

1. CAS Data		
Country: Republic of Guatemala		
CAS Year: FY05	CAS Period: FY05 – FY08	
CASCR Review Period: FY05 – FY08	Date of this review: September 8, 2008	
2. Executive Summary		
<p>i. This review examines the implementation of the FY05-08 CAS and evaluates the FY07 CASCR.</p> <p>ii. The FY05-08 CAS was closely aligned with the incoming Berger Administration's (2004-2008) development policy, <i>Vamos Guatemala!</i> The CAS had four pillars: (1) strengthening fundamentals; (2) reducing inequality and promoting social inclusion; (3) stimulating growth and enhancing competitiveness; and (4) mainstreaming environmental concerns.</p> <p>iii. Under Pillar I, progress was made at improving macroeconomic management through strengthening the tax administration. As a result, tax revenues increased. A new financial management system and e-procurement system was implemented at the central and local governments. The limited evidence available indicates that these interventions led to fiscal savings and better utilization of public funds. Access to judicial services increased but surveys do not report improved perceptions on the availability or quality of service of the judicial system. The outcome for Pillar I is rated as <i>moderately satisfactory</i>.</p> <p>iv. Under Pillar II, all the targets for primary education were reached. Delays in implementing secondary education and health projects resulted in no outcomes. Access to electricity surpassed the CAS target. Maintenance of rural roads increased but was below the CAS target. The CAS target of using local microenterprises to establish a rural road maintenance program was not achieved. Similarly, the number of municipalities with broadband connection to the internet increased but was below the CAS target. The CASCR did not report on the status of the water and sanitation services but the Poverty Assessment Report (FY08) shows improvement. The outcome for Pillar II is rated as <i>moderately unsatisfactory</i>.</p> <p>v. Under Pillar III, Guatemala has reduced trade barriers through approving several trade agreements (DR-CAFTA). While this regional integration has led to good policies such as harmonization of custom duties and reductions in export and import restrictions. Regulatory framework in the financial sector improved but the existing legislation on conglomerates is still inadequate. The time it takes to register a new business decreased surpassing the revised CAS target. Guatemala fell in the World Economic Forum's ranking of the business climate while it improved in the Doing Business Indicators. The increase in the country's surveyed and cadastral territory was below the CAS target. Several activities were undertaken to develop public-private partnership in infrastructure; promote technology and innovation; and support micro, small and medium enterprises. Most of these interventions have yet to produce outcomes. The outcome for Pillar III is rated as <i>moderately satisfactory</i>.</p> <p>vi. Under Pillar IV, an environmental management module and M&E system are under development but the CASPR benchmarks have not been reached. IEG rates the outcome for this pillar as <i>moderately unsatisfactory</i>.</p> <p>vii. IEG rates the achievement of development outcomes of the CAS as well as Bank's contribution to those outcomes as <i>moderately satisfactory</i>.</p> <p>viii. In terms of the main lesson, the CASCR Review stresses that a results based CAS needs to have rigorous outcome-oriented performance indicators to be effectively used in monitoring and evaluation. Also, a broad consensus between the Congress and the Government has to be reached before to avoid unnecessary delays in implementation of projects.</p>		

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3. CASCR Summary

Overview of CAS Relevance:

1. In December 1996, the Government of Guatemala ended 36 years of internal conflict by signing Peace Accords with an active insurgency. The commitments under the Peace Accords have since driven economic and social policy but its implementation has varied under the different administrations. In August 2004, the incoming Berger administration (2004-2008) launched a policy document, *Vamos Guatemala!* (Let's go, Guatemala!). It was rooted in the 1996 Peace Accords but placed greater importance on boosting competitiveness and growth and advancing the social agenda.

2. Bank's Country Assistance Strategy (CAS) for the period FY05-08 was developed within the *Vamos Guatemala* program. It was designed around the Government development program's four pillars: (i) strengthening fundamentals; (ii) reducing inequality and promoting social inclusion (*Guate Solidaria*); (iii) stimulating growth and enhancing competitiveness (*Guate Crece Y Compite*); and (iv) mainstreaming environmental concerns (*Guate Verde*).

3. The Bank engaged the Government and other stakeholders early on to take stock of the on-going program and discuss a new program. A critical decision was made to maintain continuity with the previous program, while adding attention to emerging priorities. The CAS kept the pipeline of 11 investment projects and 1 FSAL despite the slow implementation of some of them. The CAS took this risk because the Government found the projects in line with its priorities and committed to work on improving implementation.

4. The new lending adopted the strategy to move forward with a balanced program which allowed for about half of lending to be provided through a series of DPLs focused on growth/investment climate, public expenditures and governance. The other half was to be devoted to an investment program of five operations - education; nutrition and maternal/child health; local and rural development (including environment); land administration; and public sector management.

5. The Bank's assistance program for Guatemala had been carefully calibrated to take into account the risks inherent in the country's difficult political and social context. The choice of a programmatic series of single-tranche operations (instead of a traditional multi-tranche operation) was particularly appropriate for Guatemala as it allowed for flexibility with respect to detailed design of each program in the series. It also allowed opportunities to reconsider Bank assistance should unmanageable risks materialize. Each DPL was timed to correspond with the country's budgetary cycle and was closely aligned with the CAS objectives.

6. The CAS was also designed to gradually increase support to Guatemala if implementation performance was robust. The CAS separated the base case into high and low scenarios with clearly spelled out benchmarks for each. In addition, the CAS included a high case with benchmarks linked to two important Peace Accord targets: (i) mobilization of revenues equal to 13.2 percent of GDP; and (ii) expenditure of 6 percent of GDP on social programs.

7. Analytical work was planned to complement lending and involved the completion of the PER, joint CFAA/CPAR, CAFTA Regional Study, Poverty Assessment and Environmental Assessment. Although the non-lending activities were well aligned with the development agenda, the country could have benefitted from additional ESW. For example, an ESW on the judicial system could have been conducted. The CAS had also focused on the inclusion of Guatemala's large indigenous population and an ESW on Country Social Analysis might have provided useful insight.

8. WBI selected Guatemala as one of its four focus countries in the Latin America and Caribbean region. It complemented IBRD activities by providing learning and capacity-building programs through its Global Distance Learning Network.

Overview of CAS Implementation:

9. Lending. The planned IBRD lending consisted of US\$660 million (high end of base case) which included three development policy loans of US\$100 million each; US\$310 million in investment lending; and an infrastructure guarantee operation for US\$50 million. Actual lending was US\$541.3 million which was toward the high end of the base case. The CAS implementation did not meet the benchmarks set for the high case. The delivery of the investment projects followed the program outlined in the CAS, albeit with modifications. Mainly, the proposed governance project was split between the Public Financial Management supplement and a continuation of the Judicial Reform project. Second, at the request of the Government, the infrastructure guarantee operation was replaced with support for housing. The CASPR incorporated these changes in the revised lending program.

10. Overview of outcomes of loans. IEG rated seven projects that exited between FY05-08. The number of projects with a satisfactory rating was 71.4 percent which is below both the LCR region (85.5 percent) and Bank-wide averages (79.9 percent). In FY08 30 percent of the portfolio represented problem projects and 80 percent of the portfolio was at risk. The disbursement ratio dropped below 10 percent in FY08 due to new projects and Government transition. There was also a significant time gap between project approval and execution. Effective lags were typically over a year (except for DPLs) in Guatemala (see Annex Table 1b for details).

11. Non-lending. With a few exceptions ESW was delivered as planned. The non-lending activities were well aligned with the development agenda but there were some omissions. For example, a EWS on the judicial system could have helped the judicial reform project implement reforms in this sector. Similarly, a Country Social Analysis could have benefitted the implementation of CAS programs targeted at social inclusion of Guatemala's large indigenous population.

12. IFC and MIGA: Guatemala benefitted from IFC support both at the regional and country levels. During FY05-08, IFC committed 4 regional projects that supported programs in the retail and agribusiness sectors. At the country level, IFC supported 3 projects focusing on agriculture, infrastructure and financial markets. MIGA provided both guarantee and technical assistance aimed at attracting FDI into Guatemala.

13. Other Outstanding Issues: Guatemala is a disaster prone country (the World Bank Natural Disaster Hotspot study ranks Guatemala 5 out of 75 countries). In 2005, Hurricane Stan caused severe damages, and resources were diverted away from the Rural and Main Roads project to address this damage causing this project to fall behind schedule.

Overview of Achievement by Objective:

Pillar I: Strengthening Fundamentals

14. The primary objective of the CAS under this pillar was to provide a foundation for an accelerated and inclusive growth path. Bank lending consisted of a DPL series; Tax Administration TAL; Judicial Reform project; Integrated Financial Management and Extension project; and Rural Development project. Core non-lending services included the delivery of joint CPAR/CFAA and PER. In addition, several grants and capacity building workshops were delivered.

- Macroeconomic Management: The main CAS objective was to strengthen the tax base. The Bank supported the implementation of a 106-point strategic action plan to improve tax and customs administration. This resulted in increasing tax revenue from 11.5 percent of GDP in 2004 to 12.3 percent of GDP in 2007 but was below the 13.2 percent target set by the Peace Accords (the CAS did not have a quantified tax revenue target). The CASPR listed four additional outcomes (increase per capita GDP growth rate; decrease fiscal debt; decrease fiscal deficit; and decrease inflation). Per capita GDP growth rate was 3.1 percent in 2007 surpassing the CASPR target of 2.5

percent. Fiscal deficit was 2.1 percent of GDP, almost reaching the CASPR target of keeping it below 2 percent of GDP. Government fiscal debt to GDP ratio was below the CASPR target of 25 percent of GDP. Inflation was 8.8 percent in 2007 and failed to reach the CASPR target of 4.5 percent. The CASCR attributes the achievement of these outcomes to Bank's macro-dialogue and technical assistance provided under the DPL series but other agencies (mainly IMF) also contributed to achieving these results.

- **Legal and Personal Security:** Access to judicial services increased by expanding the coverage of judicial services to 20 locations around the country, thereby, meeting the CAS target. Ombudsman Office for Indigenous Women (DEMI) is in place and has provided counseling to 7,494 women surpassing the target of 6,500. The training capacity of the justice system also increased but fell short of the CAS target. Despite meeting the objectives set in the CAS, the impact on improving judicial outcomes is unclear. Surveys do not report improved perceptions on the working of the judicial system. Most of the indicators listed to assess this sector are output oriented and a better selection of development outcomes to measure impact is needed.
- **Governance and Public Sector Management:** The financial management system (SIAF) and an e-procurement program (Guatecompras) are operational in all central government agencies. The CASCR states that the procurement reforms have produced fiscal savings (based on the CPAR report) but does not provide any numbers. Similarly, based on the PER report, it states that the Government's enhanced budget management capacity has contributed to a more effective utilization of public funds but does not provide any evidence.
- **Municipal Development and Decentralization:** Both the financial management system (SIAF) and the e-procurement system (Guatecompras) are operational at the municipalities with coverage exceeding the CAS targets. The CASPR states that these efforts have helped to mobilize local resources (based on CFAA report) but does not provide information. Better service delivery depends on building capacity of the local governments which needs to be addressed.

15. IEG rates the outcome for this pillar as *moderately satisfactory*.

**Summary of Results vs. Original CAS/CASPR Objectives for Pillar I:
Strengthening Fundamentals**

Key Country Development Goals	CAS/CASPR Medium-Term Outcomes and Intermediate Indicators	Bank Supported Activities Contributing to Outcomes
<p>Macroeconomic Management Consolidate macroeconomic (sic) growth, while improving fiscal discipline and strengthening the tax base.</p>	<ul style="list-style-type: none"> • Satisfactory implementation of administrative tax reform measures to strengthen the tax administration. <i>Partially Achieved</i> –tax revenues have not increased as targeted in the Peace Accords despite implementation of administrative tax reform. • Per capita GDP growth rate of 2.5 percent. <i>Achieved but cannot be linked solely to Bank intervention.</i> • Fiscal deficit below 2 percent of GDP. <i>Achieved but cannot be linked solely to Bank intervention.</i> • Fiscal debt to GDP ratio below 25 percent of GDP. <i>Achieved but cannot be linked solely to Bank intervention.</i> • Inflation below 4.5 percent. <i>Not Achieved.</i> 	<p>Lending:</p> <ul style="list-style-type: none"> • Tax Administration TAL • DPL Series <p>AAA and Grants:</p> <ul style="list-style-type: none"> • CEM (FY04) • PER • PHRD Grants for DPL Series Preparation <p>Others:</p> <ul style="list-style-type: none"> • Debt Management TA • TA from treasury

<p><u>Legal and Personal Security</u> Improve access to justice system (especially for women and indigenous populations) and efficiency of judicial processes.</p>	<ul style="list-style-type: none"> • Increase access to judicial services by expanding coverage of on-going pilot program from the current eight locations to at least 20 by 2008. <i>Achieved.</i> • Increase capacity of the Ombudsman Office for Indigenous Women (DEMI) by providing counseling to 6,500 women by 2008. <i>Achieved.</i> • Expand professionalism and skills of judges and staff by increasing the justice training capacity to 600 per annum by 2008. <i>Partially Achieved-training capacity increased but missed the CAS target.</i> 	<p><u>Lending:</u></p> <ul style="list-style-type: none"> • Judicial Reform <p><u>AAA and Grants:</u></p> <ul style="list-style-type: none"> • IDF - Strengthening the Ombudsman Office for Indigenous Women (DEMI) • PHRD Preparation Grant for Governance & PSM <p><u>Others:</u></p> <ul style="list-style-type: none"> • WBI training in judicial reform
<p><u>Governance and Public Sector Management</u> Improve public sector transparency and accountability, thereby increasing efficiency and reducing opportunity for misuse of public funds.</p>	<ul style="list-style-type: none"> • Extend coverage of financial management systems (SIAF) across all central Government agencies as well as most decentralized agencies. <i>Output achieved but outcome not available.</i> • Enhance budget management through medium-term-budget frameworks and transparency. <i>Output achieved but outcome not available.</i> • Increase transparency of government procurement by the use of a transparent web-based procurement system (Guatecompras) in all central government agencies. <i>Output achieved but outcome not available.</i> 	<p><u>Lending:</u></p> <ul style="list-style-type: none"> • Integrated Financial Mgmt III and Extension <p><u>AAA and Grants:</u></p> <ul style="list-style-type: none"> • CFAA/CPAR • PER • PHRD Implementation Grant for Integrated Financial Mgmt <p><u>Others:</u></p> <ul style="list-style-type: none"> • Training in performance based budgeting, M&E, and participatory planning and budgeting. • Governance Diagnostic
<p><u>Municipal Development and Decentralization</u> Enhance municipal capacity to provide basic services in the context of the national development strategy.</p>	<ul style="list-style-type: none"> • Increase transparency of municipal finance by making SIAF operational in at least 110 of all 331 municipalities. <i>Output Achieved but outcome not available.</i> • Increase transparency of municipal procurement by making web-based procurement system (Guatecompras) operational in 110 municipalities by 2008. <i>Output achieved but outcome not available.</i> 	<p><u>Lending:</u></p> <ul style="list-style-type: none"> • Integrated Financial Mgmt III and extension • Rural Development Project <p><u>AAA and Grants:</u></p> <ul style="list-style-type: none"> • CFAA/CPAR • PHRD preparation Grant for Governance & PSM <p><u>Others:</u></p> <ul style="list-style-type: none"> • WBI Municipal program

Pillar II: Reducing Inequality and Promoting Social Inclusion (Guate Solidaria)

16. The primary objective of the CAS under this pillar was to provide service delivery nationwide and generate better opportunities for the poor in the rural areas. Bank lending consisted of two projects in education, one project in health and four projects in rural infrastructure. In addition, the DPL series supported increasing the allocation of budgetary resources to social sectors. Bank also provided AAA and grants in education and rural infrastructure service sectors.

- **Primary and Secondary Education:** All of the CAS benchmarks for primary education (enrollment, completion and repetition rates) were met. The CASCR does not report on the benchmarks for secondary education because lending in this area has just commenced. The Poverty Assessment Report (FY08) shows net secondary enrollment rate has increased but cannot be attributed to Bank intervention.
- **Health and Nutrition:** A continued delay in implementing projects has postponed reaping the expected outcomes (the CASCR does not provide details on the reasons behind the delay). Achievement of the CAS objectives was not reported but some outputs were produced. The Bank has helped the Government to prepare a Health and Nutrition Strategy. The preparation of a national baseline survey for maternal and infant health is underway. The impact of these reforms is yet to be realized.

- **Rural Infrastructure Services:** The results were mixed in this sector. 60,000 new households have access to electricity surpassing the CAS benchmark of 40,000 households. About 15 percent of municipalities have broadband connection to internet but it is below the CAS benchmark of 50 percent. Similarly, about 37 percent of municipal rural roads benefit from regular maintenance but it is below the CAS benchmark of 50 percent. The CAS benchmark of establishing a rural road maintenance program based on local microenterprises was not achieved mainly due to the damages caused by Hurricane Stan. Access to water and sanitation services was not reported in the CASCR. World Bank's Poverty Assessment Report (FY08) and the 2008 WHO/UNICEF report "Progress on Drinking Water and Sanitation" show improvement in this area but it cannot be attributed to Bank interventions.

17. IEG rates the outcome for this pillar as *moderately unsatisfactory*.

**Summary of Results vs. Original CAS/CASPR Objectives for Pillar II:
Reducing Inequality and Promoting Social Inclusion**

Key Country Development Goals	CAS Medium-Term Outcomes and Intermediate Indicators	Bank Supported Activities Contributing to Outcomes
<p>Education:</p> <ul style="list-style-type: none"> • Achieving universal primary education coverage and education completion rates, in keeping with the MDGs. • Expand secondary education coverage in keeping with the MDGs. 	<ul style="list-style-type: none"> • Increase primary net enrollment rate (NER) to 90 percent by 2008. <i>Achieved.</i> • Increase primary completion rate to 55 percent in 2008: <i>Achieved.</i> • Increase secondary education gross enrollment rate (GER) to 35 percent in 2006 and 40 percent in 2008. <i>Not Achieved.</i> • 10 percent increase in 7th grade enrollment rate by 2008. <i>Not Achieved.</i> • 5 percent increase in 10th grade enrollment rate by 2008. <i>Not Achieved.</i> 	<p>Lending:</p> <ul style="list-style-type: none"> • Universal Basic Education Project • Education Quality and Secondary Expansion <p>AAA and Grants:</p> <ul style="list-style-type: none"> • Central America Education Strategy • Guatemala Education Quality Study • PER (FY05) • JSDF Grant for regional education capacity building <p>Others:</p> <ul style="list-style-type: none"> • WBI Program/Training on Education Knowledge Cross-sharing Management
<p>Health and Nutrition Reduce rates of malnutrition, maternal mortality, and child mortality (in children under five) in keeping with MDGs.</p>	<ul style="list-style-type: none"> • 75 percent of children ages 2 and under would undergo regular community nutritional controls in targeted areas of the country. <i>Not Achieved.</i> • Expand by 10 percent per annum the rate of exclusive breastfeeding for 6 months old infants and of breastfeeding for 12 months and 24 months in targeted areas. <i>Not Achieved.</i> • Increase by 5 percent per annum the number of children ages 5 and under that receive folic acid, iron, and vitamin A supplements in targeted areas. <i>Not Achieved.</i> • Increase the share of pregnant mothers receiving satisfactory prenatal care from 42 percent to 70 percent in targeted areas. <i>Not Achieved.</i> • Increase from 24 percent to 40 percent the number of childbirths taking place in health centers with acceptable quality standards in targeted areas. <i>Not Achieved.</i> 	<p>Lending:</p> <ul style="list-style-type: none"> • Maternal , Infant Health & Nutrition <p>AAA and Grants:</p> <ul style="list-style-type: none"> • None
<p>Rural Infrastructure Services</p>	<ul style="list-style-type: none"> • Increase the number of kilometers of rural municipal roads benefiting from routine and 	<p>Lending:</p> <ul style="list-style-type: none"> • Rural and Main Roads Project

	<p>periodic maintenance or rehabilitation to 50 percent. <i>Partially Achieved- 37percent of rural municipal roads receive maintenance.</i></p> <ul style="list-style-type: none"> • Improve routine maintenance of rural and municipal roads through the use of local micro-enterprises. <i>Not Achieved.</i> • Increase access to water and sanitation services. <i>Not Reported.</i> • Increase access to electricity. <i>Achieved.</i> • Increase access to broadband connection to 50 percent of municipalities. <i>Partially Achieved-about 15 percent of municipalities have broadband connection.</i> 	<ul style="list-style-type: none"> • Second Rural and Main Roads Project • Reconstruction & Local Development • Support Rural Economic Development Program <p>AAA and Grants:</p> <ul style="list-style-type: none"> • OBA support to INDE for Rural Electrification • ESMAP Grant to Fundacion Solar • PPIAF grant for Telecoms strategy
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Pillar III: Stimulating Growth and Enhancing Competitiveness (Guate Crece Y Compite)

18. The primary objective of the CAS under this pillar was to improve competitiveness of the economy by addressing key bottlenecks such as limited markets abroad; poor infrastructure; poor business environment and lack of access to technologies. Bank lending consisted of Land Fund, Land Administration I & II, Competitiveness Loan, FSAL, FTAL and Tax Administration TAL. The DPL series also focused on reforms in these areas. AAA included ICA, CAFTA Regional Study, FSAP and FSAP update in addition to several grants and capacity building programs.

- **Property Rights:** The Government approved and adopted the Cadastral Law, thereby, accomplishing the CAS objective of establishing a legal and institutional framework to integrate the cadastre and registry functions for rural and urban lands. About 34 percent of surveyed land has been titled and registered, missing the CAS target of 50 percent. The CASCR does not provide any other indicator on property rights but the data from the Global Competitiveness Index and Heritage Foundation shows that the index/rank for property rights has remained constant over the CAS period.
- **Financial Sector Strengthening:** Passage of several laws (reciprocal guarantees, and movable guarantees) has helped to improve regulatory framework in the financial sector. Yet, the existing legislation on conglomerates is inadequate and poses challenges to regulation of financial groups. Risk-based supervision is in place and efforts to improve supervision of financial conglomerates are on-going. Guatemala was able to resolve the banking crisis during 2006-07 with the help of IMF, IDB, WB and IFC. The Economist Intelligence Unit's review of credit in Guatemala calls for continued vigilance in the financial sector.
- **Trade and Regional Integration:** The DR-CAFTA was ratified and the CASCR reports that market access for Guatemala has been enhanced through this ratification. Guatemala made progress on opening global and regional markets through approving several trade agreements. Regional integration has led to harmonization of 95 percent custom duties among Central American countries. There was a drop of 5 percent in export restrictions and 50 percent in import restrictions. A scheme to eliminate customs inspections at certain border entry points is underway.
- **Business Climate ad Competitiveness:** Guatemala did not reach the CAS benchmarks but made some progress. The time it takes to register a new business fell by 42 percent surpassing the revised CAS target of reduction in time by 30 percent. It fell in the ranking of the World Economic Forum's (WEF) Global Competitiveness Index from the 80th position in 2004 (out of 104 countries) to 87th position (out of 131 countries) in 2007. Due to the change in the number of countries evaluated, it is difficult to determine whether the CAS objective of improving its position by 10 slots was missed. WEF does report some improvements in the business climate resulting from simplifying custom regulations, reducing red tape for opening businesses, strengthening national

systems for manufacturing standards and quality and promoting e-commerce. The 2008 Doing Business Report placed Guatemala among the top 20 reformers in the world but its 114th rank shows that greater reform is needed. Heritage Foundation shows almost no change in business freedom throughout the CAS period.

- **Infrastructure:** The objective was to promote Public-Private alliances for the financing and implementation of infrastructure projects. Two specific laws facilitating private participation in the construction were approved but the Congress has yet to approve a Public-Private Partnership Framework Law in infrastructure. A housing finance strategy with public-private partnership is currently under preparation with IBRD support. The impact of these measures is yet to be realized.
- **Technology and Innovation:** To address Guatemala's technology and innovation gap, the Presidential Commissioner for Science and Technology is attempting to link universities to enterprises and reform the national training system. The CASCR does not report whether the CAS benchmark of accrediting 40 private in-firm training providers were met or its impact on learning/innovation.
- **Support for Micro, Small and Medium Enterprises (MIPYMES):** Most of the activities in this sector are at the pilot stage. 50 entrepreneurs have been trained on a pilot basis which is below the CAS benchmark of 80. Information on the delivery of quality programs is not yet available.

19. IEG rates the outcome for this pillar as *moderately satisfactory*.

**Summary of Results vs. Original CAS/CASPR Objectives for Pillar III:
Stimulating Growth and Enhancing Competitiveness**

Key Country Development Goals	CAS Medium-Term Outcomes and Intermediate Indicators	Bank Supported Activities Contributing to Outcomes
<p>Property Rights Improve land tenure security and land transactions through the provision of efficient, accessible, and more transparent administration services.</p>	<ul style="list-style-type: none"> • Establish a legal and institutional framework to integrate the cadastre and registry functions for rural and urban lands. <i>Achieved.</i> • 50 percent of the country's territory has been adequately surveyed and cadastred by 2008. <i>Partially Achieved-34 percent</i> of the country's territory has been adequately surveyed and cadastred 	<p>Lending:</p> <ul style="list-style-type: none"> • Land Fund • Land Administration I and II <p>AAA and Grants:</p> <ul style="list-style-type: none"> • PHRD grant for preparing Land Administration II <p>Others:</p> <ul style="list-style-type: none"> • Central America Regional knowledge-sharing on land policy and administration
<p>Financial Sector Strengthening Strengthen the financial sector and reduce fiscal risk; increase private sector access to capital particularly by SMEs.</p>	<ul style="list-style-type: none"> • Improve/introduce reforms to stimulate a financial sector regulatory framework that improves overall access to credit. <i>Partially Achieved-reforms in regulatory framework have been implemented but no data on access to credit.</i> • Public Sector (Superintendence) with improved capability to adequately supervise the private financial sector. <i>Partially Achieved- risk based supervision is in place and efforts to improve supervision of financial conglomerates are on-going.</i> 	<p>Lending:</p> <ul style="list-style-type: none"> • FSAL • FTAL • DPL Series <p>AAA and Grants:</p> <ul style="list-style-type: none"> • FSAP and FSAP Update • CEM • PHRD Grants for DPL Series preparation <p>Others:</p> <ul style="list-style-type: none"> • Loan to a commercial bank to strengthen its capital base and growth (IFC).
<p>Trade and Regional Integration Promote trade expansion and reduce trade barriers.</p>	<ul style="list-style-type: none"> • Enhance market access for Guatemala Exports. <i>Output Achieved. DR-CAFTA ratified.</i> • Increase efficiency of customs offices. <i>Achieved</i> through a reduction drop of 5 percent in export restriction and 50 percent in import restrictions. • Significantly enhanced regional 	<p>Lending:</p> <ul style="list-style-type: none"> • Competitiveness Loan • Tax Administration TAL • DPL Series <p>AAA and Grants:</p> <ul style="list-style-type: none"> • CEM • CAFTA Regional Study • PHRD Grants for DPL Series

	economic integration with neighboring countries. <i>Achieved through trade agreements.</i>	Preparation Others: • None
Business Climate and Competitiveness Create a supportive climate for local and foreign investment and increase the economy's competitiveness	<ul style="list-style-type: none"> • Reduce by 30 percent the time required to register a new business in Guatemala by 2008. <i>Achieved – reduction in time is 42 percent.</i> • Improve Guatemala's ranking in the World Economic Forum business climate rating by 10 slots (from 80th position in 2004). <i>Not Achieved-Guatemala currently ranks 87 out of 131 countries.</i> 	Lending: <ul style="list-style-type: none"> • Competitiveness Loan • DPL Series AAA and Grants: <ul style="list-style-type: none"> • CEM • ICA • PHRD Grants for DPL Series preparation Others: <ul style="list-style-type: none"> • Central America regional program on SME competitiveness • Training on CSR and sustainable competitiveness • Technical support to CentraRSE
Infrastructure Promote economic development through public/private alliances for the financing and implementation of infrastructure projects.	<ul style="list-style-type: none"> • Passage of a new Law of Concessions to encourage private sector participation. <i>Partially Achieved.</i> • Award contracts for two "mega" infrastructure projects by 2008. <i>No indicators although CASCR reports that this was achieved.</i> 	Lending: <ul style="list-style-type: none"> • DPL series AAA and Grants: <ul style="list-style-type: none"> • TA to improve infrastructure through public-private partnerships (PPIAF) • PHRD preparation grant for Low-Income Housing • PPIAF grant for Low-Income Housing
Technology and Innovation Encourage the adoption of new technology to support innovation	Promote learning/innovation partnerships between private sector and universities/ research centers through 40 newly accredited private in-firm training providers by 2008. <i>Not Achieved.</i>	Lending: <ul style="list-style-type: none"> • Competitiveness Enhancement • DPL Series AAA and Grants: None Others: None
Support for Micro, Small and Medium Enterprises (MIPYMES) Foster inclusive growth by providing capacity building to SMEs in both urban and rural areas	Enhance Quality Control and certification capacity for MIPYMES through training of 80 entrepreneurs & implementing/upgrading quality programs by 2008. <i>Partially Achieved- 50 entrepreneurs trained and no information on quality of programs.</i>	Lending: <ul style="list-style-type: none"> • Competitiveness Enhancement AAA and Grants: <ul style="list-style-type: none"> • ICA Others: <ul style="list-style-type: none"> • Central America regional program on SME competitiveness

Pillar IV:: Mainstreaming Environmental Concerns (Guate Verde)

20. The primary objective of the CAS under this pillar was to ensure long-term sustainability of Guatemala's development program through systematic attention to environmental considerations. Bank support was provided through a Country Environment Assessment (FY06) and WBI provided training.

21. The results specified in the original CAS for the environment area were changed as the implementation of the Rural Development Project and the Associated GEF grant were not approved by the Congress as planned. The CAS Progress Report revised the results indicators based on the recommendations of the Country Environmental Assessment and follow-up actions agreed with the Government. This Review evaluates the revised outcomes provided in the CASPR. The CASPR sought to develop an M&E system which is underway but its impact is yet to be realized. An environmental management module is being developed with support from WBI, falling behind the CASPR target of its implementation in one third of the municipalities.

22. IEG rates the outcome for this pillar as *moderately unsatisfactory*.

**Summary of Results vs. Original CASPR Objectives for Pillar IV:
Mainstreaming Environmental Concerns**

Key Country Development Goals	CASPR Medium-Term Outcomes and Intermediate Indicators	Bank Supported Activities Contributing to Outcomes
Ensure the long-term sustainability of Guatemala's development program through systematic attention to environmental considerations, in keeping with the MDGs.	<ul style="list-style-type: none"> • Municipal capacity for more effective environmental management had been developed in at least one third of all municipalities. <i>Partially Achieved - Underway.</i> • An effective central level M&E system for the environment has been developed. <i>Partially Achieved - Underway.</i> 	<p>Lending:</p> <ul style="list-style-type: none"> • Support Rural Economic Development Program (re-programmed). <p>AAA and Grants:</p> <ul style="list-style-type: none"> • Country Environment Assessment (FY06) • Mesoamerican Barrier Reef System (GEF-funded regional program) <p>Others:</p> <ul style="list-style-type: none"> • WBI Program/Training on Environmental Management

Achievement of CAS Objectives

Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I: Strengthening fundamentals	NA	<i>Moderately Satisfactory</i>	Progress was made at strengthening the tax administration and the tax revenues increased but were below the Peace Accords target. Access to judicial services increased but surveys do not report improved perceptions on the availability or quality of service of the judicial system. The implementation of a new financial management system and e-procurement system at the central and local governments led to better resource mobilization. Yet, better service delivery depends on building capacity of the local governments which needs to be addressed.
Pillar II: Reducing inequality and promoting social inclusion	NA	<i>Moderately Unsatisfactory</i>	All the benchmarks for primary education were reached but none of the benchmarks for secondary education was reached due to delays in project implementation. Similarly, the benchmarks for health were not reached. Access to electricity surpassed the CAS benchmark. Maintenance of rural roads increased but was below the CAS benchmark. The CAS benchmark of establishing a rural road maintenance program based on local microenterprises was not achieved. The number of municipalities with broadband connection to the internet increased but was below the CAS benchmark. The CASCR did not report on the status of the water and sanitation services. The Poverty Assessment Report (FY08) shows improvement in the access to water and sanitation but this outcome cannot be attributed to Bank interventions.
Pillar III: Stimulating growth and enhancing competitiveness	NA	<i>Moderately Satisfactory</i>	Regional integration has led to good policies such as harmonization of custom duties among Central American countries and elimination of custom inspection at certain border points. Regulatory framework in the financial sector improved but still poses challenges. Certain aspects of the business environment have improved such as the time it takes to register a new business. Overall it is difficult to assess the business environment as the Doing Business Indicator and Global Competitiveness Index show different trends. Several activities were undertaken to develop public-private partnership in infrastructure; promote technology and innovation; and support micro, small and

			medium enterprises. Most of these interventions have yet to produce outcomes.
Pillar IV: Mainstreaming environmental concerns	NA	<i>Moderately Unsatisfactory</i>	An environmental management module is being developed with support from WBI but has not yet been implemented. An M&E system is under development. The CASPR targets were not reached and are behind schedule.

Comments on Bank Performance:

23. The FY05 CAS was relevant to Guatemala's needs as outlined in the government program and the broad national priority to deliver on the Peace Accords agenda. CAS implementation generally followed its design, as most major intended products were delivered, albeit with delays. The AAA was closely aligned to the lending program and provided valuable analysis although there were some omissions.

24. The FY05 CAS was results-based but its results-matrix could have been improved with a good selection of development outcomes to measure impact. A few of the outcomes were not quantified and often vague (e.g. positive assessment of the economy by Bank staff and management). Some of the outcome indicators were output based (e.g., satisfactory implementation of administrative tax reform rather than an *actual increase in tax collection* or establishing a legal and institutional framework for the outcome of *improved land security*). About half of the portfolio consisted of development policy operations. It was easier to assess the impact of Bank intervention when the conditionality stressed effective implementation of laws and/or measures rather than their adoption by the Government or submission to parliament.

25. Donor coordination was strong in areas of education and rural development but not effective in the area of judicial system. The quality of supervision could also be improved with 30 percent problem projects and 80 percent at risk. On a positive note, the Bank helped to phase out Project Implementation Units (PIUs) by executing projects through government agencies. None of the projects approved after 2003 had a separate and independent PIU.

26. Overall, IEG rates Bank performance as *moderately satisfactory*.

4. Overall IEG Assessment

Outcome: *Moderately Satisfactory*

Bank Performance: *Moderately Satisfactory*

27. Guatemala surpassed the CAS targets for primary education and will likely meet the Millennium Development Goals in this sector. Regional integration has been achieved through trade agreements and has resulted in better trade policies (e.g. harmonization of custom duties among Central American countries and elimination of custom inspection at certain border points). Results in all other sectors have yet to produce the targeted outcomes although implementation of reforms is underway. Reforms of the tax administration have increased revenue but it is below the targeted level. Although access to the judicial system has increased, there are concerns about its quality and efficiency. Certain sectors of the business environment improved (e.g. regulatory changes) but overall improvements are needed. Similarly, there is limited evidence of achieving outcomes in improving property rights; promoting public-private partnership in infrastructure; promoting technology and innovation; supporting micro, small and medium enterprises; and mainstreaming environmental concerns. Delays in project implementation led to no outcomes in secondary education and health. IEG rates the achievement of outcomes as *moderately satisfactory*

28. Bank strategy was closely aligned with Guatemala's development agenda and it delivered almost all of its lending activities as planned. The Bank provided important AAA that helped assessing the environment, poverty and business climate as well as provided valuable insights for regional integration and public expenditure. The Bank could have designed a better result-matrix, taken steps to avoid delays in project implementation and helped to improve portfolio performance. IEG rates Bank performance as *moderately satisfactory*.

5. Assessment of CAS Completion Report

29. The CASCR is well written. Its coverage is consistent with the FY05 CAS objectives. For each pillar it makes an appropriate distinction between progress towards outcomes at the country level and progress at the level of the CAS, i.e. at the level of outcomes expected to be influenced by the Bank's activities. There is also a detailed discussion of the Bank instruments (lending and AAA) which were meant to contribute to the CAS outcomes.

30. The CASCR could have provided a more balanced assessment of the implementation and outcomes of the Guatemala country program during FY05-08. Virtually all of the content of the report and the summary highlights positive features of the work undertaken. While the areas of progress are noteworthy and project delays are mentioned, a self-evaluation should incorporate a discussion and analysis of areas where improvement is needed. For example, the CASCR states "Delays on the effectiveness of the Education Quality and Secondary Education Project prevent reporting on CAS results under this project." A more balanced self-evaluation could highlight the reasons for the delay and candidly report that no outcomes were accomplished in these sectors.

31. Although the FY05 CAS was results-based it had weak outcome indicators. The CASCR could have discussed this weakness of the CAS to help strengthen the results framework for the forthcoming CPS. It could have also discussed in greater detail the reasons for the poor portfolio performance. The CASCR assessed achievements of the individual components in each pillar, but did not provide an overall rating for each pillar.

32. The CASCR provides strategic and operational recommendations for the new CPS. In the results-matrix it also provides a section on the lessons learned from each individual intervention. IEG concurs with the lessons drawn in the CASCR, particularly those highlighting the importance of reducing project preparation, approval and execution gap; strengthening the results framework; and improving the portfolio performance.

6. Findings and Lessons

33. The most important findings and lessons of this review are:

- A broad consensus between the Congress and the Government has to be reached before implementation of projects to avoid deterioration in the portfolio performance;
- A rigorous results framework with outcome oriented indicators has to be structured for effective monitoring and evaluation ; and
- In development policy operations, it is easier to assess impact of Bank intervention when conditionality stresses effective implementation of laws and/or measures rather than their adoption by the Government or submission to parliament.

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Annex Table 1a. Guatemala - Planned and Actual Lending FY05-08, Base Case Scenario (US\$ million)

FY	Project Name ^{a,b}	Planned		Actual
		CAS	CASPR	
2005	Broad Based Growth DPL I	100.0		Delayed to FY06
	Subtotal FY05	100.0		00.0
2006	Education Quality and Secondary Expansion	80.0		Delayed to FY07
	Land Administration II APL	80.0		Delayed to FY07
	Local Development and Rural Growth - Support Rural Economic Development Program	60.0		30.0
	Broad Based Growth DPL II	100.0		Delayed to FY07
	<u>Delays from FY05</u>			
	Broad Based Growth DPL I			100.0
	<u>Advances from FY06</u>			
	Nutrition and MCH <i>Renamed: Maternal & Infant Health & Nutrition</i>			49.0
	Subtotal FY06	320.0		179.0
2007	Governance and Public Sector Management Project	60.0		Delayed to FY08
	Nutrition and MCH <i>Renamed: Maternal & Infant Health & Nutrition</i>	30.0		Advanced to FY06
	Broad Based Growth DPL III	100.0		Delayed to FY08
	Infrastructure Guarantee Operation ^c	50.0		Dropped
	Low Income Housing (planned in CASPR)		30.0	Delayed to FY08
	<u>Delays from FY06</u>			
	Broad Based Growth DPL II			100.0
	Education Quality and Secondary Expansion			Delayed to FY08
			62.3	
	Subtotal FY07	240.00		162.3
2008	<u>Delays from FY07</u>			
	Broad Based Growth DPL III			100.0
	Governance and Public Sector Management Project ^d			20.0
	Education Quality and Secondary Expansion			80.0
	Low Income Housing			Delayed to FY09 ^e
	Subtotal FY08	00.0		200.0
	Total	660.0	30.0	541.3

Sources: Business Warehouse 2b1, 2b2, 2b5 as of July 17th, 2008; Guatemala CAS 2005.

^a In addition to the above, a fourth DPL of US\$ 120 million was envisaged in the high case lending scenario.

^b All projects were planned either in FY05 CAS or FY07 CASPR. There were no non-planned projects.

^c The Infrastructure Guarantee Operation was replaced with support for the Low Income Housing project under the CASPR.

^d This project was later split into two separate projects -Integrated Finance Management (SIAF) Additional Financing and a potential Judicial Reform Project. Actual lending of US\$ 20 million shows the amount allocated to the Integrated Finance Management (SIAF) Additional Financing Project.

^e The CASCR reports that the Low Income Housing has been delayed to FY09 but the new CPS does not mention this project. It is also not listed in Business Warehouse or in the Operations Portal.

Annex Table 1b. Guatemala - List of Projects Implemented during FY05-08

Fiscal Year	Project ID	Project Name	Proposed FY	Approval Date	Effectiveness Date	Closing Date	Status
1998	P048654	Tax Admin. TAL	Pre-FY05CAS	08/28/1997	12/11/1998	03/31/2007	Closed
	P035737	Rural and Main Roads	Pre-FY05CAS	12/11/1997	12/11/1998	06/30/2007	Closed
1999	P054462	Land Fund	Pre-FY05CAS	01/07/1999	07/26/2000	06/30/2005	Closed
	P049386	Reconstruction & Local Dev.	Pre-FY05CAS	07/28/1998	02/24/1999	06/30/2006	Closed
	P049616	Land Administration	Pre-FY05CAS	12/03/1998	07/26/2000	03/31/2007	Closed
	P047039	Judicial Reform	Pre-FY05CAS	10/22/1998	04/22/1999	06/30/2007	Closed
2001	P048652	Universal Basic Education Project	Pre-FY05CAS	05/22/2001	11/20/2002	12/31/2008	Active
	P055084	Competitiveness Project	Pre-FY05CAS	12/14/2000	07/24/2002	06/30/2009	Active
2002	P074530	Financial Sector Adjustment Loan	Pre-FY05CAS	06/25/2002	12/18/2002	03/31/2007	Closed
	P076853	Financial Sector TA Loan	Pre-FY05CAS	06/25/2002	03/13/2003	06/30/2009	Active
	P066175	Integrated Financial Management III-TA	Pre-FY05CAS	03/14/2002	04/18/2003	06/30/2011	Active
	P055085	Second Rural and Main Roads Project	Pre-FY05CAS	05/06/2003	11/03/2004	06/30/2009	Active
2006	P094365	Growth DPL I	2005	07/07/2005	01/06/2006	06/30/2006	Closed
	P077756	Maternal & Infant Health & Nutrition	2007	01/19/2006	06/26/2007	06/30/2011	Active
	P094321	Support Rural Economic Development Program	2006	03/29/2006	11/26/2007	01/31/2013	Active
2007	P094897	Second Broad-Based Growth DPL	2006	08/29/2006	06/26/2007	12/31/2007	Closed
	P087106	Land Administration	2006	12/14/2006	05/22/2008	12/01/2013	Active
	P089898	Education Quality and Sec. Education (CRL1)	2006	03/06/2007	06/23/2008	12/31/2013	Active
2008	P101311	DPL III	2007	08/02/2007	05/29/2008	12/31/2008	Closed
	P106993	Governance and Public Sector Management Project	2007	03/27/2008	#	#	Active

Source: Business Warehouse Table 2a.4 as of July 20th, 2008

Annex Table 2a. Guatemala- Planned and Actual Analytical and Advisory Work, FY05-08

<i>Project ID</i>	<i>Actual Project Name</i>	<i>Sector Board</i>	<i>Planned Completion FY</i>	<i>Delivered to Client FY</i>	<i>Delivery Status</i>
<u>Underway prior to FY05 CAS</u>					
P090003	GT Joint CPAR/CFAA	Procurement and Management	2005	2005	Delivered
P089824	GT Pubic Expenditure Review CAFTA Regional Study	Public Sector Governance	2005	2005 2005	Delivered
<u>Planned under FY05 CAS</u>					
P095709	GT Country Environmental Assessment	Environment	2006	2006	Delivered
P101314	GT Poverty Assessment	Poverty Reduction	2007	2008	Delivered
<u>Planned under FY07 CASPR</u>					
P104173	GT Investment Climate Assessment	Private Sector/Development	2008	2008	Delivered
	Central America Study on Disaster Management		2008		Delayed to FY09
	Policy Notes		2008		Underway
	WBI Capacity Building in Education and Parliamentary Strengthening		2007	2008	Delivered
	WBI Capacity Building in SME Competitiveness		2007	2008	Delivered
	WBI Governance Diagnosis		2007	2008	Delivered
<u>Non-Planned</u>					
P083167	GT Investment Climate Assessment	Private Sector/Development		2005	Delivered*
P088652	GPOBA-SL3: Guatemala Telecommunications	Information/Communication		2006	Delivered*
P097987	FSAP Guatemala Update	Development		2006	Delivered*
P098162	Guatemala- Insolvency ROSC	Financial Management		2007	Delivered*
<u>IDF Grants</u>					
P100476	GT Improving Poverty M&E Systems (IDF)			2006	Delivered
<u>Other Grants**</u>					
	PHRD- Education Quality and Secondary Education			2005	Delivered
	PHRD- Third Integrated Financial Mgmt. TA			2005	Delivered
	PHRD- Governance and Public Sector Management			2007	Delivered
	PHRD- Broad-based Growth DPL III			2007	Delivered
	PHRD-Low Income Housing and Comm. Upgrading Project			2007	Delivered

Source: Business Warehouse "Operations/AAA/ESW/1.4, 4.2a" and "TA/1.4, 3.2a"; Operations Portal as of July 18 2008; Guatemala CAS 2005.

*The CASCR does not mention the completion of these AAA works.

** In addition there were grants from Japan Social Development Fund and Global Environment Facility.

Annex Table 3a: Guatemala - IEG Project Ratings , Exit FY05-FY08

Project ID	Project Name	Exit FY	Approved FY	IEG Outcome	IEG Sustainability*	IEG ID Impact*
P054462	Land Fund	2005	1999	SATISFACTORY	NON-EVALUABLE	MODEST
P049386	Reconstruction & Local Development	2006	1999	MODERATELY UNSATISFACTORY	#	#
P049616	Land Administration	2006	1999	MODERATELY UNSATISFACTORY	#	#
P047039	Judicial Reform	2006	1999	MODERATELY SATISFACTORY	#	#
P074530	Financial Sector Adjustment Loan	2006	2002	SATISFACTORY	#	#
P048654	Tax Admin. TAL	2007	1998	MODERATELY SATISFACTORY	#	#
P035737	Rural and Main Roads	2007	1998	MODERATELY SATISFACTORY	#	#

Annex Table 3b: Guatemala - Overall Project Ratings, Exit FY05-FY08

Country/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	339.1	8	85.2	71.4	0.0	0.0	n.a.	n.a.
Bolivia	341.1	11	71.8	63.6	12	14.3	88.5	57.1
Dominican Republic	142.3	5	84.4	80.0	4	25.0	83.0	75.0
Ecuador	141.9	8	70.0	80.0	0.0	0.0	100.0	100.0
El Salvador	317.6	9	100.0	100.0	100	100.0	100.0	100.0
LCR	12,722.9	184	92.2	85.5	66	54.9	93.0	86.5
Bank wide Average	50,293.2	776	85.8	79.9	64	56.0	89.1	82.8

Source: Business Warehouse "Operations/Evaluations/4.a.5, 4.a.6" as of July 21st, 2008.

Annex Table 4: Portfolio Status Indicators for Guatemala and Comparators, FY05-FY08 (US \$000)

Country	Fiscal year	2005	2006	2007	2008
Guatemala	# Proj	11	12	9	9
	# Proj At Risk	0	0	2	3
	% At Risk	0.0	0.0	22.2	33.3
	Net Comm Amt	502.8	549.8	385.2	403.7
	Comm At Risk	0.0	0.0	76.7	159.0
	% Commit at Risk	0.0	0.0	19.9	39.4
Bolivia	# Proj	11	6	5	11
	# Proj At Risk	4	2	2	1
	% At Risk	36.4	33.3	40.0	9.1
	Net Comm Amt	462.7	265.6	190.4	272.8
	Comm At Risk	127.3	105.4	97.0	20.0
	% Commit at Risk	27.5	39.7	50.9	7.3
Dominican Republic	# Proj	9	8	7	9
	# Proj At Risk	5	4	1	2
	% At Risk	55.6	50.0	14.3	22.2
	Net Comm Amt	382.5	304.1	291.8	408.2
	Comm At Risk	174.8	212.3	25.0	44.4
	% Commit at Risk	45.7	69.8	8.6	10.9
Ecuador	# Proj	8	7	7	3
	# Proj At Risk	5	1	5	2
	% At Risk	62.5	14.3	71.4	66.7
	Net Comm Amt	293.1	285.1	295.9	36.7
	Comm At Risk	212.9	13.9	226.9	21.4
	% Commit at Risk	72.6	4.9	76.7	58.3
El Salvador	# Proj	8	8	3	2
	# Proj At Risk	2	3	0	0
	% At Risk	25.0	37.5	0.0	0.0
	Net Comm Amt	476.0	436.0	184.8	160.8
	Comm At Risk	160.8	145.2	0.0	0.0
	% Commit at Risk	33.8	33.3	0.0	0.0
LCR	# Proj	268	256	247	261
	# Proj At Risk	59	44	58	60
	% At Risk	22.0	17.2	23.5	23.0
	Net Comm Amt	18595.3	16208.0	16408.1	18394.6
	Comm At Risk	3831.7	2557.7	3584.2	3666.6
	% Commit at Risk	20.6	15.8	21.8	19.9
Bankwide	# Proj	1,332	1,345	1,347	1,386
	# Proj At Risk	224	188	224	250
	% At Risk	16.8	14.0	16.6	18.0
	Net Comm Amt	93,211.7	92,888.8	97,790.5	105,292.5
	Comm At Risk	12,552.7	10,849.8	15,175.6	18,179.3
	% Commit at Risk	13.5	11.7	15.5	17.3

Source: Business Warehouse "Operations/Supervision/3.a.4" as of July 21st, 2008.

Annex Table 5: Guatemala - IBRD/IDA Net Disbursements and Charges (in million US\$), FY05-FY08

Fiscal Year	Disb. Amt.	Repay Amt.	Net Amt.	Interest	Fees	Transfers
2005	76.72	31.34	45.38	15.29	1.30	28.79
2006	144.03	34.59	109.44	22.86	0.98	85.59
2007	196.79	36.12	160.67	30.88	0.68	129.11
2008	131.79	52.18	79.61	41.44	1.04	37.14
Total	549.33	154.23	395.10	110.47	4.00	280.63

Source: WB Loan Kiosk, Net Disbursements and Charges Report as of July 21st, 2008.

Annex Table 6a. Guatemala- Total Net Receipts (ODA, OOF, and Private), Calendar Years 2000-2006
(USD million, current prices)

	2000	2001	2002	2003	2004	2005	2006
Total Net Receipts	396.8	-76.08	245.29	188.36	258.19	486.17	1320.19
o/w ODA	263.46	226.48	248.31	246.78	220.17	254.15	487.17
o/w OOF	58.03	68.28	132.84	43.81	116.07	-4.87	205.5
o/w Private	75.31	-370.84	-135.86	-102.23	-78.05	236.89	627.52
ODA + OOF, total	321.49	294.76	381.15	290.59	336.24	249.28	692.67
o/w Multilateral	84	104.47	222.01	85.4	146.72	33.93	249.03
o/w IBRD	17.37	12.35	47.40	8.50	33.14	-17.54	134.15

Source: OECD DAC online database, and Client Connection, retrieved July 15th, 2008

Note: a. Official Development Assistance: Grants or loans to countries and territories on Part 1 of the DAC list of Aid Recipients (developing countries) that are: 1) Undertaken by the Official Sector; 2) Have promotion of economic development and welfare as their main objective; and 3) Are granted at concessional terms (the loan has a grant element of at least 25 percent).

b. Other Official Flows (OOF): Transactions by the official sector with countries on the List of Aid Recipients that do not meet the conditions of ODA or Official Aid eligibility, either because they are not primarily aimed at development, or because they have a grant element of less than 25 percent.

Annex Table 6b: Guatemala - Total Net Disbursements of Official Development Assistance and Official Aid, Calendar Year 2000-06 (Current Million US\$)

Agency / Year	2000	2001	2002	2003	2004	2005	2006	Average (2000-06)	(%) of Total
All Agencies, Total	263.5	226.5	248.3	246.8	220.2	254.2	487.2	278.1	100.0
DAC Countries, Total	230.3	201.2	199.6	216.0	203.7	219.1	445.1	245.0	88.1
Multilateral, Total	32.7	24.8	48.2	29.3	15.5	33.3	39.6	31.9	11.5
G7, Total	170.1	130.0	125.8	133.9	111.9	99.3	132.2	129.0	46.4
DAC EU Members, Total	91.2	75.6	82.1	85.5	102.1	113.5	308.5	122.6	44.1
Austria	4.6	4.7	4.8	4.5	6.8	5.8	7.0	5.5	2.0
Canada	4.4	5.0	10.2	9.7	7.6	8.1	10.2	7.9	2.8
Denmark	5.4	2.0	1.9	4.4	3.7	2.2	3.7	3.3	1.2
Germany	18.7	15.5	19.0	19.0	23.3	18.1	17.9	18.8	6.8
Japan	67.1	45.7	29.4	37.4	25.4	32.8	38.9	39.5	14.2
Netherlands	10.6	21.2	20.6	17.0	20.9	26.4	20.0	19.5	7.0
Norway	8.1	10.0	11.5	12.4	13.0	21.0	14.9	13.0	4.7
Spain	14.5	16.5	17.5	23.5	22.4	38.9	223.8	51.0	18.3
Sweden	13.4	12.4	11.3	11.8	16.0	15.2	32.6	16.1	5.8
United Kingdom	23.2	0.6	0.6	0.2	-0.3	0.1	-4.7	2.8	1.0
United States	58.0	63.6	64.7	67.9	53.5	38.4	67.3	59.1	21.2
EC	20.9	20.3	32.1	25.1	23.3	30.0	31.7	26.2	9.4

Source: OECD DAC online database, retrieved July 31st, 2008

Annex Table 7: Economic and Social Indicators

Series Name	Guatemala				Average 2003-2006				
	2003	2004	2005	2006	Guatemala	Bolivia	Dom. Republic	Ecuador	El Salvador
Growth and Inflation									
GDP growth (annual %)	2.1	2.7	3.2	4.5	3.1	3.9	5.0	5.4	2.9
GDP per capita growth (annual %)	-0.4	0.1	0.7	1.9	0.6	1.9	3.4	4.2	1.4
GNI per capita, PPP (current international \$)	4540.0	4680.0	4860.0	5120.0	4800.0	3500.0	4710.0	6112.5	5200.0
GNI per capita, Atlas method (current US\$)	1950.0	2170.0	2380.0	2590.0	2272.5	1000.0	2277.5	2472.5	2465.0
Inflation, consumer prices (annual %)	5.5	7.4	8.4	6.5	6.9	4.4	22.7	4.0	3.8
Composition of GDP									
Agriculture, value added (% of GDP)	22.7	22.9	22.8	22.2	22.6	14.8	11.9	7.0	10.0
Industry, value added (% of GDP)	19.2	18.9	18.9	19.1	19.0	31.6	28.1	32.0	30.4
Services, etc., value added (% of GDP)	58.1	58.2	58.3	58.7	58.3	53.6	60.0	61.0	59.6
Other Macroeconomic Indicators									
Gross fixed capital formation (% of GDP)	18.8	19.8	19.0	18.7	19.1	12.5	21.9	22.9	16.3
Gross domestic savings (% of GDP)	6.2	5.8	4.6	3.8	5.1	16.9	19.4	21.9	-1.6
Official exchange rate (LCU per US\$, period average)	7.9	7.9	7.6	7.6	7.8	7.9	34.2	25000.0	8.8
External Accounts									
Exports of goods and services (% of GDP)	16.7	17.0	15.7	15.7	16.3	33.8	42.6	29.6	27.2
Imports of goods and services (% of GDP)	29.4	31.1	30.2	30.6	30.3	29.5	45.1	30.6	45.0
Current account balance (% of GDP)	-4.2	-4.4	-4.5	-4.5	-4.4	5.8	2.0	0.3	-4.6
Total debt service (% of GNI)	1.9	2.0	1.5	1.6	1.7	5.4	4.6	10.8	5.8
External debt, total (% of GNI)	20.7	20.5	17.1	15.7	18.5	68.5	36.5	52.2	53.0
Total reserves in months of imports	4.5	4.7	3.8	3.6	4.2	6.7	1.1	1.6	2.9
Government Finance									
Tax Revenue (% of GDP)	10.3	10.1	9.6	10.2	10.1	15.4	16.2	12.0	12.0
Revenue Excluding Grants (% of GDP)	10.8	10.6	10.1	10.7	10.6	21.5	17.3	16.0	16.0
Government Expenditure (% of GDP)	12.6	11.1	11.0	11.6	11.6	26.6	16.8	17.3	17.3
Central government debt, total (% of GDP)	18.2	19.1	18.3	19.0	18.7				47.9
Social Indicators									
Health									
Immunization, DPT (% of children ages 12-23 months)	83.0	84.0	81.0	80.0	82.0	81.0	74.0	92.8	92.0
Improved sanitation facilities (% of population with access)	..	86.0	..	..	86.0	46.0	78.0	89.0	62.0
Improved water source (% of population with access)	..	95.0	..	..	95.0	85.0	95.0	94.0	84.0
Life expectancy at birth, total (years)	..	..	69.7	69.9	69.8	65.0	71.9	74.8	71.4
Mortality rate, infant (per 1,000 live births)	..	..	32.0	30.6	31.3	50.9	25.3	21.5	22.4
Population									
Population, total (in millions)	12.1	12.4	12.7	13.0	12.6	9.1	9.4	13.0	6.6
Population growth (annual %)	2.5	2.5	2.5	2.5	2.5	1.9	1.6	1.1	1.4
Urban population (% of total)	46.4	46.8	47.2	47.7	47.0	64.0	66.3	62.5	59.7
Education									
School enrollment, preprimary (% gross)	27.5	28.1	28.3	28.8	28.2	49.4	30.1	76.9	51.6
School enrollment, primary (% gross)	110.0	112.5	113.1	113.6	112.3	111.8	104.6	117.0	115.3
School enrollment, secondary (% gross)	46.3	48.5	51.1	53.5	49.8	85.5	69.4	62.0	64.1
School enrollment, tertiary (% gross)	9.5	..	..	8.7	9.1	40.6	34.3	..	19.6

Sources: WB DDP as of July, 22 2008; Guatemalan authorities and IMF staff estimates.

Annex Table 8: Millennium Development Goals

	1990	1995	2000	2006
Goal 1: Eradicate extreme poverty and hunger				
Employment to population ratio, 15+, total (%)	63	63	62	62
Employment to population ratio, ages 15-24, total (%)	53	52	49	47
Income share held by lowest 20%	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	23.5
Poverty gap at \$1 a day (PPP) (%)	..	..	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	17	15	..	14
Vulnerable employment, total (% of total employment)	..	..	..	..
Goal 2: Achieve universal primary education				
Literacy rate, youth female (% of females ages 15-24)	79	..	..	84
Literacy rate, youth male (% of males ages 15-24)	88	..	..	91
Persistence to last grade of primary, total (% of cohort)	..	..	..	..
Primary completion rate, total (% of relevant age group)	79	..	83	86
School enrollment, primary (% net)	84	..	83	86
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	13	12	14	18
Ratio of female to male enrollments in tertiary education	..	..	96	105
Ratio of female to male primary enrollment	89	..	92	95
Ratio of female to male secondary enrollment	..	..	92	94
Ratio of young literate females to males (% ages 15-24)	90	..	..	93
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	34.7	36.8	37.4	..
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	73	74	73	80
Mortality rate, infant (per 1,000 live births)	63	60	56	50
Mortality rate, under-5 (per 1,000)	92	88	84	73
Goal 5: Improve maternal health				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	65	63	52
Births attended by skilled health staff (% of total)	..	..	..	65
Contraceptive prevalence (% of women ages 15-49)	57	..	..	60
Maternal mortality ratio (modeled estimate, per 100,000 live births)	430	..	..	400
Pregnant women receiving prenatal care (%)	..	..	..	80
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	124	128	136	139
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	1.0
Tuberculosis cases detected under DOTS (%)	..	14	29	62
Goal 7: Ensure environmental sustainability				
Annual freshwater withdrawals, total (% of internal resources)	..	..	9.1	..
CO2 emissions (kg per PPP \$ of GDP)	0.7	0.7	0.6	0.5
CO2 emissions (metric tons per capita)	4.1	4.0	4.0	4.3
Forest area (% of land area)	31	..	31	31
Improved sanitation facilities (% of population with access)	45	50	55	57
Improved water source (% of population with access)	76	79	81	83
Marine protected areas, (% of surface area)	..	..	..	4
Nationally protected areas (% of total land area)	..	..	..	11.6
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	11	12	10	16
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	..	..	..
Internet users (per 100 people)	0.1	0.8	6.5	21.4
Mobile phone subscribers (per 100 people)	0.2	1.6	12.2	40.0
Telephone mainlines (per 100 people)	9.9	12.2	16.1	19.5
Other				
Fertility rate, total (births per woman)	3.1	2.9	2.7	2.5
GNI per capita, Atlas method (current US\$)	4,075	5,049	5,252	7,448
GNI, Atlas method (current US\$) (billions)	21,449.1	28,662.6	31,917.2	48,694.1
Gross capital formation (% of GDP)	23.4	22.3	22.3	21.7
Life expectancy at birth, total (years)	65	66	67	68
Literacy rate, adult total (% of people ages 15 and above)	76	..	..	82
Population, total (millions)	5,263.9	5,676.8	6,076.7	6,538.1
Trade (% of GDP)	38.3	42.0	49.3	54.3

Source: World Development Indicators database

Annex Table 9: Guatemala - Cost of Doing Business

Ease of...	2008 rank	2007 rank	Comparator Countries (2008 Rank)			
			Bolivia	Dominican Republic	Ecuador	El Salvador
Doing Business	114	118	140	99	128	69
Starting a Business	128	130	157	84	148	130
Dealing with Licenses	167	165	106	74	53	121
Employing Workers	105	105	177	106	168	76
Registering Property	23	26	120	106	70	37
Getting Credit	68	48	97	36	97	48
Protecting Investors	122	135	122	122	122	107
Paying Taxes	116	122	172	139	57	101
Trading Across Borders	116	122	115	35	131	68
Enforcing Contracts	98	149	112	82	59	54
Closing a Business	86	83	52	142	124	85

Source: IFC-WB Doing Business in 2007, and 2008 reports.

Note: Doing Business 2007 rankings have been recalculated to reflect changes to the methodology and the addition of three new countries.

Annex Table 10: Guatemala - Governance Indicators for Guatemala Percentile Rank (0-100)

	1996	1998	2000	2002	2003	2004	2005	2006	2007
Voice and Accountability									
Guatemala	44	40	38	38	35	38	37	40	39
Latin America Regional Average	55	52	52	53	53	53	51	52	52
Income Category Average									39
Political Stability									
Guatemala	8	22	25	20	22	24	21	23	22
Latin America Regional Average	34	35	41	40	38	39	38	37	37
Income Category Average									39.4
Government Effectiveness									
Guatemala	35	42	38	34	37	29	28	30	32
Latin America Regional Average	45	50	48	44	46	45	43	44	44
Income Category Average									38
Regulatory Quality									
Guatemala	52	53	46	47	43	48	43	50	50
Latin America Regional Average	63	60	56	51	49	50	47	46	46
Income Category Average									37
Rule of Law									
Guatemala	19	17	24	22	14	16	14	12	11
Latin America Regional Average	42	40	39	38	38	37	36	35	34
Income Category Average									38
Control of Corruption									
Guatemala	16	31	35	35	32	35	26	25	25
Latin America Regional Average	41	42	43	42	44	45	42	43	44
Income Category Average									37

Source: World Bank Governance Indicators 1996-2006.

NOTE: Rank of 100 denotes maximum Governance.

1. Voice and Accountability: Measures the extent to which country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
2. Political Stability and Absence of Violence: Measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.
3. Government Effectiveness: Measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government.
4. Regulatory Quality: Measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
5. Rule of Law: Measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.
6. Control of Corruption: Measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Annex Table 11: Guatemala – Index of Political and Economic Freedoms

Political Freedom	2000	2001	2002	2003	2004	2005	2006	2007
Political Rights	3	3	4	4	4	4	3	3
Civil Liberties	4	4	4	4	4	4	4	4
Freedom Status	PF	PF	PF	PF	PF	PF	PF	PF

Source: Freedom House as of July 31, 2008, www.freedomhouse.org

*Political Rights and Civil Liberties are measured on a one-to-seven scale, with one representing the highest degree of Freedom and seven the lowest.

** Freedom Status: "F," "PF," and "NF," respectively, stand for "Free," "Partly Free," and "Not Free."

Index of Economic Freedom	2000	2001	2002	2003	2004	2005	2006	2007
IEF Index*	65	62	62	60	60	60	61	61
Business Freedom (Regulation)	55	55	55	55	55	49	52	54
Trade Freedom	72	73	73	74	73	75	80	78
Fiscal Freedom	87	80	80	80	77	80	80	80
Freedom from Government	95	96	96	95	95	95	96	96
Monetary Freedom	75	75	78	77	79	78	72	73
Investment Freedom	50	50	50	30	30	50	50	50
Financial Freedom	70	70	70	70	70	50	60	50
Property Rights	50	30	30	30	30	30	30	30
Freedom from Corruption	32	32	29	25	24	22	25	26
Labor Freedom					69	72	68	68

Source: Index of Economic Freedom (2007). The Heritage Foundation / The Wall Street Journal, as of July 31, 2008.

* IEF Index is an average score of 10 freedom factors. Each one of the 10 freedoms is graded using a scale from 0 to 100, where 100 represent the maximum freedom.

Annex Table 12. Guatemala- Summary of Achievement of CAS/ CASPR Objectives

Pillar 1: Strengthening Fundamentals			
Sub-objectives	CAS/ CASPR Benchmark	Actual Outcomes	Comments
1. Macroeconomic Management	Original CAS Benchmark: Satisfactory implementation of administrative tax reform measures to strengthen the tax administration.	The implementation of the tax strategic action plan is underway. Tax revenues have increased but are below the targeted Peace Accords level.	PARTIALLY ACCOMPLISHED. The CASPR benchmarks cannot be linked to specific Bank interventions.
	CASPR Benchmark: Higher sustained per capita growth rates of 1.4-2.5 percent, compared to 0.5 percent in 2004.	GDP per capita growth rates of 0.6 percent in 2005, and 2.5 percent in 2006 and 3.1 percent in 2007, respectively.	
	CASPR Benchmark i: Fiscal deficits below 2 percent of GDP for the entire CAS period, compared to 1.1 percent in 2004	Fiscal deficits of 1.9 percent and 2.1 percent of GDP in 2006 and 2007, respectively.	
	CASPR Benchmark: Fiscal debt to GDP ratio below 25 percent (baseline: 21.9 percent of GDP in 2004).	Fiscal debt to GDP ratios of 21.8 percent and 22.3 percent in 2006 and 2007, respectively.	
	CASPR Benchmark: Inflation rates within the target levels of 4.5 percent (+/-1 percent).	Inflation rate of 5.8 percent and 8.8 percent in 2006 and 2007, respectively.	
2. Legal and Personal Security	Increase access to judicial services by granting access to judicial services from the current eight locations to 15 by 2006 and at least 20 by 2008.	<ul style="list-style-type: none"> Coverage of judicial services was expanded to 20 facilities. 2 mobile courts are operating. 	PARTIALLY ACCOMPLISHED. Most of these indicators are not outcome oriented and do not reflect whether legal and personal security improved.
	Increase capacity of the Ombudsman Office for Indigenous Women (DEMI) by providing counseling to 5,000 women by 2006 and 6,500 women by 2008.	DEMI has provided counseling to 7,494 women by end of 2007.	
	Expand professionalism and skills of judges and staff by increasing the justice training capacity from 200 trainees to 600 per annum by 2008.	<ul style="list-style-type: none"> Training capacity of the program increased to 500 in 2007. There is no information on whether professionalism and skills of judges and staff increased. 	
3. Governance and Public Sector Management	Extend coverage of financial management systems (SIAF) across all central Government agencies as well as most decentralized agencies.	The financial management system (SIAF) is operational in the Central Government.	ACCOMPLISHED.
	Enhance budget management through medium-term-budget frameworks and transparency.	The PER, CPAR and CFAA report enhanced budget management capacities of the Government.	
	Increase transparency of government procurement by the use of a transparent web-based procurement system (Guatecompras).	The e- procurement system (Guatecompras) is operation in all central government agencies.	
4. Municipal Development and Decentralization	Increase transparency of municipal finance by making SIAF operational in at least 110 of all 331 municipalities.	Virtually all municipalities are using a simplified version of SIAF (SIAF-MUNI) or (SIAFTO).	ACCOMPLISHED.
	Increase transparency by making the transparent web-based procurement system (Guatecompras) operational in 110 municipalities by 2008.	Guatecompras is operational in 326 municipalities	

Instruments for Pillar I:	Deliverables	Comments
New IDA Lending Support	DPL Series (FY05, 06 and 07)	ICR Rating: NA
	Governance and Public Sector Management Project	Latest PDO: No PRS created
On-going Pre-CAS 05 Lending Support	Tax Admin. TAL	ICR Rating: Moderately Satisfactory IEG Rating: Moderately Satisfactory
	Judicial Reforms	ICR Rating: Moderately Unsatisfactory IEG Rating: Moderately Satisfactory
	Integrated Financial Management III-TA	Latest PDO: Satisfactory
	Rural and Main Roads	ICR Rating: Satisfactory IEG Rating: Moderately Satisfactory
	Second Rural and Main Roads Project	Latest PDO: Moderately Satisfactory
Planned AAA or Additional AAA	PER	
	CFSS/CPAR	
	Governance Diagnostic	
	WBI Training in Judicial Reform	
	WBI Municipal Program	
On-going Pre- CAS AAA	Training in performance based budgeting, M&E, and participatory planning and budgeting.	
	CEM	Delivered in FY04 prior to the CAS
TA/Grants	IDF- Strengthening the Ombudsman Office for Indigenous Women (DEMI)	
	Debt Management TA	
	PHRD grants for DPL series preparation.	
	PHRD preparation grant for Governance and PSM	

Pillar II: Reducing Inequality and Promoting Social Inclusion (Guate Solidaria)

Sub-objectives		Comments
1. Primary Education	Increase primary education net enrollment rates from 83 percent in 2003 to 85 percent by 2006 and 90 percent by 2008.	Primary education net enrollment rate was 96 percent in 2007.
	Increase primary education completion rate from 51 percent in 2001 to 53 percent by 2006 and 55 percent by 2008.	Primary education gross completion rate was 74 percent in 2007.
	Reduce primary education repetition rate from 15 percent in 2003 to 13.5 percent by 2006 and 12.5 percent in 2008.	No quantified indicator reported although the CASCR reports that the repetition rate is declining.
2. Secondary Education	Increase gross enrollment of rate from 33 percent in 2003 to 35 percent in 2006 and 40 percent by 2008.	Not Done.
	10 percent increase in 7 th grade enrollment rate by 2008.	Not Done.
	5 percent increase in 10 th grade enrollment rate by 2008.	Not Done.
3. Health and Nutrition	75 percent of children ages 2 and under would undergo regular community nutritional controls in targeted areas of the country.	Not Done.
	Expand by 10 percent per annum the rate of exclusive breastfeeding for 6 months old infants, and of breastfeeding for 12 months and 24 months in targeted areas	Not Done.

	Increase by 5 percent per annum the number of children ages 5 and under that receive folic acid, iron, and vitamin A supplements in targeted areas.	Not Done.	
	Increase the share of pregnant mothers receiving satisfactory prenatal care from 42 percent to 70 percent in targeted areas.	Not Done.	
	Increase from 24 percent to 40 percent the number of childbirths taking place in health centers with acceptable quality standards in targeted areas.	Not Done.	
4. Rural Infrastructure Services	Increase the number of kilometers of rural municipal roads receiving maintenance to 35 percent by 2006 and 50 percent by 2008.	About 37 percent of rural municipal roads received regular maintenance in 2007.	PARTIALLY ACCOMPLISHED.
	Establish a rural roads maintenance program based on local micro-enterprises in five municipal associations countrywide by 2006 and ten by 2008.	Not Done.	
	At least 150,000 new households with access to water and sanitation services by 2008.	Not Reported.	
	At least 40,000 new households with access to electricity by 2008.	60,000 new households with access to electricity.	
	At least half of municipalities with at least one broadband connection to internet by 2008.	15.1 percent of the municipalities have broadband connection to internet.	
Instruments for Pillar II:	Deliverables		Comments
New IDA Lending Support	Education Quality and Secondary Expansion		Latest PDO: Satisfactory
	Maternal , Infant Health & Nutrition		Latest PDO: Moderately Satisfactory
	Support Rural Economic Development Program		Latest PDO: Moderately Satisfactory
On-going Pre-CAS 05 Lending Support	Universal Basic Education Project		Latest PDO: Satisfactory
	Rural and Main Roads Project		ICR Rating: Satisfactory IEG Rating: Moderately Satisfactory
	Second Rural and Main Roads Project		Latest PDO:
	Reconstruction & Local Development		ICR Rating: Moderately Unsatisfactory IEG Rating: Moderately Unsatisfactory
Planned AAA or Additional AAA	PER		
	Central America Education Strategy		
	Guatemala Education Quality WBI Program/Training on Education Knowledge Cross-sharing Management		
On-going Pre- CAS AAA			
TA/Grant	JSDF Grant for regional Education Capacity Building		
	OBA support to INDE for Rural Electrification		
	ESMAP Grant for Fudacion Solar		
	PPIAF Grant for Telecoms Strategy		

Pillar III: Stimulating Growth and Enhancing Competitiveness (Guate Crece Y Compite)			
Sub-objectives	CAS Benchmark/ Target	Actual Outcomes	Comments
1. Property Rights	Congress has approved the cadastral information registry law (RIC)	The Cadastral Law was approved and adopted.	PARTIALLY ACCOMPLISHED.
	50 percent of the country's territory has been adequately surveyed and cadastrated by 2008	34 percent of the country's territory has been adequately surveyed and cadastrated.	
	20 percent of rural and urban parcels have been surveyed and cadastrated by 2008 out of which 40 percent have been titled and registered, of which at least 30 percent to be jointly titled (women and men) or titled to women head of households.	Not reported.	
2. Financial Sector Strengthening	Passage of the following laws: Microfinance, Reciprocal Guarantees, Movable Guarantees, Insurance, Pension Funds and Leasing, among others.	<ul style="list-style-type: none"> • Reciprocal Guarantees, Movable Guarantees, Insurance has been passed by Congress. • Microfinance law is currently being discussed in Monetary Commission. 	PARTIALLY ACCOMPLISHED.
	Substantive implementation of Basle I standards and consolidated financial sector supervision	New manual for risk-based supervision was developed and implementation is underway.	
3. Trade and Regional Integration	Non-traditional exports in US\$ terms will grow by at least 7 percent by 2006 and 10 percent by 2008.	<ul style="list-style-type: none"> • No information on non-traditional export growth is reported. • The CASCR reports that the market access for Guatemala has been enhanced through the ratification of CAFTA. 	PARTIALLY ACCOMPLISHED.
	Increase efficiency of the customs offices by reducing processing time for imports and exports by customs offices by 7 percent by 2006 and 10 percent by 2008.	<p>The CASCR reports these indicators:</p> <ul style="list-style-type: none"> (i) harmonization of 95 percent custom duties among Central American countries; (ii) identical custom forms for Guatemala, Honduras and El Salvador; and (iii) elimination of custom inspection at certain border entry points. (iv) drop of 5 percent in export restriction and 50 percent in import restriction. 	

	Significantly enhanced regional economic integration with neighboring countries	<ul style="list-style-type: none"> The CASCR does not provide information on whether the CAS objective of establishing a customs union with El Salvador was achieved. Economic integration was done through other methods: <ul style="list-style-type: none"> (i) Free trade agreement with Taiwan, Belize and Colombia. (ii) Negotiations underway with Panama, Canada, EU and CARICOM. (iii) About 95 percent of custom duties have been harmonized among all Central American countries. 	
4. Business Climate and Competitiveness	Reduce by 30 percent the time required to register a new business in Guatemala by 2008.	The time required to register a new business has been reduced by 42 percent.	PARTIALLY ACCOMPLISHED.
	Improve Guatemala's ranking in the World Economic Forum (WEF) business climate by 10 slots (from 80 th position in 2004	Guatemala's ranking in the World Economic Forum (WEF) decreased by 7 slots (from 80 th position in 2004 to 87 ^h in 2008)	
5. Infrastructure	Passage of a new Law of Concessions to encourage private sector participation	A framework law for public-private alliances has been presented to Congress but is yet to be approved.	PARTIALLY ACCOMPLISHED.
	Award contracts for at least one "mega" infrastructure project by 2006 and two by 2008.	The CASCR states that this target has been achieved but does not mention which infrastructure project were awarded contracts.	
6. Technology and Innovation	Promote learning/innovation partnerships between private sector and universities/research centers through 40 newly accredited private in-firm training providers by 2008	The CASCR does not provide information on how many private in-firm training providers were accredited and the impact on learning/innovation.	NOT ACHIEVED.
7. Support for Micro, Small and Medium Enterprises (MIPYMES)	80 MIPYMES trained & implementing/upgrading quality programs by 2008	Training has been completed but implementation of activities is at the pilot level.	PARTIALLY ACCOMPLISHED.
Instruments for Pillar III:	Deliverables		Comments
New IDA Lending Support	Land Administration (2)		Latest PDO: Satisfactory
	DPL series (FY05, 06 and 07)		ICR Rating: NA
On-going Pre-CAS 05 Lending Support	Land Fund		ICR Rating: Satisfactory IEG Rating: Satisfactory
	Land Administration (1)		ICR Rating: Moderately Satisfactory IEG Rating: Moderately Unsatisfactory
	Financial Sector Adjustment Loan		ICR Rating: Satisfactory IEG Rating: Satisfactory
	Financial Sector TA Loan		Latest PDO: Satisfactory
	Competitiveness Project		Latest PDO: Satisfactory
	Tax Admin. TAL		ICR Rating: Moderately Satisfactory IEG Rating: Moderately Satisfactory
Planned AAA or Additional AAA	FSAP Update		
	CAFTA Regional Study		
	Investment Climate Assessment		

On-going Pre- CAS AAA	Country Economic Memorandum FSAP		
TA/Grant	TA to improve infrastructure through public-private partnerships (PPIAF)		
	Central America Regional Program on SME competitiveness		
	Central America Regional knowledge sharing on land policy and administration.		
	PPIAF grant for Low-Income Housing		
	PHRD Grant for Low Income Housing		
	PHRD Grant for preparing Land Administration II		
	PHRD Grants for DPL series preparation.		
Pillar IV: Mainstreaming Environmental Concerns (Guatemala)			
Sub-objectives	CAS Benchmark/ Target	Actual Outcomes	Comments
Environment	<u>Original CAS Benchmark:</u> Incorporate sustainable Natural Resource Management (NRM) practices in at least 10 of the poorest municipalities; and in at least 10 percent of all	Not Done.	PARTIALLY ACCOMPLISHED. The results specified in the original CAS for the environment area were changed as the implementation of the Rural Development Project and the Associated GEF grant were not approved by the Congress as planned. The CAS Progress Report revised the results indicators based on the recommendations of the Country Environmental Assessment and follow-up actions agree with the Government.
	<u>Original CAS Benchmark:</u> 30 municipalities trained and using acceptable Natural Resource Management (NRM) practices by 2006,	Not Done.	
	<u>Original CAS Benchmark:</u> An environmental monitoring system is designed and implemented in at least 10 percent of departments (and their municipalities) with protected areas by 2006 and 20 percent by 2008.	Not Done.	
	<u>Revised CASPR Benchmark:</u> Municipal capacity for more effective environmental management had been developed in at least one third of all municipalities.	An environmental management module has been developed with support from WBI but has not yet been implemented.	
	<u>Revised CASPR Benchmark:</u> An effective central level M&E system for the environment has been developed.	M&E system is under development with assistance from the Bank.	
Instruments for Pillar IV:	Deliverables		Comments
New IDA Lending Support	Support Rural Economic Development Program		Latest PDO: Moderately Satisfactory
On-going Pre-CAS 05 Lending Support			
Planned AAA or Additional AAA	Country Environmental Assessment		
	WBI Program/Training on Environmental Management		
On-going Pre- CAS AAA			
TA/Grant	Mesoamerican Barrier Reef System		