

Guatemala

All through 2005, the Government of Guatemala persisted in its ongoing efforts aimed at strengthening the investment and business climate, implementation of public investment projects, increasing consumption and investment, improving competitiveness in view of the coming into force of the Free Trade Agreement between the Central American and Dominican Republic with the United States. Furthermore, it has focused on reconstruction activities resulting from the effects of the impact of Stan Tropical Storm. The actions developed by the Guatemalan Government in its medium-term Strategy seek macroeconomic stability, strengthening the financial system and structural reforms to propel competitiveness and growth, as well as reducing poverty, retaking objectives of the peace accords of 1996, and working to achieve the millennium goals and drive of the “Vamos Guatemala” program.

Loan Approvals

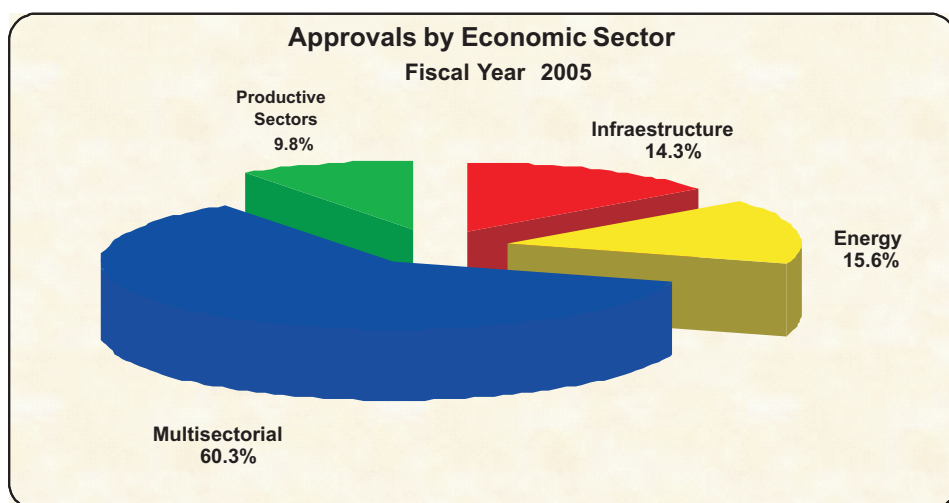
In 2005, the Guatemalan economy presented, in average, expansion signs, evidenced by the more dynamic behaviour of the construction, transportation, food, telecommunications, banking and insurance sectors.

CABEI's activities in Guatemala, through its Regional Country Office, was also very dynamic in terms of credits, achieving an exceptional amount of US\$663.4 million oriented mainly to supporting government multisectorial investments seeking poverty reduction, similarly, in energy, road infrastructure and productive sectors.

Approvals by Economic Sector Fiscal Year 2005 In US\$ million

Economic Sector	Amount
Infrastructure	95.0
Energy	103.4
Multisectorial	400.0
Productive Sectors	65.0
Total	663.4

Percentage-wise, approval focused predominantly on public sector investments, with the 60.3% of approvals for multisectorial investment, followed by 15.6% for investments in power generation and 14.3% for infrastructure.



Among approvals of new credits for Guatemala, a US\$400.0 million loan for the government to support the Multisectorial Program to Strengthen Investment can be emphasized, which will support activities to facilitate poverty relief, the Peace Accords, the Millennium Development Goals and components of the “Vamos Guatemala” Program, as well as US\$95.0 million for the Road Infrastructure Program in the Department of Peten.

Approved Projects
Fiscal Year 2005
In US\$ million

Borrower/Project	Amount
Gov. Road Infrastructure Program in the Department of Petén	95.0
Gov. Multisectorial Program to Strengthen Investment	400.0
ETCEE-Electric Transmisión Lines Guate-Norte y Guate-Sur	63.3
Tres Rios Hydroelectric Plant	40.1
T o t a l	598.4

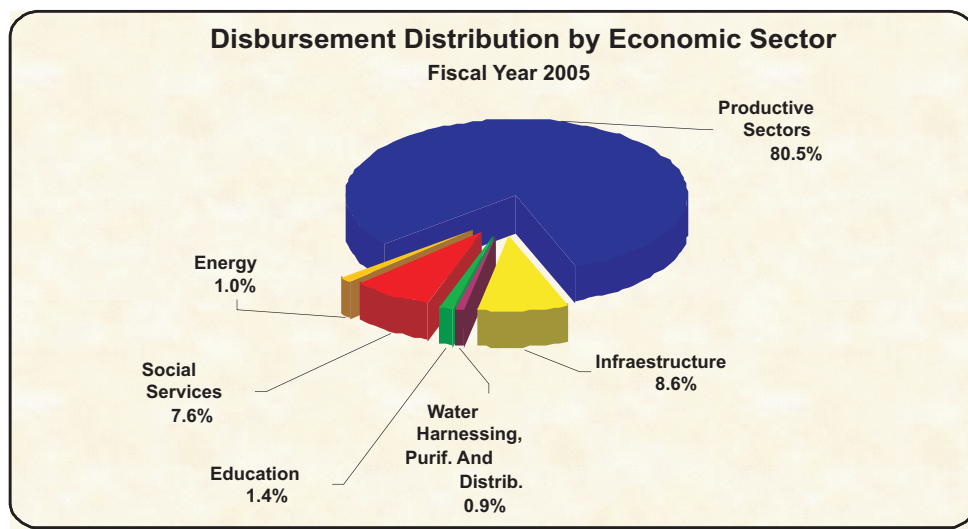
Loan Disbursements

US\$333.3 million was the total amount disbursed in 2005 by CABEL, to up-grade road infrastructure, not only of primary roads, but also of communication roads to rural areas, and for investments in education, housing, drainage systems, and support to diverse goods and services production areas.

Disbursements by Economic Sector
Fiscal Year 2005
In US\$ million

Economic Sector	Amount
Infraestructure	28.7
Water Harnessing, Purification and Distribution	2.8
Education	4.6
Social Services	25.4
Energy	3.3
Productive Sectors	268.5
Total	333.3

Consequently, in the percentage distribution graph, productive sectors accounts for 80.5% of total disbursements during this period, and a smaller percentage for infraestructure, energy and social services.



Projects that obtained relevant amounts of disbursements are: Social Investment Program, US\$19.1 million; Primary Roads Rehabilitation Program, US\$10.0 million; Vado Hondo-El Florido Road, US\$8.0 million; Rural Communities Integral Development (DICOR III), US\$6.2 million; and San Carlos University Infraestructure and Equipping project, US\$4.6 million.

A detail of loans supported by disbursements in 2005 is shown in the following charts:

Projects and Amounts Disbursed
Fiscal Year 2005
In US\$ million

Borrower/Project	Amount
Gov. Sustainable Rural Development in Areas with Watering and Drainage Potential	2.8
Gov. C-13 Highway, Portion Entre Rios- Honduras Border	0.8
Gov. Vado Hondo-El florido Road	8.0
Gov. Primary Roads Rehabilitation Program	10.0
Gov. Carreteras Turísticas y de la Oportunidad	7.3
Gov. Housing supporting Program (FOGUAVI)	2.6
FIS. Social Investment Program	19.1
Gov. Rural Communities Integral Development (DICOR III)	6.3
GECSA. Electricity Generation Plant	3.3
San Carlos University Infrastructure and Equipping - Stage II (USAC)	4.6
Productive Sectors	268.5
Total	333.3

Potential Project Impacts

Potential impacts of several projects that obtained disbursements from CABEI during 2005 are:

It has been estimated that the GECSA - Electricity Generation Plant will have a 15 megawatts generation capacity that will increase and stabilize power in the department of Chimaltenango, benefiting in particular ten industries in this region, besides consumers in family units. Currently, in the construction stage it is generating 200 new jobs.

During this period, the Social Investment Fund Project (FIS, *Spanish acronym*) implemented the construction of 653 rural classrooms, 22 health centres, including equipment for 18 centres, 3,177 potable water service connections, 7,726 wood-saving stoves, 8 vehicle or pedestrian bridges, drilling of 2 wells that supply 1,140 litres of water a minute. It has been estimated that the progress in the activities in the areas of education, health, water and basic sanitation, road infrastructure, environment and productive projects has benefited 133,330 persons, including approximately 32,000 children.

With the progress in works for the Sustainable Rural Development in Areas with Watering and Drainage Potential project, 158 irrigation projects were financed, covering an area of 1,829 hectares and directly benefiting 790 people.

The Primary Roads Rehabilitation Program advanced in Road Crossing Santa Elena Barillas-Barberena of 28.5 kilometers, generating 250 temporary employments; evolvments were also achieved on the Road San Miguel Morazán-Antigua Guatemala with 25 kilometers, generating 75 jobs during the development of the project.

The Housing Supporting Program- FOGUAVI, with disbursements accrued by US\$20.3 million (84.6% implementation), has granted 8,624 subsidies for the same number of housing solutions, thereby benefiting approximately 47,432 persons at the national level, including the incentive of construction collateral and complementary activities that favour the communities near these housing developments.

With the funds disbursed during 2005, the project Carreteras Turísticas y de la Oportunidad accrued disbursements by US\$14.0 million. The advances of the works include beginning the implementation of the Santa Ana Huista-San Antonio Huista-Jacaltenango-Concepción Huista road sector where advances were achieved in approximately 14 kilometers from a total of 27 kilometers. In the Ixtahuacan-Cuilco stretch 11 kilometers have been constructed from an expected total of 27 kilometers.