



## GUATEMALA CAS COMPLETION REPORT REVIEW

*Progress toward attaining the main objectives of the FY99-03 CAS program—promoting social cohesion, reducing poverty, improving economic management, and modernizing the public sector—was mixed, and is judged moderately unsatisfactory. Noteworthy among CAS achievements was support for successful reform of the financial sector, improved public financial management, and increased coverage of basic health and education services. However, the strategy was largely unsuccessful in its efforts to facilitate the access of the rural poor and indigenous to productive assets, raise the tax effort enough to finance large-scale pro-poor initiatives, or improve social service quality (paras.15-20). As the review period advanced, governance deteriorated, the societal consensus around inclusiveness broke down, and the Government's commitment to key CAS-supported reforms weakened. Portfolio performance inevitably suffered. The Bank appropriately scaled down the volume of new lending in the terminal year, and postponed formulation of a successor CAS for two years.*

*The quality and timeliness of the delivered AAA was high, albeit underfunded (para. 9). The CAS Completion Report (CCR) provides a detailed and frank self-evaluation, but could have been better organized around the CAS's original objectives. The CCR's lessons are commendable in most respects. However, the call for fewer, larger, quick-disbursing operations merits qualification, since Guatemala remains a society deeply divided about developmental priorities and strategy. Likely to persist, these divisions may not always be amenable to programmatic approaches (paras. 31-32).*

*To hedge against the possibility of policy stalemate or reversal, it might be prudent to link the scale and timing of programmatic operations to tangible progress in three areas vital to the achievement of the Bank's poverty reduction mandate in Guatemala (para. 33):*

- *raising Guatemala's tax effort sufficiently to make meaningful progress toward the social and development goals embodied in the Peace Accords;*
- *tightening fiduciary controls over public spending and tax revenues; and*
- *channeling adequate public resources into building assets vital to the poor.*

### Background and Context

1. Sections I and II of the FY05 CAS provides an extensive discussion of Guatemala's country context and recent developments, and is recommended to the reader. The CAS under review was the first to be approved following the signing of the Peace Accords of 1996, ending thirty-five years of civil war, and was implemented over the span of the Arzu (1999) and Portillo (2000-03) Administrations.



2. An FY03 OED Country Assistance Evaluation (CAE)<sup>1</sup> concluded that the outcome of assistance programs from 1991-2000 was satisfactory, thanks to strong client ownership of their objectives. It recommended that the next CAS shift focus from post-conflict reconstruction to acceleration of growth and reduction of poverty, via increased spending on primary education and rural infrastructure, judicial and financial sector reform, and accelerated land titling, all of which were incorporated into the design of the FY99-2003 CAS.

### **Government Objectives, CAS Objectives, Overview of Implementation**

3. The 1998 CAS proposed three-year lending of up to US\$310 million in support of four key objectives, all derived from the Peace Accords signed two years previously. These included: (i) promoting social cohesion and participatory decision-making; (ii) reducing poverty and social exclusion; (iii) improving economic management to foster growth; and (iv) modernizing the public sector.

4. A CAS Progress Report (CASPR) of May 2002 amended this strategy, mainly to deal with an emerging banking crisis. Together, these two strategies proposed 18 new project interventions, to be financed by up to US\$669 million over the FY99-03 period (Table 1). Poverty reduction and social cohesion were each allocated approximately roughly one-third of planned lending, while approximately a quarter was assigned to the economic management objective, and one-eighth to public sector modernization.

5. However, during implementation, significant departures from the original allocations occurred. Seven operations had to be dropped, after encountering a variety of obstacles, such as legislative opposition, shifts in executive branch priorities, or a lack of implementation readiness. These were the Low Income Barrios, Post Conflict and Public Sector, Rural Financial Markets, Rural Roads, Natural Resources, Power Guarantee, and the Western Altiplano projects, collectively accounting for 30 percent of planned allocations.

6. Actual commitments fell by only 15 percent for two reasons: (i) commitments from the dropped projects were reassigned to other projects in the pipeline, and (ii) new projects were added. Projects whose final size far exceeded what was originally proposed included the Social Investment Fund II Project, which more than doubled; the Universalization of Basic Education Project, up 78 percent; the Competitiveness Project, up 69 percent; and the two land projects, up 20 percent. The projects added were a US\$30 million Integrated Financial Management III Project; a US\$150 million FSAL, and a US\$5 million technical assistance loan.

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<sup>1</sup> *Guatemala Country Assistance Evaluation*, December 2002 (Report No. 25212-GT). Three of the five years covered in this Review were not covered in the CAE.



**Table 1: 1998 CAS and 2002 CASPR Combined: Planned versus Actual Commitments**  
(US\$ million)

<i>From CAS/Additional</i>			<i>Planned</i>		<i>Actual</i>	<i>Purpose</i> <sup>1/</sup>
			<i>US\$</i>		<i>US\$</i>	
FY99	Land Administration	CAS	30-45 <sup>2/</sup>	Actual	31	b/
	Land Fund	CAS		Actual	23	b/
	Low Income Barrios	CAS	10-20	Dropped	-	
	Judicial Reform	CAS	20-30	Actual	33	a/
	Post Conflict and Public Sector	CAS	20-50	Dropped	-	a/ d/
	Reconstruction and Local Development	CAS	30	Actual	30	b/
	Rural Financial Markets	CAS	7-12	Dropped	-	b/
	Social Investment Fund II	CAS	15-20	Actual	50	b/
FY00	Rural Roads	CAS	55-70	Dropped		a/
FY01	Basic Education IV/Universalization of Basic Education	CAS	25-35	Actual	62.2	b/
	Competitiveness Enhancement	CAS	7-12	Actual	20.3	c/
	Natural Resources	CAS	25-35	Dropped	-	b/
	Power Guarantee	CAS	10-15	Dropped	-	c/
FY02	Integrated Financial Management III	Add. <sup>3/</sup>	29.8	Actual	29.8	d/
	Financial Sector Adjustment Loan	CASPR	150	Actual	150	c/
	Financial Sector Technical Assistance Loan	CASPR	5	Actual	5	c/
FY03	Integrated Management of Natural Resources/Western Altiplano	CASPR	40	Dropped	-	b/
	Rural Roads II	CASPR	90	Actual	46.7	a/
<b>TOTAL</b>			<b>568.8 - 668.8</b>		<b>481</b>	

Sources: CAS Annex B3; CAS Progress Report Annex B3; Annex D of the 2005 CAS, Tables 2 and 3; and OED assessments.

1/ Aligned with the objectives specified in the original CAS: a/ social cohesion, b/ poverty reduction, c/ economic management, or d/ public sector modernization, according to the main emphasis of project and OED judgment.

2/ The CAS provided a range of possible lending for the two land projects considered jointly.

3/ Approved in March 2002, before CASPR approval.

7. OED evaluated seven projects during the exit years FY99-03, all of which had satisfactory outcomes. Five also had likely sustainability and substantial institutional development impact (Annex Table 2b). For outcome and IDI, these ratios were significantly above LCR and Bankwide averages, and, for sustainability, about average. However, all but one were projects designed before formulation of the CAS in FY98.

8. The CCR observes that the performance of the ongoing portfolio has deteriorated. As of end-FY04, nearly three-fifths of commitments in 13 active projects remained undisbursed (US\$310 million of US\$527 million). Average project age had increased, as had the share of problem projects and projects at risk, albeit from low levels.

9. As for the Analytical and Advisory Activities (AAA), the CCR points out that they were of generally high quality, a judgment reinforced by two QAG reviews during this period. Despite this, AAA remained underfunded, constituting a mere 17 percent of project costs, compared to a LAC average of 25 percent. High-impact AAA cited by the CCR included the Poverty Study, several studies of the financial sector, and a series of policy notes directed toward the incoming Berger Administration.



## CAS Implementation by Objectives

10. The FY99-03 CAS contained four primary objectives: (i) promoting social cohesion and participatory decision-making; (ii) reducing poverty and social exclusion; (iii) improving economic management to promote faster growth; and (iv) promoting public sector modernization and efficiency.

### ***Objective I: Social Cohesion and Participatory Decision-making***

11. The components aimed at achieving this objective included: (i) enhanced participation in project implementation and design, (ii) judicial reform, (iii) improved transparency of public sector functions, (iv) initiatives to combat corruption, and (v) expanded social communication strategies embedded in all new projects. Results in all these areas were modest to negligible.

12. As the CCR notes, judicial reform achieved major advances during this period, but, apparently, with only modest contributions from the CAS. The CAS's main intervention, the Judicial Reform Project, experienced slow and halting implementation, was criticized for overemphasizing physical infrastructure, and became embroiled in conflicts among donors about the optimal approach toward reform. Nevertheless, the project did help strengthen the Justice of the Peace courts and alternative dispute resolution program, as well as promote new career opportunities for women judges and indigenous staff.

13. At the other extreme, corruption, after showing gradual improvement during FY99-2001, took a sharp turn for the worst. For example, the Tax Administration Project, approved in FY97, had been expected to play a key role in raising Guatemala's notoriously low tax collection. But political interference, a high turnover in the top leadership of the principal implementing agency, and growing diversion of tax revenues into corrupt pockets trumped the project's modest technical accomplishments, and, as observed in the CCR, little disbursement occurred.

14. The major contributions toward enhancement of social communication were the nationwide consultations on the Poverty Reduction Strategy in 2001 and the growing involvement of grassroots Urban and Rural Development Councils in devising locally-based strategies for decentralization. Yet, as the CCR points out, "it would be stretching the point to say that the program *as a whole* was characterized by a participatory approach."

### ***Objective II: Reducing Poverty and Social Exclusion***

15. The components of this objective included: (i) improving access to sustainable productive opportunities; (ii) expanding the delivery of basic services, with emphasis on education; and (iii) targeting the social safety net to the most poor.

16. The CCR notes that the goal of reducing the headcount for extreme poverty rate from 16% in 2000 to 12% by 2005 is unlikely to have been met. Indeed, under the strain



of a worldwide recession, a halving of the internal rate of growth, and difficulties encountered in expanding access of the poor to productive assets, poverty may actually have worsened. (The results won't be known until the results of a new survey become available in early 2006.) The causes of the slowdown in growth were external and internal in nature. Externally, Guatemala's terms of trade deteriorated in the wake of structural changes in world coffee markets after 2000, triggering a severe decline in coffee export earnings. Domestically, policy slippages during the latter two years of the Portillo Administration (2002-03) damaged private sector confidence. In response, the Bank appropriately scaled down the volume of new lending toward the end of the CAS period, but was otherwise limited in its ability to influence these developments.

17. More central to this evaluation were the results of the CAS's direct poverty-focused interventions. Here, the record is decidedly mixed. As the CCR notes, significant gains were achieved in expanding the nationwide coverage of basic health and educational services, thanks to large increases in public spending. However, according to the CCR, these spending increases have yet to translate into improvements in service quality and efficiency. Moreover, two CAS interventions focused on the poorer rural regions – the Basic Education Reform and the Universalization of Basic Education Projects – experienced serious implementation difficulties, stemming from opposition by the teacher's union to PRONADE, an innovative, Bank-sponsored rural network of parent-directed schools which, up to 2000, had achieved unprecedented gains in student achievement. PRONADE suffered setbacks after 2000 under the pressure of politically-inspired budgetary cutbacks only now being repaired by the Berger Administration (2004-05).

18. The story is similar in rural roads. The CAS's goal was to achieve one hundred percent maintenance of the existing rural road network. After progressing well during 1999-2000, later budgetary cuts led to severe deterioration in rural road conditions.

19. The complement to improved infrastructure and services was to have been greater access by the rural poor to productive assets. However, this became an area of great disappointment. Once the Rural Finance Project had been dropped, the CAS lacked any means to expand the supply of rural credit to low-income farmers. The Land Fund Project, while well-intentioned, supported the Government's dysfunctional funding model, leading to inflation of land prices, widespread defaults, few beneficiaries, and high costs. The Land Administration Project fared better, as its successful pilot approach bids to be rolled out soon nationwide, pending Congressional approval.

20. Coverage targets for rural water and sanitation were mostly missed, and the CAS's ambition to consolidate and rationalize the plethora of intransparent social investment funds largely frustrated. Finally, the CAS interventions targeted on the indigenous peoples of the San Marcos Region, one of the poorest in the country, were fragmentary and uncoordinated, both within the program and among other donors.

***Objective III: Improving economic management and promoting faster growth.***

21. This part of the strategy relied heavily on a combination of interventions to (i) strengthen private participation in infrastructure through a legacy FY97 project by that same name, (ii) a Competitiveness Project to remove constraints on private sector development, outward-oriented growth, and inward foreign investment, and (iii) interventions by IFC and MIGA to stimulate internationally competitive industrial and service companies, improve the flow of credit toward small and medium enterprises, develop local capital markets, and provide greater comfort to potential foreign investors.

22. As noted earlier, the fact that average economic growth amounted to barely half the CAS goal of 5% - 6% was attributable largely to forces over which the strategy had little real impact. Nonetheless, a mid-course adjustment introduced by the CASPR, combined with timely and high-quality AAA, produced a strategic shift instrumental in dealing with a major banking crisis. Although disbursing slower than expected, the FSAL successfully supported major reforms in bank supervision and capitalization.

23. On the other hand, the strategy was unsuccessful in convincing the Portillo Administration to maintain the pace of privatization, depoliticize tax administration, raise tax revenues to finance the social initiatives at the heart of the Peace Accords, contain corruption, or sustain balanced macroeconomic policies. Thus, the pro-growth components of the CAS strategy largely missed their mark, although for reasons that had mainly to do with an uncooperative client.

***Objective IV: Public Sector Modernization and Efficiency***

24. This objective included components to support all three branches of the Government, including interventions to assist (i) the executive branch in strengthening tax administration, financial management, and private sector involvement in infrastructure; (ii) the judicial branch in strengthening the rule of law; and (iii) the legislative branch in strengthening its institutional capacity. Some of these interventions – for judicial reform, tax administration, and social fund integration – have already been discussed. However, of particular relevance to this objective were two planned interventions. The first, the Post Conflict and Public Sector Project, would have assisted in downsizing the civil service and restructuring the Executive Branch, but was dropped before approval. The second, Integrated Financial Management III, was notably successful in completing the introduction of integrated financial management in the central government, and, as the CCR notes, is considered a model within the LAC Region. While not able to stem a marked increase in corruption during 2002-03, the new system reduced opportunities for certain kinds of corruption, and aided in tracking budgetary execution.

**Overall OED Assessment**

25. The CAS objectives were highly relevant, insofar as they addressed Guatemala's key development constraints and aligned themselves with the mandates of the 1996 Peace



Accords. Of the four, the poverty reduction objective (Objective 2) was clearly preeminent. As noted in the CAS, poverty reduction was “the key challenge for Guatemala...to sustain peace.” Therefore, in judging CAS outcome, this objective should be accorded greater weight.

26. While the quantity and coverage of basic education and health services improved significantly, their quality and efficiency did not. During more than half the CAS implementation period, PRONADE was hemmed in by budgetary cuts, as was funding for other anti-poverty initiatives, because Guatemala refused to raise its tax effort significantly, another CAS-supported goal. The formula for broad-based land redistribution proved to be fundamentally flawed. And, access by the rural poor to other assets, such as credit and roads, was not meaningfully enhanced. Consequently, the outcome on the poverty reduction objective is considered unsatisfactory.

27. Similarly, the record on the social cohesion objective (Objective 1) was mixed. Judicial reform made important advances, but the CAS’s main instrument, the Judicial Reform Project, was not as useful as it could have been, because it overemphasized easy-to-implement physical infrastructure, relative to the harder-to-implement institutional reforms, failed to harmonize adequately with other donors, and suffered recurrent problems of counterpart funding. CAS goals for enhancing local participation in development planning were broadly met, but efforts to promote transparency and reduce corruption were not. Hence, the outcome on the social cohesion objective is rated moderately unsatisfactory.

28. Many of the CAS initiatives for improving economic management (Objective 3) were stymied by political opposition and deteriorating governance. However, the CAS intervention to ameliorate the banking crisis was a resounding success, so that, on balance, the outcome on this objective is considered moderately satisfactory.

29. Finally, although rollout of an integrated system of public sector financial management was highly successful, the record on judicial reform and tax administration was mixed, and little headway was made in rationalizing the social funds. On this basis, the outcome for Objective 4 is considered moderately satisfactory.

30. OED concurs with the CCR that “although the Bank was able to work effectively with the Government on critical issues -- such as the financial sector crisis...-- in many areas, CAS implementation slowed and Guatemala failed to meet many of the benchmarks laid out in the Peace Accords and in the CAS.” Hence, the overall outcome of the CAS is rated *moderately unsatisfactory*. However, sustainability is rated *likely*, because the pro-reform actions of the incoming Berger Administration augur well for continued executive branch support for the 1998 CAS goals.

### **Assessment of the CAS Completion Report**

31. The CCR provides a detailed assessment of the FY99-03 assistance program. However, the discussion of specific sectors and themes could have been better aligned



with the original CAS objectives. The discussion of separate CAS and CASPR portfolios obscures, rather than illuminates, a long view of the CAS outcome, and the judgment about the overall CAS outcome is somewhat ambivalent. Finally, while the CCR's lessons are largely commendable, its endorsement of fewer, larger operations and increased programmatic lending requires some qualification.

### **Findings and Recommendations**

32. This Review agrees with the CCR that the 1998 CAS, sound at its roots, was undermined by deep, unresolved divisions within Guatemalan society, which limited the strategy's impact. Such divisions are likely to persist for a considerable time, and may not always be amenable to programmatic approaches.

33. To hedge against the possibility of policy stalemate arising out of these divisions, a prudent strategy might be to link the scale and timing of programmatic operations to tangible progress in three areas vital to the achievement of the Bank's poverty reduction mandate in Guatemala:

- raising Guatemala's tax effort to levels adequate to make meaningful progress toward the social and development goals embodied in the Peace Accords;
- tightening fiduciary controls over public spending and tax revenues; and
- channeling adequate public resources into building assets vital to the poor, particularly the rural poor, including educational, health, transportation, and utility services, as well as land and other physical inputs.



Annex Table 1: Macroeconomic and Social Indicators, CAS Implementation Period (1999-2003)

Series Name	AVERAGE 1999-2004												
	1999	2000	2001	2002	2003	2004	Guatemala	Bolivia	Dominican Rep	Ecuador	El Salvador	Lower Middle Inc	L. Amer. & Carr
GDP growth (annual %)	3.8	3.6	2.3	2.2	2.1	2.1	2.8	2.2	4.4	2.2	2.2	4.3	1.7
GNI per capita, Atlas method (current US\$)	1,690	1,700	1,700	1,750	1,910	1,910	1,750	945	2,168	1,595	2,123	1,233	3,513
GNI per capita, PPP (current international \$)	3,790	3,910	3,990	4,040	4,090	4,090	3,964	2,380	5,982	3,206	4,712	3,852	6,926
GDP per capita growth (annual %)	1.1	0.9	-0.3	-0.4	-0.5	-0.5	0.2	2.8	0.6	0.6	0.5	3.6	1.6
Agriculture, value added (% of GDP)	23.0	22.8	22.6	22.5	22.3	22.0	22.5	14.9	11.3	9.3	9.3	12.2	6.9
Industry, value added (% of GDP)	20.1	19.8	19.6	19.3	19.3	19.2	19.6	29.4	32.8	30.0	30.6	34.5	26.8
Services, etc., value added (% of GDP)	56.8	57.4	57.8	58.2	58.5	58.8	57.9	55.6	55.9	60.8	60.1	53.3	66.3
Exports of goods and services (% of GDP)	19.0	20.2	18.8	16.5	16.3	17.0	18.0	21.1	43.8	28.9	26.2	29.8	22.5
Imports of goods and services (% of GDP)	27.4	29.0	28.9	27.8	27.9	28.0	28.2	26.3	51.2	29.2	41.0	28.2	21.6
Current account balance (% of GDP)	-5.6	-5.4	-6.0	-5.3	-4.2	-4.2	-5.3	-3.7	-1.9	0.1	-2.8	..	..
Total debt services (% of exports of goods and services)	9.6	8.8	9.1	7.1	7.4	7.4	8.4	28.7	5.8	29.2	7.5	18.3	32.5
External debt (% of GNI)	23.2	22.4	21.7	20.4	20.4	20.4	21.6	68.1	29.9	82.1	38.9	39.6	43.4
Total reserves in months of imports	2.8	3.6	4.4	3.9	4.5	4.5	3.8	5.6	0.7	2.1	3.9	6.8	5.3
Current revenue, excluding grants (% of GDP)	..	..	..	..	..	..	..	17.1	16.6	..	..	..	..
Expenditure, total (% of GDP)	..	..	..	..	..	..	..	24.5	16.5	..	..	..	..
Overall budget balance, excluding capital grants (% of GDP)	9.0	9.0	7.6	7.4	5.1	6.0	7.4	-5.4	0.3	..	..	..	..
Gross domestic savings (% of GDP)	4.9	6.0	7.6	8.0	5.5	7.5	6.6	10.1	16.0	22.9	1.8	26.0	20.3
Inflation, consumer prices (annual %)	78.0	76.0	75.0	75.0	75.0	75.0	75.8	2.8	11.1	34.9	2.5	..	..
Immunization, DPT (% of children ages 12-23 months)	..	..	..	..	..	..	61.0	70.0	88.6	92.2	94.0	72.8	92.1
Improved water source (% of population with access)	..	..	..	..	..	..	95.0	45.0	57.0	72.0	63.0	49.6	74.5
Life expectancy at birth, total (years)	..	..	..	..	..	..	66.0	85.0	93.0	86.0	82.0	79.4	88.9
Mortality rate, infant (per 1,000 live births)	..	..	..	..	..	..	37.0	64.0	67.2	70.9	70.3	64.6	70.8
Population, total (in millions)	11.1	11.4	11.7	12.0	12.3	12.6	11.8	8.6	8.5	12.7	6.4	5,165.8	5,179.9
Population growth (annual %)	2.6	2.6	2.6	2.6	2.6	2.6	2.6	1.9	1.5	1.6	1.7	1.4	1.4
School enrollment, primary (% gross)	45.7	51.1	55.2	27.0	..	..	44.8	46.2	35.5	70.8	45.2	31.8	59.8
School enrollment, primary (% gross)	99.6	102.0	103.0	106.1	..	..	102.7	114.3	123.8	116.0	111.8	100.4	123.5
School enrollment, secondary (% gross)	32.6	36.9	39.3	42.7	..	..	37.9	81.5	61.2	58.3	55.1	60.5	84.5
Urban population (% of total)	39.4	39.7	40.0	40.3	40.6	41.0	40.2	63.2	66.3	63.6	61.9	42.1	75.9

Source: SIMA as of April 23, 2005

Annex Table 2: OED Project Ratings, Exit FY, CAS Implementation Period (1990-1998 and 1999-2004)

Table 2a: Exit FY 1990-1998

Exit FY 1990-98

Exit FY	Proj ID	Total Evaluated	Net Commitm	Outcome % Sat	Sustainability % Likely
FY90	POWER IV (CHIXOY) EDUCATION III	1	116.5	0	0
	INDUSTRIAL CREDIT	1	10.8	100	0
FY92	COMMUNICATIONS III	1	16.8	0	0
FY93	WTR SUPPLY REHAB	1	27.4	0	100
FY94	POWER V 1/	1	3.6	0	0
FY96	EML(ECONOMIC MODERNI	NA	NA	NA	NA
FY97	MUNIC DEV I	1	120.0	100	0
		1	9.9	100	100

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Guatemala	304.9	7	46.1	42.9	0	0.0	12.2	28.6
LCR	40,654.2	394	76.3	73.6	43	38.3	65.0	55.6
<b>Overall Result</b>	<b>158,099.9</b>	<b>2,108</b>	<b>74.6</b>	<b>67.9</b>	<b>38</b>	<b>32.7</b>	<b>59.3</b>	<b>47.1</b>

Table 2b: Exit FY 1999-2003

Exit FY 1999-2003

Exit FY	Proj ID	Total Evaluated	Net Commitm	Outcome % Sat	Sustainability % Likely
FY99	GT/BASIC EDUCATION	1	18.8	100	100
	GT INTEG FINAN MGT	1	9.4	100	100
	GT/SOCIAL INV FUND	1	19.6	100	0
FY00	SCNDRY&REG RD RHB	1	25.2	100	100
FY02	GT INTEG FIN MGMT II	1	15.6	100	100
FY03	GT BASIC EDUCATION REFORM	1	33.0	100	100
	GT FIS II	1	50.0	100	NE

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Guatemala	171.6	7	100.0	100.0	59.9	71.4	59.4	83.3
LCR	30,878.5	285	79.4	78.6	49.2	52.9	76.9	76.5
<b>World Bank</b>	<b>104,346.3</b>	<b>1,383</b>	<b>78.6</b>	<b>74.5</b>	<b>49.7</b>	<b>46.6</b>	<b>77.0</b>	<b>69.2</b>

Memorandum

FY04	GT PRIVATE PARTCI INFR TA	1	7.76	0	0
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\*100=satisfactory, marginally satisfactory, highly satisfactory, likely sustainable; substantial institutional development.  
 1/ Project cancelled in December 1993.

Source: Business Warehouse as of April 5, 2005.

**Annex Table 3: Guatemala - Analytical and Advisory Work, 1999-2003**

Document Title	Date	Document Type	Report No
Social investment in Guatemala, El Salvador and Honduras : workshop on poverty alleviation, basic social services and social investment funds within the Consultative Group framework Vol. 1 (English)	06/30/1990	Sector Report	8922
Guatemala - Financial sector report Vol. 1 (English)	07/16/1990	Economic Report	7819
Guatemala - Country economic memorandum Vol. 1 (English)	06/19/1991	Economic Report	9378
Guatemala - Issues and options in the energy sector Vol. 1 (English)	09/30/1993	Sector Report	12160
Guatemala - Basic education strategy : equity and efficiency in education Vol. 1 (English)	01/20/1995	Sector Report	13304
Guatemala - An assessment of poverty Vol. 1 (English)	04/17/1995	Sector Report	12313
Guatemala - Country assistance strategy Vol. 1 / Guatemala - Country assistance strategy (English)	05/05/1995	Country Assistance Strategy	14451
Guatemala - Building peace with rapid and equitable growth : country economic memorandum Vol. 1 (English)	08/22/1996	Economic Report	15352
Guatemala - Investing for peace : a public investment review Vol. 1 (English)	07/15/1997	Economic Report	16392
Guatemala - Country assistance strategy Vol. 1 (English)	06/19/1998	Country Assistance Strategy	18036
Guatemala - Expenditure reform in a post-conflict country Vol. 1 (English)	02/04/2000	Economic Report	19617
Guatemala - Country assistance strategy progress report Vol. 1 (English)	05/31/2002	Country Assistance Strategy	24235
Guatemala - Country assistance strategy progress report : chairman ' s concluding remarks Vol. 1 (English)	06/25/2002	Country Assistance Strategy	23659
Guatemala - Poverty in Guatemala Vol. 1 (English)	02/20/2003	Sector Report	24221
Household fuel use and fuel switching in Guatemala Vol. 1 of 1 (English)	06/30/2003	Economic Report	27274

Source: Business Warehouse as of September 16, 2004.

**Annex Table 4: Portfolio Status Indicators by Year, 1999-2005**

Country	Fiscal Year	Memorandum					Average 99-03	2004	2005
		1999	2000	2001	2003	2003			
Guatemala	# Proj	11.0	10.0	12.0	13.0	13.0	11.5	13.0	13.0
	Net Comm Amt	349.2	323.6	406.1	558.6	558.6	409.4	558.6	558.6
	# Proj At Risk	0.0	2.0	0.0	2.0	2.0	1.0	2.0	2.0
	% At Risk	0.0	20.0	0.0	15.4	15.4	8.8	15.4	15.4
	Comm At Risk	0.0	41.2	0.0	48.5	48.5	22.4	79.5	79.5
	% Commit at Risk	0.0	12.7	0.0	8.7	8.7	5.4	14.2	14.2
<b>Comparator Countries</b>									
Bolivia	# Proj	18.0	16.0	16.0	16.0	16.0	16.5	14.0	12.0
	Net Comm Amt	654.7	591.5	566.5	582.5	582.5	598.8	537.7	472.7
	# Proj At Risk	2.0	2.0	4.0	3.0	3.0	2.8	4.0	4.0
	% At Risk	11.1	12.5	25.0	18.8	18.8	16.8	28.6	33.3
	Comm At Risk	45.4	52.8	203.6	111.5	111.5	103.3	61.8	61.8
	% Commit at Risk	6.9	8.9	35.9	19.1	19.1	17.7	11.5	13.1
Dominican Rep	# Proj	6.0	8.0	10.0	8.0	8.0	8.0	10.0	10.0
	Net Comm Amt	284.1	301.1	344.7	220.4	220.4	287.6	265.2	265.2
	# Proj At Risk	1.0	2.0	1.0	4.0	4.0	2.0	2.0	3.0
	% At Risk	16.7	25.0	10.0	50.0	50.0	25.4	20.0	30.0
	Comm At Risk	37.0	102.7	5.0	111.1	111.1	64.0	47.0	74.7
	% Commit at Risk	13.0	34.1	1.5	50.4	50.4	24.7	17.7	28.2
Ecuador	# Proj	16.0	15.0	10.0	10.0	10.0	12.8	9.0	9.0
	Net Comm Amt	579.7	601.4	346.2	293.7	293.7	455.3	237.6	237.6
	# Proj At Risk	2.0	6.0	1.0	3.0	3.0	3.0	2.0	2.0
	% At Risk	12.5	40.0	10.0	30.0	30.0	23.1	22.2	22.2
	Comm At Risk	96.0	182.0	45.0	68.9	68.9	98.0	36.9	36.9
	% Commit at Risk	16.6	30.3	13.0	23.4	23.4	20.8	15.5	15.5
El Salvador	# Proj	8.0	8.0	8.0	7.0	7.0	7.8	6.0	6.0
	Net Comm Amt	375.0	352.0	352.0	396.8	396.8	369.0	380.8	380.8
	# Proj At Risk	0.0	0.0	0.0	2.0	2.0	0.5	0.0	0.0
	% At Risk	0.0	0.0	0.0	28.6	28.6	7.1	0.0	0.0
	Comm At Risk	0.0	0.0	0.0	160.8	160.8	40.2	0.0	0.0
	% Commit at Risk	0.0	0.0	0.0	40.5	40.5	10.1	0.0	0.0

Source: Business Warehouse as of November 19, 2004

**Annex Table 5: Guatemala - IBRD/IDA Net Disbursements and Charges FY 90-05**

*In USD million*

FY	Gross Disbursement	Repayment	Net Disbursement	Interest	Net Transfer
1989	2	2	0	1	-1
1990	22	19	3	12	-10
1991	7	13	-6	5	-11
1992	2	48	-46	27	-73
1993	49	87	-38	36	-74
1994	27	41	-14	15	-29
1995	9	45	-36	14	-50
1996	65	24	40	14	27
1997	20	12	8	14	-6
1998	19	14	6	13	-7
1999	40	15	25	13	12
2000	62	13	48	17	31
2001	55	13	41	22	20
2002	40	11	29	21	8
2003	91	14	77	18	59
2004	38	24	13	17	-4
2005	70	22	48	11	37
<b>Average 94-98</b>	<b>28</b>	<b>27</b>	<b>1</b>	<b>14</b>	<b>-13</b>
<b>Average 99-03</b>	<b>58</b>	<b>13</b>	<b>44</b>	<b>18</b>	<b>26</b>
<b>Total (1989-2005)</b>	<b>617</b>	<b>419</b>	<b>198</b>	<b>271</b>	<b>-72</b>

Source: Controller's website as of March 29, 2005

Annex Table 6: MILLENNIUM DEVELOPMENT GOALS				
GUATEMALA				
Click on the indicator to view a definition	1990	1995	2001	2002
<b>1 Eradicate extreme poverty and hunger</b>				
<i>15 target = halve 1990 \$1 a day poverty and malnutrition rates</i>				
Population below \$1 a day (%)	..	..	16	..
Poverty gap at \$1 a day (%)	..	..	4.6	..
Percentage share of income or consumption held by poorest 20%	..	..	2.6	..
Prevalence of child malnutrition (% of children under 5)	..	26.6	24.2	..
Population below minimum level of dietary energy consumption (%)	16	21	25	..
<b>2 Achieve universal primary education</b>				
<i>2015 target = net enrollment to 100</i>				
Net primary enrollment ratio (% of relevant age group)	..	72.5	85	..
Percentage of cohort reaching grade 5 (%)	..	49.6	55.8	..
Youth literacy rate (% ages 15-24)	73.4	76.5	79.6	80.1
<b>3 Promote gender equality</b>				
<i>2005 target = education ratio to 100</i>				
Ratio of girls to boys in primary and secondary education (%)	..	88.4	92.5	..
Ratio of young literate females to males (% ages 15-24)	82.3	83.9	85.3	85.6
Share of women employed in the nonagricultural sector (%)	36.8	..	37.5	39.2
Proportion of seats held by women in national parliament (%)	..	8	..	..
<b>4 Reduce child mortality</b>				
<i>2015 target = reduce 1990 under-5 mortality by two-thirds</i>				
Under 5 mortality rate (per 1,000)	82	64	59	49
Infant mortality rate (per 1,000 live births)	60	49	44	36
Immunization, measles (% of children under 12 months)	68	83	91	92
<b>5 Improve maternal health</b>				
<i>2015 target = reduce 1990 maternal mortality by three-fourths</i>				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	240	..
Births attended by skilled health staff (% of total)	..	34.3	40.6	..
<b>6 Combat HIV/AIDS, malaria and other diseases</b>				
<i>2015 target = halt, and begin to reverse, AIDS, etc.</i>				
Prevalence of HIV, female (% ages 15-24)	..	..	0.8	..
Contraceptive prevalence rate (% of women ages 15-49)	..	31.9	38.2	..
Number of children orphaned by HIV/AIDS	..	..	32,000.00	..
Incidence of tuberculosis (per 100,000 people)	..	..	82	77.2
Tuberculosis cases detected under DOTS (%)	..	44	39	45
<b>7 Ensure environmental sustainability</b>				
<i>2015 target = various (see notes)</i>				
Forest area (% of total land area)	31.2	..	26.3	..
Nationally protected areas (% of total land area)	..	16.8	16.8	20
GDP per unit of energy use (PPP \$ per kg oil equivalent)	5.5	6.3	6.4	..
CO2 emissions (metric tons per capita)	0.6	0.7	0.9	..
Access to an improved water source (% of population)	76	..	92	..
Access to improved sanitation (% of population)	70	..	81	..
Access to secure tenure (% of population)	..	..	..	..
<b>8 Develop a Global Partnership for Development</b>				
<i>2015 target = various (see notes)</i>				
Youth unemployment rate (% of total labor force ages 15-24)	..	..	..	..
Fixed line and mobile telephones (per 1,000 people)	21.3	31.7	162.8	202
Personal computers (per 1,000 people)	..	3	12.8	14.4
<b>General indicators</b>				
Population	8.7 million	10.0 million	11.7 million	12.0 million
Gross national income (\$)	8.5 billion	13.9 billion	19.8 billion	21.0 billion
GNI per capita (\$)	970	1,400.00	1,700.00	1,760.00
Adult literacy rate (% of people ages 15 and over)	61	64.9	69.2	69.9
Total fertility rate (births per woman)	5.3	5.1	4.6	4.3
Life expectancy at birth (years)	61.4	63.6	65	65.5
Aid (% of GNI)	2.7	1.4	1.1	1.1
External debt (% of GNI)	41.1	25.2	21.7	20.3
Investment (% of GDP)	13.6	15.1	17.7	18.7
Trade (% of GDP)	45.9	44.7	47.6	44.3

Source: World Development Indicators database, April 2004

Note: In some cases the data are for earlier or later years than those stated.

Goal 1 targets: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015 the proportion of people who suffer from hunger.

Goal 2 target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3 target: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

Goal 4 target: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5 target: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6 targets: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.

Goal 7 targets: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8 targets: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.