

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: LATIN AMERICA AND THE CARIBBEAN
COUNTRY: GUATEMALA

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: Latin America and the Caribbean
Country: Guatemala

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Guatemala

Project Name (ID): Rural and Main Roads (P035737)

Country: Guatemala

Board Approval Date: 12/11/1997

Midterm Review Date: 05/25/2001

Closing Date: 06/30/2007

Loan/Credit/Grant Number: IBRD-42600

Sector(s): Roads and highways (77%), Central government administration (23%)

Theme(s): Rural services and infrastructure (P), Other financial and private sector development (S), Conflict prevention and post-conflict reconstruction (S)

Project Development Objectives:

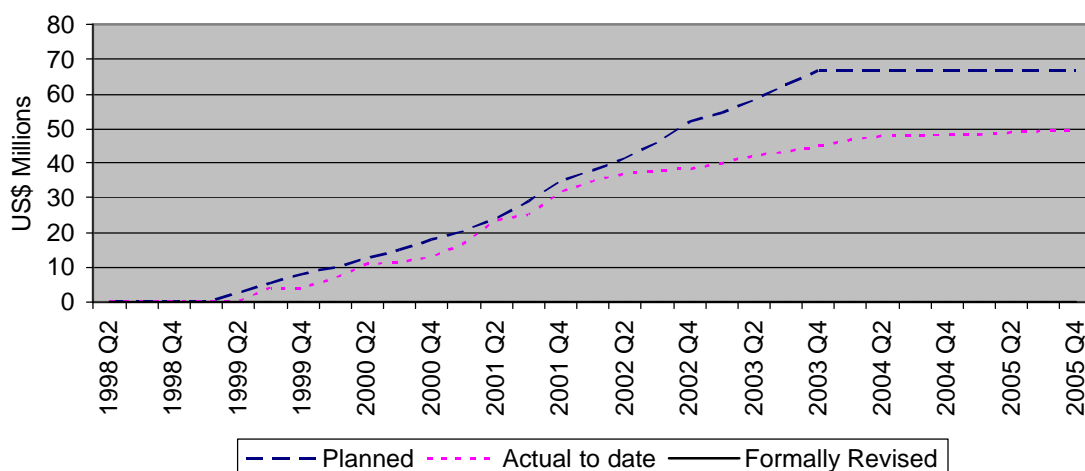
The objectives are to: (a) build institutional capacity to administer and maintain rural roads; (b) improve the rural system in the ZONAPAZ Region, Department of San Marcos; and (c) improve the efficiency of the main and secondary networks.

Progress toward achieving development objective(s):

The project has made good progress towards achievement of its objectives, particularly with the creation of a new institutional model for administering and maintaining rural roads (on a pilot basis). This territorial approach with local participation has been tested in an association of 12 municipalities within the Department of San Marcos, and is fully operational. Works along the rural road network are almost completed and more than 350 kilometers have been rehabilitated. The legal situation of the contract for the link with the main road network (RN12 corridor) was resolved and the work has started. The pending technical assistance aimed at strengthening the institutional and technical capabilities of the Ministry of Infrastructure, Communications, and Housing will begin in fiscal year 2006.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-42600 | Effective | 66.70 | 49.62 | 17.08 | 0.00 |



Project Name (ID): Judicial Reform (P047039)

Country: Guatemala

Board Approval Date: 10/22/1998

Midterm Review Date: 10/06/2003

Closing Date: 12/31/2006

Loan/Credit/Grant Number: IBRD-44010

Sector(s): Law and justice (100%)

Theme(s): Law reform (P), Legal services (P), Other accountability/anti-corruption (S)

Project Development Objectives:

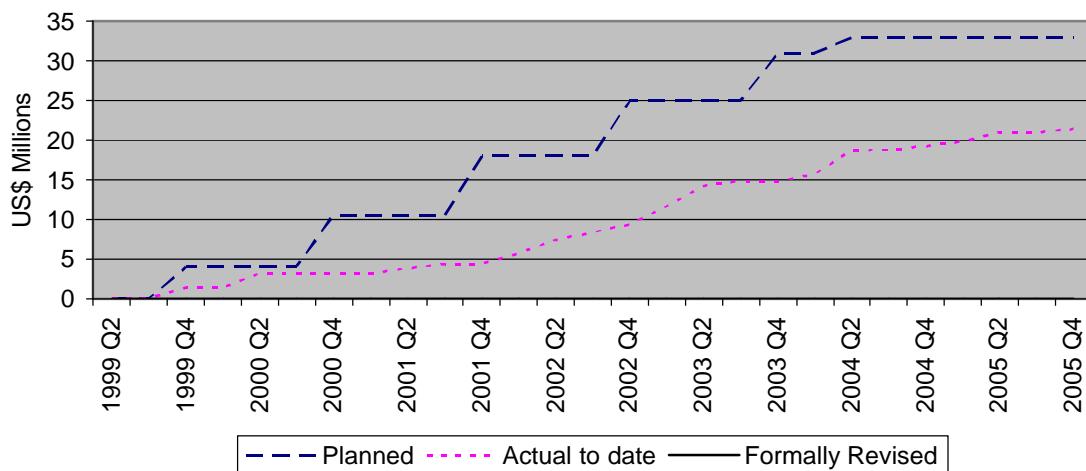
The objective is to create a more effective, accessible and credible judicial system that would foster public trust and confidence in it and improve consistency and equity in the application of law.

Progress toward achieving development objective(s):

The project continues to achieve its objective. The new central administrative office is in operation. The Judicial Career Law is being implemented through the judicial counsel and other units. To facilitate access to justice, mediation centers have been established in more than 20 locations all over the country. Work on pilot mobile justice of the peace courts is ongoing in Guatemala City and Quetzaltenango. The court record office "antecedentes penales" (penal antecedents) was streamlined and the service is now available to the public on a timely basis in more than 20 cities. On a pilot basis, court information and mediation services are being provided in the four main Maya dialects. The Justice Center of Quetzaltenango was inaugurated in October 2004. The participation of the Ministry of Education has aided in the standardization of citizen outreach activities for youth.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-44010 | Effective | 33.00 | 21.43 | 11.57 | 0.00 |



Project Name (ID): Universalization Of Basic Education (P048652)

Country: Guatemala

Board Approval Date: 05/22/2001

Closing Date: 04/30/2006

Loan/Credit/Grant Number: IBRD-70520

Sector(s): Primary education (67%), Central government administration (12%), Sub-national government administration (12%), Tertiary education (7%), Other social services (2%)

Theme(s): Education for all (P), Rural services and infrastructure (P), Indigenous peoples (P), Decentralization (S), Gender (S)

Project Development Objectives:

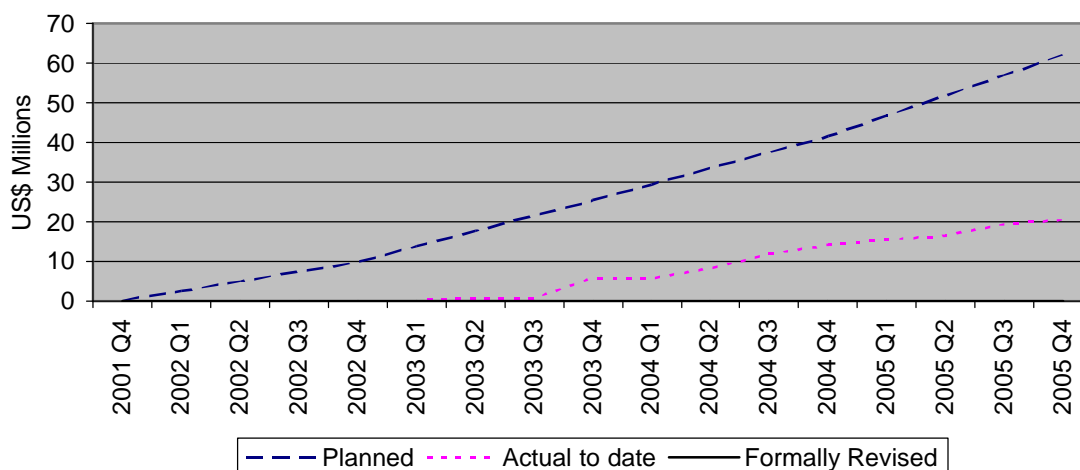
The objective is to improve the coverage, equity, efficiency and quality of primary education.

Progress toward achieving development objective(s):

The project is progressing in its development objective indicators, except the multigrade program. The Ministry of Education is currently following an action plan and creating a Strategic Alliance to launch the multigrade program in at least 3,500 schools in 2005. The Universalization of Primary Education Component has met and surpassed its target, providing coverage for twice the number of originally proposed new rural community-based education school (PRONADE) students (this component doubled the target of 40,000 new students to 80,000 new students to date). The two other components (Pluralism and Decentralization) are implementing well. The Quality Component has initiated investments in Bilingual and Intercultural Education.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-70520 | Effective | 62.16 | 20.41 | 41.75 | 0.00 |



Project Name (ID): Tax Administration Technical Assistance (P048654)

Country: Guatemala

Board Approval Date: 08/28/1997

Midterm Review Date: 08/12/2002

Closing Date: 03/31/2007

Loan/Credit/Grant Number: IBRD-42250

Sector(s): Central government administration (100%)

Theme(s): Administrative and civil service reform (P), Tax policy and administration (P), Law reform (P)

Project Development Objectives:

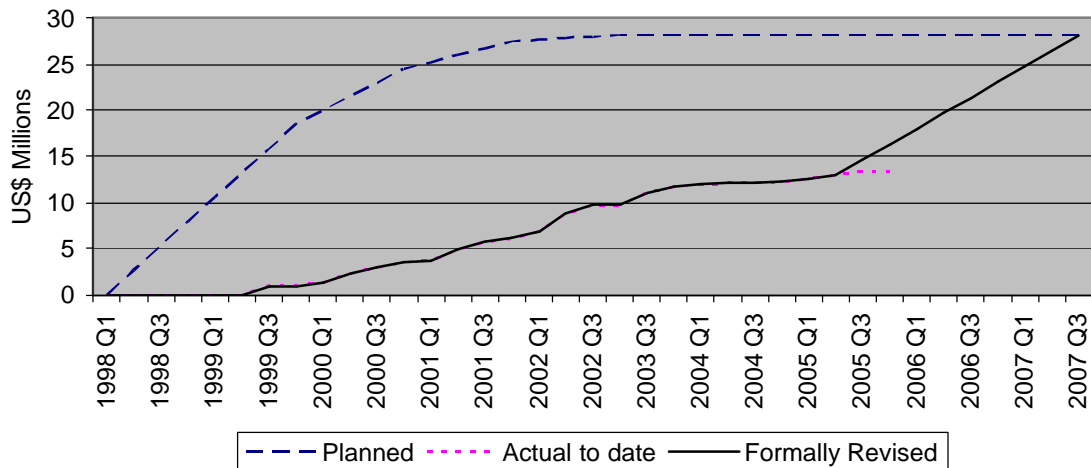
The objectives are to: (a) improve the effectiveness and efficiency of tax and customs administration; and (b) increase tax revenues.

Progress toward achieving development objective(s):

During this last year, technical assistance was provided to improve all Superintendency of Tax Administration (SAT) processes, including customs. It is expected that three key systems will be deployed to ensure that SAT has all the information management capabilities to track taxpayer obligations effectively. In addition, the International Monetary Fund assessed the SAT and provided recommendations that are enriching the outlook for next year. However, the tax/GDP ratio remains significantly below the 12 percent target set in the peace accords, so challenges remain in both tax administration and revision of the tax policy framework.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-42250 | Effective | 28.20 | 13.40 | 14.80 | 0.00 |



Project Name (ID): Reconstruction and Local Development (P049386)

Country: Guatemala

Board Approval Date: 07/28/1998

Closing Date: 06/30/2006

Loan/Credit/Grant Number: IBRD-43790, JPN-26461

Sector(s): General education (50%), Other social services (15%), Health (15%), Sub-national government administration (10%), General water, sanitation and flood protection (10%)

Theme(s): Municipal governance and institution building (P), Rural services and infrastructure (P), Improving labor markets (P), Poverty strategy, analysis, and monitoring (S), Indigenous peoples (S)

Project Development Objectives:

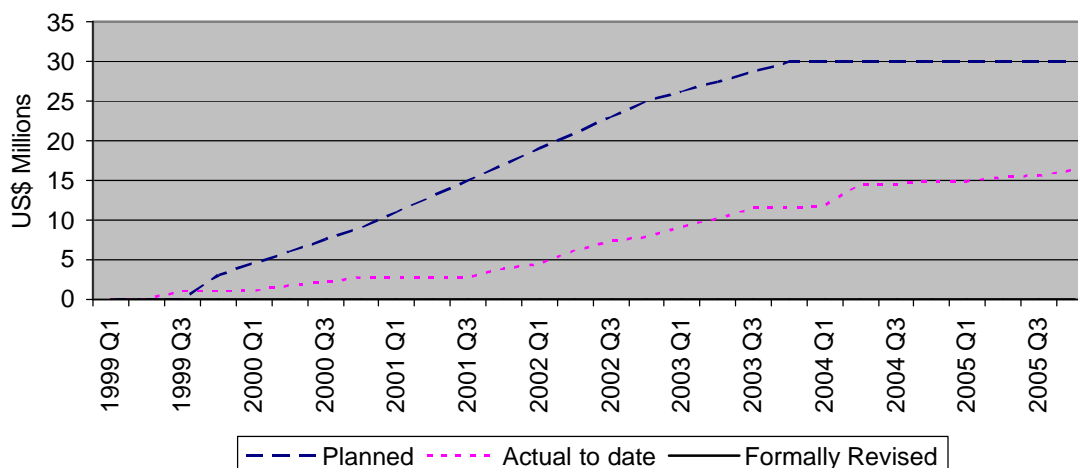
The objectives are to: (a) improve living standards and self-development in municipalities in San Marcos and Huehuetenango; and (b) strengthen the capacity of local governments and local community organizations.

Progress toward achieving development objective(s):

Since 2004, the new Administration launched a policy to improve effectiveness of social expenditure and modernize social funds. As part of this policy, an adjustment in the project cycle and the introduction of a matching grants scheme was agreed in May 2004 and put in place. This project is currently carrying out two types of subprojects: (a) subprojects implemented under the new model based on matching grants; and (b) subprojects implemented under traditional community-driven development (CDD) arrangements. About 95 subprojects (both matching grants and CDD) are either under implementation or are already evaluated and ready to be implemented. Given the importance of the recently adopted strategy based on Matching Grants and its promising results in terms of municipal participation and cofinancing of subprojects, the Government has decided to focus on completing these 95 subprojects. Even though the objective is being met, although at a much slower pace than originally anticipated, the Government and the Bank agreed to cancel approximately US\$7.1 million from the loan proceeds.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-43790 | Effective | 30.00 | 16.32 | 13.68 | 0.00 |
| JPN-26461 | Closed | 0.21 | 0.12 | 0.09 | 0.00 |



Project Name (ID): Land Administration (P049616)

Country: Guatemala

Board Approval Date: 12/03/1998

Midterm Review Date: 10/23/2003

Closing Date: 05/31/2006

Loan/Credit/Grant Number: IBRD-44150, IBRD-P3000

Sector(s): Central government administration (96%), Sub-national government administration (4%)

Theme(s): Land administration and management (P), Law reform (P), Decentralization (S)

Project Development Objectives:

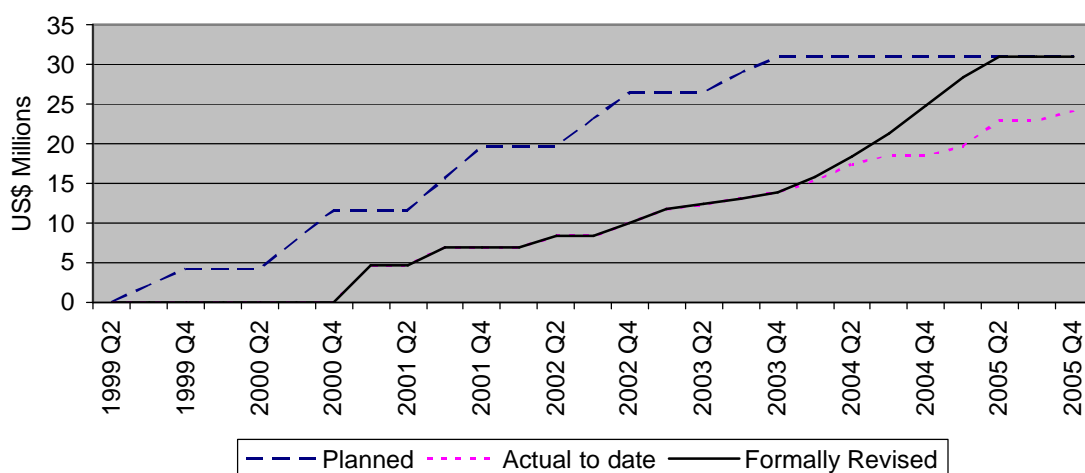
The objectives are to increase legal security of land tenure in the Peten Department, and strengthen the legal and institutional framework for land registry and cadastre services in the Peten.

Progress toward achieving development objective(s):

The most important achievement during fiscal year 2005 was the approval of the Cadastral Information Registry Law by the Guatemalan Congress in June 2005. This Law consolidates the institutional framework for the cadastre, thus achieving the most important element of the project's objectives. The project continues to make progress towards meeting its component output targets; it is well managed, and has a reliable monitoring system. Some delays in titling of rural lands are the only area of weakness. Preparation of Phase II of this Adaptable Program Loan is well advanced.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-44150 | Effective | 31.00 | 24.16 | 6.84 | 0.00 |
| IBRD-P3000 | Closed | 2.00 | 0.00 | 0.00 | 2.00 |



Project Name (ID): Competitiveness (P055084)

Country: Guatemala

Board Approval Date: 12/14/2000

Closing Date: 06/30/2008

Loan/Credit/Grant Number: IBRD-70440

Sector(s): General industry and trade (42%), Central government administration (31%), Micro and SME finance (25%), Law and justice (2%)

Theme(s): Regulation and competition policy (P), Export development and competitiveness (P), Small and medium enterprise support (P), Other financial and private sector development (P), Economic statistics, modeling, and forecasting (S)

Project Development Objectives:

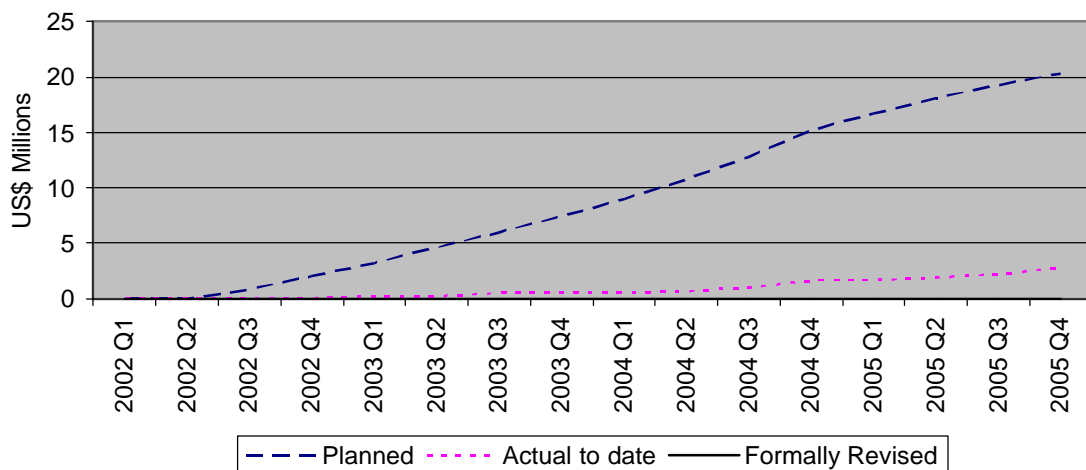
The objective is to advance the Guatemala National Competitiveness Program, improve investment climate, and promote Foreign Direct Investment and exports, with special emphasis on small and medium size enterprises.

Progress toward achieving development objective(s):

The project continues to execute activities efficiently, promoting strong coordination within the Government and with broad support from civil society and the private sector. Innovative activities include community-based rural competitiveness projects (Grupos Gestores), a matching grants system for cooperative and individual enterprises, and a business support infocenter network based on franchising in smaller urban centers. Foreign direct investment has grown impressively, especially in call centers and agroprocessing (new investments of US\$16.9 million, creating 1,160 jobs in the first half of 2005 alone), thanks to the INVEST in Guatemala program. Finally, the project has assisted the International Finance Corporation (IFC) in the mining sector and with airport concessions, and continues to work closely with the Ministry of Economy in the areas of competition law, statistics, and quality standards and certification.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-70440 | Effective | 20.30 | 2.81 | 17.49 | 0.00 |



Project Name (ID): Second Rural and Main Roads (P055085)

Country: Guatemala

Board Approval Date: 05/06/2003

Closing Date: 12/31/2007

Loan/Credit/Grant Number: IBRD-71690, JPN-26766

Sector(s): Roads and highways (90%), Sub-national government administration (10%)

Theme(s): Rural services and infrastructure (P), Participation and civic engagement (S)

Project Development Objectives:

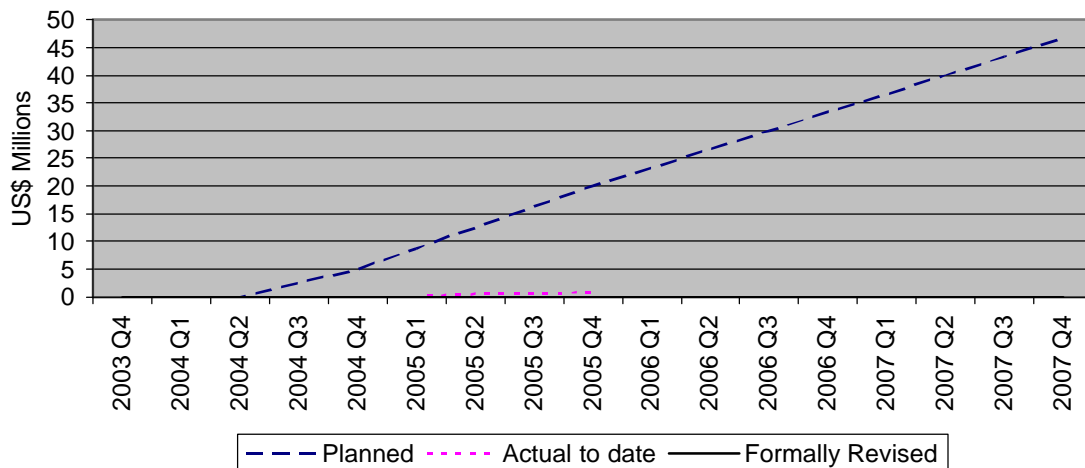
The objectives are to: (a) improve rural access on a sustainable basis; (b) develop institutional capacity at the local and central levels; and (c) generate employment in rural areas.

Progress toward achieving development objective(s):

The project began implementation in November 2004 and it is still too early to assess progress towards achieving the objectives. During the second semester of this fiscal year, the project team carried out activities to begin implementation, including technical analyses to update the data required to launch the first package of works. Works and technical assistance are expected to begin in fiscal year 2006.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-71690 | Effective | 46.70 | 0.87 | 45.83 | 0.00 |
| JPN-26766 | Closed | 0.27 | 0.16 | 0.00 | 0.11 |



Project Name (ID): Third Integrated Financial Management Technical Assistance (P066175)
Country: Guatemala
Board Approval Date: 03/14/2002
Closing Date: 09/30/2006
Loan/Credit/Grant Number: IBRD-71040, JPN-25968
Sector(s): Central government administration (70%), Sub-national government administration (30%)
Theme(s): Public expenditure, financial management, and procurement (P), Tax policy and administration (P), Other accountability/anti-corruption (S), Decentralization (S)

Project Development Objectives:

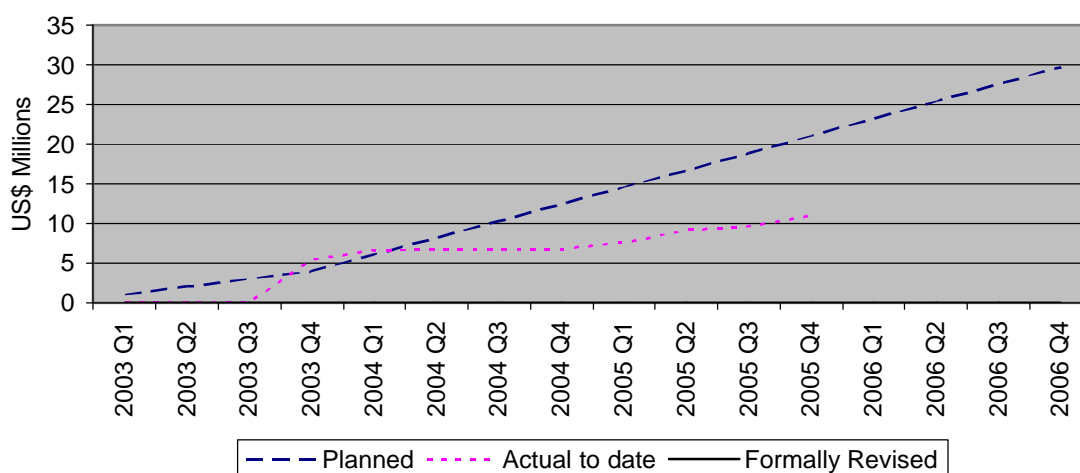
The objective is to increase effectiveness, efficiency, and transparency of public sector financial planning, management, and control.

Progress toward achieving development objective(s):

During fiscal year 2005, the web-based Integrated Financial Management System (IFMS) was fully stabilized and completed, and was also implemented in five decentralized, semi-autonomous agencies. Progress in implementing the municipal IFMS continues, although the focus has shifted from coverage to depth and sustainability. New partnerships with the municipal development institute are promising. The Guatecompras procurement system is being used by an increasing number of entities, and even private institutions have expressed their desire to use it. Delays in the enactment of legislation, in particular related to civil service reform, have added uncertainty to the final scope of work in areas such as human resource management.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-71040 | Effective | 29.75 | 10.95 | 18.80 | 0.00 |
| JPN-25968 | Closed | 0.70 | 0.53 | 0.00 | 0.17 |



Project Name (ID): Financial Sector Adjustment (P074530)

Country: Guatemala

Board Approval Date: 06/25/2002

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IBRD-71300

Sector(s): Banking (88%), Payment systems, securities clearance, and settlement (4%), Non-compulsory pensions, insurance, and contractual savings (4%), Central government administration (4%)

Theme(s): Regulation and competition policy (P), Standards and financial reporting (P), Macroeconomic management (S), Other public sector governance (S), International financial architecture (S)

Project Development Objectives:

The objective is to implement the Financial Sector Reform Program, aimed at bringing about a stronger and better functioning banking sector, able to withstand external shocks and to increase prudent lending to the private sector, opening access to groups and enterprises largely excluded from bank financing.

Progress toward achieving development objective(s):

The Government continues to make good progress in implementing its financial sector reform program, and the financial situation of the private banks continues showing signs of strengthening. On the legal side, a package of five bills of law for the financial sector was presented to Congress, and the authorities are working on drafts of another nine bills, to complete the modernization of the financial sector legal framework.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-71300 | Effective | 150.00 | 100.00 | 50.00 | 0.00 |

Project Name (ID): Financial Sector Technical Assistance (P076853)

Country: Guatemala

Board Approval Date: 06/25/2002

Midterm Review Date: 02/01/2005

Closing Date: 06/30/2006

Loan/Credit/Grant Number: IBRD-71290

Sector(s): Banking (50%), General finance (50%)

Theme(s): State enterprise/bank restructuring and privatization (P), Standards and financial reporting (S)

Project Development Objectives:

The objective is to provide technical assistance to support the implementation of the financial sector reform program aimed at restoring the soundness of the financial system.

Progress toward achieving development objective(s):

The project has made substantial progress towards achievement of its objective. Four draft laws (insurance, microfinance, movable assets, and reciprocal guarantee societies) are in progress. The Bank Capitalization Fund is fully operational and staff training has taken place. The Anti-Money Laundering Unit was also established. The project financed the license for processors (Oracle database, internet, technical support). The technical assistance on suspicious transactions and financing of terrorism has also been initiated. Other processes regarding the credit bureau, strengthening of bank supervision, and payment systems are also underway.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IBRD-71290 | Effective | 5.00 | 0.83 | 4.17 | 0.00 |

