

GOVERNMENT OF GUATEMALA



MOVING TOWARDS PEACE WITH RECONCILIATION AND DEVELOPMENT

**Final Report on the Follow-Up Matrix of the Main Issues in the
Consulting Group of February 2002**

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EXECUTIVE SUMMARY

1. This document presents a summary of all activities carried out by the Government of Guatemala, to fulfill the commitments agreed with the international community during the Consulting Group celebrated in the headquarters of the Inter-American Development Bank, in Washington DC, in February 2002.
2. The purpose is to present this entirety of activities to the Follow-up Consulting Group that will be carried out in the city of Guatemala, the next 13th of May. There, a new balance will be made, between reached results and pending tasks, which will allow identifying and agreeing upon a new group of commitments.
3. It is fundamental that the Follow-up Consulting Group has in mind that the period for the current government will be beginning its last year. The Guatemalan society is preparing itself to carry out democratic elections on November of this year, to elect the authorities that will carry out government activities during the next four years. This means that many of the agreed commitments in the Follow-up Consulting Group must be carried out by new authorities.
4. The programmatic and inclusive nature of the Peace Accords forces the contents of the activities derived from them to transcend any specific government. This nature has been understood by the current government from the start, having continued with determination to impel the performance of the Peace Accords, reached six years ago during the previous government.
5. The Peace Accords include a group of goals which attainment can only be reached gradually and progressively. For this reason, some of the activities described in this document have as a goal to begin a long process of encouragement, but it is important to begin as soon as possible, as well as to continue them, so that the results are felt in the every-day life of Guatemalans.
6. One of the fundamental goals has been to impel a deep and sustained process that leads to the rising of a culture of peace and reconciliation, even when, in all levels and stratum, a deep aftermath of the armed conflict that destroyed the Guatemalan society during four decades continues. That is why a description of the activities carried-out must be put into context, acknowledging that the magnitude of the goals has not thoroughly set back the essential features that led to the armed conflict.
7. **Security and Intelligence.** There is an advance in the consolidation of strategic civil intelligence and presidential civil security. Twenty-five percent of the members of the Presidential Security Service have been removed and their complete removal is expected by October of this year. Furthermore, the defense policy is working in multi-sector groups that include representatives of the civil society and the government. Also, 18 military stations have been deactivated and a significant reduction of military members is foreseen.
8. **Human Rights.** In view of the continuing threats and harassment towards human rights protectors, the Office of Human Rights Prosecutor, non-governmental organizations and the government, with the help of Human Rights Watch, agreed to establish a Security Committee

for the Investigation of Illegal Bodies and Clandestine Devices (CICIACS for its abbreviation by initials in Spanish). Furthermore, the policy of acknowledgement to the Inter-American System of state responsibility by omission and commission, in cases of human rights transgressions occurred during conflict, has been continued to put into effect.

9. **Administration of Justice.** The Modernization and Reform process of the Judicial Branch has continued, having an essential increase in the budget assignments for the Judicial Branch, Public Ministry, Human Rights Prosecutor and National Civil Police.
10. **Indemnities.** The process of compensations to armed conflict victims and of consequent transgressions of human rights has intensified. This past year, the Government, together with victim organizations, worked out an Compensation Plan, which became a proposed law pending approval from Congress. The execution of said Plan is foreseen to be carried out this year with a finance consisting of US\$ 9 million.
11. **Reinsertion.** Reinsertion of victims of the armed conflict continued, by the acquisition of land for housing, health programs, financing productive projects, and scholarships for children of uprooted families.
12. **Multi and inter-cultures.** There is an advance in some aspects of bilingual education, free exercise of spirituality and application of indigenous rights. However, exclusion and discrimination continues to exist, especially against those who live under the poverty line. On last October, the Presidential Committee against Discrimination and Racism was created, whose main task is to coordinate, with indigenous people organizations, the application of public policies destined to put into effect the rights of indigenous people.
13. **Education Reform.** Although strains with the sector of teachers deepened, Education Reform process continued, destined to increase the amount and coverage of the educative system. Among the group of reform measures, stand out study plan transformation, teacher training, literacy program and scholarship grants, as well as a nourishment program for poor children.
14. **Democratization and State Reform.** The purpose of these activities consists of increasing the participation of citizens in official decisions and to encourage the decentralization of government activities. In participation matters, there exist advances regarding women and indigenous people rights. Regarding decentralization, various fundamental laws have been approved: for Development Councils, for Decentralization, as well as a reform of the Municipal Code and Social Development. Finally, Inter-Sector Dialogue Round Tables (IDT) are working with different issues, such as a peace and reconciliation culture, defense policies, economic development, rural and indigenous people development. A Justice, Security and Human Rights round table is to be established
15. **Transparency.** In this issue there was support from the World Bank, and the National Committee for Transparency and Against Corruption was created. The coverage of the Financial Administration System (SIAF, for its abbreviation by initials in Spanish) and National System for Public Investment (SNIP, for its abbreviation by initials in Spanish) were increased, both of which are key instruments to make the transparent work of public offices. Also, the tax collection continued to be modernized, and in February of the past year a Good Methods for Fiscal Transparency Code was created.

16. **Macroeconomic Stability.** Budget balance, inflation control, and currency exchange stability are the three columns in which the stability that characterizes the three years of the current government stand. For this, last year, the signing and performance of the Stand-by Agreement with the International Monetary Fund seemed decisive, and even more decisive, if renewal for the current electoral year. It must also be acknowledged that this goal was reached in the middle of an adverse context, due the shortfall of coffee prices, the main traditional export product.
17. **Fiscal Balance.** The fiscal deficit has continued to hold Among the agreed upon limits with the International Monetary Fund. It draws one attention that even though said limits have been honored, social expenses and public investment have been maintained, by increasing tax collection and access to international funding, from multilateral bodies as well as from international credit markets. However, even though tax loads reached its highest levels in history, it does not reach the levels agreed in the Peace Accords.
18. **Financial Sector.** Modernization and strengthening of this sector was based on a group of new laws and the reform of other ones in force. Also, different banks strengthened and merged, a Trust Fund for Bank Capitalization was created and the Fund for Savings Protection was capitalized.
19. **Economic Development.** The economic growth rate has been kept in about 2.5 percent, a level which isn't enough to fight poverty, but it is respectable in the adverse behavior of the international economy. To reactivate growth, the Economic Action Plan (PAE, for its abbreviation by initials in Spanish) was put into action and activities oriented towards increasing the economy continued.
20. **Poverty Reduction.** In a society where two third parts of the population lives under the level of poverty, for the first time the government took action to create a poverty reduction strategy. With the purpose of avoiding that the performance of said strategy lowers, the Secretariat for Planning and Programming began an intense process of validity in a departmental and municipal level, by creating 22 departmental strategies and 120 municipal strategies, equivalent to a 36% of all existing ones.
21. **Rural Development.** Due to the strong incidence of poverty in rural areas, the Ministry of Agriculture has impelled a rural development strategy, mainly destined to reactivate economic growth and for a better distribution of the benefits of said growth.
22. **International Cooperation.** Many of the activities described in this document would have not been carried out if there was no international cooperation. Said support represented the signing of cooperation agreements for an amount of US\$654.3 million of which 15 of them are loan agreements for US\$563.3 million and 51 non-refundable cooperation agreements, for US\$109.0 million. Among the most important, are the ones carried out with the Inter-American Development Bank and the World Bank, to strengthen the financial sector for an amount of US\$200 million and US\$155, respectively.

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LIST OF ABBREVIATIONS

AGEXPRONT	Asociación Gremial de Exportadores de Productos No Tradicionales (Exporters of Non-Traditional Products Trade Union Association)
NDA	Net Domestic Assets
APPI-TIPP	Anti Poverty Partnership Initiatives - Territorial, Integrative, Participative Program
BANGUAT	Central Bank
BANRURAL	Banco de Desarrollo Rural (Bank of Rural Development)
BCIE	Central American Bank of Economic Integration
IADB	Inter- American Development Bank
IBRD	International Bank for Reconstruction and Development
WB	World Bank
CACIF	Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales and Financieras (Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations)
CAJ	Centro de Administración de Justicia (Center for the Administration of Justice)
CAMTUR	Cámara de Turismo (Tourism Chamber)
CARE	Cooperativa Americana de Remesas al Exterior (American Society of Foreign Remittances)
CAS	Consejo Asesor de Seguridad (Security Advisory Council)
CD	Compact Disk
CEDAW	United Nations Committee on the Elimination of Discrimination Against Women
CEE	Centro de Estudios Estratégicos (Center for Strategic Studies)
CETEC	Centro de Tecnología de Carne (Center for Meat Technology)
CGCN	Contraloría General de Cuentas de la Nación (National Accounting Comptrollership)
CHN	Crédito Hipotecario Nacional (National Mortgage Bank)
CICIACS	Comisión Investigadora de los CuPRSo Ilegales and Aparatos Clandestinos de Seguridad (Investigative Committee of Illegal Bodies and Clandestine Security Devices)
CIDH	Inter-American Committee of Human Rights
CIEN	Centro de Investigaciones Económicas Nacionales (National Center for Economic Research)
CNOC	Coordinadora Nacional de Organizaciones Campesinas (National Coordinator of Rural Organizations)
CNPRE	Consejo Nacional para la Reforma Educativa (National Council for the Education Reform)
COCODES	Consejos Comunitarios de Desarrollo (Community Council of Development)
COEDUCAS	Comités Educativos (Education Committee)
COLUSAG	Comisión de Lugares Sagrados (Sacred Places Committee)
COMUDES	Consejos Municipales de Desarrollo (Municipal Councils of Development)
CONALFA	Comité Nacional de Alfabetización (National Committee of Literacy)
CONAPEX	Consejo Nacional para las Exportaciones (National Council for Exports)
CONTIERRA	Dependencia Presidencial de Asistencia Legal and Resolución de Conflictos sobre la tierra (Presidential Office of Legal Assistance and Resolution of Land Conflicts)
COPART	Comisión Paritaria sobre Derechos Relativos a la Tierra de los Pueblos Indígenas (Committee where Management and Workers Meet on Equal Ground Relating to Rights of the Land of Indigenous People)
COPMAGUA	Saqb'ichil-Coordinación de Organizaciones del Pueblo Maya de Guatemala (Coordination of Mayan People Organizations of Guatemala)
COPREDEH	Comisión Presidencial de Derechos Humanos (Presidential Committee of Human Rights)
CSI	Comisión de Seguimiento a la Incorporación (Incorporation Follow-up Committee)

CSPF	Comisión de Seguimiento del Pacto Fiscal (Fiscal Agreement Follow-up Committee)
CTEAR	Comisión Técnica para el Reasentamiento de las Poblaciones Desarraigadas (Technical Committee for the Resettling of Uprooted Populations)
DEMI	Defensoría de la Mujer Indígena (Post of Defense Council for Indigenous Women)
DIC	Dirección de Inteligencia Civil (Civil Intelligence Office)
DICAI	Dirección de Inteligencia Civil and Análisis de Información (Civil Intelligence and Information Analysis Office)
DICRI	Departamento de Investigaciones Criminalísticas (Criminal Investigation Department)
DIGECAM	Dirección General de Control de Armas and Municiones (General Office of Weapons and Ammunitions Control)
DOAN	Departamento de Operaciones Antinarcótics (Anti-drug Operations Department)
ECA	Empresa Asociativa Campesina (Rural Associative Company)
EEGSA	Empresa Eléctrica Guatemalteca Sociedad Anónima (Guatemalan Electric Company)
USA	United States of America
EFAS	Escuelas de Formación Agrícola (Agricultural Education Schools)
EMP	Estado Mayor Presidencial (Presidential Security Service)
EMPAGUA	Empresa Municipal de Agua (Municipal Water Company)
PRS	Poverty Reduction Strategy
PRSD	Departmental Poverty Reduction Strategies
PRSM	Municipal Poverty Reduction Strategy
Ex PMA	ex Policía Militar Ambulante (Former Itinerant Military Police)
FAO	Food and Agriculture Organization of the United Nations
FEGUA	Ferrocarriles de Guatemala (Guatemalan Railways)
IFAD	International Agricultural Fund
FIS	Fondo de Inversión Social (Social Investment Fund)
FISAT	Sistema de Fiscalización de la SAT (Control System of SAT)
IMF	International Monetary Fund
UNPF	United Nations Population Fund
FODIGUA	Fondo de Desarrollo Indígena Guatemalteco (Guatemalan Indigenous Development Fund)
FOGUAVI	Fondo Guatemalteco para la Vivienda (Housing Guatemalan Fund)
FONAGRO	Fondo Inversión del Agro (Agricultural Investment Fund)
FONAGRO	Fondo Nacional para la Reactivación and Modernización de la Agricultura (National Fund for the Reactivation and Modernization of Agriculture)
FONAPAZ	Fondo Nacional para la Paz (National Peace Fund)
FONTIERRA	Fondo de Tierras (Land Fund)
FOPA	Fondo para la Protección del Ahorro (Fund for Savings Protection)
GAFI	Grupo de Acción Financiera (Financial Activity Group)
ICDF	International Cooperation and Development Fund
ICMSJ	Instancia Coordinadora de Modernización del Sector Justicia (Coordinating Office for the Modernization of the Justice Sector)
IDPP	Instituto de la Defensa Pública Penal (Penal Public Defense Institute)
IEPADES	Instituto de Enseñanza para el Desarrollo Sostenible (Teaching Institute for Maintained Development)
IGSS	Instituto Guatemalteco de Seguridad Social (Social Security Guatemalan Institute)
INACOP	Instituto Nacional de Cooperativas (Societies National Institute)
INDE	Instituto Nacional de Electrificación (Electrification National Institute)
INFOM	Instituto de Fomento Municipal (Municipal Development Institute)
INTECAP	Instituto Técnico de capacitación and productividad (Training and Productivity Technical Institute)
STP	Sole Tax on Properties

VAT	Value Added Tax
JBIC	Japan Bank for International Cooperation
KfW	Kredistanstalt für Wiederaufbau
MAGA	Ministerio de Agricultura, Ganadería and Alimentación (Ministry of Agriculture, Livestock and Nutrition)
MDN	Ministerio de la Defensa Nacional (Ministry of National Defense)
MFP	Ministerio de Finanzas Públicas (Ministry of Public Finance)
MICIVI	Ministerio de Comunicaciones Infraestructura and Vivienda (Ministry of Communications, Infrastructure and Housing)
MINECO	Ministerio de Economía (Ministry of Economy)
MINEDUC	Ministerio de Educación (Ministry of Education)
MINIGOB	Ministerio de Gobernación (Ministry of the Interior)
MINTRAB	Ministerio de Trabajo (Ministry of Work)
MINUGUA	United Nations Mission for the Verification of Human Rights in Guatemala
MIPYME	Micro, Pequeña and Mediana Empresa (Micro, Small and Medium Enterprise)
MONALFA	Movimiento Nacional de Alfabetización (National Literacy Movement)
MP	Ministerio Público (Public Ministry)
MSPAS	Ministerio de Salud Pública and Asistencia Social (Ministry of Public Health and Social Assistance)
NAFTA	North American Free Trade Agreement
OAS	Organization of American States
OGA	Oficina Guatemalteca de Acreditación (Guatemalan Accrediting Office)
ILO	International Labor Organization
OJ	Organismo Judicial (Judicial Branch)
WTO	World Trade Organization
NGO	Non-governmental Organization
UN	United Nations
EAP	Economic Action Plan
PAREC	Programa de Apoyo al Proceso de Incorporación definitiva de los excombatientes (Support Program for Final Incorporation of Former Combatants)
PDH	Procuraduría de Derechos Humanos (Human Rights Prosecutor)
GDP	Gross Domestic Product
WFP	World Food Program
PNC	Policía Nacional Civil (National Civil Police)
UNPD	United Nations Program for Development
AOP	Annual Operative Plan
PRADIS	Programa Nacional de Atención a las personas con Discapacidad a causa del enfrentamiento armado (National Assistance Program for persons disabled due to the armed conflict)
PRONACOM	Programa Nacional de Competitividad (Competitiveness National Program)
RIC	Registro de Información Catastral (Property Information Registry)
RIN	Reservas Internacionales (International Reserves)
RTU	Registro Tributario Unificado (Unified Tax Registry)
SAAS	Secretaría de Asuntos Administrativos and de Seguridad (Secretariat of Administrative and Security Affairs)
SAE	Secretaría de Análisis Estratégico (Strategic Analysis Secretariat)
SAIA	Servicio de Análisis e Investigaciones Antinarcóticas (Anti-drug Analysis and Investigation Service)
SAT	Superintendencia de Administración Tributaria (Tax Administration Superintendents' Office)
SCEP	Secretaría de Coordinación Ejecutiva de la Presidencia (Executive Coordination Secretariat of the President)
SEGEPLAN	Secretaría de Planificación and Programación de la Presidencia (Planning and Programming Secretariat of the President)

SEPAZ	Secretaría de la Paz (Peace Secretariat)
SEPREM	Secretaría Presidencial de la mujer (Presidential Secretariat for Women)
SGP	Sistema Generalizado de Preferencias (Generalized System of Preferences)
SIAF- SAG	Sistema Integrado de Administración Financiera - Sistema de Auditoría Gubernamental (Integrated System of Financial Administration – Government Accounting System)
SIAPEN	Sistema de Información del Sistema Penitenciario (Penitentiary System Information System)
SIASEJU	Sistema Informático de Apoyo al Sector Justicia (Computer Support System for the Justice Sector)
SIC	Servicio de Investigaciones Criminalísticas (Criminal Investigation Service)
SICOMP	Sistema de Información del Ministerio Público (Information System of the Public Ministry)
SINAFIP	Sistema Nacional de Financiamiento a la Preinversión (National System of Pre-Investment Financing)
SIPOL	Sistema de Información de la Policía (Police Information System)
SNIP	Sistema Nacional de Inversión Pública (National System of Public Investment)
UNSYSTEM	United Nations System
FTA	Free Trade Agreement
TSE	Tribunal Supremo Electoral (Supreme Court of Elections)
UASP	Unidad de Acción Sindical Popular (Popular Union Activity Unit)
EU	European Union
UPRECO	Unidad Presidencial de Resolución de Conflictos (Presidential Union for Conflict Resolution)
URL	Universidad Rafael Landívar
URNG	Unidad Revolucionaria Nacional Guatemalteca (Guatemalan National Revolutionary Unit)
UTJ-PROTIERRA	Unidad Técnica Jurídica, Comisión Institucional para el Desarrollo and Fortalecimiento de la Propiedad de la Tierra (Juridical Technical Unit, Institutional Committee for Development and Fortification of Land Ownership)

INTRODUCTION

Meetings of the Consulting Group are forums summoned by the government of a country, sponsored by a cooperating party, in which interested bilateral and multilateral governments participate in specific issues. The object of a Consulting Group is to obtain political, technical and financial support for a group of development activities presented by the Government of the interested country. Guatemala, up to date, has carried out 7 Consulting Groups.

The last Consulting Group, carried out on February 11 and 12, 2002 in the city of Washington, D.C. had a wide representation of Guatemalan society: the three branches, civil society and bilateral and multilateral cooperating parties. The Inter-American Development Bank –IADB- was the host of the Consulting Group. At the end of this meeting, it was agreed that the international community would follow up on nine main issues, and at the end of the year would summon a follow-up meeting to inform of the activities carried out regarding these issues. The President of the Republic, on his behalf, appointed a Follow-Up Committee of the Consulting Group, made up by the Ministry of Public Finance, the Peace Secretariat and the Secretariat of Planning and Programming, which prepared the priority matrix of the specific activities of the group of commitments acquired, detailed in Annex 1 of this report.

This document is the Final Report of the Follow-up Matrix of the main issues in the Consulting Group of February, 2002, which summarizes the advances of the activities of the nine commitments acquired during said reunion. Some of the issues present an alternate title to the main issue first agreed upon, for a better understanding of the activities it covers.

The report is divided in ten chapters, each one according to the issues decided in the Consulting Group of February, 2002. This is a generic and summarized report, which informative background can be fully obtained in the specific documents of official character, where a more comprehensive argument can be found. This report shows the advances mainly during February 2002 and February 2003, and for the same reason, it only describes the activities and processes which endings may still be awaiting.

The accompanied annexes refer to the Follow-Up Matrix, which was timely presented and shows the details of each of the activities carried out with its indicative goals up to February, 2003; a list of comparative graphs show what is informed in Chapter II; the third annex refers to the most relevant facts that happened since February 2002 up to February 2003 to provide a more extensive background in which the report was developed; and the fourth annex is a schematic summary of the reached goals according to what is shown in the Follow-Up Matrix.

I. Increase of Performance of the Peace Accords.

1. The peace process consolidation has been a priority that has led the activities of the Executive Branch, in coordination with the Legislative Branch and other state institutions. The philosophy, commitments and participative character of the Peace Accords have definitely transformed the national agenda. However, the difficulties to achieve reconciliation and State Reform that support social development is marked by an insufficient compromise from other sectors of society, who have limited its complete implementation.

Rural Development

2. The Agreement on Socio-economic Issues and Agrarian Situation in relation to the rural and agrarian development of the country shows the need to face the problem by dealing with issues of citizen participation, access to land and productive resources, establishment of a support structure with basic infrastructure, credit, financial services, training and technical assistance, productive organization of rural communities a new legal frame, juridical land security, establishment of a Property Registry, labor and environment protection and financial resources to carry out all above mentioned activities with two basic taxes: Sole Tax on Properties (STP) and unproductive land.
 3. In this sense, the Government of Guatemala created a rural development policy that includes all converging issues of the different projects presented by civil society organizations (CNOOC, Agriculture Chamber, Agrarian Platform, Among others), inspired by principles of participation, solidarity, subsidizing, decentralization, equity, maintenance, competitiveness, inter-cultures and multi-cultures, presented in the beginning of 2003. The request to implement an agrarian policy is carried out by an Inter-Sector Group for Rural Development, promoted by UNSYSTEM and OAS and the Government, whose object is to determine in a participating and agreed upon manner the ways it is going to be carried out.
 4. Together with what is mentioned, in the middle of 2002, the Secretariat for Agrarian Matters was created¹ and plays
- an integrative role and facilitating and advising the activities of ordinary government bodies for each of the agrarian issues.
 5. Regarding access to land, FONTIERRAS has helped 12,979 demanding families in the period of 2000-2002. During 2002, it distributed 29 farms to four groups of uprooted populations and 26 local population groups, farms that cover an area of 10.2 thousand acres with a value of Q113.3 million. Regularization of files is the second form of access to land, by which the juridical property of land is insured. During said period, 4,715 families benefited with a total of 96,722 acres.
 6. Aiming to allow access to productive means and to impel agricultural productivity for small farmers, 2.4 million bags of fertilizers were distributed in 331 municipalities of the country, benefiting 650 thousand inhabitants. During 2002, 73,754 quintals more than in 2001 were distributed as a consequence of the savings during the bidding process.
 7. In other programs addressed to departmental orientation in cattle issues and the emergency to increase productivity in rural areas, credits were distributed for irrigation infrastructure, water supply systems, cattle infrastructure projects, gathering centers, electric energy insertion projects, wood industries, reforestation, hidro-biologic projects.
 8. Additionally, commerce in the Farmers' Market project was encouraged, which brings producers and final consumers

¹ The Ministry Agreement of its creation state that UTJ-PROTIERRA and CONTIERRA are a part of said Secretariat. Its main purposes are to coordinate and give a follow-up to the Commitments agreed upon in

the Peace Accords related with agrarian issues and rural development, to participate in a conciliating or juridical solution to situations related with the right of possession or property of land and to carry out the necessary actions to define the institutional juridical frame related to property of land. It has a legal prohibition to carry out projects and programs.

closer. It also norms the rules and regulations related to production and commerce of goods and agrarian and forestry products, and the quality of food in the national and international regulation frame.

9. Within the human resources education and training frame, training projects were carried out that benefited more than 93,000 producers of the rural area. These were aimed towards strengthening agrarian production capacities, use and management of natural resources, post-harvest season, efficient use of irrigation, and business and general organization.
10. Through FONAGRO projects to educate community promoters in business organization and agrarian and forestry production were also endorsed, and academic education projects to 200 students were carried out, six productive subprojects in the Northeastern Agricultural School, La Fragua, Zacapa. Besides, the government supports agrarian formal education through Agricultural Education Schools (EFAS, for its abbreviation by initials in Spanish) with a total of 1,061 students in 2002 and the National Central Agricultural School, with a student population of 491.
11. To provide access to financial resources, nine trusts in the Banco de Desarrollo Rural exist to support the agrarian policy. These trusts have an authorized capital of Q1,851.9 million that endorse productive projects and improvement of social conditions. Additionally, a Guarantee Fund is established to endorse credit operations to buy land for small and medium farmers.
12. Convinced that a registry constitutes a fundamental process for planning and economic development of a country, a law project that encourages the use of geographic information for ordering the territory, Law for Property Information Registry (RIC), was presented to the Congress of the Republic for its approval. During 2002, COPART also carried out a lobbying, socializing and sensitization campaign before the Congress of the Republic as well as in the departments of the country. However, the Executive Branch, interested in its rapid approval is discussing changes to the law that, without changing its essence, achieves a consensus among all interested parties of the Guatemalan society.
13. The pilot project of the national registry has continued. Steps to prepare ground, including training, visits and orientation in the area of action, have been achieved according to what was originally foreseen by the communication strategy in the areas to be measured. To date, UTJ-PROTIERRA has about 30 thousand urban and rural areas duly registered in 7 departments of the national territory.
14. The Government, together with civil social organization that make up the Agrarian Platform, agreed upon a Social Assistance Plan in the Coffee Crisis, in a frame declared of National Interest and Social Urgency (Ministry Agreement 475-2002). The operative plan began to take action for food security and as the resources provided by the sale of the Peace Bonds are available, it will continue to be carried out.
15. The situation in the country-side means that the acquisitive capacity of agrarian and city workers must also be improved, since current salary levels have dropped a 70% from what was paid in the '70, forcing the government to introduce corrective methods that provide an equilibrium. In December 2002, the government issued proportional increases of the minimum salary that represent up to 38% more than in 1999, which is still not the ratio from 1970.

16. The Government has strengthened its forestry franchise modalities by a technical/financial support from the Forestry Society Association (ACOFOP, for its abbreviation by initials). It has an area of 500,000 acres distributed in twelve community franchises and two industrial franchises. There are 6,000 direct beneficiaries and 60,000 indirect ones. Annual sales are Q18.4 million.

Multi and Inter-Cultures

17. The Agreement on Indigenous People Identity and Rights states that the Guatemalan society has a multi-ethnic, pluri-cultural and multi-lingual character, for which the identity and political, economic, social and cultural rights of Mayan, Garifuna and Xinca Nations are acknowledged and respected within the unity of the Nation and the Guatemalan Territory.

18. Making official the Mayan justice system and creating coordination mechanisms with the current Guatemalan system is supported by international conventions signed by Guatemala. The MP created an attorney's office of Indigenous People and the IDPP has placed a total of 6 ethnic penal defenses that contribute to strengthen the right of pluri-cultural and multi-lingual rights, improving the conditions for indigenous people to have access to justice. On its part, the OJ has bilingual personnel to serve them, among them 43 judicial interpreters, 98 judges, 323 justice auxiliaries and 86 administrative employees.

19. In the same manner, it is sought that the PNC, through its corresponding academy, has the ethnic and multi-lingual background that this security body should have, by creating a new group of studies, an indigenous language sessions, and the summons for policemen and penitentiary guards is made with a multi-

ethnic character, achieving more participation and incorporation of indigenous people in its trainings.

20. The government sent in September 2002 a project of the Law for Prevention and Penalties of Sexual Harassment Pestering to the Congress of the Republic, which goal is to eliminate these wretched behaviors, not only by establishing criminal offenses, but also by creating a series of preventive and educative measures. On the other hand, four offices to Defend Indigenous Women (DEMI, for its abbreviation by initials in Spanish)² were created to provide more support for indigenous women.

21. The Congress of the Republic unanimously adopted Decree No. 57-2002 that modifies the Penal Code that Punishes the discrimination offense. The Punishes to this offense will be one third harder when the discrimination is due to a language, cultural or ethnic reason.

22. Since language is one of the corner stones of culture, the educative system promoted a bilingual inter-cultural education, within the education reform, transforming the educative courses with criteria related to cultural plurality, by training teachers and creating schools for inter-cultural education, granting scholarships to more than 67,778 indigenous girls.

23. The government, through the issuance of Ministry Agreements, tried to provide radio frequencies for indigenous projects, so that civil society organizations that promote constitutional, inter-cultural and

² The Defense of Indigenous Women created the First Report on the Situation and Rights of Indigenous Women, which presents a general view of the situation of indigenous women at a national level. After research, with the help of non-governmental organizations for women and indigenous people, trainings were carried out.

development values, that do not have access to the property of communication means, participate in the IADB of assignment of rights of free use of frequencies for a 15 year term, renewable. This summons was published on December 2002, and to date, the Committee that will Grant Radio-electric Frequencies to the Civil Society is reviewing presented files to grant frequencies with a national and departmental coverage. However, a group of members of community radios that work without having a legally authorized frequency and that did not participate in the creation of the law project to make them legal, has chosen not to participate, for considering that they do not fulfill the requirements.

24. Having in mind that in the national territory we find sites, monuments, parks, archeological complexes and centers considered as Sacred Places of the Mayan People of Guatemala, where the right of spiritual practice is exercised, the Ministry of Culture and Sports issued a Ministry Agreement³ that regulates the activities to take place during ceremonies in altars and sacred places, their preservation and conservation.

25. The Guatemalan Indigenous Development Fund (FODIGUA) had a strong crisis due to problems caused by misappropriation, power of influences, and corruption,⁴ but above all, organizations of the Mayan and Xinca people stated their illegitimacy due to their history. As of September 2002, began a restructure that finally changed

authorities⁵, as a consequence of a direct election of linguistic communities without the intervention of external agents. Currently, FODIGUA is creating coordination parameters with national and international bodies, carrying out an internal restructuring process, it is considering the model of its projects, shows a non-intervention of electoral political forces and creating procedures manuals to classify and rate projects. Also, it is coordinating Mayan organization to jointly create the methods to obtain opinions from the population and to render accounts.

26. A Presidential Committee against Discrimination and Racism against Indigenous People of Guatemala was created, made up by five members that represent the pluri-cultural aspects of the country, appointed this past January, their election was made through an inquiry to indigenous organizations.⁶

Decentralization and De-Concentration

27. The impulse given to decentralization with citizen participation is evidenced in the proclamation of three new laws: Municipal Code, Development Councils Law, and General Decentralization Law, with the purpose of allowing the simplification, decentralization and de-concentration of public administration.

28. This group of laws expressly acknowledges the multi-ethnic, pluri-

³ Ministry Decree No. 525-2002 also defines the concept of a Sacred Place and Ajq'ij or spiritual leader, as a result of the work of the Committee of Sacred Places during 2002.

⁴ Several trials against the responsible persons and 109 compensation by the CGCN are pending.

⁵ Due to corruption background a decision to change 90% of its personnel was taken, choosing selection by opposition within an extensive summons frame.

⁶ On the other hand, the Government is happy with the law project of civil association groups, which together with the National Committee for Follow-Up and Support to Strengthen Justice, carried out the first phase of Sensitization and Promotion Meeting of the First Court of Conscience against Racism, with the support of several personalities of the country, trying to create a sensitization plan to counteract this dark side of the socio-politic culture of the country.

cultural, and multi-lingual character of the Nation and its composition of groups of people, it also acknowledges the juridical capacity principal of communities and indigenous people. These laws provide a structural reform for State organizations, by incorporating ethnic-cultural criteria and by a local social basis, in other words, an institution directed to strengthen local powers.

29. To increase this purposes an Inter-Institutional Network was created, made up by 10 institutions of the public sector. Its object is to carry out several national and departmental seminaries, where new legislation is informed and provides opportunities for people to organize Municipal and Community Development Councils, levels which were delayed by previous governments.
30. The SCEP continues to advise the formation of COCODES and COMUDES with Municipalities and Development Councils. Fifty-five Municipal Development Councils –COMUDES- and 462 Community Development Councils –COCODES- have been created.

Rights of Women

31. The work of the National Forum of Women, of the Presidential Secretariat of Women and Post of Defense Council for Indigenous Women are important organizations that promote the performance of the commitments that seek equity of gender, among other goals.
32. With the purpose of providing and active participation of women, civil society organizations, such as the Permanent National Committee of Indigenous Women of COPMAGUA and members of the Women Sector, with the support of the Women Forum and other public institutions, promoted the discussion of

the project of the Prevention and Punishment of Sexual Harassment Pestering Law and the projects of modification to the Labor Code. Both projects are being discussed in the Congress of the Republic for their approval.

33. The participation of different representative of women organization has been important in the creation of the report on “Advances of political participation of women 1997-2001” as well as an Action Plan (for full participation of Guatemalan Women 2002-2012), that will follow-up on them, and it also includes the promotion of United Nations Committee on the Elimination of Discrimination Against Women (CEDAW), which it is surpassing before the UN the 12 year setback it had. In the same manner, in coordination with DEMI it has issued reports on the situation of indigenous women to revert their situation, especially by promoting related offices in public institutions such as PNC, and several ministries and presidential secretariats.
34. These reports summarize the law projects, political and legislative activities, programs and projects for Guatemalan women in all their diversity. Although there is time, economic and coordinating problems, the members of the 56 forum structures state their interest, compromise and knowledge.
35. The Gender Equality Office of PNC has been one of the measures promoted by public policies. One of its activities has been the creation of an institutional diagnose that reveals the situation of gender equality in PNC, so that actions can be taken to achieve its goals.
36. In the participation law frame, women organizations guaranteed their direct participation in the System of

Development Councils, training 75 leader women in the subject and have developed seminaries for their socialization.

37. In the context of the Education Reform, the National Forum of Women together with the Secretariat of Women achieved the creation of a Sub-committee of Gender that participates in the meetings of the Advisory Council for Education Reform. As a result, suggestions to change its form and contents were made, which we hope are included; furthermore, it has been insisted that the gender issue is a cornerstone for teachers and not a module to be developed.

Education Reform

38. The Education Reforms shows as its main goal the magnification of quality educative coverage, the impulse to bring about professionals, creation of a study plans transformation, strengthening of democratization processes, and finally to support political, financial and institutional endurance of the educative system. MINEDUC, together with different social actors interested in the subject, have made an effort to institutionalize the Education Reform by a series of discussion workshops to sensitize and achieve a consensus. Some indicators are shown in this table.

**Table No. 1
Main Achievement in Education Matters
2000-2002**

1. Globalization of Grade School Education:	Year: 2000	Year: 2001	Year: 2002
Net Rate of scholarship in grade school level	84.3	85.1	88.5
Rate of incorporation in grade school level	60.7	61.6
Students taught in grade school by gender:			
Girls	893,508	826,511	971,089
Boys	1,015,881	1,045,028	1,084,838
Students taught in Bilingual Education			
Preschool			68,424
Grade School	73,782		200,951
2. National Literacy Program. Taught Population	188,985	449,423	474,176
3. Schooling in other education levels:			
Net Rate of Schooling in Preschool Level	37.5	41.4	47.1
Net Rate of Schooling in Middle School Level	24.03	28.4	30.5
Net Rate of Schooling in High School Level	15.03	15.8	17.5
4. School Plan Transformation:			
The reformed study plan:			
Infant Level		1	
Grade School Level		1	
Middle School Level			1
5. Education of Teachers (It began in 2002)			
Teachers participating in the Program			62,000
Distributed Modules			350,000
6. Initial Education of Teachers			
Created Forming Schools at infant and grade school levels			17
Created Forming Schools of Physical Education		17	5

7. Distributed Scholar Books:			
Preschool	37,392	889,750	
Grade School	206,119	1,947,048	3,430,88
Distributed Bilingual Text Books		785,000	4
			378,000
8. Decentralization and De-concentration			
Working Educative Committees (COEDUCAS)	3,438	3,423	3,419
Working School Boards	7,783	8,379	8,919
Working Opposition Juries for teacher jobs	353	353	353

Source: MINEDUC

39. Within the transformation area, the following national school plans have been modified: for infant level, grade school level and middle school level, all in regards to cultural, linguistic and equity criteria. While reviewing its execution, teachers were trained and support material was reviewed and modified, guides and school plans for a regional and community levels were created.
40. During the year 2002, the education process began, in which approximately 62 thousand teachers participated, where they are being specialized. There were 400 pedagogic mediators, and the support and endorsement from three universities was included in the professional development program. Three hundred and fifty thousand modules and methodology guides were distributed, to be used in each of the workshops. During 2002, salary policies of MINEDUC were supported, by incorporating a Q200 bonus for all teachers, improving labor benefits and their economic conditions.
41. The National Literacy Program was strengthened and supported by the National Literacy Movement (MONALFA, for its abbreviation by initials in Spanish) as well as the National Literacy Committee (CONALFA, for its abbreviation by initials in Spanish) and other institutions such as catholic and evangelic churches, volunteers and radio programs. This program was extended to prisons, maquilas and other assistance centers such as the Food Factory "PURINA S.A.", and Productos Lácteos, S.A. "La Palma". During the year 2002, 474,176 persons were served in the initial stage and 38,800 in the post-literacy stage. By gender, 68.1% were women and 31.9%, men.
42. Total coverage at a grade school level in the year 2002 reflects preliminary numbers in regards to serving of 2,084,859 students. Of all enrollees, 47.2% were women and 52.7% men; the net rate of schooling for the year 2002 increase in an 88.5%. Among the commitments of the Peace Accords, the "Specific Plan to Attend Uprooted Populations" was carried out, by which populations of victims of the armed conflict are guaranteed their incorporation to the National Educative System, furthermore 90% of promoters who had not finished grade school or middle school were homologated. Additionally, a total of ten thousand scholarships were granted to children from uprooted families.
43. With the purpose of reducing desertion and looking for a greater assistance from educative centers and to contribute to global education, special programs were put into effect, such as school breakfasts and lunches, scholarships for girls, scholarships for peas and a school transportation subsidy for children in the capital city. In the year 2002,

scholarships for indigenous girls were authorized in the rural area for a total of 67,778, as well as scholarships for peace, granted based on their socio-economic status, adding up to 108,594 scholarships. School lunches were distributed in a total of 2,431 School Board, which benefited 48,693 children. At the same time, school furniture, school gear and text book bags were delivered; 3,430,883 school books and 378 thousand bilingual text books were distributed.

44. In accordance to the legal aspects determined in the Decentralization Law and Commitments of the Education Reform, MINEDUC has consolidated the administrative decentralization and de-concentration process of education in Guatemala, creating 365 municipal support instances, Opposition Juries and Educative Committees (COEDUCAS, for its abbreviation by initials in Spanish). In regards to the coordination and participation of the civil society in the education process, permanent participation, expression and Dialogue programs are being developed; social audit activities and evaluation of education development were established with participation of organized educative communities, auditors from MINEDUC and educative supervisors.

Reconciliation and Compensation

45. In accordance to the Agreement of Resettlement of Uprooted People due to the Armed Conflict that has as one of its goals to compensate uprooted people by creating conditions that allow them to become a dynamic factor of the economic development process, the Government facilitated the purchase of two farms, Claudia and annexes and Lot No. 30-A, which were delivered to the uprooted population (71 families) to resettle, and who were connected to the armed

conflict, and internally or externally displaced in the Guatemalan territory.

46. Always in accordance to the Global Agreement of Human Rights, especially item 8 which refer to compensation and/or assistance of victims of human rights violations, social compensation programs for the damaged persons due to the armed conflict were promoted, especially for cases of human rights violations, widows, less favored communities in the rural areas. In this sense, 25 exhumations were supported and joined, which opened a door to a cultural dignification⁷ for victims, an amicable solution was promoted in several cases of human rights violations, as specified in detail in the part regarding human rights in Chapter VI; the National Compensation Program with a Multi-Institutional Instance for Peace and Harmony was concluded, which represents organized social organizations, and also provides housing, health and education assistance to uprooted populations in resettling municipalities.
47. The National Compensation Program presents a series of challenges that begin in an integral view or compensation divided in four areas: psycho-social material, rehabilitation and dignification of victims. The body in charge of its execution will have among other tasks to help classify as much as possible the type of victim and the response for each case, being forced disappearance, displacement, torture or others. With an initial base of more than Q10.0 million to carry out pre-investment studies of the programs to be created and of Q70.0 million from the Peace Bonds to begin its execution in 2003.

⁷ Religious centers, a cemetery in Huehuetenango, four monuments and commemorative headstones were built as a testimony and teachings of what happened for new generations.

48. The Program is designed for an 11 year period, for which a law project has been presented to the Congress of the Republic so its job is fully in power. At the same time, more than 50 houses were delivered to widows and orphans in Chimaltenango, and basic health services were provided to resettled populations in 13 municipalities, benefiting approximately 308,803 persons.

Demilitarization and Army Modification

49. The Agreement on Strengthening Civil Power and Objectives of the Army in a Democratic Society creates the basis for specific discussion on defense matters and the creation of a state armed institution with a professional character and subordinated to civil power. The Agreement shows that the goals of the Army of Guatemala must direct toward a new peace and democracy, assuming responsibility for the defense of sovereignty of the country and integrity of the territory, limiting its participation in other fields of cooperation tasks. Since it is the most complex issue due to its technical and administrative implications, the modification process of the Army of Guatemala continues to be an important agenda.

50. During 2002, the MDN advances regarding land forces restructuring to logistically deactivate 18 military stations, converting two stations in shelters and four previously occupied properties by the

deactivated stations became military training areas.

51. The stations that became military shelters, which provide security for installation and serve for logistic support to convoys and military personnel that passes through its jurisdiction temporarily, and supports government institutions when required, as well as to provide humanitarian help in emergency cases, located in Fray Bartolomé de las Casas and Chupol. The conditions for the execution of continuous exercises (air, land and sea) for combat purposes are San José Las Lágrimas, Lajputa Vistan, la Pólvara, El Pino, al activated as of December 15, 2002.

52. There is a project for a new military regions that suggests eight land regions, three air regions and a two naval regions, which approval would complement the deactivation of several stations and return the different properties occupied by the army during the internal armed conflict such as the Forming School "Doctor Pedro Molina" delivered to the Community of Alameda, Chimaltenango on January of this year, and the indemnity for the properties of Military Base No. 20 to the families of El Quiché.

53. As a part of the program, to date three Military Zones have been deactivated: No. 302 Chimaltenango, No. 11 Cuilapa Santa Rosa and No. 12 Santa Lucía Cotzulmalguapa. The following table summarizes the military commands for the years 2000-2003.

**Table No. 2
Military Deployment
2000-2003**

MILITARY COMMANDS	YEAR 2000	YEAR 2001	YEAR 2002	YEAR 2003
MILITARY BRIGADES	2	2	2	2
MILITARY ZONES	14	14	13	11
SPECIAL MILITARY COMMANDS	3	3	3	3
STRATEGIC UNITS	2	2	2	2
AIR BASES	3	3	3	3
NAVAL BASES	2	2	2	2
MILITARY STATIONS	60	53	48	30
NAVAL POST	8	8	8	8
MILITARY TRAINING AREAS	1	1	1	4
MILITARY SHELTERS				2

Source: Ministry of National Defense

54. In relation to the Commitments to reduce the members of the Army of Guatemala and reorient the use and distribution of the budget for constitution goals, the President of the Republic and high command of the army has been working in a reduction and demobilization program. The total cost for reducing the Army of Guatemala means an extraordinary investment of approximately US\$150.0 million (Q1,200 million, equal to 0.6% of GDP). Although this amount has been approved by the Congress of the Republic for the budget of 2003, it has been decided to reduce the Army in three states during the years of 2003 through 2005 and avoid a very high deficit in the budget execution for 2003, but at the same time resources of the ordinary budget will be provided to carry out social progress. The first stage will be carried out in four different phases during 2003.
55. In accordance to the commitments of the Peace Accords regarding the slow withdrawal of the armed institution from activities corresponding to the private sector, a merge where the assets of Banco del Ejército will become part of CHN is being carried out. This activity also contributes to heal the financial system within the economic program that has been implemented.
56. The modernization of the Army of Guatemala means an evaluation in accordance to new challenges, constant geo-political and technological changes. In this manner, the execution of measures and reforms within the Army have begun, such as projects for the Policy of National Defense, creation of a National Defense Book, bring up to date training centers and military education, Regional English workshops and modernization of the justice system.
57. The army of Guatemala carried out structural and functional changes in the Intelligence Office of the Security Services of National Defense (EMDN, for its abbreviation by initials in Spanish). To achieve it, it used goals of the Intelligence Office of EMDN and its attributions. The Intelligence Office of EMDN is the main advisory body of the security service in matters related with military intelligence, of national and international adversaries, and regarding friend countries and our own country, as well as to inform, analyze, recommend, plan and supervise intelligence and counter-intelligence matters related with the defense, security

and development of the Republic of Guatemala.

58. The MDN also created and presented a law project for the National Maritime Authority, which seeks to modify by including in the Executive Branch Law, Decree 114-97, Article 37, the National Maritime Authority attribution as part of MDN. The law project modification is still being discussed before it is approved.

59. The definition of the process and contents of the defense policy and modification of the Army has created interest for MDN as well as civil state organizations and several sectors of society⁸ and the international community. The creation of a Consultation Table of Defense Policies, within the frame of Inter-Sector Dialogue Round Tables responds to the need of analyzing and discussing the process to create the Defense Policy and completes the designing process determined in Ministry Agreement 451-2001⁹ and creates open and inclusive spaces supported in the principles of openness, free discussion and conscious analyzing by parties interested in National Defense issues, as well as to show the national and international community the vision of Guatemala regarding its national defense.

⁸ FLACSO, during one year, lead a discussion table on Defense Policies, with the participation of several sectors of the civil society.

⁹ The Ministry Agreement states that: "The design and creation of a National Defense Policy of the Republic of Guatemala will be defined from the national goals and will be developed through a participative process of Government and Civil Society sectors, to identify the basic principles and foundations, to design and create a public policy for defense; transparency and participation must be its main characteristics, so this process is endorsed by a political-social legitimacy, through agreement and union of national wills and interests."

Security and Intelligence

60. The Peace Accords show a new view for State Structure and public policies and demand a reform of State Intelligence bodies. As a consequence of this, the dissolution of EMP was determined by the Agreement on Strengthening Civil Power and Objectives of the Army in a Democratic Society stimulated with de Demobilization Program of EMP in three stages for the years 2002 and 2003, and was strengthened with the institutionalization process of SAAS, body that will substitute the goals of EMP.

61. The partial demobilization of EMP, carried out on December 29, 2002 was equal to a 25% of the personnel, added to the voluntary demobilization carried out in 2000, represent a total of 30%. The following demobilization stages are due in the months of April and November of this year, which will end the dissolution of EMP and with one of the most expected commitments of the Peace Accords.

62. Parallel to this, SAAS has achieved a consolidation process to take care of the security of the President and Vice-President and their corresponding families. This has meant a concentration, especially, in the selection and recruitment of personnel and to carry out a high level training of agents. As of January 1, 2003, SAAS is in charge of the personal security of the ex presidents and ex vice-presidents of the Republic, which means a complete demobilization of the Vice-presidential Security Service.

63. At the same time, the Executive Branch sent the Congress of the Republic, for its approval, a law project that creates the Secretariat of Administrative and Security Affairs. The creation of this law required different consulting mechanisms and integration criteria, from government bodies as well as from civil society, for

which the spirit of the law project has been formally agreed upon.

64. The goal of SAAS is to take over the Presidential and Vice-presidential Security Services and will assume its responsibilities resting in civil authority, for which the law project legally endorses the compromise to substitute the military body for a civil one. One of the main responsibilities of SAAS is to “obtain from one of the state intelligence bodies or any other public institution, information, analysis and strategies on threats, risks or dangers to the integrity, security and life of the President, Vice-president and their respective families”.
65. A Ministry Agreement for the creation of the Security Advisory Council (CAS, for its abbreviation by initials in Spanish) representative public instances of civil society with an autonomous and permanent character by which strategic projects will be presented to the President of the Republic. Consultations to the civil society are being made to install it.
66. In open discussion processes with the civil society the Law for Classification and Declassification of Reserved State Information was discussed, which seeks to regulate the need to protect the confidentiality of specific state information. The last version of this law project is pending endorsement from the Accompanying Committee.
67. The law project of the Law of Free Access to Information that regulates the right of information in power of State bodies and institutions has been presented to the Congress of the Republic and is in its final state of discussion.
68. The Frame Law of the National Intelligence System is being prepared

based on the information provided by civil society instances, that point out that the law project should regulate the three intelligence services and its presentation is foreseen for this year.

69. The Law of Creation and Responsibilities of the Civil Intelligence Office (DIC, for its abbreviation by initials in Spanish) in the Ministry of the Interior is being analyzed and it regulates one of the intelligence sub-systems. This shall be a civil intelligence and information analysis office, responsible or collecting information to fight organized crime and common delinquency by the means and within the authorized limits of the juridical order and in strict respect of human rights.
 70. The Ministry of the Interior, through a High Level Committee made up by civil society representatives interested in the subject discusses Law of Creation and Responsibilities of the Civil Intelligence Office and the transfer of the General Office of Weapons and Ammunitions, and the law reforms to the Law of the National Civil Police.
 71. On the other hand, the Peace Accords also commit to creating a Secretariat of Strategic Analysis to inform and advise the President of the Republic, so as to anticipate, prevent and resolve risk or threat situations of different nature. Subject to the assigned budget, this body has promoted specific civil training for its personnel, and obtains its information through public sources and promotes the Strategic Studies Center (CEE, for its abbreviation by initials in Spanish).
- Reinsertion Support***
72. The Accord for the basis of the reinsertion of Unidad Revolucionaria Nacional Guatemalteca (URNG) has as one of its goals to determine the best

conditions and provide reinsertion support to the members of URNG, to legal, political, social, economic and cultural life of the country. Its quick ending is faced not only with the conclusion of the agreements in demobilization, disarming and reinsertion matters, but by support programs to work and productive reinsertion directed to its members.

73. It has provided houses to 1,200 families and approved 5,500 subsidies, health, training and other programs were carried out together with the Follow-Up Committee for the Reinsertion of URNG, among which are PAREC and the National Assistance Program for persons disabled due to the armed conflict (PRADIS, for its abbreviation by initials in Spanish). Reinsertion support for a group of ex PMA has also been promoted, with the support of INTECAP and MINEDUC, as well as support to cooperative measures. Project redesigning to re-open the Support Center to Micro-businesses, with the participation of disabled persons is being carried out. On its behalf, MAGA manages a trust of US\$ 2.1 million to support productive projects from uprooted and demobilized populations; furthermore, FONAGRO finances 8 projects of this nature.

Labor Sector

74. Regarding professional training and education, MINTRAB requested IADB a loan for work trainings in the rural area, and has trained 951 persons in courses regarding productive jobs in different parts of the country.
75. As a benefit for agricultural workers, an *ad hoc* group was created, which will seek the protection of migrant workers who cross the Guatemalan-Mexican boundary. It also created a boundary

office to help agricultural workers move and to train them. Also a work table was established in San Marcos, made up by the Human Rights Prosecutor, Ministry of Work, rural workers, civil society and Dioceses of San Marcos. Also a letter of understanding between the Ministries of Work of Guatemala and Belize was signed, in which the first movement of 96 Guatemalan agricultural workers was made to Belize in the month of January. Conversations with Canada and USA were held to obtain work posts for temporary Guatemalan agricultural workers.

76. In the production sector, the Coordinating Instance was created for the prevention and solution of conflicts in maquilas, with the participation of businessmen, non governmental organizations, to find a solution to the problem. A data base was created to present work rights violations accusations.
77. The first pyrotechnic factory without children working was established in Aldea Cerro Alto in San Juan Sacatepéquez and nine thousand scholarships for school age children were provided. The National Committee to Eradicate Child Work, made up by workers, employees, government bodies, has a National Activity Plan and created reforms to the Labor Code, to be presented in May 2003 before the Congress of the Republic.
78. A diagnose in the area of domestic workers was carried out, which allowed to identify that a high percentage of under-age persons carry them out, that is, it could be identified as child labor. As a consequence a project of a reform of the Labor Code to eliminate the existing discrimination in regards to work conditions (work hours, vacation, Christmas bonus, social security).

79. To support disabled persons, the program of micro-credits and training in resource handling in small economic units created with the benefits of the programs was continued.

80. Due to the lack of coercive power of the General Work Inspection of MINTRAB to carry out a more efficient supervising effort, as well as for the inefficiency of Work and Social Prevision Courts to collect fines for noncompliance of work obligation, reforms to the Labor Code were proposed to grant the power of penalization to said Inspection.

81. These reforms allowed, in the year 2002, the issuance of Penalization resolutions and the collection of Q545 thousand in fines, which represents ten times more than what was collected by the courts of justice in the last 50 years.

II. Fiscal Policy (Guaranteeing Adequate Budget Assignations).

82. In January 2002, Guatemala faced a macroeconomic environment effected by unfavorable internal and external conditions, mainly propitiated by the application of relax demand policies, instability of exchange rates, and adverse and troubling climatic conditions of international capital markets. As a result of the combination of this factors the position of international reserves debilitated significantly and the economic activity evidence a trend towards deceleration of its growth. The damage of the macroeconomic situation and inadequate legal and regulation frames debilitated the financial sectors and some small banks became insolvent.

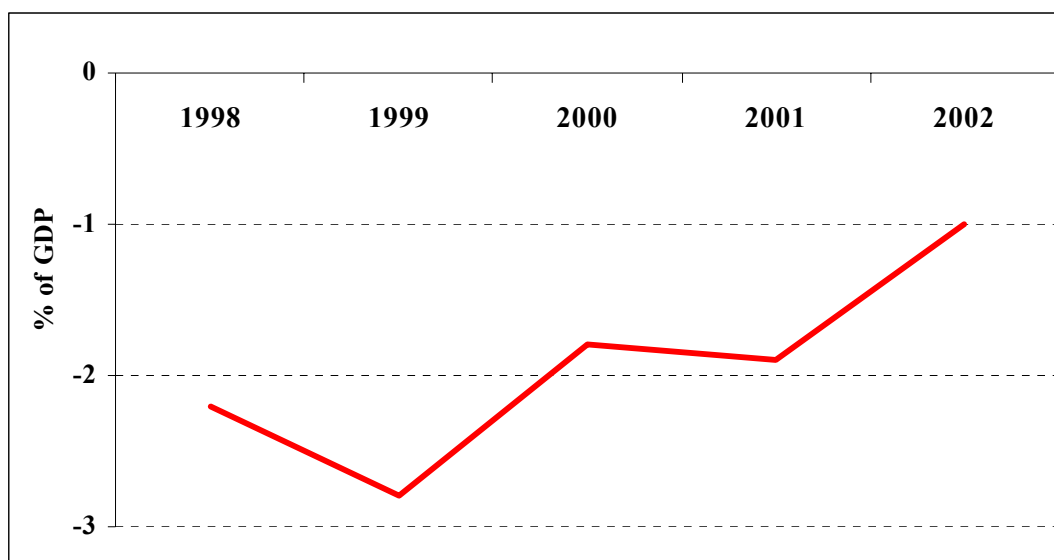
83. To face this scenario, the current Government established as its main goal in economic policies the promotion of a stable and sustainable growth, which would increase the human development

level and insured that the economy would be at service of the Guatemalan population, especially for the poorest and excluded sectors. The maintenance of said growth is based on stability, equity and competitiveness principles.

84. In accordance with the obtainment of the main goal of the economic policy, the Government opportunely acted in the fiscal area, including pertinent measures to face the economic problems of the country and revitalize the fulfillment of the Peace Accords. Among these measures, the re-adaptation of debt policies, and prioritization and restraint of expenses and the strengthening of healthy sources of finances, activities framed in a plan towards transparency, dynamics and efficiency of public actions. The role of the international community by helping Guatemala in this effort has proven to be crucial. Particularly it must be mentioned the support form the International Monetary Fund given to the economic program that Guatemala will successfully carried out during 2002.

85. The result of the economic program promoted by the Government for 2002, supported by the Stand-By Agreement with the IMF, showed the important advances in the fulfillment of the minimum indicative goals that the Peace Accords have regarding fiscal matters. In this sense, during 2002, the fiscal deficit of the Central Government was placed in 0.7% of GDP, a result that fulfills what is stated in the economic program and the Fiscal Pact, and constitutes one of the determining conditions for the macroeconomic programs of the country reached in said year. Additional to the prudent performance of Public Finance, the coordination among state institutions influence for the combined public sector deficit was placed within the limits stated by the economic program, reaching 1.0% of GDP.

Graph No. 1
Budgetary Balance of the Central Government 1998-2002



Source: Ministry of Public Finance

86. This positive result of the Central Government for 2002 was determined by the decisive issuance of legal and administrative measures in tax matters as well as the restraint of public expenses, without detriment to the assignments to priority social sectors. Also, the responsible management of the public debt financing methods, particularly by reconditioning bonus internal debt by substituting bonus debt in foreign markets to more favorable conditions allowed the coordination with the rest of economic policies to be more effective and gain stability.

87. In tax policy matters, during 2002, the positive effects that collection created by approved methods by the Congress of the Republic during the 2000-2001 periods were still seen. In this sense the effects of approved reforms in 2001 stand out, mainly the increase from 10 to 12% of the sole tariff of the Value Added Tax, eliminating fiscal exemptions and privileges, review of specific taxes to

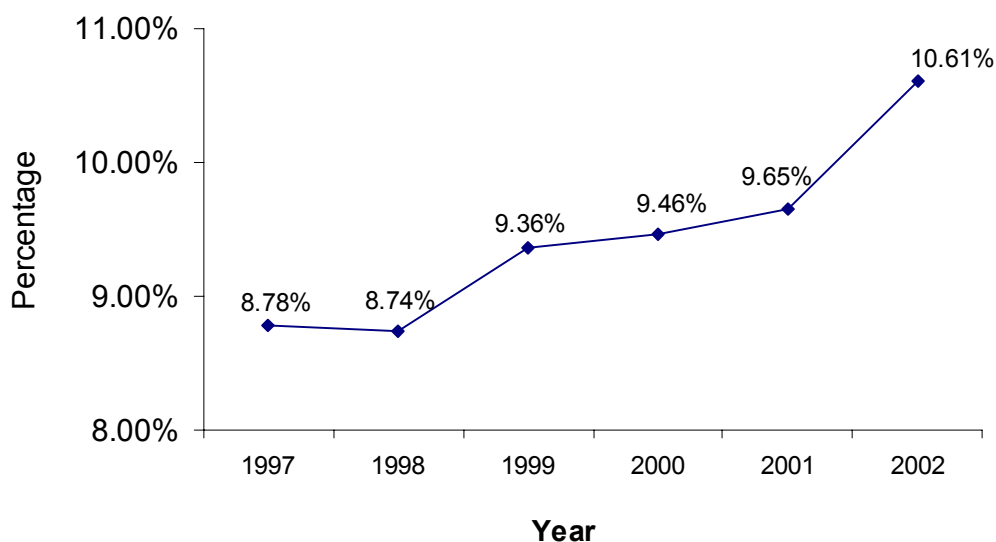
alcoholic beverages, beer and soft drinks, as well as the tariff on tobacco and its products. Also, the tariffs for Internal Revenue Tax of companies, the retaining percentage for Internal Revenue Tax for individuals, and the tariffs for the Tax to Commercial and Agrarian Companies were increased.

88. During 2002 and the first months of 2003, the Government faced an impact in tax income due to judgments of the Constitutional Court, which interrupted the force of the tax on beverage distribution and petroleum fuel derivatives. In view of this situation, the Executive Branch took actions to solve the problem and return the force to these taxes, without detriment of the opportunity to collect resources. In spite of these difficulties, the combined effect of these dispositions and the administrative measures taken by the Tax Administration Superintendence (SAT, for its abbreviation by initials in Spanish), it was possible for the tax load to register

an important increase during 2002 in regards to what was obtained the year

before, being placed in 10.6%, the highest in the history of the Country.

**Graph No. 2
Net Tax Load**



Source: SAT, Planning and Institutional Development Management.

89. The Government acknowledges the need to set about additional efforts to those carried out to accomplish the performances of the minimum indicative goal of the 12% tax load. For said effect, it reiterates to the international community that it continues evaluating the legal and administrative measures relevant to overcome the tax gap, and it will continue being a Government priority to base its actions by making full use of dialog, through forums such as the Fiscal Pact, so that the tax effort reflects the will of all Guatemalan people, to insure the necessary financing, so that state activities continue to efficiently contribute to the consolidation of a firm and lasting peace.

90. The executed public expenses in 2002 was placed in 12.3% of GDP, amount that corresponds to the established goals by the Fiscal Pact and the Peace Accords, particularly it also satisfactorily accomplishes the considered levels in the economic program supported by IMF.

91. In relation to expenses used in the social sectors considered in the Peace Accords, the government fulfilled, in 2002, in a global manner the corresponding minimum indicative goals, so that the total executed social expenses in the year reached and equivalent to 5.1% of GDP, representing 41.6% of the total expenses of the Central Government. Additionally, this social expenses level reached were enough to accomplish the performance criteria agreed with the IMF.

Table No. 3
Public Expenses Directed Towards Priority Social Sectors
In Accordance to Indicative Minimum Goals of the Peace Accords 2002
-Millions of Quetzals -

Destination	1995	2002		
		Goal	Budget	Executed
Health and Socia Assistance	750.4	2,325.8	2,468.9	2,313.7
Education, Science and Culture	1,411.9	4,376.0	4,734.0	4,597.9
Housing	14.2	281.6	262.9	171.5
Domestic Security	289.2	896.0	1,337.6	1,307.0
Judicial Brach and CC	150.8	473.5	522.8	511.0
Public Ministry	89.8	282.0	367.7	360.5
Total	2,706.3	8,634.9	9,694.0	9,261.6

Source: Ministry of Public Finance

92. In regards to mobilization of resources, 2002 constituted the year for the recovery of flow dynamism of international cooperation, since to the observed level in 1999, (1.9% of GDP), the volume of disbursement of foreign loans had reduced, and was place in 0.9% of GDP in 2001, having a recovery in 2002 of 1.2% of GDP¹⁰. On the other hand, graph No. 7 of Annex 2 also explains that the performance of sector assignments to fulfill the Peace Accords was mainly carried out with domestic sources. It is important to point out that the Government also timely fulfilled the commitments to pay the service of public debt.

93. The government reiterates its commitment to search for financial resources that allow it to fulfill the Peace Accords. In this sense, it will continue to promote the necessary legislative and administrative measures to carry out all agreed goals. In this sense, Guatemalan society as well as the international community has shown its interest and

preoccupation to attend the effected sectors due to the armed conflict, especially in matters of victim compensation.

94. As it was offered, in February, 2002, the Executive Branch issued a Ministry Agreement that introduced expense control actions, Among which stand out the establishing maximum quarterly expenses for each ministry and the mechanisms that limit the discretional use of resources, wage increase to public servants, creation of new jobs except in the health sector, education and security and strengthening of the National System for Public Investment.

95. The execution amounts for social investment were placed within the foreseen goals, the military expenses executed Q1,238.7 million equivalent to 0.68% of GDP in 2002. In 2003, MDN was assigned a budget of Q950.0 million, Q288.7 million less than what was executed in 2002. EMP executed Q99.7 million during 2002 and Q86.4 million has been assigned for 2003. On the other hand, the budget for 2003 for control bodies (PDH, OJ, MP, General

¹⁰ It does not include the amount given through the financial sector loan by the World Bank for US\$ 48.5 million, for the Savings Protection Fund.

Accounting Comptrollership) was increased¹⁰, which adds up to Q212.0 millions. Justice operators also had an increase in their budget assignment for 2003. Graphs 1 through 9 of annex 2 show what is stated.

III. Fiscal Policy (Fiscal Situation).

96. After signing the Stand-By Rights Agreement with the IMF, some foreseen results were determined, among them to achieve a tax load of 10.6% of GDP in the year 2002. The Tax Administration Superintendence (SAT, for its abbreviation by initials in Spanish) was created as a part of a restructuring and modernization policy of the State, with the object of carrying out tax management powers and to increase in a regular manner the tax collection levels.

97. It is also important to mention that although the Guatemalan economy sensed the impact of world events and the decrease of economic growth perspectives in Latin America due to the erosion of some economies, even when national macroeconomic indicators had a negative effect in the expected collections, the administrative activities carried out by SAT, together with the support of a sector of the population conscious of the commitment to fulfill its tax obligations, allowed, during the year 2002, the achievement of a maintained collection growth.

98. Administrative activities were oriented to achieve more efficiency and effectiveness in the collection and control of tax debts and to detect and fight taxing incompliance, achieve the education of employees and to have systematic and transparent execution plans, as well as to keep good inter-institutional relations.

This was important in the effort carried out by the institution to compensate the non-collected estimated incomes with legal actions taken in regards to some taxes, besides those that could not be collected when a less dynamic behavior of the economic activity than the foreseen determined goals was reported.

99. Some measures were the introduction of electronic policies in all customs system, the extension of the contributors' base and the list depuration, creation of Internet payment system and BancaSAT to decentralize charges, creating fiscal operations in customhouses, improving supervision systems, with audits, recovering tax debts through coercive and administrative means.

Extension of the Tax Database

100. The General Fiscal Census of the year 2002 concluded the first of the three states of the project (census to special contributors). The total of depurated registries in the year 2002 was 68,579. During the month of June of this year 21,663 registries were put up to date in the Unified Tax Registry (RTU), activity carried out through annual IRS tax reports. Up to date, of the all registries, a 40% has been depurated and it is expected to be finished by the end of the year.

101. Joined to the depuration process, Fiscal Operations were carried out as a tool to help extend the tax database; since through them non-registered contributors were detected. In the year 2002, operations allowed to penalize for formal duties 3,643 contributors with 1,074 fiscal operations.

Simplification and Computerization of the Tax Administration

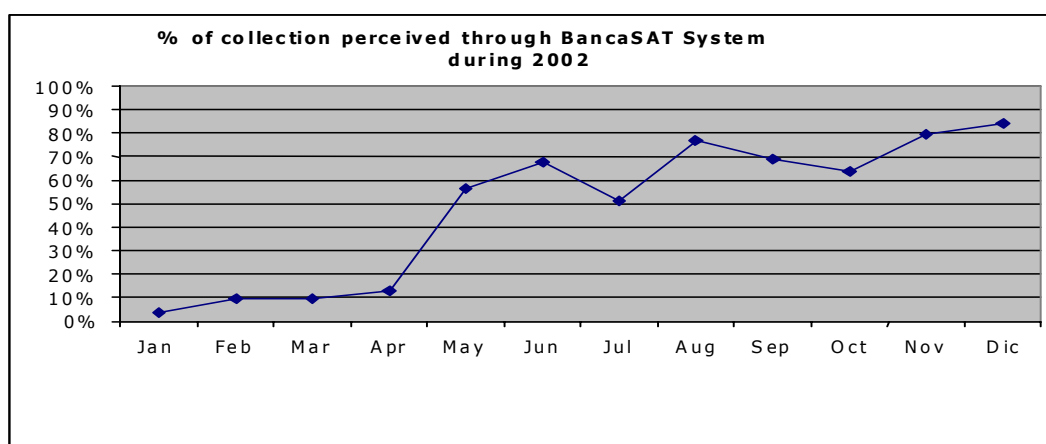
102. To simplify and computerize access to basic information of SAT, consulting

¹⁰ The increase was of Q 162 million for OJ, Q30 millions to MP, Q10 million to PDH and Q 10 million to the General Accounting Comptrollership.

systems have been implemented, the Computerization System of Telephone Consultations, called Call Center; the Document Verification (invoices and tax reports) through and Internet page; Payment of Penalties; Consultations to Economic Activities and Tax Orientation Program OrientaSAT.

103. In a separate manner and to be able to have new means of payments that make it easier for contributors to fulfill their tax obligations, the improvement of the electronic report system BancaSAT, which allows the reporting and payment of taxes electronically, operating through banks authorized by SAT, through on-line banking services.

Graph No. 3
% of collection perceived through BancaSAT System 2002



Source: SAT

104. Other activities carried out to obtain the aforementioned result were to eliminate the use of paper forms to pay special taxes on financial products and for contributors who request VAT returns on exports. At the same time, a training program to use BancaSAT was implemented.

105. Furthermore, with the International Cooperation Program, aided by IADB, and with the Central American Uniform Customs Code –CAUCA III- in full force and effect, the implementation of the Electronic Policies System in all customs in the country, ended in La Mesilla and El Florido customs. This system has allowed the process to become more agile, minimize corruption in its procedures as well as in policies fraud,

and to increase collection and diminish fiscal evasion and smuggling.

Fight Against Tax Fraud, Tax Misappropriation and Customs Smuggling.

106. The first modules of the supervision system FISAT were enabled, which allow tax supervision through an evaluation of the behavior for fulfillment of tax obligations by contributors. During the year, around 24,338 contributors were supervised through fiscal operations, punishing a total of 3,643 contributors, Penalties consisting on business processes and closings as well as economic fines. Three thousand nine hundred and twenty-three audits were concluded, establishing Q1,590.59 million in fines and adjustments.

**Table No.4
Results of the Supervision Plan
2001- 2002**

Activity	Year 2001	Year 2002	Variation
Completed audits	2,749	3,924	42.7%
Specific fines and adjustments (in millions of Q)	Q2,413.0	Q1,590.59	(33.7%)
Shutdown of companies	35	165	371%
Supervision Operatives u	700	1073	53.3%
Supervised Contributors	13908	24338	75%
Punished Contributors	1725	3643	111.2%
Amount of Penalties (in millions of Q)	Q 1,749.0	Q3.654 .0	108.9%

Source: SAT

107. Furthermore, in order to exercise better control and fight tax evasion and contraband, the Customs and Supervision personnel had the support of the PNC and executed supervision operatives in the Santo Tomás de Castilla, Puerto Quetzal and Tecún Umán Customs from February to September.

special added up to Q13,621.10 million, 39.7% higher than last year as shown in the table. The activities done by SAT directed toward this kind of contributors included permanent service to 1,500 contributors. On the other hand and as a result of the management, follow up and control of negligent contributors, a personalized attention center was opened.

108. During the year 2002, the amount collected from contributors classified as

**Table No. 5
COORDINATION OF SPECIAL CONTRIBUTORS
-amounts in millions of Quetzals-**

Activity	Year 2001	Year 2002	Variation
Amount collected from special contributors	Q9,747.6	Q13,621.0	39.7%
Amount recovered from the negligent	Q12.5	Q33.6	168.8%
Participation of specials in the total collection	60%	70%	10%
Strategic analysis reports and rates ¹¹ – number of businesses	400	635	58.7%

Source: SAT

109. Guatemala reached, in the year 2002, the highest tax burden ever as a result of the implementation of the Tax Reform of 2001 and the administrative improvements

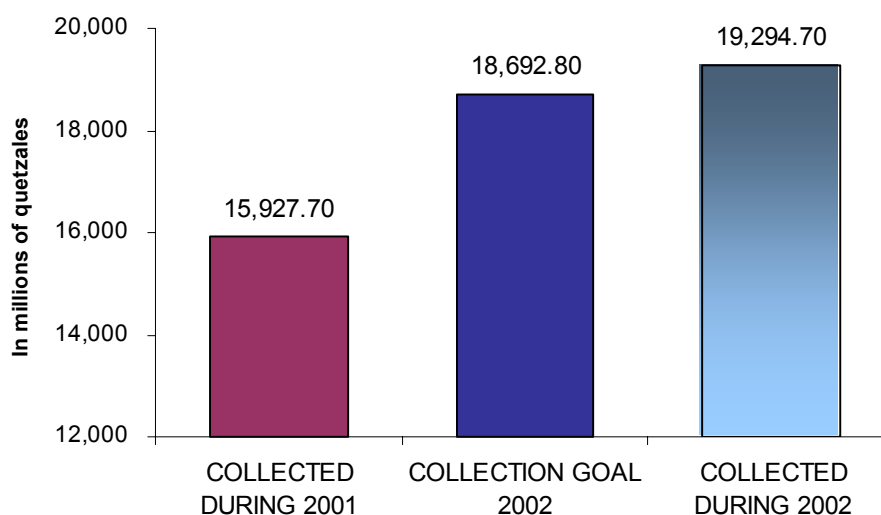
established by SAT during said period. The tax burden increased from 9.65% in 2001 to 10.61% in 2002, an increase of 0.96%.

¹¹ Risk of evasion and tax unfulfillment report

110. The tax collection, in net terms, accumulated until December 31st, 2002, reached Q19,294.7 million, Q601.9 million (3.2%) more than the estimated amount in the 2002 Government Income

and Expenditures Budget (Q18,692.80 million) and Q3,367.0 million (21.1%) more than the 2001 collection (q15,927.70 million), as shown in the following graph.

Graph No. 4
Comparison of the collected and planned net tax income during the year 2002
and the collection made during the year 2001



Source: SAT, Collection and Administration Superintendence.

111. In spite of the aforementioned, the need still exists to reach the 12% of GDP of tax burden so that the binomial formed by collection and paying taxes complies with an inclusive national project.

IV. POVERTY REDUCTION STRATEGY

112. SEGEPLAN, well aware of the importance of maintaining the debate about poverty and inequality as the main causes that motivated the internal armed conflict in Guatemala is working on the institutionalization of the problem through Development Councils Systems as the ideal instrument for the participation of all the interested parties.

113. In order to validate the Poverty for the Reduction of Poverty (PRS) in the municipal and departmental scope, SEGEPLAN elaborated a document named Referential Background for the Elaboration of Municipal and Departmental Poverty Reduction Strategies, which contain the methodological orientation, the definition and description of the processes to be followed and the results that shall be attained.

114. SEGEPLAN also prepared manuals for the elaboration of these strategies so that the proposed methodology in the referential background could be effective. Said documents are work guides for the elaboration of the strategies. Nevertheless, this process respects the

way participating planning has been done in a number of municipalities, with different levels of advancement and methodologies. The only obligatory condition is that it should be a participating process.

115. The Urban and Rural Development Councils laws institutionalize citizen participation in the formulation, continuation and control of development policies, plans, programs and projects. The effectiveness of its laws, together with the Municipal Code and the General Decentralization Law, which are an important part of citizen participation, offers a coherent platform which allows the transfer of public decision making to the citizens. While offering participation and vigilance, it contributes to the pertinence and transparency of the public administration, and in the long run, to the democratic ruling.

116. In addition to validating the PRS, the most important part of the process is the institutionalization of the poverty debate within the Development Councils System and the civil society. Likewise, it is important to point out that in order to

execute the government strategies, specially the PRS, SEGEPLAN supports itself on the National System of Public Investment (abbreviation SNIP for its initials in Spanish) and the National System of Pre-Investment Financing (abbreviation SINAFIP for its initials in Spanish). To date, SNIP has incorporated itself as a special chapter in the Budget Organic Law Project, which is being considered in the Congress of the Republic.

117. The PRS elaboration process has taken place in 120 municipalities, which represent 36% of the national total; 58% of the municipalities where the strategies are being elaborated present rural levels above 75%; 49% has indigenous population above 75%, and 79% of the municipalities possess high poverty levels.

118. SEGEPLAN has had technical and financial support from national and international entities and organizations for the formulation of PRSM and PRSD. At the end of June of this year, 120 PRSM and 22 PRSD will be finished. Out of the 22 PRSD, the national PRS will be formed and finalized in September 2003.

Table No. 6
Percentage relations between proposed resources in the PRS, budgeted and executed
to reduce poverty
2002-2003

Description	2002		2003
	Budget proposed in the PRS	Executed budget	Approved Budget
TOTAL	82.8	89.6	75.7
Education	96.1	89.3	85.4
Preschool	120.9	114.0	152.9
Registration and Operation	115.9	120.1	150.9
Bilingual	58.8	148.2	103.9
Spanish	148.7	113.8	177.7
School breakfasts	167.2	74.5	171.3
Elementary Level	107.4	92.1	97.5
Registration and Operation	97.7	99.4	97.6
Bilingual	46.7	810.9	385.0
Spanish	108.0	37.6	40.0
School breakfasts	113.3	135.6	113.3
Scholarships (Program for Girls)	35.3	-	33.6
Scholarships for peace		162.9	
School lunches (Preschool and Elementary)		-	100.0
Literacy	17.8	71.0	21.7
School constructions, expansions and repairs	102.9	49.6	41.8
Construction and expansion of MICIVI schools		51.5	
Construction and expansion of middle level education MICIVI schools		140.7	
Repairs in MICIVI schools			
Repairs in middle level MICIVI schools			
School Constructions (FONAPAZ, FIS,FSDC)		47.4	
Health	77.3	110.0	58.6
Extent of coverage	39.8	167.7	35.4
Promotion and prevention systems	79.0	115.0	32.7
Integral system of health attention		80.6	
Social assistance program (FONAPAZ)			
Construction of health posts (FONAPAZ, FIS,FSDC)	99.1	17.4	71.0
Drinking water and sanitation	79.3	77.0	56.5
Drinking water and environmental sanitation program (INFOM)	38.6	109.2	24.7
Water and environmental sanitation (FONAPAZ,FIS, FSDC)	103.2	69.9	75.1
Rural infrastructure	60.2	91.2	63.3
Rural roads	91.9	91.2	95.7
Rural roads maintenance (MICIVI)	-		2.7
Maintenance of the non-paved road system (MICIVI)	157.6	99.8	237.8
Construction and extension of the road system (MICIVI)	1,724.1	127.2	1499.8

Rural roads(FONAPAZ, FIS, FSDC, INFOM)		70.4	
Rural electrification	2.1	95.3	3.7
Rural electrification (FIS, FSDC)		182.0	2.3
Rural electrification (Energy and Mines)		58.2	
Farming and Animal Husbandry Development	84.6	62.9	75.7
Access to lands (Land Fund)	107.6	58.1	110.8
Distribution of fertilizers	52.8	78.4	88.4
Promotion of farming and animal husbandry (FSDC)		12.7	75.7
Technical Training for Work		82.7	
Training, Education and Employment Office		9.7	
Agricultural education schools		95.1	
Industrial technical institutes		92.5	

Source: Ministry of Public Finance, Integrated Accounting System (abbreviation SICOIN for its initials in Spanish)

119. Since the year 2002, the Government of the Republic has made a significant effort in the designated budget assignments, especially those that would contribute to the reduction of poverty. For the 2002 fiscal year, resources in the amount of Q4,538.0 million (US\$ 581.8 million) were assigned for programs and activities identified in the PRS, which is equivalent PRS, which is equivalent to 2.4% of the 2002 GDP. For the year 2003, the approved budget reached Q4,525.9 million (US\$ 580.2 million) equivalent to 2.3% of the GDP, with a minimal reduction of Q12.1 million (US\$ 1.6 million) in relation to the year 2002.

120. The aforementioned budget designations are inferior to the ones foreseen in the PRS document approved in November 2001; nevertheless, social investment has increased, since the total of the designated social expense for the year 2002 was Q 6,787.90 million (US\$ 870.1 million), while the designation for the PRS was Q 4,538.0 million (US\$ 581.8 million), with a difference of Q2,249.9 million (US\$ 288.4 million) designated to other sectors like Urban and Rural Development and Housing.

Table No. 7
Budget Designations for the Poverty for the Reduction of Poverty
2002-2003
(Millions of quetzals)

Description	2002			2003	
	Proposed in the PRS	Budget	Executed	Proposed in the PRS	Budget
TOTAL	5,479.4	4,538.0	4,066.1	5,976.70	4,525.9
Education	2,447.5	2,352.0	2,100.2	2,806.8	2,396.7
Preschool	178.6	216.0	246.2	184.4	282.0
Registration and Operation	161.2	186.9	224.5	166.2	250.8
Bilingual	58.7	34.5	51.1	60.4	62.8
Spanish	102.5	152.4	173.4	105.8	188.1
School breakfasts	17.4	29.1	21.7	18.2	31.2
Elementary Level	1,714.1	1,841.0	1,695.4	1,944.4	1,896.7
Registration and Operation	1,543.7	1,508.4	1,498.9	1,589.9	1,552.0
Bilingual	258	120.4	976.3	265.4	1,021.8
Spanish	1285.7	1,388.0	522.5	1,324.5	530.1
School breakfasts	106.7	120.9	164.0	110.0	124.6
Scholarships (Program for Girls)	63.7	22.5	-	67.0	22.5
Scholarships for peace		20.0	32.6	0.0	20.0
School lunches (Preschool and Elementary)		169.2	-	177.5	177.5
Literacy	324.1	57.7	41.0	324.1	70.2
School constructions, expansions and repairs	230.7	237.3	117.6	353.9	147.8
Construction and expansion of MICIVI schools		7.9	4.1		-
Construction and expansion of middle level education MICIVI schools		5.2	7.3		-
Repairs in MICIVI schools		0.0	-		-
Repairs in middle level MICIVI schools		0.0			-
School Constructions (FONAPAZ, FIS, FSDC)		224.2	106.3		147.8
Health	852.4	658.7	724.8	963.1	564.7
Extent of coverage	161.2	64.1	107.5	189.3	66.9
Promotion and prevention systems	635.8	502.5	577.8	716.8	234.4
Integral system of health attention		37.2	30.0		38.8
Social assistance program (FONAPAZ)		0.0			184.0
Construction of health posts (FONAPAZ, FIS, FSDC)	55.4	54.9	9.6	57.0	40.5
Drinking water and sanitation	432.4	342.7	264.0	455.6	257.2
Drinking water and environmental sanitation program (INFOM)	160.4	61.9	67.6	168.7	41.7

Water and environmental sanitation (FONAPAZ, FIS, FSDC)	272	280.8	196.4	286.9	215.5
Rural infrastructure	1,325.4	797.3	727.4	1,329.5	841.2
Rural roads	856.6	787.3	717.9	860.7	823.7
Rural roads maintenance (MICIVI)	736.7	0.0	-	740.8	19.7
Maintenance of the non-paved road system (MICIVI)	108.3	170.7	170.3	108.3	257.5
Construction and extension of the road system (MICIVI)	11.6	200.0	254.5	11.6	174.0
Rural roads (FONAPAZ, FIS, FSDC, INFOM)		416.6	293.2		372.5
Rural electrification	468.8	10.0	9.5	468.8	17.5
Rural electrification (FIS, FSDC)		3.0	5.5	468.8	11.0
Rural electrification (Energy and Mines)		7.0	4.1		6.5
Farming and Animal Husbandry Development	421.7	356.8	224.4	421.7	426.3
Access to lands (Land Funds)	232.4	250.0	145.1	232.4	257.6
Distribution of fertilizers	189.3	100.0	78.4	189.3	167.4
Promotion of farming and animal husbandry (FSDC)		6.8	0.9	0.0	1.4
Technical Training for Work	0	30.5	25.2	0.0	39.8
Training, Education and Employment Office		3.9	0.4	0.0	7.7
Agricultural education schools		9.7	9.2	0.0	10.9
Industrial technical institutes		16.9	15.6	0.0	21.2

Source: Ministry of Public Finance, Integrated Accounting System (abbreviation SICOIN for its initials in Spanish)

V. *Maintenance of the Macroeconomic Stability and Strengthening of the Financial System (Approving an integral reform for the financial sector)*

121. The Stand-By Agreement subscribed with IMF guaranteed the audit of the country's macroeconomic program by said international organization, besides constituting a backing for the quality and coherence of the economic policy, especially in the monetary and fiscal scopes. The government acquired commitments within the Stand-By Agreement subscribed with IMF, specifically in the fiscal, monetary, financial, external and structural reform

scopes, in order to pursuit and fulfill the economic program.

122. The objective in the monetary sector was to reduce inflation and to maintain an adequate level of international monetary reserves, according to the monetary policy approved by the Monetary Board. Therefore, the Central Bank maintained a disciplined monetary policy consisting of a well-balanced fiscal situation and the strengthening of the banking system. As a matter of fact, the program considered inflation between 4% and 6% for the year 2002 and an 8% growth in the monetary issuance.

123. In the financial sector, the objective was to strengthen the efficiency,

transparency and competition of the financial sector and the institutional framework in which it is developed. In this sense, the main compromise was the approval by Congress of the new financial legislation. Said compromise was obtained when the Organic Law of the Central Bank, Monetary Law, Bank and Financial Groups Law and Financial Supervision Law became effective on June 1st, 2002.

124. In the foreign sector, the objective was to maintain a flexible exchange system, in which the exchange rate is determined by the interaction between the supply and demand of foreign currencies in the market. Additionally in 2002, the limited use of net international monetary reserves was taken into account (US\$ 210.0 million).

125. Finally, in regard to the structural reforms, the objective was to make profound changes inclined to remove the existing distortions in the markets, in order to improve the productivity and efficiency which combine with the production factors.

Monetary Sector

126. The Stand-By Agreement subscribed with the International Monetary Fund contains a series of performance criteria in the monetary and fiscal sectors which must be met every three months. In the monetary sector, the Central Bank should have met two performance criteria. The first one refers to a minimum of international monetary reserves (abbreviation RIN for its initials in Spanish) adding up to US\$ 2,091.0 million and the second corresponds to a maximum of net domestic assets (abbreviation AIN for its initials in Spanish) of (-) Q 6,628.0 millions.

127. The RIN reached US\$ 2,289.0 million, exceeding the goal by US\$ 198.0 million and the AIN were situated in (-) Q8,313.0 million, Q1,685.0 million below the mentioned maximum, as of December 31st, 2002. The net position of the central government in the Central Bank helped the above mentioned results, since it was located at Q4,901.0 million, Q63.0 million below the maximum limit, which evidences the support of the fiscal policy to the monetary policy in 2002.

Table No. 8
Goal Fulfillment of the Program with the IMF 2002

CONCEPT	TO THE SECOND QUARTER			TO THE THIRD QUARTER			TO THE FOURTH QUARTER		
	Goal	Observed	Difference	Goal	Observed	Difference	Goal	Observed	Difference
International Reserves (in millions of US\$)	2231	2237	6	2220	2269	49	2091	2289	198
Net Domestic Assets (in millions of Q)	-9121	-9159	-38	-9280	-9451	-171	-6628	-8313	-1685
Net Position of the Central Government with Central Bank (in millions of Q)	5769	5866	97	5810	6028	217	4964	4901	-63

Source: Central Bank.

Financial Laws

128. In 1993, the Monetary Board approved the National Financial Modernization System in order to bring up to date the regulatory framework in effect without derogating the laws that were already in force, but rather adapting them to the present time. After a thinking and analysis process during the nineties, it was evident that a more profound and integral reform was required. This meant that the group of norms and laws that governed the central banking system and the financial intermediation would have to be reformed, which meant a change not only in the way the role of the central banking was conceived but also the orientation of the financial regulation.

129. The outline of the integral reform was confirmed on June 2000 when a general, quick and flexible framework was proposed. This framework would bring judicial certainty and would contribute to the efficiency, transparency and competitiveness of the financial activities as well as offering stability to the national

financial system. As a result, the integral reform of the financial laws was prepared. Four law projects were approved by the Monetary Board in March and June 2001.

130. The basic structure of the Guatemalan financial legislation, which governed the system until May 31st, 2002, had to be updated since it had been issued in 1945 and 1946. Said legislation allowed the system to function in an orderly manner for a period of 40 years; nonetheless, the regional economic crises, the liberalization of the banking industry and the international financial markets, the advances in electronics, computers and telecommunications, the internalization of the securities and capital markets, in addition to the growing interdependence in the international market, proved the need for a new legislation.

131. The monetary authorities began the evaluation process of said legislation in the setting of the negotiations of a Financial Sector Program with IABD and before the end of 2002, the diagnosis of this system was concluded. The Monetary Board approved the law projects that were sent to the Executive

Branch, which consequently, elevated them as an initiative of law before the Legislative Branch.

132. While discussing the law projects, at the request of the Congress of the Republic, experts from international financial organizations and officials from BANGUAT and the Bank Superintendence served as advisors in order to help the legislative discussion of these laws. After intense discussions, the Organic Law of Central Bank, the Monetary Law, the Financial Supervision Law and the Banks and Financial Groups Law were finally approved by a majority vote on April 2002.
133. In Decree Number 16-2002, dated April 23rd, 2002, the Congress of the Republic approved the Organic Law of Central Bank, which regulates that pertaining to the administrative structure and functioning of the Central Bank. According to said norm, Central Bank's main objective is to promote stability in price levels and it includes resolutions that allow the strengthening of its operational autonomy, the redefinition of its lender function, the fortification of transparency methods and rendering of accounts, the use of indirect monetary policy instruments and the redefinition of the legal reserve role.
134. In Decree Number 17-2002, dated April 24th, 2002, the Congress of the Republic approved the Monetary Law, which, not only ratifies Central Bank as the only issuer and the responsible for the regulation of diverse aspects of the monetary unit, but also guarantees the free mobility of capital and the foreign convertibility of the national currency, according to the Free Negotiation of Foreign Currency Law.
135. In Decree Number 18-2002, dated April 25th, 2002, the Congress of the Republic approved the Financial Supervision Law, which grants the Bank Superintendence the legal basis which allows a bigger functional independence to exercise the consolidated supervision, as well as regulatory and penalizing faculties which strengthen its supervision role.
136. In Decree Number 19-2002, dated April 29th, 2002, the Congress of the Republic approved the Banks and Financial Groups Law, which constitutes a general, quick and flexible legal framework that brings judicial certainty and promotes a solid risk management in supervised institutions and financial groups. Said law controls what is related to the authorization and organization of financial groups, consolidated supervision, agile re-organization mechanisms and solutions for insolvent institutions, risk management for banking institutions and transparent information. The Fund for Savings Protection (abbreviated FOPA for its initials in Spanish), which purpose is to guarantee the depositor the recovery of his deposits up to Q20,000 or its equivalent in foreign currency.
137. Due to the approval of the new financial laws, the Monetary Board created the necessary regulations on June 1st, 2002. It is important to point out that in order to reinforce the legal background foreseen in the abovementioned laws, the elaboration process of the Complementary Reform of the country's financial legislation is still in progress. BANGUAT, the Bank Superintendence and MINECO are currently working on the creation of the law projects: Non-Banking Financial Intermediaries, Insured Activity, Non-Conventional Guarantees, Mutual Guarantees and Securities Market.

Strengthening of the Financial System

138. On the other hand, concrete measures so that the financial system can be freed of debts that would allow some banks to venture into the market have been taken. Since the country's banking security network is still being implemented and capitalized, some measures have been taken, for example incurring in the least fiscal cost and preserving the system's stability. In this context, the State considered it necessary to capitalize the Crédito Hipotecario Nacional so that it would, in a merging process, absorb Banco del Ejército and Banco Nor-Oriente.

139. It is important to point out that this mechanism is an exception, until the Bank Protection Network is completed. This includes the capitalization of the Funds for Savings Protection (abbreviated FOPA for its initials in Spanish), for which the government has invested Q350.0 million. Likewise, the Congress of the Republic, in Decree No 74-2002, dated November 15th, 2002, approved the creation of the Bank Capitalization Trust Fund, being its main purpose the strengthening of the banking security network. This Fund will be used to financially support the freeing of debts process and the strengthening of the national financial system. The operation of this fund is currently in process.

140. The project named Ruling for the Banking Compensation Chamber was recently concluded in an electronic manner, and is currently waiting for approval by the Monetary Board.

141. The Congress of the Republic approved a financial laws group whose main purpose is the modernization of this part of the national economy and the creation of favorable conditions for foreign investments and good practices,

which are being demanded by the Financial Activity Group (abbreviated GAFI for its initials in English). As mentioned, these laws are: Organic Law of Central Bank, Monetary Law, Financial Supervision Law and the Banks and Financial Groups Law. These laws, together with the Free Negotiation of Foreign Currency Law which has recently been put into effect, constitute a solid base for a healthy financial system.

142. On the other hand, the Executive Branch is promoting the fortification of the FOPA through the additional capitalization resulting from the Peace Bonds placements.

143. Meanwhile, the international reserves are situated in amounts considered satisfactory in relation to our economy (Q2,367.9 accumulated as of December 2002). This is complemented with the reestablishment of wealth assets by the State adding up to Q16 million, IADB "Financial Sector" Law for US\$200 million and the US\$155 million from the WB, all destined to maintain the financial system's stability in unexpected banking crises.

VI. Ending impunity, increasing citizen's security and guaranteeing human rights

Human Rights

144. The policy taken by the Executive branch in relation to Human Rights is based on measures that promote the commitment to respect and promote human rights, as expressed in the constitution and in accordance to the treaties, conventions, and other international instruments. Its action plan includes respecting the autonomy of the Judicial Branch, the Public Ministry (abbreviated MP for its initials in Spanish) and the Human Rights Prosecutor; elaboration of considerations about threats and intimidations; designing the

Reparations Plan for the victims of human rights violations, cordial solution negotiations and/or serving the sentences issued by cases presented in international organizations, budget increases for organizations involved with this issue,, and the signing of treaties and international conventions, Among many others.

145. The Executive branch worked on a project through the Presidential Committee of Human Rights (COPREDEH for its initials in Spanish) on the human rights issue. This project was consulted with the civil society through different workshops throughout the country. The President, a High Level Committee¹², designed specifically for this theme and the interested civil society support this policy in order to set the bases for a national reconciliation. The Human Rights National Action Plan will be completed in April of the present year, after having incorporated the observations from governmental and non-governmental organizations.

146. Some exemplary cases like Myrna Mack and Juan José Gerardi achieved some advances and continue to be part of the national justice instances. The official standing in the Myrna Mack and Maritza Urrutia hearings before the Inter-American Court of Human Rights (abbreviated CIDH for its initials in Spanish) held in February 2003 in San José, Costa Rica, was to recognize a total institutional responsibility by requesting an acceptance of the claim by the defendant in accordance to Article 42 of the Inter-American Court of Human Rights Regulations. The State of Guatemala is expecting a conviction and this reflects its attitude towards

reconciliation by admitting its fault and acting according to the consequences.

147. Other cases made progress, for example the lynching of Alvaro Hugo Martínez, judge of Senahu, whose murderers received a 50 year penalty sentence in the first filing; the case of Aldea Chocón, where 16 former Anti-Drug Operation Department (abbreviated DOAN for its initials in Spanish) members were prosecuted, as well as the beginning of the penal process against 22 ex DOAN members for the disappearance of cocaine located in the warehouses where it was kept.

148. In 2001, the President of the Republic ordered the formation of an inter-institutional threat work group¹³ in charge of processing the demands, elaborating a threat protocol and creating investigation and repression guidelines for the persons responsible of committing these acts. This group presented a report and consequently, the MP created the Threat Prosecutor Office. The Strategic Analysis Secretariat (abbreviated SAE for its initials in Spanish) in accordance with its mission elaborated a series of considerations concerning the accusations, intimidations and raids that affect different members and civil society organizations, as well as state officials and justice operators. It offered them to the Security and Human Rights Cabinet in order to contribute towards the political orientation of the government in this issue.

149. On January 16th, 2003, the Human Rights Prosecutor issued a resolution in which it recommended a proposed law to create an Investigative Committee of Illegal Bodies and Clandestine Security

¹² Made up by COPREDEH, Foreign Relations Ministry, Ministry of the Interior, National Defense Ministry, Public Ministry and Peace Secretariat.

¹³ The group consisted of Ministry of the Interior, COPREDEH, Peace Secretariat and SAE. The Public Ministry and Supreme Court of Justice were invited to participate.

Devices (abbreviated CICIACS for its initials in Spanish). The government has accorded, jointly with the Human Rights Watch, the Human Rights Prosecutor and organizations belonging to this sector, the design of CICIACS, its reach and limitations. It has also requested that United Nations Systems and the Organization of American States participate in the confirmation of CICIACS.

150. The Judicial Branch (abbreviated OJ for its initials in Spanish), on its part, provided security for more than 20 judges that presented their cases before the OJ's Security Committee for Judges and Magistrates and has also put into effect a Security Manual for Judges and Magistrates. Even though it is true that the number of threats and intimidations to judges and magistrates has increased, it can be considered that the judicial independence and the transparency in the management of cases have been strengthened. This can explain the increase in the number of reported threats and intimidations. Additionally, COPREDEH coordinates provisional measures lent by the corresponding authorities to various persons that benefit from the resolutions emanated from the Inter-American Committee of Human Rights.

151. The National Compensation Program was approved in view of the need to compensate the victims of human rights violations. Said Program is mentioned in the first chapter of this report. Cordial agreements have been reached in certain cases presented before the CIDH and the accorded compensations and issued sentences have been performed.

152. The policy in relation to the reported cases before the CIDH has always been to reach a cordial solution. These

solutions carry different kinds of compensations, for example economic, psychosocial, rehabilitation and dignification of victims. In order to be consistent with this policy, a request for an extension in the case of Jorge Alberto Rosal Paz was made. The purpose was to gather information and pursue a cordial agreement. Additionally, a counter-project of economic character was also presented. In the case of Mario Federico Azmitia Dorantes, while looking for a cordial solution, talks ended after 6 months and in September 2002, a plaque was inaugurated in memory of the victims. A penal accusation was presented before the Public Ministry and the government presented a counter claim of economic compensation.

153. In response to the recommendations by the CIDH, 51 execution cases that were presumably committed by the State's security officers are being prosecuted and investigated. In order to comply with international obligations contracted by the State and contribute towards the national reconciliation process, forty-four files, which represent approximately 70 persons, are being analyzed and an economic project will be drawn up in order to compensate the victims.

154. Different governmental entities are being coordinated to comply with 11 other cases that are still pending agreed compensations. Some of these cases are Irma Flaquer, Homeless Children, Francisco Guarcas, Aldea Dos Erres, Efraín Bámaca, Bosques de San Nicolás, which compensations range from inauguration of plaques, printing of the victims artworks, awareness campaigns named "Don't call me a street child", schools named for murdered minors, healing, preventive and psychosocial medical events, scholarships, etc. to payment as an economic compensation

like in Dos Erres case (Q14.5 million) and Bámaca (US\$498 thousand).

155. The OJ as well as COPREDEH has worked in 150 awareness workshops in the countryside. Community leaders, justice operators and members of the community have participated in these workshops. With the participation of peace judges, a change in the perception of them as respect for the law promoters has been accomplished. Even though the number of lynchings decreased from 75 to 61 from 2001 to 2002, the total number of victims decreased from 199 to 126; lynchings resulting in death increased from 13 to 18 and mortal victims went from 27 to 25¹⁴. Presently, the impact derived from these workshops is being evaluated and discussion revolves around preventing these acts. The Ministry of the Interior, on its behalf, restructured the Human Rights Office, beginning with the monitoring of transversal issues like human rights, equality, multi-ethnicity and gender.

156. In other aspects, new officials who now direct important State control organizations were elected during the year 2002, like PGN, MP, PDH, CGCN and TSE. The election of the new Human Rights Prosecutor, General Prosecutor and Chief of the Public Ministry, took into account ethics and professional accomplishments as well as participative processes with civil society participation.

157. Other measures include the Executive Branch's consent of Rome's Statute (International Penal Court), which is pending approval by the Congress of the Republic; the Inter-American Convention on Mutual Assistance in Penal Matters; the ratification and publication of the Inter-American Convention on Eliminating

All Forms of Discrimination Against Disabled Persons; Optional Protocol on the Children's Rights in Relation with the Participation of Children in Armed Conflicts Convention; Optional Protocol on the Children's Right in Relation with Child Smuggling, Child Pornography and Utilization of Children in Pornography; Optional Protocol on the Convention on Eliminating All Forms of Discrimination Against Women; adherence to the Hague Convention in Relation to Child Protection and International Adoption Cooperation.

158. Likewise, in order to strengthen human rights and combat impunity policies, the government has joined the Inter-Sector Round Table on Human Rights, Security and Justice, promoted by UNSYSTEM and OAS.

Reform and Modernization of the Administration of Justice

159. The modernization of the administration of justice is directed toward preventing impunity and corruption from becoming obstacles in the attainment of the right to an impartial and equal justice. The main activities in this area focused on the preparation of Construction, Definition and Practice of the State Democratic Plan – Criminal Policy Strategy of the State of Guatemala, increase the access to justice, decentralize and de-concentrate services, attain professional experience and provide defense to those who can't afford it. All of the aforementioned has taken into account multi and intercultural as well as gender equality.

160. In order to obtain results, the Coordination Office for the Modernization of the Justice Sector (abbreviated ICMSJ for its initials in Spanish) began three Administration

¹⁴ Data provided by MINIGUA.

of Justice Centers (abbreviated CAJ¹⁵ for its initials in Spanish) ahead of schedule in the rural areas; the OJ continued its court infrastructure extension in 12 Peace Courts, construction of regional judicial centers and departmental complexes. The MP began constructing a District Attorney's Office in Jutiapa.

161. On the other hand, the OJ created 16 new mediation centers in different places around the country, which have relieved the congestion in courts and at the same time provide the culture of dialogue and the harmony of conflict solving, reduces the cost of lawsuits and propels pacific ways of understanding one another. The mediators were previously trained so that they could serve people in their own language and according to the particularities and traditional forms of conflict solving in their communities.

162. While looking for empowerment and organization of cases, the Congress of the Republic approved Decree No. 51-2002, which reforms the Penal Procedural Code by broadening the legal authority of Peace Judges. These courts are better represented in the country's regions and will be able to manage lower impact crimes which are handled by the first penal instance courts and which conglomerate the jail population. Until now, training sessions are being prepared, which will be taught soon.

163. As part of the de-concentration and decentralization of services, the Departmental Judicial Complex of Huehuetenango was opened as the first regional complex where there is administration of justice de-concentration and where the jurisdictional function is separated from the administrative one. The MP created two evidence storages in the countryside. These storages will protect evidence and defend the chain of custody. The OJ founded two units that will harbor mobile peace courts to handle family, civil and work related cases. This also includes a mobile mediation center.

164. The Penal Public Defense Institute (abbreviated IDDP for its initials in Spanish), on its behalf, established six new ethnic penal defender's offices, in addition to habilitating penal defense councils in police headquarters. The Ministry of the Interior broadened its coverage with 850 new agents that now cover regions with more conflicts, the SIC spread out with its respective identification laboratory, in addition to promotions for penitentiary guards.

165. Through the ICSMJ began the design and links with some dependencies of the Computer Support System for the Justice Sector (abbreviated SIASEJU for its initials in Spanish) for an information network with 4 justice operators, which will benefit the inter-institutional coordination by improving the flow between the processes of the justice sector.

166. The Criminal Investigation Department (DICRI, for its abbreviation by initials in Spanish) is reorganized in the MP due to the quest of professional excellence of

¹⁵ By definition CAJ "integrates, physically and functionally the main actors of the country's justice sector in a deconcentrated and coordinated unity, which purpose is to provide efficient, accessible, reliable and free justice services from the territorial and cultural point of view.

those who constitute the administration of justice system. Training sessions on penal and investigative matters are being held. The OJ is still hiring bilingual personnel and interpreters, as well as complying with what is stipulated on the Judicial Career Law. The Ministry of the Interior motivates the recruitment of indigenous people and women for new promotions in the PNC and for the penitentiary system with cultural pertinence in different places around the country. The selection process is done through Evaluation Boards and/or Committees. The MP accredited investigative experts and formed an elite group constituted jointly by the PNC, which supports investigations.

167. In the security and intelligence scopes, the Penitentiary System Law Project was presented by the Consulting Committee created solely for this purpose and is pending approval by the Congress of the Republic. The Security Advisory Council (abbreviated CAS for its initials in Spanish) and the laws pertaining to security and intelligence are referred to in the first chapter of this report.

168. The government on its behalf endorsed the consolidation of the administration of justice institutions by increasing their budget in the fiscal year 2003. (Graph No 10 of Annex 2). Cooperating parties and donors continue to support complementary initiatives, for example the EU and IABD are preparing a new project in conjunction with the Human Rights Prosecutor and other organizations interested in this issue, on security prevention in addition to a second phase in the justice sector.

VII. Economic Action Plan as of January 14th, 2004 (Reactivating economic growth)

Economic Action Plan (PAE)

169. The country's macroeconomic stability demonstrated during 2002 is the condition needed to reactivate the economy. Without a stable pattern from the exchange and interest rates and without moderate inflation levels, it is not feasible to improve the competitiveness of productive activities. The fulfillment of the Stand-By Agreement goals can stimulate a trusting environment in order to attract foreign and domestic investments and increase the competitiveness in the country.

170. For this reason, the Economic Action Plan was presented. It should be executed in a shared responsibility environment, in which the public sector assumes a role equally important to that of the business sector and non-governmental organizations. Based on this plan, the Ministry of Economy coordinates and principally concentrates its efforts on three work axis: increasing the country's competitiveness and reconverting the production schemes, negotiating and implementing free trade agreements and promoting exports and direct foreign investments.

Competitiveness

171. The competitiveness promotion policy includes certain actions like: modernization of the productive infrastructure (roads, ports and airports), sufficient attention to the strategic services like electricity and phones and other policy efforts that support the main productive sectors:

farming and animal husbandry, industry, financial sector and commerce, among others.

172. The Competitiveness National Program (abbreviated PRONACOM for its initials in Spanish) was created in order to facilitate the coordination of actions between the government and the business sector in which, besides government officials, private sector is represented by the Chamber of Tourism (abbreviated CAMTUR for its initials in Spanish), Exporters of Non-Traditional Products Trade Union Association (abbreviated AGREXPRONT for its initials in Spanish) and micro, small and middle businesses. Other members from the private sector participate, but they are not allowed to vote. This Program was strengthened by a loan by the WB for financing projects and actions that would support the competitiveness in the country. PRONACOM's activities are geared toward improving the competitiveness level of the country's businesses by improving the business climate, the development of the micro, small and middle businesses and through the forming of clusters or conglomerates.
173. Projects, like technical training system mostly in small and middle businesses, are being promoted in order to improve the business climate and increase worker's productivity. In addition to this, a technological center "Juan Francisco Alfaro Mijangos" in Quetzaltenango, one in Santa Lucía Cotzumalguapa, one pertaining to meat and another one to tourism were inaugurated. Six training centers were equipped and four others are currently being planned.
174. In order to fortify the human potential and the business spirit of the micro, small and medium enterprise, the business person can enjoy non-financial services like administration and technical training, technical assistance and support for commercialization and trade unions. The National Program for the Development of Micro, Small and Medium Enterprise and the Cooperation Agreement between Belgium and Guatemala are responsible for these services.
175. The National Program for the Development of MIPYME and the Worldwide Global Program also provide financing for businesspersons through private development organizations (non-governmental associations, cooperatives, foundations, etc) and three banks belonging to the system. Since its beginning and up till now, this program has granted a total of US\$30 million in loans. With this funds, business owners from the industrial, service, commerce, agricultural industry, handcraft and tourist service, have been given credits. They come from every department, with a higher number on the western and southwestern regions. Out of these benefactors, 40% are women.
176. As a result of the drop in the international coffee prices and considering what lies ahead, the government began the execution of a trust called "Financial Support for the Guatemalan Coffee Sector", whose purpose is to reconstruct the coffee grower's bank debt. Through Decree No 31-2001, the Congress of the Republic approved a negotiation and the placement of treasury bonds in American dollars adding up to

US\$100.0 million. The trust is managed by the Bank of Rural Development (abbreviated BANRURAL for its initials in Spanish). Up to June 2002, Q298.0 million had been executed, averaging US\$31.8 thousand per beneficiary, with an increase in the granting of credits during the second semester.

177. The purpose of the clusters or conglomerates is to associate specialized suppliers, service and products suppliers, related industries and institutions with geographically related businesses and institutions. All of them work and operate in specific areas in which they compete, but in which they also cooperate. Guatemala identified 4 potential sectors: forestry, tourism, food and agricultural industry and textile and clothing.

Opening the economy to a domestic and foreign market

178. In order to have a modern economy that satisfies the needs of Guatemalan people and protects the consumer so he can freely choose among diverse options and use his income in an optimum manner while also promoting investment and competition, PAE stimulates free competition. To promote it, incomes from imports have been stimulated so it can increase competition through the disciplinary effect of the import offer and competitive internal prices.

179. The new vision in developmental matters of the internal markets emphasizes the role of the new players: the consumers, the exporters, the investors, the suppliers and the competitors. Consequently, three tentative plans were created as a part of PAE and known as “Judicial

Triad for the Regulation of the Economic Atmosphere”: a) Consumer Protection Law, b) Competition Promotion Law, and c) National Quality System Law.

180. These projects look for: i) an effective consumer protection, ii) an efficient economic and market activity in the short, medium and long term, that is, a present efficient distribution of the productive resources and an effective rhythm of innovation in the medium and long run in order to insure the consumer’s well-being, iii) the establishment of international quality standards for producers and businesses to ensure national and international competition for products and services produced in this country.

181. The Consumer Protection Law, which substitutes Decree 1-85 since it lacked the capacity to protect a rightful consumer and user defense, was approved by the Congress of the Republic on February 18th with Decree 6-2003. The issuance of this law is considered a modern step since it is backed up by international standards.

182. The Consumer Attention and Assistance Office has permanently overseen in order to protect consumer rights by solving complaints received through the campaign “Swindle”. It has also executed quality and prices monitoring programs of products and services.

183. The Ministry of Economy (abbreviated MINECO for its initials in Spanish), on February 19th, 2003, sent a tentative plan called Competition Promotion Law for its respective approval in the Congress of the Republic. The purpose of the aforementioned tentative plan is to

promote and preserve competition in the national markets through the control of anti-competitive conducts that damage the economy, like abuses derived from a dominant position in the market and trust agreements.

184. A National Quality System is a necessary condition for the establishment of an institutional and organizational framework that brings the necessary conditions so that the national business can function properly in conjunction with the economy. The purpose of this system is to direct, coordinate, and unify the activities and the country's policies in relation to the establishment of norms; and to organize actions to promote competition in the country. The Guatemalan Accrediting Office (abbreviated OGA for its initials in Spanish) was created this year and is pending its implementation. Eight industry norms have been created and the land for the metrology lab is available.

185. On the other hand, the National Quality System Law entered Congress on January 2003. The purpose of this law's tentative plan is to establish the necessary institutionalism to promote in the world market the security, quality and competitiveness of the productive and importing sector, as well as to protect consumer's interests. The purpose of said law is to avoid sanctions for not complying with the standing agreements; to eliminate technical obstacles in commerce, to guarantee the exports of products certified in foreign markets and to reduce the risk of incorrect measures in benefit of the final consumer and the environment.

186. Additionally, in the second semester of 2002, the Economic Cabinet discussed the Law of Concession which purpose is that the State should grant public services to individual and juridical persons. This instrument is based on the globalization process and the constitutional principles related with the obligations and the subsidiary role of the State so the country's economic system can work properly.

187. During this period the efforts towards the opening of the economy have doubled, which has been repeatedly recognized by the international community. The most recent recognition came from the World Trade Organization as a result of the positive results obtained in the Guatemalan Commercial Policy in mid January 2002.¹⁶

188. The structure of the foreign commerce policy is determined by two components: 1) the group of actions directed at markets; 2) the unilateral general opening of commerce and economy. High priority has been given to comply with an ample agenda of commercial negotiations, due to the fact that the world economy is challenged by globalization in an increasing manner, with the object of broadening the access of the country's exportable production to foreign markets. In effect, the access to foreign markets can be reached through negotiation and putting into effect the Free Trade Agreements and other agreements of bilateral, regional and multilateral character.

189. At the present time, three commercial treaties with third countries are in effect: FTA CA3-

¹⁶ Press release PRESS/TRPB/186, OMC

Mexico; FTA CA-R Dominican; Agreement of Partial Reach Guatemala-CUBA and six are still on the negotiation table. One of the most important treaties for Guatemala and the rest of Central America is the Free Trade Agreement with the United States (FTA-CAUSA), which negotiation rounds are being held in San José, Costa Rica and Cincinnati, USA. There is hope the negotiations of said treaty will conclude at the end of this year.

190. Another important commercial negotiation that would influence the access of the country's export products to the international market is the FTA with Canada. The negotiation of said treaty is probably going to conclude at the end of this year. The put into effect of the FTA with the United States and Canada will mean access of Guatemala's export products to one of the world's biggest market, which is constituted by NAFTA, considering it already has a FTA with Mexico.

191. Due to the positive effects of the foreign opening of the national economy, the domestic markets of goods and services will be promoted and strengthened, translating into higher levels of efficiency in the production activity. In relation to the deepening of the commercial opening process, it is important to note that during the last five years, the tariffs applied in Guatemala registered a decreasing tendency, having gone from 8.4% in 1998 to 5.2% in the year 2002. It can be foreseen that once Guatemala enters into the negotiation of the free trade agreements, the average tariff could be reduced.

Promotion of exports and investments

192. In order to attract more direct foreign investment and make the formalization and establishment of the law more efficient, the Investment Agency was inaugurated in Guatemala and the Sole Promotion Window for Investments has been implemented (abbreviated VUPI for its initials in Spanish). Its most important job will be to promote direct national and international investment in the country through supplying information related to economic agents and consequently, reducing the time it takes to authorized investments and also the cost of the installation phase.

VII. Global Transparency (Increasing Transparency)

193. There are three problems derived from the lack of transparency¹⁷: 1) democratic discredit, 2) market distortions, and 3) poverty increase. The biggest observation of corruption and the lack of transparency in all environments of the countries such as Guatemala, that go through difficult, unknown and prolonged transitions of authoritarian regimes and armed conflict towards democracy. That observation if positive and the fact that it receives accusations is progress in itself; that is why it is necessary to confront the corruption and lack of transparency problem through a conceptually clear and operatively realistic strategy, besides being coordinated Among Stat authorities, private companies sector, civil society, and the international community.

¹⁷ www.sae.gob.gt, Transparency in the Administration of Public Funds

194. After a meeting of the Consulting Group, February 2002, the Government signed an intention letter with the World Bank, which translates into the compromise to initiate a route that takes the country into a program of reforms in the prevention, control, and Penalties system, with the participation of society and the international community. The conformation of the National Committee for Transparency and Against Corruption was one of the participative exercises with the civil society, which shows the Government's and other strategic actors' acknowledgement, and received impulse along with other activities, especially for the prevention.

195. In the control and Penalties scopes, the strengthening of control organs is supported (MP, Accounting Comptrollership, PDH, OJ), increasing their budget assignment for year 2003, as it was informed in Chapter 2 of the present report. On other side, it is acknowledge that an effective instrument against corruption has been the freedom of information.

196. An example of the civil society participation as a preventive measure was the bidding process in the buying of fertilizers at a low price outcome. The Government proceeded to IADB in a summon with the support of UNPD the most recent assignation and invited the Transparency Chapter in Guatemala, Citizen Action, to monitor the process with a beneficial result, for it allowed the saving of Q87.3 million and the continuance without obstacles of this benefit for the population.

197. The robbery accusations by the ex DOAN, conducted to its disarticulation and the creation, in its place, of SAIA, with the purpose of counting always with a unit to combat drug traffic. The results, as of its installation in October, 2002, have been encouraging, for the general appraisal value of the seized drugs and other goods, as well as the confiscated money has been tripled.

198. It must also be pointed out that the Justice Sector has constituted a Sector Committee for the Corruption Combat, which counts with representatives of each justice operator, as with civil society, which results are in process.

National Committee for Transparency and Against Corruption

199. The installation of the Coordinating Council of the National Committee for Transparency and in December 2002 through the Government Agreement No. 469-2002 was the result of a civilian, governmental institutions, and the State controlling organs participative process. To achieve its creation, 2 national workshops were organized and had the participation of up to 120 State and social delegates.

200. During the workshops, 2 commissions were integrated and took charge of: 1) the basic project that defines de principles, objectives and organizational structure of the National Committee, 2) the selection of 5 principles and 4 substitute members of the Coordinating Council and the National Committee, which were appointed by an open

consultation process, with the support of WB.

201. The National Committee is integrated by a Coordinating Council, a National Representative Committee¹⁸, and a Technical Unit.

202. This is the mechanism liable for the execution of a corruption diagnosis in the State, its causes and consequences, and the lack of transparency in the negotiation of Public administration, private sector, and civil society national development; as well, it is in charge of drafting, consulting, and diffusing a strategy against corruption and an Action Plan.

Government Financial Administration System – SIAF SAG

203. There is a clear consensus about fiscal transparency being a main factor of a good government. Because of that, the strengthening to the Reform of the Government Financial Administration System – SIAF-SAG has been prompted. Within the frame of the Project SIAF-SAG, Stage III, it is projected to extend and consolidate the financial administrative reform that had been previously promoted in Stages I and II of such project, as is the extension to decentralized an autonomous institutions, as well as to the 331 municipalities of the country.

204. During 2002, besides the 43 Central Government institutions that

operate SIAF, other entities were incorporated to the public sector, Among which OJ, SAT, the Municipal Development Institute, Social Security Guatemalan Institute, FONAPAZ, SCEP, INTECAP, Mayan Languages Academy, and the Quetzal Port Authority stand out. Thus, during the same year, there was progress made in the diagnosis, training, and analysis of processes for the incorporation of other decentralized entities, such as INGUAT, FIS, Universidad de San Carlos, Congress of the Republic, National Statistics Institute, MP, and the Olympic Committee to the system.

Modernization in Tax Collection

205. The Government of Guatemala created SAT with the purpose of modernizing the taxing collection and give compliance to the acquired fiscal commitments contained in the Peace Accords and the Modernization Program of the Public Sector. The creation of SAT was based on the compliance of taxing duties and the computerization of administrative processes, as well as to apply legislation, control and supervision of domestic tributes and the ones that tax external commerce, except for the ones that legally are administered and collected by Municipalities.

206. For that matter, the collection processes were quickened by the banking net, discretionary decisions were reduced in the merchandise revision processes, with the introduction of an computerized system with random selectivity in all the Customs Houses of the country. In relation to supervision matters, to date a system that by using technical criteria chooses taxpayers for the application of general inspections and specific surveys. There is more

¹⁸ "It is the equalizer entity constituted by State representatives and social sectors that, sharing responsibility, will design the general outlines of the National Plan for transparency and against corruption, will support in execution and socialization, will validate its results, and endeavour the compliance with the Commitments derived from it."

detailed information on these actions and their achievements on Chapter 3 of the present report.

Code of Good Practices of Fiscal Transparency

207. The Code of Good Practices of Fiscal Transparency was adopted by the Government of Guatemala in February 2002. Based on this compromise, it was established the creation of a Portal of Fiscal Transparency as a product issued from a System of Fiscal and Transparency System (SIFT, for its abbreviation by initials in Spanish), which considers other integrating elements: a) Fiscal Transparency Portal, b) Inter-institutional coordination; c) Fiscal Transparency Law and regulations, and d) Support to the information integrity.

208. To the present time, the Fiscal Transparency Portal is operating in an Intranet at the level of superior entities of MFP in order to analyze and evaluate the data consistency and quality to further make it available to central government institutions and to society. In the technical aspect, the Portal is conceived by stages. The first develops 3 modules: a) incomes; b) expenses, and c) public debt (foreign and domestic); and the second stage has foreseen the module designing: a) economic indicators and b) constitutional contributions.

Commitments Acquired in the Fiscal Accord

209. For the Fiscal Accord compliance, the efforts have been centralized in maintaining a fiscal balance that has contributed to a macroeconomic stability. In 2002, an

important effort was made to increase the taxing burden and an important enlargement was accomplished. Thus, non fiscal additional measures have been taken pursuing the guarantee of the integral fiscal reform, such as: a) Modifications on the Fiscal and Criminal Codes and b) other dispositions with the purpose of improving the quality of information, such as links of SIAF with the Congress of the Republic and the Accounting Comptrollership.

210. On the other hand, there has been kept a coordinated work with the Verifying Committee of the Fiscal Agreement and the Verifying Committee for the Peace Accords, with the purpose of supporting and follow-up the execution of acquired commitments in the Fiscal Agreement, related directly to the ones acquired by MFP and SAT. In order to achieve this, the CSPF Working Plan for year 2003 has been approved.

Laws Supporting Fiscal Transparency

211. MFP has promoted the necessary legal modifications to enable the financial reform. Among the approved laws that stand out, there are: the System of Development Councils Law, which allows the social audit by civilians; the Municipal Code, and the Organic Law of the General Accounting Comptrollership.

212. The Municipal Code, approved by Decree 12-2002, in article 97 regulates the creation of the Integrated Municipal Financial Administration (AFIM, for its abbreviation by initials in Spanish), with the object of integrating municipalities to the Financial Administration and Consolidation process of the country. It is important

to point out that for the year 2006, all municipalities must have said units incorporated to their administrative structure.

213. The Organic Law of the General Accounting Comptrollership, approved by Decree 31-2002, which main purpose is to provide the Comptrollership its obligation as main supervising control body, by applying modern procedures of government audits, to determine the efficiency, effectiveness and economy in the execution of programs by the public administration, especially the evaluation of obtained results. Article 4 stands out, attributions of the Comptrollership and article 6, Government Control application, since they frame the activities of the Comptrollership with the purpose of supervising determined administrative financial operations and activities.

214. Other laws that are being analyzed in the Congress of the Republic are Project for a Municipal Tax Law, Law of State Purchases and Acquisitions, Organic Law of Budget. The project for a Municipal Tax Code Administration, in order to clearly determine the parts of the juridical tax relation and define their obligations and duties. The second part, seeks to reform municipal fees, to generate income for Municipalities, to make the financially auto-sufficient.

215. The project of the Law of State Purchases and Acquisitions is on its way to become a public administration instrument, that by the use of modern technology will provide a viable communication with suppliers, to systematize and make known purchase and acquisition plans, detail goods and services required by the

State, the applicable legal and regulation frame, summons, basis, specifications and in general transparency in the purchase processes.

216. The project of a new Organic Law of Budget incorporates electronic signature, greater details related with the regulation of resources from public credits, multi-annual budget, and regulation of trust, donations and investment projects.

IX. Governability (Promoting Dialogue and National Unity)

217. If governing is promoting agreements and dialog, the Government of Guatemala has sought to become a leader in each of the State activities, in order to identify public policies for each sector and social group. However, policies derived from agreement, as the Peace Accords, for examples, generally create resistance, turning Dialogue into a permanent and mandatory exercise in changing societies, such as our own.

218. Separately, several channels of formal and informal communications with different sectors of Guatemalan society have been developed, for example: with workers (UASP); with peasants (CNOG); with the Human Rights sector (Multi-Institutional Instance for Peace and Harmony); with rural civil society (Departmental Agreement Tables), with national political sectors, through the Accompanying Committee and different committees of the "Institutionalism for Peace"; with the high-level Committee to take care of housing and human accessions with inhabitants; with the Follow-Up Committee of the Fiscal Pact on tax

issues and even the business sector (PRONACOM) and with the ex PAC, always trying to promote democratic Governability.

219. In fact, in regards to the issue with the ex PAC, the government signed an Agreement to create a Peace and Conciliation fund, formed to support programs for moral and material compensation of affected parties and compensation for the rendered services to the State during the armed conflict.

220. The degree of efficiency and operating Dialogue spaces between society and State that make up Institutional Peace is variable and an evaluation is being discussed. In relation with the evaluation, a debate is being carried out regarding how to perform reengineering this institutionalism, since there is the idea that in some of its multiple spaces the possibilities of a fruitful continuity have ended.

221. UPRECO¹⁹ settled disputes such as Los Cimientos, Chajul, El Quiché, a century-old ancestral conflict. Negotiations delimited the form and method to settle disputes, mainly with the purchase of a farm for the definite settling of the Community Cimientos, Quiché and regularization and juridical certification of land for

Ixiles communities. Other settled disputes were the Military Base No. 20, Quiche, which ended the disputes from families uprooted by the Army; San Mateo Ixtatán, Huehuetenango by extending municipal services in the rural area, Champerico, Retalhuleu, where an agreement between settlers and the shrimp company was reached for mutual benefit.

222. CONTIERRA also managed to resolve relevant social conflicts that include farming families and communities, like the cases the Communities of Estrella Polar: conflict Among these farming communities of Chajul, El Quiché that began because of labor problems, but a negotiating intervention allowed the purchase of a farm and the creation of an Associative Farming Business (ECA, for its abbreviation by initials in Spanish); communities La Reinita and Santa Rita from Sayaxché, Petén, which conciliatory mediation ended with the signature of an agreement between them and the delivery of property titles to 291 benefited families; Finca San Basilio, Suchitepéquez, which was occupied by MDN, and an agreement to assign property rights to peasants was reached.

223. CONTIERRA has attended 1,659 land conflicts. Of this number it has managed to settle 47%. Statistics show an important increase in the number of cases concluded by the institution in the last two years. In fact, while in 1997 and 1999 the institution concluded 368, between 2000 and June 2002 the number of cases increased to 511, equivalent to 65% of all resolved cases.

¹⁹ Integration of a body that has as goal to timely settle conflicts that threaten institutionalism and governability of a Nation, to prevent unmanageable situations that may cause negative consequences. Made up by SCEP, SAE, SAA, COPREDEH, SEGEPLAN.

¹⁹ "It is the equalizer entity constituted by State representatives and social sectors that, sharing responsibility, will design the general outlines of the National Plan for transparency and against corruption, will support in execution and socialization, will validate its results, and endeavour the compliance with the Commitments derived from it."

224. Furthermore, new contact spaces Among the government and society opened, with meetings to explain the Peace Accords regarding public security matters (summoned by the Ministry of the Interior), the Multi-Institutional Instance for Peace and Harmony created to promote agreement regarding compensation to the domestic armed conflict, and a Dialogue space between the Government of the Republic and the Agrarian platform to take emergency measures due to the coffee crisis.

225. As of the Consulting Group of February 2002, UNSYSTEM and OAS, after analyzing different issues and Dialogue and negotiation generated from the fulfillment process of the Peace Accords, with the help of the Government of Guatemala, decided to take priority of 4 Inter-Sector Dialogue Round Tables, in matters of Rural Development, Indigenous People, Defense Policies, Peace Culture and Reconciliation.

226. Additionally and taking care of express requests from social organizations representatives, it was considered important to add two more issues, Justice, Security and Human Rights and at the request of the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Association (CACIF, for its abbreviation by initials in Spanish), Economic Development. Its purpose is to create favorable conditions to reach general and specific agreement, not necessarily mandatory, but that situate technical political orientation to the goals of the State of Guatemala.

Inter-Sector Dialogue Round Tables –MID-

227. According to the request of the Consulting Group, and in coordination

with the Government of Guatemala, the MID summons was carried out on behalf of the UNSYSTEM/OAS taking into consideration each one of them. One exception to this rule happened on the Table for Consultation about the Defense Policies, which process was convoked and managed by the Government of Guatemala.

228. At the same time and by request of the Consulting Group, the United Nations System (UNSYSTEM) and the Organization of American States (OAS), together with the Government of Guatemala, organized dialogue tables about major issues. The tables that are working up to date are about: Reconciliation and Peace Culture, Indigenous people, Defense Policies Consultation, Rural and Economic Development. A sixth table, about Human Rights, Justice and Security, is at an advance state, soon to be installed.

229. The general objective of MID is to facilitate dialogue processes between diverse of society and the State, by generating conditions of mutual confidence, to contribute to a better government climate and to strength the efforts for the fulfillment of the Peace Accords. Specifically looking forward to contribute in the maintenance and deepening in the spirit of dialogue that prevailed in the Consulting Group, creating spaces for positive exchange between participating actors, and built conscious agendas, also to allow them to identify and set actions and initiatives that the State and participating actors can fulfill. The MID search substantial and linking agreements if possible.

230. The dialogue tables are independent from one another. Each

one is specific according to the convoked actors, methodology, time of execution and the discussed issues. They all have in common that they are as open and inclusive as possible, regardless of any condition or veto. They are promoted with the idea that the national interest prevails, they are the spaces to discuss important issues of the Peace Accords, not chance problems.

231. International Community has an active participation in the process, having three basic roles: co-sponsor, through the OAS and UNS; b) participating and contributing with useful technical and methodological criteria to make viable dialogue processes; c) being an honorary witness, guaranteeing the dialogue rules, and supervising the fulfillment of the reached agreements.

232. The general balance of this process is positive. Little by little, the idea that even in controversial moments, the dialogue is necessary to reactivate the efforts for Peace Accords in the middle of the national agenda, has opened.

233. The establishment of MID had to remote to the adverse surrounding, for which the identification of the problem, the actors and the adequate methodology on each table, were very important regarding this matter. High level officials of UNS and OAS, together with a government parties, worked hardly preparing basic designs. At the same time, the work of technical coordinators of round tables - all Guatemalan professionals with vast experience in dialogue promotion and deep knowledge about area problems- have being an important key. They have done a

patient approaching work with social and government actors on each table.

X. MOVEMENT OF FOREIGN RESOURCES

234. Even though a tenth commitment was not included during the work of the Consulting Group on February 2002, the Government included this theme to tell about it. In the realized encounter, Guatemalan Government presented to the International community a portfolio of projects, so that the financial request that could complement the national effort to strength the Peace accords fulfillment and oriented policies to reduce poverty, could be sustained. This portfolio was classified into two general groups: the one of the Measure Projects, including those for which formal requests with an identified source had been initiated, and the one of Projects without Identified Source. The total amount for the presented projects was more or less US\$ 2,000 millions, which required external resources for approximately US\$ 1,250 millions. Of the external resource required for this portfolio, 42% was already requested for, and 58% still did not have identified source.

235. Given the dynamics of an own portfolio of projects, this changes constantly, new projects are incorporated and the situation of others vary, since financial aid concretes for their execution, others are accepted by financial sources for their approval, etc. According to this dynamics, from February 8 of 2002 to February 28 of 2003, 66 agreements have been subscribed, for a total amount of US\$ 645.3 millions approximately, of which 15 are a loan

for an amount of US\$ 536.3 millions, and 51 are non-refundable cooperation for US\$ 109.0 millions.

236. Of these 66 agreements, 21 have been subscribed with a bilateral source for an total of US\$ 75.6 millions, of which US\$ 8 millions are refundable and US\$ 67.6 millions non refundable; while 45 agreements have been subscribed with multilateral sources for a total of US\$ 569.7 millions of which US\$ 528.3 millions are refundable and US\$ 41.4 millions are not.

237. Bilateral source agreements have been subscribed with: Germany, Japan, Canada, China, United States

of America and Sweden; multilateral source agreements have been subscribed with: BCIE, UNDF, WFP, FAO, IADB, BIRF, UNPD (Sweden, Holland and ILO), European Union and OAS.

238. Sources derived from subscribed agreements shall aid the execution of projects in the areas of Financial; Education, Science and Culture; Heath and Social assistance; Agriculture; Transportation; Housing and Urban and Rural Development; Energy; Industry and Commerce, and in fewer proportions to Defense and Internal Security; Environment; Administration and General Services.

ANNEX 1



**GOVERNMENT OF GUATEMALA
FOLLOW-UP MATRIX FOR THE MAIN ISSUES IDENTIFIED IN THE
Consulting Group OF FEBRUARY, 2002**

Main issues / activities	Cronogram														Results as of February, 2003	Institution	Comments	Progress report to February, 2003
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb					
1. Acceleration in the observance of Peace Accords																SEPAZ		
1.1) Rural Development																		
1.1.1) To prompt Rural Development Policies															1.1.1) Rural development Policies proposal.	Agrarian Issues Secretariat (with the support of SEGEPLAN and SAE)		Complied. SAA, as responsible of the issue, presented the proposal of the Policies that integrates the visions presented by different social and governmental sectors.
1.1.2) To consult Rural Development Policies															1.1.2) Consulted rural development Policies.	Special Commission of the Presidency for the communication with CNOC	See 9.3.10)	Currently, it is in the being consulted prior to the Inter-Sectorial Dialogue Round Table of Rural Development, which will be the space for its consultation.
1.2) Agrarian Development																		
1.2.1) To promote the approval of the project of the Real Estate Data Registry Law															1.2.1) Effective lobbying for its approval.	COPART	See 9.3.2)	COPART developed a lobbying, socialization, and sensitization campaign about the issue in the Congress of the Republic, as well as in the rural areas of the country. Nevertheless, the Executive and Legislative branches being interested in its approval, are currently modifying the Law to accomplish consensus among the interested parties of Guatemalan society.
1.2.2) To approve the Law of the Real Estate Data Registry															1.2.2) Approved Law.	Congress of the Republic		The Congress of the Republic is pending to confirm the initiation of the discussion and approval of the project of law.
1.2.3) To initiate an urban real estate registry in Cunén, Quiché, Puerto de San José, Escuintla															1.2.3) Concluded urban real estate registry.	UTJ-PROTIERRA		The immersion, difusion, and communication process with municipal authorities has been executed, which is why the formal project has begun. 100% advance of the urban area. The extension that urban properties occupy within the general area is of 90 hectares. The total area of rural properties is of 4,499,628.674 square meters. 300 properties of the urban area were measured.
1.2.4) To initiate a rural real estate registry in Petén.															1.2.4) Advance in the rural real estate registry.	UTJ-PROTIERRA	Its conclusion is expected in June 2004	In execution. The urban real estate registry has been formed and, in order to integrate the rural estate registry, all the preparations, requirements and specifications of the prequalification process have been ordered, constituting the necessary condition for the bidding bases leading toward its formalization. It is expected to conclude in December 2004. To assign the company of the Rural Real Estate Registry. The following products were bidded: a) reestablishment of the First Order Geodesic Net for the department of Petén; b) acquisition of satellite image, 10mts. over 36.000km ² precision; almost the totality of the image has been received; c) orthoimages and basic cartography production over 36,000km ² , which are accomplished based on the acquired satellite image.
1.2.5) To elaborate the preliminary project of the Law of Regularization of Tenancy and Use of the Land.															1.2.5) Preliminary project of Law.	COPART	See 9.3.2)	The National Representative Commission of the Lands (CNT-Tierras, for its abbreviation by initials in Spanish), also member of COPART in the indigenous and farming party, presented a proposal for the project elaboration of an Agrarian Code that would include the Regularization and Agrarian Jurisdiction Law. Nevertheless, the governmental delegation does not share this agenda (Agrarian Code) for it would take a longer discussion period than the initial agenda for the Regularization Law. The methodology that will accomplish the formulation of the law proposal is under current analysis.
1.3) Multi and intercultural aspects																		
1.3.1) To elaborate the preliminary project of the Law of Regionalization based on Linguistic Criteria for the Administration of Educational and Cultural Services.															1.3.1) Preliminary project of Law.	Reforms and Participation Commission		The discussion process of the Regionalization Law with linguistic criteria has been initiated, with the support of Universidad del Valle/ALMG/GER/MINEDUC); the coordinating entity is SEPAZ.
1.3.2) To initiate the elaboration of the preliminary project of the Law: Establishment of the Consultation Mechanisms for the Indigenous Peoples.															1.3.2) Preliminary project of Law.	Reforms and Participation Commission	See 9.3.3)	The hiring of the pertaining consulting y that the CNP requires for the discharge of this issues is pending. This mishap is due to economic limitations in the budget assigned to the Commission.
1.3.3) To apply the Intercultural Bilingual Education Generalization Program.															1.3.3) Program at execution.	MINEDUC		In execution.
1.3.4) To create the Indigenous Language Laboratory for the National Civil Police Academy.															1.3.4) Equipment agreement with Japan.	Ministry of the Interior		Complied. The project was signed on March 21, 2002 as a cooperation compromise between MINIGOB and the Government of Japan for the Equipment of this laboratory. The area where the laboratory will be located has been designated and the personnel that will take charge currently is being duly trained.



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1.3.5) To apply the new studies program of the National Civil Police Academy.														1.3.5) Applied studies program.	Ministry of the Interior		Complied. Included in the Academy studies program. As of the beginning of the 11th. class, the course "Multiethnicity, the faces of Guatemala" with a 40 hour duration is being imparted.
1.4) Development Councils. 1.4.1) To approve the Law of Development Councils.														1.4.1) Approved Law.	Congress of the Republic	See 9.3.1) See 4.1) and 8.2.1). Decree No. 11-02, issued on March 12, 2002	Complied. Decree No. 11-02 issued on March 12, 2002.
1.4.2) To elaborate the Regulations for the Law of Development Councils.														1.4.2) Regulations proposal.	SEGEPLAN	See 9.3.1)	Complied. The regulations were approved and published in the Official Publication on December 3, 2002. An analysis on it is being carried out to be divulged in the Urban and Rural Development Councils.
1.4.2.1) To reach a consensus on the Regulations for the Law of Development Councils.														1.4.2.1) Consented regulations.	Representative Commission of Reforms and Participation		Complied. The proposal was consented and sent to the General Secretariat of the Presidency.
1.4.2.2) To approve and emit the Regulations for the Law of Development Councils.														1.4.2.2) Approved and issued regulations.	Presidency of the Republic		Complied. The Councils Law regulations were approved by Government Agreement No. 461-2002 of November 29, published in the Official Publication on December 3, 2002, in force as of the 11th day of the same month and year.
1.4.3) To approve the Municipal Code Law.														1.4.3) Approved Law.	Congress of the Republic	See 8.3). Decree No. 12-02, issued on April 2, 2002	Complied. Decree No. 12-02 issued on April 2, 2002.
1.5) Health. 1.5.1) To promote the Integral Health Program and the covering range in 17 municipalities of relocation settlements and the reinsercion of the uprooted and demobilized population.														1.5.1) Program with 30% covering.	MSPAS	The project profile was presented for funds negotiation.	10 agreements with Health Managers and 12 contracts with Health Care Providers were subscribed. The south-western municipality of Sayaxché, Petén is being attended through the extension of institutional covering. 91.91% of the first, second, and third disbursements of 2002 were paid out. This represents 69.56% of the total value.
1.6) Education. 1.6.1) To apply the Education Reform.														1.6.1) a) Superior professionalization for 2079 teachers; b) Studies program transformation: application of the new infantile studies program; conclusion of the new plan for grade school.	MINEDUC	See 9.3.11)	In execution. A) Professionalization: it was strengthened in the year 2003, with the trainings of 448 providers distributed among the 22 departments; induction workshops are being developed as well, and methodological guides, useful material per providers and parallel texts for the process are being distributed. b) Studies program transformation: Studies program approval of infantile education; approval of the studies program scheme and its transformation in the grade school level; training for teachers of the State schools of Bilingual Intercultural Infantile Education; revision and adjustment of supporting material; elaboration of the guide "The Educative Reform in class".
1.6.2) To continue the National Literacy Program.														1.6.2) Literacy accomplishment for 250 thousand bilingual and monolingual students.	MINEDUC		It is being strengthened by MONALFA, CONALFA, and governmental and non-governmental organizations. Also, it was extended to prisons, assembling plants, and other focus centers. During the year of 2002, 474,176 people were attended in the initial stage and 38,800 in the post-literacy stage. By gender, 68.1% were women and 31.9% men. For year 2003 a total of 465,459 people are expected to be attended.
1.6.3) To continue the Grade School Education Universalization Program.														1.6.3) Progress in the school years attendance.	MINEDUC		In execution. The universalization process of grade education is being strengthened, by extending the supporting programs, scholarships, school breakfasts and lunch, and the distribution of texts and school implements. In 2002, the attention was given to 67,778 students with girl-oriented scholarships; 108,594 students with peace scholarships. The total covering in the grade level for the year 2002 reflects preliminary ciphers: the attention for 2,084,859 students; 47.2% of the total registration were female and 52.7% male; the net rate of scholarship in 2002 increased to 88.5%. Thus, the attention with scholarships is kept (10,000) and school breakfasts (95% attended) to preschool and grade children from the uprooted victims of the armed conflict.
1.6.4) To prompt the administrative educative decentralization.														1.6.4) Decentralization commencement.	MINEDUC		In execution. 365 municipal entities were created to support the decentralization process. The number of School Boards increased. In the modernization process, statistic data processes improve by training the technicians at central and departmental levels. Coordination and participation of the civilians is being strengthened, and in this way participation, expression, and permanent dialog programs are being developed; social audit actions were established.



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1.7) Gender. 1.7.1) To support the elaboration of the preliminary project of the Law to Prevent and Punish Sexual Harassment.														1.7.1) Preliminary project of Prevention and Punishment of Sexual Harassment Law.	Woman Secretariat, SEPAZ, and Woman Forum	Compromise 97 of the new cronogram.	Complied. On September 9, 2002, the General Secretariat presented before the Congress the initiative of the Prevention and Punishment of Sexual Harassment and Pestering Law for its approval. It is pending of approval in the Congress, for new modifications have been presented.
1.7.2) To elaborate the proposal of reforms to the Labor Code to incorporate equity principles among men and women.														1.7.2) Proposal of reforms to the Labor Code.	Woman Secretariat, SEPAZ, and Woman Forum	Commitments 62, 95, and 97 of the new cronogram.	Complied. The reform proposals to the Labor Code were presented before the Congress of the Republic after their validation by different civilian sectors. The reforms were presented by a civilian women and human rights group on September 6, 2002 to different party affiliations in Congress, for its further approval. They include reforms to more than 30 articles of the Labor Code. The proposal to include farmer women as an individual and non familiar employee was presented.
1.7.3) To approve gender reforms to the Labor Code.														1.7.3) Approved reforms.	Congress of the Republic		Pending discussion and approval.
1.7.4) To elaborate a report on the improvements of the participation of Guatemalan women, 1997-2001.														1.7.4) Prepared and presented report.	Woman Secretariat, SEPAZ, and Woman Forum	Compromise 85 of the new cronogram.	Complied. The National Woman Forum, coordinated with SEPREM, realized the report: "Advances in the participation of Guatemalan Women 1997-2001", which was presented on September 5, 2002 in the National Palace of Culture. This report provides data and recommendations for the project of the Action Plan on Guatemalan women participation.
1.7.5) To elaborate an Action Plan on the Participation of Guatemalan Women.														1.7.5) Elaborated action plan on the participation of Guatemalan women.	Woman Secretariat, SEPAZ, and Woman Forum	Compromise 85 of the new cronogram.	Complied. The National Woman Forum, coordinated with SEPREM and the participation of women representative of linguistic and multisectorial women communities, validated a approved on November 23 and 24, during the VII Meeting of the National Woman Forum the Action Plan, which includes 3 axes: 1) political involvement; 2) citizen construction for women; and 3) institutional strengthening of women organizations. The hiring of a counselor for the prioritization of the projects of the Plan was defined.
1.7.6) To divulge the CEDAW														1.7.6) Divulgarion plan at execution.	Woman Secretariat, SEPAZ, and Woman Forum	See 9.3.7) Compromise 26 of the new cronogram.	In execution. There is a CEDAW revised video about divulgation. Besides, there exists a project of the popular material about CEDAW's divulgation.
1.7.7) To prompt gender measures within institutions, derived from the Peace Accords.														1.7.7 a) Elaboration of the first report of the Defender's Office of the Indigenous Woman on the situation of indigenous women in Guatemala. 1.7.7 b) Creation of the Gender Office of the PNC.	Woman Secretariat, SEPAZ, and Woman Forum	See 6.5.2) and 9.3.7). Commitments 20, 26, and 100 of the new cronogram.	Complied. A) Three validation workshops with women and indigenous people NGOs were held, with the participation of indigenous organizations related to the UNSYSTEM and the Consulting Group, Coordinating Board, and DEMI's personnel. Socialization workshops were also carried out and, at the same time, the impressions and suggestions of participants were collected. b) Besides a Gender Office in Guatemala, four mini offices were opened to have greater support in the attention to indigenous women cases of the regions of Quetzaltenango, Suchitepéquez, Huehuetenango, and Petén. The Equity Gender Office of the PNC extended its covering with the creation of an office in Los Amates, Izabal. Gender offices and Women Consulting Councils of the National Civil Police, SEGEPLAN, Ministry of the Environment, FODIGUA, and the Ministry of Public Health were extended.
1.8) Reparation. 1.8.1) To compensate the uprooted and demobilized with land property.														1.8.1) Concluded reparation cases.	MFP, FONAPAZ		SEPAZ assigned the construction of 49 houses for widows in the department of Chimaltenango. The total investment cost amounted Q.1,066,292. Complied. The lands Lot No. 30-A, located in Petén and the Finca Claudia and annexes in Escuintla have been bought and assigned.
1.8.2) National Reparation Program.														1.8.2) Restructure and design of the National Reparation Program.	SEPAZ, COPREDEH		Complied. The discussion process for the National Reparation Program design was culminated with the participation of the multi-institutional entity for the Peace and Harmony and the Government of Guatemala, with MINUGUA's support. The consented document was submitted to the President of the Republic. The project of Law that the executing entity creates is pending approval by the Congress of the Republic.
1.8.2.1) To include in the Budget Project of 2003 the preinvestment funds for the National Reparation Program.														1.8.2.1) Programmed assignation in the budget project of year 2003.	SEPAZ, COPREDEH		Complied. The budget project of 2003 includes a sum for the preinvestment studies, assigned to SEPAZ and Q.70 million for its execution, which origin is the sale of Peace Bonds.
1.8.3) To promote the National Campaign against Lynchings.														1.8.3) Minimum of 16 awareness seminars against lynchings, realized in the rural areas of the Republic.	COPREDEH		Complied. 18 workshops were held in the following places: Sololá, Chimaltenango, Santa Cruz del Quiché, Huehuetenango, Quetzaltenango, Coatepeque, Villa Nueva, Antigua Guatemala, Santiago Sacatepéquez, San Antonio Aguas Calientes, Jocotenango, Santa Catarina Barahona, Pastores, Sacatepéquez, and Sumpango.



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1.9) President and Vicepresident Security.															1.9.1) Concluded trainings.	SAAS		Complied. The formation process for the V Class of Civilian Security Agents for the Presidential security has been initiated with the participation of 75 people, who will conclude their training in November and December, 2003. Basic security courses are imparted to officials, courses for civilian security agents, and permanent re-training programs. 132 people who belong to institutions such as: Legislative and Judicial branches, FONAPAZ, SAE, PDH, SAT, MFP, MAGA and administrative personnel of SAAS have participated in the aforementioned programs. The V Basic Course of Protection for Officials was held and concluded in February 2003 with the participation of 19 people who provide security services for different State institutions.
1.9.1) To continue the training of the 3rd. and 4th. classes of security agents.															1.9.2) 100% covering for the security of the family.	SAAS		Complied. Permanent security is provided to the Vicepresident and his family.
1.9.2) To keep the Vicepresident's family security.															1.9.3) 100% covering for their security.	SAAS		As of January 1, 2003, SAAS took charge of personal security of former Presidents and Vicepresidents of the Republic, as part of the demobilization. It is foreseen that SAAS will absorb every security activity, including the President's and his family, by the end of 2003.
1.9.3) To take charge of former Presidents' security.															1.9.4) Programmed assignation in the budget project of year 2003.	Presidency of the Republic		During the month of December of 2002, the demobilization process of 25% members of the EMP was executed. The demobilized personnel summed up 180 members, who received their labor payments legally established and a benefit of economic advantages in proportion with the number of labored years. Integrants of this demobilized personnel, such as the janitors of the National Palace of Culture could be rehired, only after submitting the selection process of SAAS.
1.9.4) To include in the Budget Project for year 2003 the funds for the severance payment of the Presidential Security Service personnel.															1.10.1) One disactivated military zone. Activation of one military region by Government Agreement.	Ministry of the Defense		The Community of La Alameda, Chimaltenango, was given back the State Rural School Doctor Pedro Molina, which property was being occupied by the Army of Guatemala. The execution for the dismissal of military detachments of the Republic was realized through three stages, which dismissed 18 detachments.
1.10) Army.															1.10.2) project of Law.	Congress of the Republic, Ministry of the Defense	Will be elaborated consensually with different party affiliations of the Legislative branch and ministries that legally are in control of the port authority, maritime resources, and environmental protection.	MDN sent its project of law to the General Secretariat of the Presidency, which is being consulted with MINECO and MICIVI, before its remittance to the Congress of the Republic. Besides, the Congress of the Republic learned of other initiative.
1.10.1) To restructure land forces, according to the Militar Regionalization Plan.															1.10.3) Military Doctrine of the Army.	Ministry of the Defense		MDN elaborated the Military Doctrine of the Army of Guatemala manual, which was presented to the President of the Republic on June 30, 2002 for its discussion. The mandatory ordered consultations for its approval. The Marine, Cavalry, War Material, Artillery, and Military Police manuals were updated and so far Engineering, Aviation, Transmissions and Military Health are pending updating culmination. The social discussion of the proposal for the Military Doctrine of the Army could be included in the Intersectorial Dialogue Round Tables on National Defense Policies which has been installed.
1.10.2) To elaborate the legislative project for the creation of the National Maritime Authority.															1.10.4) Consulted defense Policies proposal.	Ministry of the Defense		Since the formal installation of the MID for the Defense Policies consultation in November of 2002, magistral expert expositions on the preestablished themes have been given, as well as group discussions, from which the obtained data must be processed by the technic group, for further integration and revision of results of weekly deliberations, preparation of the final project, consultation of the final project, and presentation of the Book of the National Defense of Guatemala, as the first step for the further formulation of the Defense Policies.
1.10.3) To present the Military Doctrine of the Guatemalan Army.															1.11) Reforms to the approved Law.	Congress of the Republic		Pending approval; nevertheless, the vote of 2/3 of congresspeople is necessary for its approval.
1.10.4) To initiate the consultation on defense Policies (White Book.)															1.12) Security agenda.		See 6.7)	
1.11) To approve the reforms to the Electoral and Political Parties Law.																		



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1.12.1) To constitute and integrate the Security Consultative Council, based on proposals from civilians.															1.12.1) Security Consulting Council (CAS, for its abbreviation by initials in Spanish) integrated with civilian proposals.	SAE	An extensive participation of the society in progress is foreseen, which includes the definition of the selection mechanism of CAS members.	By Government Decree number 48-2003 of February 26, 2003, the President of the Republic created the CAS, which will be integrated by 7 advisers representing the diverse of civilian expressions. CAS's mission is to elaborate proposals of strategic applied statements, necessary for the execution of the different dimensions of national security. The President of the Republic shall designate the members of CAS before next May 28, after an extensive consultation with different civilian sectors.
1.12.2) To formulate the Regulations and basic agenda of the Security Consultative Council.															1.12.2) Elaborated regulations and basic agenda.	SAE	Includes de definition of the selection mechanism of CAS members.	CAS shall initiate its operations, based on a document that develops the concept of integral security and the bases of its institucional vision.
1.13) Data and intelligence.															1.13.1) Defined concept and role of SAE within the National System of Intelligence.	SAE	The attending of foreign cooperation is necessary to finance the Institutional Consolidation Program.	Complied. SAE's directions, subdirections and working units report a high progress degree of compliance to the strategic axes and the POA's goals. The results have been extensively satisfactory, creating the conditions to enable continuity to the observance of the Annual Operating Plan, which includes the identification of objectives and strategic actions for 2003, looking forward to the possibility of handing in a solid institution to SAE's new authorities in 2004.
1.13.1) To institutionally consolidate the Strategic Analysis Secretariat (SAE, for its abbreviation by initials in Spanish).															1.13.1.1) To constitute the first group of civilian intelligence officials.	SAE		Complied. The application process of the General Formation and training Plan for SAE's technical and administrative personnel. During the week of February 10-14, a course on the situation analysis was imparted by Mexican experts.
															1.13.1.2) To overcome the budget instability.	Congress of the Republic	1.13.1.2) Approved budget, according to the spirit of Peace Accords.	SAE initiated the 2003 fiscal year with a highly reduced budget. One of the priorities has been to accomplish the concrection of enough resources transfer for the operation of the institution during the rest of the year. The transfer has been already instructed by the President of the Republic to MFP.
1.13.2) Center for Strategic Studies.															1.13.2.1) To conceptually define the Center for Strategic Studies.	SAE		See 6.8.2) The design stage of the Center for Strategic Studies has been fundamentally concluded, being conceived as a thinking construction and professional formation space in the ambiance of strategic analysis, directed to public officials and civilians.
															1.13.2.2) To develop preparatory programs of each component of the Center for Strategic Studies.	SAE	1.13.2.2) Programs of CEE ready to officially initiate.	Complied. It is included in the design.
															1.13.3) To promote the approval of the Free Access to the Information Law.	SAE	1.13.3) Information activities to the Congress of the Republic on the project of Law.	Complied. There is active lobbying participation in the Legislative Branch, along with civilian organizations to achieve that such legislation is approved during the first semester of the year. Coordinating activities have been executed with MINUGUA, with that same purpose. Pending third debate for final approval.
1.13.4) To conclude the project of the Classification and Declassification of Confidential State Information Law.															1.13.4.1) To promote the approval of the Classification and Declassification of Confidential State Information Law.	SAE	1.13.4.1) Presentation and promotion activities for the Law approval.	The preliminary project of the Classification and Declassification of Confidential State Information Law was taken to consultation with civilians by the Supervising Commission of the Peace Accords. SAE has followed up that process, with the purpose that the document may transform into a law initiative that the Executive branch might pass over to the Legislative in the first trimester of the current year.
1.13.5) To join the Democratic Security Net in the consultation of the preliminary project of the National System of Intelligence Law.															1.13.5) Concluded consultations to civilians about the project of the National System of Intelligence Law.	SAE		A technical-judicial team of SAE works in the preparation of the first project of the Basic Law of the National System of Intelligence, using to that effect the data presented in its moment by the project "Towards a Security Policies for Democracy and by the Guatemalan Net of Democratic Security". It is expected to present the initiative in the second semester of 2003.



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1.13.5.1) To present the project of the National System of Intelligence Law for its approval.														1.13.5.1) project of the National System of Intelligence Law presented to the Congress of the Republic.	SAE		
1.14) Support to the reinsertion. 1.14.1) To guarantee the productive and social reinsertion of the ex URNG's demobilized people.														1.14.1) Reinsertion programs for the demobilized people of URNG, continued.	CSI	See 9.3.5)	In relation with the Housing Project for the uprooted and demobilized population: out of the 5,748 approved subsidies for the first stage of the program, 5,711, which represents 99%, are hired; 37 will not be executed because the beneficiaries have waived the subsidy. Such projects are still being inaugurated. SEPAZ still negotiates the financial contribution to conclude with compromise 119 in the year 2003; in that aspect, the Government of Norway, through PNUD, approved the extension by \$100,000.
1.14.2) To comply with the Assistance and Reinsertion of Former Itinerant Military Police members (PMA, for its abbreviation by initials in Spanish).														1.14.2. a) 250 former PMAs at training, high school, and cooperative assistance. 1.14.2.b) 1500 scholarships for former PMAs' children.	SEPAZ, INACOP, INTECAP, MINEDUC	Compromise 65, Agreement on Civil Power Strengthening. The program is currently carried out with government contributions and the project profile was presented in order to achieve funds negotiation, identified as 1.2.j.	28 former PMAs were trained with the support of INTECAP. 38 former PMAs concluded the maturity Middle School degree. Continuity to the organization of 5 cooperative groups in the departments of Jutiapa, Jalapa, Guatemala, Quetzaltenango, and Baja Verapaz. Technical assistance for cooperatives constitution and administration, by INACOP. Coordinated attention for the participation of former PMAs in Job Fairs.
2. Fiscal Policies (To guarantee proper budget assignation)															MFP		
2.1) Restraint and restructuration of the public spending.														2.1) Executed spending agreed with the IMF.	MFP		
2.1.1) To sustain the total spending of the Central Government according to the budget of year 2002.														2.1.1) Quarterly compliance with spending limits, according to agreement with IMF.	MFP		Q.3,379.2 million executed to February 28 (1.73% GNP). Satisfactory amounts according to the established goals.
2.1.2) To sustain the social spending of the Central Government according to the budget of year 2002.														2.1.2) Quarterly compliance with social spending minimums, in accordance with IMF and Peace Accords.	OJ, MFP, MINEDUC, MSPAS, MICIVI, MINIGOB, MP, Court of Constitutionality		Q.1,347.4 million executed to February 28. Satisfactory sums in accordance with established goals.
2.1.3) To issue a Governmental Agreement for the spending control and transparency.														2.1.3) Government Agreement 60-2002, issued on February 19, 2002, in accordance with agreement with IMF.	MFP		Issued decree under strict observance.
2.1.4) To prioritize the social spending: establish budget priorities attending the commitments of the Peace Accords and the Poverty Reduction Strategy.														2.1.4) Social spending not inferior to 5% GNP, according to agreements with IMF.	MFP	Compromise of the Fiscal Accord.	0.69% GNP to February 28. Satisfactory for the established aim.
2.1.5) To rationalize the military spending.														2.1.5) Spending not superior to 0.66% GNP, consistent with Peace Accords.	MFP		0.10% GNP to February 28. Satisfactory amount for the established goal.
2.2) To prioritize the Consulting Group projects portfolio.														2.2) Prioritized projects portfolio.	SEGEPLAN	See 10.4)	Complied on April 4, 2002.
3. Fiscal Policies (Fiscal situation)															MFP		
3.1) To control the fiscal deficit of the combined public sector.														3.1) 2.25% GNP fiscal deficit of the combined Public Sector, in accordance with agreements with IMF.	MFP and rest of combined public sector (IGSS, Municipality de Guatemala, INDE, GUATEL, EMPAGUA, Port Quetzal)		Besides the public finances performance, the coordination among State institutions had an effect on the fact that the combined public sector deficit situated within the limits established by the economic program, reaching 1.0% of the GNP.
3.1.1) To control the fiscal deficit of the Central Government.														3.1.1) 1.25% GNP fiscal deficit of the Central Government, according with IMF agreements.	MFP		Accrued deficit of 0.01% GNP to February 28. Satisfactory, according to the established goal.
3.2) To increase the tax burden.														3.2) 10.7% GNP taxing burden in 2002, consistent with agreement with IMF.	MFP, SAT	Compromise of the Peace Accords	1.66% GNP to February 28. Satisfactory in accordance to the established aim.



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3.2.1) To project a fiscal census.														3.2.1) Enlargement of the taxing base.	SAT	Compromise of the Peace Accords	In the year 2002, the 1st. Out of three stages of the Project (Special Contributors Census) was concluded; the 2nd undergoes its execution stage (Depuration of the Unified Taxing Registry Base) and the execution of the 3rd (General Fiscal Census) will be carried out when the depuration is over. The total of the pure registries in the year 2002 summed 68,570; besides, during the month of January of the present year, 21,663 registries were updated in the RTU. Along with the aforementioned, Fiscal Operatives were carried out as a tool in the cooperation of the taxing base extension, given the fact that through such tools, non registered contributors were detected. In the year 2002, the operatives allowed the imposition of penalizations to the formal duties to 3,643 taxpayers through the execution of 1,073 fiscal operatives.	
3.2.2) To simplify and automatize the taxing administration.														3.2.2) Increase in the efficiency of the taxing administration.	SAT	Compromise of the Peace Accords	With regard to the taxing simplification and automatization, with the purpose of facilitating and automatizing the access to basic information of SAT, consultation systems have been carried out, within the Automatized System of Telephonic Consultations -Call Center- is included; the document verifier (bills and statements) through the Website; the Penalization Cancellation; the Consultation of Economic Activities, and the Program of Taxing Orientation -OrientaSAT, which allowed the visits of 37,633 establishments. The improvement of the electronic statement system -BancaSAT- was continued. The collection perceived by this means represented an increase of 2.75% of the total collected in the month of January to 84% in the month of December. Besides, with the support of IBD, and with the enforcement of the Central American Uniform Customs Code -CAUCA III, the installation of the Electronic Certificate System was concluded in all the Customs Houses of the country.	
3.2.3) To combat taxing fraud, misappropriation, and customs contraband.														3.2.3) Improvement of control systems through the increase of the number of auditors, completion of the sole taxpayers registry and fortification of the unit of special contributors and company groups.	SAT	Compromise of the Fiscal Accord.	The first modules of the Fiscalization System -FISAT- have been installed, which has enabled the strengthening of tax fiscalization and the improvement in the combat against taxing elusion and evasion, through the behavior evaluation of taxing duties of taxpayers. During the year, the fiscalization of 24,338 contributors was achieved through fiscal operatives, penalizing a total of 3,643 taxpayers, which sanction includes the process of business closure as well as economic sanctions that summed up the amount of Q.3.65 million. 3,923 audits were concluded, determining an amount of Q.1,590.59 million for fines and adjustments. Besides, with the support of PNC, in February 2002, a fiscal operative program was carried out in the Customs Houses of Santo Tomás de Castilla, Port Quetzal, and Tecún Umán, accomplishing adjustments for merchandise valuation and classification surpassing Q.72,423 million.	
3.3) To revise the exemptions and tax exonerations.														3.3) Estimate of fiscal loss due to fiscal privileges, exemptions and exonerations, consistent with agreements with IMF.	MFP, SAT	Compromise of the Fiscal Accord.	Complied. By the end of year 2002, the published report elaborated by SAT, in which it was established that based on the fiscal period 2000-2001, the amount reached Q.14 billion. This report will be used for the elaboration of the annual plan of fiscalization of SAT 2003.	
3.4) To evaluate the taxing structure.														3.4) Recommendations to improve the fiscal system.	MFP, SAT	Compromise of the Fiscal Accord.	Separately and looking forward to have new payment mechanisms that will facilitate the taxpayer's compliance to his taxing duties, the improvement of the electronic declaration system -BancaSAT- has been continued; this system consists of the presentation and tax payment electronically, operating through banks previously authorized by SAT, through on-line banking services	
3.4.1) To elaborate a study on the taxing progressiveness.														3.4.1) Case study on taxing progressiveness.	MFP, SAT	Compromise of the Fiscal Accord.	Complied. The case study was presented in the month of December before the SAT Board for its discussion.	
3.5) To apply the Good Practices of the Fiscal Transparency Code, elaborated by the IMF.														3.5) Strengthening of transparency in the financial administration of the State's resources, in accordance with conventions with IMF.	Combined Public Sector	See 8.1)	The creation of a Fiscal Transparency portal was established, as a product emanated from a Fiscal and Transparency Information System -SIFT, for its abbreviation by initials in Spanish. Such system must consider other constitutional and legal aspects that allow the functionality in the management of fiscal information and availability to the public. SIFT considers as its integrant elements the following: a) Fiscal Transparency Portal; b) Interinstitutional coordination; c) Fiscal Transparency Law and its regulations; and d) Support negotiation for the data integrity. The portal has been conceived by stages. The 1st is developed in 3 modules: a) incomes, b) expenses and c) public debt (local and foreign), and the 2nd stage has foreseen the design of modules: a) economic indicators and b) constitutional contributions	
3.6) To elaborate the Fiscal Agreement calendar.														3.6) Complied calendar of the Fiscal Agreement.	Attending Commission and Continuance Commission of the Fiscal Accord.	Compromise of the Fiscal Accord. See 9.3.8)	During the year 2002, the Attending Commission of the Fiscal Agreement elaborated a prioritization proposal for the Principles and Commitments of the Fiscal Agreement, based on the 2002-2003 economic Policies matrix, the Fiscal Agreement, the Commitments of the Consulting Group, and the Stand by Commitments. Such proposal was presented before the Supervising Commission of the Peace Accords for its application on July 18, 2002, and, based on it, the working agenda of the Attending Commission of the Fiscal Agreement was elaborated.	



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4. To elaborate the twenty-two (22) Department Poverty Reduction Strategies (ERP, for its abbreviation by initials in Spanish) by departments to open a consultation process on ERPDs.																SEGEPLAN		
4.1) To divulge the ERPs and the Development Councils Law within the Development Councils.															4.1) Divulged ERP and Development Councils Laws.	SCEP, SEGEPLAN	See 9.2) and 9.3.1)	At present, 14 departments have been attended with trainings on Decentralization, Development Councils, Municipal Code Laws and on main issues of the Poverty Reduction Strategy. The interinstitutional coordination contract is still pending signatures of the Secretaries and Ministers of State of the 20 represented institutions. Due to personnel changes in SCEP involved in the process, this has been interrupted, expecting to resume it in the month of March.
4.2) To elaborate ERPs by department.															4.2) ERPs by departments.	SCEP, SEGEPLAN	See 9.2)	In January 2003, a cooperation contract with the Municipality of Guatemala was subscribed, for the elaboration of the ERP of the municipality of Guatemala. For the elaboration of ERP of Retalhuleu and Jalapa, the summoning process has been initiated to hire the executing company. On February 7, ERPMs were delivered to municipal authorities of Chiantla, Huehuetenango; Los Amates, Izabal; El Progreso, Jutiapa; and La Esperanza, Quetzaltenango, which were prepared with the countenance of the Canadian Cooperation. On February 25, the ERPM of Tectitán, Huehuetenango was delivered and was in charge of CARE Guatemala. On February 27 and 28, ERPMs elaborated by the APPI-TIPP program for 11 municipalities of Chiquimula and 14 of Huehuetenango were delivered. The support of the RUTA project for the elaboration of Santa Rosa ERPMs is being negotiated. SEGEPLAN has designated personnel from its headquarters to facilitate and supervise the elaboration of ERPDs and to revise 20 ERPMs.
4.2.1) To use a sole methodology of participation planning.															4.2.1) Chosen participation planning methodology.	SCEP, SEGEPLAN		Consulting is provided in the methodology of participation planning to technicians and district representatives of the municipality of Guatemala.
4.3) To institutionalize the poverty issue in the working agenda of the Development Councils.															4.3) Deliberations by the Development Councils on programs and projects for poverty reduction, fully established in 2004.	SCEP, SEGEPLAN		Along with SCEP, the sensitization process for the members of the Development Councils was continued within the juridical setting in force, the citizen participation in the making of decisions to channel financial resources to the fulfillment of the needs of the left out population. Currently, Mayors and members of City Councils and of Planning Municipal Offices, are aware of the importance of the elaboration of Poverty Reduction Strategies and their positive effects.
4.3.1) To annually identify the programs and projects of poverty reduction.															4.3.1) Annual budget by department.	Development Councils		Complied.
4.3.2) To monitor the poverty reduction programs and projects.															4.3.2) Quarterly reports by department.	Development Councils		
5. Macroeconomic stability sustainment and strengthening of the financial system (To approve an integral reform in the financial sector)																MFP, BANGUAT		
5.1) Monetary Policies																		
5.1.1) To reduce inflation.															5.1.1) Compliance with the inflation goal of 4-6% consistent with the agreements with IMF.	BANGUAT		Inflation to December: Accrued 6.33%, interannual 6.33%. Satisfactory, according to the goal.
5.1.2) To maintain an adequate level of international monetary reserves.															5.1.2) Observance of monetary reserve limits in accordance with agreements with IMF.	BANGUAT		RIN: Minimum for December 2002 US\$2,091 million. Observed: US\$2,289 million. Satisfactory, in accordance with the goal.
5.1.3) To maintain an adequate level of net internal assets.															5.1.3) Fulfillment of net internal asset balances (increase of 15%) according to agreements with IMF.	BANGUAT		AIN: Maximum for December 2002: Q.-6.628 million. Observed: Q.-8312.7 million. Satisfactory, according to the goal.
5.1.4) To adequately increase the monetary offer and bank credit to the private sector.															5.1.4) Increase of 8% of monetary emission and 9% of credit to the private sector, consistent with agreements with IMF.	BANGUAT		Observed increase of monetary emission: 5.5%, observed credit to the private sector increase: 7.4%. Satisfactory according to the goal.
5.2) Foreign Sector Policies																		



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5.2.1) To improve the positioning of the balance of payments in the current account.														5.2.1) 4.6% GNP deficit in current account, in accordance with agreements with IMF.	MFP, BANGUAT, Combined Public Sector		International reserves decreased US\$12 million. Satisfactory according to the goal.	
5.2.2) To limitedly use the International Reserves.														5.2.2) Maximum decrease of International Reserves of US\$210 million, according with agreements with IMF.	BANGUAT			
5.2.3) To punctually satisfy the payments of foreign debt.														5.2.3) Not liable of delay.	MFP		No delays to February 28.	
5.2.4) To maintain a level of sustainable indebtedness in the medium term.														5.2.4) Accomplished goals according to agreements with IMF.	Combined Public Sector		In compliance.	
5.2.5) To keep a flexible exchange regime.														5.2.5) Respect to market tendencies, consistent with agreements with IMF.	BANGUAT		In compliance.	
5.2.6) To supervise the foreign private indebtedness.														5.2.6) Foreign vulnerability indicators within acceptable limits, in accordance with agreements with IMF.	BANGUAT		In compliance.	
5.3) Strengthening of the financial system.																		
5.3.1) To approve financial laws.														5.3.1) Law of Banks, approved on February; Organic Law of the Bank of Guatemala, Monetary Law, and Law of Financial Supervision, approved before May 15; consistent with agreements with IMF.	Congress of the Republic	See Legislative Agreement 17-2002, issued on March 5, 2002	Complied. As a result of the approval of laws, a series of actions to strengthen and purify the financial system are being carried out.	
5.3.2) To execute the Banking Inspections Program.														5.3.2) 13 inspected banks to April 30 and 9 inspected banks to August 31, according to agreements with IMF.	Banking Superintendency		Complied. Bank mergers are taking place to purify the system.	
5.3.3) To capitalize Banco del Ejército.														5.3.3) Increased capital by Q150 million, in accordance with agreements with IMF.	Central Government		Complied.	
5.3.4) To reform the payment system.														5.3.4) New regulations and electronic clearinghouse system, consistent with agreements with IMF.	BANGUAT		The regulations project is under study and will be approved in the first semester of 2003.	
6. To put an end to impunity, improve civic security, and guarantee human rights.															OJ, MINIGOB, SAE, MP, COPREDEH			
6.1) Modernization of the Justice Sector.																		
6.1.1) To consensually discuss and define the State Policies against crime.														6.1.1) Consented proposal of the State Policies against crime.	ICMSJ		Approved on December 12, 2002 by the members of ICMSJ. With the approval of said document and the implicit conformation of the Interinstitutional Commission of Criminal Policies, the execution and support of stage of the different actions that the document contains stage be surpassed.	
6.1.2) To integrate the justice operators (MP, PNC, IDPP, OJ) in order to provide their services in rural areas.														6.1.2) 3 new Centers for the Administration of Justice (CAJ, for its abbreviation by initials in Spanish) in operation.	ICMSJ	ICMSJ has stated a project profile for the extension and construction of new CAJs to negotiate its financing.	Complied. The 3 new CAJs, located at Playa Grande, Ixcán, department of Quiché, in Santiago Atitlán, department of Sololá, and Ixchiguan, department of San Marcos, are operating in anticipated display. The formal construction progresses in accordance with its programming.	
6.1.3) To carry out the constituent training to the justice operators in the criminal process.														6.1.3) Minimum of 10 workshops during the year.	ICMSJ	This activity will be coordinated with the training Units of the Sector.	ICMSJ agreed the readequation of the curricular axis of the Conjoint, Continuous, and Permanent training Plan. Currently, there are works in the elaboration of 10 training modules. Up to this date, the following workshops have been carried out: a) for the capacitors in didactic techniques and abilities, for a select group of justice operators that will enable to impart the modules training, b) in Alta Verapaz and Huehuetenango, in the area of the "Justice operators' role in the alternative conflict resolution mechanisms".	
6.1.4) To include in the budget project of year 2003 the legally established assignments to the Justice Sector.														6.1.4) Programmed assignments in the budget project for year 2003, in accordance with the law.	MFP		Complied. OJ, MP, and MINIGOB had an increase in their budget assignment of the year 2003 regarding year 2002 budget.	
6.1.5) To approve the adequate budget assignments for the Justice Sector.														6.1.5) Approved and adequately assigned budgets to the institutions of the Justice Sector.	Congress of the Republic			



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6.1.6) To continue the execution of SIASEJU.															6.1.6) Executed plan up to 30%.	ICMSJ	This plan corresponds to the 2nd stage.	In compliance.
6.1.7) To strengthen the peace justice.															6.1.7) Legal modification of extension of jurisdiction competency for approved Peace Courts.	Congress of the Republic		Complied by Decree 51-2002 of August 20, 2002.
6.2) Human rights.																		The Government joined the Hague Convention, related to the Child Protection and the Cooperation in International Adoptions, besides subscribing and depositing 5 more contracts related to Human Rights.
6.2.1) To discuss the human rights Policies.																		Complied. For the human rights Policies design, seven transversal axes were incorporated, and will be in each of the policies, being these: gender equity, childhood, indigenous peoples, specially challenged people, migrants, seniors, and environment. T consultation mechanism was established by public presentations of the policies, directed to different sectors that were summoned through regional quarters and COPREDEH headquarters.
6.2.1.1) To elaborate and consult the National Human Rights Action Plan.															6.2.1.1) Consulted National Human Rights Action Plan.	COPREDEH		The group of recommendations and conclusions obtained in the consultation process of the human rights Policies was taken into account to include the corresponding in the design of the National Human Rights Action Plan. In the last Interinstitutional Forum, which took place in the Main Room of the Chancellery, under the direction and coordination of COPREDEH, the contents of the matrix were explained, according to each entity's actions so that institutions provide their data. It is estimated that due to the complexity of the plan, it will possibly end by April 2003.
6.2.1.2) To execute the National Human Rights Action Plan.															6.2.1.2) National Human Rights Action Plan, at execution.	COPREDEH		Its contents present 8 policies: interinstitutional coordination, national reconciliation, right to peace, right to human development, of vulnerable groups, of environmental law, of human rights of the indigenous peoples, and international Policies on human rights. 7 transversal axis were incorporated and that will be present in each of the policies, being: gender equity, childhood, indigenous peoples, specially challenged people, migrants, seniors, and environment.
6.2.2) To negotiate, join, and verify cases presented before the Interamerican Committee of Human Rights.															6.2.2) Listed cases and resolution agreements.	COPREDEH		The management and investigation of the documentation of 51 cases of executions qualified as extrajudicial, allegedly committed by State security members, to the effect of looking for a friendly solution. It is coordinated with different governmental entities for the compliance of pending settlements of 11 cases. 5 new cases were received, which include precautionary measures and admissibility cases. In the judgements pronounced by the CIDH, for the Bámaca case, the Government of Guatemala has executed the corresponding payment. A friendly solution settlement was subscribed by the petitioner and COPREDEH in the Mario Federico Azmitia Dorantes case.
6.2.3) To execute the Lynching Prevention Program.															6.2.3.a) 16 awareness seminars on the subject in the rural areas of the Republic. 6.2.3.b) One hundred prevention workshops against lynchings in the rural areas.	COPREDEH OJ	See 1.8.3) This activity will not duplicate actions regarding the Execution Program in the Judicial branch	Complied. A) 18 workshops were held in the following places: Sololá, Chimaltenango, Santa Cruz del Quiché, Huehuetenango, Quetzaltenango, Coatepeque, Villa Nueva, Antigua Guatemala, Santiago Sacatepéquez, San Antonio Aguas Calientes, Jocotenango Santa Catarina Barahona, Pastores, Sacatepéquez, and Sumpango. In some of these workshops a representative of MINUGUA participated as an expositor. b) The domestic judges executed 141 workshops with the participation of 11,985 community leaders, justice operators, and community people.
6.2.4) To issue the legal base for the National Commission against Threats and Intimidations.															6.2.4) Issued Government Agreement.	COPREDEH		Complied. A cabinet was constituted for the discussion of the threats and intimidations theme. On the other hand, it is foreseen the installation of CICIACS, which will take charge of the investigation of illegal bodies and clandestine devices, besides an Inter-Sectorial Dialogue Round Tables with the issue of security, justice, and human rights.
6.2.5) To prepare a case study for the restructuring of the Human Rights Office.															6.2.5) Realized case study.	MINIGOB	This office was created by Ministerial Agreement No. 1289-2001	Complied. On September 6, 2002, this Office initiated its functions, developing different activities, such as: a) links between COPREDEH and PDH, carrying out 35 human rights violation cases; b) trainings on the tasks of the office to the PNC Academy personnel; c) elaboration of brochure about the functions and activities of this Office; d) newsletter on the activities, to be delivered to PNC agents; e) Seminar-workshop directed to female students of the Academy, on the role of the police woman.



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6.2.6) To protect the security of judges through the Special Commission for the Protection of Supreme Court Judges.															6.2.6) Permanent operation of the Special Commission and executed protection to judges.	OJ		The Security Commission of the Judicial Branch, presided by the President of the Criminal Chamber, takes charge of the actions coordination to provide protection to the judicial officials. The Commission has a case registry and has enforced a judges and magistrates security manual. Within the protection strategies, the Security Unit of the OJ was created as an internal administrative entity and the telephone numbers for emergency assistance in working and non working hours were divulged to all the judges of the Republic. Said Unit is working conjointly with MINIGOB, PNC, and MP, in the follow-up of accusations and judges protection. Procedures that enable the immediate picking up of the accusations of threats and intimidations have been defined. Thus, additional payments granted because of the consequences of derived violent actions or related to the exercise of judicial tasks have been approved.
6.2.7) To execute consultations for the adhesion of Guatemala to the International Criminal Court and pass over to the Congress of the Republic.															6.2.7) Transferred to Congress for its ratification.	Presidency of the Republic	See 9.3.12)	Complied.
6.2.8) To ratify the adhesion of Guatemala to the International Criminal Court.															6.2.8) Ratification of Guatemala's adhesion to the International Criminal Court.	Congress of the Republic	See 9.3.12)	Pending the report of the Commission of Foreign Relations in the Congress of the Republic of Guatemala.
6.2.9) To choose a new Human Rights Prosecutor.															6.2.9) Human Rights Prosecutor chosen according to competent profile.	Congress of the Republic		Complied. The new Human Rights Prosecutor took the office on August 20, 2002.
6.2.10) To obtain and present the necessary proofs requested by the Public Ministry, related to the corruption accusations against Ministry of the Interior (MINIGOB, for its abbreviation by initials in Spanish.)															6.2.10) Presented proofs relating to corruption accusations, in accordance with Public Ministry requests.	MINIGOB		The General Accounting Comptrollership of the Nation elaborated the corresponding audit.
6.2.11) To continue the enabling of criminal defender's offices in the police quarters.															6.2.11) Defender offices operating in the police quarters of Guatemala City and Mixco.	IDPP y MINIGOB		Complied. The activities were resumed in March and currently attention is given in Police quarters (11 to 16) that assist in the Capital City, Villa Nueva, Amatitlán, and Mixco. To December 31, 1,654 cases were attended. 120 lawyers are available in two daily shifts.
6.3) To decentralize and disperse the services.																		
6.3.1) To expand the Criminal Investigation Service (SIC, for its abbreviation by initials in Spanish) and the Identifications Cabinet of the PNC.															6.3.1) 2 divisions of SIC, including its corresponding identification cabinets in the rural areas of the Republic.	MINIGOB		Complied. The displays were surpassed in number, for they were executed in all the Republic. Regarding to the Identification Cabinet, it currently has displayed in every Police quarter of the country "Delegations of sketch and photography of the arrested people".
6.3.2) To extend the covering of PNC.															6.3.2) 900 new PNC agents, covering the most conflicted areas.	MINIGOB		Complied. The PNC covering is measured by the number of agents that have passed the basic courses. The 11th Class of Guards graduated on December 6, 2002 with 850 agents. In the month of March, the basic courses for a new promotion of PNC agents will start.
6.3.3) To prepare a case study on the reorganization of the Criminal Investigation Department (DCRI, for its abbreviation by initials in Spanish.)															6.3.3) Elaborated reorganization study.	MP		It is the starting point for the execution of the investigation programatic axis, for after the strengthening and unification of criminalistic laboratories, it will continue its development until it becomes an autonomous Criminal Investigation Agency.
6.3.4) To create evidence storerooms in government attorney's offices in the rural areas of the Republic.															6.3.4) 2 evidence storage houses.	MP		Complied. In force in the District Attorney's Office of Huehuetenango and Quetzaltenango. The availability of evidence storehouses is an urgent necessity to avoid the storage in non adequate places, under the risk of loosing the custody chain and the physical detriment that could affect the results of an oral process.
6.3.5) To construct the building of the District Attorney's Office of Jutiapa.															6.3.5) Attorney's office built up to 50%.	MP	Financed with IBD Project.	Currently, the bidding process for the construction is being resumed. It shall be built and equipped in May, 2004.
6.3.6) To improve the infrastructure of Peace Courts.															6.3.6) 20 remodeled courthouses and 10 new built courthouses.	OJ	In execution.	Complied. The remodeling of 24 Peace Courts, the construction of 12 Peace Courts, and the building for CAJ in Santa Eulalia, Huehuetenango, which will shelter MP, OJ, PNC, IDPP, and a Popular Legal Assistance Offices were finished. The Judicial Department Complex of Huehuetenango, which allowed the initiation of the first regional for administrative separation was finished, with the purpose of separating the jurisdictional function from the administrative one. In advance, prior to the conclusion of CAJ infrastructure works, OJ created the jurisdictional organs that are currently operating in Ixchiguan, Santiago Atitlan, and Ixcán.



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6.3.7) To install the Information System of MINIGOB.														6.3.7) Information system applied in the penitentiary system, PNC, and Migration.	MINIGOB	Financed with IBD Project.	Complied. For the habilitation of the Information System of this Ministry, the SIASEJU program coordinated by ICMSJ serves as support. The Penitentiary System is supported with its SIAPEN program and PNC with its SIPOL program, both of which are bases for the development of information systems of this Ministry. It is expected that by the end of year 2004, the institutional net will be fully operating.	
6.3.8) To install the Information System of the Public Ministry.														6.3.8) Information system operating in Attorney's offices of crimes against corruption and narcotraffic in Totonicapán, Sololá, Chimaltenango, Escuintla, Santa Lucía Cotz., Quetzaltenango, Quiché, Retalhuleu, Suchitupéquez, and San Juan Sacatepéquez.	MP	Financed with IBD Project.	Complied. SICOMP, another SIASEJU subsystem, which was programmed to be insatalled in 12 Attorney's Offices, was installed in all the MP Attorney's Offices thanks to the internal effort and support of the IBD, the Kingdom of Norway, and PNUD. With this, it has been possible to monitor and attend the reorganization and to train all the personnel, juridically and in the execution of informatic programs, in their workplace.	
6.3.9) To install the Information System of the Penal Public Defense Institute (IDPP, for its abbreviation by initials in Spanish.)														6.3.9) Information system -SIADep- installed in headquarters and in Mixco.	IDPP	Financed with IBD Project.	There are many significant advances relating the communications links. Nevertheless, pertaining the net models, because of the high costs that it represents, the advances mean no major progress.	
6.4) Multi and intercultural aspects. 6.4.1) To summon the indigenous population to occupy job openings at the PNC and as Penitentiary System guards.														6.4.1) 2 summons throughout the year.	MINIGOB		Complied. The summons were realized through all the Police quarters of the Republic, Department and Municipal Governors, and is oriented to all the population, without distinction. Paper work and posters are being distributed. For the Penitentiary System, the summon was made through newspapers and flyers oriented to all the population, without distinction.	
6.4.2) To evaluate the community courts.														6.4.2) Executed evaluation study.	OJ		The field evaluation was concluded, by two case studies from the juridical and social perspectives. The elaboration of the evaluation report is in its final stage.	
6.4.3) To comply with the evaluation recommendations of the community courts.														6.4.3) Carry out the study recommendations.	OJ		Pending the results of the final stage of the report for its implementation.	
6.4.4) To pursue the impulse to mediation as an alternative conflict resolution mechanism, in attendance to their own language, through the creation of bilingual (Spanish-Mayan Languages) mediation centers.														6.4.4) At least 20 mediation centers in operation, with bilingual mediators.	OJ		Out of the 22 mediation centers that currently operate, in 2002, 16 were created, besides operating the Conflicts Resolution Unit. Its personnel has received special courses for its operation. 43 interpreters are counted. Besides, the Judicial branch has hired bilingual personnel in the following way: 98 judges, 323 justice assistants, and 86 administrative employees.	
6.4.5) To provide continuity to the establishment of ethnic criminal defenders.														6.4.5) 6 ethnic defender's offices in operation.	IDPP	3 defender's offices are operating in Quetzaltenango, Santa Cruz, Quiché, and Cobán, Alta Verapaz.	Complied. 6 ethic defender's offices operating in the departments of Alta Verapaz, Quetzaltenango, Quiché, Totonicapán, Sololá, and Santa Eulalia, Huehuetenango. The number cases attended by these Offices sums 431 to December 30, 2002. These offices are structured with a lawyer, and assistant, and an interpreter who provide their services of criminal defense in the regional languages.	
6.4.6) To prompt the regionalized interpreter service.														6.4.6) One region with interpreters.	OJ			
6.5) Gender 6.5.1) To perform an institutional diagnosis on the situation of men and women in the PNC.														6.5.1) Performed diagnosis.	MINIGOB		Complied. IEPADES delivered the case study, after a series of presentations before the authorities of PNC and MINUGUA. Said diagnosis reflects the labor and professional conditions of men and women in the performance of their functions within the PNC. It gathers the impressions from superior officers as well as those from subordinates, about their relationships, characteristics, and capabilities of men and women in their professional performance within the PNC. From this diagnosis, several recommendation are detached and they are oriented to provide general conditions for the incorporation of the gender perspective within the PNC, in such a way that men and women have access to personal and professional growth.	



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6.5.2) To create the Woman's Office of the Ministry of the Interior.														6.5.3) Woman's Office of the Ministry of the Interior created and operating.	MINIGOB	See 1.7.7)	Complied. The Woman's Office was created and is currently operating. The "Intrafamiliar and gender violence Manual" was elaborated and it is part of the PNC Academy studies program. The mission of this office is to prompt within the PNC the incorporation of the gender perspective in the internal area and the providing of services. Within the carried out activities, the creation of the "Non violence against women" Office stands out, and it operates in the Police quarters of the municipality of Los Amates, Izabal, thus creating the first office at department level.	
6.6) Professional excellence. 6.6.1) To select the PNC agents through the Evaluating Board of the PNC Academy.														6.6.1) PNC agents selected and hired, based on a curriculum analysis, verification of criminal and police records, and the approval of courses of the PNC Academy.	MINIGOB		Complied. The Evaluating Board in the PNC Academy, formed by a president (sub-Commissary), two vocals (graduated on Pedagogy and Psychology), and one secretary, took charge of the evaluation of candidates to police agents. There are also evaluations when there are internal promotions that could be from sub-inspectors to General Commissary, and the PNC's specialties.	
6.6.2) To select and hire the penitentiary guards through the Real Evaluating Commission.														6.6.2) Penitentiary guards selected and hired, based on a curriculum analysis, verification of criminal and police records, and the approval of courses of the School of Penitentiary Studies.	MINIGOB		Complied. Through the School of Penitentiary Studies, all the applicants to the penitentiary guard job opening were submitted to their file selection and to a psychometric evaluation in order to opt to the basic courses of said school. The 7th Class of penitentiary guards is about to be graduated.	
6.6.3) To authorize experts in criminal investigations.														6.6.3) 20 authorized experts during the year.	MP		Complied. Besides, an elite group that supports the Attorney's Offices investigation was formed. The formation of experts is one more necessary step in the struggle to consolidate the Accusatory System to process and administer criminal justice, which is why during year 2002 and part of year 2003, the execution of sustained training programs will be continued.	
6.6.4) To equip and train the elite investigator groups (MP experts, SIC investigators, border guards of the fiscal and frontier services).														6.6.4) Equipment and 3 training workshops per year.	MP		Complied. MP carried out different courses related to investigation. The support and equipment of the elite group that supports the Attorney's Office against corruption and the Attorney's Office against Organized Crime has been important to assist the crime scene and to effectively understand the commission of delictive acts.	
6.6.5) To train the PNC and the MP in the field of investigation.														6.6.5) 4 coordination seminar-workshops executed in the rural areas of the country.	MP y MINIGOB		Complied. 4 seminars have been carried out, being: Public Ministry-Ministry of the Interior Seminar; the Criminal Investigation in the Criminal Process and Proceedings in the Scientific Proof; the Criminal Investigation Process; Narcotraffic and Assets Laundering.	
6.6.6) To execute a divulgation campaign of assistance to the victim.														6.6.6) Distributed brochures, posters, and folders.	MP		A new price list process is being executed, and includes the redesign of brochures, posters, folders, bookmarks, which are complements to the service divulgation through Derivation Nets that operate in each District Attorney's Offices of the institution.	
6.7) Security agenda. 6.7.1) To constitute and integrate the Security Consultative Council (CAS, for its abbreviation by initials in Spanish) based on civilian proposals.														6.7.1) CAS constituted by civilian proposals.	SAE	See 1.12)	Through Government Agreement number 48-2003, of February 26, 2003, the President of the Republic created CAS, which will be integrated by 7 counselors that represent the civilian diversity of expressions. CAS's mission is to elaborate applied strategic statement proposals, necessary for the execution of the different dimensions of integral security. The Executive Chief will designate before May 28, 2003 the members of CAS from a broad consultation with different civilian sectors.	
6.7.2) To project the Regulations and basic agenda of the Security Consultative Council.														6.7.2) Prepared regulations and basic agenda.	SAE	Includes the definition of the selection mechanism of CAS members.	At the moment, the selection of its members is being consulted with civilians.	
6.8) Data and intelligence.																See 1.13)		



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6.8.1) To institutionally consolidate the SAE.														6.8.1) Defined concept and role of SAE within the National System of Intelligence.	SAE		Complied. The Offices and the working units of SAE report a high advance level in the compliance with the strategic axes and the POA goals. The result has been extensively satisfactory, creating the conditions to give continuity to the Annual Operative Plan, which includes the identification of objectives and strategic actions for 2003, looking forward to the possible handing over of a solid institution to the new authorities in 2004.
6.8.1.1) To constitute the first group of civilian intelligence officials.														6.8.1.1) First group of trained civilian intelligence officials.	SAE		Complied. The application process of the General Formation and training Plan for SAE's technical and administrative personnel. During the week of February 10-14, a course on the situation analysis was imparted by Mexican experts.
6.8.1.2) To overcome the budget instability.														6.8.1.2) Approved budget, in accordance with the spirit of Peace Accords.	Congress of the Republic		SAE initiated the 2003 fiscal year with a highly reduced budget. One of the priorities has been to accomplish the concretion of enough resources transfer for the operation of the institution during the rest of the year. The transfer has been already instructed by the President of the Republic to MFP.
6.8.2) Center for Strategic Studies														6.8.2.1) To conceptually define the CEE.	SAE	See 1.13.2)	Complied. CEE has been prompted within the top 5 priorities for 2003 work agenda and with this purpose, along with the official in charge of this theme, the conditions of the preparatives have been supervised, defining next steps to make the institution operate.
6.8.2.2) To develop preparatory programs of each component of the Center for Strategic Studies.														6.8.2.2) CEE programs ready to officially begin.	SAE		It is included in the design.
6.8.3) To promote the approval of the Free Access to the Information Law.														6.8.3) Diverse information activities to update the Congress of the Republic on the project of Law.	SAE		Complied. There is active participation in the lobbying process in the Legislative branch close to civilian organizations, in order to accomplish its approval during the first semester of the year. Coordination works with MINUGUA have been executed to serve the same purpose.
6.8.4) To conclude the project of the Classification and Declassification of Confidential State Information Law.														6.8.4) Concluded Law of Classification and Declassification of Confidential State Information, and transferred to the Congress of the Republic for its approval.	SAE		The preliminary project of the Classification and Declassification of Confidential State Information was taken to civilian consultation by the Supervising Commission of the Peace Accords. SAE has followed up this process, so that the document may become an initiative that the Executive branch transfers to the Legislative in the first semester of this year.
6.8.4.1) To promote the approval of the Classification and Declassification of Confidential State Information Law.														6.8.4.1) Diverse information and promotion activities for the approval of the Law.	SAE		SAE has followed up this process, so that the document may become an initiative that the Executive branch transfers to the Legislative in the first semester of this year.
6.8.5) To join the Democratic Security Net in the consultation of the preliminary project of the National System of Intelligence Law.														6.8.5) Concluded consults with the civilian sector on the National System of Intelligence Law.	SAE		A technical-juridical team of SAE works in the preparation of the first project of the Base Law of the National System of Intelligence, using to that effect the data timely presented by the project "Towards a Security Policies for Democracy and by the Guatemalan Net of Democratic Security". The initiative is expected to be presented in the second semester of 2003.
6.8.5.1) To present the project of the National System of Intelligence Law for its approval.														6.8.5.1) project of the National System of Intelligence Law presented before the Congress of the Republic.	SAE		SAE works along with a technical-juridical team in the preparation of the first project, estimating the possibility of presenting the initiative in the second semester of 2003.
6.8.6) To prepare a case study for the creation of the General Civilian Intelligence Office.														6.8.6) Elaborated case study previous to the remittance of the project of Law to the Congress of the Republic.	MINIGOB		Through the Consulting Commission, different civilian institutions have been summoned to carry out the Civil Intelligence Office and its corresponding Law. The Commission consented the project of law, which was transferred to the Ministry of the Interior, so that it could be sent to the Legislative branch for its approval.
6.9) To elaborate a case study for the creation of the General Office of Weapons and Ammunition Control.														6.9) Elaborated case study previous to the remittance of the Law project to the Congress of the Republic.	MINIGOB		Through the Consulting Committee, different civilian institutions have been summoned to carry out the Law and the form of creation of the General Office and Weapons and Ammunition Control in MINIGOB. The results are foreseen by the end of November 2003.



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6.10) To approve the Penitentiary System Law. 6.10.1) To elaborate and present a Law proposal to the President of the Republic. 6.10.2) To pass over the Law proposal to the Congress of the Republic. 6.11) To choose the new Attorney General and Public Ministry Chief 6.11.1) To present the proposal of six candidates to Attorney General and Public Ministry Chief. 6.11.2) To choose the new Attorney General and Public Ministry Chief.														6.10) Approved law. 6.10.1) Elaborated Law project. 6.10.2) Transfer to Congress of the Republic for its approval. 6.11.1) Proposal of six candidates. 6.11.2) Competent Attorney General and Public Ministry Chief chosen.	Congress of the Republic Consulting Commission of MINIGOB Presidency of the Republic Commission of Postulation President of the Republic		Pending of approval in third debate. Complied. The National Consulting Commission of the Penitentiary System, which emerges as a civilian initiative, delivered the proposal of the Penitentiary System Regime Law to the President of the Republic, to be brought to the attention of the Congress of the Republic. Complied. The project of law was sent to the Congress of the Republic on June 6, 2002. Complied. Complied.	
7. Economic Action Plan to January 14, 2004 (Reactivate economic growth)															MINECO			
7.1) To elaborate and approve a proposal on an integral Policies of stimulation to the economic activity. 7.2) To quicken the disbursement of approved foreign loans included in the 2002 budget: IBD: USD 72.25 million IBRD: USD 33.76 million CABEI: USD 43.45 million OPEP Fund: USD 1.26 million IFAD: USD 1.88 million JBIC: USD 20.96 million ICDF: USD 1.48 million KfW: USD 6.09 million 7.3) To quicken the disbursement of the IBD financial sectorial loan and the WB financial structural adjustment loan. 7.4) To support the coffee sector. 7.5) To deepen the economic openings to local and foreign markets.														7.1) Approved proposal. 7.2) US\$ 181 million disbursed and executed, in accordance with the agreements with IMF. 7.3) US\$ 200 million (IBD) and US\$ 150 million (WB) disbursed during 2002-2003. 7.4) Disbursed trust of US \$100 million. 7.5) Actions in the local market, including prompting laws on quality, consumer's protection, and competition (antitrust).	MINECO Executing Units MFP, BANGUAT Trust Committee, BANRURAL MINECO		Complied. In June, 2002, the Government of the Republic presented the Economic Action Plan, which was created to be executed in a shared liability setting, within which the public sector assumes a supplementary role to the efforts of production sectors and non governmental entities. Real budgeted disbursements were complied according to the goals established by the Money Order Right Agreement (Stand by.) Complied. The loans were approved. MFP and BANGUAT accomplished the funds disbursement, with which the effective contribution to the macrofinancial stability of the national economy is expected. Delivery to June 4, 2002; 5,566 credits that sum up US\$65.6 million. On February 18, the Congress of the Republic approved Decree 6-2003, Consumer Protection Law. On February 19, 2003, MINECO sent the preliminary project of the Competition Promotion Law to the General Secretariat of the Presidency for its corresponding procedures before the Congress of the Republic. On January 22, 2003, the initiative of the National Quality System law entered the Congress of the Republic. In the second semester of 2002, the Concessions Law, which pretends the regulation of the State concession of public services to private individual and collective persons was discussed in the Economic Cabinet.	



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7.6) To accede to foreign markets.														7.6) Advances in free trade treaties negotiation: USA, Canada, Panama, and Chile.	MINECO		At present, there are three commercial treaties in force with the same number of countries (FTA CA3-Mexico; FTA CA-R Dominican Republic; Partial Range Agreement Guatemala-Cuba), while 6 are in negotiation process. One of the most important treaties for Guatemala and the rest of Central American countries is the Free Trade Agreement with USA, which negotiating rounds have been carried out according to the programmed calendar. The FTA negotiation with Canada will be probably finished at the end of the present year. The effect of the FTAs will mean to the country access of exportable production to one of the greatest markets in the world. The FTA with Mexico is currently force.
7.7) To strengthen the support to micro, little and medium companies.														7.7) Executed credit assistance, identification of new clusters, and diversification of new local and foreign markets.	MINECO		Since its beginning, there have been granted loans that add up to Q.308 million and effectively disbursed Q.248 million. With these funds, loans have been conceded to owners of micro, little, and medium companies dedicated to industrial, service, commercial, agroindustrial, craftsmanship, and touristical service activities. From this beneficiaries, 40% are women. The company owner is given non financial services, such as training in administrative activities, technical training, technical assistance, support to the commercialization and union entering, through the National Program for Development of MIPYME, and Cooperation Agreement between the Kingdom of Belgium and the Republic of Guatemala.
7.8) To increase efforts to attract direct foreign investment.														7.8) Modernization of the sole investment window, establishment of the promotion of foreign investment agency, culmination of new agreements of mutual investment protection (Spain and Germany).	MINECO		The opening of the sole investment promotion window (VUPI, for its abbreviation by initials in Spanish) is concentered in order to effectively support the economic activity. VUPI is a dependency of the Ministry of Economy. Within the services it provides, the attention and support management to investment, counseling and orientation to the investor, and investment statistics and indicators management stand out. Among the advantages of the operating VUPI, the sensitive time reduction for investment approval and the cost reduction in the installation phase are emphasized.
7.9) To prompt technic training centers.														7.9) Inauguration of the Technological Center of Quetzaltenango. Planning for the training Centers in Zacapa, Chimaltenango, Sololá, and Huehuetenango. Construction of INTECAP training Centers: Santa Lucía Cotzumalguapa, CETEC (Center for Meat Technology, for its abbreviation by initials in Spanish), and Center for Tourism training. Equipment of INTECAP Centers of training: Guatemala (2), Escuintla, Chiquimula, Quetzaltenango, Santo Tomás.	MINTRAB, INTECAP		Complied. The government increased and improved training services. In order to accomplish it, the Technological Center of Quetzaltenango was inaugurated; the INTECAP training Centers of Santa Lucía Cotzumalguapa, the Center of Meat Technology and the Center for Tourism training were built. Also, the INTECAP Centers of training of Guatemala (2), Escuintla, Chiquimula, Quetzaltenango, and Santo Tomás were equipped. On the other hand, the INTECAP Centers of training in Zacapa, Chimaltenango, Sololá, and Huehuetenango have been planned.
8. Global Transparency (Increase transparency)															MFP, SAE		In June, 2002, the Banks and Financial Groups Law came in force; it contains elements to control money laundering. As of 2003, Guatemala will disappear from the list of countries related to money laundering. The MP constituted the special Attorney's Office to investigate money laundering cases.
8.1) To promote greater transparency in the Guatemalan society.														8.1) Dialog for the process transparency.	MFP, SAE, Central Government, WB	See 3.5)	Complied. The Coordinating Council of the National Commission for the Global Transparency and against Corruption was installed in December 2002 through a group of honorable people, by a Government Agreement. The Coordinating Council has presented its working plan and summons the formation of its technic unity and the National Commission of Representatives.
8.1.1) To extend the Integrated System of Financial Information (SIAF, for its abbreviation by initials in Spanish.)														8.1.1) 80% of financial activities under control: connection to SIAF with the main municipalities, Judicial and Legislative branches, IGSS, Social Funds (FIS, FONTIERRA), autonomous and decentralized entities, in accordance with agreements with IMF.	MFP	Compromise of the Fiscal Accord.	Complied. Besides the 43 Central Government institutions that operate the SIAF - Integrated System of Financial Administration, for its abbreviation by initials in Spanish-, other institutions of the public sector were incorporated, among which the Judicial branch, SAT, the Municipal Development Institute, the Guatemalan Social Security Institute, and the Quetzal Port Authority stand out. Thus, in the same year, there was progress in the process diagnosis, training, and analysis for the incorporation of other decentralized entities to the system.



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8.1.2) To consolidate the National System of Public Investment (SNIP, for its abbreviation by initials in Spanish.)														8.1.2) Presentation of proposed legislation on the National System of Public Investment.	MFP, SEGEPLAN	Compromise of the Fiscal Accord.	Complied. MFP included within the reforms project to the Budget Law a chapter dedicated to the SNIP. This project of law was sent to the Congress of the Republic and a copy was remitted to the IMF; the Congress of the Republic has not announced yet the date of discussion of the proposed law.	
8.1.3) To concrete support from WB and IDB.														8.1.3) Subscribed and executed agreements.	MFP, SAE		Complied. The Government signed a letter of intention with WB and has subscribed contracts that enable transparency in the different State organs. Also subscribed contract with IDB for the Coordinating Council of the National Commission for Global Transparency and against Corruption.	
8.1.4) To update legislation related to transparency.														8.1.4) Probity Law, Ethic Code of the Public Official, National Accounting Comptrollership Law, State Contracts Law, according to agreements with IMF and reforms to the Fiscal Code and Budget Law.	Congress of the Republic, MFP, Accounting Comptrollership	See Legislative Agreement 17-2002, issued on March 5, 2002. Compromise of the Fiscal Accord.	Complied with the approval of the General Accounting Comptrollership and the Probity Laws. The remnant are still pending approval.	
8.2) Social audit executed by Development Councils.														8.2) Operation of social audit system by Development Councils.	Development Councils		The Executive branch prompts the formation and installation of Municipal and Community Development Councils.	
8.2.1) To approve the Development Councils Law.														8.2.1) Approved law.	Congress of the Republic	See 1.4.1) and 4.1)	Complied. Approved as Decree number 11-2002.	
8.3) Municipal governments are transparent about the assignation and execution of the public municipal spending.														8.3) Approval and application of a new Municipal Code.	Congress of the Republic, Municipal Corporations	See 1.4.3)	Complied. Approved as Decree number 12-2002.	
9. Governance (Promote dialog and national unity)															SAE	Coordinate with the Dialog Group, Attending Commission, OAS, and UNPD	The Presidential Commission against Discrimination and Racism against Indigenous Peoples in Guatemala was integrated.	
9.1) To organize and/or strengthen theme settings of data exchange, formulation of proposals and suggestions, as well as the search for consensus.														9.1) Strengthened and organized institutions to dialog with civilians: Attendance Commission of the Peace Accords, Commission of Transparency, Dialog Group (International Community); Establishment of Peace: Special Commission of the Presidency of the Republic for the Communication with CNOC, UPRECO, COPART, Equalized Commission of Reform and Participation, CTEAR, COLUSAG, CSI, Woman's Forum, Commission of Support to the Justice Strengthening, Department Boards of Concertation and Support to the Peace Process, CONAPEC, PRONACOM, High Level Commission with UASP, National Council of Foreign Policies.	MINECO, MINTRAB, SAE, SEPAZ		OAS and UNSYSTEM have organized, in consultation with the Government of the Republic, different Inter-Sectorial Dialogue Round Tables, from which there have been installed: Peace Culture and Reconciliation, Defense Policies, Indigenous People, Economic Development, and Rural Development.	
9.2) To strengthen the civic participation through the Development Councils.														9.2) Participation of Development Councils in the discussion of ERP and the continuation of the Peace Accords.	SCEP, SEGEPLAN, SEPAZ, Development Councils	See 4.1), 4.2), and 9.3.9)	SCEP continues the counseling for the formation of COCODES and COMUDES.	
9.2.1) To organize Municipal and Community Development Councils.														9.2.1) Municipal and Community Development Councils in operation.	Development Councils	See 9.3.9)	SCEP has integrated 55 Municipal Development Councils(COMADES, for its abbreviation by initials in Spanish) and 462 Community Development Councils (COCODES, for its abbreviation by initials in Spanish.)	
9.3) To strengthen dialog through Peace establishment.															SEPAZ			



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9.3.1) To enforce the Development Councils Law.														9.3.1) Executed Development Councils Law.	SCEP, SEGEPLAN, Development Councils, Commission of Reforms and Participation (divulgation)	See 1.4) and 4.1)	During the month of December, 11 training workshops on laws that favor citizen participation were held. 11 Department Development Councils were attended in: Alta Verapaz (2), Baja Verapaz, Chiquimula, Petén, Izabal, El Progreso, Guatemala, Sololá, Retalhuleu, Sacatepéquez, and Quetzaltenango. The Master Plan that is taking place in Sololá has allowed the realization of 13 workshops in a total of 8 municipalities, out of the 14 proposed.
9.3.2) To prepare projects of Laws with agrarian contents.														9.3.2) Continuity to the approval of the Registry of Real Estate Information Law. project of the Law of Regularization of Land Tenancy and Use.	COPART	See 1.2.1) and 1.2.5)	a) Under parliamentary study and consensus; b) Under elaboration process.
9.3.3) To initiate the elaboration of projects of Laws that ensure the participation of the population in municipalities and in the local power.														9.3.3) Divulged Development Councils Law and Municipal Code Law. Proposal of preliminary project of Law for the Establishment of Mandatory Consult Mechanisms for Indigenous Peoples. Proposal of reform to Broadcasting and Telecommunications laws for the access of indigenous peoples to radial frequencies.	Commission of Reforms and Participation	See 1.3.2)	The main efforts have been directed to the divulgation and training campaign on the Decentralization, the Development Councils and Municipal Code Laws in force. Within the interinstitutional net setting, 8 workshops were held, out of which 3 took place in the City of Guatemala.
9.3.4) To guarantee the productive and social reinsertion of the uprooted population. 9.3.4.1) To prompt the Trust for Productive Projects.														9.3.4.1) Prompted trust for productive projects of the uprooted population.	CTEAR		The Government Agreement 474-2002 was published. By it, the first contribution to the Uprooted Population Trust, which consists of Q.5.6 million will be transferred. Complied. MAGA is willing to give a first contribution of Q.0.5 million, which added to the Agroforestry Project funds that sum Q.1.6 million, totals Q.2.1 million for the trust. This contributions will enable loans to the uprooted population, which amount could reach Q.5.6 million. Paralelly, 8 case studies will be financed through the FONAGRO trust. MAGA has taken steps to the cancellation of 9 trusts, requesting at the same time, the transfer of their resources to the FONAGRO trust and to the uprooted population trust. The government agreement for the approval of this resources is currently pending signature in the office of the President of the Republic.
9.3.4.2) To elaborate a census on the uprooted population.														9.3.4.2) Uprooted population with identification documents until the law enforcement in Alta Verapaz, Quiché, Huehuetenango, and Petén.	CTEAR		The support to the Executive's initiative of June 16, 2002 is maintained. It consists of the approval of a temporary law that allows the documentation during one more year to the uprooted population. The Legislation and Constitutional Issues Commission of the Congress of the Republic has this initiative.
9.3.5) To guarantee the productive and social reinsertion of the former URNG's demobilized people.														9.3.5) Continuity of the reinsertion programs for the URNG demobilized people.	CSI	See 1.14.1)	Housing projects for the uprooted and demobilized population are being inaugurated. The program is 95% executed. Negotiations for the approval of 1,711 subsidies that will benefit the same number of families have been initiated. In regard to the productive incorporation, the PAREC program is currently finishing the strong investment phase, 222 projects have been carried out, attending 1,413 former combatants of the different lists and 1,441 members. Out of the 222 projects, 100 are individual, 75 associational, 32 communitary, and 14 projects in 3 properties.
9.3.6) To modify the regulations for the protection of ceremonial centers with archaeological value.														9.3.6) Proposals of modification to regulations.	SEPAZ, COLUSAG		A preliminary project of the Sacred Places Law was presented: Historic, Spiritual, and Cultural Heritage of the Indigenous Peoples, which constitutes a concrete proposal of the spiritual guides organizations.
9.3.7) To prompt gender measures in the public policies, particularly for indigenous women.														9.3.7) Convention for the elimination of all forms of discrimination against women, divulged for its compliance. PNC Gender Office.	Woman's Forum	See 1.7.6) and 1.7.7)	In coordination with SEPREM, the Woman's Forum, elaborated and discussed the contents of the Action Plan for the full participation of Guatemalan women 2002-2012, which was validated and approved during the VII Meeting of the National Woman's Forum, which took place on November 23 and 24, 2002. In this meeting, 130 women representative of linguistic communities, women sectorial organizations, and the coordinating commission.



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9.3.8) To follow up the consensual Fiscal Accord.															9.3.8) Continuity to pending Commitments of the Fiscal Accord.	Commission of the Continuance of the Fiscal Accord, Attending Commission	See 3.6)	During year 2002, CSPF culminated its restructuring with new members, who at the same time have strengthened the Attending Commission with technical support and counseling in the fiscal area. In the year of 2002, the Benchmarking case study realized by SAT with the corresponding comments was revised, an opinion on the emission of Eurobonds, on the payment to former civil patrolers, on the increase of the tariff rates, and on the application of article 24 of the Political Constitution of the Republic and of article 101 of the Fiscal Code, with support of constituent congressmen, was issued. Participation in the Advisory Group in February and in meetings of the IMF Mission in November, as well as continuity to the main principles and compromises of the Fiscal Agreement, especially the taxing income and spending. The working plan has been approved and is focused on the socialization of the theme between political parties and to strengthen the Fiscal Agreement issue.
9.3.9) To ensure the compliance with the Peace Accords at a local level.															9.3.9) Organization process of round tables culminated throughout the country Continuance of development of municipal boards. Participation in ERP.	Department Concertation Boards	See 4.2) and 9.2). The concertation round tables could be part of the Development Councils, see 9.2.1)	The Coordinating Executive Board of the Department Board of Agreement and Continuity of the Peace Accords of San Marcos was constituted. The Board of Directors of the Board of Quiché, which had been kept with no activity was reactivated. Besides, the following boards were formed: First Juvenile Department Board of Concertation and Continuity of the Peace Accords, in El Progreso; Municipal Board of Livingston; Municipal Board of Los Amates (Izabal), and Department Board of Santa Rosa. The department boards participate in the intersectorial dialog boards that have been installed.
9.3.10) To consult the rural development Policies.															9.3.10) Consulted rural development Policies.	Special Commission of the Presidency of the Republic for the Communication with CNOC	See 1.1.2)	Currently, it is in the previous consultation by the Inter-Sectorial Dialogue Round Tables of Rural Development, for the sectors did not agree with the proposal stated by SAE. Its soon installation is foreseen.
9.3.11) To join the process of the educative reform application.															9.3.11) Superior professionalization for 2079 teachers. Studies program transformation: application of the new studies program; conclusion of the new grade school plan.	Advisory Commission for the Educative Reform	See 1.6.1)	a) Education: it was strengthened in the year 2003, with the trainings of 448 providers distributed among the 22 departments; induction workshops are being developed as well and methodological guides, useful material per provider and parallel texts for the process are being distributed. b) Studies program transformation: Studies program approval of infantile education; approval of the studies program scheme and its transformation in the grade school level; training for teachers of State schools of Infantile Education; revision and adjustment of supporting material; elaboration of the guide "The Education Reform in class".
9.3.12) To promote Guatemala's adhesion to the International Criminal Court.															9.3.12) Promotion of the approval and ratification of the treaty that creates the International Criminal Court.	Commission for the strengthening of the justice sector	See 6.2.7) and 6.2.8)	Still negotiating the approval of the Penitentiary System Law in the Congress of the Republic. There have been fora and conferencies for lobbying and socialization of the project of law with the participation of internacional experts. The proposals for the impuls of the penitentiary Policies have been prompted by the Consultive Commission of the Penitentiary System. Activities have been developed for the creation of the National Institute of Forensic Sciences. A presentation with the presence of special guests who work in the field of the current situation of the lynching phenomenon took place. The reference terms on the evaluation of Community Peace Courts were elaborated, from the indigenous peoples perspective. Participation along with other social organizations in the installation of the first hearing of the First Conscience Court against Racism.
9.3.13) To prompt the National Housing Policies.															9.3.13) Regulating Law of Land Sale, State property for housing improvement, human settlements, and slums. Promoted.	High level Commission to attend the housing and human settlements problems with the occupants.		Complied. Law approved by Decree 84-2002. El Morlón Project: a contract with a new company denominated Colinas del Atlántico, to carry out the project was signed in order make progress in the short term, at least 50%. In regard to the Project Brisas San Pedro, there already exists an expert's report. On December 12, the Project Guadalupe in Escuintla was inaugurated. A meeting with the President will take place to present progress of the commission, as well as the proposal to promote the National Housing Policies. The dialog among occupant groups of the railway line and FEGUA was accomplished. 1,500 property deeds were handed to the inhabitants of the settlements.



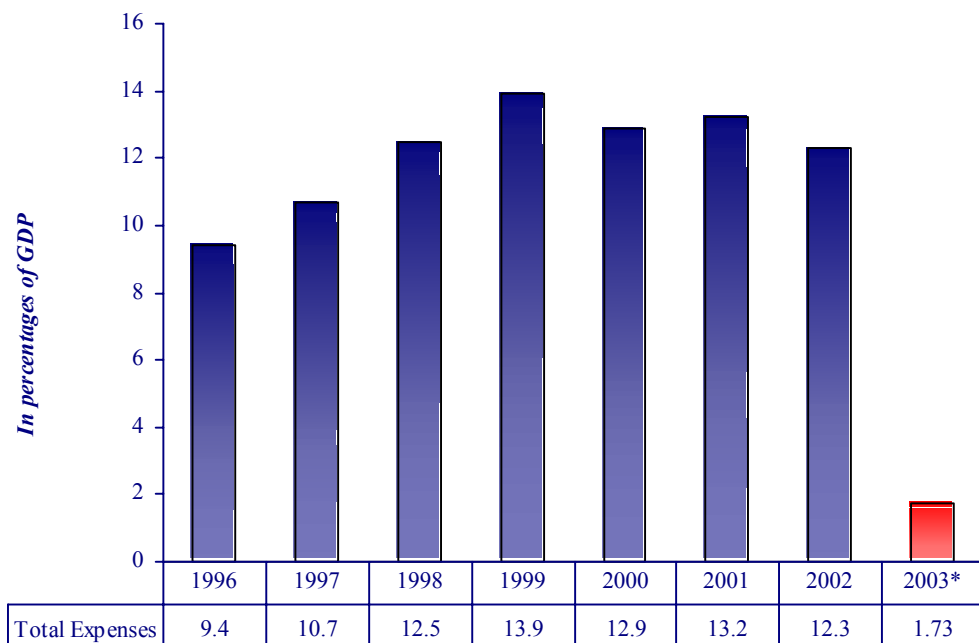
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9.3.14) To negotiate agreements and conflicts related to land acquisition and/or compensation and reparation.															9.3.14) Conflict resolutions.	Presidential Until of Conflict Resolution		In relation to the Los Cimientos, Quiché conflict, a follow-up to the transfer of the community to the OIM is being carried out. Construction works for the school building of the property have been initiated. There has been progress in the donation process of nixtamal grinding mills. Relating to the ECA La Esperanza, Sololá conflict, the results of the juridical analysis realized by COPREDEH and CONTIERRA are available. The Board of Directors decided to remit the case to SAA, for the application of the Government Agreement 475-2002. In relation with the Nahualá, Santa Catarina Ixtahuacán conflict, the support of SCEP was requested, to compensate the people of Nahualá with corn, for not having had any harvest. The answer was positive. The official delivery shall be on February 28, 2003.
10. Other actions																		
10.1) Revise the social security system.															10.1) Diagnosis of the social security system, in accordance with agreements with IMF.	IGSS		It was deemed convenient to execute the pertaining case study in the context of the extension of the Economic Program for 2003.
10.2) Sell the remnant of stock shares of EEGSA, companies of electrical energy distribution, and the national airline.															10.2) Support to the Central Government budget, according to agreements with IMF.	MFP, Commissions or company Board of Directors		The financial market conditions for the stock shares were not very advantageous to accomplish a successful negotiation from the fiscal perspective.
10.3) Rationalize the administration Policies in the registration of electrical energy consumption.															10.3) Modification proposal to the General Law of Electricity, in order to rationalize the subsidy administration (Social Tariff Law.)	National Commission of Energy		Complied. The National Commission of Energy discussed the modifications to the Social Tariff Law.
10.4) Mobilize foreign resources.															10.4) Subscribed contracts.	MFP, SEGEPLAN		66 subscribed contracts (15 refundable and 51 non refundable. Complied on April 4, 2002.
10.4.1) Prioritize the projects portfolio.															10.4.1) Prioritized portfolio.	SEGEPLAN	See 2.2)	
10.4.1.1) Define priority criteria.															10.4.1.1) Criteria list.	SEGEPLAN		Complied.
10.4.1.2) Consult with executing units.															10.4.1.2) Sectorial prioritization.	SEGEPLAN		Complied.
10.4.1.3) To present prioritized projects portfolio to the international community.															10.4.1.3) Inventory presented electronically (CD and webpage SEGEPLAN/IBD.)	SEGEPLAN		Complied.

ANNEX No. 2
LIST DE GRAPHICS

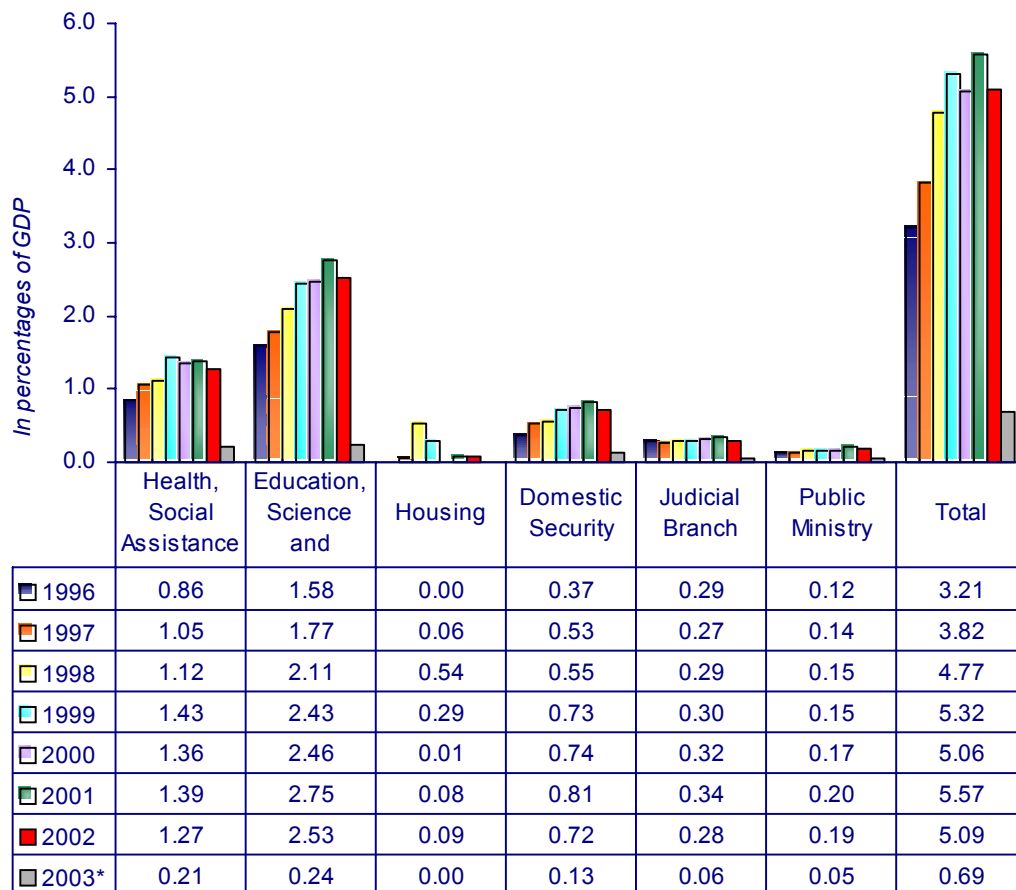
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Graph No. 1
Total Expenses of the Central Government
1996 – February 28, 2003
-In percentages of GDP-



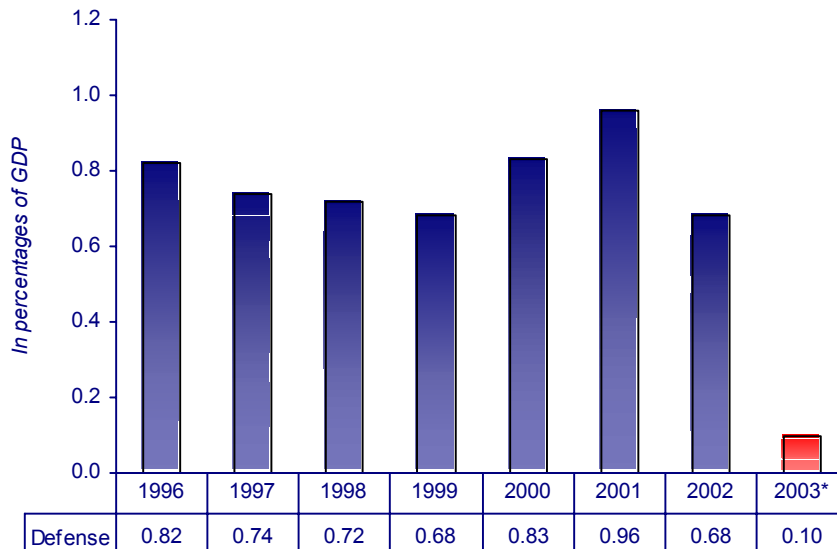
Source: Ministry of Public Finances

Graph No. 2
Sector Execution Compromises of the Peace Agreements
1996 – as of February 28, 2003
- En percentages of GDP -



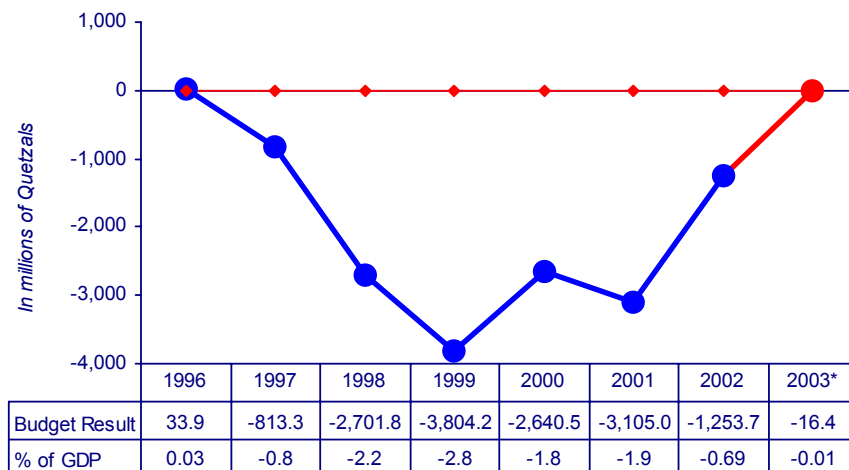
Source: Ministry of Public Finances

Graph No. 3
Defense, Compromises of the Peace Agreements
1996 – as of February 28, 2003
– In Percentages of GDP –



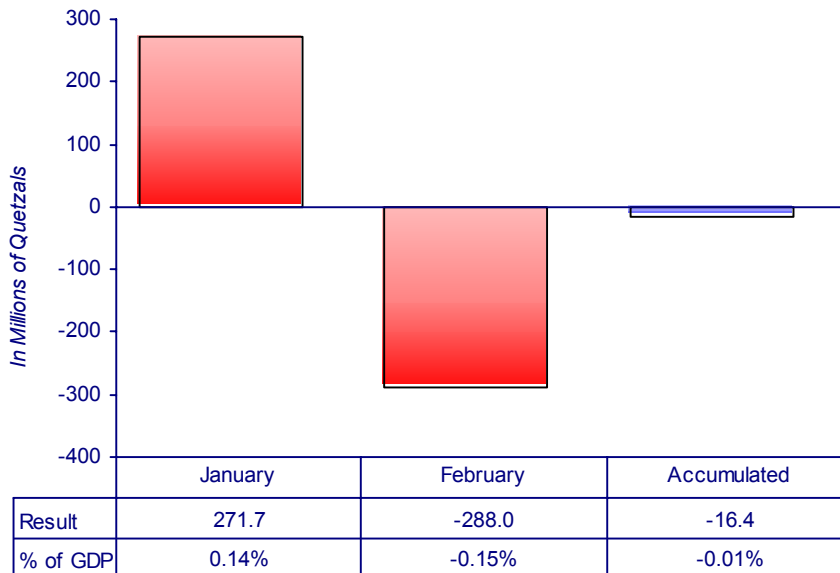
Source: Ministry of Public Finances

Graphic No. 4
Budget Result (-) Déficit, (+) Superávit
1996 – as of February 28, 2003
-In millions of Quetzals and Percentages of GDP -



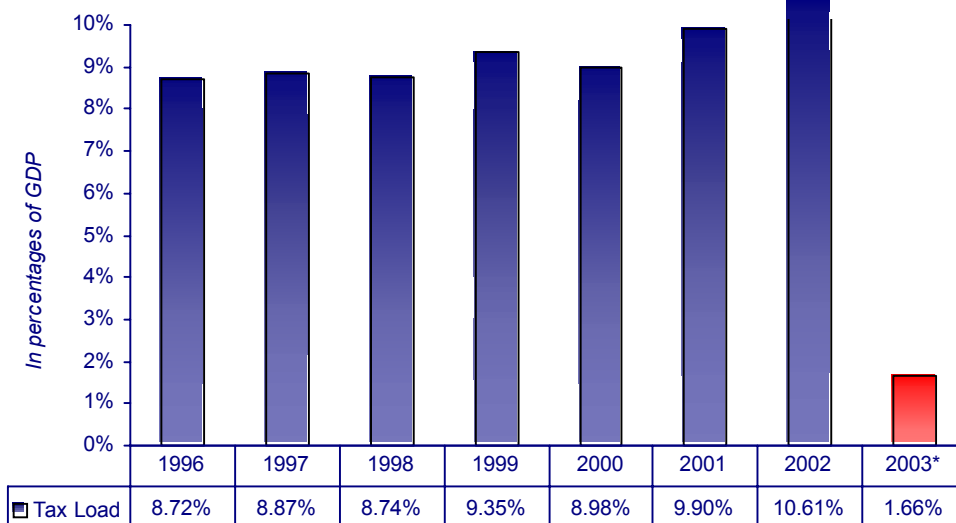
Source: Ministry of Public Finances

Graph No. 5
Budget Result 2003 (-) Deficit, (+) Surplus
Preliminary numbers as of February 28
-Millions of Quetzals and percentages of GDP –



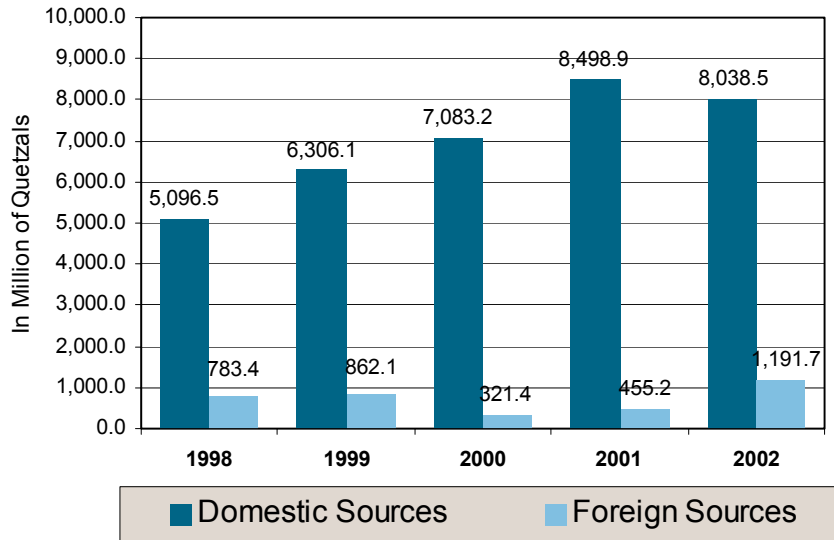
Source: Ministry of Public Finances

Graph No. 6
Net Tax Law
1996 – as of February, 28 2003
- In percentages of GDP -



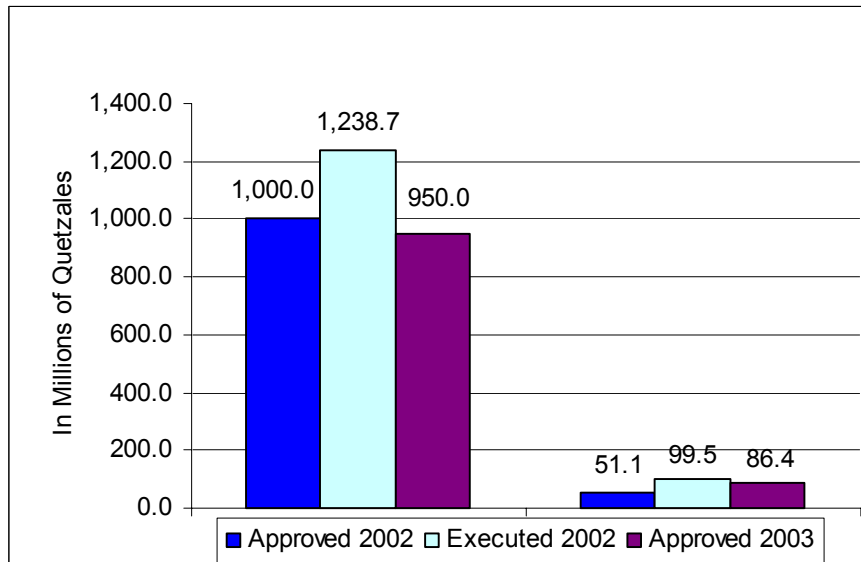
Source: Ministry of Public Finances

Graph No. 7
Execution of Sector Allowances in Performance
Of the Peace Agreements
Period 1998 - 2002



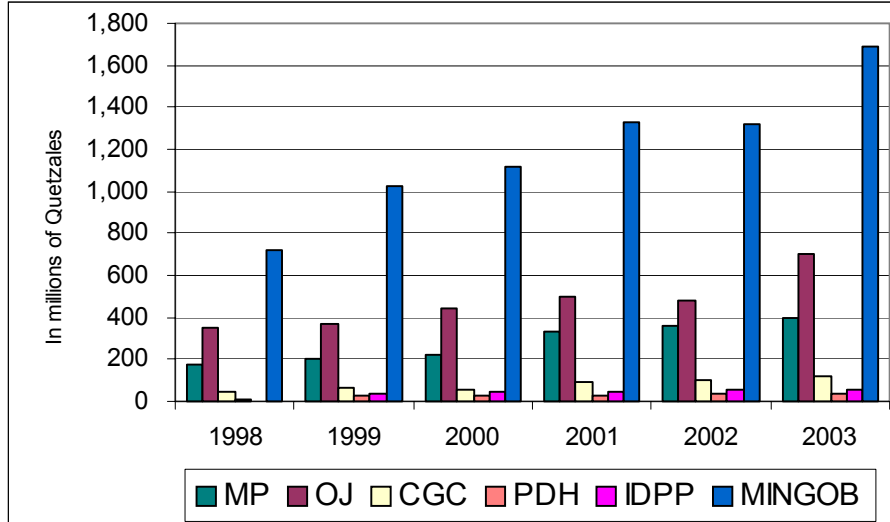
Source: Ministry of Public Finances

Graph No. 8
Central Government; Approved and Executed Budget of
The Ministry of National Defense and Presidential Security Service
Fiscal Year 2002
- in Millions of Quetzals -



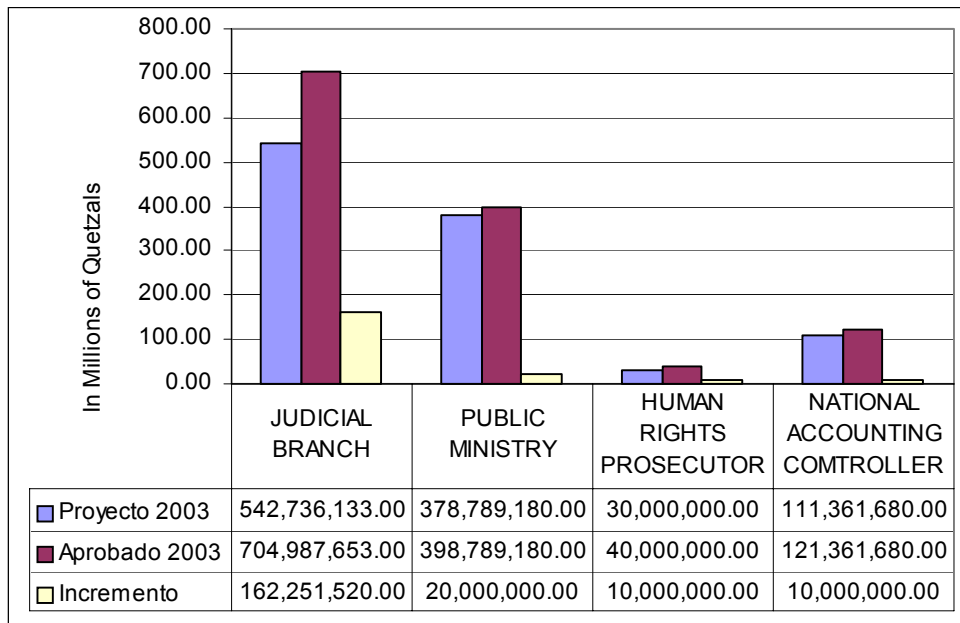
Source: Ministry of Public Finances

Graph No. 9
Performance of Budget Allowances Destined to the
Justice Sector and Ministry of the Interior
Period 1998-2002



Source: Ministry of Public Finances

Graph No. 10
State Obligations in charge of the Treasury. Expenses Budget
Fiscal Year 2003



Source: Ministry of Public Finances

* It include the increase of Q10 million for the Attorney's Office Against Corruption
 Therefore, total increase to the Public Ministry was Q30 million.

ANNEX No. 3

**Most outstanding events since the last reunion of the
Consulting Group to Guatemala in February 2002**

Legislative Branch

Beverages Law (02/13/02)

The Congress of the Republic passed four initiatives establishing specific taxes on the distribution of alcoholic beverages, distilled and mixed.

Transparency Law presented (02/20/02)

The project presented by the legislative Department to the general assembly of the Congress of the Republic is based on anti-corruption norms, as a previous step to the support of financial laws. This law is in addition to others already presented, such as the one on Probity or the General Accounting Comptroller.

Development Councils Law (03/12/02)

The Congress of the Republic issued decree number 11-02 that approves the Development of Urban and Rural Councils Law, which institutionalizes the participation of citizens in the making, follow-up and control of development projects, policies, plans and programs.

Municipal Code Law and General Decentralization Law (04/02/02, 04/11/02)

The Congress of the Republic passed decrees number 12-02 and 14-02 on April 2 and 4 respectively that approved the new Municipal Code Law and the Decentralization Law which introduce important reforms to the modernization of the administration.

Accounting Comptroller Law passed by reason of national emergency (05/14/02)

The general assembly of the Congress of the Republic passed the Organic Law of the General Accounting Comptroller by reason of national emergency with a qualified majority vote. This law shall up-date, modernize and extend the mission of the comptroller, seeking public works to be performed in a transparent and honest fashion when handling resources collected from taxes.

New Banking Law (May 02)

The Banking and Financial Groups Law, decree number 19-2002, aims at governing the aspects related to the creation, organization, merger, activities, commencement and suspension of operations and liquidation of banks and financial groups, as well as the establishment and closing of branches and offices of representation of foreign banks.

Report of the Nation's Monetary, Exchange and Credit Policy presented before the general assembly of the Congress of the Republic (07/18/02)

For the first time in national history, the President of the Central Bank of Guatemala, as required by the new financial laws, delivered a circumstantial report of the monetary, exchange and credit policy of the country before the general assembly of the Congress of the Republic. The contents of the report focused on the reforms of the national financial legislation, past macroeconomic unbalances and the recovery of the economic stability from 2000-2002.

Congress passed amendments that typify any form of discrimination as a crime (09/12/02)

The Congress of the Republic passed, as national emergency, the amendment to article 2002 (sic) of the Criminal Procedure Code that typify any form of discrimination as a crime.

DIACO presents the Consumer Protection Law (02/24/03)

The Office of Information and Assistance to Consumers (DIACO), presented the Consumer Protection Law which seeks the dissemination and defense of citizen rights, the establishment of fines and penalties, and applicable procedures. The norms of the Law are consumer protective and constitute a minimum set of non-waivable rights, guarantees, social interest and public policy.

Executive Branch

The Government creates the National Council of Nutritional and Alimentary Safety (02/26/02)

The Government of the Republic created the National Council of Nutritional and Alimentary Safety (CONSAN) with the purpose of integrally facing the nutritional scarcities of the population. In addition it shall unify criteria regarding strategy to confront the problem in a systematic manner, and it shall define the responsibilities and commitments of every sector involved with the nutritional alimentary problem.

The Government creates the Secretariat of Agrarian Affairs (04/30/02)

The Secretariat of Agrarian Affairs performs actions to define the institutional legal framework related to the development and strengthening of land. Additionally it participates in the conciliatory or juridical settlement of disputes regarding possession or property rights of land.

The Professional Development Program to train teachers was created (03/26/02)

The purpose is to allow the mentors of the whole Nation to obtain an intermediate level university degree, in a period of two years, up-dating their teaching methods, techniques and pedagogical trends. The Program shall work through study modules of self-preparation designed for Guatemalans.

The Government created a guarantee fund to facilitate the access to land (07/16/02)

The Secretariat of Agrarian Affairs presented before the Executive Branch to the representatives of both, the National Coordinator of Rural Organizations as well as the Coordinator of Peasants and Indigenous, the Plan of Access to Land, where an initial guarantee fund of Q 30 million was stipulated out of a total amount of Q 300 million.

President Portillo created the National Security Advisory Council (08/27/02)

The President of the Republic Alfonso Portillo, approved the creation of the Security Advisory Council formed by seven representatives of each sector, as part of the fulfillment with the Peace Accords and the commitments undertaken with the Consulting Group.

The Government fosters actions to prevent and fight corruption (08/29/02)

The Guatemalan Government performs short, medium and long term actions to adopt preventive measures and fight the old problem of corruption in the private and public sectors. An evaluation exists in the fight against misuse of national treasury, given the fact

that during 2001 government officials were fired, and during 2002 many judicial procedures were carried out against former government officials.

Procedure for the elaboration of National Defense Policy was started (11/11/02)

In the framework of the Peace Accords, and in compliance with the recommendations issued by the 2002 Consulting Group, the process for the elaboration to design a National Defense Policy started off with the participation of diverse sectors of society. The modernization of the National Defense Policy is crucial to the peace procedure and democratic consolidation in Guatemala within which no criteria of exclusion should exist. Therefore, the participation of the civil sector is fundamental.

Government creates National Committee for Transparency and Against Corruption (12/09/02).

The Government of the Republic, through Ministry agreement number 469-2002, put the National Committee for the Transparency and Against Corruption into force, with the purpose of promoting a national process focused towards the fight against said burden. The National Committee shall fulfill its goals through the development and execution of policies and institutional mechanisms that contribute to the prevention sanction and eradication of the corruption in the public, private and social sectors, as stated in the recitals of the Ministry agreement.

Government installs National Alimentary Round Table (01/30/03)

The National Alimentary Round Table seeks to establish a sectorial policy in the matter of sovereignty, safety and inocuidad alimentary, socially valid, subject to the current national and international legal framework, based on the socio-economic and cultural conditions of the nation.

National Committee of Salary is installed (02/03/03)

The Government of the Republic, whereby Ministry agreement, made the integration of the National Committee of Salary official whose objective is to determine the new minimum wages of agriculture and non-agriculture workers for next year.

Results of the XI National Population Census and VI Demographic Census (02/21/03)

The National Statistics Institute presented the total results of the population census and demographic residences by Department and municipality.

Executive Branch creates Advising Committee of Safety (02/28/03)

The Government of the Republic whereby Ministry agreement number 48-2003 created the Advising Committee of Safety that shall study and present uniform strategies to respond to the priority risks that the country faces as well as to make the corresponding recommendations to the President of the Republic.

Financial/Economic

Consulting Group offered more than Q 10 thousand million to finance the Peace Accords (02/12/02)

The awarding countries invited the Government and the Guatemalan Nation to accelerate the execution of the Peace Accords and they confirmed their support to maintain the macro economic stability, reduce poverty, fight against corruption, increase transparency in public expenses, strengthen the governance and promote the participation of the civil society.

Loan Agreement for US\$ 262 millions was signed (02/14/02)

Guatemala was granted a loan for US\$ 262.3 millions on the first day of the Consulting Committee reunion held in Washington, of which US\$ 85.7 million shall provide from the Interamerican Bank of Development (IABD) and US\$ 176.6 million from the Central American Bank of Economic Integration (BCIE), resources that shall be used for health, housing, or higher education and technology.

IABD authorized loans for US\$ 210 million to Guatemala (05/22/02)

The Interamerican Bank of Development authorized two loans for Guatemala, for a total amount of 210 million dollars to support the reform program of the financial sector and a project of labor training for unemployed youth.

The Government presented the 2002-2004 Economic Action Plan (June 2002)

The plan has aspects of the work program of the International Monetary Fund, the Global Transparency Policy, the Plan Puebla Panamá, the up-dating of the Juridical Framework of the Economy, the areas of Concessions of Public Works, the Institutional Area of Land, Maritime and Aerial Transportation, the Improvement of Markets, Quality, Consumer Protection, Financial and Public Investment.

US\$ 250 million in Bonds for compensation and purchase of lands (08/06/02)

The Ministry of Public Finance announced that in order to finance the indemnity to the victims of the armed conflict, the guarantee fund of lands and the compensation of ex PAC issued 250 million State bonds in the national and international markets.

Government's Fiscal and Monetary Policy maintain macro economic stability (10/02/02)

One of the main goals achieved by the Administration of President Alfonso Portillo is to have kept macro economic stability and for the third consecutive year, the fiscal deficit below two per cent of the Gross National Product. The efforts of the Administration driven to promote a strategy for the monetary and fiscal matters seek to use the amount of resources necessary to accelerate the fulfillment of the Peace Accords.

Decree on the issuance of bonds for US\$ 700 millions becomes effective (25/10/02)

The resources collected from the issuance of Treasury Bonds shall be exclusively destined to the financing of programs and projects of assistance to the poor and extreme poor of the Nation. They shall also be used for the financing of productivity programs and agriculture and livestock transformation, the reduction of the Army and the support of mechanisms that facilitate the access to land to the rural population.

Official increase to minimum wage (11/29/02)

The President of the Republic in duty, Juan Francisco Reyes López, announced a 16% increase to the minimum wage of the field and 14% in the city, with the purpose of offering more support to the poor for the raise in prices.

Government saves Q 87 million through Public Bid with UNDP

The bidding process for the supply of fertilizing that the United Nations Development Program (UNDP) carried out represented a savings of Q 87.3 million for the Government by obtaining better market prices which will turn in benefit for the farmers of the Nation.

Investments

Distribution of funds for coffee (February 02)

The Government of Guatemala issued US\$ 100 million of State Treasury Bonds in the local market with which the trust for coffee was completed, created by the Congress of the Republic in 2001 to assist the demand of loans by coffee vendors of the Nation.

Opening of infrastructure works in the Department of Izabal valued in over Q 60 million (03/08/02)

83 works of common benefit in the Department of Izabal were opened with a total value of 60 million quetzals, which confirms the commitment of the Guatemalan Government to work hard for the search of strengthening of the Nation and well being of the Guatemalans. Among the works inaugurated are the educational projects, the construction of schools, roads, houses and the installation of drinking water and sewers.

Government grants more than Q 320 million to the municipalities of the country (04/09/02)

The Government of Guatemala through the Municipal Development Institute (INFOM) granted to all 331 municipalities a total of Q. 320, 206, 468.72 as part of the Constitutional Contribution and VAT-PEACE corresponding to the first bimestrial of the year 2002. The Constitutional Contribution and VAT-PEACE, that in 1999 was 650 million quetzals was increased to Q 300 millions and for the year 2002 the budget of 977 million quetzals was agreed for the municipalities of the country.

The Government benefits more than 600 thousand small farmers with fertilizers (05/15/02)

The Ministry of Agriculture, Livestock and Nutrition (MAGA), transferred fertilizers to Departmental warehouses of the country, with which the Government of the Republic will supply more than 600 thousand small farmers of scarce resources. The transfer of fertilizers began towards the most remote Departments of the country and the process of distribution is made through the Department warehouses that according to regional planning are in charge of keeping the sums of the municipalities, and in special occasions the MAGA transferred directly to communities that were not head Departments.

41 Municipalities in the country favored by Program of Alimentary Safety (05/16/02)

The first phase of the Program of Alimentary Safety, of the Ministry of Agriculture, Livestock and Nutrition was inaugurated in Sololá. With an investment of Q. 12, 286,000.00 a scope of 41 municipalities and more than four thousand families assisted through the areas of Productive Transformation of Coffee, Agricultural Diversification, Social Agroforestry and Safety.

The Ministry of Public Finance shall invest US\$ 120 million to comply with due payments (05/23/02)

From the 210 million dollar loan the Interamerican Bank of Development (IABD) authorized for Guatemala to support the Program of Reform to the Financial Sector and the Project of Labor training for unemployed youth, the Ministry of Public Finance shall use US\$ 120 million for this effect.

Government designates Q 5000 million for social investment (05/28/02)

The Minister of Public Finance informed the Congress of the Republic that the Government designated more than Q 5000 million to social investment, amount that was convened with the International Monetary Fund (IMF) with the purpose of reducing the accumulation of existent social debt there has been with the Nation for several years.

Q 2,647 million shall be designated to fight poverty and foster development (07/04/02)

The Congress of the Republic announced that the loans managed by the Legislative Branch with international organizations are designated to fight poverty through the edification of works, public utilities and creation of development conditions.

Congress authorized more than Q 700 million for education (07/23/02)

The Congress of the Republic authorized a high amount of resources for the Ministry of Education for more than 700 million quetzals from two foreign loans, and an entry of Q 40 million from the distribution of funds of the Superintendence of Telecommunications.

Government designated Q 5 million to alimentary improvements (07/23/02)

The Government of the Republic designated Q 5 million to improve the nutrition of the Guatemalans through the delivery of improved seeds, activity performed by the National Peace Fund (FONAPAZ).

\$ 350 million to fight poverty (07/29/02)

Guatemala shall have 350 million dollars to fight poverty and modernize the financial system as a result of an agreement reached between the Government, the International Monetary Fund (IMF), the World Bank (WB) and the Interamerican Bank for Development (IABD). The approval of this agreement evidences the support of the IMF to the macro economic policy adopted by the Government, and an advance in the process of productive reactivation of the country. Additionally, private investments receive an important support, and Guatemala shall place itself among the countries where investment risks are not significantly high.

BCIE grants US\$ 150 thousand to support the reduction of poverty (08/01/02)

The Central American Bank of Economic Integration (BCIE) authorized a non-refundable financial cooperation for 150 thousand dollars to the Guatemalan Government to contribute with the elaboration of strategies to reduce poverty at municipal and Departmental levels.

Social Investment Fund ends Japanese Cooperation Program, with over 2 million and a half favored persons (08/08/02)

Authorities from the Social Investment Fund presented a detailed report on the finalization of the FIS/OECF-JAPON (GT-P3) Program financed by the Japanese Cooperation with more than 31 million dollars that were executed by the Guatemalan Government as of 1996.

Acres of land negotiated in response to peasant demands. (08/13/02)

The Secretary of Strategic Analysis of the Presidency indicated that as a mechanism to solve the national agrarian problem, the Government of the Republic shall negotiate around 600 acres of land which form part of the portfolio of the National Mortgage Bank for a sum of 160 million quetzals.

MICIVI shall subsidize housing with more than Q 260 million (09/06/02)

The Minister of Communications indicated that the Housing Guatemalan Fund (FOGUAVI) received more than Q 260 million in subsidies to obtain 21 thousand multi-family projects in the country and grant housing to thousands of Guatemalans.

Vice-President signs program to support the small and medium enterprise (10/01/02)

In Vienna, Austria, the Vice-president of the Republic, Juan Francisco Reyes López signed with the United Nations Organization for Industrial Development a program to promote the small and medium enterprise of the Nation.

Loans for over Q 198 million to the PYME. (10/09/02)

With the purpose of promoting the development of the Small and Medium Enterprise (PYME), from 1998 until this date, the Government of the Republic has granted loans that surpass 198 million quetzals, in favor of more than 23 thousand businessmen in the country. The financial aid to owners of small and medium enterprises has succeeded, especially in the industrial, services, textiles, agroindustrial, handcraft and commercial sectors through financial intermediaries.

EU donates Q 58 million to fight diseases (10/22/02)

The European Union, through the Regional Reconstruction Program for Central America shall award 58 million quetzals so the residents of the Departments of Izabal, Santa Rosa and Jutiapa benefit from the projects destined to prevent diseases caused by polluted water as well as by several vectors such as mosquitoes, bugs etc.

Agricultural Development Projects established in Italy (11/27/02)

In Rome, Italy, President Alfonso Portillo agreed to a reproduction program of camelidae with the International Fund for Agricultural Development (IFAD), which represents a 40 million dollar investment and shall benefit the poorest sectors of the Guatemalan highlands.

62 thousand teachers participate in the Professional Development Program. (07/08/02)

Three universities and other institutions grant a wide support to the Professional Development Program of the Human Resource of National Teaching where more than 62 mil teachers participate. The Ministry of Education asserts this program shall allow the academic level of the docents to increase and grant a better teaching quality to the childhood and youth of Guatemala.

FOGUAVI delivers popular housing that shall benefit 2,500 families. (12/04/02)

The Ministry of Communications, through the Guatemalan Fund delivered the first multi-family housing projects in Villas del Quetzal, Ciudad Quetzal.

435 families benefit from property deeds in Panzós

The President of the Republic conferred the property deed to the Pueblo Viejo land located in the town of Telemán, municipality of Panzós, Alta Verapaz, to the Rural Associative Company in favor of 435 families of the region.

Uprooted Population received property deeds to their lands (12/17/02)

The President of the Republic conferred property deeds duly registered in the Registry of Public Deeds and Documents to the municipality of San Andrés, Petén, granting legal certainty of the land to several eradicated communities.

Government initiated Cattle Awards Program in 7 Departments (12/23/02)

The Cattle Promoters for Peace Program, of the National Peace Fund directed towards communities that face nutrition and poverty problems in the Departments of Chimaltenango, Quiché, Sololá, San Marcos, Alta Verapaz, Totonicapán and Huehuetenango, executed the first phase of the project named Cattle Awards that consist of laying hen, vaccines, vitamins and first-aid kits.

President hands out 1,200 property deeds in Zacapa

The President of the Republic Alfonso Portillo handed out 1,200 property deeds to four lands in Zacapa to the same number of families.

President approves Law of State Purchases and Acquisitions in favor of poor families (12/26/02)

The President of the Republic approved decree number 84-2002 whereby the Law of State Purchases and Acquisitions enters force in favor of those families in the state of poverty and extreme poverty.

The effectiveness of the FIS was deferred by reason of national emergency for three years

The Frente Republicano Guatemalteco political party expressed its congratulations on the unanimous support of the opposition towards the official proposal to reestablish by reason of national emergency for three more years the effectiveness of the Social Investment Fund (FIS) in the country.

More than Q 128 million invested in Education projects (02/26/03)

The Executive Director of the National Peace Fund informed that its portfolio has contributed to the improvement of the education system in Guatemala through the execution of more than 9, 984 infrastructure projects for the Education sector in the 2001-2002 term.

Human Rights

The Government rendered report on clandestine groups to UN expert. (05/28/02)

Hina Jilani on behalf of the Secretary-General of the United Nations, Kofi Anann, received the report regarding the Human Rights situation and the investigations carried out to determine the origin of the threats and intimidations against Human Rights groups in the country.

MP creates office to investigate threats against Human Rights activists (05/28/02)

The Attorney General announced the creation of the office for the investigation of threats and intimidations against Human Rights activists in the country.

Government presents advances in Human Rights policies (07/08/02)

The Presidential Committee Coordinator of the Executive Branch Policy on Human Rights presented to the media the advances on the policies of Inter-institutional Coordination, National Reconciliation, the Right to Peace, the Right to Human Development and the Foreign Policy on Human Rights, submitted to the Guatemalan people by President Alfonso Portillo.

MP Section Office created on Rights of Indigenous People (08/01/02)

The District Attorney Section Office on Rights of Indigenous People has been created by decision of the District Attorney Council. Said decision was adopted given the fact that article 4 of the Political Constitution of the Republic provides that in Guatemala every human being is free and equal in dignity and rights, and that indigenous people are in the right to exercise their citizenship.

Traditional Popular Medicine Program presented (08/30/02)

The initiative aims to contribute to the creation of political and strategic conditions for the value and survival of traditional medicine and the incorporation of popular medicine to primary health programs of the Ministry of Public Health.

Advances in the elimination of forms of discrimination towards women (09/02/02)

Guatemala reports important advances in matters of reproductive health, dissemination of laws and policies that favor equality and the participation of women in different spheres. In the strategy for the reduction of poverty that President Alfonso Portillo is promoting achievements in the institutionalization of mechanisms for the progress of women are included.

Advances in the Peace Accord on Identity and Rights of Indigenous People (09/06/02)

The most important achievements regarding this Accord are the support to the training programs of bilingual judges and judicial interpreters, issuance of laws and the execution of 58 projects in benefit of the communities. With respect to the Historic Report, the

multicultural nature of the Guatemalan people has been taken into account through the promotion of Mayan ceremonies in the opening of community projects and construction of ceremony temples.

Government agreed to the assignment of radio frequencies to the civil society. (09/10/02)

Based on the provisions of the Peace Accords, President Alfonso Portillo agreed to authorize the ministries of Culture and Sports; Communications, Infrastructure and Housing, through the General Office of Radio diffusion, to assign the use of those radio frequencies over which they hold usufruct rights to organizations of the civil society.

Committee installed for the eradication of child labor (10/01/02)

The Committee for the eradication of child labor was created through Ministry agreement number 347-2002 with the purpose of discussing, supporting and performing the National Plan to Eradicate Child Labor and Protect Adolescent Workers. This shall guarantee children their fundamental rights.

Committee against Discrimination and Racism against Indigenous People created (10/09/02)

The Presidential Committee against Discrimination and Racism against Indigenous People in Guatemala was created through a ministry agreement with the purpose of elaborating policies to eradicate racial separatism. The Committee shall advise and assist the different State officials and institutions, as well as the private institutions, to develop efficient mechanisms in the fight against Discrimination and Racism against Indigenous People in Guatemala.

Presidential Committee against Discrimination and Racism created (10/18/02)

In order to establish a direct link between the indigenous people organizations and the Executive Branch for matters of discrimination and Racism, the President of the Republic ordered the creation of a Presidential Committee to design the public policies that shall eradicate these social attitudes.

Action Plan for the Active Participation of Women (11/25/02)

The Presidential Secretariat for Women presented its Action Plan to promote the up-most participation of Guatemalan women during the next 12 years as a result of the conclusions of the Seventh National Forum of Women. The report summarizes initiatives, political and legislative actions, programs, and projects designed by Guatemalan women in a very diverse manner. Additional, it presents an analysis of the social context focused on the situation of women after the signing of the Peace Accords.

Teaching of Mayan and garífuna languages commences in the 2003 cycle. (11/26/02)

To carry out the promotion and diffusion of Mayan and garífuna languages for public education in the school cycle 2003, the Ministry of Education included the study of these languages in the program of elementary schools. The acknowledgment of the identity of the indigenous people is fundamental for the construction of national unity based on respect and the exercise of political, cultural, economic, and spiritual rights of all the Guatemalans, as set forth by the Peace Accords undertaken 6 years ago.

National Committee installed for the Prevention and Elimination of Child Labor (12/02/02)

As a result of the process of a national consultation for the elaboration of a public policy, the Government of the Republic, through the Ministry of Labor and Social Assistance, installed the National Committee for the Prevention and Elimination of Child Labor and the Protection of Adolescent Workers. The Committee seeks to guarantee access, assistance and the stability of childhood and adolescence in the economic system, improve the health conditions through the General System of Health Assistance; as well as to promote the technical training of parents.

Committee against Discrimination and Racism is sworn under oath (01/13/03)

The Secretary-General of the Presidency took oath of the five members of the Presidential Committee against Discrimination and Racism against Indigenous People in Guatemala in compliance with the ministry agreement that supports it. The Committee shall have many duties, among others, to pursue the effective fight against discrimination and Racism, as well as the elaboration of public policies to end this attitude reflected in hundreds of cases such as the one of the Mayan sociologist Alicia Velásquez Nimatuj produced after denying her entry to a restaurant.

Reparation

The State grants Q 1, 800, 000 in compensation to the relatives of Irma Flaquer (04/03/02)

In compliance with the Peace Accords, the State and the Guatemalan Government grant Q 1, 800, 000.00 to the relatives of the journalist Irma Flaquer as part of the economic indemnification agreed. Additionally they undertook the obligation before the Interamerican Press Society (SIP), and the relatives of journalist Flaquer to create a scholarship and instate a class by her name in the schools of Communication Sciences of the different universities in the country.

The State pays Q 27 million in indemnification for breach of Human Rights (05/22/02)

After the Government followed 40 cases in which the State was found responsible for the breach of Human Rights in previous administrations, an amount of Q 27 million was paid as compensation to the families of the victims of the armed conflict that took place in Guatemala.

Government acknowledges reparation and compensation (07/18/02)

The Secretary of Strategic Analysis of the Presidency confirmed the Government undertakes its responsibility to indemnify the victims of the armed conflict and to compensate the peasants whom as members of the ex PAC that cooperated with the Army.

Human Rights victims compensated in Guatemala (07/28/02)

The State of Guatemala has compensated with more than three million dollars the victims or relatives of Human Rights Violations. As of 2000 all payments have been made during the Government of President Alfonso Portillo and are the result of friendly agreements reached before the Interamerican Committee of Human Rights.

Government announced measures for reconciliation and compliance of the Peace Accords (09/18/02)

Within the framework of reconciliation policies and compliance with the Peace Accords, the Government of the Republic informed over a series of actions that benefit the reparation to the victims of the armed conflict, as well as the compensation of the ex PAC, the transformation of the Army and Guatemalan agriculture.

Project of National Program of Reparation presented (11/05/02)

With the purpose of creating the National Committee of Compensation in Guatemala representatives of the Peace Secretariat, the civil society, international organizations and Human Rights Groups, presented a project of the National Program of Indemnification to the President Alfonso Portillo. The Project is regarded as a process that includes a set of policies, projects, and actions to perform with the purpose of restoring, compensating, assisting, indemnifying and dignifying the victims of the armed conflict this country suffered for 36 years.

National Dialogue, Reconciliation and Dispute Settlement

Program of Local Development and Reconciliation in course (05/05/02)

The Guatemalan Government shall promote the Program of Local Development and Reconciliation with the purpose of minimizing conflicts among communities. The Program seeks to restore a harmonious social relationship through supportive activities of local development in the municipalities that suffer the highest levels of social conflict and supportive actions to the poorest Departments and social erosion resulting from the armed conflict.

Government ends historic land conflict at Triángulo Ixil (10/02/02)

Upon the signing of an agreement between President Alfonso Portillo and representatives of the Ixil communities in the municipalities of San Gaspar Chajul and San Juan Cotzal, with the Quiché community of Los Cimientos, a century-old conflict was ended. Currently more than 600 disputes have been solved favorably by this Administration.

Land Dispute in San Jorge la Laguna, Sololá settled (10/17/02)

190 resident families of the Bahía community of the municipality San Jorge la Laguna, Sololá, shall receive property deeds to acres of land of the El Jaibal Land according to the agreement reached in the negotiations between the beneficiaries and owners of the property.

Legalization of Land Possession for 186 peasant families (10/28/02)

A total of 186 peasant families from Chisec, Alta Verapaz, received property deeds certifying them as sole owners of land acres

Negotiating Round Tables to strengthen the natural heritage of Guatemala (10/11/02)

The National Council of Protected Heritage started negotiating Round Tables for the strengthening of natural heritage and the establishment of a dialogue culture surrounding natural resources.

Premises of the Escuela Normal de Chimaltenango are returned (11/14/02)

The Government announced the restitution of the premises of the Escuela Normal Pedro Molina to the community of Chimaltenango, after being occupied for more than 21 years. In order to comply with the Peace Accords signed in Guatemala to end the 36 year-old armed conflict. 18 military brigades were removed to this effect.

Army returns premises of the Escuela Normal Pedro Molina (01/10/03)

The premises occupied by military zone 302 since 1981 at the Escuela Normal Pedro Molina in La Alameda, Chimaltenango, were returned to the Ministry of Education.

Government and Civil Society elaborate Agrarian Plan. (01/08/03)

The Government of the Republic and the Civil Society worked jointly along with other entities to elaborate an Agrarian Plan to benefit more than 10 thousand families in the Departments of San Marcos and Alta Verapaz. The Agrarian Plan responds to the provisions of ministry agreement number 475-2002, of December 11 through which the shortfall in the prices of coffee were declared of national interest and social emergency.

Farmers and peasants dialogue to find peaceful solution to property invasions (01/28/03)

The Secretary of Agrarian Affairs of the Presidency informed the owners of farms and peasants of the region of Alta Verapaz have initiated a dialogue process to find a peaceful solution to the property invasions in the Nation.

Presidential Unit for Dispute Settlement created (02/13/03)

In ministry agreement 32-2003 President Alfonso Portillo agreed to the creation of a Presidential Unit for Dispute Settlement with powers to intervene in the dispute settlement of the society sectors, between themselves and the State. Among other powers, are the ones to receive, analyze process and decide on the settlements of the disputes, as well as to coordinate the conflicts submitted to it.

Illiteracy Rate reduced by 26.15% (10/30/02)

During 2002 the illiteracy rate was reduced in a 26.15%. Therefore it is presumed that by the 2003 school cycle a decrease of 20% shall be achieved. The total amount of persons assisted were 335, 954, by more than 60 thousand students, 32,244 non-governmental organizations, 30, 648 churches and radio programs of 21, 417 persons.

Fight against Drug Traffic

Millionaire Drug Seizure (11/15/02)

Special task forces against performed drugs seizure operations of at least 834 kgs of cocaine valued in more than Q 83, 400, 000. Once again this proves the will of the Guatemalan Government to fight against the use and traffic of drugs.

Treaties and International Agreements

Guatemala and México sign treaty against Money Laundering (02/21/02)

The presidents of Guatemala and México signed in México City an agreement against Money Laundering that seeks to exchange information to fight against ilegal activities.

México and Guatemala promote commercial exchange (02/22/02)

As part of the Free Trade Agreement signed between México and the countries of the North Triangle (Guatemala, El Salvador and Honduras), the Ministers of Economy of México and Guatemala signed an agreement in the Mexican Capital to increase commercial exchange and promote investments in both countries through exposition fairs.

Free Trade Agreement between Central America and Panama is signed (03/06/02)

The signing of a Free Trade Agreement between Central America and Panama shall enable the creation of a freer market and sustainable development through economic growth with equality for all the inhabitants of the region.

Guatemala signs cooperation agreements on drug trafficking, corruption and access to commerce

In Vienna, Austria, the Vice-President of the Republic Juan Francisco Reyes López, ratified Guatemala's commitment to the struggle against international crime and support programs for the promotion of Central American exports.

Annex 4

SCHEMATIC SUMMARY

***Follow-Up Matrix to the Main Issues of the
February 2002 Consulting Group***

Acceleration in the fulfillment of Peace Accords

ISSUE	ADVANCES FEB. 2002 – FEB 2003
Rural Development	<ul style="list-style-type: none"> • Project policy of rural development • Referendum that shall be carried out through MID of Rural Development • Institutionalization of SAA as part of the agrarian subject • RIC Law presented in the Congress of the Republic, currently under discussion for an expedite approval. • Registry: 30 thousand urban and rural lands duly registered in 7 Departments • Plan of Social Assistance to Coffee Crisis
Multi and Inter-culture	<ul style="list-style-type: none"> • District Attorney Office for Indigenous People • 6 ethnic criminal defense offices • 16 mediation centers • Dispute resolution centers • Reorganization of study plan to reflect ethnicity in PNC Academy • PNC Indigenous Languages Laboratory • Examination by the Defense of Indigenous Women and 4 offices • Law project for the Prevention and Punishment of Sexual Harassment • Typification of discrimination crime • Transformation of study plan with criteria related to cultural pluralism • 67,000 awards to indigenous girls in the rural area • Adjudication process of radio frequencies • Regularization to perform ceremonies at sacred places and shrines, conserve and protect heritage. • FODIGUA restructuring • Installment of Presidential Committee against Discrimination and Racism against Indigenous People
Decentralization and De-concentration	<ul style="list-style-type: none"> • Development Councils Law • General Law of Decentralization • Municipal Code • Interinstitutional net to disseminate laws • 55 COMUDES • 462 COCODES
Rights of Women	<ul style="list-style-type: none"> • Law Project for the Prevention and Punishment of Sexual Harassment • Project for Reforms to the Labor Code • Report of advances in the participation of Guatemalan Women • Action Plan regarding the participation of Women (including the revelation of CEDAW) • DEMI Inform regarding the situation of Indigenous women in Guatemala

	<ul style="list-style-type: none"> • PNC Gender Office • Examination of gender equality situation in the PNC • Gender sub-commission that participates in the Consulting Council for Educational Reforms.
Education Reform	<ul style="list-style-type: none"> • Transformation of national study plan bases • Study plan reform to pre-school, elementary and middle school, including teacher's training, adjustment, material review and guidance's elaboration • 62,000 teachers trained in the education process • Improvement of economic conditions of teachers • 474,176 persons alphabetized in 2002 • 2,084.859 children, total covering of elementary • 67,778 awards for indigenous girls in the rural area • 108,594 peace awards • 48,693 children favored with school lunches • Delivery of breakfast, school texts
Reconciliation and Reparation	<ul style="list-style-type: none"> • Purchase of land: Land 30-A and Claudia and annexes • Design of the National Reparation Program • Fulfillment of reparation (economic, psychological-social) to victims of Human Rights violations
Demilitarization and Army Transformation	<ul style="list-style-type: none"> • Logistical deactivation of 18 military brigades • Military Doctrine Project • Political discussion of Defense through MID
Intelligence and Security	<ul style="list-style-type: none"> • Deactivation of EMV • Deactivation 30% de agents of EMP (including EMV) • Institutionalization of the SAAS, Law Project for SAAS • Governmental Agreement CAS • Law Project for Free Access to Information • Classification and declassification Law of Government Reserved Information • High Level Commission: Law for the Creation and Functioning of DIC, Arms and Munitions Office, Reforms to the law of the PNC • SAE Education
Aid for reinsertion	<ul style="list-style-type: none"> • 1,200 houses • 5,500 subsidies for housing • Health and training programs • US \$2.1 (MAGA) for productive projects for uprooted people • Financing of 8 productive projects by FONAGRO • 10,000 awards for children of rootless families • Creation of 5 cooperatives for savings and credit to finance 150 ex PAC

Fiscal Policies (*Guaranteeing adequate budgetary assignments*)

Economic Program	<ul style="list-style-type: none"> • Acceptable fulfillment of goals, assisted by the Stand-by Agreement with FMI: <ul style="list-style-type: none"> ○ Fiscal Deficit: 0.7% of GDP ○ Deficit of the combined public sector: 1.0% of GDP ○ Taxes: 10.6% of GDP ○ Executed public expense: 12.3% of GDP ○ Social expense: 5.1% of GDP ○ Exterior Disbursements: 1.2% of GDP ○ No default in payment of service of the public debt • Military expense: 0.68% of GDP • Increase in the assignment of for control organisms (OJ; MP, CGC, PDH) and justice sector (MP; OJ; MINIGOB)
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Fiscal Policies (*Fiscal Situation*)

Expansion of the Tax Base	<ul style="list-style-type: none"> • 40% of total depuration of registries • Fiscal agents detected not inscribed tax payers • Punishment to 3,643 tax-payers
Simplification and computerization of the tax administration	<ul style="list-style-type: none"> • Computerization of the access to information <ul style="list-style-type: none"> ○ Automatic System of Consultations – Call Center- ○ Document Verifier ○ Auto liquidation of Sanctions ○ Economic Activities Consultation ○ Tax orientation Program –OrientaSAT- • BancaSAT: presentation and payment of taxes in an electronic manner • Electronic Policy System in all costumes of the country
Fight against tax fraud, Misappropriation of taxes and customs smuggling	<ul style="list-style-type: none"> • First Modules of FISAT • Program of fiscal agents in costumes of Santo Tomás de Castilla, Puerto Quetzal y Tecún Umán • Collection of special tax payers increased in 39.7% related to the previous year • Fiscal collection in 2002 increased 21.1% related to the collection of the year 2001

POVERTY REDUCTION STRATEGY (PRS)

Institutionalization of poverty issue	<ul style="list-style-type: none"> • Framework for the elaboration of the ERPM and ERPD • Manuals for the elaboration of ERPD y ERPM • Elaboration of 120 ERPM = 36% of the total
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**Maintenance of macroeconomic and strengthening of the financial system
(Approve an integral reform of the financial sector)**

Monetary Sector	<ul style="list-style-type: none"> • Acceptable fulfillment of the goals approved by Stand-by Agreement with IMF: • By December 2002, the RIN exceeded the goal by US\$ 198.0 million • By December 2002, the AIN was Q 1685.0 million below the cap • Total position of the central with BANGUAT, Q63 million under the maximums limit. Support from the fiscal politic to the monetary policies in 2002
Financial Sector	<ul style="list-style-type: none"> • Ratification of financial laws: <ul style="list-style-type: none"> ○ Organic Law of the Bank of Guatemala ○ Monetary Law ○ Financial Supervision Law ○ Bank an Financial Groups Law • Complementary reforms: projects of law for Non-bank financial intermediates, Insurance Activity Law, Non Conventional Guarantee Law, Reciprocal Guaranties' Law and the Law of Value Market • Strengthening of the financial system: <ul style="list-style-type: none"> ○ Capitalization of the CHN ○ Merger of Banco del Ejército ○ Merger of Banco del Nororiente • Approval of the Trust Fund for the Bank's Capitalization • Capitalization of Funds for the Savings Protection (FOPA)
	<ul style="list-style-type: none"> • Reduction of the inflation • Increase in the monetary offer and bank credit • Estate Reestablishment of assets of the State for an amount of Q16,000 million • Financial sector loan from IADB for US \$355 million and from WB for US \$155 million

Ending impunity, improving citizen security and guaranteeing human rights

Human Rights	<ul style="list-style-type: none"> • Consultation of the Executive Branch Policy on Human Rights • Design and assignment of funds for the National Program of Reparation • Friendly agreements in cases of human rights violations presented before the CIDH • Fulfillment of agreed reparations in 11 cases • Acknowledgment of State responsibility in cases of Human Rights violations • Integration agreement of the CICIACS
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	<ul style="list-style-type: none"> • Executive Branch consent of the Statute of Rome, ratification of international conventions and protocols • MID of human rights, security and justice
	<ul style="list-style-type: none"> • Advances in the judicial process of complex cases
Reform and modernization of the justice administration	<ul style="list-style-type: none"> • Project of Construction Plan, Definition and Practice of State Democratic Policies • Working of 3 CAJ in an anticipated manner • Remodeling works of 24 peace courts • Construction of 12 peace courts • Judicial complex at Huehuetenango • Legal modification to broaden the jurisdiction of peace courts • 16 mediation centers • 2 evidence warehouses • 2 mobile courts • 6 ethnic criminal defense offices • 850 new police agents to broaden coverage • Law Project for the Penitentiary System • New promotion of penitentiary guards • Implementation of Judicial Career Law • IDPP Offices in PNC stations • Increase in the budget assignment to OJ; MP; PDH; PNC

Economic Action Plan (*Reactivation of the economic growth*)

Economic Action Plan (PAE)	<ul style="list-style-type: none"> • Framework of shared responsibility in which public sector assumes a complementary role to the efforts of the enterprise sectors and non-governmental organizations
Competitiveness	<ul style="list-style-type: none"> • Opening of technical training centers: Juan Francisco Alfaro Mijangos in Quetzaltenango, the one in Santa Lucía Cotzumalguapa, of meat and tourism • Equipment of 6 training centers • Global Credit Program: loans with disbursements of Q 248.0 million • Trust fund in “Financial Support to Guatemalan Coffee Sector”: disbursements for Q298.0 million up to June of 2002
Economic opening to internal and external markets	<ul style="list-style-type: none"> • Consumer Protection Law approval • Preparation of laws to Promote the Competence and the National System of Quality and Presentation to the Congress of the Republic • Approval of Concessions Law by Economic Cabinet • 3 FTA with Mexico, Cuba, Dominican Republic • 6 Processes of FTA: United States of America, Canada. • Effective Tariffs in Guatemala showed a decrease tendency from: 8.4% (1998) to 5.2% (2002)
Promotion of investment and	<ul style="list-style-type: none"> • Invest Agency

exports	<ul style="list-style-type: none"> • Exclusive Office of Investment Promotion
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Global Transparency (*Increasing Transparency*)

Increase transparency	<ul style="list-style-type: none"> • Signing of Letters of Intent with the World Bank • Establishing the National Committee for Transparency and against Corruption • Law impulse in the prevention path • Budget assignment was raised, in the axis of control and punishment in 2003 to MP, General Account Comptrollership, PDH, OJ • Bid process for fertilizers with the participation of the Transparency Chapter of Guatemala Institutionalization of SAIA • Sector Commission to Combat Corruption of the Justice Sector • SNIP Implementation
<i>National Committee for Transparency and against Corruption</i>	<ul style="list-style-type: none"> • Implementation of the Coordination Council • Work Plan • Technical Formed Unit
Government Financial Administration System	<ul style="list-style-type: none"> • 43 central government institutions operate SIAF • Implementation in OJ, SAT, INFOM, IGSS, FONAPAZ, INTECAP, Mayan Language Academy, Quetzal Port • Diagnostic, training and process analysis in INGUAT, FIS, USAC, INE, MP, Congress of the Republic, Guatemalan Olympic Committee
Modernization of tax collection	<ul style="list-style-type: none"> • Computerization of administrative process • Application of law, control and supervision of domestic taxes, foreign commerce • See Chapter 3
Code of Good Practices of Fiscal Transparency	<ul style="list-style-type: none"> • Adopted on February 2002 • Creation of Transparency Portal (income, expenses, political debts)
Acquired Commitments in Fiscal Pact	<ul style="list-style-type: none"> • Maintenance of fiscal balance based on a moderate deficit • Tax raise • Adoption of additional non-tax means (modifications to Tax Code and Penal Code, information quality -SIAF) • Work plan of CSPF 2003
Laws supporting fiscal transparency	<ul style="list-style-type: none"> • Legal reforms: Development Councils system, Municipal Code, Organic Law of the General Account Comptrollership • Creation of a Finance Municipal Integrated Administration in the Municipal Code • Laws to be analyzed by the Congress of the Republic: Municipal Tax Code, Law of State Purchases and Acquisitions Purchase and Estate, Organic Law of Budget

Governability (To promote dialogue and national unity)

<p>Dialogue promotion and coordination</p>	<ul style="list-style-type: none"> • High level commission with UASP, CNOC, with Multi-institutional remedy for Peace and Harmony, for the assistance of housing problems, Departmental Round Tables of Agreement, Accompanying Committee, PRONACOM • With the ex PAC: Agreement to establish a Fund for Peace and Conciliation • Resolution of the conflict case of Los Cimientos, Chajul, Quiché • Resolution of the cases of Military Baser No. 20, Quiché; San Mateo Ixtatán, Huehuetenango; Champerico, Retalhuleu • Conflicts of land: cases of the Communities of Estrella Polar; Communities La Reinita y Santa Rita de Sayaxché, Petén; Finca San Basilio, Suchitepéquez • High level commission to implementation and law of the civil intelligence office in MINIGOB, arms and munitions office in MINIGOB, reforms to the law of the PNC • Agreement between the Government and the Agricultural Platform for the emergency in the coffee crisis
<p>Dialogue Inter-sector Round Tables – MID</p>	<ul style="list-style-type: none"> • Implementation of MID: Indigenous People, Defense Policies, Peace Culture and Reconciliation, Economic and Rural Development • In the process of implementation: MID of Justice, Security and Human Rights

Mobilization of external resources

<p>Cooperation Management</p>	<ul style="list-style-type: none"> • 66 agreements for an amount of US \$ 645.3 million: • 15 loan agreements for an amount of US \$ 563.3 million, and • 51 non-refundable agreements for an amount of US \$ 109.0 million
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