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PROGRESS REPORT ON APPROVED PROJECT— GUATEMALA 5279.00

Construction of Infrastructure in Depressed Areas Previously Affected by Internal Conflict

Date of approval	26 May 1995
Date plan of operations signed	11 September 1996
Date notification of readiness accepted	4 December 1996
Date of first distribution	7 July 1997
Duration of WFP Assistance	Four years
Duration of project as at 30 June 1999	Twenty-three months

Cost (United States dollars)¹

Total food cost	7,760,000
Total cost to WFP	10,111,280

¹ One United States dollar equalled 7 quetzals in June 1999.

NOTE TO THE EXECUTIVE BOARD

This document is submitted for information to the Executive Board.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2641).



ACRONYMS USED IN THE DOCUMENT

CEAR	National Commission for Assistance to Returnees
FIS	Social Investment Fund
FONAPAZ	National Fund for Peace
SEGEPLAN	General Secretariat of Planning and Programming of the Presidency
UNV	United Nations Volunteer
ZONAPAZ	Zona Nacional de Paz



PURPOSE OF THE PROJECT AND OF WFP ASSISTANCE

1. The national peace and reconciliation process has enabled a large number of Guatemalan refugees living in Mexico to return to their country. These refugees, along with the internally displaced population, are being settled in their places of origin or in new areas located in 10 departments characterized by extreme poverty, known as ZONAPAZ. With the combined efforts of governmental and non-governmental organizations, the project contributes to consolidating the national peace process and improving the living standards of some 50,000 families among the poorest people living in this area. WFP assistance contributes to reducing the seasonal food deficits at the household level and encouraging community involvement to develop social and economic infrastructure and improve agricultural practices.
2. The distribution of WFP's food aid to the beneficiaries is implemented by commodity exchange and/or local purchases, subject to the availability of resources, to assure the cost-effectiveness of the assistance. WFP food is monetized on arrival at the port. The participating communities, along with the Ministry of Agriculture, use these funds to purchase food in the local markets. The amount of food each participant receives is based on the number of days he/she works. The project's institutional framework is based on existing community organizations trained to manage the Food Compensation Fund on a participatory basis.
3. The project's long-term objective is to contribute to the consolidation of the national peace process and improve the standard of living of the poorest people in the rural and peri-urban areas of Guatemala.
4. The project's immediate objectives are to:
 - a) contribute to reducing beneficiaries' seasonal food deficits by increasing the availability of food at the household level;
 - b) complement social and economic development efforts of the Government, other co-executing agents and the communities to:
 - i) improve household and sanitation conditions through the construction of basic infrastructure;
 - ii) improve access to markets and services by upgrading access roads;
 - iii) improve agricultural practices through soil conservation, reforestation, and production initiatives;
 - iv) improve the social infrastructure of the communities through the construction of schools, health posts and community centres as well as the promotion of income-generating activities; and
 - v) provide both organizational and vocational training to beneficiaries to facilitate their participation in the construction and maintenance of infrastructure.
5. By the end of the project period: a) each of the 50,000 families will have received locally-purchased food, representing a value of about US\$214 per family over a period of two years, improving beneficiaries' food security; b) the project will have contributed to the improvement of their overall standard of living, through the implementation of basic



infrastructure works (i.e. drinking water and road projects), the increase of food production, and the promotion of income-generating activities and community organization.

PROJECT IMPLEMENTATION

6. The Guatemalan national peace and reconciliation process has provided an opportunity to a large number of refugees who had been living in Mexico for more than 14 years to return to their places of origin. Fifty thousand families were identified, including some who did not emigrate during the internal conflict and who were living around the areas of reinsertion, and also groups of returnees. To 30 June 1999, a total of 14,391 beneficiaries who settled in 194 communities of 52 towns in the ZONAPAZ had been assisted (see Annex I for details).
7. The plan of operations and letter of readiness were signed during the second half of 1996. However, funds to initiate the project's implementation were made available in July 1997. The change of Government and a slow food monetization process were the main reasons for this delay.
8. Up to now the project has had three operational stages. The first phase, 1 July 1996 to 30 May 1998, faced a number of difficulties as the National Coordinator of the executing unit was changed three times within this short period of time. This then became the preparation stage where major emphasis was placed on training the women's groups participating in the various project activities. During the second phase (June to September 1998) the current National Coordinator and two WFP volunteers were appointed, the plan of operations was amended and the counterpart hired additional field staff. The third stage (October 1998 to date) is considered the project consolidation phase; however, a significant proportion of the counterpart staff were engaged in assisting the population affected by Hurricane Mitch.
9. Food aid is delivered through the monetization of maize to create a fund for food compensation managed by the organized women's groups participating in the project who use the fund (equivalent to approx. US\$2.14 per day's work per beneficiary) to purchase food locally to be distributed among project participants.
10. The General Secretariat of Planning and Programming of the Presidency (SEGEPLAN) is the official communication channel between the Government of Guatemala and WFP on all issues pertaining to the project policies. SEGEPLAN designated the National Fund for Peace (FONAPAZ) as the project's executing unit.
11. FONAPAZ created a Food for Work Unit to implement the project. This unit comprises 17 staff members (a national coordinator, two project analysts, 12 field technical assistants, a warehouse assistant, and a secretary), 60 percent of whom are women. The Unit's personnel, along with the WFP national officer and the two United Nations Volunteers (UNVs), were in charge of monitoring and evaluating the various project activities through monthly field visits to the participating communities.
12. The executing unit selected the project areas and beneficiaries on the basis of poverty maps and met basic needs in the country. Great emphasis was given to the most vulnerable groups, such as the internally displaced population, returnees, and people living in poverty and extreme poverty.
13. The executing unit has considered each community of returnees as a focal point through which the project assists neighbour communities (internally displaced persons and those who



left their areas of origin during the internal conflict). This strategy has contributed to facilitating the reintegration process.

14. The training component is key to the implementation and success of the project, as it includes training on issues such as infrastructure maintenance and management of the compensation fund run by the women's groups. In addition, the technical staff of the executing unit was trained on gender issues.
15. The plan was to receive 22,965 tons of yellow maize, of the 77,600 tons committed. As at 30 June 1999, the project had received 10,732 tons. Of this total, 4,392 tons were monetized, for a total of US\$665,078. At the Government's request, the balance of the commodity was lent to other projects and used to assist those affected by Hurricane Mitch. Table 1 indicates the balance of food received and monetized, and Table 2 shows the use of the monetized funds.

TABLE 1: FOOD RECEIVED AND MONETIZED (tons)

Commodity	Committed for four years	Planned to be received as at 30 June 1999	Received as at 30 June 1999	Quantity monetized	Loans to other projects
Yellow maize	77 600	22 965	10 732	4 392	6 112

TABLE 2: BALANCE OF FUNDS GENERATED BY THE MONETIZATION COMPONENT AS AT 30 JUNE 1999 (US dollars)

Generated funds	Interest earned	Disbursements to beneficiaries	Availability of funds
665 078	100 443	613 246	152 275

16. Table 1 shows that 41 percent of the food programmed to arrive by June 1999 (14 percent of the total commitment) has been received. During the first 18 months of the project, 80 percent of the generated funds and interest had been channelled to the project beneficiaries (see Table 2). The delayed arrival of food in the country, and the loans to emergency operation 6079.00 and other projects have limited the project's evolution, creating a sense of ill-ease among the participating communities. The WFP office in Guatemala has not been able to respond positively to the applications of other organized women's groups to be part of this project.

GOVERNMENT'S CONTRIBUTION

17. The Government's contribution to date has been of US\$3,421,826 directed to technical support, building materials, equipment and supplies. According to the planned Government contribution for the first 18 months, this amount represents only 35 percent (see Annex II) of the commitment. As a result of the effects of Hurricane Mitch, FONAPAZ has been



diverting both human and financial resources to assist the affected population; this explains the low level of compliance of the Government towards this project.

EXTERNAL ASSISTANCE

18. The implementation of the activities related to basic infrastructure (repair and construction of roads, bridges, health posts and schools), which requires technical assistance and considerable investment, has been achieved through coordination of the project with a number of international governmental and non-governmental institutions such as the European Union, National Commission for Assistance to Refugees (CEAR), Social Investment Fund (FIS) and the Italian NGO MOLIVS MOVIMONDO.
19. In addition, the project received non-food items valued at US\$108,963 which came mainly from the Netherlands. This support consisted of construction equipment and materials, tools, machines to manufacture cement blocks and small irrigation systems. This contribution represents a substantial part of the US\$150,000 included in the project's plan of operations.

ASSESSMENT

20. FONAPAZ set up the Food for Work Unit with its own budget and permanent personnel. The coordination of the project has direct communication with the Executive Director of FONAPAZ. This has facilitated the implementation of the project.
21. The project's implementation rate in relation to that planned for the first 18 months is 73 percent. In the assisted communities, the availability of food has contributed to the household economy and food security of the families, especially for women and children. The project beneficiaries have given priority to the construction of basic infrastructure such as the installation of potable water systems, the construction and rehabilitation of roads, and the construction of bridges, housing and latrines. More than 90 percent of the work under the food-for-work scheme is for basic infrastructure and the rest is for productive activities (see Annex III).
22. The Food Compensation Fund has been an economic support for households, representing almost 80 percent of the salary in rural areas. The Fund has generated savings for the families and in turn has enabled them to have access to other products. The assistance provided by the Fund was crucial in areas where there are no job opportunities. The Fund has also contributed to introducing variety in the diet of the beneficiary population as they can now obtain products such as vegetable oil, sugar and salt.
23. Women manage the Food Compensation Fund. These women have received related training. There are currently 194 women's groups who have been trained on basic concepts of accounting, food handling and the implementation of productive activities.
24. Women participate in:
 - a) the purchase, distribution and control of the food bought through the Food Compensation Fund;
 - b) the preparation of food rations for those working in the rehabilitation of basic infrastructure (water systems, roads, etc.);



- c) the rehabilitation of plots and the creation of family vegetable gardens; and
- d) the rehabilitation of houses.

CONCLUSIONS AND RECOMMENDATIONS

25. At the beginning of the monetization process, the monopoly controlling the local marketing of yellow maize affected its price. At present, with the intervention of the National Agricultural Stock Market and brokers, the situation is changing in a positive direction, making prices more competitive and broadening the market in Central America. Therefore, it can be expected that proceeds from future monetization of food will increase, making the process more profitable.
26. The financial procedures for the purchase of commodities with funds coming from the Food Compensation Fund are cumbersome, as there are limitations to acquiring some commodities such as basic grains directly from local producers. Purchases are allowed only in the local stores, which have a profit margin of 15 to 20 percent. The executing unit is studying the possibility of improving the local purchasing system, so that beneficiaries obtain more savings.
27. Despite delays in the availability of maize, food-for-work activities have not been halted. The project owes resources to the beneficiaries who have continued working because they are committed to the project and expect the debts to be paid. To normalize the situation the project has to pay to 205 communities a total of 323,907 workdays, equivalent to US\$647,955.
28. At the Government's request, part of the project's maize was used to assist the population affected by Hurricane Mitch at the end of 1998. It is recommended that WFP replace the maize lent to the emergency and send to the project the balance of the 22,965 tons of maize programmed for the first 18 months.
29. The targeting of communities and beneficiaries is adequate. Communities of returnees are considered development poles, as the project aims to complement with other co-executing agents their social and economic development to include their surrounding communities. They work with neighbouring communities, thus facilitating the reinsertion process.
30. The project has allowed the strengthening of community groups who work for the improvement and development of their communities. The project has also contributed to incorporating organized women's groups in the management of the Food Compensation Fund.
31. The project in and of itself has strengthened the capacity of the executing unit in critical issues such as gender, development of rural appraisal techniques and geographic targeting for comprehensive development of the assisted areas. The executing unit has incorporated into the activities of project Guatemala 5279.00 the returnees and internally displaced beneficiaries of EMOP 5821 (Emergency Food Assistance for Returnees and Internally Displaced Persons) which has recently ended.



ANNEX I

GEOGRAPHIC COVERAGE AND NUMBER OF BENEFICIARIES BY DEPARTMENT AND COMMUNITY
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Department	Municipality	Number of communities	Number of beneficiaries
Chiquimula	1	14	891
Alta Verapaz	9	56	4 200
Baja Verapaz	4	19	1 425
El Petén	2	6	450
El Quiché	4	30	2 250
Sololá	4	8	600
Totonicapán	6	14	1 050
Quetzaltenango	1	1	75
San Marcos	6	11	825
Suchitepéquez	1	1	75
Huehuetenango	9	21	1 575
Chimaltenango	6	13	975
Total	52	194	14 391



ANNEX II

GOVERNMENT CONTRIBUTIONS

Items	Committed by the Gov. (US\$) for 5 years (1)	Programmed for first 18 months (US\$) (2)	Implemented as at June 1999 (US\$) (3)	Implemented percent (3)÷(2)
Technical and Administrative Support	6 000 000	1 800 000	221 826	12
Construction material for infrastructure (housing, road) including what was provided by other implementing agencies	21 500 000	6 450 000	2 800 000	43
Equipment and supplies	5 000 000	1 500 000	400 000	27
Total	32 500 000	9 750 000	3 421 826	35



ANNEX III

COMPARISON OF ACHIEVEMENTS

Activities	Unit	Targeted as per plan of operations	Cumulative		
			Programmed to 30 June 1999	Implemented to 30 June 1999	% achieved
I. HABITAT					
New homes	No.	12 000	1 180	444	37
Home Improvement	No.	18 000	2 120	933	44
Latrines	No.	30 000	3 700	1 289	35
Potable water system	No.	200	33	48	145
Drainage system	No.	166	18	8	44
II. ROADS					
Road construction	Km.	350	47	32	68
Road rehabilitation	Km.	700	68	63	92
Bridge construction	Ha.	-	12	15	125
III. AGRICULTURAL AND PRODUCTIVE ACTIVITIES					
Soil conservation	Ha.	500	55	26	47
Reforestation	Ha.	660	74	29	39
Community infrastructure	No.	150	23	45	195
IV. TRAINING					
Number of participants	No.	50 000	5 500	960	17

