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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR GUATEMALA\*

<u>Programme period</u>	<u>Actual resources programmed</u>	\$
1987-1991	IPF for 1987-1991	7 150 000
	Third cycle balance	363 025
	Other resources programmed	<u>2 489 286</u>
	Total	10 002 311

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\* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; and (e) distribution of new country programme by sector.

## I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The vitality which had characterized the country's economic activity, as reflected in steady growth of the gross domestic product (GDP) from 1950 onwards, began to show signs of decline in 1979, as a result of political instability and the inability of the State to manage and solve the country's social problems, all within the context of the prevailing crisis in the Central American region. The decline in economic activity was compounded by an international situation that was also experiencing the adverse effects of the slackening of GDP growth, which led to the adoption of protectionist measures by the developed countries, a reduction in the volume and prices of goods imported by those countries and rising bank interest rates.

2. Along with the unfavourable changes in the international situation, the Guatemalan economy, in 1979-1984, was experiencing a downward trend in most of its macro-economic indicators. The GDP growth rate declined significantly beginning in 1981, registering drops of 3.5 and 2.6 per cent in 1982 and 1983, and of approximately 2 and 1 per cent in 1984 and 1985, respectively, shrinking public and private investment and having an impact on the growth of the open unemployment rate, which increased fourfold between 1980 and 1984.

3. In general terms, credit policy favoured the expansion of the banking system's domestic lending to the private sector, and the money lent was not necessarily channelled into productive activities, while fiscal policy was characterized by the encouragement of a strong surge in public investment at a time when tax revenues were declining sharply. Economic recession and widespread political instability also led to a large-scale exodus of private capital, which, combined with the service on the external debt, the expansion of imports and the contraction of exports, accentuated and weakened the country's critical economic situation to the extent that in 1981 the balance-of-payments deficit reached an all-time high of \$572 million.

4. The balance-of-payments deficits were financed by cash reserves and borrowing, mainly by the Central Bank, in the form of short-term compensatory loans at high interest rates. Cash reserves, which had stood at \$732.8 million in 1978, were reduced to a negative balance of \$361 million in 1982. This precipitated the fall of the exchange rate, after 55 years of stability.

5. In an effort to reduce the growing shortage of foreign exchange and the steady decline of the exchange rate, the Government applied a policy of reducing public investment, reformed the tax structure to increase revenue and established a system of import quotas. In view of the unsatisfactory results of these measures, the second part of the Currency Act, providing for an emergency scheme for international transfers, was put into effect in November 1984, establishing three exchange markets: one for essential payments, another for competitive bids and a third operating as a free market.

6. The contraction of economic activity led to such a spreading and worsening poverty in Guatemala that it is estimated that in 1985, 75 per cent of all families were at the poverty level, as a result of the loss of purchasing power of salaries and wages. In the past few years, the economic and social crisis has resulted in the further deterioration of State-supported social services in health, education and housing.

7. The political and economic changes in the country brought about by the current Government's actions in the 10 months since it took office, in January 1986, include a gradual consolidation of political democracy; short-term corrective measures to slow down inflation, reorganize the financial situation and control the money supply; a better and broader supply of technical and financial co-operation from bilateral and multilateral sources; and increased credibility in governmental institutions, all within the framework of a more promising international economy.

8. The favourable trend which is expected in domestic economic activity should result in an annual average GDP growth of 3.9 per cent, at constant prices, ranging from 1.5 per cent in 1987 to 7.0 per cent in 1991. This projection is based on the expected behaviour of certain key variables, such as the increase in exportation of traditional products to an average annual rate of 14 per cent - in real terms - and the growth of non-traditional exports to markets outside the Central American region by over 12 per cent in 1987 to about 24 per cent in 1991.

9. A better, more efficient and more equitable tax system will be established, and public expenditure will be redirected towards increasing the coverage of health, education and welfare services, as well as towards support for productive activities to satisfy demand in the domestic and international markets, especially, in the case of the latter, demand for non-traditional products. The forecasts of economic growth must take into account constraints and adverse situations to be faced, such as political instability in Central America.

#### B. National development strategies

10. The highest priority of the Government which took office in January 1986 is to stabilize the country's economy through the economic recovery strategy contained in the National Development Strategy, 1987-1991, and Short-term Economic and Social Reorganization Plan. This strategy for eliminating the present financial imbalances in the economy through exchange-rate, monetary, credit and fiscal policies and by generating new employment, stabilizing wages and controlling prices, will be developed in three stages: first, an emergency and transitional phase; then a growth phase; and thirdly, a developmental phase.

11. In general terms, in the emergency and transitional phase the aim, which has been pursued with success thus far, has been to lay the groundwork for political, social and economic democratization. The growth phase will seek to give renewed impetus to the national economy by taking strategic steps to expand, restructure and reorient production, mainly in agriculture and industry; the developmental phase will then consolidate and expand the strategic actions to develop the interior of the country, and to promote social and cultural development. The key

features of this phase are economic decentralization, territorial integration, the development of regional flows and the strengthening of the urban system. During this phase, social services and indicators and income distribution will be improved substantially, and the national and cultural identity of Guatemala will be strengthened and consolidated.

12. The long-term objectives being pursued through integrated economic growth of the production apparatus and the strengthening of society are:

13. Restructuring, expansion and productive protection of the agricultural sector. Priority in agriculture will be given to the agricultural regions with a preponderance of small farmers, especially the western high plateau and eastern semi-arid regions, where the poorest part of the country's population is concentrated. Efforts will first be made to promote access to agrarian resources through an agricultural land market, to make inputs, technological resources, financing and reorganizing of agricultural marketing more available, and to adjust the relative costs of production and consumption.

14. Reorientation of industry. The growth of the economy will be sustained by expanding domestic demand and exportable production through a better distribution of income, increased employment, tax reform and adjustments in the relationship between prices and earnings.

15. Economic and political decentralization. Genuine regional, administrative and political decentralization of the State is being sought at the local, municipal, departmental and regional levels, by means of urban and rural development councils. Regional policies and actions will be organized in accordance with a hierarchy of urban centres and rural areas, classified by levels according to their size and functions. This policy will generate jobs for youth in the interior of the country and will slow down migration to the urban centres.

16. Popular organization and participation. The structure of the urban and rural development councils will be used to disseminate the achievements of the development process and fulfil the people's need to organize and participate in it. The organization of the population involves a wide range of geographical and functional organizations, such as co-operatives, trade unions, professional associations, rural leagues, development committees and interest groups.

17. Modification of the nature and purposes of the State. This strategy is based on the interaction between the macro-administrative aspects and the procedures of political change.

18. Strengthening of national identity. The aim is to eradicate the seeds of social disintegration; to preserve national socio-cultural values; to provide the great majority of people with access to scientific, technical and cultural advances in general; and to foster renewed appreciation for the national ethnic groups and their customs, especially those of the rural inhabitants of the high plateau and other social groups.

19. The Government's development strategy may be described, in general, as seeking to promote decentralization, participation and the integration of the poorest segments of the population - rural families, rural inhabitants of the high plateau and women - into the economic and social development process, by affording them access to social services and opportunities for improving their lot. It also seeks to create opportunities for children and young people from 7 to 20 years of age to obtain training and advanced training through both non-formal and formal education.

### C. Technical co-operation priorities

20. With a view to co-operating with the Government in the preparation of a national programme for international technical co-operation for the fourth cycle, UNDP, using special programme resources, financed implementation of the project concerning preparatory assistance for identifying and setting priorities for technical co-operation needs for the fourth UNDP programming cycle (GUA/86/001); the project called for a survey of recipients and donors of international technical co-operation and the holding of an international seminar on technical co-operation which was attended by representatives of both recipients and donors.

21. The survey resulted in the identification of certain requirements, which may be grouped into the following broad areas of action: support for regionalization programmes and for the reactivation and transformation of technical and productive processes; modernization of the State apparatus; popular participation; and preservation of social and cultural values.

22. These priority areas of development reflect the policies contained in the national development plan and are intended to correct imbalances in the structure and/or operation of the country's socio-economic base so as to solve its socio-political and infrastructural problems. They should facilitate formulation of regional plans and inter-agency co-ordination, with a view to harmoniously developing the country's various geographical areas, through urban development and regionalize decentralization in the economic and political spheres within the context of popular participation.

23. In order to strengthen the social sectors and to enhance the distribution of wealth, efforts will be made to reorganize and overhaul the production apparatus, to increase output by investing in projects for small entrepreneurs in agricultural industries, both individuals and co-operatives, so as to facilitate self-reliant development, job creation and the establishment of an appropriate relationship between prices and earnings.

24. Importance is attached to redefining the scope and content of management by the State as promoter of development; this will bring about administrative reforms that will include economic management policies so as to ensure the coherence and complementarity of the operations of the Ministry of Finance and the Ministry of Economic Affairs, of the Technical Bureau of the Budget, the Banco de Guatemala and the Office of the Secretary-General of the National Economic Planning Council, by ensuring proper co-ordination. Likewise, the statistics and information service will be strengthened and expanded to include a permanent information service attached to the Office of the President of the Republic, so as to facilitate decision-making.

25. UNDP is only one source of financing for the technical assistance required by Guatemala to meet the needs and priorities referred to above. The Government will request resources from other bilateral and multi-bilateral sources as explained below and in the section of the new programme on linkages.

#### D. Aid co-ordination agreements

26. In Guatemala, the Secretariat of the National Economic Planning Council (SEGEPLAN), is responsible, through the Bureau for International Technical Co-operation, for co-ordinating the technical co-operation which Guatemala receives from various multilateral and bilateral agencies. The Ministry of Finance co-ordinates financial co-operation through its External Assistance Division. The office of the Resident Representative in Guatemala helps SEGEPLAN to co-ordinate technical co-operation. During the programming exercise, SEGEPLAN and the office of the Resident Representative consulted all the agencies of the United Nations system represented in Guatemala. In addition, the note by the Resident Representative was sent to all agencies of the United Nations system and their comments were invited.

27. Special mention should be made of the process of co-ordination between the United Nations Fund for Population Activities (UNFPA), UNICEF, which has a regional office in Guatemala, and the World Food Programme (WFP), which was conducted in accordance with the instructions issued in March 1984 by the Joint Consultative Group on Policy. For the period 1987-1991, UNFPA will allocate \$2.5 million; UNICEF has programmed \$2,176,000 in regular resources and \$7,853,000, in "noted" amounts for that same period, and WFP is considering an annual contribution of \$10 million. These resources will be used for health, hygiene, applied nutrition, marketing of basic foodstuffs and social mobilization, water and sanitation, formal education and income-generating activities for women.

28. UNHCR, WFP and UNDP are negotiating a project for the resettlement of Guatemalans repatriated from Mexico.

29. At the same time, consultations were held with representatives of WHO and of the Pan-American Health Organization (PAHO), the United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the United Nations (FAO). Particular mention should be made of co-ordination with UNICEF and WHO/PAHO in respect of the Health Priorities Plan for Central America and Panama, which provides for investments totalling some \$500 million in seven selected areas: strengthening of health services, human resources, essential drugs, food and nutrition, tropical diseases, child survival and sanitation. Under the plan Guatemala will have \$140 million in external resources.

30. During the programming exercise, a programming mission from the Inter-American Development Bank (IDB) visited Guatemala; at the same time continuing contacts have been maintained with IDB representatives in Guatemala. Under the technical co-operation programme of IDB, some areas of technical co-operation, for example co-operatives, support for small businesses and youth development will be co-ordinated with similar activities being considered within the framework of the

fifth country programme. In addition, IDB is considering the possibility of granting a sectoral loan of \$400 million for agriculture; if approved, this loan will be linked to the project concerning the establishment of the agricultural planning subsystem.

31. Negotiations are under way with the World Bank to identify programmes for joint action in the rural development and transport areas.
32. A number of contacts have been maintained with the United States Agency for International Development (USAID) with a view to co-ordinating operations, particularly in agriculture and the development of grass-roots organizations. Talks are being held to see whether resources can be obtained from USAID for the agricultural planning project.
33. A joint mission of the International Fund for Agricultural Development (IFAD) and the FAO pre-investment centre is negotiating with the Government for the implementation of the project concerning agricultural development for small-scale farmers in Zacapa and Chiquimula, amounting to approximately \$7 million. During this mission early this year, the possibility of UNDP participation was discussed; interest in this has been reiterated and it is hoped that there will be joint participation right from the preparatory phase.
34. Recently, a joint mission of UNDP and the Italian Government identified the following areas for possible co-operation: a project concerning integrated rural development in Valle Monjas; modernizing the equipment of the national dairy company, PROLAC; a project concerning small-scale irrigation in the El Progreso area; fitting out the offices of the General Bureau for Agricultural Services; management of geothermal plants; support for problem solving in the Chixoy hydroelectric power plant; and construction of 300 to 400 kilometres of rural roads. The Office for Projects Execution (OPE) of UNDP will participate, through a management services agreement, in the execution of the projects once they have been approved by the Italian Government.
35. The UNDP office collaborated with SEGEPLAN in preparing the project profiles which the Presidential party submitted for possible financing to the Governments of France, Spain, Italy and the Federal Republic of Germany during its European tour.
36. It must be pointed out that Guatemala is participating actively and will continue to do so, in interregional and regional projects, particularly in such areas as maritime and port development, agriculture, employment, education, cultural heritage, external service, hydrometeorology and State reform. Specifically, the following regional projects will have particular relevance for a more rational utilization of the resources allocated to national projects: "Support to the external sector" (RLA/86/002); income policy options for selected countries (RLA/85/016); regional proposal for developing management capacity in the public sector (RLA/86/020); consultancy services for regional projects and the project for support to the Central American Institute for Public Administration (ICAP) (RLA/86/016).

## II. THE COUNTRY PROGRAMME

### A. Assessment of current country programme

37. The third UNDP programming cycle for Guatemala (1982-1986) was covered by two country programmes: the third in 1982-1984 and the fourth in 1985-1986, which were implemented in a climate of acute social, political and economic crisis. In 1979, the public sector began to show signs of deterioration, such as an authoritarian public administration and a poorly functioning state apparatus which grew weaker and weaker as the crisis deepened. As a result, institutions were not as well equipped to absorb the technical co-operation extended. This was most obvious in the Secretariat of the National Economic Planning Council (SEGEPLAN), whose human and budgetary resources were sharply cut in 1982. The reduction had a significant impact on the programme, since SEGEPLAN was the national counterpart for 4 of the 13 projects under way at the time representing 67.7 per cent of the total indicative planning figure (IPF) for 1982. Without a doubt, the overall impact of technical co-operation would have been much greater if it had been extended within the framework of a medium-term national development plan. However, with four different Governments in the country, and the consequent turnover in leadership, programming was limited to responding to the immediate needs of the Government of the day.

38. The third cycle IPF was \$7,150,000, which reflected the 55 per cent reduction applied to all country IPFs. In addition, the Government contributed the equivalent of \$1,412,000 on a cost-sharing basis and \$76,747 as a cash contribution in national currency. As a result, total third cycle funding was \$8,638,747.

39. The IPF of \$7,150,000 was used as follows: \$70,150 went to cover the second cycle deficit; \$6,847,000 was allocated to the third cycle; and \$232,850 was carried over to 1987 for projects in the current cycle that are to be continued into this year.

40. In the third cycle, 33 projects were executed, 25 of which had been initiated in the same period. Only five of the ongoing projects will be carried over to the fourth cycle, which means that 28 of them completed their work in the third cycle. During that cycle, \$3,334,368 was invested in projects from the previous cycle and \$3,512,632 was allocated for new projects.

41. In the absence of a medium-term national development plan, UNDP technical co-operation in the third cycle focused on the priorities contained in the annual plans of operation, the broad lines of which were reflected in the sectoral breakdown of programme resources in accordance with the economic and social policies pursued by the several Governments which held office during that period. The sectors accounting for the bulk of the resources were:

#### Policy issues and general development planning

42. As in the second cycle, this sector was accorded top priority, and received 25.8 per cent of the IPF, or \$2,112,100, during the period 1982-1986. Ongoing



projects under this sector are as follows: "Assistance for planning, information and public administration" (GUA/80/001); "Assistance in promoting the viability and optimum use of international technical co-operation" (GUA/81/008); "Development of the national statistical system" (GUA/84/015); and "Assistance for the National Youth Plan" (GUA/85/006). This project resulted in the formulation of development strategy, policies and planning; the compilation of general statistics; and better public administration. Special mention should be made of project GUA/81/008, established for the purpose of dealing with requests for technical co-operation not provided for in the existing programme, and with other contingencies or emergency situations. To that end, a fund has been established to finance technical co-operation activities in support of government institutions and authorities, and critical areas which were not receiving sufficient attention or were in need of additional assistance. In line with the nature and objectives of the project, it has been possible to conduct a series of activities accorded high priority by the Government, such as: (a) support for the review of the Central American Tariff System, in conjunction with the Ministry of Economic Affairs; (b) assistance to SEGEPLAN in the preparation of strategy documents for the new Government; (c) acquisition of some of the computer hardware required by the new National Institute of Statistics; (d) the granting of scholarships for advanced studies in macro-economics and maritime administration; (e) support for government youth activities in connection with International Youth Year (1985); and co-operation with SEGEPLAN, among others, in designing a 1987-1991 National Development Plan.

#### Natural resources

43. A total of \$1,505,300, or 18.4 per cent of the IPF, was used during the period 1982-1986. It covered the following projects: "Energy planning" (GUA/81/002); "Petroleum and energy development (phase II)" (GUA/81/003); "Technical assistance for geology and petroleum geophysics" (GUA/83/007); and "Determination of legal, administrative, financial and economic factors for the organization of a water management system in Guatemala" (GUA/85/008).

44. The energy planning project (GUA/81/002) established precise patterns of energy consumption in every economic sector, particularly transport, industry and households. These studies will be useful to the Government in defining minimum requirement policies, and in formulating projects for rational energy use. In particular, a number of policies of great importance for the Government have been accepted and put into practice: (a) replacement of liquefied petroleum gas by electricity for cooking in urban areas, which led users of imported liquefied gas to switch to hydroelectricity; (b) conservation of firewood used in cooking through the wide-scale introduction of better stoves in the urban area; (c) substitution of charcoal for fuel oil in the cement industry; and (d) substitution of hydroelectricity for imported diesel oil for the ovens in the food-processing industry. The project has been instrumental in the creation of machinery for the supply and marketing of hydrocarbons. In that connection, a policy is being considered for the expansion of the national refinery system, which, in turn, calls for the establishment of more adequate processing plants, grades of crude oil that are better adapted to the composition of the demand for petroleum products, a policy for the importation of petroleum products and better use of national crude oil. The electricity sector was also analysed to gauge the feasibility of having

the end-user substitute electric power for hydrocarbons, for example, electricity instead of liquefied petroleum gas in cooking, and to determine the conditions under which such substitutions would be technically and economically viable. Under the project on technical assistance for geology and petroleum geophysics (GUA/83/007) all the geological information was processed and organized for easy consultation and use by both the Government and oil companies. Oil companies have been making use of this information, and they plan to conduct a promotional seminar in April, at Houston, Texas, to arrange for investments. At that time, information kits will be distributed and companies interested in working in Guatemala will be solicited, apart from Esso, Basic and Hispan Oil, which are already putting the immediate results of the project to use. At the seminar, an oil export strategy can be established, and Guatemala's own oil prospecting plan is very likely to emerge from the project.

#### Agriculture, forestry and fisheries

45. This sector accounted for 16.1 per cent of the IPF, or \$1,315,600. The reason for the high proportion of resources allocated by UNDP to projects in this sector was that the activities under the projects related to the country's most strategic economic sector in terms of GDP; its employment of 45 per cent of the economically active population; its contribution of 75 per cent of exports; and all foreign exchange earnings from exports; and its importance for the national food supply. The projects in this sector were "Strengthening of the agricultural planning system and formulation of projects" (GUA/81/001); "Experimental aquaculture" (GUA/81/004); "Strengthening of the national programme of rural development in the western high plateau region" (GUA/84/004); "Formulation of policies and projects for agricultural and rural development" (GUA/84/009); and "Forestry engineering" (GUA/84/012).

46. Project GUA/84/009 should be singled out for the results it attained, including training for approximately 100 agricultural officers and higher incomes for more than 50,000 small wheat-growers in the high plateau region. The latter represented an income transfer of approximately 8 million quetzales, or \$2.9 million, without affecting the price of flour. There was also agreement on the need to build up capacity of agricultural co-operatives to store and market wheat, as a complement to their input distribution services. These small- and medium-scale wheat farmers accounted for approximately 40 per cent of the domestic supply and the remaining 60 per cent is imported.

#### Industry

47. The only project implemented was "Modernization of industrial administration" (GUA/84/014), which reinforced the institutional framework for the industrial property register, improving user services by affording protection for intellectual property.

#### Transport and communication

48. Two projects were implemented: "Improvement and development of postal services" (GUA/84/010) and "Development of training in the area of ports and maritime transport" (GUA/85/005).

49. Project GUA/84/010 formulated proposals which upgraded the service of the Directorate-General for Postal and Telegraphic Services through administrative reinforcement. Project GUA/85/005, despite its modest resources, achieved results in the area of training which surpassed expectations. Under it, extensive training was provided for workers at the various seaports in Guatemala through the adaptation of TRAINMAR courses.

#### Education

50. A fourth-place priority, this sector accounted for \$869,200, or 10.6 per cent, of IPF resources used in the third cycle. Only one project was implemented, namely "Support for the National Development Plan in the education sector" (GUA/78/013). The most outstanding achievements were: (a) Formulation of a project for rural primary education and of a project for primary education in disadvantaged urban areas, which received \$28 million and \$22.7 million in Inter-American Development Bank (IDB) and World Bank loans, respectively. (Both projects are being executed with the support of these international financial agencies.); (b) Establishment of the Schools Construction Unit under the Ministry of Communications, Transport and Public Works. Despite the results attained by the project, internal political circumstances prompted the departure of most of the international personnel and subsequently halted the project in its second phase.

51. In the third cycle, the UNDP Office collaborated with Guatemala in small-scale activities to integrate women into the development process. The most successful activity was conducted in conjunction with the Kato-Ki Co-operative under the project "Support for the development of women in the high plateau region" (GUA/84/W03). The most significant achievement was its impact on co-operatives, for perhaps it marks one of the first times that women have been considered eligible for credit.

52. Generally speaking, despite the problems of institutional instability during the third and fourth programming cycles, the objectives of UNDP technical co-operation were, to a large extent, harmonized with the priorities and contents of the Government's development policies. However, in the project preparation phase, greater efforts should be made to define objectives and outputs more precisely, taking into account the institutional context and of the availability of human, physical and financial resources on the Government side.

#### B. New programme proposal

53. In accordance with national development strategies, the country programme for the period 1987-1991 will focus on transforming the production structure in order to permit the gradual integration of all sectors of the population into the development process, while preserving their cultural identity. Achievement of this goal will require an efficient, up-to-date approach on the part of the State, and four objectives have been identified:

(a) Support in reactivating and transforming the production structure, with special emphasis on grass-roots organizations;

(b) Support for the Government's efforts to modernize and decentralize the State apparatus;

(c) Strengthening of services provided for production activities;

(d) Encouragement of popular participation and strengthening of national identity.

Reactivating and transforming the production structure, with special emphasis on grass-roots organizations

Modernization of the industrial property register (phase III)

54. This project will provide assistance to national inventors through a system for disseminating technical information on registered patents, thus making the industrial property register an instrument for the promotion of scientific and technological activity. This project is a successor to the project "Modernization of the administration of industrial property" (GUA/84/014). IPF: \$150,000.

Organization and management of agro-industry undertakings

55. The aim of this project is to organize and co-ordinate agro-industry by promoting its development, contributing to the effort to identify external markets for agricultural industry products and providing technical and administrative advice. IPF: \$150,000.

Support for development of the co-operative sector

56. The aim of this project is to build up the national technical capacity - in both the Government and co-operatives - needed to promote and strengthen development of this sector. IPF: \$250,000.

Development of associative enterprises

57. This project involves the identification, elaboration and execution of a series of production projects in the form of associative enterprises, with the aim of helping to create new sources of employment for rural areas and improving the living conditions of low-income groups. A contribution of \$1,250,000 is planned for this project: IPF - \$125,000; WFP - \$1.1 million.

Participation of women in development

58. This project will focus on organizing women through the establishment of various forms of participation. A contribution of \$250,000 is planned for this project: IPF - \$50,000; UNFPA - \$100,000; United Nations Development Fund for Women - \$100,000.

Development of prefabricated wooden bridges

59. This project will enable the Government to improve the national road network through development of an economical system of modular bridges, using mostly local raw materials and simple techniques and equipment. IPF: \$100,000.

National programme for pharmaceutical industrialization of medicinal plants

60. This project will cover action by eight national institutions designed to re-establish the use of medicinal plants through research on and the industrial processing of those plants. IPF: \$200,000.

Strengthening of the third (informal) sector of the economy

61. This project will be designed to develop and consolidate the sector of the national economy made up of mini- and micro-enterprises, providing support to the Government in the establishment of a guarantee fund and a financial fund. IPF: \$150,000.

Linkages

62. This objective is also promoted by other contributions from the United Nations system and from other sources, namely:

(a) The UNDP regional programme, which received support from the project "Modernization and strengthening of the industrial property system (RLA/82/018) in formulation of the national project "Modernization of the industrial property register", which will also benefit from the second phase of the regional project "Industrial property systems". The national projects supporting the development of joint enterprises and the co-operative sector are to be linked to the regional project on critical poverty (RLA/86/004) and to the co-operative development activities planned at a subregional level. Regional project RLA/86/032, which is studying the informal urban sector, will provide support to the national project "Strengthening of the third sector";

(b) The WFP projects "Agricultural development in the northern strip"; "Production of basic foodstuffs for small farmers"; and "Training of women for community development";

(c) UNICEF projects on latrine building and training for women;

(d) Projects financed by USAID in this sector on the development of rural enterprises; rural electrification; family-owned farms; cultivation and marketing of cardamom; rural roads; agricultural development in the high plateau; a pilot project on markets for cultivable land; co-operative development; and development of agricultural resources;

(e) The Organization of American States (OAS), which is financing a project on fibres for paper manufacturing;

(f) A programme for the development of pig-farming, which is being carried out with support from the Government of Italy. Finally, the Canadian International Development Agency (CIDA) is financing a project on systems of farming and animal breeding.

Support for the Government's efforts to modernize and decentralize the State apparatus

Ongoing projects

Assistance in promoting the viability and optimum use of international technical co-operation (GUA/81/008)

63. This project, the execution of which began in 1982, is designed to make international technical co-operation flexible through the allocation of resources for contingencies so as to sustain momentum in implementing the national development plan. IPF: \$329,342.

Assistance in development of the national statistical system (GUA/84/015)

64. This is a multisectoral project designed to solve problems relating to statistical activities in key sectors. IPF: \$148,617.

New projects

Reform of the State administration

65. The objective of this project is to reorganize the administration, both in a general manner and with respect to individual institutions, and to decentralize and delegate management, with a view to achieving a smooth, efficient and effective performance in the production of goods, the provision of services and the design of regulations for Guatemalan society. IPF: \$150,000.

Development of the national statistical system

66. The aim of this project is to complement and expand activities currently being performed under the project "Assistance to the national statistical system" (GUA/84/015) by consolidating, developing and encouraging the organization and operation of the national statistical system and its co-ordinating body, the National Institute of Statistics. IPF: \$300,000.

Regional development planning

67. The aim of this project is to strengthen the technical capacity of SEGEPLAN with respect to both urban and rural regional development, with a view to carrying out the regional policies, programmes and projects planned for the different regions of the country. IPF: \$340,000.

Institution-building: Bureau for International Technical Co-operation

68. The objective of this project is to increase the efficiency of the Bureau by establishing the mechanisms to enable it to co-ordinate and administer technical co-operation funds made available to the country by bilateral and multilateral agencies. IPF: \$200,000.

National subsystem for agricultural planning

69. This project is intended to help organize and make optimal use of the Agricultural Planning System by supporting the Pre-investment Centre and Fund within that system, making it possible to raise investment resources through projects currently under negotiation to be financed by the Government and multilateral and bilateral agencies. The project will be a follow up to the project "Formulation of policies and projects for agricultural and rural development" (GUA/84/009). A total of \$1,740,000 is required for this project: IPF - \$600,000; WFP - \$1.1 million; cost-sharing - \$40,000.

Support for the institutional strengthening and modernization of the Ministry of Foreign Affairs

70. The aim of this project is to provide assistance for an organized, systematic and coherent attempt to train and absorb the necessary human resources which will make possible a flexible and rational approach in the area of foreign policy. IPF: \$30,000.

Strengthening of the National Planning System

71. The project will help strengthen this System by strengthening contacts between the central planning body and its sectoral units. IPF: \$200,000.

Institution-building: Ministry of Labour

72. The purpose of this project will be to help strengthen labour relations and computerize the Ministry's information system. IPF: \$100,000.

Linkages

73. This objective is also promoted by other contributions from the United Nations system and other sources, namely:

(a) The UNDP regional programme through the following projects: Regional Employment Programme for Latin America and the Caribbean (RLA/86/034) for the Central American isthmus; Support for the external sector (RLA/86/002); and public administration in Central America (RLA/86/021);

(b) IDB, which through the Latin American Institute for Economic and Social Planning (ILPES), will continue to give support to the Economic Planning System and the public policy planning project (RLA/86/029);

(c) The Konrad Adenauer Foundation, which will contribute funds for a reform of the public sector in the areas of the budget, planning, projects, classification of posts and selection of personnel;

(d) The USAID Regional Office for Central America and Panama, which will provide funds for improving the national information system for employees in the public sector. USAID will also provide financing for improving agricultural statistics;

(e) The Government of Venezuela, which will help finance decentralization through its Investment Fund, and, will provide advice in the area of strategic planning through the Venezuelan Planning Institute;

(f) The Governments of Brazil and France, which will support activities in the area of State administrative reform.

Programmed reserve

74. A reserve of \$414,251 has been programmed.

Strengthening of services provided for production activities

Ongoing projects

Development of exports (phase III) (GUA/84/011)

75. The project is intended to strengthen at the technical and operational levels the national body responsible for promoting and developing exports so that it may adequately advise export companies with the aim of making non-traditional exports more competitive. IPF: \$276,860.

National programme for the control of medicines (GUA/85/012)

76. This project constitutes the second phase of GUA/83/003, which is intended to improve the pharmaceutical services in the public sector hospitals by establishing an inspection unit for the registration and control of medicines under the Ministry for Public Health and Social Welfare. An amount of \$279,000 is planned for this project: IPF - \$254,000; PAHO - \$25,000.

New projects

Geology and petroleum geophysics (phase III)

77. This project is intended to provide a dynamic energy assessment and economic and social survey. Studies begun as part of the geology and petroleum geophysics project (phase II) (GUA/83/007) will continue. IPF: \$200,000.



Improvement and development of the postal and telegraphic services

78. This project is intended to improve the efficiency of the services currently provided and to introduce new financial services, both national and international, making the General Directorate for Postal and Telegraphic Services into a self financing enterprise in the medium term. The project will be a follow up to activities begun under the project "Improvement and development of postal services" (GUA/84/010). IPF: \$110,000.

Maritime and port development

79. This project is aimed at increasing the efficiency and improving the functioning of the country's two main port companies in order to make them a genuine support for exports. Several training activities with respect to ports have already been started under the project "Development of training in the area of ports and maritime transport" (GUA/85/005). IPF: \$260,000.

Hydrometeorology

80. The aim of this project is the overall improvement of the national hydrometeorological network, including the training of technical and professional staff, to help improve and raise the country's agricultural output. This project will complement the activities started under the project "Establishment of a hydrometeorology data bank" (GUA/83/009). IPF: \$250,000.

Development of the national tourism industry

81. The object of this project is to carry out feasibility studies for tourism in the north-eastern part of the country. Funding for these studies may be provided by the Governments of Spain and Italy. IPF: \$200,000.

Linkages

82. This project is complemented by the project "Training of senior maritime personnel at the World Maritime University" (RLA/82/009).

Encouragement of popular participation and strengthening of national identity

Ongoing projects

Recovery, preservation and promotion of the cultural heritage (GUA/84/013)

83. This project is helping to establish a continuing and effective programme of recovery, preservation and promotion of the national heritage through human resources training and short-term technical consultancies. IPF: \$35,000.

Support for the National Youth Plan (GUA/85/006)

84. This project involves drawing up and implementing a national youth policy and plan for the purpose of involving this segment of the population in the economic

and social development of the country. An amount of \$434,149 is planned for this project: IPF - \$416,298; Latin American and Caribbean Youth Centre (CLAJ) - \$17,851.

### New projects

#### Primary health care

85. This project is intended to increase health care coverage for the disadvantaged population, with the active participation of the communities concerned. It is expected to help reduce drastically the morbidity and mortality rates. IPF: \$240,000.

#### Formulation and implementation of cultural policy

86. This project is aimed at preserving national values, with emphasis on popular crafts and national archives, through implementation of the cultural policy of the Ministry for Culture and Sports. IPF: \$200,000.

#### Curriculum reform at the pre-school, primary and secondary levels

87. This project involves updating curricula at all levels of education in order to ensure that pupils receive a broad and meaningful education. IPF: \$200,000.

#### Support for the development of appropriate technology for the construction of low-cost housing

88. The purpose of this project will be to make available to the people easily-applied systems and procedures using materials that are affordable and easy to use, while promoting national technological capacity in building materials and techniques.

### Miscellaneous

#### Implementation of technical co-operation between developing countries

89. The project will provide support for technical co-operation between developing countries (TCDC) and will identify the country's supply and demand.

### Linkages

90. This objective is also promoted by other contributions from the United Nations system and from other sources, namely:

(a) UNFPA, which has been supporting activities in the area of health through the Maternal and child health and family welfare projects (GUA/79/PO5); and the Natural family planning project (GUA/84/PO1);

(b) The following regional projects: "Cultural heritage and development (RLA/83/002); and "Education in Central America" (RLA/86/023);

(c) The World Bank and USAID, which will finance a series of projects in the educational sector that complement some of the projects under this objective. The USAID-funded projects include "Out-of-school education", "Non-formal education", "Strengthening of rural primary education", and "Bilingual education". IDB will finance a programme for the development of rural primary education and the World Bank a project for the development of primary education in poor urban areas;

(d) IDB, which will complement the National Youth Plan project with its rural youth development project;

(e) The Government of Spain, which will support activities in the fields of housing and health, with emphasis on the production of medicines.

#### C. Unprogrammed reserve

91. It has been decided to set aside an unprogrammed reserve in the amount of \$475,000.

Annex

FINANCIAL SUMMARY

1. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. <u>UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	363 025	
Fourth cycle IPF	7 150 000	
Subtotal IPF		7 513 025
Special Measures Fund for the Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	46 435	
Third-party cost-sharing	17 851	
Operational funds under the authority of the Administrator: UNIFEM:	100 000	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds	<u>          </u>	<u>164 286</u>
B. <u>Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
WFP (in food)	2 200 000	
PAHO	25 000	
UNFPA	100 000	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		<u>2 325 000</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>10 002 311</u></u>

2. USE OF RESOURCES

Ongoing projects	1 518 060	
New project proposals	7 595 000	
Programmed reserve	414 251	
Subtotal, programmed resources		9 527 311
Unprogrammed reserve		<u>475 000</u>
TOTAL USE OF RESOURCES		<u><u>10 002 311</u></u>

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