PEACE IN GUATEMALA: INCLUSION, LOCAL EMPOWERMENT, AND POVERTY REDUCTION

Strategic Plan
USAID Assistance to Guatemala
FY 1997 - 2001

Embassy of the United States of America

The Ambassador

Guatemala

February 14, 1997

Peace has brought historic change to Guatemala. The peace accords do much more than end Guatemala's thirty-six year internal conflict -- they provide a blueprint for the future political, economic and social development of the country.

The accords embody the Arzu Administration's vision of a more participatory democracy, social inclusion and greater economic equity. In effect, the accords represent a modernization plan aimed at bringing Guatemala into the next century. The Arzu government's record during its first year in office bodes well for the future.

The USAID assistance program in Guatemala will play a critical role in helping to achieve overall U.S. objectives and realize the promise of the Peace Accords. The strategy detailed in this document is designed to promote strengthening of democracy, economic reform, social development and protection of the environment. Guatemala will become a stronger partner of the United States if it deepens democracy's roots, reduces poverty, expands and liberalizes trade, improves health and raises living standards. It is, therefore, in our interest to provide concrete U.S. support for the programs which stem from the Guatemalan peace accords. We must ensure that U.S. support for peace and development in Guatemala is sufficient, visible and effective. The program outlined in this document will help us achieve that goal.

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STRATEGIC PLAN
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USAID MISSION TO GUATEMALA
STRATEGIC PLAN
Fiscal Years 1997 - 2001

Peace in Guatemala:
Inclusion, Local Empowerment, and Poverty Reduction

I. Summary Analysis of the Assistance Environment and Rationale for Guatemala Program

A. Introduction

Guatemala has reached an historic turning point. The transition to peace and sustainable development that has begun in Guatemala offers an enormous opportunity to attempt to resolve centuries-old conflicts and injustices, and to initiate a period of unprecedented social, economic and political change. The Peace Accords between the Government of Guatemala (GOG) and the Unidad Revolucionaria Nacional Guatemalteca (URNG) not only end nearly four decades of armed conflict that have caused incalculable suffering and economic loss, but also commit the nation to an exceedingly ambitious program of development, democracy, social integration, and political renovation. The Peace Accords attempt to reverse notorious aspects of Guatemala's history, such as political polarization, authoritarian rule, official impunity, corruption, economic exploitation of the disadvantaged, abuse of human rights, lack of basic educational and health services, and discrimination against the indigenous. Dynamic public and private sector leaders who now publicly challenge these traditions represent a new generation that is aware that Guatemala must become a more just and equitable society if it is to participate in the international economic and political community of the 21st century. This transition involves fundamental changes and will be extremely difficult. It will be impossible without concerted international support and assistance.

> *"We have before us the opportunity to change the direction of our country's development: to be more inclusive, participatory, transparent and democratic."*
> - *President Alvaro Arzú* (1996)

The success of this process is critically important to U.S. foreign policy objectives in this region. Guatemala has about one-third of the total population of Central America and almost two-fifths of its economic activity. It plays an important role in the long-term growth and stability of a region which has rapidly increasing trade and investment importance to the United States. U.S. trade with Guatemala totaled $3.2 billion in 1995, more than U.S. trade with Poland, Hungry and the Czech Republic put together. Guatemala also shares a border with the troubled Chiapas region of Mexico, and peace and stability in Guatemala are important to our southern NAFTA partner. A successful postwar period of recovery and reconciliation in Guatemala will also support other major USG policy interests in the region, such as reducing illegal immigration, narcotics trafficking and other cross-border crime. Guatemala is similarly important to efforts to address global

issues of tropical forest degradation and loss of biodiversity, unsustainable population growth, and the spread of AIDS. The U.S. Government is in a key position to facilitate the transition to peace and sustainable development in Guatemala, not only due to its close bilateral relationship and long USAID program experience, but also due to its role in the multilateral development banks, its significant two-way trade relationship and its technological and commercial leadership in fields important to Guatemala.

Although staff levels have declined by a third over the past three years, USAID maintains the largest physical presence of any donor in Guatemala, and is one of the few with continuous, strong in-country technical expertise in most areas covered by the Peace Accords. While program funding levels also declined over the same period, these same factors have permitted USAID to maintain a leadership role within the local donor community. USAID has a number of development assistance programs which are directly relevant to many of the initiatives contemplated in the Accords, and many of the policy commitments contained in the Accords formalize changes that USAID has pursued for years. For example, USAID assistance initiated bilingual education in Guatemala over two decades ago. While its coverage remains limited, the Accords commit the GOG to expand this program to the entire indigenous population, as well as to promote multi-cultural education throughout the country. The Accords also emphasize the kind of reforms to Guatemalan justice and legislative systems which build upon and expand efforts now underway in the Mission's democracy program. Targeted expansion of GOG investment in education and health, and the specific emphasis to be given to basic education and primary health care, are commitments that USAID has pressed for years. The Accords also emphasize sustainable natural resource management, protection of biodiversity, increased domestic investment, increased respect for labor rights, increased access to land through commercial land markets, and the fuller participation of the indigenous and women in economic and political activities, all of which correspond to policy reforms pursued under USAID programs.

"The signing of the Accord for a Firm and Lasting Peace represents a commitment to build a future that offers better opportunities to all Guatemalans, to share in the benefits of development, and to build a more inclusive and participatory sociopolitical system." - GOG Peace Program presented to Brussels CG

Probably the most far-reaching commitments in the Accords are those that clearly and publicly recognize the fact that Guatemala is a pluri-cultural, multi-lingual country, and that assure indigenous communities an expanded role in decisions that affect their lives. Closely related to this is the repeated commitment to decentralize government and create local control over government services. In a nation that has been governed for centuries by strong central authority and that has discriminated against the indigenous population, these commitments will be difficult to implement. While USAID has worked in communities of the indigenous highlands for four decades, and served as a pioneer donor in the several key areas of import to indigenous people, USAID has also carefully reviewed its methods of interacting with customers and partners, in order to more fully incorporate the spirit and fact of these new commitments.

The scope of the commitments contained in the Accords requires assistance of both a short-and long-term nature. Rapid availability of quick-disbursing resources is required to consolidate the peace, demobilize and reintegrate the combatants, and create the minimal conditions that will allow the peaceful and effective resettlement of refugees and other displaced persons. In addition to helping to provide immediate assistance to demobilized ex-combatants and their families, and training and support to effect their reintegration in society, USAID's quick-disbursing assistance will also help to reconstruct basic infrastructure in remote areas of resettlement and stimulate new economic activity. It will facilitate access to the factors of production (land, capital, technology) that ex-combatants and displaced persons need to undertake agricultural or microenterprise activities to generate family income over the longer term. In addition, these resources will support implementation of specific, time-limited commitments in the Accords, such as training and accreditation of community-based teachers and health workers, and the creation of special commissions being established to facilitate and assure full participation of the indigenous population in decisions affecting their lives. Finally, USAID funds are being used to initiate quickly the design and implementation of longer term institutional development activities that will be supported by expanded multilateral development bank loans.

Perhaps the most unique element of the Guatemalan Peace Accords is that many commitments in the Accords are not focused on near-term problems, but rather on long-term development plans designed to transform Guatemalan society. Most of these commitments directly correlate with USAID's strategic objectives, and create important new opportunities for a successful, results-oriented USAID development program. An expansion of development assistance, ESF and PL480 resources is proposed in order to:

- Support the <u>timely implementation of the major commitments of the Peace Accords</u> through rapid-disbursing funds for high impact peace-related activities.

- Support a <u>more responsive and inclusive democracy</u> and <u>increased protection of human rights</u> through a strengthened criminal justice system; broader, more effective citizen participation in public policy decision-making; more responsive local governments and a strengthened and more effective Congress.

- <u>Reduce severe poverty</u>, particularly for the poverty-stricken indigenous population in the Northern and Northwestern regions, by increased income generation through expanded access to credit, training and markets; improved quality of and expanded access to bilingual education; and more carefully targeted access to P.L. 480 Title II resources (food and funds).

- Assure <u>better health for rural women and children</u>, as more rural families use quality maternal and child health services; child health

programs are better managed; and a strong Guatemalan commitment to integrated women's health (including reproductive health) is achieved.

- Improve natural resource management and the conservation of biodiversity as people in and near protected areas adopt more sustainable practices; policies affecting the environment are applied; and environmental institutions become more effective and sustainable.

These strategic objectives take into account the fact that Mission staff levels have been reduced in recent years, and that there is little potential for expanding operating expense resources. Although reengineering should reduce overly-bureaucratic processes, USAID must still meet the highest standards for accountability and technical soundness in the provision of development assistance. The peace process will be implemented in many cases by untested, decentralized institutions, which increases the need for USAID management oversight. For these reasons, in some cases the Mission is proposing addition of program-funded staff to meet its responsibilities for implementing Peace program activities. In other cases the Mission will seek to work through financially sound intermediaries, which have sufficient staff to fully assure program integrity.

As noted, the transformation of Guatemalan society contemplated in the Accords will be extremely difficult, and the USAID assistance strategy described in this document is a balance of optimism associated with this unique opportunity and a practical focus on results measurement. The history of development programs in Guatemala includes both highly successful initiatives with public and private sectors, as well as seriously frustrated efforts and unfulfilled promises by past GOG administrations. Past experience with slow implementation, lack of adequate counterpart funding, and inability to deliver on important policy commitments has at times strained the GOG's relationship with USAID and other international donors. But while some important elements of Guatemalan society have openly opposed reforms in the past (and have often been able to delay or derail them), it is of note that no important element of this society has publicly opposed the commitments made in the Peace Accords. Though undoubtedly sub rosa opposition exists and obstacles will be created to their implementation, the Accords provide a broadly accepted mandate for democracy and sustainable development never before seen in this country.

The Peace Accords thus represent a unique opening in the Guatemalan society and political processes. Dramatic new forces are at play that are reshaping the traditional modus operandi of the Government of Guatemala and challenging the traditional exclusionary behavior and practices of elite elements of the society and private sector. During his first year in office, President Alvaro Arzú has courageously confronted internal corruption and impunity, asserted civilian control and reduced the independence and size of the military, and achieved a clear peace. Importantly, he has also brought along with

him the support -- and participation in government -- of the progressive private sector. The strategy points out how USAID can help take advantage of and build upon this new opportunity for democracy and sustainable development in this multi-cultural nation so closely tied to USG policy interests in Central America.

B. U.S. Foreign Policy Interests and Goals

The U.S. Government has a wide range of significant foreign policy interests that will be supported through this strategic plan. The restoration of peace in Guatemala will complete the pacification of a long-troubled region of strategic importance to the United States. If fully implemented, the long-term development program that is the core of the Peace Accords will enable Guatemala to consolidate its democracy and achieve sustainable economic growth with equity. These conditions will enable acceleration of U.S. trade and investment in Guatemala and throughout the Central American region, and will reduce illegal immigration to the United States. It will also positively impact on other key U.S. interests, including reducing narcotrafficking and other growing cross-border crime.

The USAID sustainable development program as outlined in this document will make an important contribution to the following specific U.S. foreign policy goals contained in the Mission Program Plan (MPP) recently submitted by the U.S. Embassy.

1. Guatemala's transition to full democracy including through strengthening of democratic institutions, promotion of broader participation in the political process, effective administration of justice, and the protection of human rights.

2. Full implementation of the Guatemalan peace accords through active U.S. participation bilaterally, multilaterally, and with other donor countries.

3. Sustained economic growth and development through reliance on the private sector, but including improved collection of tax revenues to permit the public sector to fulfill its social responsibilities in education, health and infrastructure which will lead to improved human welfare, political stability and enhanced trade opportunities and investment security for U.S. business.

The USAID program's impact on these policy goals is complemented by other important U.S. policy and program initiatives. For example, the Administration's commitment to seek Congressional approval of "NAFTA parity" for the Caribbean Basin Initiative countries will increase the potential for continued export growth. NAFTA parity would both reward Guatemala for its efforts to date and provide further incentive for the private sector to support the full implementation of the Accords.

Other important U.S. government initiatives that will complement USAID activities and support full implementation of the Guatemalan Peace Accords include the Department of Justice's critical work (through ICITAP) to reform and professionalize the

National Civilian Police, and the active efforts by the Departments of Commerce and Agriculture to expand U.S. investment and trade.

C. Country Overview

The Development Problems

Life in Guatemala has long been characterized by poverty and by social, economic, and political inequality. According to a World Bank analysis of 44 low-to middle-income countries in the world, Guatemala ranks eighth in incidence of poverty, and has the highest poverty rate among countries with a similar level of (purchasing-power-adjusted) GNP per capita. According to the World Bank's 1994 World Development Report, Guatemala has the world's second most unequal distribution of income among 150 countries. As recently as 1989, approximately 75% of Guatemalans had insufficient income to purchase the basic basket of goods and services required to sustain a minimal standard of living, and 58% (the extreme poor) lacked income adequate to purchase sufficient food to meet minimal nutritional requirements, even if 100% of their resources were used for food.

Less than half of rural Guatemalans have access to running water and only a quarter have access to electricity. Approximately 37% of Guatemalan males and 53% of females are illiterate. These rates are much higher in rural areas, particularly among the indigenous population (at least 80% of Mayan women are illiterate, one of the highest rates for a population group in the Western Hemisphere). Despite a significant reduction over the past 20 years, Guatemala has the highest infant mortality rate (57/1000) in Central America, and one of the highest in Latin America. The percentage of children who are malnourished in Guatemala is the highest in Latin America. Approximately 70% of the deaths of children aged 1 to 4 years are due to preventable causes: acute respiratory infections, diarrhea and malnutrition. Guatemalan women average 5.1 births in their lifetime, leading to one of the highest population growth rates in the hemisphere (2.9%). Less than 10% of Mayan woman use any method of family planning, compared to 43% of Ladinas.

The development status of the indigenous population in Guatemala is particularly precarious. The most recent census[1] in Guatemala counted the indigenous population at about 3.5 million or 43% of Guatemala's population. Over 90% live on an income that falls below the poverty line, and more than 80% are extremely poor. The indigenous are primarily Mayans, and live principally in the Western and Northern

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[1] The 1994 census has not been published, and some have questioned the accuracy of preliminary data that has been released, since among other things the total population data were significantly below previous estimations. Based on wide assertions of flaws in this census, its findings may not be "officialized". It is commonly asserted that the indigenous make up more than half of the total population in Guatemala.

Highlands regions, speaking 21 distinct languages. Although the Peace Accords call for recognition of Guatemala's status as a multi-cultural nation, traditionally indigenous people have had limited access to education and health services, as well as to land, credit and productive technology. One in six Guatemalan households is headed by a female, and 72% of rural female heads of household live in extreme poverty. Rural women are far more likely to be illiterate and monolingual in a Mayan language, and they frequently do not share ownership rights to family assets.

Guatemala's current macroeconomic policy framework is insufficient to generate the rates of economic growth required to effectively combat poverty. After three decades of relatively robust, albeit unbalanced growth, in the early 1980s Guatemala's economy plunged into depression due to a number of internal and external factors. These include the world recession spurred by the second oil price shock, higher world interest rates and the drying up of investment capital, lower prices for Guatemala's export products, and collapse of the Central American Common Market (CACM). Guatemala's own economic mismanagement, and an intensification of the internal conflict over those years contributed to further deterioration. From 1980 to 1986, real GDP dropped over five percent, and per capita GDP fell by more than 20%!

Reflecting somewhat improved policy management over recent years, including stabilizing fiscal and monetary imbalances, liberalizing the trade and exchange rate regimes, and deregulation of the financial sector, Guatemala's overall economic performance improved dramatically since 1986. Indeed, with better policies in place, and helped by a growing world economy hungry for Guatemala's nontraditional exports (which increased by nearly six fold) and a rejuvenated CACM (Guatemala's exports to is Central American neighbors nearly quadrupled), Guatemala's economy has grown by an average annual rate of nearly four percent since 1986.

Notwithstanding such gains, however, with Guatemala's rapid population growth, per capita income rose by only about one percent annually over that same period. Thus, even after 10 years of relatively strong performance, per capita GDP is still more than 12 percent below that achieved in peak year 1980.

Sustained higher rates of economic growth are absolutely essential to increase employment and incomes if Guatemala's high poverty rates are to be substantially reduced. For example, in order to achieve per capita income growth to reach by 2000 the level attained in peak year 1980, real economic growth would have to exceed 7 percent annually.

Significant progress has been made over the past decade to consolidate democracy and the rule of law in Guatemala, but effective access to national democratic institutions remains unequal. President Arzú is the fourth consecutive civilian President, and the legitimacy of elections since 1986 has been unchallenged. However, voter participation in the elections is low by Latin American standards. Justice reforms, started in the early 1990s, promise improved access to justice by the disadvantaged, and more

timely administration of justice for all; but these reforms are proceeding at a slow pace. The Global Agreement on Human Rights between the GOG and the URNG created an independent United Nations human rights verification team (MINUGUA), and there is evidence that politically motivated human rights abuses have decreased. A clear sign of political transformation was the ability of President Arzú, just weeks after assuming office, to force over 20 high ranking army officers into retirement, cutting the number of generals in half. This was quickly followed by the firing of more than 100 national police thought to be corrupt, the vast majority in commanding positions. His administration has continued to aggressively pursue perpetrators of crime and corruption, within and outside the government. After breaking a corruption conspiracy among powerful individuals in the government, private sector and the army, he summarily fired his own Vice-Minister of Defense and Vice-Minister of Government, based on suspected past links to those involved. Despite these advances, and the fact that a military coup is virtually unthinkable at this time, it is still too early to say that the institutions of democracy have been consolidated, or that full and appropriate checks and balances have been established over the power of important individuals or groups. Inequality in the access of the poor and indigenous to democratic institutions, especially in the justice sector, continues.

A major contributing factor to the extreme poverty of Guatemala is the environmental degradation that has reduced Guatemala's productive capacity and also threatens its biodiversity. Natural forests are shrinking by an estimated 3% per year, and as much as 35 tons of topsoil per hectare are lost each year to erosion. The Government of Guatemala has undertaken credible efforts over the past ten years to protect the most important remaining tropical forests, significantly slowing deforestation of the large Maya Biosphere area in the northern Petén; but this area and most other important natural habitats are subject to continuing degradation. This issue is directly relevant to the peace process, as a large number of the returning refugees, and many of the demobilized URNG guerrillas, may be settled in ecologically fragile areas.

Finally, the poverty and inequality described above result in large part from underinvestment in basic services for the population, at both the national and community level. Guatemala's investment in education and health services, as a percentage of GDP are significantly lower than that of other Central American countries. Fiscal revenues in Guatemala averaged 8.8% of GDP from 1985 to 1994, less than half of the Latin American average of 19.6%. In addition, fiscal revenues varied erratically, and when shortfalls occurred, spending on social services was often the first to be cut.

The Development Opportunity

Despite the depressing statistics on Guatemala's development status, there are many reasons to believe that the country has begun a fundamental shift that will address the primary issues of poverty and inequality in the medium term, and lead to a lasting peace and sustainable development. The most important of these is the conclusion of the Final Accord for a Firm and Lasting Peace signed in Guatemala City on December 29, 1996. The thirty-six year insurgency in Guatemala, and the Government's violent

response, resulted in an estimated 150,000 casualties, the displacement of about one million people, and a large shift of domestic resources from development to war. In a society where revenge is frequently sought following the injury or death of a family member, it has been difficult for many to believe that the URNG and the GOG would actually be able to sit together and agree on the elements of a formal peace accord. For the first time, all sectors in Guatemala, including the military and the private sector, strongly support peace -- an essential fact if the nation is to manage this difficult transition.

The Peace Accords portray a new vision of Guatemala, offering political space and socio-economic inclusion to groups that have never enjoyed these rights. The Accords also commit the GOG to increase government revenues and investment in education and health by 50%, decentralize services and to empower local communities and municipal governments. A special land-financing facility is to be created to enable many landless to obtain access to land. The President will have the option to choose a civilian Minister of Defense. The army is with only a limited support role for internal security, adopt a new doctrine limited to external defense, and reduce its authorized size by one-third. A unified, larger national civilian police force is being created. Recognition is given to the rights of indigenous people within a multi-cultural nation, and rights to bilingual education and access to justice are emphasized. Women's rights are to receive increased attention under the Accords, by elimination of all legislative restrictions on women's role in society and by guaranteeing equal access to all government programs. These are just a few examples of the estimated 380 specific commitments made in the Accords. Together, they represent a dynamic, long-term development plan that can transform Guatemalan society.

There are other important forces of change underlying the prospects for peace and sustainable development in Guatemala. Private sector leaders are aware that Guatemala must change if it is to participate and compete in the open trade relationships that are evolving in the Western Hemisphere. For this reason inter alia, and fearing loss of access to important export markets, their galvanized opposition to the efforts in 1993 of President Serrano to assume dictatorial power, a move they might not have resisted a few years earlier. The private sector has also come to realize that increased investment is required in education and health, since illiterate, unhealthy workers have low productivity, raising real per unit labor costs and lowering Guatemala's ability to compete. Another trend is that the international market continues to expand for specialty agricultural crops and gourmet coffee, which Guatemala can produce at a quality unsurpassed, due to its unique growing conditions. Tourism, which has suffered from reports of violence and human rights abuses, can be further expanded to take advantage of Guatemala's rich cultural diversity, archeological treasures, volcanos, lakes and tropical forests. Finally, the indigenous communities no longer live in isolation. Partly due to the war that sent many fleeing to Mexico, the United States, or Guatemala City, partly due to increased construction of access roads, and partly due to the all-pervasive presence of transistor radios, contact between these communities and the rest of the world is now frequent, leading to higher expectations, and to demand for education and other services.

Over the past 5 years, Guatemala has maintained relative macroeconomic stability, with a stable exchange rate and inflation averaging 11.4%. In addition, the GOG has begun a process heading to the privatization of telecommunications and energy sectors, which will increase economic efficiency and enhance its ability to compete internationally and attach investment. Important initial steps have been taken to increase GOG tax revenues, including passage of a law establishing stiff criminal penalties, including prison sentences, for tax evasion and a wholesale restructuring of the administrative apparatus for tax collection. President Arzú is committed to further actions designed to generate the resources to meet the GOG's requirements under the Accords, and to enable it to support sustained, increased investment in critical social services.

USAID's Development Partners

During the 1980s and into the early 1990s, USAID was the dominant donor in Guatemala. That changed dramatically as USAID resource levels dropped precipitously in fiscal years 1993-96, and as the World Bank and IDB undertook major sectoral programs. The European Union (EU) and several European and Asian countries (Spain, Germany, Taiwan, Japan) also began to increase their development investment levels. With the prospect of peace, the U.S. Government and most major multilateral and bilateral donors are designing expanded assistance plans. While many donors pledged generously at the January 1997 Consultative Group in Brussels, it is generally still too early to confirm the strategic focus and timing of much of the donor support. The description of each strategic objective and results framework in this plan will include a discussion of USAID's current understanding of other donor plans, but will also point out the need for flexibility in programming and close coordination with other donors throughout the period covered by the strategy.

The GOG hopes to conclude negotiations with the International Monetary Fund on a Stand-by Arrangement (SBA) by the Summer of 1997. The SBA will be essential to support GOG efforts to maintain fiscal and monetary balance over the near term, permitting adequate rates of real economic growth to be achieved without reigniting inflationary pressures. This will be especially difficult as the GOG will face increasing budgetary pressures associated with elevated expectations brought by the peace process while striving to modernize its deficient tax system. The SBA will also most likely be required for the approval and disbursement of IBRD and IDB program support loans over the near term, such as the IBRD sectoral adjustment loan (SECAL) currently under consideration to support GOG modernization of the state measures designed. inter-alia, to increase fiscal revenues and improve the justice system.

There is also a broad range of international and domestic NGOs that have actively supported peace and development in Guatemala, in some cases for many years. USAID has worked with many of these development partners and has actively consulted with them during the preparation of this strategy. The Peace Accords contemplate increased direct involvement of domestic NGOs in development efforts, and many donors are exploring innovative procedures to work with these organizations. The GOG is

generally supportive of this trend.

The key development player partner for the implementation of the Peace Accords and for the strategy outlined in this document is in fact the Government of Guatemala. Compliance with commitments related to democracy, health, the environment, education, technology transfer, land financing, etc. depends on the effectiveness and efficiency of public sector organizations, although the Government intends to execute programs as much as possible in the medium term through the more agile, efficient Presidential funds, working in coordination with civil society. While USAID and other donors can provide some support to the strengthening of government Ministries, in most cases they will require increased direct budget support from the GOG. The large increase in expenditures in the social sectors promoted by the GOG, combined with a high level of donor assistance will strain the GOG's implementation capabilities as well as those of the local NGO community. Although the leadership the Arzú administration has appointed to the key institutions is highly qualified, the institutions themselves remain poorly equipped and inadequately staffed, and they have limited absorptive capacity. A major Modernization of the State sectoral program (supported by the World Bank, IDB and USAID) is designed to address many of the endemic weaknesses of the Guatemalan public sector. In addition, the Peace Accords require the GOG to increase its fiscal revenues, and USAID is currently providing assistance in the design of the mechanisms to achieve this goal. However, careful donor monitoring of GOG resource flows will be necessary, and if domestic budget support and institutional strengthening efforts falls short, USAID and other donors must be prepared to respond with appropriate pressure or scale back. Even if budgetary resources expand as programmed, lack of administrative and managerial capacity may slow implementation of programs related to the Peace Accords as well as the normal operations of the public sector. In other words, improving absorptive capacity may prove to be a task that will need to be extended well beyond the medium term.

D. Unifying themes

In developing our strategy, USAID has identified three themes representing fundamental political, social and economic values that reflect the spirit of the Peace Accords and weave our strategy together. These are: inclusion, local participation and empowerment, and poverty reduction. Guatemala may stabilize now, but without these three elements as the basis for change, it will not succeed as a modern, independent society.

Inclusion:

Guatemala has historically been a highly divided society. The Peace Accords recognize the rights of the indigenous population to control their own development agenda and to interact in their own languages in all official dealings. More and more, Guatemalans from all levels of society understand that their society must be strengthened by a closer

weaving of all ethnic and minority groups into the hoped for benefits of peace. Although USAID has a long experience of assistance to the indigenous through a variety of development programs, new methods of program design and implementation will be required to meet the spirit of the Accords, i.e. to contribute to the empowerment of indigenous groups rather than "providing assistance."

Given the inequality of women's access to education, health services, the factors of production, and democratic institutions, enhancing their role is critical to the success of the Mission Goal and to each strategic objective. The Peace Accords also place strong emphasis on achieving equality of opportunity for women. USAID will focus across all strategic objectives on supporting sustainable economic opportunities for women, and on empowering women to achieve equal access to social services and democratic processes.

There are few effective links between various interest groups in Guatemala, and this has contributed strongly to the prevalence of social exclusion in the society. More effective, inclusive channels of communication, and where possible joint endeavors, are required between large investors and small producers, indigenous and Ladinos, conservatives and liberals, government agencies and NGOs, if Guatemala is to achieve peace and sustainable development. USAID will promote such inclusion throughout its program, including specifically the creation of an advisory council of Mayan leaders who can inform Mission thinking and program content so as to better understand and, where possible, respond to the expressed needs of Guatemala's Mayan communities.

"Since its independence, Guatemala has been most of the time under authoritarian regimes characterized by ethnic and gender discrimination, and political instability. The benefits of economic growth have not been widely shared, and poverty and social deprivation have affected a large segment of the population, particularly the rural, indigenous people." -- and, particularly, the egregious inequality of Mayan women --"

Local participation and empowerment:

Another of Guatemala's historic inequalities has been the overwhelming concentration of economic, political and social power in the capital city -- a pattern which has reinforced social divisiveness. Creating a more inclusive society requires deconcentration of this power through increased decision-making by community and indigenous organizations in the design and implementation of development activities. The GOG Peace Program echoes this theme:

> "A fundamental aspect of the Government's policy...is the promotion of community participation...based on integral participation of different institutions (communities, municipalities, NGOs and others)."

Local participation in supervising the provision of social services and project execution, as well as local control over project identification and selection will be increased. Local organizations at the municipal and community (aldea) level will play pivotal roles in

USAID-supported activities related to each of the strategic and special objectives. Attention will be given to strengthening leadership and organizational skills, representational structures, conflict-resolution techniques, and effective methods for interacting with authorities, to assure that these organizations are empowered to fulfill the role envisioned for them in the Accords. Coordination across USAID strategic objective teams will be required to avoid duplication and to maximize combined impact of assistance to the same municipalities/communities.

In addition to supporting a variety of local NGOs, cooperatives, civil-society representation groups, etc., USAID will initiate support for improving the efficiency and effectiveness of selected municipal governments, to assist them to undertake their expanded responsibilities within a more decentralized public sector. Special focus on municipalities per se will be limited to those in the most impacted areas.

As the GOG Peace Programs notes: There is a need to accelerate social development, modernize the economic infrastructure, and create more and better jobs, within an international environment ever increasingly competitive. To face these challenges, a major effort needs to be made in education, health, housing, basic infrastructure, rural development, natural resources management, and industrial restructuring."

Poverty Reduction:

The socio-political goals of inclusion and local empowerment must be accompanied by the economic goal of poverty reduction in a framework of sustainable development if peace is to be lasting.

For centuries poverty has been synonymous with ethnic exclusion and rural isolation in Guatemala. Too little has been invested in Guatemala's people and their productivity, and continued neglect will be economically, socially, environmentally, and politically unsustainable.

The end of thirty-six years of civil war has stimulated a national commitment to address poverty and a social obligation to reduce barriers to expanded economic opportunities for rural indigenous families and women. The medium and long-term nature of the challenge requires an 8 to 10 year timeframe for USAID poverty reduction activities which will integrate income generation, household food security and basic education under one strategic objective. This approach concentrates on increasing access of the poor to economic capital, such as land, credit, markets and infrastructure; and investment in human capital such as basic education, technical training, nutrition and primary health care.

Because the situation of girls and women in rural Guatemala is especially critical, and because the indigenous in Guatemala are so universally poor, USAID's poverty activities will have both a gender and a Maya focus. Further, USAID will target its limited resources on selected geographic areas in the Zonapaz and work with other donors and

partners to assure maximum coordination and innovation in developing mechanisms to attack poverty.

II. Proposed Strategic Plan for Guatemala

A. Summary of Program Objectives

The overall Mission Goal that will guide assistance to be provided over the next five years in Guatemala is “Peace in Guatemala: Inclusion, Local Participation/ Empowerment and Poverty Reduction.” Just as the Peace Accords between the GOG and the URNG form the basis of the GOG's Development Plan, they also provide an overall framework for the USAID program, and the reference point for coordination with all development partners. While the issues of poverty and social, economic, and political inequality are severe, USAID believes that increased investment by the GOG and Guatemalan private sector, combined with expanded flows of donor assistance, will produce concrete progress toward achievement of the Mission goal.

USAID's program for Guatemala has one Special Objective and four Strategic Objectives. The Special Objective -- "Support the Implementation of the Peace Accords." -- is shorter in term than the other objectives, and most activities under it will be completed within a three-four year period. The principal focus of the Special Objective will initially be on the demobilization and reinsertion of ex-combatants, and reintegration of refugees, and social stabilization of affected communities.

The Special Objective will also support GOG initiatives to increase tax revenues, redefine and modernize the role of the state in key sectors, strengthen the judiciary, and other critical actions related to the successful implementation of the peace accords.

The first and most fundamental of the Strategic Objectives is a "More Responsive and Inclusive Democracy." This objective focuses both on the national and local levels to improve the effectiveness of democratic institutions and processes, and to encourage greater participation, particularly by the indigenous population and women, in political processes. Unless Guatemala’s political system becomes more open and participatory and unless its democratic institutions become stronger and more responsive, it is unlikely that the rest of USAID strategic objectives can be successful and sustainable over the long-run.

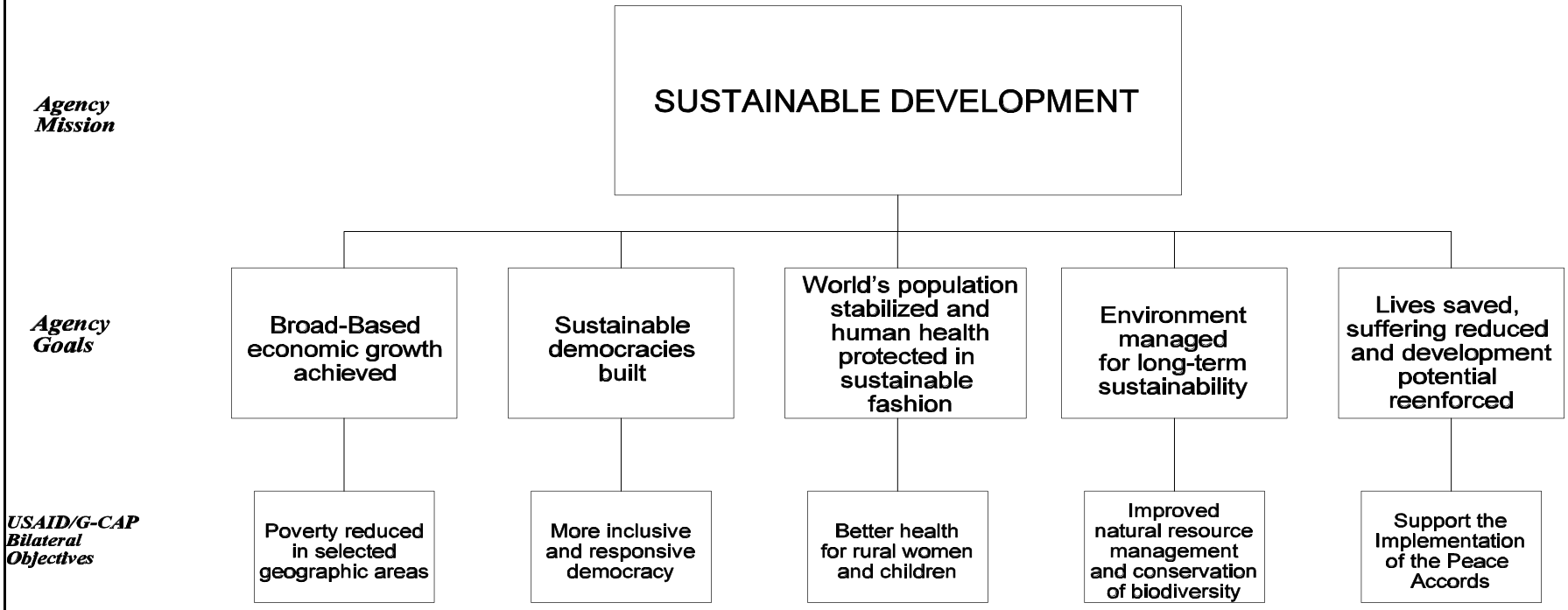
The second Strategic Objective is "Reduced Poverty in Selected Geographic Areas.” Priority attention under the objective will be given to indigenous people and to women, primarily in selected departments of the North and Northwestern regions of Guatemala. This strategic objective integrates mutually reinforcing elements of the Mission program around the overriding goal of enhancing basic economic opportunities for the poorest people in Guatemala and reducing poverty levels in certain areas of the country. The endemic nature of poverty in Guatemala requires in addition to accelerating broad-based economic growth, an integrated approach designed to increase the value of the

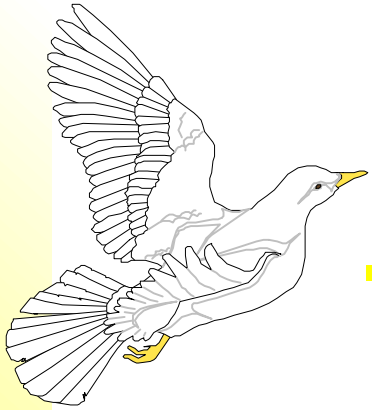
single asset the poor possess (their human capital), and to attempt to increase their access to other productive assets (land, capital, technology).

The third Strategic Objective is "Better Health for Rural Women and Children." It will focus on selected departments of the Western Highlands, both to increase access by rural families to quality maternal/child health services, and to increase Guatemalan commitment to integrated women's health, including reproductive health.

The fourth Strategic Objective is "Improve Natural Resource Management and Conservation of Biodiversity in Priority Areas." This objective focuses on the Maya Biosphere protected area in the northern Petén Department, although specific activities have been and will continue to be carried out in other key areas as resources permit. Peace program funds will complement this objective by assisting returned refugees, displaced persons, and ex-combatants to adopt environmentally sustainable income-generation activities, and to work with communities of displaced persons which are returning to and relocating in or near protected areas.

II.B. Stategic Objective Linkage to Agency Goals





Results Framework

USAID/G-CAP
Special Objective

Support the Implementation of the Peace Accords

- **Intermediate Result 1**: Ex-combatants demobilized and displaced reintegrated
- **Intermediate Result 2**: Human capacity developed in support of the Peace Accords
- **Intermediate Result 3**: Sustainable production in ex-conflictive areas is assured
- **Intermediate Result 4**: State institutions modernized and strengthened to achieve the rapid implementation of the peace accords

C. Strategic Objective Descriptions

Special Objective: Support the Implementation of the Peace Accords

a. Introduction

(1) Vision

The principal goal of this Special Objective (SpO) is to provide direct support -- to the Government, private sector and civil society of Guatemala -- for the timely implementation of the principal commitments made in the Peace Accords. Unlike USAID's four long-term strategic objectives, the special objective is a shorter-term intensive effort.

Guatemala has begun a long-awaited transition from war to peace, and from poverty and inequality to broad-based development. The six substantive Peace Accords lay out a long-term development strategy for Guatemala for at least the next decade. From the beginning, it was recognized by both sides that a final settlement must address the social, economic, and political roots of the conflict, and such issues were placed high on the negotiating agenda. Each of the separate agreements that were signed during the final three years of negotiations addresses fundamental issues now being confronted by Guatemalan society.

At the same time, many immediate actions are required to implement the Accords. Major efforts are now being undertaken to demobilize ex-combatants, stabilize the ex-conflictive zones, and reintegrate and compensate those most affected by the conflict.

It is essential that there be an immediate, visible demonstration of the benefits of compromise -- to reassure URNG forces in the process of demobilization, the Guatemalan military, the country's elite, and the civil society. The Arzú Administration must translate the commitments of the various Peace Accords into tangible programs quickly enough to stabilize the ex-conflictive zones, generate near-term economic activity in these areas, secure a lasting commitment to reconciliation, and lay a foundation for continued social integration and sustainable economic development over the long term. However, the GOG and international donors face the dilemma that while expectations for rapid improvements are high, the predominant need in these areas is for investments to develop human capacity, build basic physical and social infrastructure, increase access to social and productive services, and expand the coverage of civilian institutions -- challenges that are not readily amenable to quick fixes.

This SpO attempts to focus attention on this continuum of needs. USAID obligated $9.3 million in FYs 95 and 96 to support implementation of the initial Peace Accords, and the Office of Transition Initiatives is now providing $3-5 million

for critical needs of the initial demobilization process. The U.S. Government pledged a total of $260 million (all sources) at the January 1997 meeting of the Consultative Group in Brussels, over four Fiscal Years (1997-2000), to support implementation of the Peace Accords. This includes $100 million in ESF support -- to be dedicated in its entirety to this SpO -- in addition to an expanded $160 million "regular" sustainable development program as described later in the sections on the other strategic objectives.

(2) Linkage to Guatemalan Objectives

Clearly, there is no single objective is more important to the GOG and to all Guatemalans than the successful implementation of the Peace Accords. The Accords embody a long-term vision of consolidating peace while spurring sustainable development. They are the product of years of negotiation and represent the best indicator of Guatemalan desire and goals over our strategy period.

(3) Cross-sectoral linkages

The consolidation of peace is an assumed precondition to the successful achievement of each of USAID's four strategic objectives for sustainable development. The activities to be carried out under this special objective in many cases complement and support specific activities that will be financed under the Mission's other strategic objectives. It is thus not always easy to demarcate clearly where the "peace activities" end and "regular" program activities begin. Nor will it be easy to measure separately the impact of resources applied under these distinct objectives. During FY 1997 and FY 1998, significant ESF resources will be used to assist the GOG to meet immediate short-term requirements generated by the Accords. During the latter part of the strategic planning period, however, ESF resources will be increasingly used to initiate or enlarge activities that are essential to Peace Accords implementation but that are also closely tied to other strategic objectives. Peace Objective indicator targets have been identified only for the immediate impact activities contemplated for the first two years of the program. As the activities of the peace program evolve, it will be more appropriate to apply SpO resources against impact targets associated with the poverty, democracy, environment and health strategic objectives, as described in this strategy. This special objective will be maintained throughout the period required to implement the Peace Accords, however, in order to focus attention on this primary result.

"The Peace Agreements offer an historic opportunity for Guatemalans to leave behind past confrontation and give a new direction and impetus to the country's development efforts with a reconciled society...The difficulties that lie ahead cannot, however, be underestimated." - Government of Guatemala.

b. Analysis of the Development Problem

The enormous costs of Guatemala's long conflict, including the tragic loss of life and the distrust sown into Guatemala's social fabric, are impossible to calculate. There were an estimated 150,000 casualties, leaving thousands of widows and orphans, particularly among the indigenous rural poor. Estimates of the number of people displaced in one way or another are sometimes as high as one million, including tens of thousands of refugees who fled to Mexico and Belize. Guatemala is still suffering massive economic costs from more than 35 years of foregone physical and social infrastructure investment. Guatemala's mediocre and unbalanced economic performance and the drain of resources associated with the conflict (both those spent on the conflict and the capital flight and reduced savings that it caused) contributed strongly to the fact that today an estimated 75% of Guatemalans live in poverty, with over two-thirds of these in extreme poverty. The GOG's report to the Brussels Consultative Group (CG) notes that, "The internal conflict institutionalized a culture of violence, impunity, and lack of respect for human rights and private property." Fear and distrust are strong among the groups to be resettled (refugees, ex-combatants, displaced persons) and among those who remained in their communities, and this situation can dissolve into local social conflict and disorder, unless opportunities for conflict resolution and mechanisms for community-level development are available.

A majority of the people affected by the conflict, or who continue to suffer from the socio-economic conditions which led to the conflict are from indigenous groups living in rural areas who have had marginal access to, much less influence on, the governance of the state. While recent economic growth rates have been promising, continued limited employment opportunities, low incomes, inadequate access to land, poor administration of justice, human rights abuses, and inequities in access to education and health services, represent serious continuing obstacles to a durable peace.

The Government is obliged to deliver on more than 380 specific commitments in the six substantive Accords. The GOG estimates that the total cost of the specific projects required to implement the Accords will be $2.6 billion over four years with about 70% to be met with international resources, and 30% by domestic resources. If the recurrent costs associated with peace are added in (including commitments to augment basic health, education, housing and other public expenditures), the cost of the total program is projected by the GOG to be $4.74 billion, of which the GOG would finance 58%. At this level, the GOG contribution is estimated to equal 3.2% of the estimated total GDP over the four year period, and the total requirement for donor financing would be $1.9 billion. The GOG report to the Consultative Group correctly states that "...an extraordinary fiscal effort will be needed" to generate these resources.

A comparison between the Guatemala and El Salvador Peace Accords demonstrates the broad vision of social and political reform of the Guatemalan Agreements. While El Salvador's Peace Accords emphasized near term demobilization of fighting forces and reconstruction of a war-damaged economy, the Guatemalan Accords

aim ambitiously at long-term political, social and economic restructuring. They include agreement on an extensive series of measures designed to move Guatemala to a more open society, with improved access by the disadvantaged (refugees, displaced persons, ex-combatants, and the indigenous population in general) to social services, democratic processes and employment opportunities. The Accords promise a 50% increase (in relation to real GDP) in public sector expenditures in education and health by the year 2000, commit the GOG to fiscal reforms required to generate the resources needed to meet these and other requirements, and provide specific measures for modernizing and decentralizing government to make it more responsive to local needs. Given this long-term vision of consolidating peace while spurring sustainable development, the challenge for donors in Guatemala is to employ peace-related resources to initiate significant near-term, high impact activities which also generate confidence that the Accords are being implemented apace, while also contributing to the longer-term solutions structural solutions contemplated in the Peace Accords.

c. Results framework description

The GOG has organized the commitments contained in the substantive accords into four strategic areas, and developed a major investment program (with a long inventory of projects) around them. These program areas are:

1. Demobilization and Reinsertion (12-15 months);
2. Integral Human Development;
3. Sustainable Productive Development; and
4. Strengthening and Modernization of the State.

On January 22, 1997, the USG committed $260 million at the Brussels CG meeting for a four-year program as part of a strategic, inter-agency working group plan to provide USG support for implementation of the Peace Accords and a long-term development program. USAID support for the Peace Program will be developed around the special commitment of $100 million of Peace Funds over the 1997-2000 period, and is essentially three-pronged: immediate assistance to support demobilization of the URNG and other ex-combatants as appropriate, quick-disbursing assistance to help the GOG meet urgent needs to consolidate the transition to peace, and increased project-level assistance to support fundamental reforms in the Accords which expand economic opportunity and social integration. Given the nature of the Peace Accords, there will be overlap and synergy among these approaches, and between the Peace Program (per se) and the long-term "regular" sustainable development effort.

TABLE 1: Estimated Minimum USG Support Committed at Consultative Group Special and Regular Programs

($000s)

	F 1997	F 1998	F 1999	F 2000	TOTAL
ESF PEACE	25.0	25.0	25.0	25.0	100
DA	21.5	21.5	20.0	20.0	83
OTI	3.0	3.0	0	0	6
TITLE I	5.0	5.0	5.0	5.0	20
TITLE II	11.0	10.0	8.0	8.0	37
ICITAP	3.5	3.5	3.5	3.5	14
TOTAL	69	68	61.5	61.5	260

Based on USAID's long experience in Guatemala, and the on-going dialogue with the GOG and other donors, a preliminary set of objectives and approaches for USG assistance to this Special Objective have been developed, as described below. It is expected that additional needs will be identified, and the list will be further refined, through extensive review of other donor plans, GOG priorities, and USG objectives and capabilities. Consultations concerning the peace program with the GOG and other donors is a continuous process. One of the critical lessons learned in the implementation of the Salvadoran Peace Accords was that donor assistance plans must remain flexible to respond to evolving needs as they are identified. For this reason, it is important at this time to agree on the criteria and process to be used in setting priorities, rather than to try to finalize a specific list of planned activities.

Priority will be given to the following types of activities in selecting those to receive USG assistance and to define the USG's niche within the multi-donor support effort:

- Activities that are necessary to assure a successful demobilization and reinsertion of fighting forces into the society;

- Activities that are necessary to "jump-start" the GOG's Peace Program and demonstrate the GOG's commitment to full implementation;

- Activities which focus on economic reactivation and social integration in geographic areas heavily impacted by the conflict

(in terms of reinsertion of demobilized, return of uprooted peoples, lack of GOG implementation, etc).

- Activities where USAID has specific, successful program experience in targeted geographic regions;

- Activities that bridge the financing gap between the signing of the Accords and the coming on-line of multilateral credits or activities that leverage other donor financing;

- Activities which support implementation of critical policy reforms (to increase tax revenues, strengthen the judiciary, modernize the role of the state) required for successful implementation of the peace accords, and

- Activities that lay the necessary groundwork for the longer-term transformation of the rural economy and society to a more participatory, open economy, and society.

(1) Intermediate result: Ex-combatants demobilized and displaced reintegrated

(a) Description

This intermediate result corresponds to the GOG action area, "Reinsertion and Demobilization." With the signature of the Peace Accords, assistance is required both to demobilize combatants and to attend to returning refugees. Demobilization assistance is required for the estimated 3000 URNG guerrillas, who are now being gathered in six camp sites around the country where weapons will be turned in, medical exams/treatment undertaken, citizenship papers provided, basic literacy classes provided, surveys conducted and orientation given to follow-on reinsertion programs, etc. In the case of former members of the Guatemalan armed forces, as attrition has already reduced force levels significantly and the GOG is taking primary responsibility for demobilization, donor assistance is only required for the war-disabled and for a modest number of ex-officers whose services are no longer required in the downsized army.

The actual demobilization process is programmed to take only 60-90 days, subsequent to formal entry of the guerrillas into the camp areas in late February. This demobilization is to be followed by a one year "Reinsertion Phase", during which the former guerrillas are to receive materials and services required for their sustenance, skills training and vocational education, and access to credit programs for agriculture, micro-enterprise, etc. The final phase of the process will be the full incorporation of the former guerrillas into society, with access to economic assistance programs on an equal basis with other needy Guatemalans. This intermediate result focuses only on the demobilization and reinsertion process which will occur in the 15-18

month period following the signing of the final accord.

USAID assistance is currently being provided to help establish the demobilization camps and to prepare for post-camp transitional assistance. Information gathered from the URNG itself and on the camps will be used to design the formal reinsertion process, and the programs to be offered in the post-camp phase.

In addition to the guerrillas being demobilized, there are still an estimated 33,000 refugees remaining in camps in Mexico, and an estimated 17,000 of them are expected to return to Guatemala, many in 1997. The United Nations High Commission on Refugees (UNHCR) and the GOG organization CEAR are responsible for supporting the return of refugees. The GOG is committed in its agreements with the refugee groups to locate land, and provide subsistence and shelter support during their initial reentry period. The GOG will continue to require coordinated donor assistance to meet these commitments, especially in developing economic opportunities for the returnee population for the period following their formal support by UNHCR and CEAR (9 - 12 months).

(b) Illustrative approaches

USAID has initiated specialized direct assistance to the demobilization process with resources and management support from the Office of Transition Initiatives (OTI). In addition, USAID assistance to the demobilization and reinsertion of ex-combatants, refugees and displaced persons is being provided through a direct cash transfer to give the GOG the liquidity required to support this process during its critical initial phase. Local currency generated by these resources will be used by the GOG to help establish the Secretariat for Peace (SEPAZ), which will coordinate the GOG Peace Program, to provide special support to communities that suffered large scale human rights violations (e.g. massacres); to repair basic infrastructure (roads, bridges) in the ex-conflictive regions; create a land financing mechanism; and support the GOG implementing agencies. USAID's unique ability to provide this near-term assistance is considered by the GOG to be essential to the successful, immediate implementation of the Peace Accords. In this first year, USAID will also transfer resources to United Nations programs that provide united international support for the demobilization/reinsertion process, including MINUGUA, the Fund for Resettlement of the Uprooted, and the Historical Clarification Commission.

(2) Intermediate result: Human capacity developed in support of the Peace Accords

(a) Description

This intermediate result corresponds to the GOG action area, "Integral Human Development" The GOG includes under this action area programs

that fall within the following sectors: emergency programs for the extreme poor; indigenous peoples' cultural identity; education; health; social security; housing; infrastructure; and participation of women. While requiring near-term investment as part of the Peace Accords, many of these programs will develop into long-term development initiatives, and activities related to several of the USAID mission's regular strategic objectives will also contribute directly to this Peace Program area.

Guatemala has historically under-invested in human resource development, and this problem is particularly pronounced in regions where normal GOG programs were unable to operate due to the conflict. While many of the refugees that have returned to Guatemala thus far actually demonstrate higher educational levels (obtained with UNHCR and other assistance in Mexico) than the general population, the social indicators for the population most affected by the war, the indigenous in the Northwestern and Northern regions of Guatemala, are among the worst in the world for comparable groups. An intense, integrated approach is required to overcome decades of scarce services to this population.

(b) Illustrative approaches

USAID's support will focus on human resource training to assist the ex-combatants and refugees to reintegrate as quickly as possible into productive society, as well as to provide opportunities for others who have suffered from limited social services within the ex-conflictive zones. The nature of the assistance to be provided to ex-guerrillas cannot be fully defined until the potential participants can be interviewed, and greater information gathered on their current educational status, skills, aptitudes, and interests. Human resource-training activities will be likely to range from basic literacy and numeracy skills to more sophisticated vocational and leadership training. In addition, assistance will be provided to implement activities related to intercultural bilingual education, in coordination with longer-term efforts under the poverty-reduction Strategic Objective.

In support of the Peace Accord commitment to increase higher educational opportunities for the indigenous, and in recognition of the significant impact of past USAID assistance of this nature, the Mission is considering creation of a scholarship (possibly endowment) fund to provide support for qualified indigenous students to attend Guatemalan universities. Other potential training support may be provided to civil society organizations and local NGOs to help them become more effective in building alliances, preparing funding proposals, managing resources, resolving conflicts, etc.

The Mission's highly successful Special Development Fund activity supporting basic infrastructure projects --typically, construction of classrooms, multi-purpose community centers, small bridges, village water systems, latrines-- will continue to contribute to integral human development in the formerly conflictive areas.

(3) Intermediate result: Sustainable production in ex-

conflictive areas is assured

(a) Description

This intermediate result is associated with the GOG action area, “Sustainable Productive Development.” The types of activities contemplated by the GOG within this action area include labor policy, rural development, land financing, and export promotion. USAID activities related to the intermediate result, “incomes of rural poor increase,” under the poverty reduction Strategic Objective, directly contribute to this GOG action area and will be closely associated with this special objective.

As noted in the background section of this document, poverty and inequality are dominant issues in Guatemala, and this is even more so for the ex-conflictive areas of the country. It is essential that sustainable productive activities be undertaken by the population of this region as quickly as possible, and that these activities have sufficient income-generating potential to raise the standard of living of the region. Equal attention must be given to improving on-farm productivity and incomes and creating opportunities for off-farm employment.

(b) Illustrative approaches

USAID plans to provide support for increased access to factors of sustainable production, in coordination with the GOG and other donors, by funding expansion of the programs designed to assist with the reintegration of ex-combatants, refugee communities and other displaced groups, and to support their return to productive activities. USAID has worked with a variety of very effective NGOs (cooperatives, communal banks, etc.) in Guatemala, and assistance will be directed at expanding their coverage and outreach, as well as assisting, where appropriate, creation of new organizations. An expansion of the work started under the "Communities in Transition" project operating in northern Quiché and Huehuetenango is anticipated. Similar income generation and productive investment options will be developed with refugees, ex-combatants and displaced persons who have been settled near protected environmental areas in the Petén, which have been assisted under the USAID natural resource management Strategic Objective. Other potential USAID support related to this special objective include rural access road rehabilitation, capitalization of credit funds (including the new Land Fund), and support to the modernization of the land registry.

(4) Intermediate result: State institutions modernized and strengthened to achieve the rapid implementation of the Peace Accords

(a) Description

This intermediate result is associated with the GOG

action area, "Modernization and Strengthening of the Democratic State." Within this action area, the GOG includes activities related to strengthening the rule of law strengthening the security of citizens, modernization of the executive branch, expansion of public revenues for social investment, support for local development councils and municipal development. USAID activities under the "more effective and participatory democracy" Strategic Objective contribute to GOG objectives in this action area, and are closely associated with the activities to be carried out under this special objective.

The armed conflict in Guatemala was aggravated by the absence of effectiveness in the provision of government services to the majority of citizens. Modernization of state institutions in Guatemala will be a difficult but necessary task. The political will already demonstrated by the Arzú administration in confronting corruption lends credibility to the significant commitments incorporated in the Peace Accords. The Accords place considerable emphasis on decentralization of government services and improvement of local governance, which will offer citizens unprecedented ability to influence development planning and execution and to control the quality of government services.

(b) Illustrative approaches

USAID expects to use resources associated with this intermediate result to support further justice-sector reform, especially the extension of the judicial system into the ex-conflictive zones, to support the electoral and constitutional reforms contemplated in the Accords, to strengthen the Legislative Assembly's capability to formulate and review the large number of legislative reforms required by the Accords, and to support effective citizen participation in political processes through civil society groups, both at the local level and at the national level. In addition, USAID will provide additional assistance to the Ministry of Finance in the design and implementation of fiscal and customs reform, in order to assist the GOG to meet its financial commitments under the Accords.

d. Critical assumptions and special objective time frame

The following important assumptions underlie the plans related to this special objective:

(1) The demobilization and reinsertion into society of the ex-combatants proceeds according to plan, and no major unexpected political events occur which impede this process.

(2) The GOG is able to increase domestic revenue and expenditure rates in keeping with its commitments under the Accords.

(3) Sufficient other-donor resources are available to assist the GOG to implement the most important activities included in its peace program.

(4) The U.S. Government is able to provide the level of financing approved by the Inter-Agency Working Group and committed at the Consultative Group meeting, as included in the resource planning levels in Section Three of this strategy document.

(5) Timeframe: Although the Inter-Agency Working Group approved a four-year planning period for the extraordinary level of support planned for the Guatemalan peace process, the initial obligation of resources through the Special Objective Agreement (SOAG) established a two-year commitment and implementation time frame. This was done due to inadequate information at this point to allow reasonable planning of program structure beyond that point. It is also unclear whether USAID should maintain a separate special objective to support the peace process, after the first two years of intensive assistance to demobilization and investment in the ex-conflictive zones, or if after two years the Mission should blend these resources into the longer-term strategic objective structure to assure close integration of activities. In any case, it is not contemplated that this special objective will continue beyond the four-year planning horizon approved by the IWG.

e. Unifying themes

The themes of *inclusion, local empowerment, and poverty reduction,* which tie USAID's strategy together, can be found in each of the substantive Peace Accords, and are also fundamentally important to the Peace SpO. The reintegration (inclusion) of former guerrillas is a clear sign that the GOG is attempting to remove prior barriers to political and social integration. The intent of the GOG to move the former guerrillas out of the demobilization centers as quickly as possible and to integrate them at the local-community level into assistance programs, rather than tying them to central-government resources and decision-making, echoes the local-empowerment focus of the Arzú administration. Finally, both the GOG and the URNG place the highest importance on promoting productive, income generating activities for the former guerrillas and for all residents of the ex-conflictive regions.

f. Commitment and capacity of development partners in achieving the special objective

The Government of Guatemala is by far the most important partner

in this special objective, and its commitments are embodied in the Peace Accords. As noted earlier, these commitments represent a long-term development plan intended to compensate for past inequities in public-sector investments in Guatemala, and in many cases represent policy modifications that USAID and other donors have encouraged for a number of years. In many sectors the Arzú government has already demonstrated its credibility by appointing exceptional individuals to key positions, undertaking courageous reforms, and obtaining legislative approval of controversial measures. Because of its record to date, and the historic opportunity represented by the Peace Accords, the U.S. Government has committed itself to provide significant assistance over a multi-year period.

It is important to be clear, however, that the GOG's performance to date across all sectors is not uniform, and that domestic funding approved for critical social services in the FY 1997 budget remains inadequate. Also, the donor community is justifiably concerned about the GOG's institutional capability to implement the ambitious reforms contemplated in the peace program. "Absorptive capacity" problems within the GOG both financial and institutional, most likely will prevent the attainment of the desired peace. USAID, along with other donors, will closely monitor the GOG's compliance with its plans and commitments, and will be prepared to modify its own level and timing of resource commitment should serious shortfalls occur.

The second set of development partners includes the members of the donor community in Guatemala. The Consultative Group meeting obtained a stated commitment of $1.9 billion in donor funds to support the GOG peace program over the coming four years. It is still unclear where these resources will be directed and how quickly they will become available. USAID will continue to work closely with the GOG and the other donors to avoid duplication (or shortfalls) in critical assistance.

Finally, USAID's partners in this special objective include a broad range of international and local non-governmental organizations, including civil-society organizations, that will carry much of the responsibility for actual program design and implementation. In the initial demobilization phase, our most important (non-GOG) partners include MINUGUA, UNDP, the OAS, the EU and the International Organization for Migration (IOM) The roles and competencies of these organizations vary, and USAID will maintain frequent contact to assure that activities under the special objective are carried out in keeping with the priorities stated in this document.

g. Measuring achievement

It is very difficult to define appropriate performance indicators for the special objective at this stage, because as the details of the program are still being defined. Also, as noted earlier, a close complementarity exists between activities to be financed under intermediate results 2, 3, and 4 of the special objective and those to be carried out under the regular strategic objectives, given the nature of the long-term development program contained in the Accords. Attempts to measure separately the impact of these

interventions under this SpO (as opposed to USAID's parallel Strategic Objectives), will result in either duplication or under-reporting of results. Therefore, under the special peace objective the Mission intends to measure only the near-term achievement of the SpO itself and of the intermediate results. The longer-term objectives impact of investments under the IRs, other than the demobilization IR. will be incorporated into the results frameworks of the regular strategic objectives.

The following indicators and targets for SpO-level performance and IR 1 achievement are being developed:

Special Objective level:

(1) Major commitments made under the Accords are met within established timeframes. A matrix identifying a number of critical commitments will be developed by the Mission to track progress in GOG implementation of the Peace Accords. The target will be a minimum of 80% completion.

(2) By the year 2000, GOG tax revenues increase by 50% in real GDP terms, compared to 1995 revenues. Progress will be measured against annual benchmarks. Base 1995; Targets: 1997=15% cumulative increase; 1998=25%; 1999=35%, 2000=50%.

(3) By the year 2000. GOG expenditures on social sector investments increase by 50% in real GDP terms compared to 1995. Progress will be measured against annual benchmarks. Base 1995; Targets: 1997=10% cumulative increase, 1998=30%; 1999=40%, 2000=50%.

IR 1: Ex-Combatants Demobilized and Displaced Persons Reintegrated

(1) Evidence at three, six and twelve months after signature of the Peace Accords that the URNG and its member factions are no longer functioning as organized guerrilla forces and are being effectively demobilized and reintegrated (measurement based on consultation with GOG and UN officials);

(2) Employment rates are comparable or better than national rates for the ex-combatants within 12-18 months after the Peace Accords (this assumes that the ex-combatants will remain identifiable once they disperse from the demobilization zones);

(3) Positive change of attitudes of the ex-combatants toward democracy and government institutions, and their tolerance of opposing political viewpoints, as measured through the DIMS

surveys (this also assumes that the ex-combatants remain identifiable after dispersion, and assumes that they will be willing to participate in this type of survey).

IR2: Human capacity developed in support of the Peace Accords

(1) Mayan students enrolled fulltime in university programs assisted by USAID-funded scholarships. Target: 100 by the year 2000.

(2) Bilingual education promoters serving displaced populations are certified to teach. Target: 300 promoters certified by 1999.

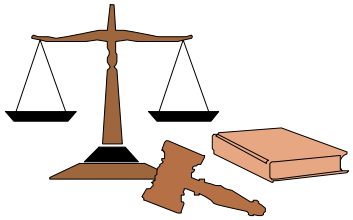
IR3: Sustainable production in ex-conflictive areas is assured

(1) Number of USAID assisted small producers (on- and off-farm) receiving loans.

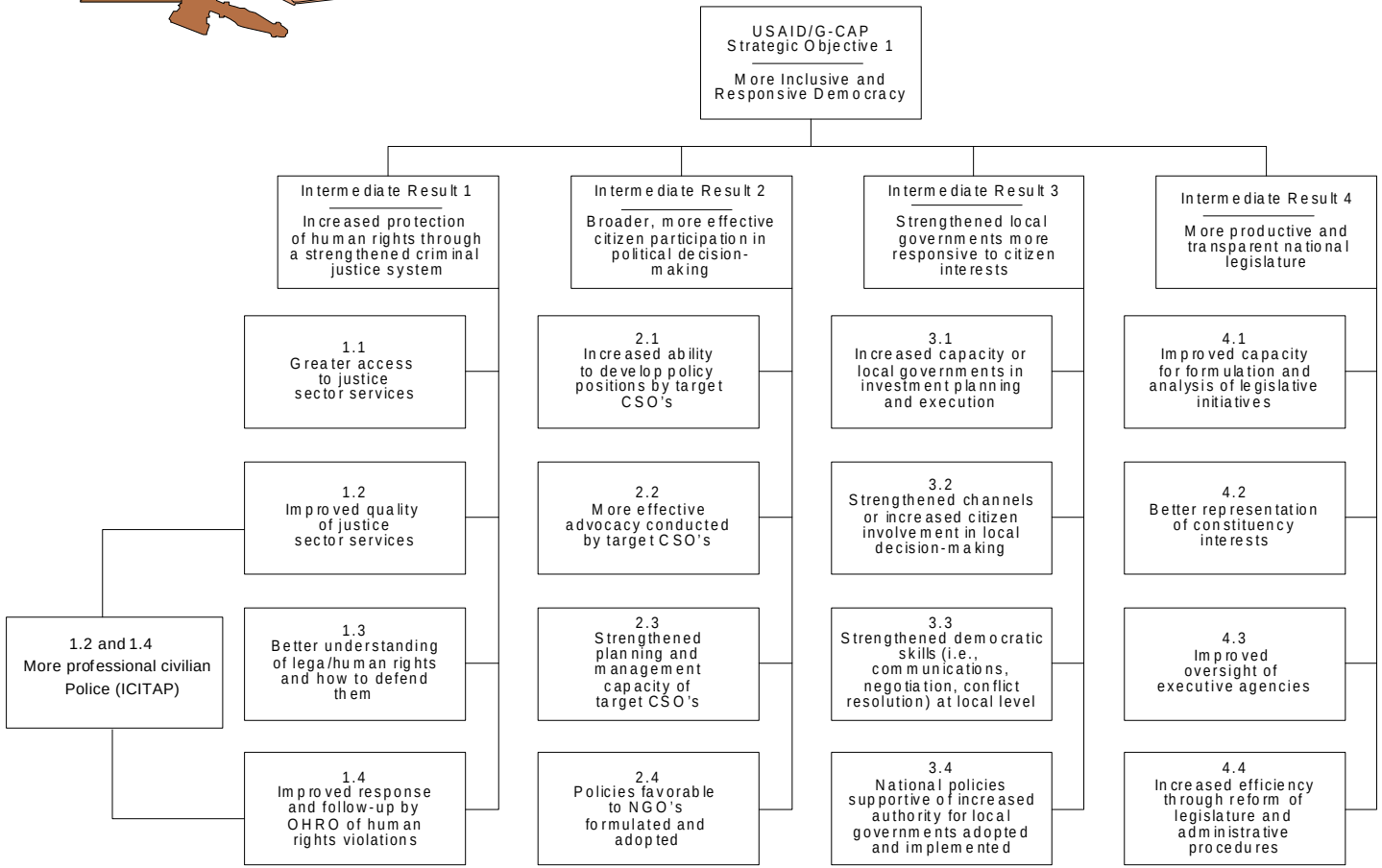
IR4: State institutions modernized and strengthened to achieve rapid implementation of the Peace Accords

(1) "Centro de Enfoque" judicial centers expanded to three or four locations in ex-conflictive zones by 1999. Targets: Nebaj in 1997; Alta Verapaz and Petén in 1998, and a second "Centro de Enfoque" in Alta Verapaz in 1999.

(2) Superintendency of Revenues is established in the Ministry of Finance and fully operational. Target date is mid-1998.



Results Framework



1. Strategic Objective: More Inclusive and Responsive Democracy

a. Introduction

(1) Vision

This Strategic Objective is devoted to formulating the organizational tools through which citizens can demand responsive government and to helping government agencies prepare themselves to respond forthrightly and creatively to citizen expectations.

USAID's support for the development of democratic institutions and processes has evolved over the past decade along with the accelerated consolidation of democracy in Guatemala. Our assistance in this sector began in 1986 upon the passage of a new constitution that brought a return to democratic rule and for the first time in Guatemala's history, defined the predominant role of the state as that of defender and protector of the rights of individual citizens. Early assistance was targeted at strengthening those key institutions upon which a democratic state would be built -- the Supreme Electoral Tribunal, the Office of the Human Rights Ombudsman, justice sector institutions, and the legislative branch.

By the early 1990s, USAID's strategy in the democracy sector had expanded to include support for the then nascent movement of civil society organizations that were carving out the political space required for effective citizen involvement in public decision making. Our strategy has always recognized the fact that simply developing the infrastructure of democracy would not cause that infrastructure to perform well or survive. A vibrant and sustainable democracy is based on a sustained experience with good government and meaningful participation.

USAID's Strategic Objective builds on our considerable experience in the democracy sector as we continue to strengthen institutions and seek to address the major cumulative deficiency of the Guatemalan political system, the exclusion of the majority of the population -- especially indigenous peoples and women -- from effective participation in political life. Exclusion embraces multiple dimensions. Few indigenous peoples or women hold public office. The legal system has contained provisions overtly discriminatory against both groups. Indigenous languages have rarely been usable for official business in areas where such languages remain the language of choice in most households. Service delivery has been concentrated on urban areas while the majority of the poor are found in rural Guatemala.

The focus of this Strategic Objective is on the interaction between citizen participation and the responses that the government gives to citizens. Participation rates by Guatemalan citizens have traditionally been low because of conscious exclusion. Indeed, active political participation (beyond voting) was quite dangerous for most of the years between 1954 and 1996. But President Arzú's government appears very strongly committed to establishing civilian control over the

military, to reining in human rights violators and to implementing the Peace Accords, so conscious political exclusion (via implicit or explicit threats) should diminish. However, the challenge of making the government more responsive to the citizens of Guatemala is a far more complex task.

Guatemalan citizens will be stimulated to participate in politics by seeing that when crimes are reported, investigations do lead to prosecutions and convictions in accord with the due process of law. Guatemalans will be more likely to participate in politics when they see that their Congress legislates thoughtfully on themes of interest to citizens, that elected representatives respond to constituency concerns, and that Congress seeks to hold the executive branch of government accountable. Citizens of Guatemala will be more likely to participate in local politics when they understand the level of financial resources municipal governments have, and are consulted about how those resources should be spent.

(2) Linkage to Guatemalan Objectives

This Strategic Objective is grounded in a peace process that has yielded six "substantive" Peace Accords (1994-1996) and a definitive "Firm and Lasting Peace Accord" that, taken together, provide the conceptual framework for a "More Inclusive and Responsive Democracy". The Accords serve as a road map for USAID efforts aimed at assisting our Guatemalan partners make this plan a reality. The implications of the Peace Accords for better governance and the democratization of Guatemala are profound. The Accords not only identify priority tasks for the short term in creating a new Guatemalan state; they also spell out a development plan for the next quarter century. They are the single best indicator of "what Guatemala wants." Negotiated between the GOG and the URNG, with extensive advice being given to both parties by an Assembly of Civil Society, few Guatemalans disagree openly with the Accords. Some Guatemalans may hope that portions of the accords will prove unworkable, given shifts in the balance of power that they portend. But after an estimated 150,000 political deaths in four decades, Guatemalans want peace and most realize that *without democracy and a more inclusive model of development, peace will not come*.

The accords envision the creation of a democratic, responsive, efficient and inclusive state. Great emphasis is placed on inclusiveness - making the state responsive to the interests of indigenous peoples and women. Inclusiveness has participatory, material and symbolic dimensions. Indigenous peoples and women are to participate more fully in political life not only to reap material benefits but also to enjoy greater personal security, respect for cultural difference, and self-actualization as makers of their own destinies. Local governments, as a point of first contact for many citizens, are seen as mechanisms for increasing the transparency and responsiveness of the state; the military's role is redefined and restricted to functions appropriate to a democratic state; more responsive legislative, executive and judicial institutions are envisioned.

(3) Cross Sectoral Linkages

A More Inclusive and Responsive Democracy is considered the underpinning to the achievement of every other strategic objective that our Mission program supports. A more equitable, reliable and transparent justice system is a prerequisite to economic development and poverty alleviation. An improved justice system will also directly impact upon the government's ability to prosecute crimes against the environment, settle labor disputes and combat the corrosive influence of narcotics trafficking. Improved protection of human rights and a better understanding of these rights and how to defend them will impact upon all Guatemalan citizens, but particularly the traditionally disenfranchised who are the ultimate customers of USAID programs. Strengthened local governments that seek the input of citizens and respond to their interests in an efficient manner will not only increase Guatemalans' stake in the democratic system but will also contribute directly to improved local policies affecting education, health, infrastructure development and other public investments. A modernized and more responsive Congress will be more capable of developing and enacting legislative priorities in support of sustainable development, and strengthened civil society organizations will help to insure that national policies are formulated in a transparent and participatory fashion.

More explicit still are the links between this strategic objective and the special objective for peace, especially in the area of modernization of the state. The illustrative activities highlighted under that objective, dealing with decentralization of justice services to ex-conflictive zones and the anticipated needs for technical assistance for legislative and constitutional reforms implied by the peace accords, will be closely coordinated with ongoing bilateral efforts to insure complementarity and cost efficiencies of USAID interventions.

b. Analysis of the Development Problem

As the twentieth century ends, an opportunity beckons for the U.S., as a partner in a cooperative international community, to support an effort at democratization that Guatemalans have seized for themselves. The challenges which the Peace Accords address and which must be confronted in any development strategy on behalf of democratization are fourfold: (i) defining the community on behalf of which democracy is to be constructed, (ii) creating a state in which the rule of law and respect for human rights prevails, (iii) creating a climate supportive of democratic participation, and (iv) strengthening accountability and the delivery of democratic services.

Central to democratization is the question of "*democratization on behalf of which community?*" Guatemala is a multiethnic and pluricultural state, with four main peoples: the Mayan peoples (who collectively speak 23 different languages), Ladinos (mestizos, who define themselves as at least partially Euroamerican), Garífuna

(Afrocaribbeans), and Xinca (a non-Mayan indigenous people). The Mayan peoples are most numerous, but the politics of counting ethnicity have been contentious precisely because the political system, over five hundred years, has been most responsive to the interests of Ladinos. For that reason, the March 1995 Peace Accord "On the Identity and Rights of Indigenous Peoples" portends change that would be fundamental, as it commits the government of Guatemala to make Mayan languages co-official with Spanish, to provide access to government services in Mayan languages, and to undertake to respect Mayan cultures, rather than to seek their disappearance through assimilation. The first developmental challenge is to develop a state in which identities are cumulative, not mutually exclusive. In such a state all citizens would see themselves as Guatemalan, but some would have additional identities equally or more crucial to self-definition.

The second principal developmental challenge is *to create a state in which the rule of law and respect for human rights prevail* - in which discussion about, or the making of, public policy is not distorted by fear of intimidation, in which allocative decisions are not made by force, and in which policy decisions are not overturned by the application of coercion. Guatemala in the early 1980s was a polity in which human rights violations abounded - in which whole villages were massacred so as to convey political messages. As civilians have opened space in the polity, and have eventually moved to assert control over those who deploy force, obvious human rights violations have receded although impunity largely remains for those who committed said violations in the past. However, a wave of kidnappings for ransom in 1996, and an apparent increase in other forms of violence since 1993, make citizen insecurity a matter of major concern. The Peace Accords envision a reconfigured civilian National Police and an intelligence apparatus subject to civilian control, as well as a military role restricted to external security. In addition, a thorough reform of the justice system, and the effective articulation of its component judicial and executive agencies (courts, prosecutors, public defenders and investigative agencies) is envisioned. None of these changes will come easily, as constant monitoring, coaxing and encouragement of role redefinitions will be required from the civilians who lead Guatemala.

The third challenge is that of *creating a climate propitious for democratic participation*. While far from fully attained, post-1985 progress has been greatest in attending to this issue. Election processes have been improved. Civilian presidents were elected in 1985, 1990 and 1995. When one such president tried to suspend constitutional procedures in 1993, a broad coalition of civilian groups (with military concurrence) rallied to oppose that effort. The *autogolpe* (self-coup) was defeated, and another civilian acceded to the presidency. Most propitious has been a flowering of non-governmental organizations (NGOs) and civic associations highlighted by the emergence of an Assembly of Civil Society as a peak organization which provided advice to both parties in the peace negotiation process. Clearly, organizations now exist in Guatemala through which to stimulate participation when citizen confidence in the probity, responsiveness and accountability of public institutions grows. But the latter conditions do not yet prevail.

Hence, the fourth major challenge is *to provide citizens reason to believe that those who govern can be held accountable and that the institutions of governance will be responsive to the interests of citizens*. The lack of easily observable evidence to support such beliefs is a major impediment to electoral and other forms of citizen participation at the moment. The DIMS surveys do reveal slight improvements in such assessments between 1993 and 1995, and recent political developments may portend further improvements by 1997.

Opportunities for addressing each of these challenges are clearly greater in 1996 than they have been at any moment in Guatemala's recent past. Not only do the Peace Accords articulate a vision for change and specify many elements in a development plan, but the current civilian leadership, under President Alvaro Arzú (1996-2000), has proven to be aggressive in asserting civilian control over the military and police, in attacking corruption in public agencies, and in holding even members of his own party to far higher standards of accountability than in the past. The presence of MINUGUA in the country provides for a mediating presence in potential flashpoint situations as well as for "verification" of the implementation of Peace Accords. The role of the United Nations and the international "group of friends" helped to keep negotiations on track. Most important, there is a collectively shared sense of momentum among Guatemalans - that this is Guatemala's opportunity to emerge from a morass of violence toward democracy. Even the vision of democracy is new - local, responsive to constituencies not previously served, reliant on civil society organized in NGOs, and with civilian control over the military.

c. Results Framework Description:

The Strategic Objective, "More Inclusive and Responsive Democracy", was developed over the 1990s and reaffirmed in 1996 via a variety of mechanisms. Survey research in 1993 and 1995, commissioned by the Office of Democratic Initiatives and known as the Democratic Indicators Monitoring System (DIMS), provided baseline data for assessing citizen attitudes about and experiences with their governmental institutions. During the past five year period, coincident with the DIMS survey era, extensive consultations with clients and customers were undertaken in the process of developing, implementing and evaluating USAID financed programs. Then, anticipating this five year strategy, various focus groups were assembled in the spring of 1996 among leaders of civil society organizations to explore programming opportunities in the environment created by the Peace Accords. Finally, in late 1996, a working group from the Democracy Strategic Objective Team and external consultants assessed the state of democratization and governance in Guatemala through a consultative process that included human rights groups, mayors and council persons from areas affected by war, women's groups, Mayan leaders, research institutes and universities, and representatives of the Assembly of Civil Society. This consultative process has validated the strategy described below and identified the most appropriate intermediate results to pursue.

The consolidation of democracy is inherently a long-term process. Yet to assess how USAID investments contribute to such a process, a medium-

term time perspective is essential. USAID's five year planning process is appropriate for making such intermediate term assessments, especially since this particular five year period will be initiated with the signing of the definitive Peace Accord. The end of the five year period (2001) will be a year beyond the next national elections (late 1999-early 2000) and five years beyond the Peace Accords. Substantial implementation of the Peace Accords will have occurred by that time, and programmatic initiatives such as those illustrated below will have contributed to attaining these intermediate results:

(i) Increased protection of human rights through a strengthened criminal justice system

(ii) broader, more effective citizen participation in political decision-making

(iii) strengthened local governments more responsive to citizen interests, and

(iv) a more productive and transparent national legislature

The first intermediate result will yield a criminal justice system that investigates crimes more effectively, makes measured judgments about which cases to bring to trial vs. which to mediate or to dismiss, then prosecutes and brings cases to conclusion more expeditiously. A more effective criminal justice system will deploy alternative dispute resolution procedures, will provide translators for non-Spanish speakers and will benefit from a much more extensive public defender system. Both access to effective representation of one's interests and an improved rapidity and quality of decisions made should occur. Increased protection for human rights will also depend on improved knowledge of and respect for such rights, to be attained via educational efforts and via procedural reforms which yield a probability of detection and punishment sufficiently high that very few of those who might once have enjoyed impunity for political crimes will be tempted to use force against their fellow citizens.

The second and third intermediate results relate to increased citizen participation in the political process at two levels - national and local. Electoral participation is one form envisioned, but not the only form. Participation in civil society organizations (CSOs) can be equally useful. At the national level, two types of CSOs can deepen democratic consolidation: (i) those that lobby effectively for large sectors of the society whose interests have not previously been well-represented (women, indigenous peoples), and (ii) those that monitor the performance of government institutions (such as Congress). At the level of local government, the Peace Accords envision that civic actors will provide input via newly-reinstituted local development councils in which local officials are expected to share information about budgetary resources and to engage citizens in developing investment plans.

Finally, since representative legislatures are key institutions in democratic systems, the fourth intermediate objective envisions a Congress that legislates more effectively, provides constituency service and engages in oversight of executive agencies. The latter two functions, common in consolidated democracies, will be relatively new functions for the Guatemalan Congress and may require statutory or constitutional reforms. An operational Accord now subsumed as part of the GOG peace plan includes several progressive features for electoral and political party reforms, and it provides the political mandate for a more transparent and responsive legislature and contains the conceptual framework that will guide reform efforts in this area.

Progress on all four dimensions should be reflected in more positive evaluations of the political institutions by citizens and greater citizen tolerance of participation in politics by those whose interests may differ from their own. The two outcomes are related. Tolerance requires citizens to believe that public policy-making need not be a zero-sum game. But until citizens have themselves benefitted from government actions, they are unlikely to hold such beliefs. Greater experience in democratic participation can deepen citizen appreciation of civil liberties, but only when government institutions are perceived to be responsive because they <u>are</u> responsive. If personal experience leads one to believe that governmental institutions do attend to citizen concerns, it is easier to believe that potential adversaries should be accorded political liberties. When governmental responsiveness is not a limited good, the temptation to deny it to others will be less.

The following set of results packages are seen as a synergistic and mutually supportive set of initiatives that, taken together, will lead toward the achievement of the creation of a More Inclusive and Responsive Democracy. They do so by addressing both the issues of who participates, by seeking to involve those who have not participated effectively in the past -- indigenous peoples and women -- and by addressing the quality of responses given by government agencies, so that the motivation to participate in, and support, democratic institutions will be sustained.

(1) Intermediate result: Increased protection of human rights through a strengthened criminal justice system

(a) Description:

Improving *access* to the justice system and improving the *quality* of justice sector services will be achieved via a set of independent but mutually cooperative institutions which provide citizens with a place to go to denounce criminal violations and guarantee effective follow-through. More effective criminal investigation is an essential early step. The justice system can be made more *responsive* by improving its transparency, competence, efficiency and fairness in addressing criminal complaints, all of which will address citizen concerns for security of person and property by deterring crime through prompt and appropriate punishment. The ability of a democratic government to meet such basic concerns will be a major factor in its consolidation. Failure to address them will increase pressure for extrajudicial "solutions" (such as lynching of presumed culprits by citizens, as was happening in 1996) or antidemocratic measures such as curfews, preventive detention, martial law, or even a return to military rule.

Improving justice sector services is part of the solution, as is pressure for adherence to international human rights standards, monitoring government performance and representing the victims of abuse. The latter functions are encompassed in the Office of the Human Rights Ombudsman of the GOG, which has received USAID support for its education and investigation functions and will continue to do so through 1998. Since an ample network of human rights organizations exists in Guatemala, with ties to the international network of such agencies, the focus on this intermediate objective will be on enhancing the governmental capacity to prevent human rights abuses and to help citizens hold government accountable when abuses have occurred.

(b) Lower level results and illustrative approaches:

* *Continued strengthening of criminal investigation and prosecution functions* by consolidating and extending pilot *centros de enfoque* (centers for providing a coordinated response to criminal violations) into additional municipalities, while (a) defining new roles and establishing institutional working relationships under the revised Criminal Procedure Code (CPC) and (b) perfecting prosecution and criminal investigation procedures (in coordination with ICITAP).

* *Working with law schools to improve preparation of students for practice* as lawyers, prosecutors, defenders, and judges under the CPC by: (a) revising criminal law curriculum and course content, and (b) improving the clinical law practice program.

* *Helping to build and consolidate the professional public defender function* under the CPC through: (a) assisting in the development of appropriate internal organization and procedures of public defender offices, and (b) incorporation of public defenders into the *centros de enfoque*, as has already happened in the existing pilot *centros de enfoque* in coordination with MINUGUA.

* *Helping develop and put into practice a modern criminal complaint intake system* to address promptly, efficiently and sensitively the concerns of victims and alleged defendants as they make their initial contacts with the criminal justice system. Such efforts would include mediation/conciliation as well as criminal investigation services in filtering out those complaints which are more appropriately handled outside the criminal courts. By reducing the number of criminal cases and trials burdening the courts, this will enable them to be more efficient and responsive in handling the cases accepted.

* *Helping the state's criminal justice system to serve better* the needs of the indigenous community and women via activities such as: (a) supporting the study of indigenous customary methods of resolving conflict and punishing antisocial conduct, so that recommendations can be formulated on how the formal legal system and indigenous customary systems should interact, (b) expanding existing programs for training of linguistically qualified persons in basic legal concepts so that they may serve as interpreters to enable non-Spanish speaking indigenous peoples to participate effectively in the state criminal justice system, and c) training of judicial system personnel on legal reforms tied to gender issues and elimination of gender bias.

* *Training and technical assistance for the GOG's Office of the Human Rights Ombudsman* (OHRO). Four specific foci exist or are in the planning process: (a) support for the Children's Defense Bureau (on-going through 1998), (b) technical assistance to the OHRO Education Department to better design and deliver human rights education programs, especially for women and speakers of indigenous languages, (c) technical assistance to the same department in the design and incorporation of human rights curricula for the formal educational system, and (d) support for the creation of a unit to monitor and ensure GOG compliance with rulings of the Human Rights Ombudsman.

(2) Intermediate result: Broader, more effective citizen participation in political decision-making

(a) Description:

The Peace Accords place a high priority on facilitating citizen participation in the political process as a means of consolidating democratic practices and of constructing a national governing agenda for the first time in Guatemala's history. The peace process incorporated national-level civil society organizations (CSOs) from its early stages, with the creation of the Civil Society Assembly (ASC) in early 1994. Although the ASC was established to support only the negotiations phase of the process, it is clear that the groups represented in the ASC will have an important role to play -- either by sector or as a whole -- during the period of implementation of the Peace Accords. In fact, the nature of the peace accords is such that some policies are yet to be determined by further consultation. In the Indigenous Accord, for example, new forums for democratic debate and decision-making are being generated that will lead to further policy decisions affecting the officialization of indigenous languages, educational reform, political participation and indigenous land rights.

The Accords especially take into account the constructive role that indigenous and women's groups can play in national political life, but also rely upon the active participation of other civil society organizations -- including representative organizations of the uprooted and displaced population, development NGOs and human rights organizations. In addition, the government commits itself in the Accords to promote legislative and executive changes on a broad array of other issues, including agrarian and labor questions and reform of the police and military, the successful implementation of which will require citizen participation and monitoring.

The opportunity provided by the Peace Accords also presents a real challenge to civic organizations. Despite the emphasis on citizen participation in the Accords, there is a widespread recognition among civil society organizations that they are not fully prepared to meet this challenge. Since the democratic opening in 1985, but especially in the 1990s, a number of groups have emerged for the defense of rights and the promotion of civic concerns, but their development has nevertheless been hindered by decades of war and authoritarianism. For many years, the focus of many of these groups has been outward, toward the international community, rather than inward looking, toward state reforms. The peace process radically changes this dynamic and requires of citizens' groups ever greater input into domestic political processes.

USAID strategy seeks to contribute to the consolidation of the peace process through: strengthening the management capacity of key CSOs, improving the advocacy skills of these CSOs, increasing the ability of CSOs to develop and articulate policy positions, and supporting CSOs' ability to affect the policy environment which directly affects them. Potential partners include national level

organizations monitoring and seeking to influence public policy related to the implementation of the Peace Accords, with particular emphasis on those issues affecting women, the indigenous, human rights, judicial reform, and public security.

(b) Lower level results and illustrative approaches:

* *Strengthening the management capacity of key CSOs*. Civil society organizations that seek to influence governmental policy decisions are, almost by definition, dependent on public and donor support. Nevertheless, most donors have not assisted these organizations in developing internal mechanisms which would enable either the administration of larger budgets or even their long-term survival. Most groups have focused on responding to immediate political or policy goals, rather than strengthening and developing their institutions. USAID will contribute to the management capacity of the targeted CSOs by aiding in strategic planning, improving financial systems, and bettering fund raising skills. In this way, USAID's short-term assistance will help ensure sustainability in the medium- and long-term.

* *Increasing the ability of CSOs to develop/express policy positions*. CSOs that advocate political or social reforms often do so without a full understanding of the policy framework or government entities which they seek to influence. In order to develop positions on their issues, CSOs need first to educate themselves on the issues outlined in the Peace Accords, understand the scope of the government's responsibilities, and then be able to articulate a response that concretely supports a position or makes alternative proposals for reform.

* *Training for more effective advocacy by target CSOs*. Advocacy on any issue related to the Peace Accords will involve the effective monitoring of progress toward government compliance with the goals set out in the Accords. Such monitoring will enable CSOs to develop strategies for influencing public policy that includes an understanding of when and how they can most effectively intervene in decision-making processes, who the relevant political actors are that they need to influence, and mechanisms for exercising such influence (e.g., legislative initiatives, public pronouncements). It may also imply greater public education on issues in order to stimulate a critical mass of public support for their efforts. Effective advocacy should result in fuller compliance with the Peace Accords.

* *Seed grants to selected CSOs in support of advocacy/monitoring activities*. USAID will consider supporting a select number of CSOs that are involved in the formulation and/or promotion of policies that support this Strategic Objective as well as those organizations that will perform a monitoring function to insure government compliance with the Peace Accords. USAID is supporting one such monitoring organization that was created in late 1996 to track congressional activity and serve as a channel for increased citizen participation in legislative initiatives. Other targets

for possible support will be to those CSOs advocating judicial reform, the promotion of indigenous rights and those that seek to increase the role of women in public policy. Criteria will be established in consultation with representatives from client groups for selection of which themes, organizations and activities to support through grants or cooperative agreements.

(3) Intermediate result: Strengthened local governments more responsive to citizen interests

(a) Description:

The Peace Accords and national government plans underscore a renewed commitment to the decentralization of government services, the strengthening of municipal governments, and participation of local community organizations in the development decisions taken at the municipal level. The government commits itself to promote a new law that would establish Local Development Councils at the village level to serve as the principal interlocutors with the elected municipal councils. The accords also call for a reform of the municipal code so that auxiliary mayors would be elected by each community or village. The government commits itself to assure the financial viability of the system of development councils, and will provide additional resources to the municipalities through the IVA tax.

In short, this process will involve the virtual reconstruction (or, in some cases, construction) of social relations between citizens and local governments. By all accounts, the vast majority of municipal governments are ill-equipped to incorporate these newly proposed participatory mechanisms. By the same token, local organizations that represent civil society at the village level also lack experience in engaging municipal authorities with respect to their local needs. USAID seeks to provide technical assistance to a select group of municipalities in order to assist them in developing local investment plans, with full participation from the local communities. Once these plans have been agreed upon, USAID would further assist the municipalities in the implementation of the investment plans.

(b) Lower level results and illustrative approaches:

* *Increasing investment planning and execution capacity in selected local governments.* This would entail technical assistance to a select number of municipal governments (through the municipal technical unit/UTM), to improve their investment planning and execution capacities. Technical assistance would be provided in identifying and soliciting external resources (primarily from the national social funds) through pre investment planning and proposal development, and providing training for improved procedures for accounting, investment and budget planning, and revenue collection.

* *Creation of, or support for improved mechanisms and channels of citizen participation in local decision making.* By conditioning technical assistance to the municipality on the active participation of communities in the design, implementation and oversight of the local investment plans, USAID will strengthen mechanisms for citizen participation in local government. This may take the form of *cabildos abiertos*, of community organizations' participation on municipal task forces or commissions, or other regular consultative mechanisms. Training would be provided to community organizations as well as municipal leaders in effective communications, negotiation skills, conflict resolution techniques, customer service planning, and other skills necessary for an effective interaction between citizens and local government. Women's participation in local decision-making will be encouraged.

* *Supporting policy reform efforts promoting decentralization and increased municipal authority*. Policy reforms at both the national and local level that lead to greater municipal autonomy and increased citizen participation will be promoted through a range of possible activities such as seminars and workshops for elected officials, public education efforts and support for advocacy work of CSOs engaged in municipal reform.

* *Leadership training and democratic skill building for community groups and elected officials*. Seminars, workshops and other experiential learning techniques will be designed for training opportunities that lead to more effective skills in communications, negotiation, conflict resolution and other important democratic techniques for effective interaction between citizens and local government.

(4) Intermediate result: More productive and transparent national legislature

(a) Description:

The Guatemalan Congress must be a key institution in consolidating democracy. The quality of legislation produced matters greatly in the current environment, since massive legislative output and extensive constitutional reforms are implied by the Peace Accords. But developing among legislators an orientation toward providing constituency service can also greatly enhance democratic consolidation. Providing direct responses to citizen complaints is one way that an existing poor public image of the Guatemalan Congress can and should be overcome. Equally important to democratic consolidation is the development of an oversight capacity with which to monitor the performance of executive agencies. While always a formal responsibility of Congress, three instruments can help the legislature actually to fulfill this role: (i) developing budgetary analysis capabilities to respond to executive proposals, (ii) exerting control by congressional committees over military budgets and, therefore, over military activities, and (iii) developing hearings and other procedures with which to hold line ministries accountable. It is expected that an extension of the newly-created, USAID-

funded Center for Legislative Development (CEDEL) will continue to provide technical assistance to Congresspersons and legislative staff, in order to show up their capacity to effectively execute the three basic functions of the institution; writing legislation, representing constituency interests, and monitoring the performance of executive agencies.

(b) Lower level results and illustrative approaches:

* *Continued support for development of legislative technical staff* to a seriously understaffed Congress. This intervention would develop the research capabilities of the Congressional staff and increase their ability to provide neutral, technically sound advice to legislative committees.

* *Assistance for internal policy and procedural reforms*, such as the Ley del Organismo Legislativo, the law which provides for the operating rules of Congress, so as to streamline the legislative process, allowing Congress to legislate more efficiently. *Comisiones Legislativas Plenas* can be examined, i.e,, legislative committees with power delegated to them to approve routine legislation. But in any such reform attention should be given to public hearing by committees.

* *Assistance in establishing more effective links between congresspersons and their constituents*, so as to enhance a more deliberate constituency service orientation. Activities might include technical support and training necessary for innovations in public outreach, i.e. policies and procedures for public hearings, special seminars or committee meetings outside the capital (such as support for the "Congreso Movil" model), establishment of a constituency services unit that might include a Congressional Hot Line function or other mechanisms for soliciting and responding to constituent interests.

* *Assistance for the development of specialized technical units to strengthen competence in budgetary analysis, military oversight and cultural analysis* so as to enhance the congressional oversight function and the probability that the interests of indigenous peoples and women will be considered in the drafting and review of legislation.

A number of additional programmatic interventions envisioned under the Special Peace Objective can be very helpful to the consolidation of democracy in Guatemala. Four seem particularly promising for their impacts on such consolidation: the creation of judicial centers in ex-conflictive areas; a special fund to assist the Congress in moving expeditiously to legislate Constitutional Reforms in areas where statutory or constitutional change is implied by the national Peace Accords; Support for a special referendum to explain the package of proposed constitutional changes to citizens and encourage electoral turnout; and scholarships for promising indigenous students which

should increase the pool of indigenous professionals from which to appoint prosecutors, defenders and judges.

Some areas receiving much emphasis in the past will receive less emphasis during the period 1997-2001. For example, USAID-G support for the Supreme Electoral Tribunal (SET) contributed to an election in 1995-1996 which was judged by international observers to be exemplary in terms of fairness and efficiency. Over the past two years, USAID efforts have focused more directly on the strengthening of the voter registration and educational outreach efforts of the SET in an attempt to increase voter participation rates. Now that all SET employees have been trained and supported in pilot outreach activities and a permanent training and public education unit has been established within the SET, our assistance will phase out over 1997. However, USAID will be prepared to lend assistance to the SET, through the Peace SpO, in support of the registration, promotion and management of a national referendum that will be required to ratify the constitutional changes growing out the Peace Accords. Other interventions - support for monitoring and advocacy agencies in civil society and productive interactions with local government - should indirectly enhance voting rates in all elections by providing citizens multiple opportunities to observe governmental responsiveness.

Also, support for civil-military relations is an area where limited USAID assistance was used in the past, through Centro ESTNA, but was suspended as new opportunities for civilian-led dialogue on the role of the military in a post war society have come about. USAID is currently exploring the possibility of channeling the resources left in the Centro ESTNA agreement for activities that would promote effective civil-military dialogue and a redefinition of a national security doctrine. Activities might include: the creation of a university based masters program on strategic studies, regional seminars on public security and the role of the military in post-war society, international exchanges geared toward building civilian expertise on security matters, etc. A more definitive plan for supporting civil-military dialogue will be developed in early 1997.

d. Critical assumptions.

The strategy for pursuing Strategic Objective 1 is based on the following assumptions:

(1) A final "firm and lasting Peace Accord" will be converted to national legislation and the constitutional changes implied therein will be ratified through a national referendum.

(2) There exists the necessary political will on the part of the GOG for full implementation and compliance with the accords and that the government will remain stable.

(3) The URNG will play a constructionist role in the democratization process as a fully integrated political force in Guatemala's public policy arena.

(4) There will be sufficient funds to permit progress toward the Democracy Strategic Objective during the years 1997 - 2001, in addition to monies received for the Special Peace Objective by the Mission.

(5) Significant amounts of other donor financing will be coming on-line in the period 1997-1999, after which point funding will revert to earlier or lower levels.

e. Unifying Themes

The issue of *inclusion* is central to this Strategic Objective. The inability of the indigenous, women, and the poor to obtain redress of their political and legal concerns through democratic institutions has been a prime cause of the breakdown of public respect for these institutions and underlies the inequity of the society. The focus of the USAID strategic objective will be to facilitate a wide range of activities that lead to real political inclusion of these populations into the political life of Guatemala, by furthering judicial sector reform, increasing the effectiveness of civil society organizations that represent the excluded, strengthening the responsiveness of local government that closely interact with these populations, and improving the ability of the national legislature to pass laws that protect their interests.

Local empowerment is an underlying theme under this SO and Intermediate Result 3 is specifically targeted at increasing the participation of local community organizations in decisions affecting the planning, resource allocation, and implementation monitoring of municipal governments. This process will also facilitate the proposed adoption by the GOG of decentralized provision of social services.

f. Commitment/Capacity of Other Development Partners.

With the signing of the final "Firm and Lasting Peace Accord," the task of donor coordination has multiplied. USAID played a leadership role over the last decade in undertaking first an administration of justice sector reform effort (with the Harvard Project), then a much wider array of initiatives on behalf of democratization, citizen participation in political life and institutional reform. While doing so, USAID's Office of Democratic Initiatives has worked effectively with other donors in maintaining liaison and in avoiding duplication of efforts.

However, with the Peace Accords, a greatly increased infusion of resources will be forthcoming that will change leadership roles and will magnify the challenge of donor coordination many times over. The amount of money coming into the democratization/governance field is still unknown, but the increase is expected to be considerable in the short term (i.e. in the 1 to 3 year period following the signing of the Accords), and then most likely tapering off substantially by the end of this strategy period. As of this writing, it has been announced that the Interamerican Development Bank will invest $30 million on justice sector reform. The World Bank will spend between $30 and $40 million on governance projects, much of which will be directed toward the administration of justice area. The IDB will invest $55 million in a local governance and infrastructure project in 13 municipalities in the department of Huehuetenango, where much resettlement of refugees and displaced persons will occur. This is part of an investment of $665 million envisioned by the IDB for the 1996-1998 period. The European Union is looking to invest $250 million in a range of programs in support of the implementation of the Peace Accords but yet to be defined. Direct bilateral aid will also increase from European donors, while additional aid will be channeled through MINUGUA and the UNDP. In such a setting, the amount of time devoted to donor coordination and to "niche seeking" by USAID will have to grow.

g. Measuring Achievement.

A variety of approaches are appropriate in measuring the attainment of a more participatory and effective democracy on behalf of those previously most disenfranchised. Such approaches should tap both the opportunity to transmit messages about citizen preference effectively to policy-makers (so that majority rule can truly be implemented) and the protection of essential freedoms so that minorities may use persuasion to become majorities at some future time. Survey research can help indicate citizen perceptions of whether both types of conditions have been attained, as well as citizen perceptions of the responsiveness of government institutions. However, other objective indicators must also be employed. Similarly, the measurement of intermediate results should also entail both subjective perceptions by citizens and objective indicators.

SO: More inclusive and Responsive Democracy

(1) Support for democratic institutions: Percentage of population demonstrating support for democratic institutions, desegregated by Ladinos and Indigenous populations, and by gender. This indicator will be monitored under the Democratic Initiatives Monitoring Survey (DIMS). DIMS is conducted biennially at the national level. Survey conducted in 1995 and 1997 will serve as the baseline for future measurement. A democratic institutions index correlates the development impact on those institutions (justice, human rights ombudsman, congress and local government) with USAID DI program results, government reforms, and partner interventions. Baseline 95: 45.9% - target 97: 48%.

(**2) Political tolerance/right to dissent:** Percentage of population demonstrating political tolerance/right to dissent, desegregated by gender and by Ladinos and Indigenous populations. This is a test of the inclusiveness of participation; it reflects the willingness of the population to extend crucial civil liberties to those who are critics of the system of government. The indicator like (1) above will be monitored by DIMS. An index to test for support of political participation by others is derived from several focussed questions in the survey. Baseline 95: 49.1% - target 97: 52%.

Intermediate Result 1: Increased protection of human rights through a strengthened criminal justice system

1.1. Confidence in Justice Sector: A composite measure, based on data collected through the DIMs, will be established in 97 to gain public satisfaction with the justice system based on the sets of indicators: 1) treatment of the public by the Council Justice System (police, courts, Public Ministry); 2) equality of treatment by the justice system; 3) percent of population reporting courts work rapidly; and 4) faith in the justice system. The Mission will focus its performance assessment on the Department of Quetzaltenango when our justice reform project has concentrated efforts through pilot interventions. Baseline and targets for composite to be established in the 1997 survey.

1.2. **Convictions for serious crimes**: Percentage of conviction for serious crimes supported by substantial evidence. Shows systemic changes supportive of human rights if an increasing share of convictions are backed by adequate evidence. One would expect to see a greater number of oral trials and investigatory evidence in place of the traditional over-dependence on witness depositions. Baseline will be gathered from sample survey of convictions*"sentencia"* in *Centros de Enfoque* to be completed by March 15, 1997.

1.3. User satisfaction: Percentage of users of the criminal justice system who are satisfied with basic services. Shows improvements in

meeting the needs of citizens, i.e. improved efficiency and effectiveness, as well as standards for dealing with citizens. Exit polls of users leaving courts and samples in the *Centros de Enfoque* will serve as sources of data. Baseline and target to be established by March 15, 1997. Data will be desegregated both by ethnicity and gender.

1.4. Human Rights cases follow-up: Percentage of human rights cases with *denuncia* (desegregated by adults, children, ethnicity, geography) promulgated by the Ombudsman that are followed up by appropriate government action. The indicator also reveals reduction in *"impunity"* for human rights abuses. Case tracking system to be established by May 1997. Targets established by June 1997.

Intermediate Result 2: Broader, more effective citizen participation in public policy decision-making

2.1. Reforms achieved or protected: Number of reforms achieved or protected from a list of reforms which target CSOs are promoting. This indicator should demonstrate target CSOs impact on government decision-making. USAID will report in narrative form on the nature of these reforms and whether they affect the indigenous population, women, the poor and children. Baseline and targets will be developed as part of new activity design and data will be desegregated by ethnicity and gender).

2.2. Movement on inherently complex reforms: Number of reforms on which substantial progress was made in persuading the government to implement new reforms or protect existing policies. This is a proxy indicator to show progress short of instituting reform due to inherently complex or time-consuming consultation procedures that results in delay. Information to gauge progress will come from joint CSO-USAID assessment of public information on status of reforms. (Baseline and targets to be established as part of new activity design)

Intermediate Result 3: Strengthened Local governments more responsive to citizen interests

3.1. Citizens' perception of local government: Citizens' perception of whether local governments are more, same, or less active in soliciting citizen view and input for establishing community development priorities. A national level indicator derived from DIMS questions of citizens' opinions and interaction with local officials and institutions will be used as a control. Sample surveys will also be conducted in these municipalities selected to participate in USAID's local governance program. Baseline and targets for all IR3 measures will be established in first year of project - 1998.

3.2. Municipalities with development plans: The

number of municipalities with development plans that reflect citizens' priorities and expected resource levels. This indicator establishes a correlation between citizen development and resource allocation priorities and key programs/projects contained in municipal development plans prepared by new development councils.

3.3. Citizen/CSO attendance at community meetings: Percentage of citizens and CSO representatives that attended community meeting in the past 6 months at which development priorities were discussed. The indicator presumably will show growing levels of participation at public meetings, Municipal Corporation and Development Council meetings and at other public opportunities to express interests. Data, desegregated by ethnicity and gender, will be collected from sampling in target municipalities, public records, and empirical evidence provided by USAID contractor.

3.4. Improved municipal services: Average number of services per target municipality that reflects increased quality or expanded service. Technical measures of service quality and responsiveness and institutional analysis of local government entities will be employed by the USAID contractor to establish progress.

3.5. Development plans on track: Number of target municipalities in which development plans are on track and quality of implementation is high. Criteria will be identified to establish a reasonable pace of implementation and to test effectiveness (quality) of implemented services and structures.

Intermediate Result 4: A more productive, transparent congress

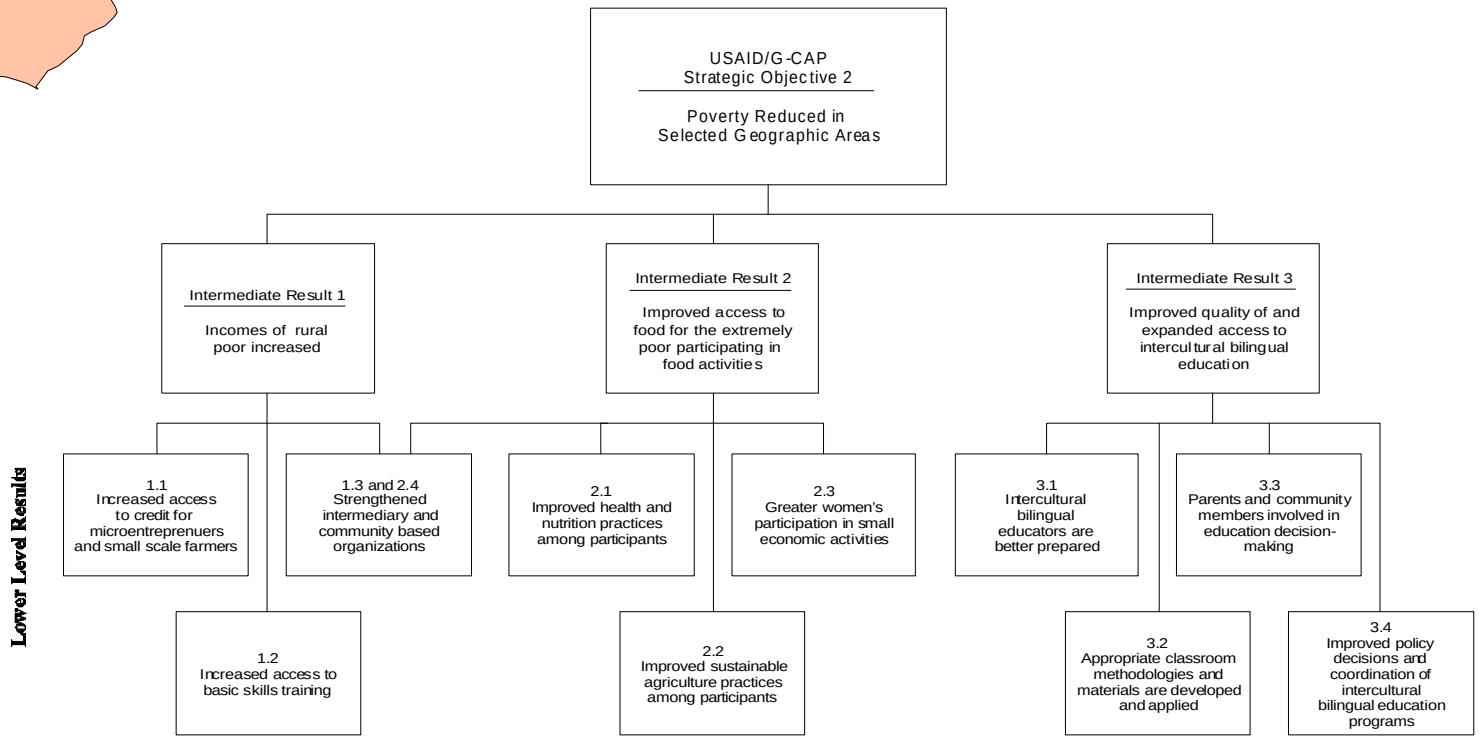
4.1. Increased public confidence: Percentage growth in the democratic institutions index derived from DIMS that shows increased public confidence in the legislative process. This is a perception indicator of the public's view of congressional helpfulness to country, responsiveness to citizens, and progress in democracy building. DIMS questions related to citizens knowledge of issues, identification of their *diputado*, recent examples of constituent service and visible development impact will establish an interval scale for time line comparison. Baseline: 1995 - 39%; Target: 1997 - 41%.

4.2. Laws initiated by the Congress: Percentage of laws passed that were introduced by the Congress, itself, rather than executive branch. Deepening democratization suggests greater balance in legislation initiation and decreased dominance or exclusivity of the executive branch. True self-sufficiency and in-house congressional capabilities derived from modernization in the Congress must be achieved by improved technical research, drafting of laws, and staff competency. Baseline studies and contractor reports will provide data to gauge the growth in capacity to initiate and pass legislation. Baseline and targets will be established for IR 4.2 and 4.3 by March 1997.

4.3. Executive branch legislative initiatives modified/rejected: A ratio will be establish by successive annual measurements of the total number of executive branch initiated pieces of legislation/bills to those amended and rejected by congress. The indicator demonstrates an increasing capacity to "balance" the execute branch and to check what in the past have been exclusive executive branch prerogatives.

4.4. Legislation supporting peace accords: Number of pieces of legislation supporting the Peace Accords passed by Congress. This indicator reflects the capacity of a vital democratic institution, Congress, to enact legislation required to fulfill government commitments under the Peace Accords. Performance measurement data will be drawn from congressional records and assessments. Targets will be established by Special Committee in June 1997.

Results Framework



2. Strategic Objective: Poverty Reduced in Selected Geographic Areas

a. Introduction

(1) Vision Statement

Poverty in Guatemala is pervasive and severe. Indigenous and rural populations have the greatest likelihood of being poor; women are more likely than men to be poor. The long term goal of this objective is to contribute to the reduction of poverty in selected geographic areas where the U.S. and other donors are funding targeted assistance.

USAID/G-CAP developed this new poverty reduction Strategic Objective to capitalize on the social contract contained in the Peace Accords which commits the parties to attack the structural nature of poverty and social exclusion in Guatemala. The Accords also provide a national imperative to reduce the barriers to expanded economic and social opportunities for indigenous people.

The development hypothesis operating in this strategic objective is that greater access to basic education, credit and skills training will result in higher productivity and increased incomes and better nutrition for the rural poor, the vast majority of whom are indigenous. The timeframe for the achievement of this objective is 8 to 10 years. The SO integrates a number of mutually reinforcing activities -- income generation, basic education and household food security -- under a single umbrella combining DA, ESF and food aid resources to achieve a higher overall impact.

This USAID approach is fully consistent with the World Bank's recommended strategy for combatting poverty in Guatemala. Using the experience of countries that have surmounted their poverty problems as a guide, in its 1995 assessment of poverty in Guatemala, the World Bank suggested a three-pronged strategy: (1) sound macroeconomic management to increase the demand for the productive use of labor -- the poor's most abundant asset, (2) greater access to land for the poor, and (3) enhancing the earning potential of the poor both through increasing investment in human capital, and through increasing the productivity of the existing physical and human capital of the poor by improving infrastructure and support services. USAID G-CAP's activities under this SO support GOG efforts to increase the poor's productivity through expanding basic education, and improving access to skill training, markets, land, credit, technology and information.

In view of the breadth, depth and complexity of the problem of poverty in Guatemala, USAID/G-CAP will target its limited resources on selected geographic areas, and will work with other donors to ensure maximum coordination. Our partners will include local governments, US PVOs, local NGOs, cooperatives, and community/women's associations to strengthen local level capacity to increase incomes and reduce hunger. USAID/G-CAP will assist the GOG, other donors,

NGOs and local communities to consolidate and scale up approaches to increasing access to basic education, food security and economic opportunity that have proven successful, and open the way for new and innovative mechanisms to reduce poverty.

(2) Linkage to Guatemalan Goals

Our strategy seeks to support Guatemalan efforts to reduce poverty through a local capacity building approach. USAID will use its resources to complement and partner with private and public sector institutions. We will help engender a stronger appreciation for local community empowerment, as envisioned in the Accord on the Rights and Identity of the Indigenous Peoples. This Accord calls for a sweeping changes to promote broad-based development within the context of a multiethnic society. Given the importance of human capacity development, USAID will concentrate its efforts in education, training and women's empowerment around various provisions of the Indigenous Accord.

This SO is also based in large part upon the vision for broad-based economic growth and expanded access to basic services as laid out in the Socioeconomic and Agrarian Accord. Amongst other things, this Accord promises to promote labor reforms, to train at least 200,000 workers by the year 2000, to invest $33 million in the productive sectors between 1997 and 2000. During this same period, $150 million are to be invested in rural infrastructure and productive projects. The Government has also pledged to increase financing for education by 50% of the 1995 level. Universal access to early primary education (grades one through three) as well as substantial increases in the coverage of pre-primary and adult literacy programs are key elements of the Accord.

(3) Cross Sectoral Linkages

This SO is linked to USAID's special peace SO, which provides resources for immediate needs and funding for the administration of the peace secretariat. This objective and the Mission's democracy SO are mutually reinforcing through their shared focus on increasing the capacity of civil society groups, NGOs, small private organizations and municipalities to promote individual rights. Achievement of this SO supports the Mission's bilateral environmental objective through greater community understanding and responsibility for the natural resources base, which is critical to the protection of Guatemala's shrinking resources. This objective and the Mission's health SO are mutually reinforcing over the long term: educated populations tend to have better health status; healthier children tend to be better school achievers. Girl's education has been judged by the World Bank and others to be the single most important contribution to development for most countries. In Guatemala, the education of girls is critical to reducing social exclusion, increasing income and reducing mortality of women and children in future generations.

b. Analysis of the Development Problem

In a country where the poor have very limited access to the factors of production (land, capital and knowledge/skills) and basic social services (education, water and health), and where ethnic and gender discrimination are endemic, promoting equitable access to economic opportunity is an ambitious goal. Nearly 8 out of 10 Guatemalans are poor, making the country's poverty rate one of the highest in the world. The lack of population-based data on income and basic living standards makes difficult the task of describing poverty trends in the country. However, all data sources show that rural families, women and the indigenous have the greatest likelihood of being poor.

Poverty in Guatemala has a Mayan Face

Extreme poverty is prevalent in the western highlands where the indigenous population of Guatemala is concentrated. Since 1980, the poverty rate has changed little, ranging from 72% to 80%, depending on the data source cited. Between 1980 and 1990, extreme poverty increased from 35% to 59%. The indigenous are almost twice as likely as Ladinos to be extremely poor (91% versus 56%). Seventy-two percent of the rural population is extremely poor, compared to 38% of the urban population. Women are far more likely to be poor if compared to a similar population of men. The poor tend to work in agriculture (85% of the poor versus 15% of the non-poor).

The Guatemalan Social Investment Fund, created to provide rapid disbursing assistance to the poorest communities in Guatemala, ranked municipalities in Guatemala on a poverty index (using 1981 census data) from most poor, ranked 1, to least poor, ranked 5. The following chart shows the percentage of Indigenous population of each category:

Municipal Poverty index number	1 most poor	2	3	4	5 least poor
% Indigenous in population within municipality	85%	60%	41%	46%	34%

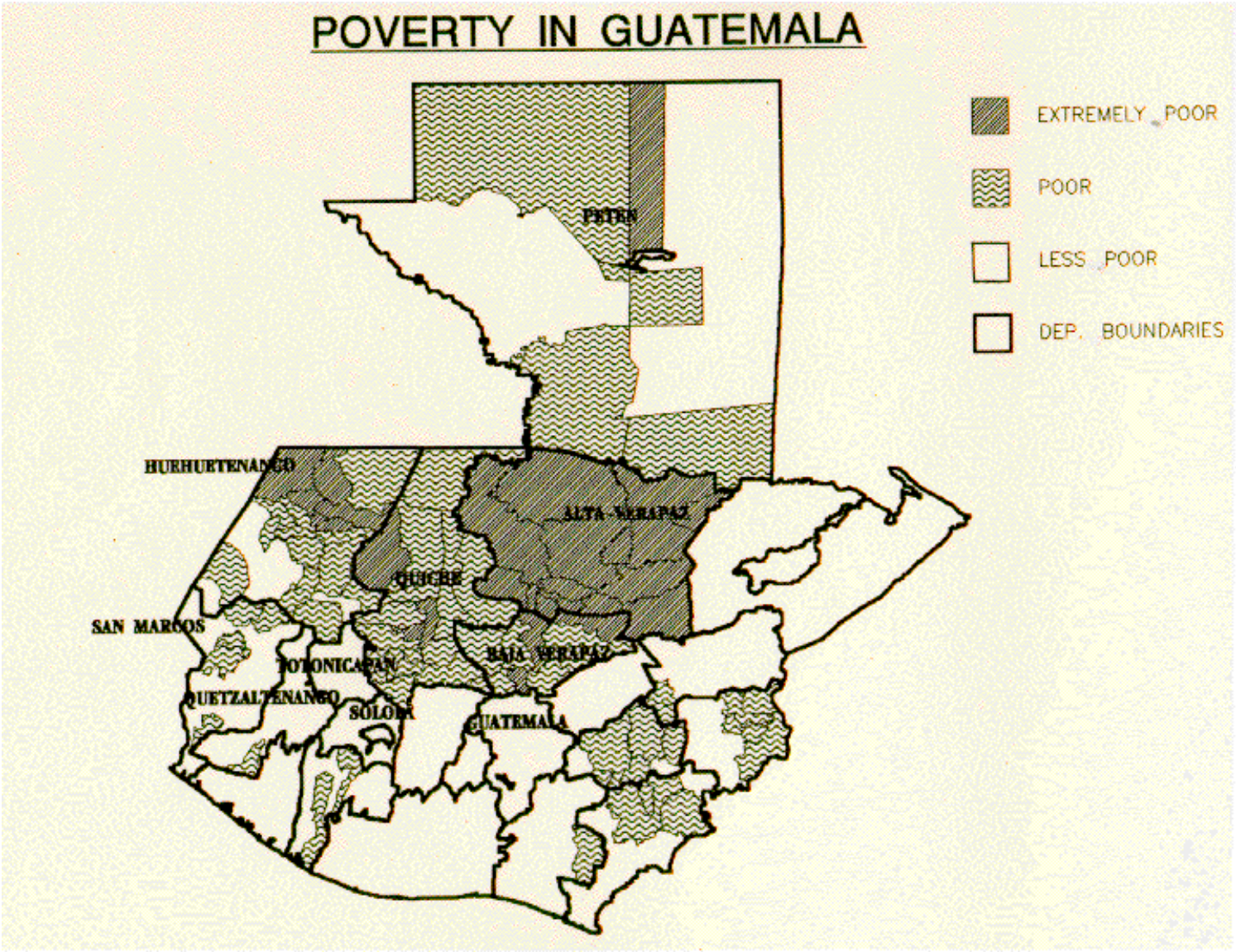
The poor have limited access to the factors of production. Guatemala presents a particularly complex picture for improving income generation in rural areas. Access to land and credit is highly problematic; poor education and lack of skills training leave many rural men and women with limited options to enter the formal economy. Guatemala's tremendous inequity can be seen in income distribution and access to land. The 10% of the population in the highest income bracket earn 44% of the income, while the 20% with the lowest incomes, earn only 2% of the total national income. About 2.5% of the 5.3 million farms in the country hold 65% of the total available agricultural land while only 16% of the land is cultivated by 88% of the smallest farms.

Particular attention to women will be required to begin to bridge the income gap across gender lines. Employment of women through individual microenterprise and agroindustrial activities is limited in rural Guatemala. While some projects have focused on increasing women's earnings, too little attention has been paid to women's abilities to control family income which is important to reducing gender discrepancies in status and participation.

The poor are chronically hungry and unable to meet their basic nutritional requirements. The chief cause of malnutrition in Guatemala is chronic poverty, i.e., the lack of adequate economic opportunity either to produce sufficient food or exchange labor for the income to purchase sufficient food. It is estimated that half of all Guatemalans cannot afford a "basic food basket". This situation is even worse for those Guatemalans, mostly indigenous, who live in the western highlands region. Over half of the people in this area cannot satisfy their nutritional requirements even by using their total income to purchase food. It is estimated that the poor in Guatemala spend about 70% of their total income to purchase basic foods, which are often of low nutritional value. The 1995 DHS found that 50% of Guatemalan children under five years of age suffer from chronic malnutrition (height/age), resulting in stunted growth; in the Northwest region the rate is 70%, with 41% suffering severe malnutrition. Children of indigenous families are nearly twice as likely to suffer chronic malnutrition as Ladino children (68% versus 37%).

The poor, especially the indigenous and girls, have very limited access to basic education. Only about 40% of Mayans presently have access to formal schooling (versus nearly 75% of Ladinos). The average number of years of schooling for Mayans is 1.3 years, compared to 4.2 years for the non-Mayan population. This statistic is even more overwhelming for Mayan girls, for whom the average length of schooling is less than one year. Despite having had a National Bilingual Education Program (recently elevated to the level of a General Directorate), less the 15% of the indigenous school age population has access to bilingual/ intercultural education (1991). The national program is presently fully operational in only about 400 of the total 800 BEST project schools in the 4 majority languages (Mam, Kaqchikel, Q'eqchi'. and K'iche'); that is, a complete bilingual curriculum is offered for the first 4 grades). In the remaining 400 bilingual schools, a pre-primary program is offered in nine minority languages as well as the four majority ones.

The three-pronged approach underlying USAID/G-CAP's poverty reduction SO will expand economic opportunities for the poor in selected areas by: (1) increasing productive incomes for the rural poor by expanding access to credit and training and strengthening intermediary organizations; (2) providing access to food for the highest risk populations through targeted food aid programs; and, (3) improving the quality and coverage of bilingual, intercultural education as a way of enhancing the capacity of the education sector to prepare children, for active economic and political participation in a multicultural and multilingual society.


POVERTY IN GUATEMALA
EXTREMELY POOR
POOR
LESS POOR
DEP. BOUNDARIES
PETEN
HUEHUETENANGO
ALTA VERAPAZ
QUICHE
SAN MARCOS
BAJA VERAPAZ
TOTONICAPAN
QUETZALTENANGO
SOLOLA
GUATEMALA

c. Results framework description

Each of the planned Intermediate Results (IR) is critically important to the strategic objective, and although the distinct USAID assisted interventions under each IR will not necessarily all be targeted on the same communities or families, they form part of a multi-donor and GOG effort to achieve these results throughout the target region. Economic opportunities will differ from community to community, and similarly our assistance will depend on local needs and the development parameters present -- natural resources, type of soil, roads, location of markets, supply of credit, and access to food and basic education. The SO principally targets women and the indigenous.

Over the past 40 years, USAID has supported the development of models for improved land use, sustainable agriculture, poverty lending, and microenterprise development in Guatemala. These activities have been implemented through public sector agencies, farmer cooperatives, and local and international NGOs, primarily in the Northwestern highland region and in the Petén. As successful as these efforts have often been, new models and expanded outreach are required to have a greater impact on reducing poverty and hunger. The number of local organizations has expanded rapidly recently, but they often have weak service delivery capability and uncertain sustainability. Activities under the IR 1 (income generation) will strengthen intermediary institutions to assure an efficient supply of training, credit and technical assistance to their associate organizations or individual members.

As part of its strategy to combat poverty, the GOG is developing a National Food Security Policy aimed at assuring Guatemalans physical and economic access to food to satisfy basic nutritional requirements. The most important purpose of this policy is to reduce malnutrition. The GOG General Secretariat of Economic Planning (SEGEPLAN), will coordinate the implementation of the food security policy, and USAID-supported activities under IR 2 (access to food) are designed to complement this policy.

Problems of food availability, access and utilization are difficult to resolve without strong, local institutional support. Community organization and participation were difficult, even dangerous, during the years of armed conflict. Renewed participation must be encouraged, as well as an active role for municipal governments, local NGOs, women's associations, and other community groups.

USAID's strategy addresses many of the constraints that cause continuing poor access to intercultural bilingual education, especially by rural Mayan girls and boys. IR 3 (access to bilingual, interactive education) will contribute to capacity-building in the following areas: training of intercultural bilingual educators; developing and applying appropriate classroom methodologies and materials; reducing barriers to girls' education; involving parents and community members in education decision-making; and, improving policy decisions and coordination of intercultural educational programs.

The following is a description of each of the anticipated intermediate results:

(1) Intermediate Result: Incomes of rural poor increased

(a) Description

There is virtually no source of commercial financing available for investments by the poor, especially women. A number of organizations provide technical assistance to improve agricultural and microenterprise production, and training to increase the skills of the poor to meet the demands of Guatemala's expanding economy. However, the outreach of these programs which aim to increase the incomes of the poor is still very limited. Access to services is especially problematic for the poor in remote areas, for women facing additional cultural barriers, and for those most affected by the armed conflict, including refugees and displaced persons.

Under this IR, USAID will fund innovative credit mechanisms which will deliver small loans to rural poor engaged in small-scale economic activities, both off-farm and on-farm. Further, USAID will engage NGO partners and other training institutions in developing training programs in skills for which there is a proven demand. Activities which aim toward assuring the continued capacity of community and intermediary organizations to provide financial, technical and training services, will also be a focus under this IR.

(b) Lower level results and illustrative approaches

* *Increased access to credit for micro-entrepreneurs and small scale farmers.* Few services are provided by the formal banking system to Guatemala's many rural poor. In 1995, 85% of loans from the banking system were for at least Q100,000 ($17,000), and 86% of these loans were made in the Department of Guatemala (dominated by Guatemala City). Only 13% of the loans were for agriculture, and these were for large export activities. USAID will encourage our NGO partners to design and implement creative credit mechanisms by funding proposals through a program of competitive "innovation grants". Proposals that are likely to increase the access to credit for Mayans and women microentrepreneurs and small-scale farmers will be particularly sought for funding.

* *Increased access to basic skills training*. Due to the past gross under-investment in education in Guatemala, much of the population lacks the basic skills required to become productive. Skills training is viewed as a critical intervention to assist poor populations become productive members of society and be able to increase their access to the factors of production.

Intensive investment in skills training is needed to assure that the rural poor can provide goods and services for growing communities or take advantage of new employment opportunities and move away from land based activities. A network of training institutions already exists in Guatemala, and resources could be effectively employed to assist the poor to take advantage of this system or new training opportunities offered by NGOs. Training could be associated with a needs analysis carried out by a training institution such as (INTECAP) and the local private sector with the participation of NGOs experienced in skills training.

USAID will be involved directly in this area through its Special Objective activities in support of the Peace Accords as part of the demobilization/reinsertion process. Through this experience and additional analysis, further consideration will be given to expanding USAID support for basic skills training for the poor, on a highly targeted basis.

* *Strengthened intermediary and community based organizations*. USAID will focus on improving the institutional capacity of rural credit organizations and credit unions, communal banks, as well as non-governmental lending organizations. USAID will assist established organizations and the national development bank to expand their outreach and provide assistance. USAID-G/CAP's experience in Guatemala has shown that intermediary organizations can provide the technical assistance needed by their associates and members, expand their lending operations, and reach rural areas that the formal banking system cannot yet cover.

Technical assistance and operational support will be provided to help non-governmental organizations to prepare self-sustainability analyses, to improve service delivery planning and pricing, and to strengthen their accounting and administrative systems. Funds may also be provided to support purchase of equipment and supplies, and other operational costs required to expand NGO services to the poor. USAID in the past has also provided capital to various microenterprise credit funds which allowed these intermediaries to tap direct commercial bank financing. Training will also be available to empower the poor to participate in project planning and implementation, and in directing organizational affairs.

(2) Intermediate result: Improved access to food for the extremely poor participating in food aid activities

(a) Description:

The food access component of this Strategic Objective aims at increasing access to food for rural poor families through mother/child health programs, income generation and agricultural activities, and by strengthening their capabilities in local self-governance. This component of the strategy is carried out through the PL 480 Title II program in collaboration with the NGOs which implement food assistance, and is highly "targeted", on communities and families in extreme or severe poverty.

The intermediate result of "Improved access to food" addresses food utilization in the household by focussing on changing the family feeding patterns to increase the consumption of more calories by pregnant and lactating mothers and children under 36 months of age. Also, food utilization will be improved by focusing on the causes and treatment of malnutrition, diarrhea, and acute respiratory infections. The construction of latrines and potable water systems will also improve food utilization by diminishing the exposure to water borne diseases. Improved food availability and utilization will also result from the promotion of family gardens, as a way to increase household production and diversify the household nutrient base. Food availability will be supplemented by increased agricultural production, through resource conservation techniques, the provision of credit, and the sale of excess production. Food availability will also come through the direct provision of Food For Work rations for road and bridge projects. In some cases these lower level results also contribute to Intermediate Result 2.

(b) Lower level results and illustrative approaches:

* *Improved health and nutrition practices among participants.* PL 480 Title II program participants will receive health and nutritional education in the areas of: weaning practices; prevention and management of diarrhea; management and referral for acute respiratory infections; immunizations; and the use of modern family planning methods; as well as direct food distribution and consumption.

* *Improved sustainable agriculture practices among participants.* This result will be achieved through training of participants in the management of their natural resources, improved agricultural technologies, and access to credit and savings. It will be a participatory process of improving knowledge of the participants, and changing their practices towards the rational use of their natural resources and the generation of family income. Activities will include soil and water conservation, integrated pest management, agro-forestry and animal husbandry and

marketing of surplus food stuffs.

* *Greater women's participation in small economic activities*. This result will be addressed by providing credit to low income women in rural communities, improving agricultural production and post harvest storage, financing micro-irrigation systems, and production and selling of artisan products. This effort focuses on increasing participants' access to food via increased incomes.

* *Strengthened community based organizations*. Community organizations will be formed and strengthened through participation in planning and construction of small-scale infrastructure projects, including drainage and sewage systems, walkways, communal garbage treatment, and public water systems. Participants will also receive basic sanitary education and training to maintain the systems or projects, and committees to further community training in health, sanitation and system use will be established.

PL 480 Title II food aid assistance will be provided through NGO cooperating sponsors, focusing their programs primarily in the Northwestern region. Each sponsor has considerable experience managing food aid programs, and has already begun the process of moving program focus toward the target region. The cooperating sponsors have well established counterpart relationships with both public sector and non-governmental organizations. Coordination with IR 1 activities will ensure that as the food aid community and/or microenterprise organizations grow they will have access to the intermediary lending organizations for technical assistance, training, credit and marketing information.

(3) Intermediate Result: Improved quality of and expanded access to intercultural bilingual education

(a) Description

The goal of the education component of this strategic objective is to increase the capacity of the education sector to prepare children, especially those living in poor rural communities, for active economic and political participation in society, a society that is pluricultural and multilingual. The education activities financed under the objective will improve the quality and coverage of intercultural bilingual education. The principle focus will be on children at the pre-primary and primary levels, with a secondary focus on children in grades 7 through 9. Particular attention will be paid to reducing the gender gap in girls' enrollment, participation in the classroom and completion of primary school.

Despite the Constitutional underpinnings of

multilingualism, the government has made limited progress in expanding access to and improving the quality of bilingual education in rural Guatemala. The 1995 Accord on the Rights and Identity of the Indigenous Peoples emphasizes the importance of bilingual education. The education programs financed under this SO will address many of the constraints that cause continuing poor access to bilingual intercultural education. The multi-pronged approach will lead to increased Guatemalan capacity to provide appropriate education, especially to the disenfranchised rural Mayan sector and girls.

(b) Lower level results and illustrative activities

* *Intercultural bilingual educators are better prepared*. The greatest drawback to the national intercultural bilingual education program is the severe lack of teachers who are specifically trained to work in an intercultural bilingual setting. There are 30 normal schools that prepare urban primary teachers and 6 that prepare rural teachers. The existing rural teacher training program does not produce teachers who have the multiple skills and competencies to confront problems arising from the multicultural, multilingual context where they are assigned to teach. Guatemalan teachers do not have the training to reduce gender stereotypes and biases in the classroom. In-service training programs (such as the "quality circles" promoted under the BEST Project) may provide a viable model for continuing education - however, they cannot meet the critical demands for more bilingual educators.

USAID will support both pre-service training in bilingual normal schools and in-service training activities, based on participatory analyses of current models. USAID/G-CAP's potential partners include private universities, NGOs, women's associations, indigenous organizations and community leaders. Other illustrative activities that could be financed under this result may include: the design of a pensum of study that fosters interculturalism and increased bilingual language proficiencies, cultural knowledge, gender equity and pedagogical competencies as well as hands-on experience with innovative teaching strategies and practices. In terms of in-service training, the USAID program will support cooperative teacher training methods such as peer coaching, peer supervision, and cooperative curriculum development.

* *Appropriate classroom methodologies and materials are developed and applied*. The Ministry of Education's General Directorate of Bilingual Education (DIGEBI), selected NGOs and the government's new community-based education model PRONADE (National Program for Educational Self-Management) are the principle mechanisms for expanding intercultural bilingual education. The BEST Project's field interventions (Girls Education, Nueva Escuela Unitaria - NEU, and bilingual education) lay a critical foundation for this result. To achieve this result, USAID will provide technical assistance in training to strengthen and disseminate a strengthen intercultural/bilingual curriculum. USAID will also provide technical assistance to address gender and ethnic inequity. Finally, during 1997, USAID will support the Ministry of Education and other NGO partners to conduct a participatory stock-taking of the NEU, bilingual education and girls' education pilot activities to identify lessons learned and adjustments that should be made

prior to further expansion.

* *Parents and community members involved in education decision-making*. Greater empowerment and participation of parents and community members, especially women, in educational decision-making is critical to increasing school enrollment and retention rates, as well as improving the relevance of the school curriculum. USAID will finance the development of materials and methodologies to help teachers, trained in intercultural bilingual instructional methods, to facilitate the participation of parents and community members.

Under the Ministry's new policy to involve parents in the selection of teachers, community members will need to work with the normal schools to develop entrance and exit profiles for teacher candidates, as well as on issues of teacher recruitment and support. The role and performance of the school supervisors will also need to be redefined in order that they better respond to genuine community and school interests. This will require the training of supervisors and school principles in instructional leadership, educational administration, school management, community participation, and innovative intercultural bilingual methods.

* *Improved policy decisions and coordination of intercultural bilingual education programs*. To a large extent, policy-making related to intercultural bilingual education and girls' education has been ad hoc in nature. DIGEBI now functions as an island, without a strong voice in national policy-making. Civil society groups have an even lesser voice. USAID will support activities that promote the advocacy role of civil society groups to influence educational policy-making. Various NGOs and other non-formal associations will be supported in efforts to develop and respond to the social and policy changes needed to elevate intercultural bilingual education to a level of greater national importance.

Other activities that USAID may finance include innovative professional development programs (both pre-service and in-service) and activities to strengthen the effectiveness of the Girls' Education Association. Depending on resource availability, USAID may also provide university scholarships for intercultural bilingual specialists to ensure greater national capacity and expertise in policy formulation, applied research, administration and curriculum development.

d. Critical Assumptions

Sustained higher rates of economic growth are absolutely essential to increase employment and incomes if Guatemala's high poverty rates are to be reduced. For example, in order to achieve by 2000 the per capita income level previously attained in the peak year of 1980, real economic growth would have to exceed 7% annually, over the next four years. We assume that the activities proposed under this SO will contribute generally to overall economic growth, and in particular will benefit those segments of society who are relatively more poor.

Other critical assumptions are that the land tenure situation will gradually improve over the medium term and that Guatemala will continue to experience a sufficient degree of security in rural areas, so that productive activities and associated investment, training and credit programs are able to operate. Further, it is assumed that GOG and/or other donor resources will be available for infrastructure construction and additional capitalization of credit funds to complement USAID investments.

In order to achieve the intermediate result for improved access to food for the extremely poor, it is essential that the NGO cooperating sponsors receive the GOG counterpart funds budgeted to carry out all activities. Also, it is assumed that the total tonnage approved for direct distribution and for monetization will not be significantly reduced.

Finally, a fundamental assumption underlying the education results package is that the GOG will increase its investment in the education sector, at least to the level of its commitment under the Socio-economic Accord. Secondly, it is essential that the GOG undertakes the educational reform process described in the Peace Accords, especially as it relates to intercultural bilingual education and girls' education. A third key assumption is that NGOs, communities and other civil society groups can work with the government, and assume a larger and more concrete role in promoting policy and curriculum changes to enhance the quality and coverage of bilingual education.

e. Unifying Themes

Inclusion: As described throughout this section, this strategic objective is specifically designed to address issues of inequity and social exclusion in Guatemala that underlie the prevailing poverty. The activities under this strategic objective, while not excluding attention to others, are specifically targeted towards women and the indigenous population. Because the situation of girls and women in rural Guatemala is especially critical, this SO will use a gender focus to promote women's economic opportunities and empowerment. This focus is based on the fact that women do not act independently in rural areas; they are in important relationships with men which influence their ability to engage in and benefit from microenterprise and training/education programs. The gender focus will include both men and women in activities, with the primary goal of improving access to economic opportunities. USAID/G-CAP will enhance women's access to credit and income generation, improve their capacity to raise healthy and adequately nourished children, and increase girls' enrollment and completion rates in primary school.

Further, because the indigenous in Guatemala are so universally poor, the SO will also promote a Mayan focus. Compared to Ladinos, Mayans are poorer and hungrier; they attend school fewer years and have lower enrollment rates. These statistics reflect the fact that the Guatemala's development has not responded adequately to the socioeconomic, cultural or education needs and interests of indigenous communities.

Local Empowerment: The GOG's centralized systems (especially in education) are insufficient, inefficient and qualitatively deficient; they are also inequitable and disarticulated with the majority of indigenous communities. Community participation in decision-making, implementation and evaluation processes is highly limited. The various activities contemplated under this strategic objective are directly targeted at increasing local control over their development agenda. The food aid program dedicates considerable attention to formation of local organizations that manage food distribution activities as well as income generation activities like communal banks. Efforts under the intermediate result to strengthen cooperatives and other local level service delivery organizations recognize that local control over resources is the most effective way to assure long-term viability and impact. Finally, a key element of the mission's basic education strategy is to support the GOG's commitment under the Peace Accords to grant greater community control over their schools, including teacher selection, definition of school calendar, and selection of curriculum content.

f. Development Partners

USAID G-CAP is relying on the IMF, World Bank, and the IDB to take the leadership roles in supporting Guatemala's efforts to maintain macroeconomic stability and pursue further structural and sectoral adjustment measures designed to improve economic performance over the medium term. With limited and well-targeted technical assistance, USAID will continue to complement the IFI programs by helping Guatemala upgrade its tax system and improve its public utility regulatory framework.

Given the broad nature of this strategic objective, USAID will work with a wide variety of development partners. Though USAID has had a highly successful experience working in the past with cooperatives, established NGOs, and credit intermediaries, we will expand our contacts to a wider group of partners. Some of these potential new partners may require specific support to overcome organizational weaknesses. Examples of USAID-supported successful programs, such as Génesis Empresarial (which directly accesses private bank resources and covers its costs) and of the Credit Union Federation, which has eliminated the need to depend on outside resources by aggressively promoting member savings, will serve as models for other entities to be supported under this SO. USAID will also continue to work closely with the GOG National Development Bank (BANDESA) and with the National Coffee Association (ANACAFE) in carrying out poverty program initiatives.

USAID has established highly effective relationships with the four cooperating sponsors managing food aid assistance, and will continue to work with these US PVOs over the period covered by this plan. USAID also closely coordinates its food aid activities with the UN World Food Program and with the GOG Planning Secretariat which is charged with developing a national food security policy and action plan.

In the education sector, the Government of Guatemala and a group of more than ten donor agencies have organized, during the past several years, a

continuous mechanism for dialogue and coordination. The donor group meets monthly and the GOG attends on an as-needed basis to deliver and/or receive critical information. Although the Ministry of Education has demonstrated limited capacity to reform itself in the past, the GOG has strongly stated its intention to improve access to primary education in the short-term, and has established PRONADE to channel resources and concrete decision-making responsibility to the community level. USAID and other donors (especially the World Bank and the IDB) will support PRONADE - with a particular focus on expanded access to quality education. By the year 2000, PRONADE is expected to be functional and serving 250,000 children.

g. Measuring Achievement

Achievement of the SO will be judged by improvements in at least two key indicators upon which USAID-financed activities will have an impact in concert with the GOG and other donors; a third indicator will be added in 1998 or 1999, if possible.

(1) Human Development Index. The human development index (HDI) is a summary measure of living standards published annually by the United Nations Development Program (UNDP). It is a composite of life expectancy; educational levels (literacy and average years of schooling) and income (GDP). The HDI allows countries to track their progress over time relative to other countries. The HDI has not changed since 1992 and has dropped by only 8 points since 1970. (Baseline 1995 = 112 out of 170 countries; 1997= 110; 1999 = 108; 2001 = 106).

(2) Childhood Malnutrition (Male/Female/Total). Chronic childhood malnutrition (height/age of children <5 years of age) is generally accepted as a sensitive proxy measure of economic status, especially among the poor. The 1995/96 Demographic and Health Survey (DHS) is used as the source for the baseline data; the 2000 DHS will provide the data to measure achievement of the targets for both the national level and selected Departments of the Zonapaz for which data are available and where the USAID food aid program is active. (NB: 1995 baseline data are provided here; in each case the target is set 10% below the baseline figure. National=49.7% to 44.7%. Quiche=69.9% to 62.9%. Huehuetenango=69.9% to 62.9%. San Marcos=63.8% to 57.4%. Chimaltenango=60.9% to 54.8%. Alta Verapaz=56.2% to 50.6%).

If feasible, USAID will also employ a **living standards measure** (desegregated for men and women) to monitor changes in economic opportunity in our targeted geographic areas. Guatemala currently has no data that can reasonably be used as a baseline; if USAID can leverage donor co-financing, Guatemala may conduct a national household survey in 1998 or 1999. While too late to be useful in the short term to monitoring SO performance, the survey could be repeated at the end of the SO (8 to 10 years from now) to give a more complete accounting of USAID's performance over the life of the SO.

The following indicators are contemplated for measuring the achievement of the Intermediate Results. In some cases, the indicators are considered tentative. Annual targets have been set for at least one indicator for each of the three IRs.

IR 1: Incomes of the rural poor increase.

Indicators of achievement of this Intermediate Result, baselines, and targets will be fixed after NGO implementing organizations are selected. Possible indicators include:

- Increased value of agricultural production of USAID-assisted farmers (Male/Female; Mayan/Ladino)

- Increased value of production of USAID-assisted microentrepreneurs (Male/Female; Mayan/Ladino)

- Percent of persons receiving USAID-funded skills training who are employed (Male/Female; Mayan/Ladino). Target: 80% of trainees employed within 120 days of training.

- Amount of credit provided to USAID-assisted producers. (Male/Female;Mayan/Ladino)

- Percentage of intermediaries, cooperatives, NGOs, women's associations and other USAID-assisted organizations which cover their own operating expenses. (Joint with IR 2). Target: 1998-15%; 2000 30%.

IR 2 Improved access to food for the extremely poor participating in food aid activities

The following are indicators used by the Cooperating Sponsors that manage the PL 480 Title II program in Guatemala. USAID will select from among these indicators or assist the Cooperating Sponsors to develop new ones.

- Improved nutritional and hygiene practices within the participating families. Target: 80% of participants.

- Increased supply of locally produced staples in participating families

- Increased profitability of small economic activities owned and operated by women assisted by USAID.

- Temporary employment provided resulting in increased food access (Male/Female/Total). Target: 1997 - 37,805 (Total); 1998 - 38,300; 1999 - 38,875; 2000 - 39,375.

IR 3 Improved quality of and expanded access to intercultural bilingual education.

The geographic focus of this IR has not been established, making difficult the task of reporting on baseline data and setting targets. In some cases, even without the baseline data, targets have been set based on prior experience in Guatemala.

- Increased pre-primary and primary enrollment in target schools (Male/Female). Target: tentatively set at 4% increase per year.

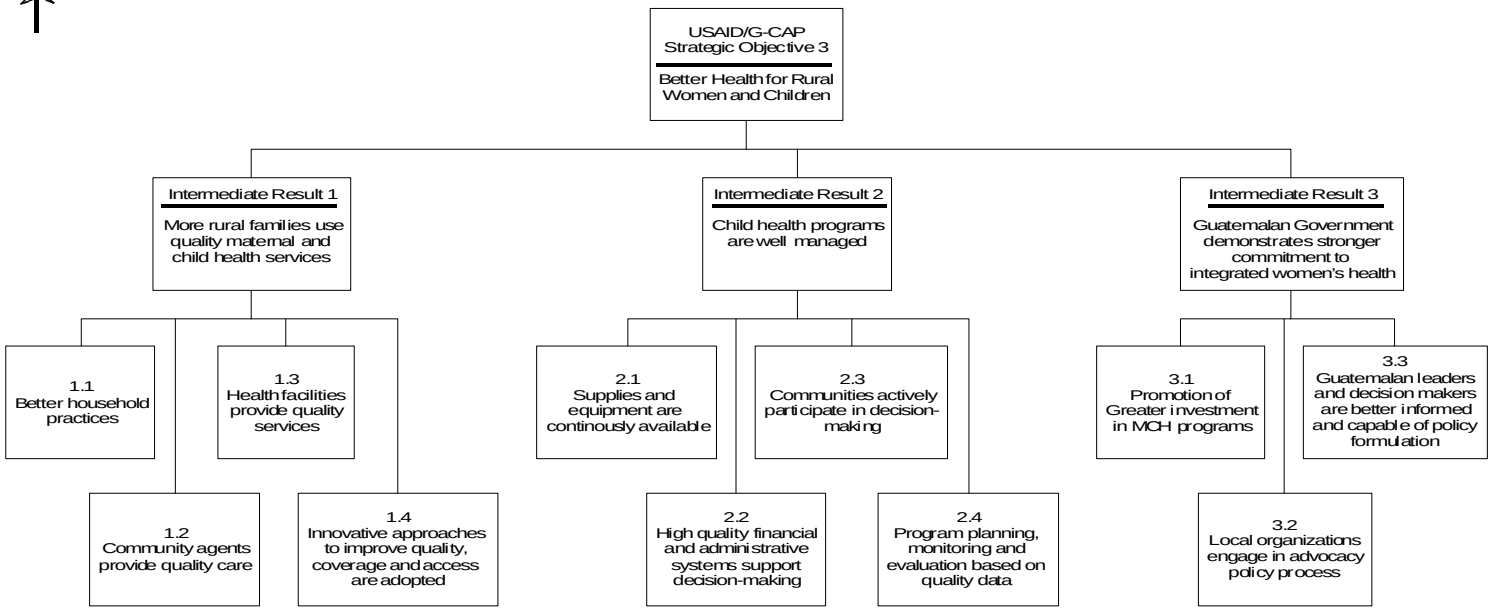
- Increased primary completion rates in target schools (Male/Female).

- Increased upper grade enrollment in target schools (Male/Female). Target: tentatively set at 2% per year.

- Percent of schools in target areas meeting quality standards.

- Rational educational policies in place.

Results Framework



3. Strategic objective: Better Health for Rural Women and Children

a. Introduction

(1) Vision

The long term goal of the strategic objective, Better Health for Rural Women and Children is to improve the health status of Guatemalan women and children throughout the country and, by focusing efforts on selected Departments of the highlands region, to bridge the enormous gap between rural, Mayan populations and the rest of the country.

The essence of the USAID/G-CAP strategy in Guatemala is to turn the traditional top down development approach around to involve directly the beneficiaries of interventions in project design, monitoring and evaluation. The ultimate customers will help define the kinds of services desired and actively participate in determining how those services should be provided. This represents a substantive change for USAID/G-CAP. For the past ten years, USAID has had two principal partners in the health sector: the Ministry of Health and APROFAM, the Guatemalan affiliate of the International Planned Parenthood Federation (IPPF). The focus of USAID assistance has been on institutional strengthening, with a secondary focus on community health and almost no attention to family health and gender issues. The new strategy lays the foundation for expanding the circle of partners to local NGOs, US PVOs, and the lower levels of the health system (health areas and districts). All partners will emphasize local needs and expectations for preventive and curative health services and USAID will facilitate partnerships among providers to address issues of poor service quality and coverage.

In the past, USAID carried out large national programs with the Ministry and APROFAM. The new strategy will continue to provide some national level support to improve the public sector's capacity to deliver services at all levels (for example, in immunization programs, financial management, logistics, provision of contraceptives and information systems). However, the major thrust of the new strategy is a geographically targeted approach in which innovative local solutions can be designed and tested before making substantial investments. Using mutually agreed upon selection criteria, USAID and the Ministry of Health have selected the following Departments: Totonicapan, San Marcos, Quetzaltenango, Solola and Chimaltenango. The selection criteria included: availability of other donor support; maternal/neonatal/infant mortality; presence of USAID pilot/demonstration projects that could be scaled up; and interest of potential partners (including local NGOs) to implement the new USAID strategy. Depending on projected resource levels, USAID/G-CAP will consider adding one additional department in the out years of the strategy. Through this more geographically targeted approach to promoting more equitable access to quality services, USAID and its partners expect to reduce significantly the disparity in health statistics between Mayans and Ladinos. 1995-96 data show marked urban/rural differentials on almost all health

indicators. For example, the total fertility rate in rural areas is 6.8 while in urban areas it is 3.8. Similar differences prevail for mortality statistics, prenatal care, intra-and post-partum care and many other health statistics. Other donors are expected to support similar Maternal and Child Health programs in other geographic areas. For example, the European Union has already begun to replicate the USAID model to reducing maternal mortality in 4 to 6 additional Departments.

USAID/G-CAP has developed a new approach that begins with a strong customer focus, a Mayan focus and a gender focus. Based on substantial customer and partner consultations, USAID/G-CAP has reviewed the lessons learned over many years of working in Guatemala and other developing countries. Despite best intentions and even competent service provision, no program of health and family planning services can succeed without knowledge of and sensitivity to cultural factors. The client focus implies a change in the offer of service from what suits the provider to what is necessary to reach the intended customers. Most often a client focus leads to increasing the dimensions of quality in the service beyond purely medical elements to include socio-cultural elements. A stronger Mayan focus requires an understanding of the history, fears and values of rural, Mayan families. Gender focus means that providers are aware that women do not act as sole agents in rural Guatemala, but rather their relationships to men influence their liberty to act on their own or their children's behalf. The gender focus will include both men and women in activities, with the goal of improving family health.

(2) Linkages with Guatemala's Health Sector Objectives

During the first nine months of its administration, the Arzú Government developed a series of documents and plans that set the stage for the period 1996-2000. Social sector reform figures prominently within the Government's overall strategy. The Government plan of action reflects an increased commitment to improve the quality of life of Guatemalan families and women, especially those living in extreme poverty. The recently signed Accord on the Socioeconomic and Agrarian Situation contains specific targets for reducing maternal and infant mortality by 50% by the year 2000. The Accord also calls for a redistribution of public expenditures in the health sector toward preventive care. The Ministry of Health (MOH) recently released plans to implement a new nationwide community health model based on some of the principles of primary health care. At this point, these steps are purely conceptual; that is, the government rhetoric to promote better health for women and children far outfaces any concrete action to reduce mortality, especially for women. Nonetheless, the USAID/G-CAP strategy is fully supportive of the government's emphasis on primary health care, especially maternal-child health.

During the 1996-2000 period, the MOH is initiating a health sector reform with support from the Interamerican Development Bank (IDB). The health sector reform addresses hospital inefficiency as well as the poor coverage of primary health care services at the community level. The MOH has identified seven key policy areas: 1) modernization and integration of the health sector; 2) improved coverage

and quality of basic health services; 3) improved hospital management; 4) health promotion; 5) increased coverage of basic sanitation and potable water services; 6) social audit and social participation in health services management and; 7) coordination of international aid. The MOH considers USAID/G-CAP as a key development partner, especially in the areas of coverage/quality of health services, health promotion, and social participation.

(3) Cross-Sectoral Linkages

The achievement of this SO supports the Mission's bilateral environmental objective. Reduced fertility and population growth, especially in rural areas, are critical to the sustainable protection of Guatemala's shrinking natural resource base. This objective and the Mission's democracy SO are mutually reinforcing through their shared focus on enhancing the capacities of selected civil society groups and NGOs to promote individual rights, especially women's rights, and on improved local capabilities to manage social services delivery. The poverty reduction SO, on the other hand, will contribute to the achievement of this SO over the long term. Educated women have been shown to have better health outcomes (lower maternal and infant mortality, lower fertility, and greater use of services). The Mission's poverty reduction SO through the food aid program's maternal and child health activities and efforts to increase family income also contribute to enhancing health outcomes of rural families. Finally, the Peace Special Objective will facilitate delivery of health services in the country and will increase GOG resources allocated to the health sector.

b. Analysis of the Development Problem

Unlike many other Latin American countries, Guatemala has yet to experience the demographic and epidemiological changes that are known as the health transition. The population is young, growing rapidly and still primarily rural. A recent World Bank survey shows that approximately 75% of Guatemala's people live in poverty and over 55% of the population lives in extreme poverty and isolation in rural areas.

Despite a 40% reduction over the past 20 years, Guatemala has the highest infant mortality rate in Central America and one of the highest in the hemisphere. According to the 1995/1996 DHS/ENSMI, the infant mortality rate for Guatemala is 57 per thousand live births. It is important to note that although infant mortality has decreased in both urban and rural areas since 1987, the bias against rural areas has not improved (1987: 65/85 and 1995: 45/63). In all areas of the country the rate is higher among rural populations and even higher in the Mayan areas (63 and 64, respectively). Moreover, approximately half of the infant mortality in the country occurs in the neonatal period (first 28 days of life). Pneumonia causes about 19% of infant deaths and diarrheal disease another 17%. Approximately 70% of the deaths of children aged 1 to 4 years are due to the preventable causes of acute respiratory infections (ARI), diarrhea and malnutrition.

Only 42.6% of children under one year are fully immunized (DPT, polio and measles). It is important to note that although the coverage rate is still low, there has been a narrowing of the gap between Mayan and Ladino groups between the previous DHS/ENSMI in 1987 and the 1995/96 survey: 18%/29% and 39%/45%, respectively.

Guatemala has the highest percentage of malnourished children in Latin America. In contrast to most other countries, nutritional conditions have not improved significantly in the last 8 years. According to a 1995 DHS/ENSMI, 26.6% of children under the age of 5 years were underweight (suffering from a weight-for-age deficit), compared to 33% in 1987. Stunting (height-for-age deficit) was found in 49.7% of children nationwide in 1995 and eight years ago, in 1987, stunting was 53.9%.

Guatemala has consistently reported very high maternal and perinatal mortality levels. The 1995 DHS/ENSMI produced a maternal mortality ratio of 220/100,000 live births using the sisterhood methodology. The Ministry of Health's own estimate (based on a record study for the same time period) estimated the maternal mortality ratio to 248/100,000, very similar to the DHS/ENSMI figure. In most rural areas, especially among Mayan women, maternal mortality is notably higher than in urban areas. For example, the maternal mortality ratio in the predominantly indigenous Departments of Sololá and Totonicapan is 446 and 289, compared to 84 in the Department of Guatemala.

The majority of women in rural areas of Guatemala give birth at home with the help of a traditional birth attendant (TBA). The 1995 DHS/ENSMI data found that over 65% of all Guatemalan women deliver outside of health facilities. In the highlands, almost 90% of the deliveries take place in the home and are attended by TBAs. Coverage of tetanus toxoid is very low in all areas of the country (TT2 is 37.9%). According to a recent national nutrition survey over forty percent of lactating women suffer from anemia.

The results of the 1995 DHS/ENSMI found that, on average, married women would like to have 3 to 4 children (Ladino women stated 3.0 /Mayan women stated 4.8). However, many women are having more children than they would ideally like to have: the national average is five children; for Mayan women, it is 6.8 children. The 1995/96 DHS/ENSMI demonstrates there is a 57% unmet demand for family planning services, emphasizing the need to increase access to family planning information and services. Moreover, only 9.6% of the Mayan women were using any method of family planning, compared to 43.4% of Ladino women.

It is unlikely that most health indicators will improve unless there are fundamental changes in the way both the Ministry of Health and non-governmental organizations (NGOs) approach the problem. To date, most efforts have promoted a western, highly medicalized model of service delivery without sufficient regard for the local cultural context. Most donors, the Ministry of Health and the NGOs have emphasized

facility-based services. Yet, most Guatemalan women and their children have very limited access to health services. The National Institute of Statistics estimates that the Ministry of Health provides health services to only 27% of the population, IGSS 15% and the private sector 12.5%, leaving 45.5% of the population uncovered. Only one third of Guatemalan women have ever had a gynecological examination. Consultation rates are under 1 per person per year in each of the country's 22 departments, compared to the World Health Organization's recommended norm of 2 consultations per person per year. These low rates of service utilization suggest that the services that are being provided are not what is demanded (quantitatively or qualitatively) by the public.

The history of neglect and ill treatment by the health sector has made the Mayan population distrustful and suspicious of health services and health care providers. Strong traditional beliefs about elements of reproduction, women's health and children's health are often in conflict with the health sector's emphasis on modern recommendations or procedures, including family planning methods and drug therapies. Poor service quality from clinics and community health workers - untrained in necessary information, interpersonal communication and referral skills - has given family planning a bad "word of mouth" reputation which has been taken advantage of by religious leaders to instill fear and misinformation regarding contraception. Women suffer from, but are unaware of treatment or prevention possibilities for, reproductive tract infections, cervical cancer, and sexually transmitted diseases. For child health, commercial pressures and non-optimal breastfeeding practices shorten the interval for birth spacing and increase the likelihood of infection, giving early initiation to the cycle of malnutrition and infectious disease in children. Health workers' inadequate interpersonal communication and counseling skills are associated with poor drug compliance and/or delayed use of medical care, leading to elevated child mortality from pneumonia and acute diarrheal diseases.

Under the new approach, service providers, both public and private, will be evaluated on the degree of customer satisfaction with the services delivered and their ability to monitor activities using a set of clearly defined indicators and specific goals. The objective is to continue to support organizations that are able to deliver quality services which are acceptable to the communities in their respective areas. Implicit in this strategy is flexibility incorporating community input as strategies are being implemented and making any necessary readjustments as appropriate. Since rural communities in Guatemala are part of a culturally complex society with a long history of inequality and differential access to all kinds of services, health care providers must improve their ability to provide client oriented services.

c. Results Framework Description

USAID/G-CAP has a long history of providing support to the Guatemalan health sector. During the 1970's, USAID/Guatemala promoted primary health care as a fundamental approach for improved quality and coverage of basic health services, especially in rural areas. The Government of Guatemala and local NGOs

embraced this approach and invested tremendous resources in strengthening community health programs. However, by the end of the 1970's, civil violence had proliferated throughout rural areas. Health promoters were one of various categories of personnel who were targeted as unacceptable agents of social change. Many promoters were killed or disappeared, and rural community health programs became largely inactive.

With the signing of the Peace Accords, Guatemala is embarking on a new, broad-based development model. The Ministry of Health, as mentioned earlier, has set tough targets in maternal and child health and has already announced plans to reinvigorate community health programs, and local and US NGOs are reinitiating community activities. The USAID/G-CAP strategy builds on the renewed governmental commitment and the interest of NGOs, municipalities and civil society groups to enhance access to basic health services. USAID/G-CAP will help the MOH and NGOs to incorporate lessons learned about community health over the past 15 years during which these programs were dormant in Guatemala.

The results framework outlines the strategic approach that USAID/G-CAP and its partners will implement over the next 5 years (1997 - 2001) to improve the health status of rural, mostly indigenous women and children in Guatemala. This approach will promote the development of culturally appropriate models of integrated service delivery. USAID/G-CAP's new health strategy sets out to address aggressively many of the constraints that cause poor access to services, especially among disadvantaged groups such as the rural poor and indigenous. The three intermediate results that USAID/G-CAP and its partners identified as the fundamental organizing principles of the new Strategic Objective "Better Health for Rural Women and Children in Guatemala are: (1) More rural families use quality maternal and child health services; (2) Public and private sector maternal and child health programs are well managed; and (3) The Guatemala Government demonstrates a stronger commitment to integrated women's health.

The extended strategic objective team identified specific approaches (or lower level results) for achieving each intermediate result. For example, the first intermediate result (IR1) "more rural families using quality MCH health services" will be obtained by achieving the four interrelated results of : better household practices; community agents providing quality care; health facilities providing quality services; and innovative approaches to improving quality, coverage and access are adopted.

The second intermediate result, "public and private sector maternal and child health programs are well managed" will be accomplished by developing: improved logistic systems; high quality financial and administrative systems that support decision making; active community participation; and program planning, monitoring and evaluation based on current data.

The third intermediate result, "The Guatemalan Government demonstrates stronger commitment to integrated women's health" requires greater high

level political commitment to this issue. This will be achieved by: promotion of greater investment in MCH programs; local organizations engaged in advocacy and policy process; Guatemalan leaders and decision-makers are better informed and capable of policy formulation; and effective decentralization in the public sector.

As noted earlier, USAID activities related to the first two intermediate results, at the Ministry of Health's request, will focus on five departments of the Western Highland region, with the possible addition of a sixth department if resources permit. The following chart presents a comparison of health statistics for the five selected departments compared to national averages:

TABLE 1

	National	San Marcos	Totonica-pan	Quetzal-tenango	Solola	Chimal-tenango
TFR	5.1	6.3	6.0	4.7	6.0	6.6
MMR	220	195*	289*	208*	446*	205*
NNM	29	29	36	19	42	66
IMR	57	55	72	48	64	90
CMR	79	76	96	62	82	111

DHS Data 1995/1996
* MOH Maternal mortality study 1989

USAID/G-CAP's new health sector strategy sets out to address aggressively many of the constraints that cause poor access to services - especially among the disadvantaged groups such as the rural poor and indigenous. The three intermediate results (IRs) serve as the fundamental organizing principles of the strategy. Each IR and its component lower level results (LLRs) are described below.

(1) Intermediate result: More rural families use quality maternal and child health services

(a) Description

USAID/G-CAP will dedicate the majority of its resources to this intermediate result given its direct relationship to the mission's clients and to the achievement of the SO performance indicators. For the past several decades,

USAID assistance to the health sector has focused on improving service delivery at the facility level, with only a secondary focus on community-based care. Almost no resources have been assigned to changing household practices for improved health. In order to achieve this intermediate result, USAID resources and technical assistance now will be provided simultaneously at all three levels (household, community and health facility) where health care is provided, and will promote greater contact among the levels.

(b) Lower level results and illustrative approaches

* *Better Household Practices*. This lower level result includes improved health decisions and behaviors within the home/family to: a) promote well-being (such as proper breastfeeding or adequate birthspacing); b) prevent certain illnesses (such as diarrhea); c) increase knowledge of danger signs (such as obstetric complications; pneumonia or fever in children); d) encourage use of formal services when appropriate (such as treatment of pneumonia or medical attention for obstetric complications). In Guatemala, the extremely limited contact between women/children and the formal health system means that most health care is actually provided in the home by family members. It is essential that USAID and its partners dedicate more resources to empowering families with the information and skills to make informed choices/decisions that will lead to better health for women and children.

Examples of the activities that USAID/G-CAP will support include formative research to define the specific household practices that should be modified such as inappropriate initiation of breastfeeding or obstetric care seeking behavior (Mother Care; BASICS and local NGOs); and development, implementation and evaluation of information, education, communications (IEC) activities in local languages (Mother Care, BASICS, local NGOs).

* *Community agents provide quality care*. The options that rural families have for seeking care in their communities include stores (that often sell drugs), traditional healers, traditional birth attendants (TBA) and health promoters. This lower level result will be achieved through training and technical assistance to community health agents in the areas of supervision, incentives, community participation, logistics and commodity support, IEC and monitoring and evaluation.

Examples of the activities that USAID/G-CAP will support include assisting the MOH and NGOs to implement the "Sistema Integral de Atencion en Salud" (SIAS) program. This new service delivery model focuses on greater community participation, ownership and accountability of its own health. It emphasizes the potential of the community to provide resources, including promoters and midwives, to help resolve health problems. Others are: refining/scaling up TBA training programs; enhancing the image of the TBAs among the formal health care workers with the MOH through training and orientation; and "re-engineering" APROFAM's 4000 health promoters to improve the coverage and quality of services in rural communities.

* *Health facilities provide quality services*. At the facility level, USAID/G-CAP will continue to work with both the public sector and NGOs at the national level; however greater effort will be placed on defining and meeting client needs and expectations at the health area and district levels. For example, one of the most important activity areas is the integration of vertical programs into more complete/practical packages, both in the area of reproductive health and child health. USAID/G-CAP and it's partners define reproductive health as: maternal health and nutrition (preconception, prenatal, childbirth, postpartum/neonatal and breastfeeding), safe fertility regulation (family planning, infertility and fertility awareness), protection from sexually-transmitted diseases (including prevention, referral and treatment) as well as other reproductive health emphases. Integrated child health includes preventive aspects of care (such as immunizations, breastfeeding and growth promotion) as well as curative care (integrated management of childhood illnesses).

USAID/G-CAP will provide assistance with developing norms/protocols to improve provider competence in both integrated child health and integrated women's health (MOH, IGSS, local NGOs, Mother Care, BASICS); and developing training materials/programs to improve providers' counseling/interpersonal skills, including effectively advising women/caretakers about follow-up home care, including what should be done if complications occur or if the disease episode worsens (MOH, IGSS, local NGOs, Mother Care, BASICS).

* *Innovative approaches to improve quality, coverage and access are adopted.* USAID/G-CAP will finance operations research projects to identify promising, innovative strategies to improve the coverage and quality (including cultural relevance) of services, especially in the area of reproductive health.

USAID/G-CAP will support documentation of lessons learned and the dissemination of research findings so that new strategies can be scaled up by the implementing agency and/or adapted by a new partner (The Population Council); and operations research projects will focus on the three levels of care and the programmatic linkages among them, examples of which include: strategies to improve supervision, especially of community health care workers (both public and private sector); strategies to better educate women and men on using the natural family planning methods at the community level (a need defined by clients); strategies to expand coverage through NGO and public sector partnerships; and cost effective mechanisms for implementing or improving current community pharmacies (The Population Council in partnership with NGOs and health districts/areas).

(2) Intermediate result: Child health programs are well managed

(a) Description

In addition to building the technical and human

capability to deliver culturally appropriate services in Guatemala, the USAID/G-CAP strategy also proposes to improve institutional capacities to manage health programs. This intermediate result is essential for the achievement of the SO within the time frame. Better program management will enhance the likelihood that the SO accomplishments are sustained beyond the life of the SO. As part of the USAID approach to program management, partners will strengthen their research and evaluation capabilities. Managers, health care providers, and community members all have information needs that must be satisfied in order for effective and participatory program planning and evaluation to occur. It is crucial that local participation be a key feature of program design, management, monitoring and evaluation.

(b) Lower level results and illustrative approaches

* *Supplies and equipment are continuously available*. One of the critical issues for quality care and coverage at all levels (household, community and facility) is ensuring that the necessary supplies and equipment are available. These include contraceptives, vaccines, syringes, antibiotics, ORS, micronutrients and other supplies. Good logistics management ensures that the right quantity of the right quality goods are sent to the right place and the right time and the right cost. Without supplies and equipment quality care cannot be provided.

Among other activities, USAID/G-CAP will support technical assistance to improve the ORS distribution system. From 1992 through 1995, USAID/G-CAP provided assistance to the University of San Carlos to develop a local production facility for ORS. This facility, called LAPROMED, produces high quality, low-cost ORS. USAID/G-CAP will continue to support LAPROMED, especially in the area of marketing and distribution so that this life saving product is continuously available where it is most needed - rural communities (LAPROMED, MOH, local NGOs). Also, programs to improve micronutrient distribution and consumption will be supported. Activities are underway to test methodologies for improving the distribution of iron tablets, especially to pregnant and lactating women. (MotherCare and APROFAM). Development of improved systems for getting contraceptives more efficiently and effectively out to health districts and health promoters (MOH, APROFAM and local NGOs) will also receive support under this IR.

* *Improved financial and administrative systems to support decision-making*. Good program managers guide service delivery efforts toward the successful achievement of their planned outputs. The USAID/G-CAP strategy focuses on two parallel processes: a) financial planning based on equity and b) the development and utilization of financial and administrative systems to support program implementation. Program managers need to improve the planning process to ensure that underserved areas have adequate access to quality care. Key to this process is better access to and use of current financial and administrative systems (personnel, inventory, budget, etc.) at all levels - local/district, area and central.

USAID/G-CAP will provide assistance to the MOH to incorporate family planning and reproductive health data into the existing management information system (logistics, personnel, budget, service statistics, etc.); and to the MOH and NGOs (APROFAM as well as others) in the decentralization of the existing management system to the district level.

* *Communities actively participate in decision-making*. The active participation of communities in all levels of programming (planning, design, implementation and monitoring/evaluation) is a proven approach for enhancing the quality and utilization of services at all levels. USAID/G-CAP will support the MOH to strengthen the elements of community participation in the SIAS model and assist APROFAM and other local NGOs to strengthen their community health activities.

For example, USAID/G-CAP will support the adaptation, field testing and application of materials and methodologies developed by NGOs for multicultural settings (such as Bolivia and Ecuador) to support concrete community involvement (problem definition, simple monitoring, etc.) (BASICS, Population Council, MOH, local NGOs).

* *Program planning, monitoring and evaluation based on quality data*. Sound program planning and management are fundamentally linked to information. Managers and technical staff must have access to current information to make decisions about how to operate their institutions and programs. Yet, many institutions need assistance to improve their skills in these areas. The focus will be on the ability to generate data relevant to managers' information needs and to apply meaningfully the results of monitoring and evaluation activities to program planning and management decision-making.

USAID/G-CAP will support partners in the design and implementation of decentralized monitoring systems that support the decision making needs of managers and technical staff (MOH, local NGOs, MotherCare, The Population Council, BASICS); and in the design of manuals, forms and computerized systems (when feasible).

(3) Intermediate result: Guatemalan government demonstrates stronger commitment to integrated women's health

(a) Description

"Policy" in its broadest sense reflects the principles upon which decisions are made and actions are taken. The policy environment not only includes the official policies that are created and enforced by governments, but

also private sector standards/policies as well as the social and cultural norms which, though perhaps unwritten, prescribe actions of people at large. The policy environment includes those factors that influence service delivery that are beyond the full control of program managers. The policy environment affects most functional areas of women's health programs - service delivery, IEC, training, cost/ recovery/sustainability, access, etc.

(b) Lower level results and illustrative approaches

* *Promotion of greater investment in MCH programs and iv: effective decentralization in public sector*. USAID/G-CAP will play a monitoring role in terms of these lower level results which are critical to the achievement of intermediate result 3 and the SO. The activities under these lower level results will be financed by other donors such as the World Bank and the IDB. One activity that USAID/G-CAP hopes to support is the establishment of the National Health Account which will allow us to track lower level result 3.1 - greater investment in MCH programs.

* *Local organizations engage in advocacy policy process*. Policy development will be based on an assessment of the current policy environment in relation to program needs, resources available to develop effective programs, and more importantly on the implementation of the Peace Accords. The Peace Accords call for greater participation by indigenous groups and women. Over the short to medium term, USAID/G-CAP will assist local and grassroots advocacy groups to promote greater political support for women's rights, including the right to access to reproductive health services. Efforts will focus on increasing the number and diversity of local organizations and non-formal associations that have access to technically sound information and the knowledge of how to use this information, so they can contribute to the growth of a positive policy environment.

USAID/G-CAP will assist in the creation of a network of organized NGOs, professional associations, Guatemalan leaders that focuses on integrated women's health. This network will consist of organizations not only interested in, but actively advocating on behalf of, women's participation and improved health status (POLICY Project). Further, USAID will assist in organizing campaigns/materials to support women's participation and human rights, including access to information and services in women's health (POLICY Project).

* *Guatemalan leaders and decision makers are better informed and capable of policy formulation*. Efforts will also focus on increasing the number and diversity of governmental entities, non-formal associations and political leaders that have access to technically sound information on women's health so that they can contribute to the growth of a positive policy environment. This will result in greater high-level political commitment to primary health care, a necessary beginning if Guatemala is to improve women's health indicators at the national level and bridge the gaps between

urban/rural areas and Ladino/Mayan populations.

USAID/G-CAP will support activities such as events for parliamentarians (official or formal conferences or seminars) in order to provide them with more information regarding women's participation, women's current status and women's rights, especially the right to access to quality health services (POLICY Project); and seminars for decision makers and Guatemalan leaders how to identify data sources and use data for policy formulation and implementation (POLICY Project).

d. Critical Assumptions

The two most fundamental assumptions underlying this strategy are that the GOG will increase its support for integrated women's health and effectively decentralize the public sector. During 1996, the Government of Guatemala acquired a social commitment to reduce the country's high maternal mortality problem through the peace accords and committed itself to reducing the problem. To date, however, little has been done, in concrete items to improve women's access to integrated health services. In fact, the Ministry of Health showed declining interest in implementing reproductive health activities through its own Reproductive Health Unit. USAID/G-CAP hopes that the country's divergent postures on women's rights and health can be reconciled in favor of an integrated approach to women's and children's health services. Another key assumption is that the GOG will increase its investment in the health sector, especially in maternal and child health care. A fourth assumption is that NGOs, and other civil society groups can work in "partnership" with the government, assuming a larger, more concrete role in promoting community participation in the design, implementation, monitoring and evaluation of health programs and policy to enhance the quality and coverage of maternal and child health, especially in rural Mayan areas.

e. Unifying Themes:

Inclusion: The Socio-Economic and Indigenous Accords call for greater participation of women in all aspects of socio-economic development. In support of this process, USAID/G-CAP will support the advocacy role of civil society groups in promoting women's rights (especially the constitutional right to determine the number and spacing of children). USAID/G-CAP will base its program on the growing interest among many local organizations, interest groups, and influential individuals to learn how to advocate more effectively for women's and indigenous rights and how to participate vigorously in the national policy dialogue process.

USAID will focus on providing greater training opportunities to Mayan leaders and professionals as well as strengthening Mayan organizations or staff. In this way, Mayan organizations, community groups and other associations will have greater influence in the decision-making processes related to health service delivery, especially in poor rural areas.

Gender issues which complicate health procurement for women and children include machismo, or a sense of fear regarding women's sexuality which is tied to the need to control women's movements. Women are certain of their roles, yet uncertain of their rights within the gender and cultural constraints of their communities. Furthermore, the USAID/G-CAP new health strategy recognizes that the structure of gender roles makes it important not just to empower women, but to enlist the support of men as fathers and partners in family life/health.

Local Empowerment: USAID/G-CAP and its partners will actively involve formal health service providers and managers, the communities and other development representatives in the process of identifying and removing the barriers to access and quality of health care. During 1996, USAID began providing support for the implementation of the MOH "Sistema Integral de Atencion en Salud" (SIAS) program. This new service delivery model focuses on greater community participation, ownership and accountability of its own health. It emphasizes the potential of the community to provide resources, including promoters and traditional birth attendants, to help resolve health problems. In this way, customers have greater ownership of health programs, enhancing the likelihood for longer term sustainability.

In addition, coverage of basic health services in Guatemala is the poorest in Central America. Partnerships between NGOs and the public sector will be an important approach to expanded coverage. Again, the Peace Accords lay a foundation for stronger partnerships among NGOs and public sector institutions to work together to define a relevant and effective national health program for the reduction of maternal and infant mortality. In rural areas, NGOs and MOH health districts have shown their interest and ability to work together to deliver services. NGOs tend to be more effective at the family and community levels than the MOH, but they rely on the public sector facilities as referral sites. The new SIAS model does provide a framework for building partnerships and USAID/G-CAP will strengthen public-private sector linkages to improve the coverage and quality of services.

Poverty Reduction: Guatemala's population is still young, growing rapidly and primarily rural. About half of the population is under 15 years old and only 5 percent is 60 years and over. (The average for established market economies is 19 percent of the population under 15 and 18 percent aged 60 and over). The current age distribution is due to past high fertility rates, which averaged 6.9 during the period 1960-65, 6.1 during the period 1980-85 and 5.1 for the period 1990-95. Guatemala's TFR is exceeded only by Haiti and compares poorly with the Central and South American averages of 4.1 and 3.2 respectively. As a result, Guatemala's population has grown by an average of 2.8 percent per annum since 1980 (significantly higher than the 2.2 percent average for Latin America). At the current rate of growth, the population can be expected to double every 22 years. This is the fastest estimated doubling time in Latin America. By reducing this high growth rate, Guatemala can devote more of its scarce resources to meet the basic needs of citizens.

Reduced fertility and better health for rural families will contribute to poverty reduction in several ways. Healthier children are better school achievers; women who bear fewer children have enhanced likelihood of entering the market economy and elevating their status; families will spend less on health care, thus increasing household resources available for other purposes - including food; and, over the long term, slower population growth will reduce the pressure of domestic investment to expand infrastructure and basic services.

f. Commitment of Development Partners

A number of donors and NGOs are active in the health sector. USAID is by far the lead donor in reproductive health and family planning, with UNFPA playing a small role in dissemination of data and advocacy and European Union working on a small maternal health program (excluding family planning). In other health activities, USAID is joined by the IDB, PAHO, UNICEF, the European Union and GTZ in supporting the expansion of services and improvements in quality. The recent trend for donors to provide geographically targeted assistance is expected to continue. The challenge is for donors to coordinate programs so as not to create islands or fiefdoms within the MOH. Many donors are expected to increase their assistance to the social sectors as a short term response to the signing of the Peace Accords making coordination of financial and technical assistance even more critical.

USAID works closely with a growing number of NGOs. It is committed to assisting NGOs both individually and collectively (through networking and advocacy) to enhance their effectiveness. The NGO sector in Guatemala is remarkably committed to local development, but often lacks the managerial and technical expertise to be fully successful. USAID/G-CAP's new strategy will directly address this situation by enhancing NGO capacities to provide services and to work together - especially to promote greater access to reproductive health. During 1995-96, USAID contributed to the establishment of the Reproductive Health Technical Committee, a loose affiliation of institutions and individuals from both the public and private sectors. This group has been called upon by the Guatemalan Social Cabinet, headed by the Vice President, to provide information that will guide the government's policy development and strategic planning in the area of women's health and development. USAID/G-CAP feels that the role and effectiveness of this working group could be expanded in the future. USAID is also developing plans to support civil society groups to engage more actively in policy development for maternal-child health and women's rights.

g. Measuring Achievement

Five performance indicators will be used to measure success: infant mortality rate; under-five mortality rate; neonatal mortality rate; maternal mortality ratio; and, total fertility rate. By financing a periodic national household health survey, the Demographic and Health Survey (DHS) - known in Guatemala as the National Maternal and Child Health Survey (ENSMI), USAID meets Agency performance reporting

requirements and, at the same time, supports the GOG's need for high quality data for planning purposes. The most recent DHS/ENSMI was conducted by the National Institute of Statistics in 1995-96 and included an oversample of 8 predominantly indigenous departments. The oversampled departments coincide with the Zonapaz, are roughly contiguous with the principle Mayan language/culture groups, and include those departments which are areas of emphasis for the USAID strategy. The 1995/1996 data are being used by USAID as baseline data for this strategy; the GOG is officializing the data for government use. In a few cases, service statistics will be used to monitor trends between national sample surveys and for indicators in IR2 and IR3.

The achievement of results in a sustainable way is contingent on improving health practices, especially in the home, and on strengthening health service delivery, at the community and facility levels. The three intermediate results serve as an organizing tool for the public health actions and interventions that are required to achieve the SO indicators. Each intermediate result is comprised of a set of lower level results that are logically linked to the achievement of the strategic objective. The SO performance monitoring plan allows the SOT to monitor both short (annual) and medium term progress toward the achievement of the SO.

SO: Better Health for Rural Women and Children

(1) **Infant mortality rate**. Number of deaths in the first year of life per 1,000 live births. Data area available every 5 years from the DHS. We will be monitor this indicator at the national level as well as in at least the four target departments. Target: From the national level of 57 in 1995 to 46 per live births by the year 2000.

(2) **Under-five mortality rate**: Number of deaths under five years of age. Data are available every five years from the DHS. We will monitor the progress of this indicator at the national level as well as in the four departments of focus. Target: From the national level of 79 in 1995 to 60 per 1,000 children by year 2000.

(3) **Neonatal mortality rate**: Number of deaths in the first 28 days of life per 1,000 live births. Data are available every five years form the DHS. We will monitor this indicator at the national level as well as in the four departments of focus. Target: From 26 to 21 by year 2000.

(4) **Maternal mortality ratio**: Deaths to women while pregnant or with in 42 days of the end of pregnancy, per 100,000 live births> Data are available every five years from the DHS. Target: From 220 to 205 per 100,000 live births by the year 2000.

(5) **Total fertility rate**. The average number of births a woman will have during the course of their reproductive life if fertility patterns at the time

of survey prevail. Data are available every five years from the DHS at both the national level as well as in the four targeted departments. Target: From 5.1 to 4.8 by the year 2000.

Intermediate Result 1: Rural Families Use Quality Maternal Child Services:

1.1 Couple years protection. This refers to the effective protection afforded by all the contraceptives distributed. Data are available from the MOH, IGSS, APROFAM, IPROFASA and local NGOs' (supported by USAID) services statistics. Target: 5% annual increase.

1.2 Contraceptive prevalence rate. This refers to the percentage of women (or their partners) in union aged 15-49 who are using contraception at the time of the interview. It also provides a breakdown of the method mix of contraceptive use. National and departmental data (in the four targeted areas) are available every five years from the DHS. Target: From 31% in 1995 to 37% in the year 2000.

1.3 Birth-spacing. This refers to the percentage of births with intervals of two years or greater. Data are available every five years from the DHS at the national and departmental level (in the four targeted areas). **Target:** From 70% to 73% by the year 2000.

1.4 Immunization coverage of under one by vaccine (i.e. polio, DPT and measles) and total. Data are available every five years from the DHS at the national and departmental level (in the four targeted areas). In addition, in order to monitor trends between DHS surveys the MOH service statistics will be used. Target: From 42.6% to 80 % by year 2000.

1.5 Use of oral rehydration therapy. This indicator refers to the percentage of diarrheal episodes treated with ORT. Data are available every five years from the DHS at the national and departmental level (in the four targeted areas). Target: From 22% to 40 % by the year 2000.

1.6 Percentage of pneumonia cases treated at health facilities. Data are available every five years from the DHS at the national and departmental level (in the four targeted areas). Target: From 40.5% to 60% by the year 2000.

1.7 Percentage of children exclusively breasted. This refers to breastfeeding without any complimentary feeding of liquids. National data are available every five years from the DHS. **Target:** 32.4% to 40%.

1.8 Maternal mortality ratio at targeted area hospitals. This will be measured by the maternal monitoring system that is being used at in the targeted area hospitals and reported on annually. It measures quality of care - or how successfully obstetric complications/emergencies are managed. Target: 10% annual decrease.

1.9 Immunization coverage of women who receive two doses of tetanus toxoid vaccine. Data are available every five years from the DHS at the national and departmental level (in the four targeted areas). In addition, in order to monitor trends between DHS surveys the MOH service statistics will be used. **Target:** 37.9% to 60% by the year 2000.

Intermediate Result 2: Maternal and Child Programs Are Better Managed

2.1 Number of days of stock-outs of vaccines, contraceptives and clotrimoxazole. This indicator can be reported annually from the MOH and NGOs reporting system. Target will be determined with USAID/G-CAP partners[2] during 1997-98.

2.2 % of facilities with adequate stock (clotrimoxazole, vaccines, ORS, syringes and contraceptives). This indicator can be reported annually from the reporting systems of the public sector and NGOs. The target is 80% of participating facilities are permanently stock.

2.3 Percentage of targeted health staff trained in key MCH activities to meet program requirements. This indicator can be reported annually from the NGOs, MOH reporting systems. Target: 80 % by the year 2,000.

2.4 Percentage of participating communities actively involved in MCH diagnosis, planning, and program evaluation (in targeted areas). This indicator is not generated by existing reporting systems, the reporting mechanism will be defined with USAID/G-CAP partners. Target: 50% of targeted communities are participating by the year 2,000.

2.5 Number of maternities established by community members with support from the MOH and local NGOs. Target: At least one in each target area.

2.6 Percentage of targeted health facilities employing the

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* The MOH reporting system will start providing data on drug supply, balances and stockouts during the second semester of 1997.

-"salvation tables"- graphs for number of vaccinations against each disease and cumulative coverage month by month. Target: 100% of MOH targeted health facilities utilize this tool to measure immunization coverage.

2.7 Percentage of targeted MOH health facilities using -"the semaforo"-, a tool designed to monitor status of the cold chain equipment. Target: by 1998, 100% of targeted MOH health facilities use this tool. The MOH reporting system provides this indicator.

2.8 Percentage of MOH and NGOs in targeted areas that comply with management standards (index). This indicator will be developed with USAID/G-CAP partners, the target will be set with them.

Intermediate Result 3: Stronger Guatemalan Commitment to Integrated Women's Health

3.1 Number of members in an organized network that focuses on integrated women's health. This indicator will provide information on the number of organizations not only interested in integrated women's health, but are actively advocating the issue. Target: 8-15 organizations will be active members of this network by the end of 1998.

3.2 Number of organized campaigns. This indicator will measure the number of organized campaigns advocating women's participation and human rights, including access to information and services in reproductive health. Target: At least one campaign annually from 1997 until 2001.

3.3 Number of events for parliamentarians. This indicator will measure the number of "official/formal" conferences/seminars or presentations for the parliamentarians in order to provide them with more information regarding the women's participations and human rights. Target: At least one event annually from 1997 until 2001.

3.4 Number of sets of materials developed for different audiences. In order to provide decision makers, NGOs and other organizations with information regarding integrated women's health it is important to have materials that are easy to access and available to everyone. Due to the fact that these organizations and individuals may have varying needs for information it is important to provide a variety of sets of materials. Target: Three initial sets of materials will be developed by 1998 and three additional sets of materials will be completed by 2001.

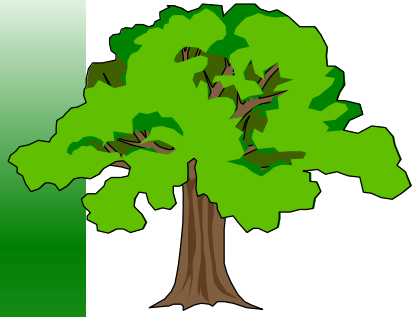
3.5 Number of pertinent articles in the newspapers (magazines) per year. This indicator will be reported on annually. Target: At least 24 articles will be published each year.

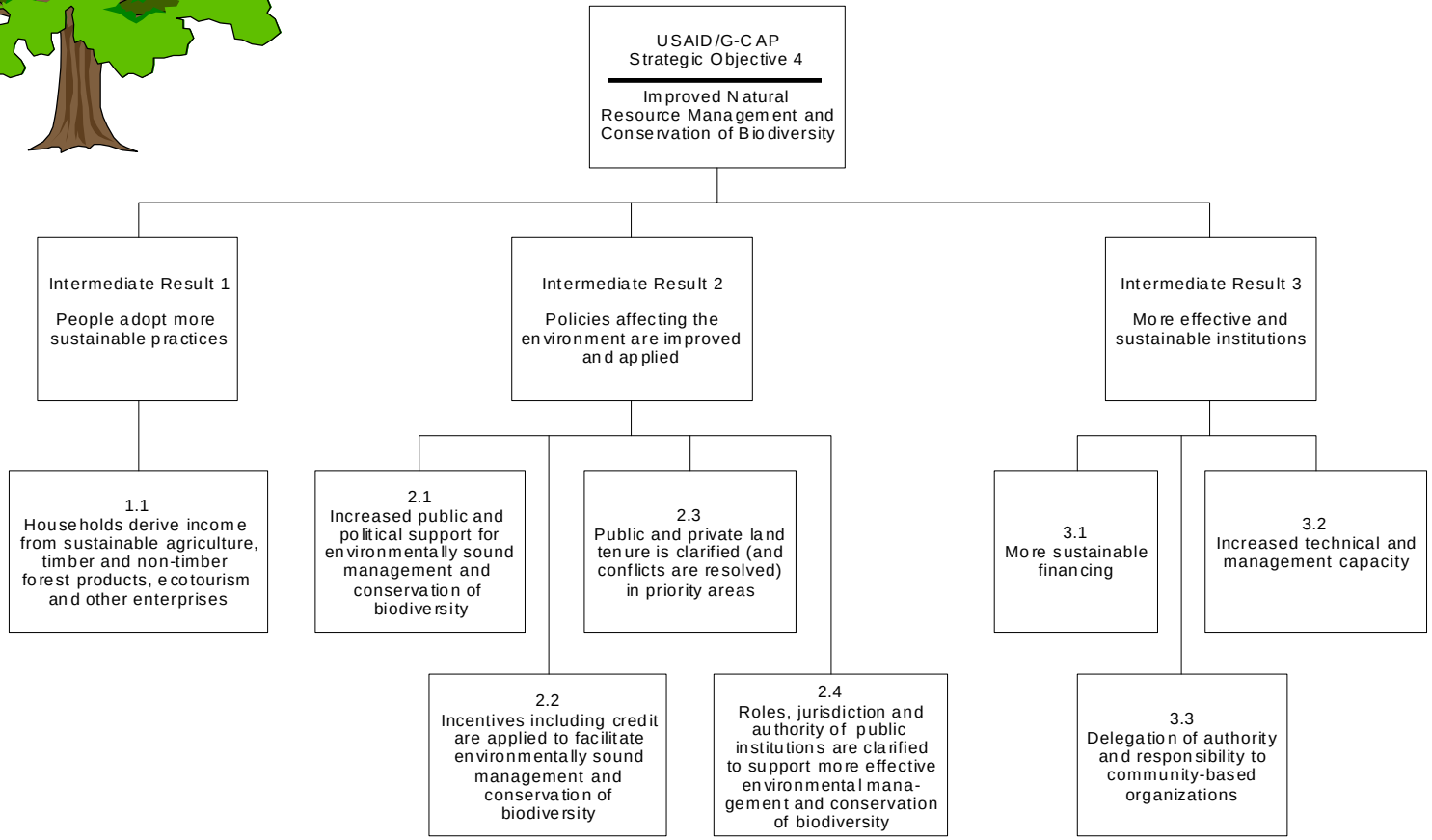
3.6 Number of decision makers who know how to use and where to find data needed for policy formulation and implementation. It is expected that through workshops, seminars and other channels decision makers will be able to access the data needed. Target: At least 4 in 1998, 10 in 1999 and by the year 2001, 20.

3.7 Number of high level policy makers provided with critical data. Target: 250 by the year 2001.

3.8 Number of decision makers at decentralized levels know where to obtain data and how to use it in planning and programming. Target: Four to six (one in each department) by the year 1998 and 10 by 2001.

Results Framework





4. Strategic objective: Improved Natural Resource Management and Conservation of Biodiversity

a. Introduction

(1) Vision

Guatemala is a country of extraordinarily rich natural resources, with most of the country's employment and agricultural economy dependent upon the natural resource base. This Strategic Objective promotes the conservation of biological resources of national and international importance, by providing sustainable income alternatives to marginalized populations in multiple-use and buffer zones adjacent to core protected areas, by developing a broad-based constituency for environmentally sound policy for management and protection of biodiversity, and by improving the institutional framework governing resource use.

For a decade, USAID has been a lead donor supporting environmentally sound management in Guatemala through activities such as improved small-farmer production systems, watershed management, more environmentally sound coffee processing, the establishment of a legal framework for a national system of protected areas and support for linking conservation and development through the "biosphere" concept. Since 1989, USAID has assisted Guatemala to establish two biospheres, and to achieve a seven-fold increase in legally declared protected areas from 2,870 km^2 to 19,228 km^2 in 1995. Over 20,000 families have adopted more sustainable land-use practices and income strategies, including small-farmer coffee production and processing, improved hillside agriculture, agro-forestry, forestry and tourism-related enterprises. For the Maya Biosphere Project, figures for 1996 show that 81% of the original target population has adopted more sustainable farming practices. In the Maya Biosphere Reserve alone, working with national and local partner institutions 1.5 million hectares have been brought under improved management and over 5,000 km^2 have been saved from conversion to unsustainable slash-and-burn agriculture. USAID also provided assistance involving more open and participatory processes, which resulted in the passage of important laws supportive of the environmental policy agenda developed with the host country.

In accordance with host-country priorities, the Maya Biosphere Reserve will continue to be the primary focus for field activities for the near term. Over the life of this strategic plan, however, the geographic focus for this SO will coincide with conservation priorities established by the GOG in the Peace Zone (Petén, Verapaces, Quiché, Huehuetenango) and the Sierra de Las Minas-Rio Dulce corridor. USAID's geographic focus includes Guatemala's largest national parks, wetlands, savanna, tropical forests and cloud forests.

The primary focus on the Petén's Maya Biosphere Reserve (MBR) is justified on several counts: 1) this is Guatemala's largest and most important reserve, representing nearly 20% of the nation's total territory; 2) regionally, the MBR constitutes a critical link in the Mesoamerican biodiversity corridor and creates its largest contiguous system of legally protected areas by interconnecting reserves in Mexico and Belize; 3) the Petén is projected to be the second most important area for resettlement of formal refugees for 1997-98, (only Huehuetenango expects to receive more) which will put new and increased pressure on the MBR; and 4) the Petén is the primary destination for most of Guatemala's impoverished population in search of land. Since most of the area is comprised of marginal lands, with soils unsuited for intensive agriculture, the people have little chance for prosperity based on their traditional land-use systems, and without project intervention a cycle of poverty and resource degradation can be expected to continue.

(2) Linkages to Guatemala Objectives

Since the election of the Arzú Administration, the GOG has demonstrated increasingly strong interest in supporting more sustainable management of Guatemala's natural resources, and in protecting the Petén in particular. This is reflected by the recent formation of an Environmental Cabinet (headed by the Vice President); increased priority and budgetary support for our two counterpart organizations, CONAMA and CONAP; the establishment and inclusion of the new National Environmental Fund and other environmental initiatives within prioritized programs under the Peace Accords; and plans within the modernization-of-the-state process to combine several current agencies and ministries into a new Ministry of Environment and Natural Resources. Guatemala has also been a leader within the Central American Alliance for Sustainable Development and the Central American Commission for Environment and Development (CCAD). President Arzú was quick to recognize the extraordinary value of the Petén's natural resources and tourism potential and has shown special interest in the USAID-supported Maya Biosphere Project (MBP), our primary focus under this SO, by establishing a presidential panel to identify effective solutions for the sustainable management of the area's natural resources.

With the signing of Peace Accords and a much-hoped-for improvement in its international image, the Arzú government expects that Guatemala's tourism industry (already second only to coffee in terms of foreign exchange generation for the country) will expand rapidly, approaching that of other countries in the region, such as Costa Rica. Guatemala's geographic location and unique combination of archeological sites, wildlife and cultural diversity, place it in a highly advantageous position. The Maya Biosphere Reserve is key to developing the country's tourism potential.

Guatemala's Peace Accords, and the Arzú Administration's plans to implement them, emphasize working with rural populations to protect the natural resource base of the country and to alleviate poverty through more sustainable sources of income. GOG peace programs and longer-term development

objectives that this SO directly supports include the development of sustainable-production projects in formerly conflictive zones, natural-resource management plans for resettlement sites, development and implementation of forest concessions managed by local communities, support for resolving land conflicts and improving tenure security.

The Mission's bilateral environmental strategy is fully supportive of these country goals and has been developed in close consultation with various GOG institutions, including CONAMA and CONAP. The strategy promotes the conservation of habitat in priority ecosystems of Guatemala by strengthening the management and protection of key reserves, and by addressing issues of resettlement and poverty through support for sustainable income-generating practices. To the degree resources permit, this SO will also contribute to the socio economic reinsertion of populations displaced by the violence through the adoption of more sustainable income alternatives around priority biodiversity areas within the peace-zone departments.

(3) Cross-sectoral linkages

This strategic objective is closely related to activities under the poverty objective, since the movement of the poor into Guatemala's fragile land regions is caused by their inability to sustain themselves elsewhere. Similarly, efforts under the Mission's health/population objective to slow the rate of Guatemalan population growth are also fundamentally important to the long-term sustainability of the natural resource base.

This SO is also closely related to democracy. Several activities under this strategic objective--resolving land tenure conflicts, promoting greater local participation in resource management, strengthening community-based civil organizations--are mutually reinforcing with initiatives under the democracy objective--to improve the rule of law, enhance the role and capabilities of civil society organizations, and enhance the competence and openness of local governments.

b. Problem Analysis

Guatemala is a country of extraordinarily rich natural resources which support, directly or indirectly, over 75% of the national economy. Guatemala's natural environments could be considered relatively small in comparison to those of larger Latin American countries, but they are still among the world’s most biologically diverse. Likewise, while Guatemala's economic growth averaged 4% per year over the past decade, the incidence of poverty and extreme poverty during this period increased as the natural resource base upon which people depend became more and more degraded and unproductive. Guatemala's biological diversity and natural resource base are essential to the alleviation of present-day poverty and for the prosperity of future generations.

Rates of natural resource depredation within the focus areas of this SO have demonstrated the positive effects of USAID program interventions.

However, country-wide, Guatemala's resources are being lost at an accelerating pace as natural habitat is converted to other uses, pollution contaminates healthy ecosystems, and unsustainable land-use patterns erode the integrity and productivity of ecosystems.

Several factors conspire to put tremendous pressure on the country's resources. These include poverty; rapid population growth; lack of education; unsustainable agricultural practices; disproportionate land distribution; insecure land tenure; lack of environmental controls and incentives; and little or no environmental awareness or understanding of the impacts of economic and social policies. Habitat loss is accelerating through the harvesting, clearing and burning of tropical forests; chemical contamination; illegal trafficking and hunting of endangered species; and unplanned settlement of fragile lands and ecosystems. The problem is further compounded by application of laws and regulations by inadequately trained and equipped, underfunded institutions.

Consequently, as is happening throughout the developing world, Guatemala's soil, water, rich biodiversity and forest resources are seriously threatened. The immediate result can be seen in land-use change from natural forests to slash-and-burn agriculture, and marginally productive pastures.

Figures depicting Guatemala's rate of deforestation show that from 1980 to 1990, mean annual deforestation increased from 60,000 to 90,000 hectares per year. Twenty-three percent (23%) of the deforestation occurred in conifer forests and seventy-seven (77%) in tropical broadleaf forests. Sixty percent (60%) of deforestation occurred in the northern part of the country, particularly in the Department of Petén.

Soil erosion is related to deforestation, inappropriate agricultural practices and overutilization of land not suitable for agriculture. Annual soil losses in the highlands that range from 5 to 35 tons per hectare dramatically reduce potential for agricultural production.

While water availability in Guatemala is relatively abundant (mean precipitation of 2,034 mm/yr), loss of natural forest cover in water-recharge zones, massive drawdown of groundwater levels in urban areas and contamination, diminish the quantity and quality of water supply for domestic and industrial use.

Over exploitation of coastal and marine fisheries, loss of mangrove forests, loss of breeding grounds for commercial fish, shrimp and other estuarine species such as the manatee, and pollution and silting of water sources, reflect the strong degradation of these resources. Pesticides and other agricultural chemicals, liquid and solid waste, and air pollutants threaten human, plant and other animal health, both in rural and urban settings.

Major problems at the root of much of Guatemala's internal

violence are access to land and secure tenure. As the government attempts to promote peace and reconciliation, demand for agricultural land is greater than ever before and growing. But most remaining land is fragile and unsuited for traditional agricultural practices. The demands for land are driving people into the parks to continue the slash-and-burn process. If work under this SO is not continued and expanded to other areas to provide these people with more sustainable income generating alternatives, much of Guatemala's magnificent park system will be lost during the coming decades.

The mismanagement of natural resources and loss of biodiversity have negative consequences for all levels of society and are undermining Guatemala's capacity for production and for improving the well-being of its population. These trends have obvious spillover effects into other sectors, such as hydroelectricity and the country's growing ecotourism industry, where great potential for economic growth remains unrealized.

c. Results Framework Description

The Strategic Objective results framework builds upon the Mission's previous Natural Resource Management Strategy (1993), our ongoing Maya Biosphere Reserve program experience, the results framework and indicators developed in 1995-96 with extensive participation of local partners and stakeholders (over 25 groups represented in several workshops), and the political priorities established by the Arzú Administration, including the commitments related to environment and natural resources in the Peace Accords.

Ecological integrity is essential for the maintenance of productivity of natural resources and, hence, sustainable development and poverty alleviation. **People, policy** and **institutions** are key factors affecting ecological integrity. People, including poor and marginalized groups, will adopt sustainable income-generating practices when supported by appropriate policies and institutions. Implementation with partners of a policy-reform agenda will generate public and political support and incentives for sound land use.

The following goals have been established for the year 2001 under this Strategic Objective:

(1) People: Local constituencies for environmentally sound natural resource management will be organized and will support improved management of public lands. For example, over 150,000 hectares of public lands will be managed by local communities under concession contracts. More sustainable income-generating practices will be identified and adopted with special focus on the interface between core protected areas and returnee or displaced groups. For example, over 70% of the population in the MBR target areas will have adopted more sustainable land use and income strategies.

(2) Policy: An improved policy and regulatory framework will exist and be complemented by more effective enforcement (measurable progress towards the 25-point policy-change agenda established with local counterparts, both in terms of legislation/regulations and changes in behavior). Broad-based civil participation in environmental policy, management and enforcement issues will be enhanced, both in terms of access to the decision-making processes and in terms of effectiveness.

(3) Institutions: Public and private institutions will be better coordinated and strengthened to improve the administration of the nation's system of protected areas and support enforcement of environmental regulations (including, e.g., increased budgets from sustainable sources; increased authority within the government; enhanced municipal roles; and a national environmental monitoring system in place). Public awareness of environmental issues and support for the national system of protected areas will have increased as a result of the SO's extensive outreach and environmental education effort.

(4) Overall, priority parks and reserves will be better managed to conserve natural habitat and biodiversity. For example, deforestation trends in the Petén (one-third of the Republic of Guatemala) will diminish, conserving and/or rehabilitating over 800,000 hectares of forest and wetland habitat.

USAID's focus is based upon an analytical process that involved GOG counterparts to assess: i) areas of greatest ecological importance; ii) threats and opportunities; iii) intentions and priorities of the GOG and other donors; iv) potential marginal impact of USAID support (looking to maximize the strategic, catalytic impact of our resources); and v) which types of intervention (policy, field demonstration, commodities, extension activities, etc.) would best support achievement of our objective. The result of this analysis was to target USAID resources on policy issues at the national level, and on other interventions in strategically-selected geographic areas (areas of relatively intact habitat with special biological and socioeconomic importance) in the following priority: 1) Maya Biosphere Reserve/Petén, 2) the Sierra de las Minas-Rio Dulce corridor, and 3) forest areas and proposed reserves in other former conflictive zones (Quiche, Huehuetenango, Alta Verapaz). From a regional perspective, the MBR serves a critical biological corridor function by linking major protected areas in Guatemala, Mexico and Belize into a trinational set of parks, covering over 4 million hectares, that provide habitat for endangered species requiring extensive range for long-term survival, such as the harpy eagle and jaguar.

The fundamental approach for this strategy is that interventions shall evolve from experience in the field based upon two criteria: sustainability (in social, economic and environmental terms) and participation. Consultative processes which foster the establishment and strengthening of constituencies for sustainable natural resource management and conservation of biodiversity through consensus building, inclusiveness, transparency, ethnic and gender considerations and conflict resolution, shall be emphasized. More specific examples are listed below under the illustrative approaches

for each intermediate result.

Attainment of the SO may best be measured in terms of the condition of selected ecosystems, but management of resources and conservation of ecosystems depend upon the behavior of **people**. Therefore, the intermediate results address people's behavior and key factors which influence it, including **policies** and **institutions**.

(1) Intermediate result: People adopt more sustainable practices

(a) Description

The use of unsustainable land practices is the most serious direct threat to the maintenance of productivity and biodiversity in Guatemala. This is especially true for returnee and internally-displaced groups who often occupy marginal lands where they use traditional corn and bean agricultural cultivation practices common in the highlands. Applying these cultivation techniques in fragile lowland forest ecosystems is hard work, degrades the productivity of the resource base, and perpetuates or exacerbates poverty.

The result desired is to increase the number of families within target populations whose principal sources of income are derived from environmentally sound practices and who show measurable improvement in welfare. By identifying key groups, conducting participatory needs appraisals for both women and men, and responding to identified needs, more sustainable land-use management and employment alternatives are being developed and disseminated.

NGOs with experience in identifying, developing, testing and implementing catalytic pilot projects will continue to be used as facilitators for reaching communities in this process. These organizations have a demonstrated capacity to assist communities to develop enterprises that are compatible with the fragile lands around the parks, such as eco-tourism and related services, agro-forestry and forestry systems.

(b) Lower level results and illustrative approaches

The rational use of natural resources will be promoted to improve the welfare of impoverished groups and facilitate achievement of conservation and biodiversity protection goals. Development assistance for communities shall be clearly linked to their commitment to collaborate with conservation goals.

"Best management practices" for sustainable agriculture, timber and non-timber forest products, ecotourism and other enterprises will continue to be developed, tested and disseminated. As such practices and beneficial approaches are verified, they will be promoted and shared through governmental counterparts, other donor programs and direct extension in other parts of the country. Tropical forests will be conserved through sustainable, multiple-use practices and community concessions.

Viable economic alternatives to current unsustainable practices will be tested and disseminated through the SO's extensive local NGO network (for example, "frijol abono" which builds soils, controls weeds, fixes nitrogen and reduces incentives for the traditional burning process in preparing fields).

Sustainable uses of biological resources will be developed which maintain the ecological integrity of critical ecosystems while safeguarding their productive potential for socio-economic development. Integrated forest management plans will assist communities to utilize and conserve both timber and non-timber forest products.

Technical assistance and on-farm demonstrations to promote improved practices shall be complemented by policy incentives (IR2) and institutional strengthening (IR3). Activities will focus on the household and community level, where practices will be tested and evaluated with full participation of client groups. It is through their participation, complemented with technical assistance, that a given practice can be identified as "improved."

(2) Intermediate result: Policies affecting the environment are improved and applied

(a) Description

To improve natural-resource-management practices, the present incentive system must be adjusted to favor sound land use rather than destructive practices. This and the other policy issues are addressed through a policy reform agenda developed with counterparts and multi-sectorial representatives over the course of two years. The policy reform agenda, presented in Table 1 on the following page, is the product of a participatory process, and is tightly integrated as its elements mutually reinforce one another and the other IRs. A stakeholder policy committee continues to review and assess the agenda to identify or adjust priorities, fine-tune goals, and authorize specific interventions. Policies and government decision-making are enriched through the consideration of divergent points of view from all stakeholders. Participation also strengthens civil society's role in holding government responsible and accountable for natural resources that are by definition in the public domain: air, water, national parks and reserves, and maritime resources.

One example of the integrated nature of the policy

agenda is "decentralization and delegation of natural resource management authority and responsibility to the local community level." Decentralizing authority over the use of local resources, such as forests or water, to the community and municipal level, has proven to be an effective strategy for promoting more sustainable resource management. Another example is land, more specifically, clarifying land tenure and providing land security in a more consistent and equitable manner; verifying public land status and purpose, especially the boundaries and zoning of protected areas; and establishing more free and open land markets. If land policy conflicts are not adequately addressed, the extensive violence in Guatemala over land issues will continue.

(b) Lower level results and illustrative approaches

Policies and legislation shall be developed through transparent, inclusive and participatory approaches to strengthen democratic processes and facilitate more effective enforcement. Specifically, support will be provided to analyze and develop policy incentives for sustainable forest management, value added processing, new products and market development.

Local stakeholders and organizations will receive support to identify policy constraints, analyze and support corrective measures through participatory processes, and improve the knowledge base and technical capacity of Guatemalans to implement policy reform. For example, research and analysis shall identify measures to counteract trends toward land uses which are socially and environmentally unsustainable, such as expansive, low-intensity cattle ranching.

TABLE 1: SO No. 4 INCREMENTAL POLICY CHANGE OBJECTIVES	
Lower-level results	**Policy-change objectives**
2.1 Increased public and political support for environmentally sound management and conservation of biodiversity.	1. Local authorities (municipalities and communities) incorporate environmental planning and management. 2. Consistent and transparent EIA's developed and applied; EIA mitigations monitored. 3. Delegation of natural resource management authority and responsibility to local community level. 4. Increased size and capacity of constituency for environmental protection and management. 5. Increased budgetary support for environmental protection and management (CONAMA, CONAP).
2.2 Incentives including credit are applied to facilitate environmentally sound management and conservation of biodiversity.	<u>Prioritized issues requiring incentives/disincentives promoting compatible land use:</u> 6. Adequate control and management of petrol/mining/tourism industries. 7. Community and industrial forest-concession systems improved/applied. 8. Road building with special reference to protected areas. 9. Extensive cattle ranching and production on fragile lands. 10. Ecotourism and related services (handicrafts, etc.). 11. Soil improvement (green manures and soil fertility management). 12. Forest management for timber and non-timber products; value -added processing. 13. Cultural traditions favorable to sustainable land use. 14. Traditional slash and burn agriculture on fragile lands. 15. Managed hunting and fishing
2.3 Public and private land tenure is clarified (and conflicts are resolved) in priority areas.	16. Colonization and settlement reflect land use planning. 17. Improved natural resource user rights and land tenure security (community concessions, community and small holders land titling,cadastral improvement). 18. Land ownership and rights within core park zones are clarified; public lands are inscribed in registry as parks where appropriate.

2.4	Roles, jurisdiction and authority of public institutions are clarified to support more effective environmental management and conservation of biodiversity.	19.	Legislation clarifies public sector authorities and protects SIGAP (Guatemala's Natural System of Protected Areas).
		20.	Improved environmental legal code, law enforcement and control.
		21.	Institutional strengthening of GoG and collaborating Institutions.
		22.	Systematic inter-institutional and donor coordination.
		23.	More sustainable financial support for environmental and park protection.
		24.	Integrated planning of Maya Biosphere Reserve.
		25.	Decreased unplanned settlement in Maya Biosphere Reserve and other protected areas.

Notes: To be considered as "positive change" under this policy agenda and receive a "yes" for a given period, two criteria should be met: a) demonstrate forward change in human behavior related to specific objectives; and b) create an environment conducive to sustaining this change in behavior after project completion.

"Preventive" conservation will be encouraged over rehabilitation. Studies (such as that for the Chixoy watershed--source of 45% of Guatemala's electricity) estimate that the cost to rehabilitate forest cover and reduce erosion in a degraded area is 15-20 times greater than the cost of sound, on-going management programs applied prior to significant degradation.

Donor and partner coordination will be promoted, to leverage resources and ensure complementarity. Program results are enhanced when various sources of assistance are coordinated to achieve a common goal. This is especially important when working to improve policies and investment decisions.

(3) Intermediate result: More effective and sustainable institutions

(a) Description

For change to continue after USAID programs are complete, it must be institutionalized. CONAMA and CONAP, the two primary public agencies at the national level charged with environmental protection and conservation of biodiversity, are key to achieving results under this SO. Also, contradictions in the institutional framework and authorities affecting natural resources create uncertainties that limit environmentally sound investments and actions at many levels: private and public, local and national.

The new GOG administration has indicated a strong interest in corrective actions, including increased budgets, improved legislation, and the creation of a new Ministry of Natural Resources and the Environment. This SO will provide support for GOG initiatives to: a) strengthen technical and administrative capacity for sound environmental planning and management; b) clarify roles and authorities of public institutions affecting the environment; c) develop more appropriate and sustainable levels of financing for environmental agencies; and d) assist GOG institutions to become more effective in fulfilling their mandates, and more responsive to their constituencies.

At the national level, this IR will assure that USAID continues to work closely with CONAMA and CONAP, and increasingly with other institutions that affect the achievement of this SO: the Ministry of Agriculture, the Institute of Anthropology and History (IDAEH, in charge of archeological sites), Institute for Agrarian Transformation (INTA, responsible for colonization and titling of public lands), Ministry of Energy and Mines, the Attorney General and National Prosecutor offices, and others. Due to their interrelated nature, many activities under this IR will be conducted under the coordination of the multi-sectoral policy committee and initiatives planned under the policy change agenda (IR2).

Equally or more important, this IR will support institutional strengthening for increased sustainability and effectiveness at the grass-roots

level. This includes community organizations, small private enterprises, municipal governments and local NGOs. These organizations represent key, potential constituency groups for the institutions responsible for sustainable natural resource management and conservation of biodiversity at the national level. USAID will ensure that Indigenous organizations will be adequately represented. Without strong constituencies, the national institutions cannot be properly strengthened. Nor can adequate policies be prepared and enforced (IR 2).

(b) Lower level results and illustrative approaches

More sustainable financing mechanisms shall be developed for institutions with environmental mandates. The SO will support and monitor the diversification of funding sources, including increased use of fee-for-service arrangements. Financial mechanisms will be explored for accessing private sources of funding either through setting up special trust funds financed by contributions from private companies engaged in natural resource extraction, such as petroleum, or through joint implementation, which implies off-setting carbon emissions in the U.S. through carbon sequestration in Guatemala.

Local communities will be assisted to become models for peaceful, sustainable development while identifying and managing natural habitats which are nationally and internationally recognized as of particular importance for "in situ" conservation of biodiversity. For example, community organizations will be developed, strengthened and supported to improve the management of public forest in the MBR's multiple use zone under contractual arrangements with the government. Similarly, local NGOs and private enterprises will be strengthened to assist both communities and the government with environmental assessments, forest monitoring, and technical assistance with harvesting and marketing. Assistance to community organizations will include training of staff to identify and address gender as well as ethnic issues in resource management and use.

The trends toward decentralization of management authority over the country's natural resources shall be reinforced. Capacity, awareness and professionalism related to sustainable natural resource management and conservation of biodiversity will be increased in local NGOs, the media and business organizations.

d. Critical Assumptions

Critical assumptions inherent in the SO results framework are

the following:

(1) The GOG will continue to increase political and financial support for environmentally-sound development and conservation of biodiversity, and for institutions charged with these mandates.

(2) NGOs and other private-sector groups will work together on national environmental priorities in a more supportive and collaborative fashion.

(3) Other donor programs -- expected to expand immensely in response to the peace agreement -- will show high respect for the issues of environmental sustainability and conservation of biodiversity; donors in conjunction with the GOG shall successfully improve the administration of justice and increase personal security and respect for law and order in the isolated areas targeted under this SO.

(4) The land registry and cadastre shall be modernized and updated, facilitating the development of a more open land market, and supporting more equitable and transparent titling of public lands farmed by small holders outside of designated protected areas.

(5) GOG plans for modernizing the state succeed in consolidating and strengthening environmental functions, including the conservation of biodiversity and the national system of protected areas.

(6) The SO receives adequate funding and staffing to achieve the planned level of results.

e. Development Partners

Direct NGO partners and collaborators have already made formal commitments to contribute at least $8 million in counterpart contributions toward this SO. This amount is expected to double during the strategy timeframe. Principal among these are Conservation International, CARE, The Nature Conservancy and Rodale Institute. Participating community groups will contribute significant in-kind contributions.

Other local private partners abound, ranging from NGOs such as IDEADS working on environmental law issues, to commercial tourism and business associations; research institutions and universities, and grassroots organizations such as

those formed by women and by ethnic and small-producer groups. While the capacity of these groups varies greatly, they generally have tremendous commitment, motivation, and enthusiasm for promoting more sustainable natural-resource management and conservation of biodiversity in Guatemala.

GOG counterpart financial commitments under the SO are presently $10 million, of which $4 million has already been disbursed. CONAMA and CONAP face immense challenges, with relatively small, annual core budgets of about $700,000 and $350,000, respectively. The GOG proposal to create a new Ministry of Environment and Natural Resources may offer one of the best alternatives to facilitate institutional strengthening.

Commitments from other donors in support of this SO are significant. At present approximately $70 million is programmed for disbursement by IDB, IBRD, UNDP, GTZ/KfW, EU and other donors during the SO timeframe, for initiatives designed to support sustainable natural resource management, although with a focus on different aspects or geographic areas: environmental management for Guatemala City, municipal solid waste management, waste water treatment, Chixoy watershed rehabilitation, land cadastre and registry modernization, protected areas in southern Petén, archaeological-site development, and tourism promotion. Coordination with other donors will be ongoing, and USAID has shared information and experience to encourage them to participate more actively in this sector. A few examples follow.

- IDB: USAID will provide parallel funding for activities in the Sustainable Development Program for Petén; USAID encouragement to tap NGOs and private-sector capacity for IDB's Chixoy watershed project; close coordination of activities to strengthen CONAMA; guidance on administration-of-justice proposals to include natural resource issues; and the Environmental Management program for Guatemala City.
- Germany (GTZ and KfW): ProSelva project, now beginning in southern Petén, was coordinated closely and built upon the MBR experience; GTZ natural forest management and forest-policy work, also focused on southern Petén, complementing USAID MBR project.
- World Bank: support to municipalities for biodiversity conservation.
- UNDP: RECOSMO, in Izabal/Rio Dulce area, will involve NGOs and watershed management extension and technology packages developed with USAID support.

f. Unifying themes

Inclusion: This SO offers special opportunities for the inclusion of women and indigenous groups, with a focus on the impoverished. Initiatives shall evolve

from needs identified through open and participatory, community-based processes. The SO targets poor communities on marginal lands in and around the nation's most important remaining repositories of biodiversity. USAID shall assure that women and indigenous groups are appropriately represented and participate in SO programs. For example, Mayan language technical assistance shall be provided to address land tenure and agro-forestry issues. Women's organizations will continue to be strengthened and linked to sustainable sources of funding, and women owned and managed businesses shall be promoted. Collaborating institutions shall be challenged to identify effective ways to increase female and indigenous participation while improving effectiveness in achieving results. Policy dialogue shall incorporate procedures to assure that all stakeholders, including women and indigenous groups, have the opportunity to participate equally.

Performance indicators shall be desegregated where appropriate, to capture the participation of women and Mayan groups. For example, improvements in welfare (a key indicator under IR 1) shall be measured at both household and community levels, with emphasis on physical improvements related to health and nutrition that are relevant to improving the lives of rural women: access to potable water, waste disposal and electricity; home construction (floors, roofs) and home appliances (stove, refrigerator, sewing machine).

Local empowerment: This SO focuses on developing local constituencies. Such constituencies are self-reinforcing, contribute to strengthening networks and partnerships, and provide more sustainability to GOG environmental institutions, through increased expression of interest for effectiveness and accountability in their operations. Another key to local empowerment is the development of community organizations with adequate experience, independent financing, and appropriate organizational structures. Many of these are community-based private businesses built around more sustainable economic practices which are self-financing. Other mechanisms to promote empowerment include community natural-resource concessions and the development of local NGOs.

Poverty Reduction: The promotion of sustainable income generation alternatives for the rural poor in multiple-use and buffer zones adjacent to care protected areas is essential to reduce poverty. Most Guatemalans earn their livelihood and are dependent on the natural resources base to survive, thus the need to conserve and manage the natural resources patrimony of Guatemalais imperative.

g. Measuring Achievement

Measuring progress in the environmental sector is a challenge that the Mission has successfully met under this SO. While any one measure alone may not tell the whole story on performance, the complementary nature of several indicators provides an excellent guide for decision-making.

Individual cooperative agreements, contracts, and a proposed new SOAG for 1997/98 will focus on clearly defined and quantified results and indicators for measuring progress. As noted below, the indicators will be desegregated by gender, ethnicity and geographic area, as appropriate.

The performance indicators are organized around the four key dimensions of the SO, which include the three IRs--**people** (adoption of more sustainable practices), sustainability and effectiveness of **institutions** (non-project income; delegation of management to local communities), and the **policy** environment--plus the ecological integrity of the **natural resource base** itself. Based on past experience, it is clear that a focus on people alone (and the policies and institutions which affect their behavior), especially with the relatively short-term program horizons of USAID, could lead to increases in welfare and production that are unsustainable. Therefore, an important part of the performance-monitoring system is to assess sustainability of land management, looking for activities that maintain or improve its long-term productive capacity. Working with the poor in Guatemala, this generally requires a focus on forestry and agro-forestry since the land these people have access to is mostly limited to steep hillsides and marginal lowland soils, incapable of supporting intensive agriculture over long periods of time.[3]

Although the area under official protected status does not guarantee protection, it is proposed as an indicator for several reasons: (1) it provides the legal basis for conservation of biological diversity and improved management regimes; (2) USAID has supported a six-fold increase in the area officially protected and has followed through with support for management of several of these areas; (3) the Agency has stated that it plans to measure this indicator at a global level; (4) several refinements are necessary and deserve monitoring within the official protected area system in general and the MBR in particular (adjustments to increase multiple use zone area, for example); and (5) a few additional deserving areas slated for protection lack legal recognition, including Cerro San Gil, Santa Cruz, Sarstun, Yolnabaj and Chinaja. Therefore, even though we are not targeting large increases in the area officially protected, we are supporting qualitative adjustments and improved management in areas already declared. We believe that improved management is best measured through our multidimensional indicators (people-habitat-institutions-policy) rather than documents such as operational plans (although we have supported preparation of many of these).

S.O Indicator 1: People adopting more sustainable income-generating practices (percentage of total population in new target areas, estimated at 70,000 people, 50% of whom will be returnees, displaced persons and/or ex-combatants related to peace objectives. Data will be desegregated by gender, indigenous vs non-

[3] Land-use capability studies indicate that over 50% of Guatemalan territory has severe limitations for agriculture and is best suited for forest-based production or protection. An additional 20% is best suited for agro-forestry or agro-silva-pastoral systems. Yet, two-thirds of Guatemala's natural forest cover has already been converted to agriculture, pasture and urban development.

indigenous, and peace-related[4]). Baseline: 1996 - 7%; Target-75%.

Adoption is defined as voluntary use of a new, more sustainable income-generating practice one year or more after its promotion. Examples of practices include ecotourism and related services, value-added processing of forest products (potpourri, essential oils/extracts, handicrafts), use of agro-forestry and green manures and forest management.

SO Indicator 2: Conservation of natural habitats: area in hectares saved from conversion in comparison to historical trends within a given geographic area. Baseline: 1991 - 0 hectares; Actual 1995 - 410,000 hectares; Target: 2001 - 800,000 hectares.

SO Indicator 3: Conservation of natural habitats: area in hectares with official protected status (core and multiple use zones; excludes buffer zones): Baseline: 1990 - 287,000 hectares; Actual: 1996 - 1,923,000 hectares; Target: 2001 - 2,040,000 hectares.

USAID provided assistance to Guatemala which contributed to the establishment of 85% of the protected area legally declared as of 1996. Since this 1996 status already represents major achievements (and 18% of Guatemala's total territory) which require consolidation, the 2001 target although a modest increment in total area, represents more significant adjustments in boundaries and zoning of areas previously created. USAID will focus on zoning and management, reflected under IR indicators.

IR 1: Adoption of more sustainable, environmentally sound, practices. In addition to the general indicator presented under the SO, more detailed data will be presented by geographic area, and special household surveys will be conducted at project start and finish to assess changes in welfare.

* *Number of households that adopt more sustainable practices AND that show physical evidence of improved welfare*. This indicator is designed to measure the relationship between adoption and welfare. Measures are based on baseline gathered for the MBR area in 1993, and repeat surveys in 1996 and 1999. (Female-headed/Male-headed). Baseline 1993 - 0 households; Target 2001 - 5,800 households (50% peace-related).

* *Integrated land-use management plans are prepared and applied on 70,000 hectares of land (50% of them peace related)*. Baseline 1993 - 0 hectares; Target 2001 - 70,000 hectares.

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[4] Peace-related refers to populations which were physically or economically uprooted due to the violence, and to the lands being claimed for resettlement under the peace accords.

* *Sustainable productive enterprises established at the community level.* (Female/Male/Total). Baseline 1993 - 0 enterprises; Target 2001 - 40 enterprises.

* *Families receive legal and technical support for titling. Number of titles granted* (Female-headed, Male-headed): Baseline 1994 - 0 land titles; Target 2001 - 1,500 land titles.

IR 2: Improved policy framework for environmentally sound management and conservation of biodiversity.

* *Positive movement toward 25 policy-change objectives is reflected in the legislative/regulatory framework and people's behavior.* The "Yes/No" assessment is based on an independent analysis of progress toward policy improvements targeted in the agenda and the total number of objectives showing positive change during the calendar year. The analysis reviews changes in laws, regulations, enforcement, and other incentives, as well as people's behavior, with respect to each change objective, and classifies the change as positive, no significant change, or negative. Change objectives are removed once adequate progress is achieved or new objectives added, as needs are identified. See the Policy Change Agenda, Table 2. Positive change for majority of policy agenda objectives. Baseline 1992 - no; Target 2001 - yes.

* *Number of policy assessments and related proposals developed through inclusive, participatory processes*. Baseline 1995 - 1 policy assessment; Target 2001 - 13 assessments.

* *Percent of the target population* (70,000 people for MBR) that demonstrates knowledge of and support for the Maya Biosphere (and other targeted reserves in the future). Baseline 1993 - 0 percent; Target 2001 - 64 percent.

IR 3: More responsive and effective institutions and increased local participation in decision-making related to natural resource management.

* *Selected organizations (CONAP, CONAMA and new, local organizations that promote sustainable natural resource management and conservation of biodiversity) receive increased annual budgets from non-USAID sources*. Baseline 1990 -$80,000 constant US$; Actual 1995 - $885,000 constant US$; Target 2001 - $1,800,000 constant US$.

Appropriate indicators for institutional strengthening are often complex, unreliable and/or costly. We propose non-USAID program income as an indicator because it is essential for an institution to be sustainable and productive. Also, more effective and responsive institutions are more likely to attract increased resources. USAID's primary counterpart under the SO, CONAP, only began to function in 1990, and depended significantly on USAID funding for its initial operations, so it is important to promote increasingly diversified income from other sources.[5] Beginning in 1997, this measure will include two new Petén-based organizations.

* *Number of contracts and agreements signed by the government that formally delegate authority to local groups with the objective of increasing the sustainability of natural resource management* (number of agreements signed). Baseline 1993 - 0 resource management agreements; Target 2001 - 12 resource management agreements.

* *Area in hectares under management via contracts and agreements signed with local organizations:* Baseline 1993 - 0 hectares; Actual 1995 - 11,000 hectares; Target 2001 - 150,000 hectares.

[5] We chose not to use the percent of CONAP income from non-AID sources, because, by definition, this will become 100% at the end of the project, whether the entity really increases income from other sources or not.