2nd	The Midpoint evaluation to analyze small-scale irrigation and soil terracing to determine where improvements can be made and the feasibility of combining activities under 0255 and 0274.
520-0276	Agribusiness Development	--	--	--	--	1st	2nd	Midpoint evaluation to analyze the project components and recommended improvements.
520-0290	Family Fish Ponds	1st	3rd	1st	--	--	3rd	Final evaluation to determine feasibility of second phase.

Project Number & Title	Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
520-0317 Cardamom Cultivation and Commercialization	--	--	--	--	2nd	3rd	Final evaluation to determine impact of project production and incomes.
520-0330 Pilot Commercial Land Markets I	1st	1st 88	1st-	--	--	2nd	Midpoint evaluation to analyze project results for transfering lessons learned to the larger Commercial Land Markets II Project (520-0343). Final report recently received by Mission.
HE							
520-0251 Community-Based Integrated Health and Nutrition Systems							
- Primary Health Care Component	--	--	--	--	2nd	3rd	Project has two components which will be evaluated separately but during the same time period. First, Mission will carry out a final evaluation of the primary health care component (which has ended) in terms of lessons learned and linkage with new child survival initiatives.

Project Number & Title		Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
	- Environmental Sanitation	--	--	--	--	3rd	4th	Secondly, Mission will carry out a mid-term evaluation of the environmental sanitation component to assess progress towards increased targets and expenditure rates and impact of the 1987 restructuring of the project's administrative structure on accelerating implementation.
520-0335	Rural Potable Water and Sanitation II	--	--	--	--	--	2nd	PES being finalized for submission to AID/W.
520-0336	Rural Water Project	--	--	--	--	--	2nd	PES being finalized for submission to AID/W.
CS								
520-0339	Immunization/ ORT	--	--	--	--	3rd	2nd 89	Midpoint evaluation to measure efficiency of services delivered.

Project Number & Title		Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
PN								
520-0288	Expansion of Family Planning Services	3rd	1st	3rd	—	—	3rd	Evaluation now completed to analyze effectiveness of IPROFASA contraceptive retail sale program. PES being finalized for submission to AID/W.
520-0288	Expansion of Family Planning Services	—	—	—	—	2nd	3rd	Midpoint evaluation to measure efficiency of services delivered and to serve as basis for project extension.
FHR								
520-0000	University Linkages (Libraries)	—	—	—	—	4th	1st 89	Final evaluation to assess quality of linkage between Guatemalan and U.S. universities.
520-0281	Non-Formal Education	3rd	4th	3rd	—	—	2nd	PES being finalized for submission to AID/W.

Project Number & Title		Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
520-0282	Rural Primary Education Improvement	2nd	1st 88	2nd	--	--	2nd	PES being finalized for submission to AID/W.
520-0304	Altiplano Higher Education	--	--	--	--	2nd	3rd	Process evaluation to determine that all project elements are on target.
SD								
520-0337	Private Sector Development Coordination	--	--	--	--	3rd	4th	Examine the project's performance in terms of (a) the private sector's advantage from the benefits of the Caribbean Basin Initiative; (b) the benefits gained by micro, small and medium entrepreneurs from their experience in the project, and (c) the institutional efficiency and effectiveness of services/technical assistance delivered by the implementing agencies.

Project Number & Title		Planned FY 1987 Start (Qtr.)	Planned FY 1987 To AID/W (Qtr.)	Actual FY 1987 Start (Qtr.)	Actual FY 1987 To AID/W (Qtr.)	Update FY 1988 Start (Qtr.)	Update FY 1988 To AID/W (Qtr.)	Reasons/Issues
520-0348	ASINDES PVO Dev. Program	--	--	--	--	1st	3rd	Evaluate overall progress of grant to strengthen ASINDES to support PVOs operating in Guatemala.
520-0362	CAPS	--	--	4th	--	--	4th	Impact evaluation of CAPS program.

EVALUATION PLAN

Project Number & Title	Date Last Evaluation Completed	FY 1989 Start (Qtr.)	FY 1989 To AID/W (Qtr.)	FY 1990 Start (Qtr.)	FY 1990 To AID/W (Qtr.)	Reasons/Issues
I. Program/Cross-Sectoral Evaluations						
Private Sector	None	--	--	3rd	4th	Evaluate impact of Mission's private sector strategy and program in contributing to Mission's objectives in this and other areas (education, agriculture, etc.)
Altiplano Evaluation	None	2nd	3rd	--	--	During the past decade, USAID has focused the major portion of its project portfolio on the geographic area of Altiplano. This evaluation will assess the impact this strategy has had on Mission objectives, especially, increased agricultural production and strengthening the private sector. Of particular interest will be to evaluate various development oriented institutions created by AID and to what extent they have contributed separately or jointly to spreading the benefits of growth and achievement of aforementioned or other objectives in the Altiplano.

Project Number & Title		Date Last Evaluation Completed	FY 1989 Start (Qtr.)	FY 1989 To AID/W (Qtr.)	FY 1990 Start (Qtr.)	FY 1990 To AID/W (Qtr.)	Reasons/Issues
II. Project Evaluations							
ARDN							
520-0248	Rural Electrification II	1st 86	—	—	1st	2nd	Final evaluation will assess achievement of project's targets and assess, on a preliminary basis, project impact on increased rural income and productivity. Recommendations, as appropriate, will be incorporated into the Phase III project during negotiations for the FY 89 tranche.
520-0276	Agribusiness Development	1st 88	—	—	2nd	3rd	Final evaluation to determine impact of project on agribusiness development, nontraditional exports, income.
520-0286	Cooperative Strengthening	None	2nd	3rd	—	—	Midpoint evaluation to determine the effectiveness of implementation.

Project Number & Title		Date Last Evaluation Completed	FY 1989 Start (Qtr.)	FY 1989 To AID/W (Qtr.)	FY 1990 Start (Qtr.)	FY 1990 To AID/W (Qtr.)	Reasons/Issues
520-0332	Farm-to-Market Roads	None	3rd	4th	—	—	The midpoint evaluation will assess the effectiveness of implementation, including increased coordination with the Ministry of Agriculture in road selection and effectiveness of the road maintenance program; progress on the new tertiary road component; and determine the adequacy of the data base for assessing income and agricultural production increases attributable to the project in late 1990 (PACD).
520-0343	Pilot Commercial Land Markets II	None	—	—	4th	1st 91	Midpoint evaluation to determine impacts on increased rural income and production.
520-0363	Ag. Production and Marketing (AIFLD)	None	1st	—	—	—	First evaluation to determine impact on production and income and strengthening of farmer unions.
SD							
520-0341	Private Enterprise Development	None	3rd	4th	—	—	Assessment to determine the appropriateness of project strategy and of operational arrangements.

Project Number & Title		Date Last Evaluation Completed	FY 1989 Start (Qtr.)	FY 1989 To AID/W (Qtr.)	FY 1990 Start (Qtr.)	FY 1990 To AID/W (Qtr.)	Reasons/Issues
520-0377	Micro Business Promotion (OPG)	None	2nd	3rd	—	—	Progress evaluation of OPG to assess the impact of project activities in increasing incomes, employment and productivity by poor urban microentrepreneurs, PVO effectiveness vis-à-vis project objectiveness, and self-sustainability of beneficiaries.
PN							
520-0288	Expansion of Family Planning Services	3rd 88	4th	—	—	2nd	Midpoint evaluation to assess private and public sector's and public sector's contribution in terms of efficiency and effectiveness in providing family planning services.
HE/CS							
520-0339	Immunization/ ORT	3rd 88	—	—	1st	2nd	An interim process evaluation to review progress/problems in implementation including improvements in coverage of immunization, greater use of oral salts, improvements in management and administration, and to lay the foundation for an integrated health sector project.

Project Number & Title		Date Last Evaluation Completed	FY 1989 Start (Qtr.)	FY 1989 To AID/W (Qtr.)	FY 1990 Start (Qtr.)	FY 1990 To AID/W (Qtr.)	Reasons/Issues
EHR							
520-0304	Altiplano Higher Education	3rd	—	—	2nd	3rd	Process evaluation to determine progress to date vis-á-vis project's objectives.
520-0320	Primary Education Management Improvement	None	—	—	1st	2nd	Evaluation to determine progress to date vis-à-vis project's objectives.
520-0282	Rural Primary Education Improvement	3rd 87	3rd	4th	—	—	Evaluation to determine progress to date vis-à-vis project's objectives.
520-0364	Private Sector Education Initiative	None	—	—	1st	2nd	Evaluation to determine progress to date vis-à-vis project's objectives.

F. Country Training Plan

1. Restatement of Mission Training Objective

a. Participant Training in General

USAID's overall training objective is to provide relevant training to an increasing number of private and public sector individuals in areas which will serve to further strengthen both sectors. To accomplish this, USAID has set forth a strategy for increasing Non-CAPS participant training by: (1) reprograming current projects to introduce more participant training; (2) including participant training components into new projects; and, (3) developing a general training program to cover areas not impacted by other Mission programs.

b. Central America Peace Scholarship Program

The CAPS program has two parallel objectives: to improve the human resource base of Guatemala, especially by developing and maintaining democratic processes and institutions, and to provide U.S.-sponsored training opportunities for socially and economically disadvantaged and leadership-quality individuals to increase their academic and technical skills and, at the same time, strengthen the mutual ties of friendship between Guatemala and the United States. Candidates are selected, among other criteria, based on their vulnerability to Soviet Bloc, Cuban and similar manipulations and influences.

To achieve this, USAID will continue its highly successful short-term training program and reinforce it through follow-on training in Guatemala. We will also place increased emphasis on long-term training, providing for over 1,000 new starts (40% of the program) over the next three fiscal years. To date all training has been done through PIO/Ps using the Agency's contractor P.I.E.T.

2. Summary of Training Program under CAPS

From FY 1985-FY 1987 about two thousand two hundred (2,200) Peace Scholars have been trained in our short-term program in the following fields: small and medium enterprise, primary health care, cooperative management, community development, training of trainers, and primary education. This training consists of five weeks in the United States during which trainees receive technical training, practical on-the-job

experiences and direct-contact "Experience America" activities. From FY 1988-FY 1990, USAID estimates training approximately 1,600 additional Guatemalans in fields of training similar to those listed above.

Long-term training will be added as a new component with over 1,000 new starts over the FY 88 to FY 90 period in various academic fields such as education, business administration, engineering, public health, agriculture, computer science, etc. These programs are designed to strengthen Guatemalan institutions as well as enhance individual skills. Many are carried out through combination in region/in U.S. programs.

Under a special buy-in clause in the Project Paper, USAID added EHR funds to CAPS in FY 1987 to fund two long-term training activities (described later in the document). Trainees under these cost-effective, institution-strengthening components will begin their U.S. training in the CAPS out-years.

3. Groups to be Targetted in FY 1989 in Central America Peace Scholarship Program and Types of Training to be Given

Short-term five-week training is programmed for about 500 Peace Scholars (12 short-term groups of around 40 Peace Scholars each) in similar fields as in previous years. This training will be complemented by a major in-country follow-on seminar and programmed instruction activity to reinforce the U.S. short-term training.

Long-term training is programmed as follows:

- A Junior Year Abroad component to provide 12 months of non-degree U.S. undergraduate training to about 350 Guatemalan university students in FY 1989. These students will be placed in higher education institutions across the U.S.;

- A Del Valle University Program component to permit about 50 students to complete the last two years of their four year university training program and receive a U.S. undergraduate degree;

- A Merit Scholarship CAPS buy-in component to provide undergraduate training for about 100 disadvantaged Guatemalans, including a junior year at a U.S. university;

- A Zamorano (Panamerican Agriculture School in Honduras) CAPS buy-in component to provide three years of undergraduate training to 70 disadvantaged Guatemalans at Zamorano and a fourth year in the U.S. to obtain a U.S. undergraduate degree.

4. Progress to Date (CAPS)

a. Increased Participation by Women

USAID's program has exceeded the CAPS program mandate to provide training to 40% women. According to Aguirre evaluation data of 12-21-87, 42% of Guatemala's 2,168 trainees have been women. Plans for the future will move our percentage of female participation in CAPS to approximately 50%. (Over 50% of the trainees in our FY 1987 program were women).

b. Increased Participation in HBCUS

USAID greatly exceeded the 10% target. In FY 1987, USAID only funded short-term training programs. Of the 1,037 short-term trainees, a total of 480 were trained in HBCUs (close to 50% of all FY 1987 Guatemalan Peace Scholars). This was the key factor in the LAC Bureau's achievement of its overall HBCU placement goal as established by the Administrator. These efforts will continue.

In addition, USAID has now added a major long-term component to the successful short-term program. We plan to program approximately 20% of our long-term trainees into HBCUs and other Gray Amendment higher education institutions.

c. Long-Term Training

While short of the target of 30%, USAID/-Guatemala has significantly increased long-term training under CAPS by adding several new components to the program. The program mix has changed from 99% short-term/1% long-term training for the FY 1985, 1986 and 1987 program to approximately 60% short-term/40% long-term U.S. training for the FY 1988, 1989 and 1990 program. While the overall program mix for the period FY 1985-1990 still falls short of the 70%/30% target, with the current emphasis on long-term training, we will reach such a program mix by FY 1992 -- the projected ending date for our CAPS activity.

d. Target for Disadvantaged

USAID has greatly exceeded the 40% disadvantaged target. All CAPS trainees in Guatemala's short-term program are recruited from candidates who are below the GOG's minimum income level for tax payment purposes. They are therefore economically disadvantaged. Because most have been either indigenous Guatemalans or women, virtually all of our CAPS Scholars can also be considered to be socially disadvantaged.

e. Experience America

Our CAPS Scholars are programmed to have significant quality contacts and first-hand experiences with North Americans during their U.S. training. The results of this "Experience America" component are clear. According to Dr. Lorenzo Salay's study, which was funded by AID/W, Guatemalan Peace Scholars as a group leave for training with very positive attitudes toward the U.S. Evidence shows that these attitudes are strongly reinforced by the five week of U.S. training.

The trainees return to Guatemala with a substantially enhanced understanding of such concepts as liberty, justice, equality and freedom, based on their first hand experience and direct observation in the United States. They also return making very clear linkages between education, popular participation and development. The understanding of these linkages were weak or non-existent prior to the U.S. training.

The "Experience America" component has achieved the political impact it was designed to have. Preliminary results from the Vargas evaluation indicate that its effects endure over time and are being spread widely to family, neighbors and colleagues of returned CAPS Scholars. "Experience America" is emphasized after return through CAPS in-country reinforcement and follow-on programs.

f. Follow-On

The continued commitment to CAPS trainees over time is an important aspect of our program. Significant follow-on programs were introduced in FY 1987 including establishment of a CAPS Alumni Association which currently has some 2,000 members. A quarterly newsletter is also published and distributed to all returned CAPS scholars. Returned CAPS scholars staff the Association, write the newsletter and assist with CAPS recruitment and orientation.

A special fund (from non-CAPS sources) will be established in FY 1988 to provide returned Peace Scholars with needed funding to apply and disseminate skills and knowledge acquired during CAPS training through small community projects.

g. Cost Containment

USAID introduced in FY 1987 and FY 1988 several measures to contain training costs. First we have set cost parameters for all programs through P.I.E.T. and will closely monitor P.I.E.T.'s performance to remain within them. We have also advised P.I.E.T. in writing to always negotiate the best possible training cost for USAID. Secondly, P.I.E.T. has been requested to provide USAID with Training Cost Analyses breakdowns on all program and placement possibilities as another way to contain costs. Thirdly, USAID has combined in-country, third country and U.S. institutions to minimize costs. Finally, USAID plans to use fixed-price contracting on activities which are not implemented through S&T/OIT.

5. Major Changes in Training Plan from Approved Country Training Plan

USAID, for the first time, submitted a full Country Training Plan rather than just a CAPS document. We are awaiting AID/W's comments on this document. The CAPS program in FY 1987 was implemented as planned in the previous CTP. We programmed for 1,050 trainees in FY 1987 and trained 1,037, only 13 short of our target. We programmed for 600 women and actually reached 589, which represented 57% of total trainees. We programmed for 10% HBCU placement and actually placed 480 on HBCU campuses, close to 50% of all trainees.

As indicated in earlier sections of this CTP update, USAID has moved from an almost exclusive focus on short-term training to a program which has a substantial long-term component. As a result, overall CAPS numbers will decline in the out years of CAPS but the 30% long-term target will be achieved by FY 1992.

With regard to non-CAPS training, USAID will significantly increase the amount of participant training in this area over the next several years. Towards this end, we have started looking at the reprogramming of funds under existing projects to the participant training area, carrying out training needs assessments in priority sectors or areas and incorporating results into proposed projects, and designing a new general development training and support project to provide needed training to public and private sector Guatemalans that cannot be provided through other means.

TABLE 1

CLASP (CAPS) TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

COUNTRY OF ORIGIN: GUATEMALA

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TECHNICAL (30 days or less)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
TECHNICAL (31-180 days)						
Female	127	610	581	320	270	270
Male	185	184	418	280	230	230
TECHNICAL (6-8+ months)						
Female	-	-	8	-	-	-
Male	-	-	30	-	-	-
TECHNICAL (9 months or more)						
Female (LT - Technical)	-	-	-	-	-	-
Male (LT - Technical)	-	-	-	-	-	-
TOTAL TECHNICAL	312	794	1,037	600	500	500

Preparatory training in third countries or Guatemala is not shown in this chart. Only U.S. training is shown.

Technical scholarships under CAPS/Georgetown and CAPS/Arkansas are not included in this report. (Both short and long-term programs).

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate (1 year)						
Female (Junior/LT)	-	-	-	180	210	220
Male (Junior/LT)	-	-	-	120	140	155
ACADEMIC-Undergraduate (2 years)						
Female (CAPS/Del Valle)	-	-	-	12	6	-
Male (In U.S.)	-	-	-	12	19	-
ACADEMIC-Graduate Level (1 year)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Graduate Level (2 years)						
Female (+ 1 yr. English)	4	-	-	-	-	-
Male (Language M.S.)	21	-	-	-	-	-
TOTAL ACADEMIC	25	-	-	324	375	375

SUMMARY

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TOTAL TRAINEES	337	794	1,037	924	875	875
ACADEMIC						
Female	4	-	34	192	216	220
Male	21	-	20	132	159	155
TECHNICAL						
Female	127	610	589	320	270	270
Male	185	184	448	280	230	230
LONG TERM 1/						
Female	(4)	-	(34)	(192)	(216)	(220)
Male	(21)	-	(20)	(132)	(159)	(155)
SHORT TERM 1/						
Female	(127)	(610)	(589)	(320)	(270)	(270)
Male	(185)	(184)	(448)	(280)	(230)	(230)
HBCU PLACEMENTS 1/	-	-	(480)	(200)	(150)	(150)

1/ Non-add, already shown under academic or technical areas.

TABLE 2

NON CLASP TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

COUNTRY OF ORIGIN: GUATEMALA

PROGRAM: Project Related Training - U.S.
Project Related Training - Third Country

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
A. TRAINING IN UNITED STATES						
TECHNICAL (30 days or less)						
Female	-	-	1	9	40	60
Male	-	-	15	21	60	90
TECHNICAL (31-180 days)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
TECHNICAL (6-8+ months)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
TECHNICAL (9 months or more)						
Female (LT - Technical)	-	-	-	-	2	2
Male (LT - Technical)	-	-	-	-	4	4
TOTAL TECHNICAL	-	-	16	30	106	156

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate (1 year)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Undergraduate (2 years)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Undergraduate (3 yrs. or more)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Graduate Level (1 year)						
Female	-	-	-	-	4	6
Male	-	-	-	-	6	9
ACADEMIC-Graduate Level (2 years)						
Female	-	-	-	-	2	3
Male	-	-	-	-	4	6
TOTAL ACADEMIC	-	-	-	-	16	24

SUMMARY

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TOTAL TRAINEES	-	-	16	30	122	180
ACADEMIC						
Female	-	-	-	-	6	9
Male	-	-	-	-	10	15
TECHNICAL						
Female	-	-	1	9	42	63
Male	-	-	15	21	64	93
LONG TERM 1/						
Female	-	-	-	-	(8)	(12)
Male	-	-	-	-	(14)	(18)
SHORT TERM						
Female	-	-	(1)	(9)	(40)	(60)
Male	-	-	(15)	(21)	(60)	(90)
HBCU PLACEMENTS	-	-	-	(3)	(12)	(18)

TABLE 2

NON-CLASP TRAINING

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
B. THIRD COUNTRY TRAINING						
TECHNICAL (30 days or less)						
Female	-	-	10	10	15	40
Male	-	-	20	32	40	60
TECHNICAL (31-180 days)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
TECHNICAL (6-8+ months)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
TECHNICAL (9 months or more)						
Female (LT - Technical)	-	-	-	-	-	-
Male (LT - Technical)	-	-	-	8	27	-
TOTAL TECHNICAL	-	-	30	50	82	100

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate (1 year)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Undergraduate (2 years)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Undergraduate (3 yrs. or more)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Graduate Level (1 year)						
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
ACADEMIC-Graduate Level (2 years)						
Female	-	-	-	-	-	-
Male	-	-	-	2	1	1
TOTAL ACADEMIC	-	-	-	2	1	1

SUMMARY

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TOTAL TRAINEES	-	-	30	52	83	101
ACADEMIC						
Female	-	-	-	-	-	-
Male	-	-	-	2	1	1
TECHNICAL						
Female	-	-	10	10	15	40
Male	-	-	20	40	67	60
LONG TERM 1/						
Female	-	-	-	2	(10)	-
Male	-	-	-	(8)	(18)	(1)
SHORT TERM						
Female	-	-	(10)	(10)	(15)	(40)
Male	-	-	(20)	(32)	(40)	(60)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
SUMMARY OF U.S./THIRD COUNTRY TRAINING						
TOTAL TRAINEES	-	-	46	82	205	181
ACADEMIC						
Female	-	-	-	-	6	9
Male	-	-	-	2	11	1
TECHNICAL						
Female	-	-	11	19	69	103
Male	-	-	35	61	119	153
LONG TERM 1/						
Female	-	-	-	-	(20)	(12)
Male	-	-	-	(10)	(30)	(19)
SHORT TERM						
Female	-	-	(11)	(19)	(55)	(100)
Male	-	-	(35)	(53)	(100)	(150)

G. Gray Amendment

USAID seeks to award 10% of the funds available for U.S. procurement to minority firms or to historically or predominantly black colleges and universities. In FY 1987 it awarded 8% to these organizations. While not eligible to count them as Gray Amendment awards because the funding source was ESF, in FY 1987 the Mission sent almost one-half of its 1,037 short-term trainees under CAPS to HBCUs. During the first four months of FY 1988 USAID has awarded 6% of contracts to Gray Amendment firms. Efforts will continue to reach the 10% goal.

USAID

GRAY AMENDMENT AWARDS

	Total DA	Funds Available for U.S. Procurement	G.A.-Type Contracts	% of Available D.A.-Awarded to G.A. Firms
FY 1987	56,942,000	9,522,973.16	786,028.45	8%
FY 1988 (First Four Mos.)	31,300,000	509,890.53	31,477.53	6%

REPORT ON GRAY AMENDMENT PROCUREMENT 1/

FISCAL YEAR 1987

PROJECT FUNDED

Contractor	Purchase Order or Contract No.	Project Title	Date	Type of Business	Amount
A&C Export Corp.	0274-O-7044	Highlands Ag. Dev.	10-23-86	Minority	13,462.35
Intercon, Ltd.	0238-C-7048	Sm. Farmer Mktg.	11-03-86	Women-Owned	31,100.00
Edison-Hubbard	0248-C-7203	Rural Electrif. II	02-13-87	W.O..Minor.	92,625.00
A&C Export Corp.	0251-O-7235	Comm.-Based Health & Nutrition Syst.		Minority	5,586.80
Rubén Mejía R.	0000-S-7135	PD&S	11-20-86	Minority	1,793.00
Jayne Lyons (Amendment #6)	0288-S-4100	Exp. of FP Serv.	11-20-86	Women-Owned	16,300.00
Jayne Lyons (Amendment #7)	0288-S=4100	Exp. of FP Serv.	07-01-87	Women-Owned	13,371.00
Elaine Murphy (Amendment #2)	0000-S-6080	PD&S	02-05-87	Women-Owned	32,000.00
Technical Int'l.	0251-C-7255	Comm.-Based Health & Nutrition Syst.		Small, W.O.	40,890.31
Ross-Sheriff	0255-C-7270	Sm. Farmer Div. Sys.		WO, SB, Min.	34,936.00
Susan Cowan	0000-O-7271	PD&S		Women-Owned	7,000.00
Ava Naven	0000-O-7276	PD&S		Women-Owned	931.25
Rubén Mejía R.	0000-S-7292	PD&S		Minority	16,500.00
Intercon	0332-O-7315	Farm-to-Mkt. Roads	04-13-87	Small, W.O.	11,334.00
J.M. Wright & Co.	0339-O-7345	Immuniz./CS	05-08-87	Small, W.O.	660.00
Nancy Wilkes-Trujillo	0000-S-7418	PD&S	08-16-87	Women-Owned	19,199.00
The Pragma Corp.	0000-O-7419	PD&S	06-17-87	Min., SB	8,957.00
Exodus Exp.& Imp.	0251-0-7476	Comm.-Based Health & Nutrition Syst.	07-23-87	Min., SB, WO	975.60

Contractor	Purchase Order or Contract No.	Project Title	Date	Type of Business	Amount
Edison-Hubbard	0248-C-7513	Rural Electrif. II	08-18-87	Min., SB	236,916.00
Evans Elec. Sup.	0248-C-7534	Rural Electrif. II	08-24-87	Small, WO	42,533.64
Exodus Exp.& Imp.	0000-O-7631	PD&S	09-26-87	Min., SB, WO	920.50
Dev. Assoc.	PDC-1406-I-4053	PD&S	04-22-87	Minority	25,000.00
Several Contracts under CAPS Proj.	---	CAPS	FY 1987	Minority	117,960.00
TOTAL					$786,028.45

Gray Amendment - $ 786,028.45 (8% of total amount of Mission DA-funded procurement issued in FY 1987).

FY 1987 - $9,522,973.16

1/ Including commodities, grants, cooperative agreements, personal and technical services.

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT, GUATEMALA : FY 1983 - FY 1988

PD-AAX-296
1 OF 2 (24X)

ACTION PLAN

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT, GUATEMALA : FY 1983 - FY 1988

PD-AAX-296
2 OF 2 (24X)

ACTION PLAN