CLR Review
Independent Evaluation Group

1. ***CPS Data***	
Country: Republic of Guatemala	
CPS Year: FY13	**CPS Period**: FY13 – FY16
CLR Review Period: FY13 – FY16	**Date of this review:** November 3, 2016

2. *Ratings*

	CLR Rating	IEG Rating
Development Outcome:	*Moderately Satisfactory*	*Moderately Unsatisfactory*
WBG Performance:	*Fair*	*Fair*

3. *Executive Summary*

i. This Review assesses the design and implementation of the World Bank Group's (WBG) Country Partnership Strategy (CPS) for Guatemala covering the period FY13-16. Following the shared approach methodology, the program's development outcomes are assessed based on the Performance Learning Review (PLR) which was undertaken towards the end of the CPS period in September 2015.

ii. Guatemala is a lower middle income country and the largest economy in Central America. During the CPS period, Guatemala had been implementing prudent macroeconomic policies with a relatively stable GDP growth rate. However, shared prosperity, as measured by income growth among the poorest 40 percent of the population, declined during 2000-2014. Guatemala's Gini coefficient of income and human development index in 2014 continued to lag the Latin America and Caribbean (LAC) region. Low public revenue collection limited the ability of the State to provide basic public goods and services, and to undertake public investment essential to achieving its development goals. Guatemala has weak institutional quality, scoring in the lowest quartile in three and below the median in all of the six Worldwide Governance Indicators, with no significant improvement over the last two decades.

iii. The new Government that took office in 2012 aimed to address key economic challenges with an ambitious agenda that had five strategic pillars: (a) social development; (b) competitive economic growth; (c) productive and social infrastructure for development; (d) sustainable rural infrastructure for development; and (e) justice and democratic security. The reform agenda would be supported by three pacts covering: (a) fiscal reform; (b) zero hunger; and (c) security, peace and justice. The Government also presented the National Competitiveness Agenda 2012-2021 to attract investment and increase job opportunities.

iv. The CPS was built on the Government agenda with five results areas: (a) create fiscal space and improve transparency in the budgeting process; (b) improved results in the social sectors; (c) improved infrastructure and logistics; (d) environment and disaster management; and (e) rural and

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SME development. At the PLR stage undertaken in September 2015, the results framework was significantly revised and consolidated to focus on three specific objectives: (a) enhance tax administration; (b) improve access to and efficiency of social programs; and (c) increase productive opportunities. However, there was no substantive change in the program.

v. Overall, the WBG program development outcome is rated ***Moderately Unsatisfactory***.

- With respect to Objective 1, while the program achieved its target of widening the tax base, the overall tax-to-GDP ratio did not improve due to deterioration in the collection of indirect taxes particularly on customs. On balance, taking into account the mixed results in increasing tax revenues and weak governance in tax administration, Objective 1 is rated *Moderately Unsatisfactory.*
- With respect to Objective 2, there has been increased access to social programs in the areas of Bank intervention, with improvements in the maternal mortality overall. However, malnutrition among children remains chronic and the impact of institutional reforms on efficiency of social spending has not been realized. Objective 2 is therefore rated *Moderately Satisfactory*.
- With respect to Objective 3, program performance has been poor with partial achievement of PLR targets. Bank projects in rural development and SME productivity have not been able to produce sustainable and scalable models of support. While IFC investments contributed to increased lending to MSMEs, advisory service (AS) products were not effective. Guatemala continues to lag its peers in terms of financial inclusion. Objective 3 is rated *Unsatisfactory*.

vi. IEG rates WBG performance as ***Fair.*** In terms of *design*, The CPS was too ambitious with a program that did not match the government's implementation capacity. The mix of instruments was not consistent with the country's institutional weaknesses. There was too much reliance on Analytical and Advisory Assistance (AAA), which did not provide the same level of support and engagement as IPF projects. The CPS results framework was poorly constructed, with weak linkages between the WBG program and objectives, and outcome indicators that were not well defined. While the results framework was revised during the PLR by linking the WBG program to higher level objectives, the program interventions were not substantially changed. More importantly, the PLR was undertaken towards the end of the CPS period, which was too late to effect any significant changes to the program results.

vii. In terms of *implementation*, the generally good performance of the fiscal DPLs and the education and health projects contributed to the achievement of PLR targets for Objectives 1 and 2. However, the poor performance of the rural development and MSME projects resulted in partial achievement of PLR targets in Objective 3. While there was improvement in the overall performance of the portfolio as a result of project restructurings and joint Bank-Government efforts to improve implementation and disbursement, this took place towards the end of the CPS period. AAA and AS products generally suffered from poor follow-up and implementation of recommendations. A major IFC investment in ports has been put on hold due to ongoing corruption issues and several planned advisory service (AS) products were not pursued due to lack of client support. Finally, the PLR was completed during the last year of the CPS period with no explanations provided both in the PLR and CLR. The revised program dropped the strategic objectives and underlying components where there was limited or no progress. The additional information provided by the Region during the comment period indicated that the PLR was initiated by the country team in early September 2015. However, with the deepening of the political and institutional crisis leading to the arrest of top government officials in the country, the WBG considered alternative options including extending the CPS period. Eventually, the decision was reached to proceed with PLR albeit at the late stage of the CPS period.

viii. This review generally agrees with the CLR lessons and recommendations: the need for WBG to be a steadfast and flexible partner, recognizing that change will be incremental and over the long term; the importance of a selective program with a straightforward design and clear implementation arrangements; the importance of a well-designed and measurable results framework and accompanying indicators; and the need to consider reputational risk in all aspects of engagement. This review provides additional lessons for consideration in the next CPS.

- The right mix of WBG instruments aligned with country's institutional capacity is critical to ensure effective implementation support to policy and institutional reforms. Despite the tax reforms supported by the DPLs, weak governance continued to undermine revenue collection efforts.
- The effectiveness of AAA and AS products could be improved by focusing on and supporting implementation of recommendations, and ensuring at the approval stage sufficient ownership by clients. The CLR noted limited government capacity to undertake AAA recommendations, and IEG reviews of AS indicate lack of ownership.
- Closed projects provide lessons of what worked and did not work and could inform future operations. Many projects went through numerous restructurings and identified measures to improve project design and implementation, including stronger coordinated efforts with the Inter-American Development Bank (IDB).
- Timely delivery of the PLR improves ability of WBG to effect meaningful changes to the strategy and program. The PLR for this CPS was completed during the last year of the CPS limiting its value added.

4. *Strategic Focus*

Relevance of the WBG Strategy:

1. ***Congruence with Country Context and Country Program***. While economic performance had been relatively stable in the decade leading up to the CPS, Guatemala had been lagging the LAC region in terms of real per capita growth and shared prosperity as measured by income growth among the poorest 40 percent of the population. More than half of the population was living in poverty at the beginning of the CPS period, with about 70 percent of the poor living in rural areas; among indigenous groups, the poverty rate was 75 percent. Because of a low level of revenue mobilization with a tax-to-GDP ratio well below the average for all of LAC, Guatemala had the lowest per capita spending on social sectors in the region. Malnutrition affected half the children under five and 70 percent of indigenous children. Increasing rates of economic growth had been challenging and would require increasing economic opportunities for the rural population, developing the agriculture sector, improving infrastructure, and encouraging growth of SMEs. In addition, Guatemala would have to address the quality of its institutions which were lagging the LAC region based on scores in World Governance Indicators.

2. The new administration elected in 2011 developed an ambitious program built around five strategic pillars: (a) social development; (b) competitive economic growth; (c) productive and social infrastructure for development; (d) sustainable rural infrastructure for development; and (e) justice and democratic security. The implementation of the program would be supported by three pacts addressing: (a) fiscal reform; (b) zero hunger; and (c) security, peace and justice. During the first quarter of 2012, Congress approved a comprehensive reform of the tax system, and the Government launched the Zero Hunger Pact to reduce the incidence of malnutrition in children under the age of five. The Government also presented the National Competitiveness Agenda 2012-2021 to attract investment and increase job opportunities.

3. The CPS was designed to be closely aligned with the Government's priorities and was organized around two strategic objectives and five results areas. The first strategic objective – strengthen public policies for social development – would support fiscal reforms (results area #1) and efforts to improve effectiveness of social expenditures (results area #2). Two fiscal DPLs, complemented by ongoing IPF

projects in the social sectors and AAA products, would support the first strategic objective. The second strategic objective – promote inclusive and sustainable growth – would cover infrastructure and logistics development (results area #3), environment and disaster risk management (results area #4), and rural development and SMEs (results area #5). IFC would contribute to results areas #3 and #5, with a risk management DPL and AAA supporting results area #4. The PLR program focused on results areas #1, #2, and #5 and continued to be aligned with Government priorities.

4. The IFC program was mainly in the financial sector, supporting SMEs through loans, investments, and risk management advisory work for local financial institutions. Other IFC projects were an investment in a port container project and a PPP advisory project to support a public lighting project. However, the port container project is currently held up due to corruption investigation issues, and several planned AS products did not materialize.

5. ***Relevance of Design***. The original CPS design covered too many areas and the program did not match country capacity. There was an over-reliance on non-lending technical assistance (NLTA) to deliver many important outcomes – NLTA was the main instrument supporting six of the 20 CPS outcomes. There was no systematic support to improving the business environment. Some of the program components were not well developed, with outcomes and targets to be defined during the PLR. The CPS results framework reflected the lack of focus of the program and did not take into account IFC activities in the financial sector. The PLR streamlined the program and revised the results framework by redefining objectives and designing indicators that more closely reflected the contributions of the WBG program, including IFC activities supporting access to finance for MSMEs. The main weakness was the results framework for Objective 3 (Increase Productive Opportunities) where the higher level country development goal was not well defined and the outcome indicators were project results that did not match the scale of the development challenge.

Selectivity

6. The original CPS was too ambitious and tried to address a wide range of development challenges, while the program articulated in the PLR was more selective. Objective 1 of the revised program focused on enhancing tax administration with DPLs as the main instrument of support. Objective 2 was designed to cover two aspects of social programs: (a) specific interventions supported by ongoing IPF projects in lower secondary education, maternal health, and malnutrition in children; and (b) improvements in efficiency and targeting supported by the DPLs. In addition, the specific interventions in Objective 2 focused on low-income, rural, and indigenous communities. Notwithstanding the broad title of Objective 3 (Increase Productive Opportunities), the Bank program had a very narrow focus – development of value chains in the rural and MSME sector – while IFC employed selectivity in its investment program by focusing on financial institutions that would expand services in underserved areas and finance MSMEs. However, the program lacked sufficient instruments to address institutional weaknesses in the implementation of tax and budget reforms.

Alignment

7. The CPS and PLR program and design supported WBG's corporate goals of reducing poverty and increasing shared prosperity in a sustained manner. While the main program instruments focused on supporting tax reforms, improved revenue mobilization and greater efficiency in social spending were critical to the ability of the Government to address the high poverty rates and low human development indicators of indigenous and rural communities. The outcome indicators in the education and health interventions focused on project areas where access and outcomes were lagging the rest of the country. The growth related objective of the CPS focused on inclusion, with Bank and IFC projects targeting rural areas and MSMEs. About 60 percent of the active trust fund projects in terms of amount targeted low-income and indigenous communities.

5. Development Outcome

Overview of Achievement by Objective:

8. Following the shared approach, the assessment of the development outcomes is based on the PLR results framework. At the PLR stage, the CPS strategic objectives and five results areas in the CPS results framework were dropped, and replaced by three objectives with a total of eight indicators (from the original 20 indicators).

Objective 1: Enhance Tax Administration

9. Guatemala's tax to GDP ratio was well below the averages for Central America and all of LAC, constraining the government's ability to increase social spending. Objective 1 of the CPS sought to enhance tax administration and support the implementation of tax reforms which were approved prior to the CPS. The achievement of this objective was to be measured mainly by the widening of the tax base.

10. ***Widening of the tax base.*** The main instrument of Bank support was through two DPL series (the FY13 Fiscal Space for Greater Opportunities DPL and the FY14 Enhanced Fiscal and Financial Management for Greater Opportunities DPL). The outcome indicator was an increase in the number of effective taxpayers making direct payments to the Tax Administration Office (SAT), from 1.4 million in 2011 to 1.6 million in 2016. The CLR cited Tax Administration Office (SAT) data that 1.7 million taxpayers made payments to SAT in 2015. The Implementation Completion and Results Report Review (ICRR) of the series reported that the tax base target was surpassed. However, this indicator is only one dimension of the objective, and hence does not sufficiently measure its achievement.

11. The reforms supported by WBG interventions resulted in an increase in income tax collections, with an improvement in the income tax-to-GDP ratio from 2.7 percent in 2011 to 3.2 percent in 2014. However, there was a decline in VAT collections on imports, despite an increase in the volume of trade. The ICRR noted that there has been no improvement in the overall tax-to-GDP ratio due to a deterioration in indirect tax compliance, particularly on customs. The DPLs included policy areas aimed at strengthening of tax and customs administration, and the PLR results framework included milestones on progress in customs administration activities. The ICRR noted that weak governance continued to undermine tax collection efforts and rated as Modest the DPL objective of strengthening tax administration and tax policy. This review noted the various initiatives undertaken to improve tax administration and the increase in audits and administrative sanctions in customs administration. Taking into account the mixed results in increasing tax revenues and the weak governance in tax administration, Objective 1 is rated ***Moderately Unsatisfactory.***

Objective 2: Improve Access and Efficiency of Social Programs

12. Guatemala's high poverty rates were reflected in the poor social indicators, with low levels of educational attainment, particularly for indigenous communities, and childhood malnutrition that was among the worst in the world. Objective 2 aimed to support improved social outcomes by increasing access to and enhancing efficiency of social programs. This objective was supported by several Bank interventions: fiscal DPLs, FY07 Education Quality and Secondary Education Project, FY13 Maternal and Infant Health and Nutrition Project, and the FY14 Health and Social Protection Non-Lending TA.

13. ***Increased lower secondary education (9th grade) completion rate in 196 targeted municipalities.*** While education results in access to primary and lower secondary education had been improving, indigenous communities had worse education outcomes. The CPS target was an increase in lower secondary education completion rates from 37 percent in 2011 to 42 percent in 2016. The FY16 Implementation Completion and Results Report (ICR) for the education project reported that completion rates in lower secondary education (9th grade) for targeted low-income communities increased from 31 percent in 2007 to 41 percent in 2015. Based on this information, the target for the education indicator is ***Achieved.***

14. ***Improved nutritional status of young children as measured by two indicators.*** The CPS supported the Government's Zero Hunger program, which would give priority to municipalities with the

highest rate of malnutrition. The outcome indicators were: (a) increase in percentage of children receiving weight and height check-ups from 37.5 percent in 2011 to 50 percent in 2016; and (b) increase in percentage of children receiving Vitamin A (from 12.9 percent in 2011 to 30 percent in 2016) and micronutrients (from 4.7 percent in 2011 to 15 percent in 2016). The ICRR for the DPL series reported that the CPS targets were surpassed: percentage of children receiving weight and height check-ups was over 87 percent at end-2014, and percentage of children under one year old receiving Vitamin A and micronutrient supplements was 77 percent and 73 percent, respectively, in 2015. FY16 ICRR of the Maternal and Infant Health and Nutrition Project rated the project objective reduction of chronic malnutrition among children younger than two years old in targeted rural communities as Substantial. The target for the nutrition indicator is rated ***Achieved.***

15. ***Increased percentage of women in 83 prioritized municipalities attended to during labor in facilities by qualified providers.*** To maintain gains in maternal and infant mortality, the availability of professional attention to expecting mothers in Ministry of Public Health and Social Assistance facilities would be increased in 83 priority municipalities. The CPS target was 25 percent of women in 83 prioritized municipalities attended to by qualified providers during labor in Ministry of Public Health and Social Assistance facilities in 2015. The CLR reported a 42 percent achievement rate in 2015 for the outcome indicator. The FY16 ICRR for the Maternal and Infant Health and Nutrition Project reported that the percentage of deliveries in health institutions in 40 project areas increased from 22.3 percent in 2006 to 42 percent in 2012, and that the ratio of indigenous to non-indigenous maternal mortality in project areas decreased from 3.2 in 2006 to 1.24 in 2012, exceeding the project target of 10 percent reduction. In addition, the ICRR rated achievement of the project objective improvement of maternal and infant health as Substantial. The target for the maternal health indicator is rated ***Achieved.***

16. ***Improved quality and transparency of public expenditure.*** This outcome would contribute to the effectiveness of social expenditures and sustainability of ongoing education and health and nutrition interventions. The outcome indicator was the establishment of at least one results-based budgeting (RBB) pilot that includes an operational monitoring and evaluation framework for priority programs. The Ministry of Health and Social Protection prioritized three sub-programs (immunization, malnutrition, and reproductive health) for the RBB pilot and signed a Results-Based Management Agreement with the Ministry of Finance including targets for nutrition and maternal health. The framework to monitor and evaluate the implementation of three sub-programs is in place. The ICRR for the DPL series noted that the RBB covered a total of four ministries. The target for the public expenditure indicator is rated ***Achieved.***

17. ***Social Information System operational.*** The Unique Beneficiary Registry was created with support from the FY13 Fiscal Space for Greater Opportunities DPL to help decision makers assess the effectiveness of social policies and reduce administrative costs by avoiding duplication. The outcome indicator was the operationalization of the Unique Beneficiary Registry with information on social programs and policies related to beneficiaries, geographic coverage, and type of program. The CLR reported that the Registry contained beneficiary information from 75 programs, and tools and systems had been developed to assess the targeting effectiveness of the social programs. The combined ICRR for the fiscal DPLs reported the operationalization of the Registry which expanded coverage to 90 percent of beneficiaries. The ICRR rated the DPL objective on improving management and coordination of social policies as Substantial. Based on the progress in operationalizing the Registry, the target for this indicator is rated ***Achieved.***

18. The Bank program supporting this objective combined DPLs with ongoing IPF projects and AAA and produced concrete results in several areas. With respect to access to education, there has been progress in access to lower secondary education, particularly for low income and indigenous students. The FY16 ICR for the Education Quality and Secondary Education Project reported that enrollment in lower secondary education for targeted communities increased from 41 percent to 51 percent during 2007-2015. In terms of maternal health, WDI data show improvement in maternal mortality ratio (per 100,000 live births) from 105 in 2012 to 88 in 2015. In terms of sustainability of efforts to address malnutrition in children, the CLR reports that Ministry of Health data for 2016 indicate that progress on growth promotion and nutritional support for children has been sustained even after project closing. WDI

data also show increased Vitamin A coverage rate (percent of children ages 6-59 months) from 14 percent in 2012 to 19 percent in 2015. However, impact evaluation data found no significant reduction in chronic malnutrition among children 3-59 months in the Zero Hunger Pact's 166 prioritized municipalities. With respect to improved efficiency through improved budgeting and information systems, the ICRR for the fiscal DPL series did not find indications that the actions improved the key social program management and coordination dimensions, including targeting, synergies across programs, and monitoring and evaluation. While the WBG program achieved the targets for process and intermediate outcome indicators, achievement of higher level outcomes have been mixed. On this basis, Objective 2 is rated ***Moderately Satisfactory*.**

Objective 3: Increase Productive Opportunities

19. In 2011, about 70 percent of the population below the poverty line lived in the rural areas. Integrating the rural population in terms of economic opportunities was one of the development challenges in Guatemala. Objective 3 sought to increase rural incomes and improve access to financial services by micro, small and medium enterprises. The Bank's interventions supporting this objective included: FY06 Project to Support the Rural Economic Development Program, FY11 Enhancing MSME Productivity Project, and IFC investments.

20. ***Increased rural incomes.*** The CPS aimed to help foster productive opportunities, particularly for rural and indigenous communities, by developing and operationalizing new supply chain partnerships. The outcome indicator was the increase of total sales of rural supply chain partnerships by $16 million during 2011-2016. The FY15 ICR for the Project to Support the Rural Economic Development Program reported that total sales of the rural supply chain partnerships supported by the project increased from $0.1 million in 2011 to $16.3 million in 2014. While the CPS target was met, the ICRR reported that increase in sales represented an achievement rate of only 47 percent of the project target, and rated the project objective of improving the competitiveness of rural productive supply chains with strong indigenous participation as Modest. It is also noted that increased sales do not necessarily translate to increased rural incomes. Taking into account the ICRR findings, the target for the rural incomes indicator is rated ***Partially Achieved.***

21. ***Increased number of people, microenterprises, and SMEs reached with financial services.*** The main WBG instruments were the Bank FY11 Enhancing Micro, Small and Medium Enterprise Productivity Project and the IFC investments in the financial sector. The target was an increase in the number reached from 357,000 in 2011/12 to 650,000 in 2017, with a gender target of women reached from 45,900 in 2011/12 to 190,000 in 2017. Based on IFC project data, the CLR reported that actual total number reached in 2016 was 564,268 of which 76,971 were women (though this figure was mainly in the area of microloans). The IFC Development Outcomes Tracking System reported 76,971 women reached in 2014, about 40 percent of the 2017 target. The June 2016 ISR for the MSME project rated both progress towards achievement of PDO and overall implementation progress as Unsatisfactory – the project was closed in June 2016, earlier than planned due to implementation issues that led to cancellation of the remaining credit. In addition to investments, IFC provided risk management advisory services to help stimulate SME lending, but IEG rated this AS product Moderately Unsatisfactory due to lack of implementation of recommendations. An advisory support to a rural cooperative was dropped due to lack of client support. Based on the progress in total number reached but poor progress in reaching the women segment, the overall target for the financial services indicator is rated ***Partially Achieved.***

22. The Bank program focused on developing value chains to integrate the rural sector and MSMEs with the rest of the economy. However, the supply chain sales target ($16 million increase in sales) was small and not consistent with the scale of the development challenge. More importantly, the CLR reported problems scaling up the rural development project results due to design issues and implementation challenges. The MSME project, which was under implementation throughout the CPS period, was intended to sustain the work started in the rural development project on value chains, but did not produce results. While IFC had substantial equity investment in a major financial group to support SME lending, the impact on system wide SME lending is unclear. The 2016 IMF Article IV Country Report for Guatemala notes that only 60 percent of SMEs have a bank account compared to 90 percent for LAC. In

addition, IFC's AS products have not performed well. In view of the poor performance of Bank projects and IFC AS, Objective 3 is rated ***Unsatisfactory.***

Overall Assessment and Rating

23. IEG rates overall development outcome of the Guatemala CPS as ***Moderately Unsatisfactory.*** This is based on the Moderately Unsatisfactory rating for Objective 1, Moderately Satisfactory rating for Objective 2, and the Unsatisfactory rating for Objective 3. The fiscal DPLs, which were the only new lending operations during the CPS period and which were frontloaded, made significant contributions to the achievement of CPS targets in Objectives 1 and 2. However, increases in income tax collection were offset by declines in VAT collection on imports, tax administration continued to be characterized by weak governance, and greater efficiency of social expenditures has yet to be achieved. The ongoing IPF projects approved prior to CPS period had mixed results, with positive contributions in the education and health sectors but minimal impact on the development of the rural and MSME sectors, the latter contributing to the Unsatisfactory rating for Objective 3. While some AAA products supported Government policies and programs (e.g. the regional pilot on the application of behavioral economics on tax collection), many knowledge products suffered from limited government capacity to implement recommendations. Finally, with the frontloading of the DPLs, lack of sustained support for implementation of initiatives, such as the piloting of results based budgeting and establishment of the Unique Beneficiary System, puts the reforms at risk.

6. WBG Performance

Lending and Investments

24. At the start of the CPS period, there were nine ongoing lending operations with a total approved amount of $590 million, of which about 80 percent was accounted for by eight investment project financing (IPF) projects and the remainder by one Development Policy Lending (DPL) which was a deferred drawdown option (DDO). The IPF projects covered a variety of areas: MSME productivity, rural development, land administration, roads, and emergency support for social services, health, and education. The DPL supported disaster risk management. During the CPS period, two new lending operations – a two series programmatic DPL - amounting to $540 million were approved, compared to three operations – all DPLs – amounting to $425 million proposed in the CPS. The PLR dropped one of the planned DPLs (a DDO for disaster risk management) and did not add any new lending operations for delivery during the CPS period. At the start of the CPS period, there were six ongoing TF projects amounting to $9.7 million, 80 percent of which were accounted for by two projects: the FY12 Strengthening the Resilience Capacity of Maya Indigenous Peoples and Peasants to Cope with Food Insecurity and Climate Change in Guatemala ($2.5 million); and the FY09 Support to the General Auditor's Office Project ($2.3 million). During the CPS period, two TF projects amounting to $3.7 million were approved: the FY14 SPF Municipal Citizen Security ($1.0 million); and the FY15 Pilot to Improve the Development and Nutrition of Young Children in Poor Rural Areas in Guatemala ($2.8 million).

25. All 11 lending operations that were active during the CPS have closed. Of the seven closed operations rated by IEG, six – including all three DPLs - were rated Moderately Satisfactory or better and one was rated Moderately Unsatisfactory. Five of the IEG rated operations had Significant or High Risk to Development Outcomes. Of the four closed projects not yet rated by IEG, two had ICRs with ratings of Moderately Satisfactory or better for outcomes, one had a June 2016 ISR with a rating of Unsatisfactory for progress towards PDO, and one did not have any ISRs during the past five years. Based on IEG ratings for closed projects during FY13-15, the Guatemala performance was better than those of LCR and Bank-wide based on both number and amount of projects, though the result will have to take into account Guatemala's relatively small portfolio. In terms of portfolio performance during the CPS period, percentage share of projects at risk of the Guatemala portfolio fared better than the LCR and Bank-wide portfolio in terms of both number and commitments, with much of the improvement occurring towards the end of the

CPS period. The good performance of the DPLs and the restructuring of many problem projects such as the Project to Support the Rural Economic Development Program during the previous CPS period contributed to the portfolio performance during this CPS period. The Guatemala portfolio also performed better than LCR and Bank-wide with respect to the disbursement ratio. Because many of the ongoing IPF projects were relatively old with no new IPF projects, undisbursed balances were low contributing to a higher disbursement ratio. In addition, there were efforts to improve disbursement performance during the CPS period, through project restructurings and Bank-Government portfolio reviews.

26. Prior to the CPS period, IFC had eight net commitments amounting to $1.06 billion. During the CPS period, IFC made 10 new net commitments amounting to $72.3 million, dominated by a $44.7 million commitment to a port container project. Other than the port container project, IFC's investments were highly concentrated in the financial sector, with all nine remaining net new commitments going to the financial and insurance sector. Within that sector, seven of the nine investments were related to one major financial group. IFC also had significant net commitments to short-term financing under the global trade finance program (GTFP), with a total of $643.0 million over FY13-16. This represents 90 percent of IFC's total net commitments over the period. There were no IEG evaluations of investment projects during the CPS period.

Analytic and Advisory Activities and Services

27. A total of 19 AAA products were delivered during the CPS period, of which 17 were non-lending technical assistance (NLTA). There were two Economic and Sector Work (ESW) products: the FY15 Economic Diagnostic for National Action and the FY15 Financial Sector Assessment Program Update. Five of the NLTA products were in the areas of renewable/clean energy and infrastructure, including one on transport and logistics – these products supported the infrastructure and logistics results area in the original CPS results framework. Four NLTA products supported improved governance and included TA on recovery of stolen assets, use of behavior economics in improving tax compliance, and initiatives to reduce crime in communities. Three focused on agriculture and rural development and two on the financial sector. The two NLTA products in the social sector complemented the fiscal DPLs and the health IPF project. There was one NLTA on earthquake damage assessment.

28. IFC had a small advisory service (AS) program. At the beginning of the CPS period, IFC had a small AS project targeting rural cooperatives amounting to $35,000. During the CPS period, IFC approved two AS projects with a total funding of $0.7 million. IEG reviewed one Advisory Services Completion Report, which assessed the impact of risk management support for a major financial group in Guatemala. The IEG rated the project Moderately Unsatisfactory in terms of Development Effectiveness, largely due to the indeterminate nature of whether the client's management would ultimately implement the suggested risk management changes. IEG also reviewed two dropped AS projects where the client was either unable or unwilling to provide the counterpart funding for the advisory project.

Results Framework

29. The original CPS results framework was based on an ambitious program with two strategic objectives, five results areas and 20 outcome indicators, reflecting the lack of focus and selectivity of the program. The CPS results framework was poorly constructed, with weak linkages between the WBG program and objectives, and outcome indicators that were not well defined. The contribution of IFC activities in the financial sector – a major component of the IFC program in the country – was not represented in the results framework. At the PLR, there were significant revisions to the results framework, which was structured around three restated objectives and eight indicators. The objectives and the indicators in the revised results framework were defined to better reflect the contribution of the WBG program and to establish a stronger link between WBG interventions and objectives. The use of the intervention logic in the results framework provided a statement of the higher level objectives (including how these are to be measured) to which the WBG program contributes, as well as the constraints addressed by the program. However, the results framework for Objective 3 (Increase Productive

Opportunities) lacked the same clarity on higher level outcomes compared to the other two objectives and was focused on project level results.

Partnerships and Development Partner Coordination

30. In the course of CPS preparation, WBG engaged in a series of consultations with other development partners, including discussions on how to better coordinate activities in the country. In addition, the WBG, IMF, and IDB held joint discussions with the incoming government. The Bank coordinated with UN agencies through the UN Country Team, e.g. the Stolen Asset Recovery Initiative is co-managed by WBG and the UN Office on Drugs and Crimes. The Bank is an active member of the G-13, a grouping of bilateral and multilateral donors in Guatemala. The Bank used its convening power to work with development partners in resolving some of the country's difficult issues. For example, the Bank and other development partners' facilitated an agreement reached between the Government and the Coordinating Committee of Communities Affected by the Construction of the Chixoy Dam (COCAHICH) on the implementation of the Reparations Plan, which had been delayed due to unresolved issues. The Bank also participated in the joint Public Expenditure and Financial Accountability (PEFA) Update that included the EU and IDB. The Bank has been coordinating with IDB at different levels and in several areas in view of the active role of IDB in the country, e.g., the CPS and the DPLs were prepared in close collaboration with IDB and the Support for Rural Economic Development Project included funding from IDB.

Safeguards and Fiduciary Issues

31. In four IPF projects closed and evaluated by IEG during the review period, compliance with the Bank's environmental and social safeguards was considered satisfactory to moderately satisfactory overall. Involuntary Resettlement (OP 4.12) was triggered during the implementation of the Second Rural and Main Roads Project, after resettlement activities had been discovered by the Bank supervision mission. It identified 82 cases of dwellings and other structures as affected, of which 56 involved total or partial loss of dwellings. A Corrective Action Plan was prepared and a project restructuring was undertaken. The Bank reported that all resettlement issues were resolved by project closure although there was no detailed assessment of its quality and how the cases were processed. Population displacement and house reconstructions resulted in more than four years delay in project implementation.

32. In 2011, four bidders participated in a shopping process for the reconstruction and repair of houses and other structures under the Guatemala Second Rural and Main Roads Project (P055085). INT received allegations that the director of one of the PCUs involved in the Project had pre-selected the winning company during the shopping process. While INT did not find sufficient evidence to support these allegations, there were several indications that the director concerned was the beneficial owner of one of the losing bidders. Additionally, INT discovered that a second losing bidder was not a legitimate company and that the bidder affiliated with the director and this losing bidder had the same person prepare their bids, had the same accountant and lawyer, and had submitted guarantees from the same company on the same day. INT concluded that these two losing bidders engaged in collusive practices in order to interfere with the bidding process. INT also found that the second losing bidder and a third losing bidder engaged in fraud.

Ownership and Flexibility

33. To help ensure ownership, the CPS was aligned with government priorities and was built on a broad consultative process that included civil society and private sector groups. It also took into account the results of the FY13 Guatemala Country Survey where the Bank received lower ratings for alignment of its work with country priorities, realism of programs, flexibility in the context of changing domestic circumstances, and sustainability of results. In the course of CPS implementation, the Bank sought to engage civil society and communities in specific areas, e.g., there was an NLTA for improving civil society engagement in the Extractive Industries Transparency Initiative (EITI), and the Bank played an active role in engaging with communities on the Chixoy Dam Reparations Plan. In addition, the Bank engaged closely with the private sector and civil society during the preparation of the fiscal DPLs, including formal

consultations held in Guatemala City and Quetzaltenango. However, there is evidence of lack of ownership in many of the AAA and AS products, as reflected in the poor implementation of AAA and AS recommendations and droppage of several AS initiatives. In terms of flexibility, the PLR dropped the planned disaster risk management (CAT DDO) due to a change in government priorities, and streamlined the program by eliminating components with little or no progress. Two important IPF projects under preparation – which were not in the original CPS - were deferred to the next CPS period to ensure ownership by the incoming administration.

WBG Internal Cooperation

34. In the financial sector, the work of the Bank and IFC has been complementary, with Bank projects supporting the demand side of MSME finance and IFC providing investments and advisory services to financial institutions. The Bank has been carrying out a number of NLTA activities in the infrastructure sector, where IFC was planning to expand its investments (a major port project was approved but put on hold). IFC operations were important instruments supporting Objective 3 of the revised results framework with one of the two outcome indicators based on the results of IFC investments. While the CPS was a joint product, IFC activities in the financial sector were not incorporated in the original results framework. This was corrected in the PLR.

Risk Identification and Mitigation

35. Both the CPS and PLR identified the risks to the implementation of the CPS, mainly political uncertainty, weak institutional capacity, and fiduciary risk. The political risk became magnified during the CPS period. The Bank mitigated political risk by frontloading the fiscal DPLs to support tax reforms approved by Congress and deferring the approval of two IPF projects under preparation during the latter part of the CPS period until a new administration is in place. There was a joint (Government, EU, IDB and WB) Public Expenditure and Financial Accountability Assessment Update to address fiduciary risk. However, there was no complementary instrument to support the implementation of the reforms supported by the fiscal DPLs. In addition, with the closing of Bank projects, the PLR did not address how the Bank would ensure sustainability of positive project results in several areas during the remainder of the program period.

Overall Assessment and Rating

36. IEG rates WBG performance as ***Fair.*** *Design.* The CPS was too ambitious with a program that did not match country capacity. The mix of instruments was not consistent with the country's institutional capacity. There was an over-reliance on NLTA to support implementation – NLTA as an instrument could not provide the same level of support and engagement as IPF projects. Bank AAA and IFC AS were the main instruments supporting six of the 20 CPS outcomes. The CPS results framework was poorly constructed, with weak linkages between the WBG program and objectives, and outcome indicators that were not well defined. In particular, the results area on transport and logistics was not well developed, with supporting activities to be determined in the progress report. In addition, the contribution of IFC activities in the financial sector – the major component of the IFC program in the country – was not represented in the results framework.

37. *Implementation.* The DPLs supporting fiscal reforms were implemented successfully, contributing to the achievement of targets in Objectives 1 and 2. In addition, the education and health IPF projects that complemented the DPLs in Objective 2 were also implemented successfully. However, the rural development and MSME projects encountered implementation issues, resulting in partial achievement of targets in Objective 3. During the CPS period, there were some improvements in the performance of the lending portfolio as a result of project restructurings and joint Bank-Government efforts to improve implementation and disbursement. However, AAA products generally suffered from poor follow-up and implementation of recommendations, reducing their effectiveness. IFC also had mixed performance in the delivery of planned AS, with projects outside of the financial sector dropped due to lack of client ownership. Finally, the PLR was completed during the last year of the CPS period and revised the

program by excluding several program components – including two of the five CPS results areas - where there was limited or no progress. The late delivery of the PLR limited its value added. The dropping of the risk management DPL, the IFC investment in a port container project being put on hold, and poor performance of AAA and AS projects were the main factors contributing to limited progress in the two CPS results areas not included in the PLR.

7. *Assessment of CLR Completion Report*

38. The CLR provided an assessment of both the direct results of program interventions and the progress in achieving higher level outcomes. The CLR could have strengthened discussion in several areas. First, given the importance placed by the CPS on knowledge products, the CLR could have expanded on the reasons for the lack of effectiveness of a number of AAA products developed under the CPS with proposed improvements for the next CPF. Second, the CLR could have discussed the efficacy of measures undertaken to improve IPF project performance, including what worked well and what did not, and identified lessons from projects that were closed during the CPS period. Third, the CLR could have provided a deeper analysis of the underlying reasons behind the lack of success in meeting the inclusive growth objective (Objective 3), and provided lessons for future engagement, e.g., how to improve synergy of Bank-IFC work and how to improve targeting of WBG interventions to achieve inclusion. Finally, the CLR could have explained the rationale for the late PLR and why it was undertaken at all.

8. *Findings and Lessons*

39. This review generally agrees with CLR lessons and recommendations: the need for WBG to be a steadfast and flexible partner, recognizing that change will be incremental and over the long term; the importance of a selective program with a straightforward design and clear implementation arrangements; the importance of a well-designed and measurable results framework and accompanying indicators; and the need to consider reputational risk in all aspects of engagement.

40. This review provides the following lessons for consideration in the next CPS.

- The mix of WBG instruments requires review to ensure effective implementation support to policy and institutional reforms. Despite the tax reforms supported by the DPLs, weak governance continued to undermine revenue collection efforts.
- The effectiveness of AAA and AS products could be improved by focusing on and supporting implementation of recommendations, and ensuring at the approval stage sufficient ownership by clients. The CLR noted limited government capacity to undertake AAA recommendations and IEG reviews of AS indicate lack of ownership.
- Closed projects provide lessons of what worked and did not work and could inform future operations. Many projects went through numerous restructurings and identified measures to improve project design and implementation, including stronger coordinated efforts with the Inter-American Development Bank (IDB).
- Timely delivery of the PLR improves ability of WBG to effect meaningful changes to the strategy and program. The PLR for this CPS was completed during the last year of the CPS period, limiting the PLR's value added.

Annex Table 1: Summary of Achievements of CPS Objectives

	CPS FY13-16	Actual Results (as of current month/year)	Comments
		Objective 1: Enhance Tax Administration	
Major Outcome Measures	**Indicator:** Widening of the tax base, as measured by an increase in the number of effective tax payers making direct payments to SAT: **Baseline:** 1,441,246 (2011) **Target:** 1,600,000 (2016)	**Actual:** 1,700,586 (2015) The I DPL series **Enhanced Fiscal and Financial Management for Greater Opportunities DPL** ([P133738](P133738): MS) **and the Fiscal Space for Greater Opportunities DPL** ([P131763](P131763): MS) supported this objective. Through the Behaviorally Informed Public Policy non-lending technical assistance ([P147858](P147858)), the WBG also supported improving voluntary tax compliance through the use of behavioral economics to motivate citizens to pay their taxes.	Source: CLR, PLR, ICRR. The number of effective taxpayers making direct payments to the Tax Administration Office reached 15 percent of the total population in 2014 and 18 percent in 2015. However, this indicator is only one dimension of the objective, and hence does not sufficiently measure its achievement.
		Objective 2: Improve Access to and Efficiency of Social Programs	
	Indicator: Increased lower secondary education completion (9th grade) in 196 targeted municipalities: **Baseline:** 37% (2011) **Target:** 42% (2015)	**Actual:** 40.9% (2016) This indicator was one of the PDO-level indicators for the **Education Quality and Secondary Education project** ([P089898](P089898): MS).	Source: CLR, PLR, ISR, ICRR. The ICR stated that the indicator was reached by dividing the real enrollment of students in 9th grade at the start of the school year in the 196 municipalities (numerator) by the population of 15 year olds in a given year.
	Indicator: Improved nutritional status of young children, as measured by: a) Percentage of children receiving weight and height check-ups: **Baseline:** 37.5% (2011) **Target:** 50% (2016) b) Percentage of children receiving Vitamin A and micronutrients:	**Actual:** 112% (2016) The ICRR for DPL series **Enhanced Fiscal and Financial Management for Greater Opportunities DPL** ([P133738](P133738): MS) **and Fiscal Space for Greater Opportunities DPL** ([P131763](P131763): MS) reports on the actual result for this indicator; the result was inconsistent with what was reported in the CLR but nonetheless showed that the CPS target was surpassed: **Over 87% (2014).** **Actual:** 74% (Vitamin A); 71% (micronutrient) (2016)	Source: CLR, PLR, ICR, ICRR. The implementation of the Zero Hunger Pact and the Municipal Councils of Food and Nutritional Security from the DPL played an instrumental role in the achievement of these indicators.

	CPS FY13-16	Actual Results (as of current month/year)	Comments
	Baseline: 12.9% (Vitamin A); 4.7% (micronutrient) (2011) Target: 30% (Vitamin A); 15% (micronutrient) (2016)	The ICRR does not report on the actual results of these indicators. The ICR for the DPL series reported consistent baselines and targets. Actual results from ICR include: 77% (Vitamin A) 73% (micronutrient) (2015) (baseline for micronutrient was 6.4%, not 4.7% (2011). These results surpassed the targets.	
	Indicator: Increased percentage of women in 83 prioritized municipalities attended to during labor in facilities by qualified providers Baseline: 0 (2011)* Target: 25% (2015) (9% by 2014 at ICR)	Actual: 41% (2016) This objective is supported under the Extension of Coverage Program under the Maternal and Infant Health and Nutrition Project (P077756: MS) with an objective to improve maternal and infant health in the project's 40 areas of intervention. Deliveries in health institutions in project areas increased from 22.3% in 2006 to 42% in 2012, surpassing the CPS target.	Source: CLR, PLR. The actual figures are based on results from 40 health units while target refers to 83 municipalities. Indicator adjusted from ICR to be more closely aligned to the objective. *At CLR, the baseline was 14% (2011), not 0%.
	Indicator: Improved quality and transparency of public expenditure, as measured by at least one results based budgeting pilot that includes an operational monitoring and evaluation framework for priority health programs Baseline: 0 (2011) Target: 1 pilot (2016)	Actual: 4 pilots (2016) Based on the ICRR for the DPL series Enhanced Fiscal and Financial Management for Greater Opportunities DPL (P133738: MS) and Fiscal Space for Greater Opportunities DPL (P131763: MS), the target (to increase the percentage of the total budget under the results-based budgeting framework from zero in 2011 to 9 percent in 2014) was surpassed (9.5 percent). The Results Based Budgeting (RBB) covers the Ministries of Finance, Economy, Health and Social Assistance, and Sports and Culture.	Source: CLR, PLR.
	Indicator: Social Information System operational, with (i) Unique Beneficiary Registry and (ii) Information on social programs and policies related to beneficiaries, geographic coverage and type of program. Baseline: No Target: Yes	Actual: Achieved Per the CLR, the Registry contains beneficiary information from 75 programs, including *Bono Seguro* and *Bolsa Segura*. The ICRR for the DPL series noted the implementation of the single registry of beneficiaries of all social programs, which expanded its coverage to 90%. The objective of improving the	Source: CLR, PLR, ICRR

	CPS FY13-16	Actual Results (as of current month/year)	Comments
		management and coordination of social policies was rated Substantial.	
	Objective 3: Increase Productive Opportunities		
	Indicator: Increased rural incomes, as measured by increased total sales of rural productive supply chain partnerships **Baseline:** 0 (2011) **Target:** $16 million (2016)	**Actual:** 16.31 million (2015) Data is from the ICRR for the Support the Rural Economic Development Program (P094321: MS)	Source: PLR, CLR, ICRR. The project supported training and outreach programs through which 216 partnerships were created between organized producers, commercial buyers and service provider. These partnerships helped increase sales of the rural productive organizations by improving access to markets and providing seed capital and productive investments, such as storage rooms and processing facilities. Overall, the Program resulted in an increase in total sales of the rural productive supply chain partnerships of over US$16 million. Supporting milestones to the indicator: - New rural productive supply chain partnerships operational - At least 80 percent of partnership beneficiaries are indigenous people - Percentage of female producers participating in PDER project supported training and outreach programs
	Indicator: Increased number of people, microenterprises, and SMEs reached with financial services	**Actual:** 564,268; of which 76,971 are women (2016) The IFC Development Outcome Tracking System shows the following data for the IFC investment in Compartamos: number	Source: CLR, PLR, ISR, Restructuring Paper

	CPS FY13-16	Actual Results (as of current month/year)	Comments
	Baseline: 357,000; of which 45,900 are women (2011/12) Target: 650,000; of which190,000 are women (2017)	of women borrowers based on the microfinance portfolio was 62,166 as of 2014. Project target is 190,000 by 2017. For the IFC investment in Banco GyT, 14,805 women were reached through microloans. There was no data in DOTS on total number of people, microenterprises, and SMEs reached.	The Bank Enhancing Micro, Small, and Medium Enterprise Productivity Project faced a number of implementation challenges, and led to a cancellation of $25 million (of the total project cost of $32 million) and early closure of the project. IFC trade finance facilities have supported the banks by providing US$643 million in trade finance transactions.

Annex Table 2: Guatemala Planned and Actual Lending, FY13-FY16

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Proposed Amount	Approved IBRD Amount	Outcome Rating
Project Planned Under CPS/CPSPR 2013-2016					CPS	CPSPR		
P131763	GT First Programmatic DPL	2013	2013	2014	200		200	IEG: MS
P133738	GT 2nd Prog DPL Fiscal Space	2014	2014	2015	150		340	IEG: MS
DROPPED	CAT DDO 2	2013-2016			75		DROPPED	
	Total Planned				425	0	540	
Unplanned Projects during the CPS Period								
			None					
	Total Unplanned							
On-going Projects during the CPS/CPSPR Period			Approval FY	Closing FY			Approved Amount	
P112011	GT Enhancing MSME Productivity Project		2011	2016			32	LIR: U
P122370	GT Emergency Support for Social Services		2011	2013			100	IEG: S
P107416	GT Expanding Opport. Vulnerable Groups		2010	2016			115	LIR: MS
P112544	GT CAT DDO		2009	2013			85	IEG: MS
P087106	GT (APL2)LAND ADMINISTRATION		2007	2016			20	LIR: MS
P089898	GT (CRL1) Education Quality and Sec. Edu		2007	2016			62	LIR: MU
P077756	GT-Maternal & Infant Health & Nutrition		2006	2013			80	IEG: MS
P094321	GT Support Rural Econ.Dev. Program		2006	2015			49	IEG: MS
P055085	SECOND RURAL AND MAIN ROADS PROJECT		2003	2014			47	IEG: MU
	Total On-going						590	

Source: Guatemala CPS and PLR, WB Business Intelligence Table 2a.1, 2a.4 and 2a.7 as of 8/24/16
**LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.*

Annex Table 3: Analytical and Advisory Work for Guatemala, FY13-FY16

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P148074	FSAP Update Guatemala	FY15	Financial Sector Assessment Program (FSAP)
RN#90491	Guatemala Economic Diagnostic for National Action	FY15	Working Paper
Proj ID	**Technical Assistance**	**Fiscal year**	**Output Type**
P144921	Sustainable Hydroelectric Development	FY16	Advisory Services Document
P147423	GT Guatemala Health System NLTA	FY16	Advisory Services Document
P153409	Sustainable mineral resource management	FY16	Advisory Services Document
P154681	GT POWER SYSTEM WIND	FY16	Advisory Services Document
P147858	6C CAR Behaviorally Informed Pub Policy	FY15	Advisory Services Document
P128883	CSO - Guatemala	FY15	Advisory Services Document
P131295	GT TF Agriculture Insurance Market Dev	FY15	Advisory Services Document
P131658	GT HNP and SP NLTA	FY15	Advisory Services Document
P133049	Urban Infrastructure Upgrading	FY15	Advisory Services Document
P145325	GT Transport and Logistics NLTA	FY15	Advisory Services Document
P149140	Agric. for Food Security & Shared Prosp.	FY15	Advisory Services Document
P155556	Guatemala NRA	FY15	Advisory Services Document
P127536	GT Clean Technology with value chains	FY14	Advisory Services Document
P144015	GT 7.2 Earthquake Damage Assessment	FY14	Advisory Services Document
P144514	GT Citizen Security NLTA	FY14	Advisory Services Document
P127419	Guatemala #10150 Inst & Leg Frmwk for CM	FY13	Advisory Services Document
P131828	Guatemala Country Engagement	FY13	Advisory Services Document

Source: WB Business Intelligence 8/24/16

Annex Table 4: Guatemala Grants and Trust Funds Active in FY13-16

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P145410	Pilot to Improve the Development and Nutrition of Young Children in Poor Rural Areas in Guatemala	TF 17709	2015	2019	2,750,935
P151950	GT - SPF Municipal Citizen Security	TF 15977	2014	2017	1,000,000
P130412	Strengthening the resilience capacity of Maya indigenous peoples and peasants to cope with food insecurity and CC in G T dry-corridor	TF 11700	2012	2016	2,507,050
P125451	Guatemala: Extractive Industries Transparency Initiative Implementation	TF 10050	2012	2015	380,000
P120498	Promotion of Public Participation in the Public Financial Management Oversight	TF 96147	2012	2014	396,000
P121137	Empowering Guatemala's Indigenous Communities to Cope with Climate Change	TF 97649	2011	2013	199,966
P115061	Building capacity to stimulate private investment in basic services and housing for the poor in Guatemala	TF 96048	2010	2013	248,675
P121505	Guatemala Dutch Grant for the Support to the General Auditor's Office Project	TF 93824	2009	2014	2,238,362
	Total				9,720,988

Source: Client Connection as of 8/25/16

*** IEG Validates RETF that are 5M and above*

Annex Table 5: IEG Project Ratings for Guatemala, FY13-15

Exit FY	Proj ID	Project name	Total Evaluated ($M)	IEG Outcome	IEG Risk to DO
2013	P112544	GT CAT DDO	85.0	MODERATELY SATISFACTORY	MODERATE
2013	P077756	GT-Maternal & Infant Health & Nutrition	47.6	MODERATELY SATISFACTORY	SIGNIFICANT
2013	P131763	GT First Programmatic DPL	200.0	MODERATELY SATISFACTORY	SIGNIFICANT
2013	P122370	GT Emergency Support for Social Services	100.0	SATISFACTORY	SIGNIFICANT
2014	P055085	GT SECOND RURAL AND MAIN ROADS PROJ.	45.4	MODERATELY UNSATISFACTORY	HIGH
2015	P094321	GT Support Rural Econ.Dev. Program	28.5	MODERATELY SATISFACTORY	MODERATE
2015	P133738	GT 2nd Prog DPL Fiscal Space	340.0	MODERATELY SATISFACTORY	SIGNIFICANT
		Total	846.5		

Source: AO Key IEG Ratings as of 8/26/16
P112544 Exit FY originally shows FY10

Annex Table 6: IEG Project Ratings for Guatemala and Comparators, FY13-15

Region	Total Evaluated ($M)	Total Evaluated (No)	Outcome % Sat ($)	Outcome % Sat (No)	RDO % Moderate or Lower Sat ($)	RDO % Moderate or Lower Sat (No)
Guatemala	846.5	7	94.6	85.7	17.5	13.4
LCR	18,771.1	141	90.5	73.4	69.9	58.6
World	61,134.2	725	86.2	72.0	63.2	47.6

Source: WB AO as of 8/25/16
* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status for Guatemala and Comparators, FY13-16

Fiscal year	2013	2014	2015	2016	Ave FY13-16
Guatemala					
# Proj	9	9	7	3	7
# Proj At Risk	1	1	2		1
% Proj At Risk	11.1	11.1	28.6	-	19.0
Net Comm Amt	456.0	552.1	180.9	4.1	298
Comm At Risk	46.7	32.0	34.5		38
% Commit at Risk	10.2	5.8	19.1		12.7
LCR					
# Proj	332	315	291	259	299
# Proj At Risk	72	70	68	63	68
% Proj At Risk	21.7	22.2	23.4	24.3	22.8
Net Comm Amt	30,843.3	29,271.0	27,713.0	29,360.3	29,297

Fiscal year	2013	2014	2015	2016	Ave FY13-16
Guatemala					
Comm At Risk	6,097.4	6,355.6	5,866.5	5,535.5	5,964
% Commit at Risk	19.8	21.7	21.2	18.9	20.4
World					
# Proj	1,964	2,048	2,022	1,975	2,002
# Proj At Risk	414	412	444	422	423
% Proj At Risk	21.1	20.1	22.0	21.4	21.1
Net Comm Amt	176,202.6	192,610.1	201,045.2	220,331.5	197,547
Comm At Risk	40,805.6	40,933.5	45,987.7	44,244.9	42,993
% Commit at Risk	23.2	21.3	22.9	20.1	21.8

Source: WB BI as of 8/25/16

Annex Table 8: Disbursement Ratio for the Guatemala, FY13-16

Fiscal Year	2013	2014	2015	2016	Overall Result
Guatemala					
Disbursement Ratio (%)	36.5	27.5	32.5	20.6	31.4
Inv Disb in FY	61.5	29.3	24.7	10.4	125.8
Inv Tot Undisb Begin FY	168.6	106.5	75.9	50.3	401.3
LCR					
Disbursement Ratio (%)	24.0	18.8	20.8	20.8	21.2
Inv Disb in FY	3,524.0	2,491.1	2,560.2	2,663.6	11,238.9
Inv Tot Undisb Begin FY	14,712.3	13,281.0	12,336.9	12,779.1	53,109.4
World					
Disbursement Ratio (%)	20.6	20.8	21.8	19.5	20.6
Inv Disb in FY	20,440.3	20,703.0	21,833.3	21,149.3	84,125.8
Inv Tot Undisb Begin FY	99,403.3	99,754.3	100,304.1	108,592.8	408,054.4

* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.
AO disbursement ratio table as of 8/25/16

Annex Table 9: List of IFC Investments in Guatemala

Investments Committed in FY13-FY15

Project ID	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm	Loan Risk Rating	Equity Risk Rating
37807	2016	Active	Finance & Insurance	E	1,304	-	1,304	1,304	-	-	1,304	1,304	1,304	3B	4B
33696	2015	Active	Finance & Insurance	E	10,000	10,000	-	10,000	-	-	10,000	-	10,000	3B	
34953	2015	Active	Finance & Insurance	E	5,000	-	5,000	5,000	-	-	5,000	5,000	5,000	3B	4B
35846	2015	Active	Finance & Insurance	E	115	-	115	115	-	-	115	115	115	3B	4B
31600	2012	Active	Finance & Insurance	E	17,500	99,057	-	99,057	-	-	99,057	-	99,057	3B	
31742	2012	Active	Finance & Insurance	E	1,115	-	1,119	1,119	-	27	1,119	1,092	1,092	3B	4B
32314	2012	Active	Finance & Insurance	E	2,208	-	2,208	2,208	-	-	2,208	2,208	2,208	3B	4B
32478	2012	Active	Finance & Insurance	E	2,105	-	2,105	2,105	-	-	2,105	2,105	2,105	3B	4B
28558	2010	Active	Chemicals	E	10,000	10,000	-	10,000	-	-	10,000	-	10,000	4A	
26634	2009	Active	Finance & Insurance	G	70,000	-	69,995	69,995	-	-	69,995	69,995	69,995	3B	4B
27834	2009	Active	Finance & Insurance	E	22,500	364,219	-	364,219	-	-	364,219	-	364,219	3B	4B
27836	2009	Active	Finance & Insurance	E	32,500	511,602	-	511,602	-	-	511,602	-	511,602	3B	
			Sub-Total		157,928	984,877	75,427	1,060,304	-	27	1,060,304	75,399	1,060,277		
			TOTAL		384,621	1,039,561	97,649	1,137,210	4,610	27	1,132,600	97,622	1,132,573		

Investments Committed pre-FY13 but active during FY13-15

Project ID	CMT FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Oiginal CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm	Loan Risk Rating	Equity Risk Rating
31600	2012	Active	Finance & Insurance	E	17,500	99,057	-	99,057	-	-	99,057	-	99,057	3B	
31742	2012	Active	Finance & Insurance	E	1,115	-	1,119	1,119	-	27	1,119	1,092	1,092	3B	4B
32314	2012	Active	Finance & Insurance	E	2,208	-	2,208	2,208	-	-	2,208	2,208	2,208	3B	4B
32478	2012	Active	Finance & Insurance	E	2,105	-	2,105	2,105	-	-	2,105	2,105	2,105	3B	4B
28558	2010	Active	Chemicals	E	10,000	10,000	-	10,000	-	-	10,000	-	10,000	4A	
26634	2009	Active	Finance & Insurance	G	70,000	-	69,995	69,995	-	-	69,995	69,995	69,995	3B	4B
27834	2009	Active	Finance & Insurance	E	22,500	364,219	-	364,219	-	-	364,219	-	364,219	3B	4B
27836	2009	Active	Finance & Insurance	E	32,500	511,602	-	511,602	-	-	511,602	-	511,602	3B	
			Sub-Total		157,928	984,877	75,427	1,060,304	-	27	1,060,304	75,399	1,060,277		
			TOTAL		384,621	1,039,561	97,649	1,137,210	4,610	27	1,132,600	97,622	1,132,573		

Source: IFC-MIS Extract as of end July 31, 2016

Annex Table 10: List of IFC Advisory Services for Guatemala

Advisory Services Approved in FY13-15

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US$
599989	Banco GyT Risk Management TA	2014	2015	ACTIVE	FIG	180,327
575407	Guatemala Public Lighting	2013	2015	TERMINATED	PPP	517,277
	Sub-Total					697,604

Advisory Services Approved pre-FY13 but active during FY13-15

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US$
577887	Vegetable Linkages Guatemala	2011	2013	TERMINATED	SBA	35,000
	Sub-Total					35,000
	TOTAL					732,604

Source: IFC AS Data as of 7-31-16

Annex Table 11: IFC net commitment activity in FY13 - FY16

	2013	2014	2015	2016	Total
Financial Markets	13,714,989	2,061,813	10,543,428	1,282,728	27,602,958
Trade Finance (TF)	159,483,456	128,239,050	138,076,212	217,242,257	643,040,975
Infrastructure					
Transportation & Warehousing	-	35,000,000	9,700,000	-	44,700,000
Total	173,198,445	165,300,863	158,319,640	218,524,985	715,343,933

Source: IFC MIS as of 8-26-16

Annex Table 12: Net Disbursement and Charges for Guatemala, FY13-16

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY13	61,581,683.6	85,538,073.3	(23,956,389.7)	53,944,953.2	85,006.2	(77,986,349.1)
FY14	228,377,880.6	78,522,948.4	149,854,932.2	54,628,902.0	503,084.5	94,722,945.7
FY15	364,692,535.0	82,856,175.3	281,836,359.7	59,058,809.7	850,462.3	221,927,087.7
FY16	9,776,313.5	85,916,560.2	(76,140,246.7)	69,653,832.0	-	(145,794,078.7)
Report Total	664,428,412.7	332,833,757.2	331,594,655.5	237,286,496.9	1,438,553.0	92,869,605.6

World Bank Client Connection 8/25/16

Annex Table 13: Total Net Disbursements of Official Development Assistance and Official Aid for Guatemala

Development Partners	2013	2014	2015
Australia	0.37	0.26	..
Austria	5.66	5.45	..
Belgium	4.27	3.92	..
Canada	9.99	6.12	..
Czech Republic	0.01	0.02	..
Denmark	0.02	..	..
Finland	1.34	0.34	..
France	3.87	3.39	..
Germany	10.76	22.61	..
Greece	..	..	..
Iceland	..	..	..
Ireland	0.98	0.98	..
Italy	2.48	1.39	..
Japan	7.82	-1.96	..
Korea	2.73	4.39	..
Luxembourg	0.4	0.4	..
Netherlands	2.92	0.09	..
New Zealand	0.17	0.22	..
Norway	12.39	12.67	..
Poland	0.01	0.01	..
Portugal	..	..	..
Slovak Republic	..	..	..
Slovenia	..	..	..
Spain	14.39	16.01	..
Sweden	33.66	33.92	..
Switzerland	3.45	3.5	..
United Kingdom	77.03	1.77	..
United States	102.67	126.04	..
DAC Countries, Total	297.39	241.54	
Adaptation Fund	1.24	..	..
EU Institutions	25.13	21.05	..
Food and Agriculture Organisation [FAO]	0.09	..	..
Global Environment Facility [GEF]	1.77	0.86	..
Global Fund	10.01	14.32	..
International Atomic Energy Agency [IAEA]	0.57	0.32	0.21
International Bank for Reconstruction and Development [IBRD]	..	..	..
International Development Association [IDA]	..	..	..
IDB Special Fund	157.99	-8.52	..
IFAD	-2.86	-2.41	..
International Finance Corporation [IFC]	..	..	..
OPEC Fund for International Development [OFID]	-3.39	-2.63	..
UNAIDS	1.13	1.07	..
UNDP	0.93	1.09	..
UNFPA	1.68	1.69	..
UNHCR	0	..	..
UNICEF	1.1	1.24	..
UN Peacebuilding Fund [UNPBF]	1.99	4.43	..
WFP	0.15	2.73	0.87
Multilateral, Total	197.53	35.24	1.08

Development Partners	2013	2014	2015
Israel	0.23	0.13	
Kazakhstan	0.05	..	
Malta	..	0.03	
Turkey	0.01	0.01	
United Arab Emirates	0	0.03	
Non-DAC Countries, Total	0.29	0.2	0
Development Partners Total	495.21	276.98	1.08

Source: OECD Stat, [DAC2a] as of 8/25/16

Annex Table 14: Economic and Social Indicators for Guatemala, 2013 - 2015

Series Name				GTM	LCR	World
	2013	2014	2015	Average 2013-2015		
Growth and Inflation						
GDP growth (annual %)	2.7	2.8	3.1	2.9	1.0	2.5
GDP per capita growth (annual %)	0.4	0.6	0.8	0.6	-0.1	1.3
GNI per capita, PPP (current international $)	11,400.0	11,660.0	11,910.0	11,656.7	15,065.2	14,969.4
GNI per capita, Atlas method (current US$) (Millions)	4,660.0	4,940.0	5,160.0	4,920.0	9,602.0	10,664.9
Inflation, consumer prices (annual %)	4.5	4.8	2.9	4.1	3.0	2.3
Composition of GDP (%)						
Agriculture, value added (% of GDP)	3.1	3.4	3.8	3.4	5.3	3.9
Industry, value added (% of GDP)	30.1	29.7	29.8	29.8	28.9	27.8
Services, etc., value added (% of GDP)	66.8	66.9	66.4	66.7	65.7	68.3
Gross fixed capital formation (% of GDP)	26.0	27.2	27.2	26.8	20.8	23.3
Gross domestic savings (% of GDP)	(1.1)	(1.4)	2.0	-0.2	19.2	24.5
External Accounts						
Exports of goods and services (% of GDP)	46.2	42.5	43.3	44.0	21.0	30.1
Imports of goods and services (% of GDP)	74.3	72.0	69.2	71.8	23.2	29.5
Current account balance (% of GDP)	(15.2)	(10.3)	(6.8)	-10.8		
External debt stocks (% of GNI)	60.5	69.7	68.5	66.2		
Total debt service (% of GNI)	3.2	3.0	3.9	3.4	3.4	
Total reserves in months of imports	4.4	6.6	7.4	6.1	9.0	13.3
Fiscal Accounts /1						

Series Name				GTM	LCR	World
	2013	2014	2015	Average 2013-2015		
General government revenue (% of GDP)	11.643	11.481	10.786	11.3		
General government total expenditure (% of GDP)	13.772	13.371	12.244	13.1		
General government net lending/borrowing (% of GDP)	-2.129	-1.889	-1.458	-1.8		
General government gross debt (% of GDP)	24.619	24.24	24.255	24.4		
Health						
Life expectancy at birth, total (years)	73.7	73.9	74.1	73.9	74.8	71.3
Immunization, DPT (% of children ages 12-23 months)	98.0	98.0	98.0	98.0	88.8	85.9
Improved sanitation facilities (% of population with access)	98.6	98.6	98.6	98.6	82.9	67.0
Improved water source (% of population with access)	92.1	92.2	92.3	92.2	83.5	83.9
Mortality rate, infant (per 1,000 live births)	16.8	16.3	15.8	16.3	15.6	32.7
Education						
School enrollment, preprimary (% gross)	32.2	..	..	32.2	76.5	53.8
School enrollment, primary (% gross)	88.7	..	..	88.7	104.5	108.0
School enrollment, secondary (% gross)	84.3	..	..	84.3	92.9	75.2
Population						
Population, total (Millions)	6,318,000	6,460,000	6,607,000	6,461,667	626,252,730	7,261,168,502
Population growth (annual %)	2.2	2.2	2.3	2.2	1.1	1.2
Urban population (% of total)	83.0	83.2	83.4	83.2	79.6	53.4

Source: DDP as of 8/26/16
**International Monetary Fund, World Economic Outlook Database, April 2016*