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# GUATEMALA URBAN MUNICIPAL GOVERNANCE PROJECT POLITICAL ECONOMY ASSESSMENT



**DECEMBER 2017**

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Tetra Tech Contacts:            Brian Husler, Chief of Party  
[brian.husler@tetrattech.com](mailto:brian.husler@tetrattech.com)

Christian Kolar, Project Manager  
[christian.kolar@tetrattech.com](mailto:christian.kolar@tetrattech.com)

Tetra Tech  
159 Bank Street, Suite 300, Burlington, VT 05401  
Tel: 802-495-0282, Fax: 802 658-4247  
[www.tetrattech.com/intdev](http://www.tetrattech.com/intdev)

COVER PHOTO: A few hundred meters above the lakeside Municipality of Amatitlán is this urbanized community, Altos de la Cruz, where the Urban Municipal Governance Project will work with local leaders and authorities to improve municipal services that reduce violence and crime in their jurisdiction.

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## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ACRONYMS AND ABBREVIATIONS

ABG	Guatemalan Bankers' Association
AGER	Association of Renewable Energy Generators
AGEXPORT	Guatemalan Association of Exporters
AIDPI	Accord on Indigenous Rights and Identity
ALMG	Guatemalan Mayan Languages Academy
AMANSUO	Association of Municipalities of the South-west
AMSA	Authority for the Sustainable Management of the Lake Amatitlán Watershed
ANAM	National Association of Municipalities
APOFAM	Association for the Well-being of Families
ASESA	Accord on Socioeconomic Affairs and the Agrarian Situation
ASIES	<i>Asociación de Investigación y Estudios Sociales</i>
BANGUAT	Bank of Guatemala
CACIF	Coordination of Agricultural, Commercial, Industrial and Financial Associations
CARITAS	A Guatemalan Catholic Bishops' Conference development organization
CC	Constitutional Court
CDAG	Autonomous Sports Confederation of Guatemala
CDUR	Urban and Rural Development Council
CES	Economic and Social Council of Guatemala
CGC	Comptroller General's Office
CICIG	International Commission against Impunity in Guatemala
CIV	Ministry of Communications, Infrastructure, and Housing
CM	Municipal Code
CNPAG	National Council for the Protection of Antigua Guatemala
COCODE	Community Development Council
CODECA	Committee for Agricultural Workers' Development
CODEDE	Departmental Urban and Rural Development Council
CODISRA	Presidential Commission against Discrimination and Racism
COG	Guatemalan Olympic Committee
COGUANOR	National Commission on Regulations

COMUDE	Municipal Development Council
COMUPRE	Municipal Crime and Violence Prevention Commission
CONADUR	National Urban and Rural Development Council
CONALFA	National Committee for Literacy
CONASAN	National Council for Food and Nutritional Security
CONJUVE	National Council for Youth
CONRED	National Coordinating Body for the Reduction of Disasters
COPEREX	Committee for Permanent Expositions
COPREDEH	Presidential Coordinating Commission for the Executive Human Rights Policy
COPRET	National Commission for Transparency and Electronic Government
COREDE	Regional Council for Urban and Rural Development
CORFINA	National Finance Corporation
CPN	National Commission for Ports
CPR	Constitution of the Republic
CSJ	Supreme Court of Justice
CUC	Committee of Agricultural Workers' Unity
CVB	Volunteer Firefighters' Corps
DAFIM	Directorate of Integrated Municipal Financial Administration
DC	Chronic malnutrition
DEMI	Indigenous Women's Advocacy Office
DMM	Municipal Women's Department
DMP	Municipal Planning Department
EMPORNAC	National Corporation of the Port of Santo Tomás de Castilla
ENA	National Agricultural Survey
ENCA	Central National School of Agriculture
ENCOVI	National Survey of Living Conditions
ENEI	National Survey of Employment and Income
EPNCH	National Corporation of the Port of Champerico
EPQ	Corporation of the Port of Quetzal
EXMIBAL	Metallic Exploitation Company of Izabal
FCN	National Convergence Front party

FECI	Public Prosecutor's Office against Impunity
FENACOAC	National Federation of Savings and Credit Cooperatives
FENACOVI	National Federation of Housing Cooperatives
FHA	Institute for the Development of Insured Mortgages
FODEPAZ	Departmental Fund for Development and Peace
FODHAP	Federation of Popular Housing Development Organizations
FONAPAZ	National Peace Fund
FONTIERRAS	Land Fund
FSDC	Solidarity Fund for Community Development
FUNDAP	See FUNDESPA
FUNDAZUCAR	Sugar Foundation
FUNDESA	Guatemalan Development Foundation
FUNDESPA	Foundation for the Integral Development of Socio-economic Programs (also known as FUNDAP)
GDP	Gross Domestic Product
GoG	Government of Guatemala
GTQ	Guatemalan Quetzal
GUATEL	Guatemalan Telecommunications Corporation
HDR	Human Development Report
IARNA	Institute for Agriculture, Natural Resources and the Environment
IDB	Inter-American Development Bank
ICTA	Institute of Agriculture Science and Technology
IDPP	Institute of Public Criminal Defense
IED	Direct Foreign Investment
IEPADES	Institute for Training for Sustainable Development
IGSS	Guatemalan Institute for Social Security
INAB	National Forestry Institute
INACIF	National Institute of Forensic Sciences
INACOP	National Institute of Cooperatives
INAP	National Institute of Public Administration
INDE	National Institute of Electrification



INDECA	National Institute of Agricultural Commercialization
INDH	National Report on Human Development
INE	National Statistics Institute
INFOM	Municipal Development Institute
INGECOP	Inspector-General's Office for Cooperatives
INGUAT	Guatemalan Tourism Institute
INS	National Health Agency
INTECAP	Institute for Technical Training and Productivity
IOM	International Organization for Migration
IPM	Institute of Military Social Welfare
IRTRA	Institute for Recreation of Workers of Private Businesses
ISR	Income Tax ( <i>Impuesto Sobre la Renta</i> )
IUSI	Property Tax
IVA	Value-added Tax
IVA-PAZ	Value-added Tax for Peace
LAIP	Law on Access to Public Information
LEPP	Elections and Political Parties Law
LIDER	Renewed Democratic Freedom Party
LOE	Law of the Executive Branch
MAFIM	Integrated Municipal Financial Administration Manual
MAGA	Ministry of Agriculture, Cattle, and Food
MANCOSUR	Association of Municipalities of the South
MARN	Ministry of the Environment and Natural Resources
MCCA	Central American Common Market
MGP	<i>Movimiento Guatemalteco de Pobladores</i>
MIDES	Ministry of Social Development
MINEDUC	Ministry of Education
MINFIN	Ministry of Public Finance
MINGOB	Ministry of Governance
MINTRAB	Ministry of Labor
MIS	Inclusive Health Model

MSPAS	Ministry of Public Health and Social Assistance
NGO	Nongovernmental Organization
OCRET	Central Office for Reserve Areas of the State
ODM	Millennium Development Goals
ODS	Sustainable Development Goals
OIT	International Labor Organization
OMS	World Health Organization
ONAM	National Office for Women
ONSEC	National Office of Civil Service
ONU	Organization of the United Nations
PDH	Human Rights Ombudsman's Office
PEA	Economically Active Population
PEA	Political Economy Assessment
PGN	Attorney General's Office
PMT	Municipal Transit Police
PNC	National Civilian Police
PND	National Decentralization Policy
UNDP	United National Development Program
PNPDIM	National Policy for the Promotion of Integrated Development for Women
PO	Working Population
POA	Annual Operating Plan
POT	Land Organization Plan
PRDC	Program to Reduce Chronic Malnutrition
PROLAC	Milk Product Corporation of <i>Asunción Mita</i>
PRONACOM	National Competitiveness Program
RENAP	National Registry of Persons
REPROMAC	Network for the Protection of Children and Adolescents from Violence
RIC	Registry of Cadaster Information
SAA	Secretariat for Agrarian Affairs
SAAS	Secretariat of Administrative and Security Affairs
SAE	Secretariat of Specific Affairs

SAN	Food Security and Nutrition
SAT	Supervisory Administration for Tax Administration
SBS	Secretariat of Social Well-being
SCDUR	System of Urban and Rural Development Councils
SCEP	Presidential Secretariat for Executive Coordination
SECAI	Executive Secretariat of the Commission for Access to Public Information
SEGEPLAN	Secretariat for General Planning and Programming
SEPAZ	Peace Secretariat
SEPREM	Presidential Secretariat for Women
SESAN	Secretariat of Food Security and Nutrition
SGP	Presidential Secretariat General
SIB	Supervisory Administration of Banking
SICION GL	Integrated System of Accounts – Local Governments
SIE	Secretariat for Strategic State Intelligence
SIGAP	Guatemalan System for Protected Areas
SIT	Telecommunications Supervisory Administration
SNIP	National System for Public Investment
SOSEA	Secretariat of the Social works of the Mayor's Wife
SOSEP	Secretariat of Social Affairs of the President's Wife
SPP	Presidential Private Secretariat
SURDC	System of Urban and Rural Development Councils
TSE	Supreme Electoral Tribunal
UIP	Public Information Unit
UMG	Urban Municipal Governance Project
UN	United Nations
UNAGRO	National Agricultural Union
UNE	National Union of Hope Party
URL	Rafael Landivar University
USAC	National State University of San Carlos
USAID	United States International Development Agency
VAS	Alternative Southern Route

WHO

World Health Organization

WFP

World Food Program

## EXECUTIVE SUMMARY

At the onset of the Guatemala Urban Municipal Governance (UMG) Project, Tetra Tech subcontracted the services of local organization *Asociación de Investigación y Estudios Sociales* (ASIES) to implement a Political Economy Assessment (PEA). The purpose of the PEA is to improve understanding of the political and economic environment in which the project operates.<sup>1</sup> The PEA helps development practitioners understand the national and municipal-level political and economic environment that affects how municipalities perform as well as factors that influence the ability of municipalities to deliver services and meet the needs of citizens within the context of violence prevention.

The UMG project will use the data gathered during the assessment to inform programming designed to strengthen municipal financial and administrative capacities. This is intended to improve the provision of public services, increase citizen engagement and outreach, and help to reduce violence in marginalized urban communities.

### NATIONAL CONTEXT

National well-being in Guatemala continues to be precarious, and in some cases, it is worsening. The number of people living in poverty increased from 56 percent in 2000 to 59 percent in 2014. Those living in extreme poverty increased from 16 percent to 23 percent during the same period. Approximately 2.3 million Guatemalans left the country and 6.2 million people benefit from remittances arriving from abroad. While the average academic achievement rose from 4.3 years of school attendance in 2000 to 5.6 years in 2014, this level is still alarmingly low. When compared to its Central American neighbors, Guatemala's investment in education is the lowest—2.9 percent of the gross domestic product (GDP). Low education levels result in a poorly paid and informal workforce. Three-quarters of families in Guatemala do not earn sufficient income to cover basic nutrition needs. Healthcare is inadequate due to low investment, corruption, and poor resource management. A 2016 report found that 44 percent of public health clients did not receive the medication they required, and 34 percent were not seen by a medical professional.<sup>2</sup> Services like water and sewage treatment affect marginalized urban populations; 89 percent of urban dwellers have access to improved sources of potable water and 83 percent have access to improved sanitation systems. Guatemalan state institutions and policies have not significantly addressed these human development deficits.

Homicide in Guatemala remains high at 27.3 for every 100,000 inhabitants in 2016. Five of every ten violent deaths are attributable to drug trafficking combined with gang activity. Culturally rooted norms such as racism, “machismo,” xenophobia, social cleansing, gender-based violence, and domestic violence, combined with authoritative systems and practices, institutionalize inequality and injustice. Large sectors of society are marginalized from receiving access to power, justice, economic opportunities, resources, assets, and services.

The legal framework in Guatemala is relatively strong. The current constitution from 1986 incorporates the Human Rights Ombudsman's Office; the Executive Branch has 14 ministries and 42 autonomous agencies to deliver programs and services. However, government leadership is often weak, complex administrative structures and processes lead to ineffective performance, and there is a high turnover of

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<sup>1</sup> In Year I of UMG, the target municipalities were Amatitlán, Chinautla, Palencia, Villa Canales, and Villa Nueva in the Department of Guatemala; Escuintla in the Department of Escuintla; Colomba Costa Cuca and Coatepeque in the Department of Quetzaltenango; Retalhuleu in the Department of Retalhuleu; and Malacatán in the Department of San Marcos.

<sup>2</sup> IX Report of the Human Rights' Ombudsman's Report, to the National Commission on Food Security and Nutrition, 2016, pp 51-52; <https://www.pdh.org.gt/biblioteca/informes/category/10-informes-especiales.html#>

technical and professional staff in government. This contributes to a lack of continuity in policies and programs, and insufficient resources to solve problems. In 2002, a decentralization process began that has helped municipalities—especially in the collection of local property taxes—but has not advanced in terms of decentralizing authority and resources of other central government agencies such as health, education, and citizen security.

Guatemala has a regressive tax policy that contributes to continued inequality. Initiatives to promote tax reform since the Peace Accords were signed in 1996, include raising 12 percent of GDP in taxes, promoting transparency and economic growth, combating contraband and tax evasion, and updating tax records. These initiatives failed. Guatemala currently collects 10.35 percent of GDP in taxes, one of the lowest rates in the region.

At the level of national institutions and policy, Guatemala has a relatively well developed and strong framework. However, many institutions are viewed as corrupt by citizens, exacerbated by a number of high-profile corruption cases exposed by the Public Ministry and the International Commission against Impunity in Guatemala. These cases highlight the extent to which corruption, bribery, phantom-hiring, and tax evasion permeate society and become “normal” practice. The reaction of Guatemalans to the political corruption scandal in 2015 shows that tolerance for corruption is lessening. National agencies promoting transparency and reporting annually on national and municipal institutions include the Comptroller-General of Accounts, Public Ministry, Human Rights Ombudsman’s Office, and Finance Ministry. Like municipalities, state agencies must submit documents to central authorities annually as part of the national audit system. This includes their Annual Operating Plans and Budgets and a report on Access to Public Information. Other measures at the disposal of municipal corporations include the Municipal Citizens’ Commission for Social Audit and town hall-style meetings, but these public spaces are primarily used for informing the public rather than promoting citizen participation.

The assessment highlights the power and influence interest groups have in public affairs. Interest groups influence the public agenda through the press, lobbying, contributions to electoral campaigns, personal networks; or “plain corruption” through public contracts, tax breaks, and other means. The private sector is an important interest group. Many central government agencies include private sector representatives on their boards. At the municipal level, more direct influence is noted from the sugar industry, agricultural worker associations, church groups, and civil society organizations.

Guatemalan women face continued discrimination and exclusion, evidenced by inequality in terms of access to opportunities, resources, and decision-making. Women are under-represented in political, social, and cultural spheres. Only 23 women (15 percent) are members of Congress, there are only 9 female mayors out of a total of 340, and only 2 government ministers are women, out of the 14-member National Cabinet. At the municipal level, female candidates for municipal council positions totaled 4,551 in 2016, or 22 percent of the total.

## **DEVELOPMENT COUNCILS**

Since the Development Council Law passed 15 years ago, it has not effectively contributed to the democratic process of establishing development councils. The National Urban and Rural Development Council (CONADUR) is limited by members who do not invest the time required to review and validate decisions made by the government. It is also hindered by poor representation and participation of social groups. The Regional Development Councils (COREDEs) are not all functional. The Departmental Development Councils (CODEDEs) are focused on leveraging resources for development and tend to be hampered and discredited by corruption and external influences. In most cases, the Municipal Development Councils (COMUDEs) and Community Development Councils (COCODEs) are viewed as useful bodies but tend to be controlled by the mayors and used to meet their political objectives, usually aimed at controlling communities and citizens. The development agenda is often

manipulated by municipal officials and staff, limiting community level development investments that meet local needs. Decision-making authority rests with COCODE formal members, limiting community participation in the process.

## **MUNICIPALITIES**

Since 2002, Guatemala's 340 municipalities have played an increasingly stronger role in local development. Municipalities are autonomous agencies of the state and are run by elected members of the Municipal Councils. Councils oversee municipal committees, including the all-important Municipal Development Committee. These committees can create commissions for specific issues, such as municipal violence and crime prevention. The Municipal Code defines municipal competencies, including the management of public services like water, electricity, sewage treatment, and public spaces (e.g. markets, cemeteries, parks, and recreational areas).

Municipalities face numerous obstacles that limit their effectiveness to serve citizens. Some obstacles include lack of funds (i.e., inadequate budgets), poor planning, cumbersome regulations (especially those related to financial management), inability to collect service fees and taxes, prevailing expectation of receiving free public services, inadequate skills and capacity of municipal staff, poor support network for the municipality (in terms of training and technical assistance), lack of international donor funding, and absence of uniform auditing criteria. Municipal officials and staff do not sufficiently understand the legal framework in which they operate—none of those interviewed were aware of the mandate to create Municipal Citizens' Commissions for Social Audit, for example. The understanding of the urban and rural development system and its various councils was also unclear.

While Municipal Council members ranked themselves highly (in the self-assessment), some members feel that their contributions are limited due to political reasons (i.e., they are not a member of the mayor's political party). Citizen participation in Municipal Council decision-making processes is limited.

In terms of revenue, most target municipalities increased their income from local sources since the decentralization process began. This is mostly through property taxes, construction, and taxi licenses and user fees for services like water and electricity. The notable exceptions are Colimba and Malacatán. Property tax should be the highest source of income for the municipality. However, local authorities are unwilling or unable to enforce effective payment collection procedures. This is often related to poor land registration and disorganized property ownership records. Furthermore, most citizens think municipal services should be free or very low cost. None of the ten municipalities included in this assessment fully executed their approved budgets, indicating several problems (primarily poor planning and inability to implement needed activities and services). In many cases, personnel costs are the single-highest item in the budget.

Municipal staff and officials ranked water and sanitation services as the greatest service delivery need, which aligned with the views of the citizens interviewed. All ten municipalities experience problems related to water supply and delivery. In terms of services that are considered the most successful, public lighting was highly ranked, while water and solid waste management was considered the least successful by most municipalities. For services within the responsibility of central agencies, citizen security was considered the most important, with education and health ranking second and third.

Citizen security and crime and violence prevention-related issues and how to address them vary across municipalities. There also are numerous interpretations of the National Violence and Crime Prevention Policy and the municipality's role within it. Officials are unclear on how security and violence prevention differ, and not all agree on the balance between municipal leadership of security and prevention initiatives and municipal partnering with national agencies. Seven of the ten municipalities are developing violence prevention policies or plans consistent with the national strategy on violence prevention.

The assessment identified many state agencies with presence and coverage in the target municipalities. However, power remains largely centralized, hindering the ability of municipalities to make decisions in their best interest.

This PEA provides a basis upon which to build the work of the UMG project. The detail provided by in-depth interviews and focus groups at national and municipal levels will support the successful development of strategic interventions, which will strengthen municipalities where most needed and begin to change attitudes and behaviors currently impeding municipal good governance.



## **I.0 INTRODUCTION**

### **I.1 BACKGROUND**

USAID awarded the Urban Municipal Governance (UMG) Project to Tetra Tech on January 27, 2017. UMG is a five-year project designed to reduce levels of violence in municipalities most at risk of violent crime through enhanced municipal governance, increased coverage and quality of municipal services, and greater citizen participation and oversight. The project is working to provide municipal governments with improved technology solutions and technical assistance to achieve transparent and participatory planning, financial management, and effective service delivery implementation. UMG is organized to provide technical assistance, capacity building support, and resources for direct improvements to community-based organizations working in partnership with municipalities to improve services that will help reduce crime and violence.

During the first year of implementation of the project, Tetra Tech contracted with the *Asociación de Investigación y Estudios Sociales (ASIES)* to implement a political economy assessment (PEA). The purpose of the PEA is to improve understanding of the political and economic environment in which the project operates. The principal objectives of the PEA are to understand the national- and municipal-level political and economic environments that affect how municipalities perform, as well as factors that influence the ability of municipalities to deliver services and meet the needs of citizens within the context of violence prevention.

The PEA was implemented in two phases: a desk review of relevant information followed by a field phase in which the ASIES team conducted key informant interviews and focus group discussions in the first ten municipalities where UMG initiated activities during its first year. The municipalities assessed were: Amatitlán, Palencia, Villa Canales, and Villa Nueva in the Department of Guatemala; Chimaltenango in the Department of Chimaltenango; Escuintla in the Department of Escuintla; Coatepeque and Colomba in the Department of Quetzaltenango; Retalhuleu in the Department of Retalhuleu; and Malacatán in the Department of San Marcos.

This report presents the PEA methodology; national-level, municipal-level, and community-level findings from the desk review and field research, respectively; a summary of key findings; and overall recommendations for addressing the implications these findings may have on the development and implementation of the UMG Project.

### **I.2 METHODOLOGY**

For the desk review (conducted between May and September 2017), the team examined information related to the national legal framework, structure, and policies that define municipalities' mandates and functions, including competencies, public administration, and citizen participation. The team gathered socio-economic information including indicators of well-being such as levels of poverty, equality, health, education, access to justice, crime and violence. They also reviewed data on economic indicators such as economic growth, access to land, natural resources, credit, rates of employment, and infrastructure (i.e., roads).

During the three-month field phase of the research (June 21 to September 22), the team gathered information from the ten municipalities. Through key informant interviews and focus group discussions, the research team gained an understanding of how each municipality was functioning. The team analyzed the following areas: relationships between the competencies of the municipalities, line ministries, other national organizations, and communities; the status of municipal service delivery and obstacles to meeting the needs of the most vulnerable; how crime and violence prevention are addressed at the

municipal level and within the most vulnerable communities; the effectiveness of municipal administrative functions; and citizen participation, including transparency and accountability related to municipal functions and performance. Table 1.2 presents the research framework for the PEA including the primary research questions and related methods organized by UMG results.

The team developed and piloted 10 interview guides (one for each municipality), and requested interviews with the mayor; director of public services; chief of municipal police; director of the Municipal Women’s Department (DMM); other municipal officials; council members; representatives from the Directorate of Integrated Municipal Financial Administration (DAFIM), Municipal Planning Department (DMP), Municipal Secretary, and Community Development Council (COCODE); and other community leaders.

In addition, the team developed, piloted, and administered four focus group discussion guides to Municipal Development Council (COMUDE) and COCODE members, as well as citizen leaders representing vulnerable groups (women and youth) at the municipal and community levels. The research team prioritized the inclusion of as many women and youth as possible within the citizen focus groups. Women represented slightly more than 40 percent of total participants in focus group discussions (see Table 1.1). The team worked in close collaboration with a municipal liaison in each municipality who was responsible for forming the groups. Consequently, the information may be slightly skewed in favor of views from municipal officials and staff – since those individuals comprised the focus groups. Table 1.1 presents the number of interviews implemented and the number of participants, disaggregated by men and women. On average, 15 key informants were interviewed and 32 people participated in focus group discussions (eight per focus group) per municipality.

**Table 1.1: Composition of Interviews by Municipality**

No.	Municipality	Key Informant Interviews	Focus Group Discussions			Dates
			Men	Women	Total	
1	Palencia	13	20	22	42	June 21–28, 2017
2	Escuintla	14	22	15	37	July 14–20, 2017
3	Amatitlán	13	0	0	0	July 17–21, 2017
4	Chimaltenango	16	22	7	29	August 14–21, 2017
5	Villa Nueva	18	31	19	50	August 7–11, 2017
6	Villa Canales	16	15	19	34	August 28–30, 2017
7	Colomba	16	15	8	23	September 11–12, 2017
8	Coatepeque	13	21	16	37	September 13–14, 2017
9	Malacatán	15	11	6	17	September 18–20, 2017
10	Retalhuleu	15	15	9	24	September 21–22, 2017
	<b>TOTAL</b>	<b>149</b>	<b>172</b>	<b>121</b>	<b>293</b>	

**Table 1.2: UMG PEA Research Framework**

Research Domains	Primary Questions	Methods
<b>Phase I: National Level</b>		
<b>General Factors</b>	<ul style="list-style-type: none"> <li>• What are the indicators/evidence of corruption?</li> <li>• What is the municipal-level ability to comply with its mandate, service coverage, and improvements in management/governance processes?</li> <li>• What national-level resources are available to support them? Which institutions (public and private), and possibly individuals, have significant influence (decision-making) over the development and allocation of these resources?</li> </ul>	<p><b>Secondary literature review</b> (desk review)</p> <p><b>Triangulation of the information from the desk review with information from the field research</b> (key informant interviews and focus group interviews)</p>
<b>Legal Framework</b>	<ul style="list-style-type: none"> <li>• What is the legal framework that defines municipal mandates and how should related policies and guidance function?</li> <li>• What are the “checks and balances” that ensure compliance? Where is compliance weakest? Strongest?</li> </ul>	
<b>Social Factors</b>	<ul style="list-style-type: none"> <li>• What social-cultural factors affect the ability of all citizens (men, women, girls, and boys) to realize their rights, equitable access to resources, and opportunities (i.e., socio-economic benefits)? ,,,,</li> <li>• How do these factors affect the ability of different social groups to influence decision-making and access services?</li> <li>• What are the drivers or risk factors related to citizen security for the different social groups living in municipalities and communities affected by crime and violence?</li> <li>• What are municipalities doing to address these risk factors?</li> </ul>	
<b>Economic Factors</b>	<ul style="list-style-type: none"> <li>• What are the obstacles for economic growth, equity, and stability?</li> <li>• What are the main sources of funding for the municipalities, and how are they being managed/invested?</li> </ul>	
<b>Phase II: Municipal Level</b>		
<b>Result I: Strong public budgeting and municipal service delivery processes in place</b>	<ul style="list-style-type: none"> <li>• What is the composition of municipal organizations including Municipal Councils (COMUDEs) and their functions?</li> <li>• What are their competencies and the services that they provide?</li> <li>• What competencies and services are they implementing well? Why?</li> <li>• Where are they experiencing difficulties? Why?</li> <li>• What are they doing to improve their performance?</li> <li>• What more can be done?</li> </ul>	<p><b>Secondary literature review:</b> municipal- and community-level information</p>

Research Domains	Primary Questions	Methods
<p><b>Result 2: High-crime, urban marginalized communities are improved through citizen-driven improvements and municipal services</b></p> <p><b>Result 3: Citizens and civil society especially in the most at-risk communities are actively involved in municipal decision-making and accountability processes</b></p>	<p>Questions for both municipal officials and citizens:</p> <ul style="list-style-type: none"> <li>• What services are the citizens receiving?</li> <li>• Which of these services are functioning well? Why?</li> <li>• Which of these services are experiencing difficulties? Why?</li> <li>• What is being done to improve them? What else can be done?</li> </ul> <p>Observe the actual composition of leadership (formal and informal, women, youth, indigenous, etc.) and who they represent.</p> <p>Additional questions for citizens:</p> <ul style="list-style-type: none"> <li>• What services are you benefiting from?</li> <li>• Who is benefiting from them and how?</li> <li>• Which services can be improved? Why are they inadequate? How can they be improved?</li> <li>• What services are lacking completely (in the context of crime and violence prevention)? How can they be developed? Who will implement them?</li> <li>• Over the last year, how has your relationship been with the municipal government? Describe the relationship.</li> <li>• Have you had meetings? What resulted from the meetings?</li> <li>• Have you received assistance from the municipal government? What kind of assistance? Who has benefited?</li> <li>• Have you received information from the municipal government? What information? Has it been helpful? For whom?</li> </ul>	<p><b>Key Informant Interviews</b> with municipal officials working with service delivery and citizen participation, and community leaders (formal and informal)</p> <p><b>Focus Group Discussions:</b> municipal and community level; municipal level with service provision staff and COMUDEs; community-level with formal (COCODEs) and informal leaders (women and youth leaders).</p>

## 2.0 PEA FINDINGS

We present the PEA data and related findings in three sections: 1) from a national perspective following the review of secondary data; 2) from a municipal perspective following the key informant interviews and focus group discussions with municipal officials and staff; and 3) from a community perspective following key informant interviews and focus group discussions with municipal and citizen leaders, some representing vulnerable groups (women and youth).

### 2.1 NATIONAL PERSPECTIVE

#### 2.1.1 GUATEMALAN CONSTITUTION, NATIONAL GOVERNMENT STRUCTURE, AND LEGAL FRAMEWORK

##### THE CONSTITUTION

Guatemala, according to Article 140 of the *Political Constitution of the Republic of Guatemala*, is a free, independent, and sovereign state where citizens are guaranteed freedom and the ability to exercise their rights. The governing system is democratic and representative. The constitution establishes the separation of powers between the primary branches of government (executive, legislative, and judicial) and broadens citizen participation in public affairs through a system of representation where authorities act in the interests of citizens they represent. Justice is based on the principles of the constitution (Articles 44, 175, and 204) and subject to laws and legality (Articles 152 and 154), equality (Article 4), social justice (Articles 101 and 118), unity (decentralization of state powers will continue to be united under the principles of the constitution), access to public information (Article 30), coordinated public administration at all levels (Article 134), workers' rights (Article 101), taxation according to the ability to contribute (Articles 239 and 243), and decentralization and autonomy to support local development (Article 224).

Article 46 of the constitution establishes that international agreements and conventions related to human rights that are accepted and ratified by the Government of Guatemala (GoG) guide internally established legislation related to human rights. Guatemala has accepted and ratified international norms related to the inherent rights of a person reflected in the signing of the following international agreements:

- International Covenant on Civic and Political Rights (1966)
- International Covenant on Economic, Social, and Cultural Rights (1966)
- American Convention on Human Rights (San Jose Pact, 1969)
- International Convention for the Elimination of all Forms of Racial Discrimination (1967)
- International Convention for the Elimination of all Forms of Discrimination Against Women (1979)
- International Convention for the Protection of Migrant Workers and Their Families (1990)
- International Convention on the Rights of the Child (1989)
- Convention on the Rights of Persons with Disabilities (2006)
- United Nations (UN) Convention Against Corruption (2006)
- UN Convention Against Transnational Organized Crime (Palermo Convention, 2004)

Legal jurisdiction over the constitution is vested in the Guatemalan Congress (Article 157). Four laws ensure that the constitution is respected and enforced: the Elections and Political Parties Law (LEPP); the *Amparo, Exhibición Personal, y Constitucionalidad* Law; the Freedom of Thought Law; and the Public Order Law. They can only be modified through a legal mandate handed down by the Constitutional Court.

The Congress, the Executive Branch, the Supreme Court, the National State University of San Carlos (USAC), and the Supreme Electoral Tribunal (TSE) are vested with the authority to establish laws (article 174). The president of Guatemala, by exercising the right of veto and consultation with the Council of Ministers prior to approval, can influence the proposed laws. Regulations must be approved by the executive branch, municipalities, and other government organizations that are affected, and they must be aligned with the constitution and the laws that they support.

The constitutional framework and related laws are generally adequate for ensuring that the government functions in service to Guatemalan citizens and that citizens respect the rule of law. However, there is a weakness in the functioning of the judicial branch. This stems partially from constitutional reforms instituted in 1993 that changed Supreme Court procedures for designating magistrates and establishing appellate courts, and the administrative functions of the president of the judicial branch and Supreme Court. Other aspects that could be improved include the number and reelection of members of Congress and mayors, civil service regulations, and recognition of indigenous rights.

The constitution includes many references to protecting the rights of individuals and promoting citizen participation in governance. Table 2.1 outlines the relevant clauses from the constitution.

**Table 2.1: Citizens’ Rights and Participation According to the Constitution**

Article	Concept
1	Protection of the person: the state has the responsibility to protect citizens and their families. The final goal is to attain the common good.
2	It is the duty of the state is to guarantee life, liberty, justice, security, peace, and integral personal development to inhabitants of the republic.
28	Citizens have the right of petition, either individual or collective.
33	Citizens have the right of assembly and public gathering, peacefully and unarmed.
34	Citizens have the right of free association, except for professional college members for whom association is obligated by law.
35	Citizens have the freedom of thought and expression through any media, without prior license or censoring. This is regulated fully by the Freedom of Thought Law.
58	Citizens have the right to a cultural identity.
98	Communities have the right to participate in health programs.
100, r)	Citizens have the right to belong to a labor union.
135, c)	Citizens have civic rights and responsibilities.
136, e)	Citizens have the political rights and responsibilities, including participation in political activities.
137	Citizens have the right to petition on political matters.
147	Citizenship is allowable for those who are 18 years and older. Their actions are only limited by what is established in the constitution and by law.
173	Political decisions of special importance should be submitted to a consultation process for all citizens.
223	Citizens have the freedom to form and manage political organizations.
225, 226, 228, 229	The constitution creates the National Urban and Rural Development Council (CONADUR), Regional Councils for Urban and Rural Development (COREDEs), and Departmental Urban and Rural Development Council (CODEDEs).
277, d)	5,000 registered citizens have the right to initiate a proposal to reform the constitution.

Note: Taken from the Constitution,

<https://www.ine.gob.gt/archivos/informacionpublica/ConstitucionPolitica dela Republica de Guatemala.pdf>

## GOVERNMENT STRUCTURE

The role of the GoG is to protect individuals and their families to further the well-being of every citizen, guaranteeing life, liberty, justice, security, peace, and integral personal development. The GoG's obligations include:

- Promoting the economic development of the country, decentralizing public financial administration to improve regional development;
- Supporting the conservation and the sustainable use of natural resources;
- Improving citizens' quality of life by supporting family well-being;
- Fostering the construction of affordable housing;
- Impeding practices that lead to a concentration of means of production and wealth to the detriment of the common good;
- Protecting consumers by ensuring quality products and the enforcement of health and safety;
- Supporting private rural development activities that diversify and increase production while protecting family assets;
- Protecting efforts that improve capital, savings, and investment;
- Supporting the organized development of internal and external markets for national products;
- Maintaining a balanced economy between public expenditure and national production; and
- Creating conditions to promote national and foreign investment.

The GoG has three branches of government to ensure checks and balances on how state authority is exercised: the executive, legislative, and judicial branches.

## LEGISLATIVE BRANCH

The authority for the legislative branch is vested in the National Congress, comprised of congressional members elected to represent their constituencies. It is comprised of 153 elected members, 24 of whom are women. The Congress reforms, produces, and passes legislation, in addition to providing checks and balances to the executive branch through the establishment of legislative alliances and special investigative committees. The primary responsibilities include:

- Modify and approve budgets;
- Declare regular or extraordinary taxes;
- Approve of the inspector general's public financial statements;
- Intervene in or approve of actions that are related to internal and external debt;
- Approve of international agreements and treaties that may have an impact on national laws and regulations; and
- Establish investigative committees on issues of national interest related to public administration.

There is tendency for members of Congress to change party affiliations or become independent of the party platform on which they were originally elected; this can negatively affect the functioning of Congress. Table 2.2 demonstrates how elected representatives changed their affiliation over the past year.

**Table 2.2: Members of Congress Party Affiliation, Year Elected and Following Year<sup>3</sup>**

Political Party	Elected 2016	As of 2017
<i>Alianza Ciudadana</i>	0	11
<i>Convergencia</i>	3	2
CREO	4	5
<i>Encuentro por Guatemala</i>	7	6
FCN-Nación	11	37
Fuerza	2	1
Independiente	0	6
LIDER	45	5
<i>Partido de Avanzada Nacional</i>	3	3
<i>Partido Patriota</i>	18	2
<i>Partido Unionista</i>	1	1
<i>Reformador</i>	0	20
TODOS	18	16
<i>Unión del Centro Nacional</i>	7	6
<i>Unidad Nacional de la Esperanza</i>	32	31
<i>Unidad Revolucionaria Nacional Guatemalteca</i>	1	1
VIVA	5	4
WINAQ	1	1
<b>Total</b>	<b>158</b>	<b>158</b>

## EXECUTIVE BRANCH

The president of Guatemala is the highest authority in the GoG and oversees the executive branch on behalf of the people of Guatemala. The president is intended to act in coordination with some or all of the Council of Ministers (*Consejo de Ministros*) depending on the matters at hand – and not unilaterally. The participation of the ministers in executive-level decision-making is established in the constitution (Article 182). The executive branch enforces the following functions: oversight of the overall administration of government; establishment of secretaries that support the president; oversight of public policy, implementation, and sectoral integration across ministries; ensuring that ministries are complying with their roles and responsibilities at all levels (national to local); and achievement of desired results (socio-economic improvements and growth). Vested by the president, the Ministry of Governance (MINGOB) is vested with oversight of decentralized public administration via departmental leadership (governors) and management.

The executive branch is comprised of the president, the vice president, 14 ministries, and other entities including the National Office of Civil Service (ONSEC), the Presidential Coordinating Commission for the Executive Human Rights Policy (COPREDEH), the Presidential Commission Against Discrimination and Racism (CODISRA), the National Commission for Transparency and Electronic Government (COPRET), the National Council for Youth (CONJUVE), the Indigenous Women’s Advocacy Office (DEMI), and the lake commissions for Atitlán and Amatitlán.

GoG secretariats include the following:

<sup>3</sup> ASIES analysis comparing 2015 election results (<http://www.tse.org.gt/index.php/informacion-electoral/memorias-electorales>) with congressional representation map (<http://www.congreso.gob.gt/el-congreso/organos-del-congreso/diputados-mapa-de-representacion/>)



- Presidential General Secretariat
- Presidential Private Secretariat
- Presidential Secretariat for Executive Coordination (SCEP)
- Secretariat for Social Communication
- Secretariat for Strategic State Intelligence (SIE)
- Presidential Secretariat of Planning and Programming (SEGEPLAN)
- Presidential Secretariat for Women (SEPREM)
- Peace Secretariat (SEPAZ)
- Secretariat for Agrarian Affairs (SAA)
- Secretariat of Social Well-being (SBS)
- Secretariat of Food Security and Nutrition (SESAN)
- Secretariat of Social Affairs of the President's Wife (SOSEP)
- Secretariat of Administrative and Security Affairs (SAAS)
- Secretariat of Specific Affairs (SAE).

For a detailed explanation of the role of each secretariat, see Annex A. In addition to these 14 secretariats, there is also a Technical Secretariat of the National Security Council and four secretaries under the Vice President (National Secretariat of Science and Technology; Executive Secretariat of the Commission Against Addiction and Illegal Trafficking of Drugs; Secretariat Against Sexual Violence, Exploitation, and Trafficking; and National Secretariat for the Administration of Asset Recovery). The establishment and role of some of the secretariats have been questioned by some, in particular SOSEP, SAA, and SEPREM that were created by government decree.<sup>4</sup>

Of the 14 total GoG ministries, the most centralized are the Ministry of Culture and Sports, Ministry of National Defense, Ministry of Social Development, Ministry of Economy, Ministry of Energy and Mines, Ministry of Foreign Relations, and Ministry of Labor and Social Welfare.<sup>5</sup> Those ministries that work in a more decentralized manner, in coordination with municipal governments, are the Ministry of Agriculture, Cattle, and Food (MAGA); Ministry of Environment and Natural Resources (MARN); Ministry of Communications, Infrastructure, and Housing (CIV); Ministry of Education (MINEDUC); MINGOB; Ministry of Public Health and Social Assistance (MSPAS); and Ministry of Public Finance (MINFIN). For a detailed explanation of the functions of each ministry, see Annex B.

MINGOB oversees the establishment of municipal boundaries, creation of new municipalities, and departmental and municipal public administration functions. Laws and regulations related to transit, civil police, immigration, the penal system, and private security services fall within MINGOB's realm of responsibility.

MINGOB has five vice-ministries: Public Security; Administration; Prevention of Violence and Crime; Information Technology and Communication; and Anti-Narcotics. The Vice Ministry of Prevention of Violence and Crime is responsible for: developing, implementing, and monitoring policies, plans, and programs in violence prevention; promoting community organization for violence prevention initiatives; developing strategies to measure crime phenomena; and liaising between security and justice sectors and national and international agencies with an interest in violence and crime prevention.

MINFIN oversees financial administration, including policies, guidelines, and municipal financial administration procedures (Article 98 of the Municipal Code [CM]), such as the *Manual of Budget*

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<sup>4</sup> Government Agreement No. 893-91; 136-2002; and 200-2000.

<sup>5</sup> Ministry competencies are presented based on the Vera and Linares Study (2007).

*Classifications for the Public Sector, the Manual of Integrated Municipal Financial Administration (MAFIM), and policies established for managing debt (Article 113 of the CM).*

Generally, the competencies established for the ministries are clearly delineated and enable the ministries to function independently or identify when they need to coordinate among sectors (ministries). However, conceptual leadership is often weak, making it difficult to overcome more complex challenges. The most common problem is ineffective performance due to complex administrative structures and processes (e.g., MINEDUC has 23 administrative units). Other problems include high turnover of technical and professional staff (exacerbated by weak application of the Civil Service Law), insufficient resources, and lack of continuity in political policies and procedures.

The executive branch also oversees departmental leadership (i.e., governors). The president appoints the governors and, according to the constitution (Article 42 of the Law of the Executive Branch), they should be selected from candidates proposed by the CODEDE. The Constitutional Court (CC) has suspended a number of governor appointments due to claims by a number of different sectors that this process was not followed. Recently the CC suspended 16 appointments based on a claim submitted by the National Union of Hope (UNE) political party.

The governors' functions include:

- Representing the president at the departmental level;
- Presiding over CODEDEs and overseeing the use of departmental development funds;
- Promoting compliance with central government policies and mandates;
- Fostering coordination among the municipalities and autonomous organizations within their department to comply with central mandates;
- Channeling local requests to higher authorities when they are of benefit to the community (in reality, this is at the complete discretion of the governor);
- Managing departmental human resources;
- Implementing mandates from the MINGOB;
- Implementing departmental administrative functions; and
- Submitting monthly reports to the president on the state of departmental and local public administration performance.

The management of departmental development funds has been vulnerable to corruption and politically motivated investments with questionable development impacts (i.e., stadiums). The process for using the funds is not well regimented or monitored. Since 2003, these resources should be administered in accordance with the Departmental Fund for Development and Peace (FODEPAZ) regulations.

## JUDICIAL BRANCH

The judicial branch ensures that justice is upheld according to the constitution and Guatemalan laws. The courts defined by law are vested with the authority to judge and administer justice through due process. Other government entities are bound to support the courts to achieve this. According to Articles 204 and 205 of the constitution, all magistrates and judges exercise their functions independently without economic influence, under the exclusive jurisdiction of the Supreme Court of Justice (CSJ) and other courts established by law. No other authorities may intervene in the administration of justice. Magistrates and judges cannot be removed from their positions without legal cause, and their right to defend themselves in a court of law protects them from unjust actions (repercussions) and enhances their ability to be impartial. The judicial branch is comprised of four levels: the Supreme Court (13 elected magistrates), secondary courts (court of appeals), primary courts, and justices of the peace. The Judicial Branch Law (Decree 2-89) regulates administrative and judicial functions. Supreme Court justices are elected for five years. They nominate the president of the

Supreme Court for one year who also presides over the judicial branch and courts throughout Guatemala.

The constitution also establishes the Constitutional Court, which presides over compliance with the constitution and defends its principles (Article 268). The CC decides if a law, regulation, or other official action is partially or totally unconstitutional. The CC is comprised of five magistrates, with their respective substitutes, who each serve a five-year term on the Supreme Court, Congress, the Council of Ministers, the High Council of the State University, and the Assembly of the College of Notaries and Lawyers.

Finally, the constitution establishes the Supreme Electoral Tribunal that is charged with ensuring the protection of political rights, organizations, and authorities and the integrity of electoral institutions and processes (Article 223) as defined in the LEPP. The LEPP states that the TSE is the maximum electoral authority, is independent from all other government bodies, and regulates political organizations (parties, civic committees, and associations) and electoral processes (voter registries, departmental and municipal electoral boards, etc.). The TSE is comprised of five magistrates, with their respective substitutes, elected by a Congressional Selection Committee selected from 40 candidates who are nominated by congressional colleagues. The magistrates serve six-year terms to oversee electoral processes including validation, communication of outcomes, and oversight of alternative solutions in special constitutional cases (i.e., annulation or ties).

In the case of presidential or vice-presidential elections, candidates must be proposed by legitimate political parties and they may only serve for one term. Candidates for municipal elected positions (i.e., mayor and council members) may be proposed by legitimate political parties or electoral civic committees. Electoral civic committees must be comprised of a defined number of members (ranging from 100 committees with an average of 5,000 members to 1,500 committees with an average of 100,000 members). Guatemala has 23 electoral districts (22 departments and the Municipality of Guatemala). Member of Congress elections take place at the district level (one deputy per 80,000 inhabitants) and national level (25 percent of the total).

## DECENTRALIZATION

The General Law of Decentralization was established to transfer administrative, economic, political, and social competencies (except for those that are not transferable according to the constitution) from the executive branch in a progressive and regulated manner to municipalities and other government institutions. To operationalize the transfer, the Municipal Code and the Urban and Rural Development Councils Law (CDUR) were passed during the same year. To facilitate implementation, the SCEP was established to spearhead the process. The 2006 National Decentralization Policy (PND) was established in a comprehensive effort to roll out decentralization to 34 municipalities and four commonwealths.<sup>6</sup> Five sectoral decentralization policies were developed the following year to promote the decentralization of education, health, environment, infrastructure and housing, and citizen security. Furthermore, a plan for transferring competencies over the following 13-year period (2007-2020) was developed. During the following government (2008–2011), the decentralization process slowed down significantly, and only two competencies are officially delegated to local government in 2017: regulation of vehicular traffic and collection of the Property Tax (*Impuesto Único Sobre Inmuebles* [IUSI]).

The General Law of Decentralization also establishes that decision-making, competencies, functions, and resources that are often within the realm of government can be decentralized to other government agencies or community organizations. This autonomy is granted by a congressional vote of two-thirds or

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<sup>6</sup> A commonwealth, or *mancomunidad*, is a collection of municipalities that come together to treat common problems and implement common solutions, often for issues like water, deforestation, or highways that transcend single, small municipalities. It can also be used to reference a municipal association.

more. There are currently 43 autonomous and decentralized organizations in Guatemala. See the list of organizations in Annex C.

The autonomous Municipal Development Institute (INFOM) was established in 1957 to provide technical and financial assistance to municipalities. Assistance serves to better position municipalities to deliver basic public services, make efficient use of municipal property and assets, improve public administration, and generally improve the municipal economy. The board of directors is comprised of three members: the president of Guatemala, the National Association of Municipalities (ANAM), and the Monetary Board. A primary function of INFOM is to manage a fund (a percentage of taxes collected by the central government), including distribution through short-term loans to municipalities. Decentralized competencies specified in the law include education, health and social services, citizen security, environment and natural resources, agriculture, communications, infrastructure and housing, economy and culture, and recreation and sports.

In general, the decentralization process of State authority is only partially realized. It was meant a gradual process, decentralizing more responsibilities and more resources starting in 2002. A constraint to the decentralization process is the existence of competing political agendas, and too many high and middle-level officials with little understanding to make the process work effectively.

Citizens clamor for better schools, better health facilities and better roads – and mayors win elections promising to respond to these needs. But central ministries have little, if any, vested interest in helping mayors – who may belong to competing political parties. Therefore, decision-making authority regarding use of resources at the local level is inhibited. Furthermore, widespread confusion about the decentralization process hinders progress. For example, in 2017, the Executive branch named people as Departmental Governors without using the list of recommendations developed by the Departmental Development Committees (CODEDE), as required by the 2002 Law on Urban and Rural Development Councils.

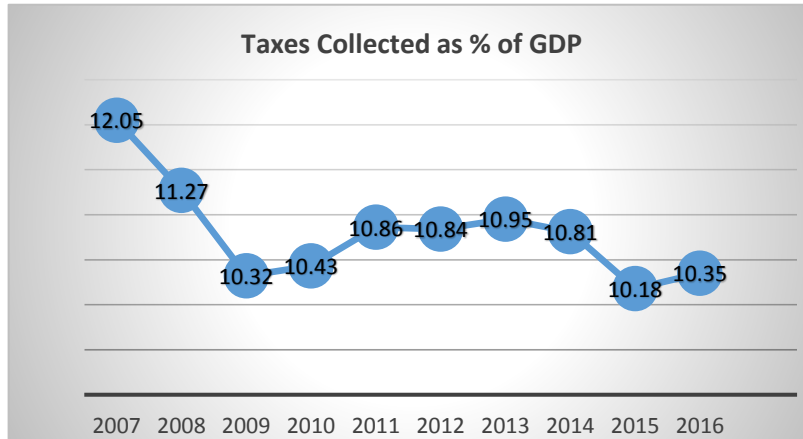
### 2.1.2 NATIONAL BUDGET AND FINANCIAL TRANSPARENCY

Guatemala's tax collection is the lowest in Central America (2016).<sup>7</sup> Since signing the Peace Accords in 1996, there have been frequent and consistent efforts, led by national and international stakeholders, to raise the level of tax collected from eight percent of Gross Domestic Product (GDP) to at least 12 percent. Three distinct initiatives to promote tax reform failed to achieve agreements between political and economic elites. These included promoting transparency, promoting economic growth, combatting contraband and tax evasion, and updating tax records. Tax collection rates compared to the GDP reached 12.05 percent in 2007, but dropped to 10.35 percent by 2016, as seen in the graphic below.

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<sup>7</sup> Comparative data collected by the UN Economic Commission for Latin American and Caribbean (CEPAL)  
[http://estadisticas.cepal.org/cepalstat/WEB\\_CEPALSTAT/Portada.asp](http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp).

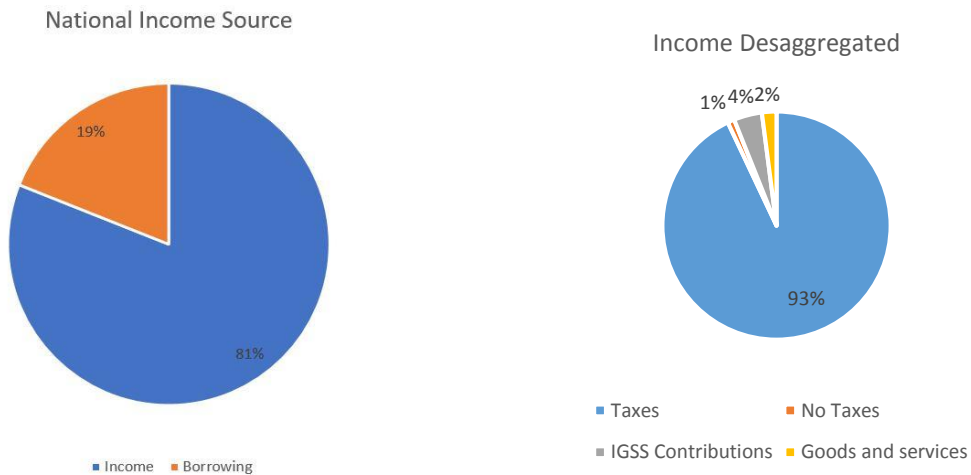
Figure 2.1: Taxes as Percentage of GDP 2007-2016<sup>8</sup>



Source: MC Batz/ UMG for USAID

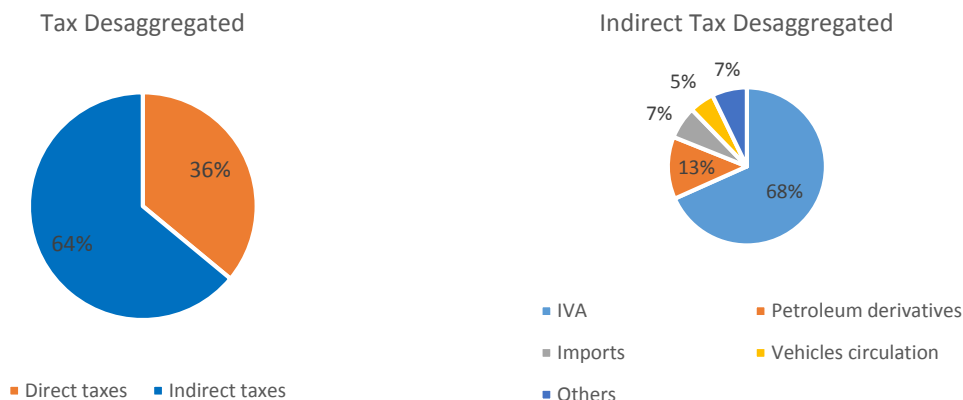
Guatemala’s national budget was about GTQ76 million in 2017 (approximately US\$10.5 million).<sup>9</sup> As shown in Figure 2.2 on the top left, 81 percent of the budget comes from nationally raised income—primarily direct taxes; and 19 percent is raised from borrowing from internal and external funding sources. The bottom left chart shows principal sources of income: 93 percent is derived from taxes, of which one-third is from direct taxes (income tax [ISR]); and two-thirds from indirect taxes (value-added taxes [IVA]). This dynamic shows that Guatemala follows a regressive tax policy, which contributes to continuing inequality.

Figure 2.2: Graphs Showing National Income, Principal Sources, National Taxes Collected, and Disaggregation of Indirect Taxes



<sup>8</sup> Data from <http://portal.sat.gob.gt/sitio/index.php/estadisticas/47-estadisticas-tributarias/334-indicadores-tributarios.html>, September 2017.

<sup>9</sup> Data source: [http://estadisticas.cepal.org/cepalstat/WEB\\_CEPALSTAT/Portada.asp](http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp), September 2017



L Barrientos/UMG for USAID

In terms of budget allocation, little has changed in recent years. Out of approximately GTQ70 million, two items—treasury allocations and public debt servicing—account for half the budget. Treasury allocations are the constitutional guarantees to give a percentage (20%) of the national budget to specific institutions (municipalities, 10 percent; University of San Carlos [USAC], 5 percent; national sports entities, 3 percent; justice system, 2 percent). This ensures these institutions receive dedicated funding, not subject to the political demands of Congress.

Guatemala’s Municipal Code establishes how the municipalities’ portion of the national budget (10%) is distributed to the 340 municipalities. Out of the total distributed, 35 percent is divided equally among all municipalities, 30 percent is distributed according to population, 25 percent is proportional to income generated by the municipality, and 10 percent is proportional to the number of communities. There are restrictions on how municipalities can spend funds transferred from the national budget.

Municipalities also receive funds from two other national sources: the “Value-added Tax for Peace” (IVA-Paz), which is 1.5 percent of the total of the IVA collected nationally; and a portion of the vehicle circulation tax according to vehicles registered in their jurisdiction. Municipalities also benefit indirectly from accessing IVA-funded infrastructure projects managed by CODEDEs.

### FISCAL TRANSPARENCY

Guatemala continues to struggle with “The Line” political crisis, which began in 2015 and led to the impeachment of the sitting president and vice president (see 2.1.4). The Human Development Report (HDR) for 2016 calls for a renewal of the Social Compact agreed to at the end of the 36-year armed conflict in 1996.

The HDR concludes that in Guatemala there are different interpretations of social reality and multiple worldviews (e.g., different ways of understanding life, relationships to natural resources, development, and well-being). However, as evidenced throughout Guatemala’s history, and in part due to racism, this diversity is ignored. Guatemala operates on a single discourse imposed on development, on citizenship, and on the concept of the state—without consensus or dialogue. This violates the customs and sensibilities of large sectors of the population (UNDP, 2016: 270).

Guatemala must find ways to promote meaningful, constructive dialogue between those of opposing positions and opinions. At the highest level of the legal framework, a commitment to promote authentic social dialogue, which involves the widest possible citizen groups to manage and implement effective national agreement, is needed.

At a lower level of national institutions and policy, Guatemala has a relatively well-developed and strong framework. However, citizens view many institutions as corrupt. The Public Ministry reveals acts of corruption at the highest levels, supported by the International Commission against Impunity in Guatemala (CICIG). This resulted in charging both the president and vice president in 2015 with leading a huge and complex embezzlement scheme through the Customs and Ports Authority. Since then, members of Congress, members of the justice system, and other officials, such as mayors, have been charged and jailed for a variety of crimes against public administration and good governance.

However, Guatemalan oversight institutions use a passive approach to ending corruption. Government institutions, like the Comptroller General's Office, must transition from passivity to an active approach to ensure compliance to financial accountability standards. Low wages for public servants, lack of incentives, frequent staff turnover, and pressure from superiors fuel corrupt practices. Stronger and quicker action is required to enforce the rule of law and end corruption.

## ACCOUNTABILITY AND AUDIT INSTITUTIONS AND MECHANISMS

There are three entities in Guatemala charged with strengthening transparency and accountability in public institutions: the Comptroller General, the Public Ministry (Public Prosecutor's Office), and the Human Rights Ombudsman's Office (PDH).

### a. Comptroller General's Office (CGC)

Like its counterparts in many nations, the CGC functions as the principal agency for administrative and fiscal oversight in Guatemala. It oversees all government agencies as well as municipalities. The Auditor General is elected every four years through a nominating committee process common for high-ranking public officials. Criteria for reviewing documents during audits include integrity, effectiveness, efficiency, transparency, economy, and equity. The audits also take into account the quality of public expenditure. The CGC reviews all documents related to income, expenditure, and other budgetary matters, and produces public audit reports every year with its findings. Reports must be submitted to Congress during the first quarter of each calendar year. The CGC has wide powers to oversee fiscal processes and documentation, to provide opinions about processes in state agencies, to report findings, and to sanction fines and criminal charges.

### b. Public Ministry

The Public Ministry ensures compliance with the law and has full powers to bring charges and investigate potential illegal activities of any state institution. It can act independently or in conjunction with another agency. The Public Ministry includes special District Attorney's Offices on different themes, such as for Administrative Crimes, which have expertise and resources to investigate institutions and officials in their purview.

### c. Human Rights Ombudsman's Office (PDH)

The installation of the PDH in the 1986 Constitution was a first for Latin America—an office which could defend the human rights of citizens within the country. It has wide powers to document cases and submit reports to Congress every year. In terms of public administration, it has powers to promote good governance, investigate, and bring charges on behaviors that counter the human rights of citizens, and can respond to any claim filed by a citizen concerning a human rights abuse. The PDH is charged with implementation and oversight of the Law on Access to Public Information (LAIP), and has created an Executive Secretariat of the Commission for Access to Public Information (SECAI) for this purpose.

## RESPONSIBILITIES OF PUBLIC OFFICIALS

All public officials have administrative, civic, and criminal responsibilities, outlined in a 2002 law defining responsibilities for public officials. The law prescribes rules and regulations for all elected officials, named or otherwise selected to work within or preside over public bodies which expend public funds.

Administrative responsibility safeguards against failure to comply with rules and regulations, either through acts of commission or omission, imprudence, or lack of due diligence. Civil responsibility includes responsibility for public property and goods. Criminal responsibility includes responsibility to follow the laws of the state. One of the key elements of the 2002 law is that public officials cannot benefit privately by their position or office, and cannot provide favors to friends or relatives while in office.

## CRIMES AGAINST PUBLIC ADMINISTRATION RECOGNIZED IN LAW

The Penal Code notes a number of specific crimes that public officials may commit if they fail to uphold the rules and regulations of their offices, including abandonment of office, abuse of authority, coercion, illegal commissions, bribery, illegal appointments of officials, embezzlement, and influence peddling. Recently, with the passage of the Law on Access to Public Information, crimes of withholding information and revealing confidential information are now included.

## RIGHT OF ACCESS TO PUBLIC INFORMATION

While the 1986 Constitution identifies specific forms to request public information (access to copies of public documents) or keep information from public view (individual payment of taxes), it was not until the 2008 Law on Access to Public Information, that a comprehensive view of information management in the public domain was regulated.

Article 10 of the law identifies 29 kinds of information that all public entities, including municipalities, are obliged to provide, physically upon request through Public Information Access Offices in each institution, or through online publishing. The information encompasses three broad categories: general information, budgetary information, and programmatic information.

In terms of what this means for municipalities, general information includes identifying names, titles, and contact data of public officials; mission and vision; and operational manuals and regulations. In budgetary terms, the law stipulates that municipalities shall publish budget information, expenditures by month and quarter; contracts and hiring; regular purchases; information about salaries, including for employees and consultants; information about rent; trust funds and public official travel and expenses. In terms of operational information, the law demands that municipalities publish annual operational plans, processes to qualify regular suppliers, programs and beneficiary populations of public subsidies such as pensions and distribution of goods and services to specific groups in need.

Public institutions, including municipalities, are required to report on their LAIP status, including advances on findings from previous PDH reports, by the end of January every calendar year. In the most recent report to congress (submitted in January 2017 for the 2016 calendar year) on municipal implementation of the LAIP, PDH highlighted:

- Few municipalities publish all the information required by law, especially in terms of financial information.
- More than half of municipalities do not share information about officials' salaries, purchases, or expenses.
- Twenty-five percent of municipalities have no virtual portal for public information.
- Almost no municipality publishes reports or expense information about official trips outside the municipality.
- Almost no municipalities publish information about contracting procedures, processes, or expenses.

## BUDGETS

Municipalities, like other autonomous agencies (except for USAC), are required to submit their detailed budgets to the executive and legislative branches, identifying programs, projects, activities, income, and



expenditures. The Budgeting Law details the procedures that entities must follow, including article 4, which states that each manager must be held accountable annually for the objectives set in managing public resources. The law identifies procedures for establishing multi-annual budgets, for projects whose implementation will take longer than 12 months. The law also identifies the rights of some agencies, including municipalities, to authorize payment of allowances for council and board members to attend meetings or travel. The Ministry of Finance coordinates with municipalities on the application and management of an integrated accounting system, and uses it to track financial information.

## CONTRACTING

The public contracting process (including the role of municipal authorities) has endured changes in recent years. These changes are based on national oversight institutions attempting to promote more competitive and transparent practices to reduce corruption in the contracting process.

Guatemala's 1992 State Contracting Law outlines rules and regulations for all rental, purchase, or other forms of procurement of goods or services by state agencies. A web-based portal (*GuateCompras*) is the forum for publishing terms of reference for purchases, and requests for proposals. Mayors and municipal general managers (in the case of companies owned and operated by municipalities) have the authority to incur expenditures up to GTQ900,000; beyond that, only the municipal council can authorize expenditures. The law establishes five-person committees to oversee bidding processes, and three-person committees to adjudicate proposals. It also identifies criteria for verifying qualifications of the proposals and bidding entities, and procedures for interested parties to recuse themselves from the process.

The primary causes of inefficiencies in contracting goods and services include: improvisation by municipal authorities (i.e. moving forward with an action not included in the Annual Operating Plan); and a lack of regular planning, to ensure that contracting procedures begin on time. In 2015, changes to regulations now prohibit 'fractioning' purchases. This practice is commonly used to circumvent regulations related to procurement thresholds in the public bidding process.

Additional support is required to equip public entities fulfill the requirements of new regulations. President Jimmy Morales attempted to make procurement procedures more flexible, but this was rightly seen as an 'anti-contracting' measure rather than one to promote efficiency and competition.<sup>10</sup>

### 2.1.3 POLITICAL POWER AND PUBLIC POLICY

Public policies are instruments to improve citizen well-being, and in this sense, political parties or interest groups promote policies as rational and objective proposals to achieve a desired future goal. The government is the legitimate and democratic agency for formulating, prioritizing, and implementing public policies, and in Guatemala, the Secretariat of General Planning and Programming (SEGEPLAN) is charged with this responsibility. The current overarching public policy document is the National Development Plan K'atun: Our Guatemala 2032 (CONADUR/SEGEPLÁN, 2014).

Agencies outside of government exercise influence over the development of public policy. Between 1953 and 1983, the Army was extremely influential. Since then, business interests, through various Chambers of Commerce and other associations, have exerted considerable influence on public policy in Guatemala.

The Coordination of Agricultural, Commercial, Industrial, and Financial Associations (CACIF) is the most influential business organization in the country, incorporating four key chambers (agriculture, commerce, industry, and finances), as well as the Guatemalan Association of Exporters (AGEXPORT),

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<sup>10</sup> <http://www.soy502.com/articulo/jimmy-renombra-ley-anticontrataciones-31313>, 11/12/17)

and a think tank, the Guatemalan Development Foundation (FUNDESA). The Association of Renewable Energy Generators (AGER) is a newer chamber representing electrical companies.

In a recent report<sup>11</sup>, the Inter-American Development Bank (IDB) identifies many ways these agencies exert their influence: through their respective chambers, the press, lobbying, contributions to electoral campaigns, personal networks; or “plain corruption” through public contracts, tax breaks, and other means. The report does not mention other methods of influence, such as through control of key ministries like Economy and Agriculture, or through participation in public agency executive boards. Businesses exert influence in public policy formation in all of Latin America, “but in no country, like in Guatemala,” the IDB reports. This reflects not only the power of business interests but also the relative weakness of national institutions.

Other sectors that influence public policy are USAC, private universities, women’s organizations, indigenous and agricultural workers’ organizations, and civil society organizations. Because of systematic anti-union practices in recent decades, the private sector has little labor representation, but the health and education sectors still have influential memberships. The same IDB study notes that educational labor unions are among the few labor protagonists in terms of public policy in the region, and have an “unquestioned power of veto.” In the last three decades, public administration has been largely determined by market forces, which has limited the development of public services and the improvement of economic conditions. Citizen participation and orientation has been absent from the framework of policy development.

In a review of 22 public agencies involving nomination of more than 200 executive board members, more than 55 are stipulated as members of the business community, whereas other sectors such as civil society organizations, workers, universities, and women comprise 20, 19, 4, and 1 memberships, respectively. Clearly, the business community has a more prominent role in managing public affairs. A sample of these agencies is provided in Table 2.3.

**Table 2.3: Sample Public Body Board Memberships<sup>12</sup>**

<b>Legal Basis</b>	<b>Executive Board Membership</b>
Basic Law of the National Central School for Agriculture – Decree 51-86	The Executive Council comprises five members, including a representative of the National Agricultural Union (UNAGRO) and one from the Agricultural Chamber
Basic Law of the National Institute for Technical Training and Productivity (INTECAP) – Decree 17-72	The Executive Board is made up of 12 members and alternates, including one nominated by CACIF, one nominated jointly by the Association of Bankers and the General Association of Insurance Institutes; and three managers from labor organizations
Basic Law of the National Electricity Generating Institute (INDE) – Decree 64-94	The Executive Council is made up of six directors, among whom are one designated by business associations, one designated by workers’ associations, and one designated by ANAM
Law of Urban and Rural Development Councils – Decree 11-2002	The National Council of Development Councils comprises, in addition to other ministers the president may nominate, Secretaries of SEGEPLAN, SCEP, and SEPREM; a mayor from each region; coordinators of each development region; four representatives of the Mayan people; two representatives of agricultural worker’s associations, and two representatives of women’s organizations; and one representative of each of the Xinca and Garifuna peoples; cooperative associations; micro, small, and medium-sized businesses; agricultural, commercial, industrial, and

<sup>11</sup> Cited in Stein, Ernesto et al (2006). *The Policy of Public Policies. 2006 Report.* Inter-American Development Bank and David Rockefeller Center for Latin American Studies. Mexico: Editorial Planeta Mexicana

<sup>12</sup> Analysis of regulatory board composition from each respective law (see bibliography for references to laws).

Legal Basis	Executive Board Membership
	financial associations; labor organizations; nongovernmental organizations (NGOs); USAC; and private universities

**2.1.4 CORRUPTION**

CICIG investigations exposed complex structures dedicated to corruption spawned by public officials, leading to citizen mobilization in the capital’s Constitution Square in 2015. The scandal, known as “The Line,” as announced on April 16, 2015, generated indignation in social media against corrupt officials, which transformed into a mass demonstration, of about 30,000 people, from different social backgrounds and political affiliations. Continued demonstrations—an estimated 60,000 May 16—were unprecedented, peaceful, and spontaneous. Protestors began by demanding the resignation of Vice President Roxana Baldetti, and President Otto Perez, both implicated by the investigation. Criticism quickly passed from the executive branch to the entire political system. This included the rejection of the governing party, and candidates from the two parties who were leading the 2015 presidential elections: Manuel Baldizon from the Renewed Democratic Freedom party (LIDER) and Sandra Torres from the National Union of Hope party. In the end, the public elected an outsider as president, Jimmy Morales.

The international community and investment organizations watched the 2015 movement with interest. The CICIG worked closely with the Public Ministry’s Public Prosecutor’s Office against Impunity (FECI). The United States government and much of the international community backed CICIG as a credible and necessary commission—particularly because of the state’s weakness, and because political agencies and justice institutions require strengthening.

The protests in 2015 marked the most severe political crisis the country faced by Guatemala in recent decades. It also highlights the need for institutional strengthening and growing recognition for the work of the Public Ministry and CICIG in uncovering corruption throughout the government. Through its eight-year history working in Guatemala, many powerful economic elites, including the military and many politicians, have not always welcomed the CICIG. The CICIG is a powerful international body which often acts against the special interests of these groups.

Transparency International (2017) notes that Guatemala has dropped 13 positions in the Transparency Index, from 123 in 2015 to 136 in 2016 (indicating the perception of Guatemala as corrupt is growing). Public perception of corruption has not improved during Jimmy Morales’ first year in office. Guatemala received only 28 points (out of 100) on a list of 176 countries in terms of perception of corruption. The global average is 43 points. Transparency International highlights that countries with low scores (in the range of Guatemala) have poorly functioning public institutions and limited judicial power. “Corruption on a grand and systematic scale violates human rights, impedes sustainable development and is the fuel for social exclusion,” states the report.

The 2015 demonstrations provoked deeper reflection by Guatemalans on corruption and the factors that promote it. Guatemala is still coming to terms with the fact that corruption is common practice, seen as normal within public institutions, and infiltrates private interests and promotes organized crime.

The National Dialogue to Reform the Justice Sector workshop served to catalyze deep and permanent structural judicial reform. Many new issues were discussed during the workshop (resulting from the rampant corruption scandals) and others dated back to the days of the Peace Accords in 1996. All three branches of the state (executive, judicial, and legislative) began the process to reform the constitution, with technical assistance from the PDH, Public Ministry, CICIG, and UN High Commission for Human Rights. Thematic issues discussed included judicial independence and impartiality; reforms to the justice career; mechanisms for selecting magistrates, using criteria of transparency, objectivity, and merit;

suppression of nominating committees for magistrates; separation of functions; elimination of the prior guarantee (*antejuicio*); among others.

**Table 2.4: Select List of High-Level Corruption Cases**

Case	Key Persons Implicated or Issues Raised
The Line	President Otto Pérez Molina, Vice President Roxana Baldetti, two officials from the Tax Authority (Omar Franco and Carlos Muñoz), Juan Carlos Monzón, former private secretary of the Vice President and member of the National Executive Council of the Patriot Party, and 19 others charged with customs fraud. (CICIG, April 2015).
Impunity Office	Hiring services of a legal office, which bribed magistrates to provide alternative measures for their clients. This case sheds light about how the justice system really works.
Guatemalan Institute for Social Security (IGSS)-Pisa (May 2015)	More than two dozen patients receiving kidney dialysis in the social security system died due to poor application of the treatment by the contracting company. The case involved one of Otto Perez’s most trusted colleagues (Juan de Dios González, former head of military intelligence, nominated president of the IGSS Board), accused of benefitting through fraudulent contracts. Other members of the IGSS Board and administrative officials were involved.
IGSS-Chiquimula	Two irregular contracts between the IGSS and businesses Siboney and Negefi were linked to Congressional Representative Baudilio Hichos. One contract was to rent the IGSS building and the other was to pay for remodeling—both approved without open bidding. The head of the LIDER party, Manuel Baldizon left that party because of this case.
Phantom Hires	Former President of Congress Pedro Muadi was linked to fraud by anomalous contracting of workers for his own benefit (CICIG, June 2015). Muadi resigned from his position on October 28, after the Supreme Court of Justice removed his immunity. Three other members of congress were detained (11 implicated).
Charges against Mayor and Members of Congress in Chinautla	A request was made to remove political immunity from four congressional members and a mayor from the LIDER party for money laundering and illegal enrichment. The Supreme Court removed political immunity from Luis Adolfo Chávez and Mirza Arreaga on September 25 for influence peddling and for abuse of authority to obtain contracts from the Ministry of Social Development (MIDES); and against Mario Yanes for demanding phantom hires for the accused (CICIG, July 2015). On July 29, the Supreme Court removed immunity from Chinautla Mayor Arnoldo Medrano, linked to improper processes for adjudicating municipal contracts through a municipal trust fund.
Coopting the State	This was one of the largest and most complex cases, and referred to a structure led by members of the Patriot Party, business leaders, members of congress, and media owners and managers (53 accused).
Lake Amatitlán	Former Vice President Roxana Baldetti’s brother was indicted in this case, obtaining public contracts to clean Lake Amatitlán illegally (14 accused).
Impunity and fraud	A network of current and former Tax Authority officials that reduced tax bills for businesses and defrauded the state of income (12 accused).
Terminal de Contenedores Quetzal, S.A.	President Pérez Molina, Vice President Baldetti, and another 15 persons were linked to an irregular contract to manage the principal Pacific port, in exchange for bribes (17 accused).
Blanca Stalling	Former magistrate accused of trafficking in influence.
Patrols	Criminal structures inside the National Civilian Police (PNC) that deflected public funds intended to purchase patrol cars and build or remodel community police stations.
Chicamán	Illegal network inside the Municipality of Chicaman, Quiche organized to misuse municipal funds.

Note: Analysis based on 2015, 2016 data from CICIG, <http://www.cicig.org/index.php?page=casos>

## 2.1.5 NATIONAL INDICATORS OF WELL-BEING

### HISTORICAL CONTEXT

The history of Guatemala has shaped its socio-economic characteristics. Time after time, the majority of the population has struggled intensely against their displacement by centralized economic activities and governments that have resisted efforts to form a more democratic society (UNDP, 2016:12). The arrival of the conquistadors imposed forced labor on the indigenous population and a period of forced slavery with institutional mandates from Spain (taxes, forced settlement, and restricted access to land), and brought diseases from Europe. Intense hardship ensued along with a drastic reduction in the indigenous population. Forced labor remained a pervasive practice until 1944 when the first labor laws were introduced and labor unions were formed. The introduction of agrarian reforms in 1952 favored some of the rural and largely indigenous population, but had a marginal impact on agricultural production. In 1954, with a renewed emphasis on promoting agricultural exports, unskilled labor remained cheap, benefitting only the few, and increased income inequality. Private sector enterprises thrived at the expense of the workers' movement (Bulmer-Thomas, 2011: 202 and 439) which continues to characterize today's socio-economic situation.

### POVERTY AND INEQUALITY

One of the primary development objectives of the millennium was to reduce the number of people living in extreme poverty by half between 1990 and 2015 (SEGEPLAN, 2010: 15). Table 2.5 describes how Guatemala failed to achieve this objective, actually exacerbated by an increase in extreme poverty. The poverty line in 2000 was established at GTQ4,318 per capita and GTQ10,218 in 2014. The extreme poverty line was established at GTQ1,911 in 2000, and GTQ 5,750 in 2014 (INE, 2015: 3 & 8).

**Table 2.5: Levels of Poverty by Population (2000-2014)**

<b>Indicator</b>	<b>2000</b>	<b>2014</b>
<b>Poverty</b>	<b>56.4 %</b>	<b>59.3 %</b>
Indigenous people	77.3 %	79.2 %
Non-indigenous people	41.9 %	46.6 %
<b>Urban</b>	<b>27.3 %</b>	<b>42 %</b>
Rural	74.5 %	76.1 %
<b>Extreme Poverty</b>	<b>15.7 %</b>	<b>23.4 %</b>
Indigenous people	27.1 %	39.8 %
Non-indigenous people	7.8 %	12.8 %
<b>Urban</b>	<b>2.8 %</b>	<b>11.1 %</b>
Rural	23.8 %	35.3 %

Note: Adapted from INE, 2015.

According to the National Survey of Living Conditions (ENCOVI), the department with the lowest poverty level is Guatemala (33 percent in 2014), whereas Quiché (81 percent in 2006) and Alta Verapaz have the highest (83.1 percent in 2014) levels of poverty. However, between 2006 and 2014, Guatemala experienced the largest increase (17 percent) while Quiché experienced the lowest (6.3 percent). In terms of human development, 16 indicators (divided among three areas of well-being: health, education and income) are taken into consideration when assessing poverty. Guatemalans are worse off in the area of income with 76 percent of the population without the necessary income to fulfill basic nutritional needs and access services, and 16 percent of the population at risk of falling into poverty (UNDP, 2016: 31 and 34).

An ASIES report (2017:3) places Guatemala ninth on a world index of inequality and fourth among Latin American countries. ENCOVI data from 2014 shows that the poorest 20 percent of the population receives only 3.3 percent of the total national income, and the wealthiest 20 percent receives 57.3

percent. The report disaggregates the data by each five percent of the population, from poorest to wealthiest, revealing that 32 percent of national wealth is concentrated among the top 5 percent (see Table 2.5).

The departments with the highest levels of inequality, as measured by the Gini Coefficient, are San Marcos (0.61), Jalapa, and Quetzaltenango (each 0.58) and the departments with the lowest levels are Sololá (0.39), El Progreso, and Escuintla (each 0.42) (INE, 2015: 23 and 24).

Citizen well-being depends on socio-economic factors such as culture, inequity, education, health, and access to assets and by the macroeconomic environment of the country. Development takes place within an environment of economic growth and opportunity, such as increased employment opportunities, adequate policy and infrastructure, and effective management of natural resources to benefit citizens.

Guatemala's economy grew 4.1 percent in 2016, and the average rate since 2000 has been 3.3 percent. However, the population is growing at more than 2.5 percent, so the economic growth is barely enough to absorb new entrants into the economy. This level of growth is sufficient to change the overall situation of the economy. The 1996 Peace Accords sought a sustained 6 percent annual growth as a motor for development, but that has only been achieved once, in 2007. Many factors limit high and sustained growth: low infrastructure investment, poor use of public resources, political instability, low educational levels, and obstacles to new business development. These conditions limit growth and limit opportunities to overcome poverty and inequality.

Guatemala's principal economic activities are in services (28 percent of GDP), commerce (23 percent), manufacturing (18 percent), and agriculture (10 percent). Guatemala exported \$10.5B worth of goods in 2016, principally coffee, bananas, sugar, and cardamom (23 percent); and textiles and clothing (14 percent). Guatemala imported \$17.0B worth of goods, resulting in a negative trade balance of \$6.5B. An analysis of the three highest-growth agricultural products since 2000 shows Guatemala's concentration in agriculture: 48 percent of banana cultivation is owned by nine businesses; 85 percent of sugarcane acreage is owned by 11 businesses; and 74 percent of African palm plantations are owned by nine businesses.

## EMPLOYMENT

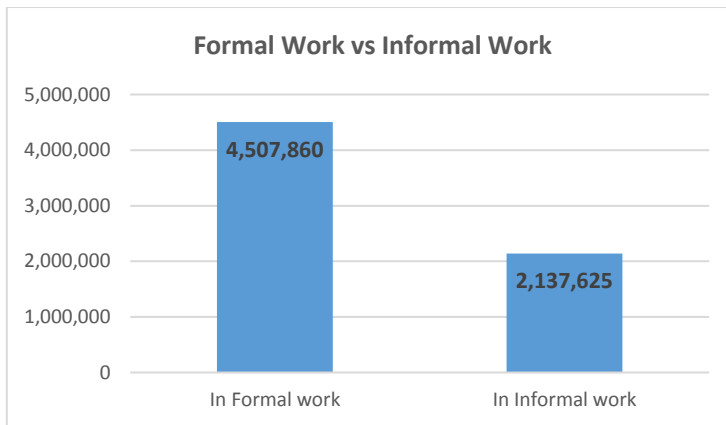
The economy in Guatemala is largely based on informal labor. The National Statistics Institute (INE) defines informal labor as work in organizations smaller than six employees, and those who work for themselves (except for self-employed professionals).<sup>13</sup>

Of the estimated working age population of 11 million (those aged 15 years and older of a total estimated population of 16 million), only 61 percent is economically active. More than 4 million Guatemalans are of working age and unemployed. Of the 6.8 million working Guatemalans, 60 percent are salaried employees, 31 percent work in the formal sector, and only 19 percent are covered by the national social insurance system. The labor framework appears favorable: Guatemalans are entitled to 15 monthly salaries per year, plus vacation, and coverage in the national social security system (access to public health and pensions). However, as revealed by the statistics, most employees are not offered formal work; the ones who have formal work may not be offered contracts, and may not be paid more than 12 monthly salaries (e.g. 13th or 14th month benefits). In effect, only government employees and about one-third of private sector employees are covered by the health and pension system. Most employees are underpaid according to legal requirements and have little to no recourse.

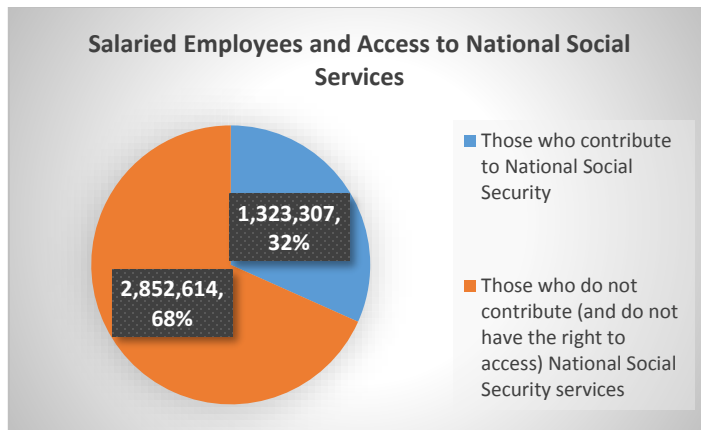
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<sup>13</sup> Those "who work for themselves" are generally low-paid, unskilled workers and those who are "self-employed" are professionals who submit invoices for services rendered have tax obligations.

**Figure 2.3: Graph Comparing Number of People in Formal Work vs. Informal Work** <sup>14</sup>



**Figure 2.4: Comparing Salaried Employees with Social Security & Those Without** <sup>15</sup>



The economically active population is split 52:48 between urban and rural citizens—most of the unemployed are in rural areas. However, 74 percent of those registered in the national social security system live in urban areas, 70 percent of those in formal work are in towns and cities, and 57 percent of salaried workers live in urban areas. Urban areas clearly offer the best employment opportunities.

The precarious nature of the employment situation can also be seen by examining the sources of employment: 37 percent work for private businesses and 6 percent work for the government. Approximately 26 percent are self-employed, 16 percent are day laborers, 3 percent are domestic employees, and 9 percent are registered as non-paid employees—often those who work for a small family store. As can be seen, one in five people work at the lowest level of the employment ladder, as domestic staff or farmworkers; and one in 10 work without pay.

In terms of the four million salaried employees with a contract or a permanent position, 26 percent are in agriculture, 22 percent in commerce, 14 percent in manufacturing, 13 percent in public administration, and 9 percent in construction. As previously mentioned, 57 percent of these salaried positions are in

<sup>14</sup> Adapted from Prado, 2017, with data from ENEI 3-2016.

<sup>15</sup> Ibid.

urban centers, with positions in industries such as commerce, public administration, manufacturing, media, technical professions and real estate.

The minimum wage is GTQ2,747 per month (about \$381 at an exchange rate of GTQ7.2/\$1) which includes a state-decreed bonus of GTQ250. The average wage of salaried employees in formal work (approximately 4 million Guatemalans) is only GTQ2,232 (about \$310), and in fact, only 29 percent of salaried workers earn more than the minimum wage.

In all sectors, urban residents earn more than their rural counterparts. However, those who are self-employed, like day laborers and domestic workers, generally earn less than the minimum wage. Improving delivery of basic services stands to benefit the least educated, lowest paid urban workers living in marginalized neighborhoods. In many cases, significant proportions of these meager incomes are spent on water, electricity, and transportation. Approximately 37 percent of salaried workers work more than 48 hours per week, which implies five long days or six eight-hour days. Urban residents tend to work longer hours than rural workers, and this means more urban citizens are either leaving home in the dark or coming home in the dark. They are affected by the availability and cost of public transit and the availability of public lighting.

## MIGRATION

Migration is an under-studied phenomenon in Guatemala. Internal migration has changed over the years. In the 2002 census, 266,000 people were identified with less than five years in their current place of residence, and many of these were in the metropolitan area.

Approximately 2.3 million Guatemalans live outside the country, mostly in the United States, according to a 2016 survey by the International Organization for Migration (IOM), equivalent to 14 percent of the current population in the country. The departments from which more Guatemalans emigrate are Guatemala, San Marcos, Huehuetenango, and Quetzaltenango. It is interesting to note that in 2016, the educational characteristics of migrants changed—more emigrants are uneducated (52 percent, up from 46 percent in 2010), with fewer than six years of schooling; though a significant portion (24 percent, down from 26 percent in 2010) have finished high school. The main effect of this external migration is economic; 78 percent of migrants send remittances home to close family members. A quarter of those who send remittances back home are under 30, and 54 percent are between the ages of 30 to 49.

According to the same 2016 survey, more than 6.2 million Guatemalans benefit from remittances—38 percent of the entire population. Remittances are divided equally between rural and urban areas, and money flows to the same departments, which have the highest number of migrants: Guatemala, San Marcos, Huehuetenango, and Quetzaltenango. In 2016, more than \$7 billion came to Guatemala through remittances, to 1.5 million recipients. The average remittance amounts to \$4,776 per recipient, or GTQ35,000 which is almost equivalent to the minimum wage annual salary.

## ENVIRONMENT AND NATURAL RESOURCES

In recent years, Guatemala has been subject to increased exploitation of mineral resources, especially gold and silver. For municipalities with mineral resources, licenses are a potential source of significant income. One percent of the wealth extracted from metallic mines is shared between national government and municipal authorities where the mine is operating. Land conflicts have slowed development of mining and resource extraction. The Latin American Observatory of Mining Conflicts reports six conflicts in Guatemala. One reason for opposition is the inadequate application of international regulations to consult with local populations before issuing mining licenses. Another is the questionable benefit of the mines themselves to communities, which take millions of dollars of precious metals out of the ground.



Deforestation is a serious issue in Guatemala. A 3.4 percent decrease in forest cover between 2006 and 2010 was the highest in Latin America. Forest cover was reduced by almost 14,000 square kilometers between 1991 and 2010. The most affected departments are Petén, Izabal, and Chiquimula. Wood fire is still the principal form of cooking in more than half of Guatemalan homes, rising to 86 percent of rural homes, but clearing of land for cultivation and animal husbandry is still the principal cause of deforestation.

## WATER

Hydroelectric power is a significant and growing contributor to electricity production—51 percent of Guatemala's power is produced by hydro-electricity. However, the development of hydroelectric power is as controversial as metallic mining, and does not produce inexpensive electricity for all citizens.

Harnessing this natural resource is controversial. A study of the Institute for Agriculture, National Resources, and the Environment (IARNA) identifies water use from all sources in Guatemala at 20.3 billion cubic meters in 2010, of which 19.1 billion cubic meters were used by industry, agroindustry, agriculture, and electricity generation. Only 467 million cubic meters (two percent of the total) were used in home consumption. Management of this public good demonstrates the unequal division of resources in Guatemala.<sup>16</sup>

## ROAD INFRASTRUCTURE

The national road system comprises approximately 16,000 kilometers of Central American highways, national highways, departmental routes, and rural roads. There are another 12,000 kilometers of roads developed and maintained largely by municipal authorities. Currently, Guatemala is facing a severe crisis in highway infrastructure due to deterioration through repeated rainy seasons and the ineffectiveness of the Communications, Infrastructure and Housing Ministry project development and oversight. The scandal surrounding Odebrecht, a Brazilian company, is another example of the corruption plaguing government, and infrastructure contracting in particular.

## EDUCATION

The constitution states that the government is obligated to provide education without discrimination and declares that establishment and maintenance of educational and cultural centers are a public necessity. All citizens have the right and the obligation to receive a pre-primary, primary, and secondary education provided by the government at no cost. The National Law of Education (Decree 12-91) regulates how the national education system functions under the supervision of the Ministry of Education (MINEDUC [public and private]) including obligations in terms of educational content and its delivery; rights and obligations of the students, parents, and teachers; educational supervision; and financial management. The Literacy Law (Decree 43-86) regulates the functions and integration of literacy activities under the National Committee for Literacy (CONALFA).

Levels of literacy for people 15 years of age or older have improved from 68 percent in 2000 to 79 percent in 2014, with youth from the ages of 15 to 24 years increasing from 81.7 percent to 93.3 percent during the same period (INE, 2015: 36). The number of years spent in school continues to be low. According to ENCOVI, school enrollment increased between 2000 and 2014 from 4.3 years to 5.6 years on average. The City of Guatemala has the longest average period of enrollment at 7.6 years, and Alta Vera Paz the lowest at 4 years. There is a relationship between number of years of education and poverty. People living in extreme poverty attended school on average 3.1 years, those living in poverty 4.5 years, and those living outside of poverty 7.6 years (INE, 2015a: 28 and 30). School enrollment diminishes the higher the level of schooling. In 2013, 45.6 percent of children graduated from pre-

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<sup>16</sup> According to the latest UNDP report (2016: Table 4.4 and 329, with water statistics from 2014) only 59% of Guatemalans have water piped to their homes, and only 58% of these (34% of all homes) receive water from a public system.

primary, 85.5 percent from primary, 44 percent from basic (three initial years of secondary), and 24.1 percent the last two to three years of secondary (Linares, 2016:44 and 45). According to MINEDUC's 2016 Annual Statistics,<sup>17</sup> 15 percent of the children enrolled in pre-primary are attending bilingual schools (i.e., Mayan indigenous language). Table 2.6 presents enrollment data in 2016 by level, disaggregated by gender and urban or rural.

**Table 2.6: School Enrollment in 2016**

Education Level	Total	Males	Females	Urban	Rural
Pre-school	550,701	278,823	271,878	212,152	338,549
Primary	2,323,954	1,206,191	1,117,763	675,226	1,648,728
Primary (Adult)	26,895	13,577	13,318	25,063	1,292
Jr. High School	812,719	435,562	377,157	497,938	314,871
Sr. High School	407,394	202,533	204,861	363,590	43,804
Totals	4,121,663	2,136,686	1,984,977	1,773,942	2,347,244

Note: ASIES compilation with data from Ministry of Education Annual Statistics, 2016

The quality of education in Guatemala is low. Standardized test scores taken during the last year of secondary school improved slightly between 2015 and 2016. The achievement rate in reading level increased from 26 to 32 percent and mathematics from 8.5 percent to 9 percent (ASIES-GCNE-ONCE, 2017: 3). Access to a higher quality education favors those with the resources to attend private schools. According to the 2015 Human Development Report, 17 percent of the adult population had attended private schools, 8 percent of the population living in poverty attended private schools compared to 50 percent of the wealthiest population (UNDP, 2016: 168). According to the National Education Law, the school year should include a minimum of 180 days. This mandate is not always achieved: the 2011 school year included 90 days, 2014 included 168 days, and 2015 included 157 days. Funding also hinders quality. The National Education Law stipulates that educational investment should be at a minimum equivalent to 1 percent of the GDP. Guatemala's is the lowest in Central America at 2.9 percent. Seven percent of the GDP is considered adequate, and as a comparison, Costa Rica invests 7.1 percent and El Salvador 3.4 percent. The overall amount budgeted is insufficient. In 2017, the MINEDUC budget totaled GTQ13,8000 million, distributed as follows: 12.4 percent for pre-primary education, 55.7 percent for primary education, 7 percent first half of secondary school, 3.7 percent for the final years of secondary school, .87 percent for extracurricular activities, 1.8 percent for bilingual education (CONALFA), 5.7 percent for school meals, 8 percent for cooperatives, and 8 percent for administration. Approximately 79 percent of this investment goes to personnel. For comparison purposes, Costa Rica only spends 60 percent of its education budget on personnel, indicating it has more funds for other needed expenses to improve quality of education.

Present school infrastructure is considered inadequate. MINEDUC oversees 35,000 educational centers (approximately 20,000 buildings). Many of these centers are operating double daily sessions (morning and afternoon). Approximately 88 percent of the buildings were not built on government land. According to the Fundamental Law on the Budget (article 30), building and improving government structures on private land is prohibited. It is not clear which structures were built on municipal land. This complicates school improvement projects, although it is generally understood that government property includes property owned by municipalities and autonomous agencies. Notwithstanding, the amount budgeted for infrastructure (including equipment) is low, reaching only GTQ3,250 per school structure.

<sup>17</sup> Education Ministry data, [http://estadistica.mineduc.gob.gt/analisis/2016/data/index\\_cifra.html](http://estadistica.mineduc.gob.gt/analisis/2016/data/index_cifra.html). Consulted August 2, 2017.

## HEALTH

In the constitution (articles 93, 94 & 95) health is considered a fundamental right and public good for every member of society, and the government is responsible for providing health and social services without discrimination. Services include prevention, treatment, and rehabilitation (ASIES, 2017, Annex 1: I). MSPAS formulates and oversees the policies and plans related to health throughout the country. The Health Code defines the regulations that guarantee access to health services in an integrated manner, with a focus on prevention and health education via collaboration between a broad range of institutions at multiple levels. The Health Code also guarantees services are provided free to those whose income is not sufficient to cover all or part of the service. The Integrated System of Health Services is organized into three levels and 1,557 units as shown in Table 2.7.

**Table 2.7: Integrated Healthcare System**

Care Level	Type of Service	Number	Percentage of Total Health Facilities
Primary Care	Health Post	1,167	75 %
Secondary Care	Health Center Type A	53	3 %
	Health Center Type B	277	18 %
	Permanent Health Center (CAP)	3	0.19 %
	Nutritional Recovery Center (CRN)	1	0.06 %
	Maternal Health Center	5	0.32 %
	Emergency Medical Center	7	0.45 %
Tertiary Care	Hospitals	44	3 %
Total types of service		1,557	100 %

Note: Ministry of Public Health, 2016:18

According to MSPAS regulations, each health center should serve an average of 2,000 people, supported by one to three community facilitators and one to five health technicians. The Ninth Report of the PDH to the National Council for Food and Nutritional Security (CONASAN) includes information regarding the status of the primary healthcare system in 2016. According to the report, the MSPAS has 1,233 health centers, of which 59 percent are staffed by a nurse serving an average of 4,263 patients during the nine-month period covered by the report. In 2003, 43 hospitals were functioning and the same amount are functioning today. The entire healthcare system includes 6,222 beds. According to the World Bank<sup>18</sup>, the average number of hospital beds available (both public and private) is .7 per 1,000 people. This compares poorly to other Latin American countries such as El Salvador with 1, Costa Rica 1.2, Uruguay 3 and Argentina 4.5 per 1,000 inhabitants.<sup>19</sup>

The 2015-2016 National Report on Human Development (INDH) confirms that public health centers are the primary health service option for 81 percent of households (87 percent in rural areas). They are less expensive and more accessible. Despite the need for these services by the vast majority of the population, the quality of care is inadequate due to low investment, and exacerbated by corruption and poor resource management. Approximately 20 percent of clients who tried to access these services were not successful, 44 percent of cases did not receive the medication they needed, and 34 percent were not attended to by a medical professional (UNDP, 2016: 166 and 167).

In August 2016, the National Health Agency (INS) and the MSPAS introduced and gradually rolled out the Inclusive Health Model (MIS) to improve healthcare at the primary level. Integrated service provision

<sup>18</sup> World Bank report, Banco Mundial: <https://datos.bancomundial.org/indicador/SH.XPD.PUBL.ZS> . consulted October 2017

<sup>19</sup> World Health Organization. [http://www.who.int/whosis/whostat/ES\\_WHS09\\_Table7.pdf?ua=1](http://www.who.int/whosis/whostat/ES_WHS09_Table7.pdf?ua=1). Consulted: October 2017

is defined at the municipal level by linking national, regional, and departmental service provision networks. The model is based on the articulation of a community-based institutional collaboration strategy that focuses on the individual, family, and community. It is presently being piloted in Alta Verapaz, Chiquimula, Ixcán, and Ixil (Quiché Department), Huehuetenango, San Marcos, Sololá, and Totonicapán.

According to the World Health Organization (WHO), in 2006 approximately 5.3 percent of the GDP was invested in health; 37.7 percent in public health and 62.3 percent in private health services. The amount increased in 2014 to 6.2 percent<sup>20</sup> (2.3 percent going to public health service). In contrast, Costa Rica invested 7.7 percent, with 68.4 percent going to public services and 31.6 percent to private. In the First Report of the Government (2016-2017) the amount budgeted for MSPAS represents 1.1 percent of the GDP (SEGEPLAN, 2016:35).

## FOOD SECURITY AND NUTRITION

One of the most significant indicators of poverty and inequality in Guatemala is the level of chronic malnutrition (measure of height according to age). Table 2.8 shows malnutrition trends in Guatemala over the past 50 years.

**Table 2.8: Indicators and Patterns of Malnutrition WHO (1965 to 2014/2015)**

Indicator	1965	1995	1998/9	2002	2008/9	2014/15
Underweight for age	28.4	21.8	19.9	17.2	13.1	12.6
Under-height for age	63.5	55.2	52.8	54.3	48.9	46.5
Under-weight for height	3.6	3.8	2.9	1.8	1.4	0.7
Overweight/obese	4.5	6.2	6.9	5.6	4.9	4.7

Note: Regional Survey INCAP, 1965; ENSMI, 1995, 1998/9, 2002, 2008/9, 2014/2015

The northwestern region has the highest rates of chronic malnutrition at 68.2 percent, followed by the southwestern region at 52 percent. Rates in urban areas are 35 percent and 53 percent in rural areas. The Mayan Indian population is severely affected by chronic malnutrition at a rate of 58 percent. It is also the fifth poorest sector of the population, with the lowest education levels (ASIES, 2017: 42 and 44). The 2006-2016 Program to Reduce Chronic Malnutrition (PRDC) determined that the factors that contribute to chronic malnutrition are insufficient access to food and other basic needs, inadequate nutrition practices, and unsanitary conditions. Guatemala produces sufficient and diversified food products. However, 76 percent of families lack the income necessary to cover their basic food needs. The World Food Program (WFP) as cited by ASIES (2017:73 and 74), states that the average family of five people requires GTQ80.40 a day to meet basic food requirements in Chiquimula, Jutiapa, Jalapa, and Zacapa (eastern Guatemala) and Q52.70 a day for Chimaltenango, Sacatepéquez, and Sololá (western highlands). Approximately 32 percent of families in the eastern region and 69 percent in the western highlands cannot meet this need. In Alta and Baja Verapaz, only 70 percent of families' basic food needs are met.

## POTABLE WATER AND SANITATION

Water and sanitation services fall within the responsibility of the municipal governments. The Health Code establishes standards for potable water and the management and disposal of sewage and solid waste while MSPAS establishes and enforces the regulations. The regulations have not been effective in establishing and maintaining adequate services. According to ENCOVI (2014), 78 percent of the

<sup>20</sup> The Global Economy: [http://es.theglobaleconomy.com/rankings/Health\\_spending\\_as\\_percent\\_of\\_GDP/Consultaed: October /2017](http://es.theglobaleconomy.com/rankings/Health_spending_as_percent_of_GDP/Consultaed: October /2017).

population has access to improved sources of potable water (defined by INE as plumbing inside and outside the residence and access to a water tap on the property or a public source). Access to potable water reaches 89 percent coverage in urban areas and 64 percent coverage in rural areas. According to the National Policy of Water and Sewage Treatment (MSPAS, 2013:11), in 2008 only 15 percent of water piped into households was disinfected, only 25 percent of urban services follow processes of disinfection, and 80 percent provide intermittent services (6–12 hours per day). With respect to improved sanitation (toilets connected to a sewage system, septic tank, or treatment plant), 58 percent of the population meets this criterion, 83 percent in urban areas, and 29 percent in rural areas. Coverage varies widely throughout the country, ranging from 90 percent coverage in Guatemala and Sacatepéquez to 21 percent coverage in Alta Verapaz. There is a notable lack of adequate coverage to manage sanitation for municipalities, and industries with coverage of wastewater treatment at 5 percent (CONADUR/SEGEPLÁN, 2014: 258). The lack of adequate treatment facilities has contributed to 14 of the 38 primary rivers being contaminated by high percentages of organic matter and microorganisms, as well as toxic and carcinogenic chemicals (IARNA-URL, 2012: 138).

## URBANIZATION AND HOUSING

According to CEPAL, 41 percent of the population lived in urban centers in 2015.<sup>21</sup> Guatemala City is the largest city with a population of 2.9 million. The second largest urban city is Quetzaltenango with a population of 308,850 inhabitants. According to the World Bank, Guatemala has not urbanized as quickly as most Latin American countries since 1960, increasing from 31% urban to 52%.<sup>22</sup> But urban growth has occurred in a context of continuing challenges which impact vulnerability to violence: a lack of urban planning; insufficient transportation infrastructure; inadequate basic services such as water, sanitation, and public transportation.

The National Development Plan K'atun: Our Guatemala 2032 (CONADUR/SEGEPLÁN, 2014: 118 and 120) was developed to help address some of these issues. The plan recognizes the challenges to improve planning and service delivery in the context of urban centers that continue to expand without proper planning. This reality places pressure on the limited natural resources, threatening the sustainability of development efforts and continuing to deteriorate the quality of life in the urban area (CONADUR/SEGEPLÁN, 2014: 97). The plan highlights critical challenges. In 2011, a deficit of 1.4 million housing units existed (with 267,770 homes considered inadequate for habitation). Resources to improve housing is minimal. The budget for 2017 included GTQ32.4 million for the Housing Fund.

### 2.1.6 CITIZEN SECURITY

Violence continues its insidious effects on Guatemalan society, the dimensions of which have reached an alarming level of harm and inhumanity that is difficult to understand. Based on ease of access to news and diverse media sources, violence is considered routine for much of the population.

Prevalent throughout society, violence in Guatemala threatens the social fabric that holds families, communities, and the country together. A weak judicial system leaves citizens with little recourse or options to defend themselves, which further perpetuates the violence. Guatemala's violent landscape cuts across society and includes political, gender-based, and social violence. Little is being done to address complicated drivers of violence. Violence, "an avoidable threat against life" (Galtung, 2003:15), is rooted in social, political, and economic contexts where power imbalances and potential conflicts are widespread and often fostered by negative cultural norms (i.e., "machismo" that encourages a dominant

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<sup>21</sup> CEPAL: <http://www.cepal.org/celade/publica/bol63/BD6311.html>. Consulta: septiembre/2017

<sup>22</sup> <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

and submissive relationship) and institutional structures (i.e., policies and procedures that foster inequity and endemic corruption and impunity). Some acts of violence are not so obvious (e.g., psychological, verbal, emotional, and physical violence) while those between a perpetrator and a victim are more obvious. Less-visible acts of violence tend to be influenced by culture and supported by structures (authorities and institutions).

Guatemala experiences both visible and invisible expressions of violence, manifested in different ways. Most forms of violence have been expressed for a very long time, to the point that many people do not recognize them as being wrong, or they feel powerless to defend themselves. The forms of violence that are often accepted as cultural include racism, “machismo,” xenophobia, social cleansing, gender-based violence, and domestic violence. These culturally rooted norms mixed with formal and authoritative systems and practices that institutionalize inequality and injustice serve to victimize or marginalize large sectors of the population from receiving access to power, justice, opportunities, resources, assets, and services.

The situation in the country appears to be deteriorating with diminished prospects of achieving peace due to the *violentización*.<sup>23</sup> According to InSight Crime, the criminal organizations in Guatemala are the most sophisticated and dangerous in Central America (Bosorth, 2016: 3) due to their longevity, their influence within the official security forces (the army, intelligence agencies, and the police), and a decades-long culture of impunity. To make matters worse, the general environment is perceived to be deteriorating, with Guatemalans becoming increasingly concerned that the government is not fulfilling its development promises for a future with less violence (Governance Ministry, 2014: 20). This lack of hope and tangible evidence of progress toward peace has done nothing to stem the violence. The persistent lack of attention to problems related to inequality, discrimination, low education, and employment levels and human rights threatens to continue to foster an environment where violence will thrive.

The incidence of homicides in Guatemala was one of the highest in the world in 2008, with 48 murders for every 100,000 inhabitants. It decreased to 29.5 in 2015 and to 28 in 2016, and has followed this trend over the last nine years (see Figure 2.5).

**Figure 2.5: Incidence of Homicides and Necropsies, 2009–2016**

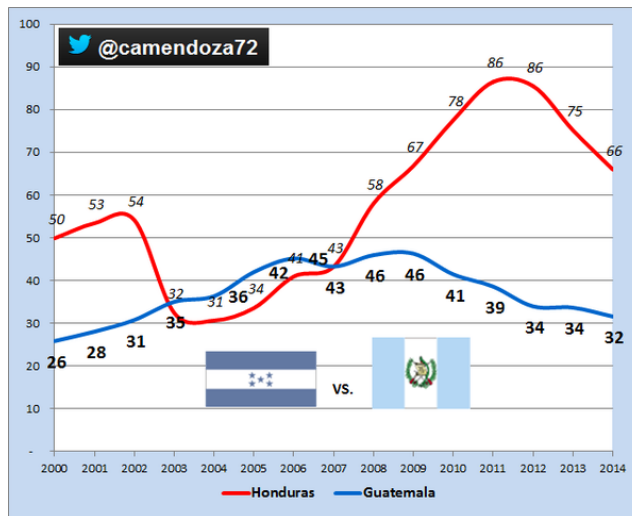


Note: Carlos Mendoza (2016) <http://www.dialogos.org.gt/>.

<sup>23</sup> This term refers to the phenomenon of increased and growing use of violence through different means and for different ends.

The Northern Triangle Region (Guatemala, Honduras, and El Salvador) is considered to be the most violent area in the world that is not at war, with 16,000 homicides registered in 2016<sup>24</sup>. According to an Inter-American Development Bank study,<sup>25</sup> 15,809 people died violent deaths in 2016, 5,459 in Guatemala with 34.1 homicides per 100,000 inhabitants; 5,278 in El Salvador with 81.2 per 100,000 inhabitants; and 5,072 in Honduras with 58.2 per 100,000 inhabitants. The average for the three countries is 50.6, a decrease from 57.1 in 2015, yet still eight times the global average of 8.9 per 100,000 (Jaitman, 2017: 33). The high rate of incidence is attributable to the growth of illegal gangs and drug trafficking. Figure 2.6 compares the incidence of homicides between Guatemala and Honduras from 2000 to 2014, with the incidence in Guatemala reduced to more than half of the incidence in Honduras.

**Figure 2.6: Homicides per 100,000 Inhabitants, Guatemala and Honduras, 2000–2014**



Note: Bosworth (2016): <http://es.insightcrime.org/> from Carlos Mendoza data (2015).

## ORGANIZED CRIME

Drug trafficking is the primary activity of organized crime in Guatemala. Organized crime is also engaged in other illegal activities including human trafficking (women and children in particular), prostitution, kidnapping, extortion, money laundering, arms sales, adoption rings, and trafficking in endangered and threatened species. Guatemalan groups operate with entities in Mexico, Colombia, and Central American countries as part of a transnational network with strong logistical support and the ability to co-opt public officials and mobilize throughout the territory. Now a network logistical center, Guatemala now produces synthetic drugs, marijuana, and (as of 2014) cocaine.

The Guatemalan coast, particularly the areas that border the Pacific Ocean, provides important transit points for sea shipments from Colombia and Ecuador. Organized crime groups also move with ease throughout the country. The capture of the “Los Lorenzana” and “Los Mendoza” gang leaders and the prosecution and crippling of the “Zetas” gang in Mexico and Guatemala in 2012 altered the drug trafficking dynamics. New structures have emerged, but links to the Sinaloa Cartel in Mexico and its

<sup>24</sup> Interamerican Development Bank, “The Costs of Crime and Violence: New Evidence and Findings from Latin America and the Caribbean”, Jaitman, Laura, et al. <https://publications.iadb.org/handle/11319/8133>. Consulted September 2017

<sup>25</sup> Jaitman, Laura, et al. The cost of Crime and Violence: New Evidence and Insight in Latin America and The Caribbean. Disponible en: <https://publications.iadb.org/handle/11319/8133>. Consulta: septiembre de 2017

satellites still exist (revealed when Marlon Monroy [also known as “El Fantasma,” or “M-3”], considered to be a major link to the cartel, was captured in April 2016).

Alliances between the Sinaloa Cartel and local groups exacerbate the current situation in Guatemala. This structure enables control of important territories, through alliances with local mayors, members of Congress, and other officials. The United States Government (USG) estimates that 400 tons of cocaine enter the U.S. from Guatemala each year (U. S. Department of State, 2017: 167). According to MINGOB, five of every ten violent deaths in Guatemala are attributable to drug trafficking and the “Barrio 18” and “Salvatrucha” gangs (*Prensa Libre*, May 18, 2016).

Various actors have tried to counter the threat posed by drug trafficking and other related illegal activities. In June 2017, the USG initiated the extradition of a former vice president, Roxana Baldetti, and a former governance minister, Mauricio López Bonilla, for their involvement with drug trafficking. According to the press, this was precipitated by the former president Pérez Molina’s proposal to reduce drug trafficking penalties and discuss the possibility of legalizing the cultivation of poppies (opium) and marijuana. This proposal did not receive much support from Latin American governments and was opposed by U.S. Vice President Joseph Biden (*Prensa Libre*, March 24, 2012). In May 2017, as part of the agreement in a territorial dispute between the Municipalities of Ixchiguán and Tajumulco in the Department of San Marcos, the GoG eradicated poppy and marijuana crops, totaling approximately Q3 billion.<sup>26</sup> Over the last two years, the confiscation of drugs has increased significantly, as presented in Table 2.9.

**Table 2.9: Drugs Confiscated in Guatemala, 2013–2016**

Year	Kilograms
2016	12,427.21
2015	6,175.07
2014	5,081.66
2013	3,406.10

Note: Analysis from Drug-trafficking Public Prosecutor’s Office data (Governance Ministry), February 2017.

## 2.1.7 CULTURAL FACTORS AND INCLUSION (INDIGENOUS PEOPLE, WOMEN, AND INEQUITY)

### INDIGENOUS PEOPLE

As noted previously, the government’s earliest relationships with the area’s indigenous people were characterized by economic exploitation along with social and political exclusion. The GoG continues to marginalize social groups, particularly indigenous people, from benefiting equally from the institutional and judicial policies and services that they profess to provide, carrying on a tradition of repression, exploitation, and domination and working against integration, equitable distribution, and development. (IDEA, 1998:101).

For this reason, the Accord on Indigenous Rights and Identity (AIDPI) was developed to establish a fundamental point of historic transcendence for the present and future of Guatemala.

The accord states: “...[T]he Indigenous Peoples have been particularly submitted to levels of actual discrimination, exploitation, and injustice because of their origin, culture, and language, and that, as many other sectors of the national body, suffer treatment of unequal conditions and injustices because of their

<sup>26</sup> The Guatemalan National Civilian Police reported that between May 19 and June 3, 2017, they eliminated 117.8 million poppy plants valued at Q2,945 million (cultivated on 258 hectares) and destroyed 26 marijuana plantations with 179,286 plants, with an estimated street value of Q67.2 million, for a grand total of Q3,012 million.



socio-economic condition” (PDH, 1997: 45). Therefore, the “recognition of the identity of the Indigenous Peoples is fundamental to the construction of a national unity based on respect and exercise of political, cultural, economic, and spiritual rights of all Guatemalans” (AIDPI, 1995, cap. I, numeral I).

To support this important principle, the Indigenous People’s Cabinet developed and promoted a proposal for the “National Policy of Indigenous Peoples and Interculturality” from 2013 to 2015 by applying a broad consultation process. Unfortunately, the political crisis that led to the resignation of Pérez Molina in September 2015 interrupted the process, and subsequent governments have not reinitiated the process. The primary objective of the policy is to transform the vision, policies, and practice of the current mono-cultural, exclusive, and homogenized government into one that is inclusive, multi-lingual, multi-ethnic, and multi-cultural through policy, legal, administrative, and budget reforms. The goals of this policy are elimination of political/administrative divisions, implementation of inter-cultural education and civic reform, participation of indigenous peoples in all levels of government, and elimination of all forms of cultural, linguistic, ethnic, and gender discrimination (GoG, 2015: 31). The policy was aligned with the National Development Plan K’atun 2032, and reflected in the sections on human rights, equity, demographic considerations, managing risk and the concept of resilience.

Despite setbacks in instituting the policy, the political and social process of recognizing individual and collective indigenous rights has recently begun. There is evidence of legislation, policies, and programs that favor the rights of Guatemala’s indigenous peoples as envisioned in the constitution and consistent with international norms and agreements. Table 2.10 presents existing policy and regulations that support indigenous rights.

**Table 2.10: Policies and Regulations that Support Indigenous Rights<sup>27</sup>**

<b>National Legal Framework</b>	Constitution (1986) Articles 1, 2, 4, 58, 66–70, 224 Alphabetization Law (Decree 43-86) Preliminary Regionalization Law (Decree 70-86) Justice Branch Law (Decree 2-89) Mayan Languages Academy Law (Decree 65-90) National Education Law Law to Promote Dignity and Integrity of Women (Decree 7-99) Social Development Law (Decree 42-2001) Urban and Rural Development Council Law Municipal Code General Law on Decentralization Penal Code, Reform to Article 202, Classification of Crime of Discrimination (Decree 57-2002) Law to Promote Education on Discrimination (Decree 81-2002) National Languages Law (Decree 19-2003) Framework Law on the Peace Accords (Decree 52-2005)
<b>International Legal Framework</b>	Universal Declaration of Human Rights (1948) American Convention on Human Rights (San Jose Pact, 1969) UN Declaration on the Elimination of all Forms of Racial Discrimination (1963) International Labour Organization Convention 169 on Indigenous and Tribal Peoples in Independent Countries (1989) UN Declaration on the Rights of Indigenous Peoples (2007) The 100 Rules of Brasilia on Access to Justice for Those in Vulnerable Conditions (2008)
<b>Peace Accords</b>	Accord on the Rights and Identity of Indigenous Peoples (March 31, 1995) Accord on Socio-economic Aspects and the Agrarian Situation (May 6, 1996) Firm and Long-Lasting Peace Accord (December 29, 1996)

<sup>27</sup> Based on analysis of laws and legal agreements and decrees cited.

<p><b>Government Agreements</b></p>	<p>Creation of the Guatemalan Indigenous Development Fund (Agreement 435-94)          Consultative Opinion of the Constitutional Court, 199-85, May 18, 1995          Creation of the General Directorate of Bilingual Education (Agreement 726-95)          Creation of the Advocacy Office for Indigenous Women Agreement 595-99)          Creation of the Presidential Commission Against Discrimination and Racism (Agreement 390-2002)          Implementation of Bilingual/Intercultural Education in the National Education System (Agreement 22-2004)          Right to Cultural Identity through the Use of Indigenous Dress in Schools (Ministerial Agreement 759-2005)          Creation of the Commission to Define Sacred Places (Agreement 261-2007)          Creation of the Indigenous Affairs Unit (Justice Branch Agreement 112-2009)          Supreme Court of Justice, Criminal Chamber Circular 7-2012, April 2012</p>
<p><b>National, Sectoral and Cross-Cutting Plans and Public Policies</b></p>	<p>Policy on Social Development and Population (2002)          National Policy on Human Rights (2005)          National Policy on Decentralization of the Executive Branch (2005)          Policy on Integrated Rural Development (2009)          Policy on Biological Diversity (2011)          Policy on Strengthening Municipalities (2013)          National Development Plan K'atun: Our Guatemala 2032 (2014)          Public Policy for Living Together Peacefully and Eliminating Racism and Racial Discrimination (2014)</p>

Thirty-one public entities attend to the concerns and needs of the indigenous population: nineteen in the executive branch, one in the judicial branch, one in the legislative branch, and ten among the autonomous or decentralized institutions (Blas, 2014:10). Like many public entities, they lack resources and personnel to function adequately. Some entities in fact appear to have been established to feed “perceptions” and not to support the indigenous population.

**WOMEN**

Guatemalan women face discrimination and exclusion, as evidenced by inequality in terms of access to opportunities, resources, and decision-making in areas such as education, health, and security; obstacles to participation in political, social, and cultural spheres; and human rights abuses including gender-based and domestic violence. According to the Millennium Declaration (subscribed to by the 189 members of the United Nations, including Guatemala), one objective for the 2000–2015 period was to promote development by striving to achieve equality between genders and empowering women. More recently, to give continuity to what was achieved during this five-year period, the United Nations defined 17 Sustainable Development Goals for the 2016–2030 period, one of which focuses on empowering girls in addition to women (ONU, 2016). In addition, one indicator for tracking progress against these goals is the proportion of women in national parliaments.

Between 2000 and 2015 Guatemala held four national elections (2003, 2007, 2011, and 2015), and the number of women running for office was very low for each of these election periods. The most recent election saw a minor increase in the number of women running for office, especially for congressional seats. Table 2.11 presents the breakdown of candidates disaggregated by electoral position and gender.

**Table 2.11: Candidates Disaggregated by Gender and Office, 2015 General Election**

Candidates by Gender	Presidency	Members of Congress		Central American Parliament	Municipal Corporations
		National List	Districts		
Women	2	61	348	91	4,049
Men	26	193	999	137	19,886

Note: Based on Election 2015 Report, <https://www.tse.org.gt/images/memoriaselec/me2015.pdf>

Table 2.12 presents the breakdown of women candidates for public office by office.

**Table 2.12: Women Public Office Representation – as Candidates or in Office General Elections 2015**

Body	Total Members	Female Members	% Membership of Women
Congress	158	23 Deputies	15 %
Municipal Mayors	340	9 Mayors	2.7 %
National Cabinet	14	2 Ministers	14 %
Supreme Court of Justice	13	7 Magistrates	54 %
Supreme Electoral Tribunal (TSE)	5	1 Magistrate	20 %
Constitutional Court	5	2 Magistrate	40 %

Note: Based on TSE data (<https://www.tse.org.gt/images/memoriaselec/me2015.pdf>) and press information

During the 2015 general elections, ten political parties proposed female congressional candidates, with LIDER proposing the most at seven congressional seats, followed by TODOS with three, and the Patriot, Unity of National Hope, and National Convergence Front parties with two apiece. Of the nine women mayors, only two were elected from municipalities with a majority indigenous population (Lanquín and Fray Bartolomé de las Casa, in the Department of Alta Verapaz) and one for a departmental seat (Antigua, Guatemala). In the TSE, Congress only elected one female substitute judge, and the CC designated only two women as substitutes (one for the College of Notaries and lawyers and one for the CSJ).

Although the participation of women in the political arena has marginally improved, it is evident that men maintain control of the political power at all levels in political organizations and offices. Women remain in secondary or less significant positions. The electoral and political party processes do not ensure equitable conditions or participation. As mentioned in the political participation section, the LEPP seeks to improve parity by alternating elected positions among different candidates and establishing quotas. None of these reforms have been enacted.

## INEQUITY

The power and influence possessed by the different social groups in Guatemala are inequitable. This is manifested in a political system that has benefited a traditionally dominant elite minority throughout history by meeting their needs and defending their interests. Society is unbalanced in favor of a minority that controls the power and wealth and imposes their vision of political, economic, and social development on the majority of the population, leading to profound socio-economic disparity and structural exclusion (IDEA, 1998: 14). This inequity has led to political instability over time. During the last century, there have been repeated attempts to undermine or overthrow the government. From 1944 to 1954, there was a democratic revolution, and the 1960–1996 guerrilla movement was originally founded to force political change. In an attempt to achieve a more equitable balance of power, a new constitution was drafted in 1982 and passed in 1985 to promote a more democratic government. This process has been unfolding over the last 35 years with the election of eight successive governments

through a formal democratic process, coinciding with an end to the armed conflict and signing of the Firm and Long-lasting Peace Accord in 1996. The changes that took place during this period are documented in the report “Democracy in Guatemala, the Mission of an Entire People” (IDEA, 1998:10). The report states, “At the beginning of 1982, the first signs of the erosion of authoritarian State structures which had existed as military governments since 1954 presented themselves. With the political opening, different external factors also played a role: a worldwide ‘democratic tidal wave’ and multiple demands from diverse citizens’ organizations. Internally, there also appeared profound mismatches between key actors of the business-military elites and the counterinsurgency regimen model which had functioned since 1963.” The National Development Plan K’atun 2032 (CONADUR/SEGEPLAN, 2014:60) states that a major challenge for Guatemala today is to develop sustainable political agreement between the diverse social groups regarding the modernization and reforms needed for the government to be successful in meeting the needs and interests of the entire population. This means that the government needs to create a political culture that benefits everyone, without neglecting to act continually to bridge differences while eliminating inequity and the disparities that have traditionally characterized the country.

### 2.1.8 MUNICIPAL GOVERNMENT

According to Article 7 of the Municipal Code, the municipality is an autonomous public institution with its own legal status and by-laws. These laws dictate that the municipality is to be led by elected officials who have the maximum authority to make decisions about the municipality, acquire and utilize resources, deliver public services to the population, administer the use of its territory, and accomplish its own institutional mandates and objectives.<sup>28</sup> The municipal government is comprised of the Municipal Development Council and the municipal corporation, which includes the mayor, council members, and administrators (*síndicos*) who are elected to serve four-year terms. The number of members is determined by the size of the population being served. A municipality with 20,000 or fewer inhabitants has two administrators (one substitute) and four council members (two substitutes); a municipality with 100,000 or more inhabitants has three administrators (one substitute) and ten council members (four substitutes).

The municipal competencies are defined in Article 68 of the Municipal Code. It covers the wide range of services that municipalities are required to provide. These span from water, lighting, waste management, road maintenance, security services to maintenance of public spaces. The municipality is responsible for establishing, maintaining, and improving services and infrastructure to ensure that they are cost effective and enduring. They also determine and collect user fees based on reasonable operational and maintenance costs. Services are delivered by the municipality, a *mancomunidad*,<sup>29</sup> or by private concession.

The municipal governments are also responsible for granting construction licenses for modification or destruction of public and private structures within their jurisdiction that do not have cultural and historical value; formulating and applying land use plans to ensure the appropriate use for the type of soils; and authorizing the development of housing and other urban development projects (e.g., schools and clinics) and ensuring that they are in compliance with the law and adequate infrastructure and utilities are included in the plans. If a concessionaire performs inadequately, the municipality is legally responsible to intervene and suspend services in compliance with the Civil and Mercantile Procedural Law (Article 76, CM). However, in practice, this is difficult to apply to public services.

The municipal competencies are clearly defined in the Municipal Code and it provides sufficient parameters for the municipalities to understand their responsibilities and how they should function

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<sup>28</sup> Royal Spanish Academy. Access through: <http://dle.rae.es/?id=4TsdBo> on July 17, 2017

<sup>29</sup> See footnote 4.

within their autonomous role. The primary gap or weakness relates to the legal parameters governing how to manage urban planning.

#### SYSTEM OF URBAN AND RURAL DEVELOPMENT COUNCILS (SURDC)

In 2002 Congress passed the Law of Urban and Rural Development Councils as one of three important pieces of decentralization legislation including the CM and the General Law of Decentralization.

In 2012 the Law of Urban and Rural Development Councils put into practice several commitments made during the peace and indigenous identity and rights agreements process. This law established the current system of development councils, referred to as Community Development Councils (COCODEs), and broadened the composition of Municipal Development Councils (COMUDEs) to strengthen the participation of all social groups from the community to the national level. These changes sought to promote the participation of all social groups, including Mayan, Xinca, and Garifuna, in the democratic development planning process. The development council structure is comprised of five levels: one national council, eight regional councils, 20 departmental councils, 338 municipal councils, and 12,429 community councils. According to the SCEP (2016: 28), 45 percent of communities throughout Guatemala in 2015 had a COCODE. COCODE members are selected by and respond to the community assembly, and the mayor or auxiliary mayor of the community presides over each council. Table 2.13 presents the composition of the other four development council levels.

**Table 2.13: Composition of Development Councils**

	COUNCILS			
	National (CONADUR)	Regional (COREDE)	Departmental (CODEDE)	Municipal (COMUDE)
<b>Executive Branch</b>	National president (coordinator)	Departmental governors	Governor (presides)	---
	Finance minister and others (president designates)	One representative for each agency (president designates)	One representative for each agency (president designates)	Representatives of public agencies with local presence
	SEGEPLAN secretary	Director, Regional SEGEPLAN Office	Director, Departmental SEGEPLAN Office	---
	SCEP secretary	---	---	---
	Coordinators of 8 COREDURs	Regional coordinator (presides)	---	---
	SEPTEM	SEPTEM	---	---
<b>Municipal Government</b>	8 mayors represent eight regions	One mayor represents municipalities in each department	Mayors in the department	Mayor, public trustees, and councillors designated by the Municipal Council
<b>Mayan</b>	4			Up to 20 representatives of COCODEs and local civil society agencies
<b>Xinca</b>				
<b>Garifuna</b>				
<b>Cooperatives</b>				
<b>Business Associations</b>				
<b>Agriculture Workers</b>	2		2	
<b>Agriculture Associations</b>				
<b>Labor Organizations</b>				
<b>NGOs</b>				

	COUNCILS			
	National (CONADUR)	Regional (COREDE)	Departmental (CODEDE)	Municipal (COMUDE)
Women's Groups	2	2	1	
USAC	1	1	1	
Private Universities	1	1	1	
Political Parties	---	---	Departmental secretaries-general	

Note: Adapted from Barahona, 2006: 165.

Reflecting over the 15 years since the passage of the Development Council Law, it appears that the creation of development councils has not resulted in the democratic development process they were designed to achieve. Lack of member commitment to review and validate decisions made by the government and poor representation and participation of all social groups limit the CONADUR's impacts. The COREDEs are dysfunctional. The CODEDEs are focused on leveraging resources for development and tend to be hampered and discredited by corruption and negative influences. In most cases, COMUDEs and COCODEs are controlled by the mayor and used to meet their political objectives (*caciquismo*)<sup>30</sup> and control the communities and citizens. Often times, the development agenda is controlled by municipal officials and staff, which limits development investments at the community level to meet local needs.

**CITIZEN PARTICIPATION AT THE MUNICIPAL LEVEL**

According to the CM, it is the expressed intention of the SURDC to facilitate the process and primary space for citizens to participate in municipal-level governance. Citizens have the rights and civic obligation to participate voluntarily in the planning, implementation, and evaluation of community and municipal-level public policy initiatives. The municipality is obligated to keep citizens informed of the policies (Article 17, CM). Citizens have the right to organize themselves into civic organizations, such as community associations based on their social traditions and needs (Articles 19 and 20, CM). The Municipal Council is obligated to meet and work with all social groups to formulate policies and development plans, identify and prioritize community needs, and develop proposals to meet those needs. It is also obligated to inform citizens of the council's plans, including financial plans (budgets) and activities. Council meetings are open to the public unless the order of business concerns public security or is of a sensitive nature. The formulation of the budget is done between the mayor and council members, but needs to be approved through the official GoG process (i.e., National System of Public Investment administered by SEGEPLAN).

The Municipal Code promotes citizen participation through the establishment of a Municipal Citizens' Social Audit Commission. Through this commission, public meetings are convened to provide a space for citizens to voice their opinions and concerns. However, citizens are not able to cast a vote at these meetings. Other participants include indigenous mayors and community representatives (i.e., individuals representing their mayor). Formal consultations can be initiated by the Municipal Council (with a two-thirds majority vote in favor of the consultation) or by citizens (by petition signed by a minimum of 10 percent of the population). Indigenous communities have the right to manage the consultation process based on their own cultural traditions and customs.

The Municipal Citizens' Social Audit Commission does not function in most communities. Town hall meetings are rare; those that do take place are held in small communities due to the ease of organization and the ability of the mayor to control the outcome. Promoting citizen participation

<sup>30</sup> One definition of "cacique" is "a person who in a collective force or group exercises power abusively."

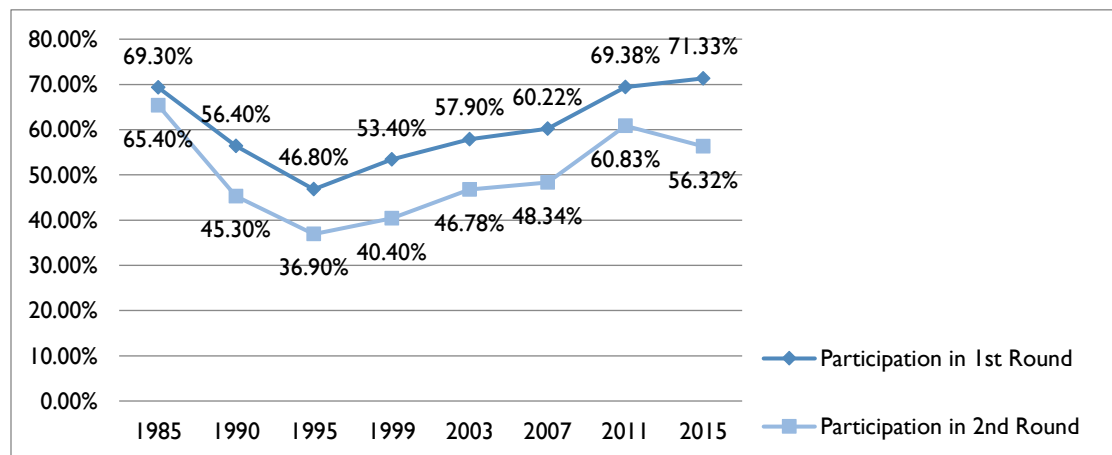
through consultation is also rare, with the exception being events related to the exploitation of natural resources, potentially infringing on the rights of indigenous communities.

The Municipal Development Council Promotes Citizen Participation by:

1. Supporting the COCODEs
2. Helping communities analyze, prioritize, and develop solutions to address their needs
3. Facilitating application of policies to support the well-being of children, adolescents, and women
4. Ensuring policies, plans, and programs that address community needs are incorporated into municipal and departmental development plans
5. Monitoring and evaluating implementation of development activities and resolving problems encountered during the process
6. Helping the municipality invest in results-based and community-driven development activities within budget
7. Updating the COCODE about the status and progress of development activities
8. Helping to leverage funds to support of development activities
9. Evaluating the performance of departmental and municipal officials and staff
10. Advocating for the SURDC principles, objectives, and functions.

Participation in the electoral process is an important manifestation of citizen participation. Figure 2.7 presents the level of citizen participation in the past eight general elections. It shows the percentage of registered voters that cast votes during the first and second rounds of voting between 1985 and 2015. Based on the increase in voter activity from 1995 to 2015, it is clear that citizens value voting as an important means of participation.

**Figure 2.7: Voter Participation in the First and Second Round of Elections (1985–2015)**



ASIES, 2016: 27

## WOMEN'S PARTICIPATION

Although women constitute the majority of voters and notable advances exist to promote their participation in the political process, the candidate gender gap is significant at all levels. During the 2016 municipal elections, women represented 21 percent of all candidates seeking election (ASIES, 2016:31). The 2016 “Global Gender Gap Report”<sup>31</sup> ranked Guatemala 89 out of 142 countries in political

<sup>31</sup> By the World Economic Forum, <http://reports.weforum.org/global-gender-gap-report-2016/>

empowerment. The LEPP does not provide sufficient opportunities for women to participate equitably or effectively in the process of nominations, promotion to party positions, or in general elections.

During the last 25 years, women’s organizations have submitted proposals to Congress to increase participation in the electoral process (at all levels). These initiatives include affirmative action, a system of quotas, and promoting parity. In 1992 the National Office for Women (ONAM) proposed reforms to the LEPP to support women running for elected office. Subsequently, the Civic-Political Convergence of Women joined forces to promote these changes. Another initiative in 2005 called for a minimum of 44 percent of elected positions be held by women. In 2008 the inclusion of ethnic and gender considerations in the LEPP was proposed, and similar proposals were made in 2012 and 2015 to support women and indigenous candidates, some even supported by the Constitutional Court. However, none of these initiatives were approved.

## 2.2 MUNICIPAL PERSPECTIVE

### 2.2.1 GENERAL CHARACTERISTICS

This section presents demographic and socio-economic information for each municipality analyzed during the assessment. It provides an overall understanding of each municipality’s current situation and how they compares to others. The first two tables (Tables 2.14 and 2.15) present information about demographics and poverty levels. Table 2.16 includes the number of people enrolled in the IGSS compared with the total population 18 years or older. This is an important indicator for determining formal employment levels (according to the National Statistical Institute, half of the population is 18 years or older).

**Table 2.14: Demographic Characteristics of the Ten UMG Municipalities**

Department/ Municipality	Population (2015)	Size Km <sup>2</sup>	Population Density	Number of Commun- ities (2015)	Urban Population (2002)	Rural Population (2002)	Indigenous Population (2002)	Non- Indigenous Population (2002)
<b>Guatemala</b>	<b>3,257,616</b>	<b>2,253</b>	<b>1445.90</b>		<b>86.04%</b>	<b>13.96%</b>	<b>12.27%</b>	<b>87.73%</b>
Amatitlán	119,753	114	1050.46	42	73.52%	26.48%	3.15%	96.85%
Chinautla	118,510	80.02	1481.00	77	80.90%	19.10%	84.00%	16.00%
Palencia	64,164	196	327.37	33	29.70%	70.30%	1.10%	98.90%
Villa Canales	162,017	353	458.97	44	28.10%	71.90%	2.38%	97.62%
Villa Nueva	576,363	114	5055.82	20	84.84%	16.16%	6.08%	93.92%
<b>Escuintla</b>	<b>731,326</b>	<b>4,384</b>	<b>166.82</b>		<b>47.70%</b>	<b>52.30%</b>	<b>6.50%</b>	<b>93.50%</b>
Escuintla	163,495	332	492.45	18	72.29%	27.71%	3.45%	96.55%
<b>Quetzaltenango</b>	<b>826,143</b>	<b>1951</b>	<b>423.45</b>		<b>55.16%</b>	<b>44.84%</b>	<b>52.30%</b>	<b>47.70%</b>
Coatepeque	147,111	372	395.46	42	43.84%	56.16%	3.69%	96.31%
Colomba	41,416	212	195.36	10	38.58%	61.42%	9.39%	90.61%
<b>Retalhuleu</b>	<b>241,411</b>	<b>1,856</b>	<b>130.07</b>		<b>36.35%</b>	<b>63.65%</b>	<b>79.01%</b>	<b>20.99%</b>
Retalhuleu	93,044	796	116.89	34	48.67%	51.33%	4.31%	95.69%
<b>San Marcos</b>	<b>794,951</b>	<b>3791</b>	<b>209.69</b>		<b>21.80%</b>	<b>78.20%</b>	<b>29.03%</b>	<b>70.97%</b>
Malacatán	120,030	204	588.38	64	18.20%	81.80%	10.13%	89.87%

Note: Data from SEGEPLAN, INE, and TSE



**Table 2.15: Poverty Levels 2002 and IGSS Affiliation Rates of the Ten UMG Municipalities**

Department/ Municipality	Total Poverty	Extreme Poverty	IGSS Affiliation (No. of People)	Registered to Vote in 2017 No. of people)
<b>Guatemala</b>	<b>14.16</b>	<b>1.63</b>	<b>762,651</b>	<b>1,734,888</b>
Amatitlán	17.57	1.16	15,252	56,619
Chinautla	17.57	1.34	1,289	73,640
Palencia	38.45	5.23	1,547	29,705
Villa Canales	23.21	1.86	11,970	71,709
Villa Nueva	13.01	0.73	31,775	188,711
<b>Escuintla</b>	<b>47.37</b>	<b>3.04</b>	<b>116,213</b>	<b>365,023</b>
Escuintla	53.51	5.49	28,906	75,320
<b>Quetzaltenango</b>	<b>67.33</b>	<b>17.31</b>	<b>40,433</b>	<b>418,615</b>
Coatepeque	56.65	15.71	7,700	55,446
Colomba	52.58	13.32	1,893	29,365
<b>Retalhuleu</b>	<b>68.62</b>	<b>15.04</b>	<b>20,536</b>	<b>167,177</b>
Retalhuleu	64.73	13.90	7,365	44,950
<b>San Marcos</b>	<b>76.43</b>	<b>18.73</b>	<b>29,733</b>	<b>512,674</b>
Malacatán	77.06	18.42	2,047	26,332

Note: Poverty maps from 2013, INE, IGSS affiliation from an IGSS bulletin 2014 and TSE 2017

Table 2.16 presents the evolution of the each municipality's ability to raise its own resources from 2005 to 2015, and the income per capita. With the exception of Colomba and Malacatán, all municipalities, increased their independently raised income.

**Table 2.16: Income Generated by Municipalities and Income per Capita (2005 and 2015)**

Municipality	Local Income 2005 (GTQ)	Income per capita 2005 (GTQ)	Local income 2015 (GTQ)	Income per capita 2015 (GTQ)
Amatitlán	10,517,645	114.53	28,550,106	238.41
Chinautla	8,302,349	78.70	41,402,692	301.75
Palencia	4,086,018	79.00	10,458,671	163.00
Villa Canales	11,134,042	94.48	28,629,890	176.71
Villa Nueva	76,237,042	184.45	190,242,079	330.07
Escuintla	23,793,892	182.41	37,869,083	231.62
Coatepeque	9,409,827	89.79	19,770,845	134.39
Colomba	2,671,282	68.40	1,761,445	42.53
Retalhuleu	25,918,385	345.84	55,073,970	591.91
Malacatán	4,296,763	53.22	4,273,117	35.60

Note: Mathematical calculation from the constitutional transfer to municipalities, 2005 and 2015.

Tables 2.18 and 2.19 present data related to socio-economic well-being in the ten municipalities. Table 2.18 presents school enrollment in 2015, disaggregated by educational levels. Retalhuleu has relatively high levels of enrollment in the final years of secondary school, doubling the national average. In contrast, Palencia falls significantly below average. Table 2.18 presents rates of chronic malnutrition in each municipality. Colomba and Malacatán have high rates of chronic malnutrition while Villa Nueva and Amatitlán have the lowest incidence.

**Table 2.17: School Enrollment by Educational Levels (2015) of expected students<sup>32</sup>**

Department/ Municipality	Pre-school (%)	Primary (%)	Junior High School (%)	High School (%)
<b>Guatemala</b>	<b>68</b>	<b>93</b>	<b>75</b>	<b>43</b>
Amatitlán	77	113	80	49
Chinautla	71	89	63	20
Palencia	60	108	43	011
Villa Canales	58	98	66	27
Villa Nueva	54	73	52	24
<b>Escuintla</b>	<b>57</b>	<b>86</b>	<b>52</b>	<b>25</b>
Escuintla	62	89	66	40
<b>Quetzaltenango</b>	<b>48</b>	<b>76</b>	<b>53</b>	<b>35</b>
Coatepeque	43	68	46	41
Colomba	58	102	59	3
<b>Retalhuleu</b>	<b>55</b>	<b>83</b>	<b>53</b>	<b>33</b>
Retalhuleu	62	88	63	61
<b>San Marcos</b>	<b>46</b>	<b>83</b>	<b>43</b>	<b>20</b>
Malacatán	43	77	37	34

Note: Data from Education Ministry, 2017. <http://estadistica.mineduc.gob.gt/SNIE/eficiencia.html>

**Table 2.18: Prevalence of Chronic Malnutrition in Children 6–9 Years of Age**

Municipality	Normal	Moderate	Severe	Category
Amatitlán	84.70%	13.60%	1.70%	Low
Chinautla	82.10%	15.60%	2.30%	Low
Palencia	77.20%	19.60%	3.20%	Moderate
Villa Canales	82.30%	15.40%	2.30%	Low
Villa Nueva	85.00%	13.10%	1.90%	Low
Escuintla	81.00%	15.80%	3.20%	Low
Coatepeque	74.30%	22.10%	3.60%	Moderate
Colomba	66.30%	27.60%	6.10%	High
Retalhuleu	80.90%	16.40%	2.70%	Low
Malacatán	61.00%	30.10%	8.90%	High

Note: Data from executive report of National Height Census, 2015.

The various tables illustrate the diverse nature of the ten municipalities. Based on a cursory review of the data, Colomba and Malacatán have low socio-economic indicators. Palencia, Villa Canales, and Villa

<sup>32</sup> In the cases of Amatitlán, Palencia and Colomba, primary school enrollment exceeds 1.0 because of discrepancies between Ministry of Education estimates for school-age population in an area, and actual enrollment of children. If more children repeat grades, this also boosts enrollment figures from expected rates.

Nueva have low educational enrollment levels, although the incidence of chronic malnutrition is lower. Villa Nueva appears to have diverse income and educational levels within the municipality.

### 2.2.2 ORGANIZATION AND LEADERSHIP

The maximum authoritative body within each municipality is the Municipal Council. The Municipal Council in municipalities with more than 100,000 inhabitants is comprised of up to three public trustees and ten elected council members. This following municipalities fall into this category: Amatitlán, Chimaltenango, Villa Canales, Escuintla, Coatepeque, Malacatán, and Villa Nueva. Municipal Councils in smaller municipalities like Retalhuleu, Colomba, and Palencia have two public trustees and five elected council members.

Below we list general observations regarding the political composition of each Municipal Council studied:<sup>33</sup>

- **Amatitlán:** One council member represents the opposition, but contributes to discussions and will vote in favor of the mayor and opposing parties when it benefits the municipality.
- **Palencia:** Four council members share the same party affiliation as the mayor (LIDER), facilitating agreement on issues. The mayor and a few council members think that communication and decision-making works well because the council functions like a task force with clearly defined objectives.
- **Villa Canales:** The council is comprised of ten elected members (two women) and three public trustees (one woman). There are disagreements among council members and the mayor does not share information with everyone. Most of the council would prefer a more transparent process.
- **Villa Nueva:** The council is prominently influenced by the LIDER party. The mayor, four council members, and three public trustees are associated with LIDER. The remaining members represent TODOS (two), CREO (two), UNE (one), and FCN (one).
- **Chimaltenango:** The council is dominated by political and personal interests. However, members indicate a willingness to make decisions in the best interest of the population. Some members think that the council lacks policies, with a strong interest in infrastructure and less of an interest in generating a healthier balance sheet for the municipality.
- **Escuintla:** More than one-third of council members represent opposition parties. However, most council members and the mayor think that the council functions in an integrated manner.
- **Colomba:** Of eight council members, two belong to opposition parties. The mayor prefers a council that includes the right experience and youth. At the beginning of the term, members received an increase between GTQ950 and GTQ1,500 per session. This was widely publicized among the public along with the commitment that the council will function honestly and transparently.
- **Retalhuleu:** The council is comprised of seven members (with one woman) and seven public trustees (one woman). All council members are professionals with experience and skills in different areas contributing to the integration and performance of the different council committees.
- **Malacatán:** All of the members are in full support of the mayor.

Based on the assessment results, councils in almost all of the municipalities are fulfilling their functions and the majority of members attend both standard and extraordinary meetings. Amatitlán is the exception. Those interviewed in Amatitlán stated that only one-third of the council is regularly involved with council affairs. While concerning, there is one opposition member with experience in municipal administration who serves as a constant “check and balance” during council deliberations and decision-making.

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<sup>33</sup> No relevant information for Coatepeque.

There is consensus among those interviewed that the Municipal Councils, with the exception of Villa Canales, are provided with sufficient information to make informed decisions. However, in the majority of municipalities, the information is given to members immediately before or during meetings, not giving members sufficient time to review it before making decisions, which often leads to misguided decision-making.

In Palencia, the DMP and DAFIM provide regular reports to council members. This is supplemented by council task forces and community visits with the mayor. Persons interviewed in Escuintla mentioned that discussions are held with COCODE and COMUDE members regarding planned projects and budgets. Another positive example is in Villa Nueva where, despite the diverse opinions of council members, the agenda is established prior to the meeting, responsibilities are clearly delegated to different members (and task forces), and decisions are made by consensus.

The Municipal Councils assessed identified the following priorities for their municipalities:

- **Amatitlán:** Strengthen municipal organization; improve water resource management; implement social and environmental development policies; reduce risk of natural disasters; and promote citizen participation.
- **Palencia:** Emphasize education.
- **Villa Canales:** Improve water services; eliminate illegal garbage dumps; achieve 100 percent electricity coverage; and promote health and education.
- **Villa Nueva:** Emphasize security, education, and prosperity; promote and develop opportunities for women and entrepreneurs; promote municipal investment; and strengthen healthcare for the community.
- **Chimaltenango:** Construct a large market and improve transit circulation and roads.
- **Escuintla:** Balance the budget; improve water services; and implement a cadaster and security plan.
- **Coatepeque:** Improve the quality of life for citizens; establish recreational areas; and promote sports.
- **Colomba:** Implement projects and activities to prevent violence and improve quality of life for citizens.
- **Retalhuleu:** Emphasize health, education, security, culture, sports, and infrastructure.
- **Malacatán:** Implement rural road construction (approximately 70 percent needed).

The respondents reported the following obstacles to efficient and effective municipal management:

1. Lack of resources (inadequate budgets)
2. Responding to increased demands from the population
3. Poor planning
4. Bureaucracy (in particular, related to financial management)
5. Absence of uniform auditing criteria (Comptroller-General of Accounts)
6. Inability to recover service fees and taxes
7. Citizen expectations that public services should be free
8. Inadequate staff capacity
9. Lack of guidance, training, and technical assistance
10. Lack of international donor funding
11. Poor support from labor union members.

The assessment revealed a lack of understanding by municipal officials of the legal framework defining municipal competencies. In particular, those related to the roles and responsibilities of municipal councils and members. For example, none of the mayors or council members were aware of the requirement to create a Municipal Citizens' Social Audit Commission, as mandated by the CM (Article 17). Lack of clarity regarding planning and managing development funds is also a deficiency. Clearer

guidance and regulations may facilitate the proper use of development funds. Another problem area is the inability of council members to hold the mayor accountable for his or her administrative actions as mandated in Article 54 of the Municipal Code. Council members confess that they lack the guidance, tools, and capacity to prevent misuse of resources by the mayor and other municipal organizations. This is an essential Municipal Council oversight function.

Municipal Councils are politicized. In particular, opposition party members feel limited in their ability to influence decisions as mayors and members affiliated with his or her political party tend to dominate, for example, when two-thirds of council members are affiliated to the mayor's political party. However, there are opportunities for all council members to participate in discussions prior to making decisions. In Coatepeque, council members actively participate in their respective task forces, providing a constructive opportunity for input. The mayor of Malacatán is very directive, defining issues for discussion and resolution while seeking expert advice from all members (most of whom are college educated) and the COMUDE. In Villa Canales and Retalhuleu, all members are asked to participate in council sessions and opinions are taken into consideration before voting. Opposition members impact decision-making in different ways. Some provide constructive criticism of the issue being discussed, objectively looking for a solution. Others engage in "systematic obstruction" where they oppose all proposals. In Chimaltenango, the mayor is less directive, which contributes to an environment in which council members often move in opposite directions.

### 2.2.3 COLLABORATION WITH OTHER LEVELS OF GOVERNMENT AND SECTORS

Most central government ministries have a presence at the department level. This brings the central government closer to the municipalities and facilitates support to deliver basic services. The following ministries are present at the departmental level of the municipalities included in the assessment; Education, Health, Agriculture, Labor, Environment, Social Development, Culture and Sports. GOBMIN is present in the municipalities through the local PNC offices. Also present at the departmental level are the SEGEPLAN, SCEP, SESAN, and SEPREM presidential secretariats and the National Registry of Persons (RENAP), CONALFA, PDH, INE, INTECAP, CGC, and Public Ministry autonomous agencies. The justice system is supported at the departmental level by primary courts and courts of appeals. Presence of these government agencies at the municipal level is minimal, with the exception of decentralized services related to health (MSPAS health centers and SESAN) and education (MINEDUC schools).

Although government ministries are represented at the departmental level, the system remains centralized. Appropriate decision-making authority is not delegated to the decentralized institutions, and staff lack authority and capacity to influence development activities and investment of resources. Unfortunately, this hinders responsiveness to the needs of local communities and has a negative impact on quality and access to services.

Regardless of the challenges, there are positive examples of collaboration across administrative levels. Palencia works well with the MAGA to support small-scale coffee producers. In Escuintla, INTECAP and the Sugar Foundation (FUNDAZUCAR) collaborate to provide training to improve employment opportunities. Coordination and collaboration do not happen organically. Municipalities must proactively seek support, such as requests to the MINEDUC regarding teacher salaries and school improvements. In some municipalities, GoG ministries collaborate with NGOs to fill service gaps. For example, Villa Nueva receives support from CARITAS, *Fondos Unidos*, and the Mercy Corps-implemented *Convivimos* project. Other forms of collaboration from public and private institutions to municipalities include:

- **Amatitlán:** Secretariat of Social Well-Being, MINEDUC, MSPAS, Ministry of the Economy, Mercy Corps, and the Association for the Well-Being of Families.

- **Villa Canales:** MSPAS, SESAN, National Coordinating Body for the Reduction of Disasters (CONRED), Mercy Corps, *Convivimos*, Institute for Sustainable Development Training, and the Guatemalan Army.
- **Coatepeque:** Family court and MSPAS.
- **Colomba:** MAGA, RENAP, PNC, the Attorney General’s Office, and CONALFA.
- **Retalhuleu:** National Council for Protected Areas, MIDES, Central Office for Reserve Areas of the State, SOSEP, FUNDAZUCAR, and the Foundation for the Integral Development of Socio-Economic Programs (FUNDESPA, also known as FUNDAP).

The assessment uncovered specific problems related to collaboration between the central, departmental, and municipal levels. For example, in Villa Nueva, PNC contributions to supporting security initiatives are recognized. However, the police continue to struggle with establishing credibility and trust, which inhibits its ability to improve security effectively. In Villa Canales, the health center is a victim of its own success. It is extremely effective at diagnosing and treating trauma, pediatric, and gynecological health issues, which results in it being overwhelmed by patients arriving from other municipalities.

## 2.2.4 MUNICIPAL PLANNING

### DEVELOPMENT PLANNING, POLICIES, AND REGULATIONS

All of the assessed municipalities appear to have a basic understanding of the public policies and regulations they are required to comply with to accomplish their functions. The municipalities cited the following policies and regulations as being the most important:

- National Development Plan K’atun: Our Guatemala 2032 (Palencia, Chimaltenango, Coatepeque, and Malacatán)
- National Policy for the Prevention of Violence and Crime: Citizen Security and Peaceful Coexistence, 2014–2034, Vice Minister of Violence and Crime Prevention (Palencia and Amatitlán)
- National Policy for the Promotion of Integrated Development of Women (Escuintla, Chimaltenango, Amatitlán, Villa Nueva, Colomba, Retalhuleu, and Palencia)
- Municipal Policy for the Prevention of Violence and Crime, Citizen Security, and Peaceful Coexistence, 2017–2020 (Chimaltenango)
- Municipal Policy for the Environment (Amatitlán and Malacatán)
- National Policy for Education (Villa Nueva)
- National Policy for Persons with Disabilities (Colomba and Retalhuleu)
- Municipal Policy for Violence Prevention on the Roads, Municipal Policy for Security, Municipal Policy for Clean-up of Neighborhoods (“Cleaning My Little Bit”) (Villa Canales)
- National Policy for the Promotion of Children and Adolescents. (Retalhuleu).

Municipal officials and staff interviewed stated that the main problem encountered with policy enforcement is low capacity among leaders to implement policies properly. The assessment team received the following responses from the municipalities on how to address this problem:

- Strengthen management capacity and equip decision makers to lead and institutionalize compliance throughout the organization;
- Prioritize the most important challenges to policy implementation and target capacity building exercises in these areas;
- Introduce and apply methods and tools for monitoring, evaluating, and reporting outcomes and impacts of activities and projects within the organization;

- Audit compliance with policies and identify specific solutions to problems based on local reality;
- Strengthen the ability of community development structures (e.g., COCODEs and assemblies) to understand the policies and monitor advances, as well as assist with obstacles;
- Maintain updated community needs assessments, municipal investment data, and resources to be leveraged (human, environmental, economic and social);
- Work with community organizations to implement participatory methodologies to solve problems;
- Develop an integrated development plan for the municipality;
- Develop and implement Land Organization Plans (*Plans de Ordenamiento Territorial* [POTs]);
- Improve tax collection as an important source of revenue for the municipality;
- Increase the municipal budget;
- Train staff to develop municipal policies and guidance;
- Increase civil society participation in public policy development; and
- Strengthen citizen participation (ensuring the participation of members from outlying communities).

Below are two examples from the assessment of how municipalities are addressing these issues.

- In Escuintla, municipal authorities propose to develop an integrated municipal development plan to improve services based on current socio-economic problems and opportunities facing the municipality. Agro-industry has a strong presence in Escuintla and can contribute to local economic growth. Large industries pay taxes and fees to the central government. As intended through decentralization, some of these taxes and fees must stay in the municipality to support local services benefitting the industries, such as use of land, water, and roads. Achieving this is a challenge. Currently, some of the revenue collected by central government (i.e., constitutional support and IVA-PAZ) already flows back to municipalities.
- Villa Nueva is developing a comprehensive POT with support from SEGEPLAN. The municipality developed a sophisticated vision known as Villa Nueva 21 (for a prosperous and educated population) and a strategic plan that is reflected in the annual operational plan.

Municipalities expect support from the UMG project to strengthen the decentralization process by clarifying and organizing operational processes and systems (i.e., manuals and software) and training officials and staff in their application. In addition, municipalities want assistance from the UMG project to leverage international donor funding and credit to improve services, and how to comply with central government requirements (SEGEPLAN, MINFIN, CGC, and others).

## STRATEGIC AND OPERATIONAL PLANS

The state of planning among the ten municipalities varies widely. The municipalities of Palencia, Escuintla, Chimaltenango, Villa Nueva, Coatepeque, Colomba, Malacatán, and Villa Canales claim to have strategic plans as well as multi-annual and annual operating plans (POAs). Amatitlán does not have a strategic plan. As they are the basis for developing annual budgets, all the municipalities have POAs. Coatepeque and Amatitlán are both in the process of developing integrated development plans while neither Colomba nor Retalhuleu have integrated development plans.

The process for developing plans varies among municipalities. In Palencia and Villa Canales, the DMP develops the POA. In Escuintla, Chimaltenango, and Malacatán, specific departments or administrative units develop plans. The DMP defines activities DMP while the DAFIM develops the budget. Municipalities strive to reconcile the projected availability of funding with municipal needs, which are ideally community based and citizen driven. However, this is challenging to accomplish as resources are limited and must address the most urgent needs. Being forced to address emergency needs constantly (the “firefighting approach”) negatively impacts municipalities’ ability to prioritize resource use effectively. In Villa Canales, the Municipal Council establishes investment priorities. In Malacatán, the

Municipal Council decides on the investments and presents these to the COMUDE for approval. The COMUDE is responsible for assessing community needs via the COCODE (the COCODE presents them to the COMUDE) and considering them during the approval process. Those interviewed in Villa Canales agree that the process is neither participatory nor effective in meeting community needs. Escuintla finds the process complicated and difficult to access the information required for a bottom-up process in such a short time period.

## 2.2.5 FINANCIAL MANAGEMENT AND REVENUE GENERATION

### REVENUE GENERATION

**Central Revenue.** The municipalities of Escuintla and Palencia highlighted lack of financial resources as the principal cause of their limited abilities. All municipalities except Villa Nueva receive transfers from the central government (General Budget [constitutional earmark and IVA-PAZ]) as their primary source of revenue. Table 2.19 presents the status of central transfers in 2017, approved and actual expenditure.

**Table 2.19: Constitutional Earmark and IVA-PAZ 2017 (Quetzals, September 29, 2017)**

Municipality	Constitutional Transfer Initial Calculation	Constitutional Transfer Actual	IVA-PAZ
Chimaltenango	14,419,522	10,814,641.84	11,230,692.54
Escuintla	16,627,310	12,470,482.77	12,950,235.42
Palencia	10,797,154	8,097,865.58	8,409,399.04
Coatepeque	14,482,246	10,861,684	11,279,544
Amatitlán	11,678,234	11,103,534	11,530,699
Villa Nueva	41,235,879	30,926,909	32,116,700
Malacatán	11,678,234	8,758,675	9,095,631
Colomba	6,380,844	4,785,633	4,969,741
Retalhuleu	19,406,621	14,554,966	15,114,910
Villa Canales	16,092,932	12,069,699	12,534,033

Note: Initial calculation from the assessment team's analysis based on <http://www.segeplan.gob.gt/downloads/situacocnstitucional/2017> and <http://siafmuni.minfin.gob.gt/siafmuni> (constitutional transfers). Consulted October 13, 2017.

Annex D summarizes each municipality's 2017 budgeted income. Central transfers for Villa Nueva comprise 27 percent of its total budget while total budgeted transfers for Palencia represent 85 percent, revealing a wide variance between municipalities. At 34 percent, both Retalhuleu and Villa Canales are less dependent on central transfers; Amatitlán, Palencia, Coatepeque, Colomba, Malacatán, Chimaltenango, and Escuintla are more dependent with some percentages exceeding 55 percent.

**Revenue Generated at the Municipal Level.** Revenue generated by municipalities includes municipal taxes, service fees, and sale of services. The actual status of revenue generated by municipalities is included in the budget summaries included in Annex D. Municipalities are largely dependent on central government transfers. While Villa Nueva, Villa Canales and Retalhuleu generate more than 50 percent of their budgeted resources, the municipalities of Colomba, Palencia, Malacatán and Chimaltenango are only able to generate 13 percent, 15 percent, 20 percent, and 20 percent, respectively.

IUSI (property tax) should be the healthiest source of municipal income, but it is not. Authorities are either unwilling or unable to enforce effective payment collection procedures due to poor land and property ownership records (i.e., lack of an updated and modernized cadaster). As presented in the budget summaries in Annex D, eight of the ten municipalities are performing poorly in this regard. Villa Nueva and Villa Canales have achieved property tax collection rates of 30 percent and 21 percent of their total planned revenues, respectively. This represents 44 percent and 48 percent of the revenue



generated for each municipality, respectively. IUSI collection only represents 1 percent of the total budgets for Malacatán and Colomba, 3 percent for Chimaltenango, 3.7 percent for Coatepeque, 4 percent for Retalhuleu, 6 percent for Palencia, 7 percent for Escuintla, and 8 percent for Amatlán.

The principal obstacle to increasing revenues through IUSI is municipal fear of backlash from citizens, which might lead to incumbents losing future municipal elections. There is also a recognized lack of a taxpayer culture in Guatemala, which could be partially allayed through efficient and honest administration of municipal resources, authorities' focus on serving the needs of the population, and more transparency in public office.

Other sources of municipal-generated revenue include:

- **Amatlán:** *Boleto de ornato*<sup>34</sup>;
- **Palencia:** Service fees for connecting and providing potable water and licenses for construction;
- **Villa Nueva:** Licenses for construction, fees for local planning, transit violation penalties, water users' fees, and improved IUSI recovery;
- **Villa Canales:** Rent for commercial sites;
- **Chimaltenango:** Fees for use of public spaces (e.g., the plaza);
- **Coatepeque:** Property sales, administrative services, fees for use of public spaces, rent for commercial sites, water user fees, and *boleto de ornato*;
- **Colomba:** Water user fees, legalization of commercial establishments, fees for use of public spaces (the plaza), and *boleto de ornato*;
- **Retalhuleu:** Public lighting fees;
- **Malacatán:** Parking fees, water user fees, fees for commercial enterprises and transit violation penalties;
- **Escuintla:** Tax on sugar production and public lighting fees.

The tax on sugar production in Escuintla is technically a donation from the sugar production and processing companies that operate in the municipality. In 1991 a compensation agreement was established as a result of industry violations.

Inability to collect taxes and fees is a significant problem. In Colomba, contributors owe GTQ12.5 million, and when the municipality threatened to enforce payment, citizens took over the municipality and held employees hostage until their demands (i.e., liberation from the requirement to pay) were honored. All municipalities assessed, with the exception of Villa Nueva, are not well positioned to provide incentives for citizens to make payments (e.g., promising to fund public improvements). Citizens generally lack trust that municipal authorities will actually invest contributions in improvements that benefit the community. According to Escuintla representative, this may be a cultural problem.

Central transfers are viewed by most municipalities as the best way to improve access to financial resources. This is not a viable option given the financial status of the central government. The most feasible way to increase revenue is to improve the ability of municipalities to generate their own sources of funding, IUSI in particular. Participants in focus group indicated that this is feasible through a transparent planning and activity implementation process that responds to citizen needs.

Most municipalities are updating and modernizing their cadaster to promote legal registration of land and property ownership. This supports urban planning initiatives and improves the ability of municipalities to assess and collect property taxes—a critical source of potential municipal revenue. Palencia, Amatlán, and Colomba do not have cadasters. Neither Villa Canales nor Retalhuleu have a

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<sup>34</sup> This is the Guatemalan term for a municipal head tax for every adult resident. This is based on income and was originally intended to pay for keeping the streets and public spaces clean.

functioning cadaster but they have registered 25 percent and 40 percent of properties, respectively. Coatepeque, Chimaltenango, and Villa Nueva are making progress in establishing and improving their cadasters. Chimaltenango has registered 70 percent of properties. Coatepeque has established a commission that includes community representatives. The commission is developing a database of services, which includes property registration. The municipality has registered 70 percent of the urban and municipal lands. Villa Nueva has registered 30,000 properties, representing 90 percent of total land.

The assessment revealed many reasons for the lack of success at generating municipal sources of funding. Focus group discussions emphasize the reality that a culture of payment for services does not exist. Fees for services are often reasonable, but users often simply do not pay. There is a general lack of awareness among users that these are collective services that everyone is responsible to use efficiently (as there is much careless use, in particular with water). Most citizens think that basic services should be free or that fees should be very low. A problem noted by municipal officials and staff is that prior administrations did not charge fees for basic services such as water and sanitation as a way of placating the population, avoiding conflict, and garnering political support. Most municipal officials think that poverty is the primary obstacle to generating local revenue. For this reason, municipalities like Villa Nueva are working to improve their ability to charge IUSI based on a realistic value of one's property. This will result in those who have assets (i.e., land and property) to pay more. It is evident that more must be done to improve and enforce fee collection for services. Undoubtedly, this requires making difficult (and unpopular) political decisions and improving efficiencies in delivery and collection. In Retalhuleu, users are aware that few people pay for services and the municipality's tax assessment and collection system is inefficient—making it easy to avoid payments. Municipal staff are trying to address the problem by improving property registration (cadaster) and property tax collection.

Some municipalities are implementing measures to improve the situation. Chimaltenango boasts of significant commercial activity. However, much of the profit returns to the business owner's respective home towns outside the municipality. The municipality plans to improve IUSI collection and charge fees for renting commercial space. In Malacatán, substantial debt to the electric service provider, ENERGUATE, is accumulating. The municipality is promoting formal agreements between ENERGUATE and end users to improve fee collection rates. Communication campaigns to raise awareness about the importance of paying for services along with looking at options for partial debt forgiveness are underway. Like most other municipalities, Villa Canales suffers for low payment rates. The municipality is educating citizens about the services being provided and have hired people to collect from door to door.

## DISTRIBUTION OF EXPENDITURES

As evidenced by reviewing the summary budgets for the ten municipalities (see Annex D), a significant percentage of the budget goes toward personnel costs. This is normal for service organizations. Percentages dedicated to personnel costs range from 17 percent in Malacatán to 42 percent in Coatepeque. The rest fall between 21 percent (Amatitlán) and 35 percent (Colomba). Most budgets, with the exception of Palencia and Retalhuleu, include funds for servicing debt, and the highest is Chimaltenango at 12 percent and Coatepeque at 11 percent. The range budgeted under physical plant, assets, and other direct costs is broad, with Villa Nueva at 12 percent and Palencia at 58 percent of their total budgets.

In terms of overall spending (i.e., ability to execute the budget), the municipalities of Villa Canales, Amatitlán, Palencia, and Chimaltenango spent less than 50 percent of their allocated budget, allocating spending 35 percent, 47 percent, 48 percent and 49 percent, respectively. The other six municipalities spent between 63 percent (Colomba) and 78 percent (Malacatán). The most significant expense was personnel, ranging from 62 percent (Amatitlán) and 99 percent (Villa Nueva). Funds spent for servicing debt was significant in Malacatán at 67 percent and in Colomba at 100 percent. Spending in the category

of physical plant, assets, and other direct costs was more modest with most under 50 percent with Colomba at 8 percent and Malacatán at 33 percent. Only Villa Nueva and Retalhuleu exceeded 50 percent, with 53 percent and 54 percent, respectively.

The debt burden experienced by some municipalities is significant, though in terms of UMG target municipalities, these debts were acquired before the 2015 elections. Chimaltenango's exceeds GTQ25 million; Escuintla GTQ1.6 million; Palencia GTQ6 million; Coatepeque GTQ35 million; Colomba GTQ7.5 million; and Malacatán GTQ2.8 million. Neither Amatitlán nor Villa Nueva revealed outstanding debts. Nine of the municipalities confirmed that they are not contemplating taking out additional loans.

While information about specific municipal loans is not available, INFOM and private banks are among the few sources which municipalities have for accessing loans for projects. INFOM has limited funds for loans, but can leverage more through the Inter-American Development Bank.

Coatepeque's debt is largely related to the construction of the 'metamarket' with a loan from INFOM. Annual payments are Q575,000. In the cases of other municipalities, information is not available about debts incurred or projects implement through public debt.

Focus group participants mentioned a number of problems related to budget management and fiscal control. The COMUDE in Palencia indicated that high personnel costs result in insufficient funds available to meet the needs of vulnerable citizens and to maintain infrastructure. The only way to invest in development projects that will benefit communities is for the mayor to leverage other funding sources (i.e., donor funding). The COMUDE of Chimaltenango also expressed the need to leverage funding from external sources to address development needs.

#### 2.2.6 GENERAL ADMINISTRATIVE OBSERVATIONS

The majority of respondents are under the impression that the administrative units with the strongest capacity to accomplish their mandates are the units related to planning (DMP) and financial management (DAFIM). It is generally thought that staff have the right skills for their positions. However, many staff are relatively young and inexperienced, and some are resistant to change or to adopting new procedures. The municipality depends on these units to manage and present information to the mayors and municipal councils for decision-making. The roles and responsibilities of the citizen participation and community relations units are also critical to the success of the mayor and municipal councils, as these are the units that connect officials with community members. The ability to fulfill these functions vary widely. In the municipalities of Villa Nueva, Amatitlán, and Colomba, respondents indicated that some staff do not have the skills or are not capable of fulfilling their roles. Underperforming staff should be replaced so the units can function efficiently. In Coatepeque, respondents indicated that they lack sufficient personnel to perform required functions.

The effectiveness of the offices of the secretaries vary widely. Palencia seems to be satisfied with how they are functioning, whereas Escuintla and Chimaltenango note quite a few problem. With the exception of Villa Nueva, the Municipal Women's Department works closely with the Secretariat of Social Work of the Mayor's Wife (SOSEA), and most of the personnel do not have the relevant skills to address gender and understand the problems faced by women in the community. Furthermore, the SOSEA tends to absorb what little social development resources there are, leaving little for the DMM. Due to the dominance of the SOSEA, municipally supported activities related to women tend to be politically motivated and result in "handouts."

The effectiveness of other municipal units, particularly those related to service provision, also vary widely. In Palencia, the person in charge of managing the water services unit is competent, resulting in adequate service provision. In Escuintla, the existence of multiple service provision units leads to communication problems between unit managers, negatively affecting the quality of service. In Escuintla,

27 different units report to the mayor. The service unit managers in Chimaltenango are facing many challenges that affect service delivery. The levels of coordination, cooperation, and communication vary among municipalities. The assessment team asked those interviewed to rank themselves on a scale of one to ten on coordination, cooperation, and communication, with regards to overall performance of municipal competencies. Ten being the highest and best possible ranking. Palencia ranked the highest between 7 and 9, followed by Coatepeque between 5 and 9, Escuintla at 6.5, and Villa Nueva between 5 and 6. The remainder did not submit rankings. In Colomba it was acknowledged that communication and commitment are lacking, but the coordination between the DMM, the Office for Children and Adolescents, and the DMP is good. In Chimaltenango, each individual unit functions like an island and they do not work as a team, resulting in conflicts between unit managers.

Problems that affect municipal administration are numerous, and many are related to organizational structure and human resource management. As mentioned, Escuintla's organizational structure is large and disorganized. In Escuintla and Amatitlán, the general impression is that the number of personnel is excessive. In contrast, the organizational structure of Palencia may be insufficient with only one secretary and three units (DMP, DAFIM, and DMM). The Director of Human Resources indicates that the number of staff is sufficient; however, stronger qualifications are required. Chimaltenango seems to have a more reasonable structure; according to the municipality's Operations Manual, there is a Municipal Secretary, Internal Auditor, DMP, DAFIM, DMM, Municipal Affairs Magistrate, and Service Delivery Unit.<sup>35</sup> However, the management of labor-related legal issues, union demands, and differences between units makes human resource management challenging. In Coatepeque, the presence of two labor unions results in an inflated number of employees. In Colomba, the number of personnel is sufficient but performance is low because some staff do not meet position requirements (similar to the problem in Palencia). In Malacatán, the current number of employees (230) is sufficient and labor relations are good.

The consequences of administrative deficiencies are evident. Palencia suffers from deficiencies in internal communication, the creation of unnecessary positions, and staff with many years of seniority who no longer accept performance feedback. In Escuintla, respondents pointed to external influences exacerbating administrative deficiencies, for example, poor recuperation of water user fees and users not taking care of and valuing the services. In Colomba, problems were related to a recent reorganization of administration and finances and a lack of willingness to pay taxes and for services. In Malacatán, in addition to scarce resources, poor punctuality of personnel, alcoholism, and the resistance of some employees to assume new responsibilities contribute to administrative deficiencies.

Finally, some focus groups highlighted positive administrative developments. Focus group participants in Villa Canales were pleased to note that improvements are being made by strengthening the DMP; establishing a unit to oversee construction to complete infrastructure projects dating back to 2013; improving the cadaster and collection of IUSI, as well as the collection of fees; and establishing the Municipal Affairs Magistrate. Focus group participants in Retalhuleu highlighted the progress their mayor, who has been in office for three terms, by providing administrative stability and consistency. They stated that personnel appreciate job security (i.e., steady salary) and the community benefits received from municipal interventions.

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<sup>35</sup> Labor Organization and Classification of Municipal Positions (s.f: 11)

## 2.2.7 CITIZEN PARTICIPATION AND ACCESS TO INFORMATION

### FORMAL CITIZEN PARTICIPATION STRUCTURE AND PROCESSES

The formal urban and rural development council structure is shown on Table 2.13 of this report. The assessment resulted in a variety of observations regarding how the structure and the council bodies are functioning.

**Regional Development Councils (COREDEs).** Mayors from the Central Region participate in the COREDEs covering the Departments of Sacatepéquez, Escuintla, and Chimaltenango. The Municipality of Escuintla has not presented proposals to the COREDE because it does not think it will receive support; meetings primarily served to share information and failed to address important issues such as policies for promoting development and establishing budget ceilings. Respondents from Chimaltenango and Amatitlán stated that decisions made were not relevant to the region and did not reflect the reality faced by the municipalities. Mayors from Coatepeque, Colomba, and Retalhuleu attend Region VI COREDE meetings, but they do not consider them useful. The experience of Villa Canales differs in that they believe it a useful collaborative forum to make decisions and remain informed about current policy and practice.

**Departmental Development Councils (CODEDEs).** The experience with CODEDEs appears to be more positive. In Escuintla, respondents indicate that meetings are not politicized but that participants do not have decision-making authority. In Malacatán, respondents indicate that the CODEDE is functioning relatively well. The mayor attends the meetings and there is a general understanding that the purpose of this meeting is more for information sharing than decision-making. Villa Canales thinks that the CODEDE is successful in promoting public investment. The mayor of Retalhuleu has had positive experiences attending the meetings and has good relationships with the rest of the members. Interestingly, respondents from Chimaltenango and Palencia did not express an opinion about how the CODEDE or COREDE function.

**Municipal Development Councils (COMUDEs).** Most respondents recognize their local COMUDE as a useful body performing an important function. In Escuintla, Chimaltenango, and Coatepeque, civil society and COCODE members are generally interested in participating and they are welcome to do so.

- In **Escuintla**, the assessment indicates a positive view of the COMUDE. It is functional, its members develop proposals and projects in coordination with representatives from the COCODEs, and collaboration with community members is active. The COMUDE has achieved two concrete accomplishments. It has prioritized the investment in water and sanitation and formed a Municipal Violence and Crime Prevention Commission (COMUPRE), headed by the mayor and including council members, the PNC, and representatives from public institutions, civil society, and the community.
- In **Palencia**, the COMUDE meets with the council to prepare, prioritize, and approve proposals presented by the 20 COCODEs. Although projects are approved and agreements reached, many are not implemented due to lack of funding.
- In **Chimaltenango**, respondents agree that the COMUDE plays a legitimate role and that members are learning how to function more transparently. However, the process for electing members is poor, resulting in performance disparities. Part of the problem is the management of the COMUDE. Meeting agendas are distributed during, not before, the meeting, making it impossible for participants to prepare. Participation of representatives from public agencies and civil society tends to be weak. Meetings are often held afterhours and public officials are often reluctant to work late. Civil society organizations participate only when something of interest to them is on the agenda.
- In **Malacatán**, representation changes frequently, making it difficult to coordinate and follow up with actions. The capacity of the members is low and the municipality lacks sufficient funding.

However, regular meetings are held and leaders demonstrate commitment to support communities. Participants noted that participation of men at the community level is diminishing, giving women greater opportunity to influence outcomes (13 of the 108 COCODEs are led by women).

- In **Amatitlán**, the COMUDE meets regularly, and its members (including the mayor) work hard to garner support for the COCODE proposals. The primary constraint is lack of funding.
- In **Villa Nueva**, respondents are generally pleased with the way the COMUDE functions. It meets regularly and there is a collegial working environment. However, there limited participation on the part of civil society and other public agencies. Focus group participants were less positive, indicating that member attendance is inconsistent, agency coordination is poor, and there is a lack of responsiveness to community needs.
- In **Colomba**, representatives from public agencies participate, provide strong leadership, and present ideas for projects even though they are not able to implement them.
- In **Villa Canales**, respondents think COMUDE meetings provide a valuable opportunity to discuss needs, review proposals (along with the council), and participate in decision-making.
- In **Retalhuleu**, the COMUDE meets regularly. The effectiveness of these meetings is considered good. They have resulted in projects to improve services in water, roads, sanitation, and noise control (music). Results from focus group discussions indicate a low level of participation in the meetings, resulting in the implementation of few projects even though the COMUDE manages an annual budget of GTQ15 million.

**Community Development Councils (COCODEs).** The primary mandate of the COCODE is to prepare and present proposals to the COMUDE. Once proposals are approved, the COCODE supports implementation. An overall conclusion from the assessment is the lack of community participation in the COCODE, leaving decision-making to the formal members. In Palencia, the COCODE is closed. It does not meet regularly, share information, or report on its activities. Many of the members are related to one another, which causes potential conflicts of interest. In contrast, the Chimaltenango COCODE actively informs and engages citizens and provides progress reports. In Colomba, COCODEs are less formal. The meetings tend to be politicized and less action oriented. Approximately 40 percent of the members are women. In Villa Canales, 40 percent of the members are also women, and they are successful at remaining engaged with most of the population and maintaining constructive working relationships. Also, the auxiliary mayors are elected by citizens. Villa Nueva and Malacatán implement a process for democratically selecting representatives; this has recently been implemented in Amatitlán as well, which helps to de-politicize the process.

## INTEREST GROUPS

The assessment identified many interest groups active in municipal development. Table 2.20 presents the interest groups identified by the referenced municipality.

**Table 2.20: Interest Groups by Municipality**

Municipality	Interest Groups
Escuintla	Urban Transport Association, market renters, sugar industry, and informal vendors
Chimaltenango	Catholic and Evangelical churches, formal vendors, informal vendors, industry, universities, youth groups, organized women’s groups, and labor unions
Retalhuleu	Business associations, transport associations, the “young Adventists” (church) group, industry (sugar), citizen security committee, municipal workers labor union, the Committee for Agricultural Workers’ Development (CODECA), and women’s organization; gang members involved in extortion
Escuintla	Political organizations and lobby groups with strong economic interests (these include organized crime and traffickers [women, minors, and drugs])
Villa Canales	Transport associations, market vendors, and water user associations; gangs
Coatepeque	Committee of Agricultural Workers’ Unity (CUC) and CODECA (usually assert a negative influence)
Amatitlán	Association of Citizens
Malacatán	Moto taxi owners

Some groups such as the business associations and civil society groups that represent youth, *comadronas*, (nurse midwives, often in indigenous communities) and women, play a positive role in shaping the development agenda. Criminal groups (i.e., organized crime and gangs) exercise a negative influence. Groups that are part of the formal development structure, such as COMUDEs and COCODEs exercise a positive influence. In the case of Retalhuleu, some of the COCODEs have signed agreements with the sugar factories to reduce traffic problems during the sugar harvest season and some have received financial support to support community infrastructure.

During the key informant interviews, organized crime was only mentioned in Escuintla as an interest group. However, in all ten municipalities the presence of *maras* or youth gangs was mentioned as a growing security issue and negative influence in the municipality.

#### TRANSPARENCY AND ACCOUNTABILITY

Municipal officials and staff reported having taken the following actions to improve transparency and accountability:

1. Use of financial and procurement management and software packages (e.g., SICOIN GL and Guatecompras)
2. Implementation of a computerized system for managing services
3. Close compliance and working relationships with MINFIN, the Supervisory Administration for Tax Administration, and CGC
4. Creation of a web page to enable public access to service information.

Even though the establishment of a social auditing function at the municipal level is mandated by the Municipal Code, only Escuintla has developed a formal agreement with civil society organizations (represented in the COMUDE) to join the Municipal Citizens’ Social Audit Commission.

All of the municipalities have an Access to Public Information office. Those municipal staff and officials interviewed, indicate that public information is up-to-date and that information is provided upon request. However, complaints exist about the quality of information provided. Chimaltenango stated that it does not provide information regarding personnel and remuneration for security reasons. Villa Nueva publishes information on the Public Information Unit portal, and Villa Canales has established its own website. Retalhuleu maintains a website, publishes information about projects in its annual report,

uses multiple communication methods to share information, and receives periodic updates from the internal auditor. Colomba struggles to provide information to the public, relying mainly on the periodic publication of finalized activities and projects. Escuintla claims to comply with what is required by law and is internally monitoring the process. However, a critical problem is that Escuintla has not managed to enable citizen access to the information.

Villa Nueva, Amatitlán, Coatepeque, Malacatán, and Villa Canales representatives interviewed expressed believe their actions to be sufficient. All ten municipalities try to promote transparency by addressing observations made by the CGC: publishing balance sheets and issuing quarterly reports to SEGEPLAN, MINFIN, and CGC. Table 2.21 presents areas of compliance with the Access to Public Information Law (Article 10) for each municipality. The information was obtained by reviewing websites maintained by seven of the ten municipalities as well as Facebook pages maintained by Colomba and Coatepeque. Chimaltenango’s Facebook page is incomplete, and Malacatán does not have information readily available. Palencia’s information is incomplete.

**Table 2.21: Accessible Municipal Information, 2017**

LAIP Requirements	Pal	Ama	VC	Chin	Esc	Chim	Col	Coat	Mal	Ret
Municipal Structure	x	x	x	x	x		x	x		x
Municipal Directory	x	x	x	x	x		x	x		x
Employee Directory	x	x	x	x	x		x	x		x
Employee Directory (name, title, phone)	x	x	inc	inc	inc			x		x
Mission and AOP	x	x	x	x	x		x	x		x
Procedural Manuals	x	x	NC		x			x		x
Budget Information	x	x	x	x	x		x	x		x
Monthly Budget Reports	x	x	x	x	x		x	x		x
Deposits of Public Funds	x	x	x	x	IP		x	x		x
Public Bidding Processes	x	x	x	x	x		x	x		x
Contracts Goods and Services	x	x	x	x	x			x		x
Costs of Official Trips	x	x	x	NA	IP		x	x		
Municipal Inventory	x	x	x	X	x		x	x		x
Equipment Maintenance	x	x	x	NA	x			x		
Subsidy Programs and Transfers	x	x	x	x	x		x	x		x
Contracts, Licenses, and Concessions	x	x	x	NA	x			x		
Pre-qualified Companies	x	x	x	NA	x			x		
Projects in Implementation	x	x	x	x	x		x	x		x
Building Rental Contracts	x	x	x	x	IP			x		
Contract Bids	x	x	x	x	x			x		
Trust Fund Expenses	x	x	x	x	x			x		x
Direct Purchases	x	x	x	x	x		x	x		x
Final Audit Reports	x	x	x	NA	x		x	x		x
Report on Operations	x	x	x	x	x			x		
Index of Public Information	x	x	x	x	x		x	x		



LAIP Requirements	Pal	Ama	VC	Chin	Esc	Chim	Col	Coat	Mal	Ret
Socio-linguistics Information	x	x	x	x	NA		x	x		
Other Information	x	x	x	x	NA		x	x		

SOURCES: <http://municipalidad-escuintla.gob.gt/>; <http://www.amatitlan.gob.gt/bienvenidos/>; [www.munivillacanales.com/](http://www.munivillacanales.com/); [www.municipalidad-escuintla.gob.gt/](http://www.municipalidad-escuintla.gob.gt/); [munidechimaltenango.gob.gt/](http://munidechimaltenango.gob.gt/); [hunicolomba.gob.gt/](http://hunicolomba.gob.gt/); [municocatepeque.gob.gt/](http://municocatepeque.gob.gt/); [munireu.gob.gt/](http://munireu.gob.gt/)

KEY: Palencia (Pal), Amatitlán (Ama), Villa Canales (VC), Escuintla (Esc), Chimaltenango (Chim), Colomba (Col), Coatepeque (Coat), Malacatán (Mal), and Retalhuleu (Ret); Inc: information is incomplete, NC: information is not current; IP: information is in process of being updated; NA: information required does not apply in this case. Chimaltenango and Malacatán do not have public municipal websites with an Access to Public Information page – columns are left blank.

## PERCEPTIONS OF CORRUPTION

Gathering information and perceptions about corruption from municipal officials and staff is difficult. Many individuals are understandably unwilling to discuss possible corruption at higher levels (i.e., their supervisors). Discussing corruption in an open forum is extremely sensitive, so collecting information on this subject from focus groups also proved challenging during the assessment. Corruption is widespread throughout Guatemala and in the municipalities supported by the project.

### 2.2.8 DELIVERY OF SERVICES

#### MUNICIPAL SERVICES

All municipalities involved in the assessment identified potable water, sanitation (sewage drains and treatment plants), and environmental (water contamination and supply) needs as service delivery priorities. Other service delivery priorities specific to the municipalities include:

- **Amatitlán:** Make road improvements; improve flood control; plan to construct the market; recreational areas and cultural activities for youth; and improve transportation for the rural population. Representatives of this municipality pointed out that they had recently rehabilitated a sanitary landfill and created a municipal enterprise to manage solid waste.
- **Palencia:** Construct a highway ramp to improve access to the highway to the Atlantic (a responsibility of the CIV).
- **Villa Canales:** Improve the area surrounding the market to better control access; strengthen security; improve education; and address waste management through improved drainage and establishment of a garbage dump. Road improvement and maintenance is a priority, although it is not managed by the municipality.
- **Coatepeque:** Improve public lighting and security, especially for women.
- **Retalhuleu:** Improve public water sources and sanitation and improve municipal administration and information management to support collection of taxes and user fees.
- **Malacatán:** Improve public lighting; maintain the public market; provide additional training for municipal police; and construct and manage transportation services, particularly for the benefit of the rural population. Even though they have recently established a parking area for moto taxis (“tuc-tucs”), a transport terminal and improved private transport services regulation are still needed.
- **Villa Nueva, Colomba, and Chimaltenango:** Expand access and use of recreational areas.

Significant barriers to service delivery exist. For example, the municipality of Palencia recognizes its dependence on other public agencies and additional funding to provide certain services (e.g., ensuring adequate care and attention of children and youth). It also identified poor performing municipal staff as a barrier to providing services. Palencia and other municipalities indicate that a lack of agreement between municipal authorities and labor unions can cause performance issues that impede the adequate delivery of services.

## SERVICES RELATED TO OTHER PUBLIC AGENCIES

Citizen security and delinquency (common crime) are the most important and serious problems municipalities raised during the assessment. This concern is particularly acute in Chimaltenango, due to the prison located in the municipality. Second to concerns about citizen security, participants in the assessment indicated that education and health are important services that must be drastically improved. Housing and recreational areas are important priorities for Coatepeque. Many municipalities are concerned about the lack of social programs and activities for children and youth. Lack of employment opportunities for adults is a significant problem.

Municipalities highlighted the following public agency service gaps and particular areas of concern:

1. **Palencia:** Support for farmers (coffee and vegetable producers) and an influx of “squatters” from Guatemala City and other areas (cited by COMUDE).
2. **Colomba:** High levels of unemployment.
3. **Escuintla:** Unemployment despite a strong sugar industry presence in the municipality.
4. **Chimaltenango:** Traffic congestion.
5. **Coatepeque:** Roads and highways maintenance and improvement and more cost-effective solution for providing electricity.
6. **Amatitlán:** Insufficient health and education services.
7. **Villa Nueva:** Educational and skills development programs for children and youth (especially those at risk of dropping out of school) and have piloted a center with MINEDUC for at-risk youth.
8. **Malacatán:** High levels of migration to the United States due to lack of local employment opportunities; despite dependence on agriculture, high levels of food insecurity and low production.
9. **Villa Canales:** Support in education (in particular, sex education); support for unmarried, young mothers; school feeding programs; strengthened health services to reduce malnutrition; and youth-focused programs to prevent crime and violence and strengthen the PNC as well as legal and judicial services.
10. **Retalhuleu:** Major gaps in support from public agencies, mainly related to highway maintenance, support for health centers, teacher salaries, and improving educational facilities. A critical priority for the municipality is the treatment of solid waste and provision of potable water.

Other national-level concerns that impact municipalities include:

- **Poverty:** Although respondents did not explicitly mention poverty as a problem, according to the survey of living conditions conducted by ENCOVI<sup>36</sup>, poverty increased in Guatemala. Between 2006 and 2014, poverty rose from 41 percent to 53 percent in Escuintla and from 61 percent to 66 percent in Chimaltenango.
- **Migration:** Internal migration between municipalities may be contributing to crime and violence. Individuals from Colomba, Coatepeque, Amatitlán, Malacatán, and Villa Nueva expressed this concern.
- **Crime and Violence:** While not mentioned in focus group discussions, individual interviews revealed a perception that both internal migration and international immigrants (primarily from El Salvador and Nicaragua) contribute to the significant presence of gangs (tattoos can often reveal where a gang member is from). Further assessment is required to determine if this is a tendency of municipal staff and authorities to view outsiders as threats (i.e., a xenophobic tendency) or if this is based on fact.

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<sup>36</sup> Data from INE – 2016.

## 2.2.9 CITIZEN SECURITY AND CRIME AND VIOLENCE PREVENTION

Citizen security and crime and violence prevention-related issues and how to address them vary across municipalities. There also are numerous interpretations of the National Violence and Crime Prevention Policy and the municipality's role within it:

- **Palencia** views the role of the municipality as one of many institutions coordinating and communicating about information and activities related to citizen security.
- **Coatepeque** understands its role similarly to Palencia and values working with the municipal police and citizen groups to support prevention activities.
- **Escuintla** understands citizen security to be a municipal function defined by the legal framework (National Violence and Crime Prevention Policy) that originates with the GOBMIN.
- **Chimaltenango** is divided regarding its citizen security and prevention. This is likely fueled by political divisions within the council. It prefers to invest in infrastructure projects.

Palencia, Chimaltenango, Amatitlán, Villa Nueva, and Malacatán have developed security plans, and Escuintla is in the process of developing its plan:

- **Coatepeque:** Has not yet drafted its strategy for protecting citizens and reducing crime.
- **Palencia:** Employs a reactive strategy as opposed to preventative one to respond to emergencies.
- **Amatitlán:** Proposes to coordinate with other authorities to improve well-being, maintain peace, and promote integrated development to mitigate and reduce levels of crime and violence.
- **Chimaltenango:** Indicates a commitment to crime and violence prevention, but is hampered by political divisions.
- **Colomba:** Ranks their citizen security efforts at five (on a scale of one to ten).

Coatepeque, Villa Nueva, Amatitlán, and Villa Canales have defined crime and violence prevention plans in place. They and other municipalities pursued different avenues in their efforts to establish plans for their communities.

- **Coatepeque:** Worked with the Network for the Protection of Children and Adolescents against Violence (REPROMAC) to develop its plan.
- **Escuintla:** Is following the framework established by GOBMIN (the National Violence and Crime Prevention Policy) and is coordinating with the ministry and other institutions to develop a plan designed to mitigate and reduce levels of crime and violence.
- **Malacatán:** Is in the process of developing its plan.
- **Villa Nueva.** Has assigned its crime and violence prevention efforts a rank of four and a half (on a scale of one to ten) and is working to recover public spaces (Zone 12) and train women and youth about violence prevention.
- **Amatitlán:** Has a crime and violence prevention plan in place; however, the officials and staff interviewed were not aware of it.
- **Villa Canales:** Ranked the municipality's efforts at four. However, its COMUPRE defined an Integrated Crime and Violence Prevention Plan that includes initiatives to prevent violence against children and youth as well as other types of violence, ranging from armed to traffic conflicts.
- **Retalhuleu:** Recognizes the different forms of violence are prevalent in the municipality, including domestic, gang, and criminal (homicides and extortion) violence; has formed a COMUPRE to begin addressing these issues.

## 2.3 COMMUNITY PERSPECTIVE

This final section of findings includes information gathered from focus group discussions with municipal officials and vulnerable citizens regarding service provision at the community level. The information reflects the perception of citizens and in some instances contradicts the information provided in the previous section gathered from municipal officials and staff (this is not uncommon for this type of assessment). Section 2.3.1 presents opinions related to services provided by the municipalities: water, sewage treatment and solid waste management, public transport and roads, and other municipal services. Section 2.3.2 presents issues related to services and vulnerable populations including vulnerable communities, children, women, youth, indigenous people, and the elderly.

### 2.3.1 DELIVERY OF SERVICES

Municipal officials and citizens from each municipality were asked to identify which municipal services was the most successful and which was the least successful. Table 2.22 presents the results for the ten municipalities. The respondents were also asked to explain why they were considered successful or unsuccessful.

**Table 2.22: Municipal Services Considered the Most and Least Successful**

Municipality	Most Successful	Least Successful
<b>Amatitlán</b>	Public roads	Public lighting
<b>Palencia</b>	Public lighting	Public drains
<b>Villa Canales</b>	No service qualified as successful	Sewage treatment
<b>Villa Nueva</b>	Public lighting	Street cleaning and garbage disposal
<b>Chimaltenango</b>	Public lighting	Public drains
<b>Escuintla</b>	Public lighting	Garbage management
<b>Coatepeque</b>	Library	Garbage management
<b>Colomba</b>	Public lighting	Public drains
<b>Retalhuleu</b>	Public lighting	Cleaning of streets and public spaces (because of late payment of fees)
<b>Malacatán</b>	Water	Sewage treatment

## WATER

All ten municipalities experience problems related to water supply and delivery, which affects regular access and availability. Chimaltenango and Palencia ranked water service as their highest priority.

- In **Chimaltenango**, respondents identified access to public drains as their least successful service, and citizens consider this to be their first priority. Most people obtain water from the river. Ninety percent of the water comes from the Los Aposentos Park, which has several springs and two small gravity-fed lakes. Approximately 50 percent of the users receive only a limited supply of water in the mornings. A critical priority is the decontamination of eight springs located in El Astillero. Establishing additional wells is another potential solution to water scarcity. COMUDE members emphasized the importance of discouraging the use of potable water for irrigation.
- In **Palencia**, COMUDE members stated that the municipality's water source is not sufficient to meet residents' needs. Community members indicated that urban settlements do not have sufficient water or drains, and they believe that this is a service the municipality must provide. The water distribution system is deficient in most communities; demand is greater than supply, including uncontaminated sources for irrigation. Sixty-three percent of 4,242 water-using households are located in the urban center and six other communities in the municipality. Therefore, the majority of households in the other 160 communities are without service. The municipality is currently running an annual deficit of GTQ3.8 million (monthly incomes average GTQ108,720 and expenses

average GTQ422,908). The municipality is contemplating covering the deficit by urging communities to improve service fee collection.

- In **Escuintla**, improvement of water quality and quantity ranked third in terms of strategic actions. However, recovery of fees is a major concern. The previous mayor believed water to be a common good and did not collect fees for consumption or connection of the service during his tenure. The water service regulation is no longer being followed, and there are plans to update it when the land use plan and registration are completed.<sup>37</sup> Approximately 80 percent of the population has access to municipally supplied water, two-thirds of which are living in urban areas and a third in rural areas. Only 10 percent of the population has access to water 24 hours a day; 18 percent have access to water for approximately six hours per day; and 36 percent have water access for less than six hours each day, or every other day. The remaining population do not have access to water. The cost of electricity used by the water supply pumps is significant. Based on limitations of the municipal budget combined with low fee recovery rates, this is not sustainable.
- In **Villa Nueva**, lack of potable water affects communities that depend on cisterns, and a lack of environmental education leads to inadequate use and management of water. The municipality does not have a water policy; when water supply is lacking, they drill another well.

Although a less urgent need for some municipalities, supply and access to water is important. For example:

- In **Coatepeque**, water is provided to 50 percent of the population and is of very good quality.
- In **Amatitlán**, citizens ranked their water services at eight (on a scale of one to ten) in the urban area and four in the rural area.
- In **Colomba**, quality and coverage of water services are considered good, although not sustainable. Its citizens assigned it a ranking of six. Approximately 60 percent of the urban population receives water service. Rural areas are serviced by wells.
- **Malacatán's** citizens also ranked the municipality a six in the area of supply and access to water. Not all of the users are registered.
- **Villa Canales** received a ranking of seven in the urban areas and eight in rural areas (serviced by 37 wells). Many of the urban neighborhoods, like Rustrían, need to have water brought in by truck.
- **Retalhuleu** ranked itself at six with 90 percent coverage, serving 9,000 households. The municipality applies differentiated fees, and as of the date of the assessment, user registration and payment history is not complete.

Many voiced concern about the increasing scarcity of water and the need for studies to identify new water sources.

## SEWAGE MANAGEMENT AND SOLID WASTE DISPOSAL

Similar to the situation regarding potable water services, the municipalities face a range of sewage management-related issues related. In some cases, the perception of the situation and the proposed solutions differ between municipal officials and citizens. In nine of the ten municipalities, garbage collection is done by private individuals or companies; in Coatepeque, the municipality provides this service. The municipalities of Chimaltenango, Escuintla, and Palencia hire staff to clean the streets and public areas. Focus group participants in Escuintla and Coatepeque were the only ones to cite problems with solid waste disposal. In both cases, municipal council members voiced a need for a large project to manage solid waste adequately. Indicating the need for improvement, all municipalities have assigned

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<sup>37</sup> It was not possible to find a copy of the existing policy. The water policy is not available on the Municipality of Escuintla's website (<http://www.municipalidad-escuintla.gob.gt/reglamentos-vigentes/>).

themselves rankings of between four and eight, most falling in the middle. Not all municipalities think they have adequate solutions for final disposal of the garbage.

- **Palencia** ranked itself at four. As indicated in Table 2.22, public drainage is considered the least successful service. It would like to improve the drainage system and treatment plants.
- **Escuintla** thinks that solid waste disposal is the most successful service; however, it perceives a strong need for a sewage treatment plant and for improvements of the old distribution and collection network in the middle of the city. The drainage problem is exacerbated by the fact that the municipality did not build the new settlements, therefore, conflict exists between residents and the construction companies. Citizen perception is that despite municipal cleaning efforts, streets remain dirty due to lack of collaboration between motorists and residents. On the positive side, the municipality is working with the Association of Municipalities of the South (*Mancomunidad del Sur* [MANCOSUR]) to establish a sanitary landfill that will meet the needs of the entire *mancomunidad*.
- **Retalhuleu** ranked itself at four for sewage management. Of all sewage disposal methods, 10 percent of the waste is disposed of in septic tanks, 41 percent in septic tanks, 44 percent collected by the municipality, and 3 percent is discharged into rivers (involving major health risks). Also, dirt from the roads clog the drainage system. The sanitary landfill used by the urban population is full to capacity; however it continues to receive approximately 15 tons of garbage each day. The 2,776 households that receive garbage collection services from the municipality gave it a ranking of eight. Fee collection is a problem. A private company sorts, recycles, and manages a sanitary landfill that is periodically covered with lime and dirt. A treatment plant is needed.
- **Chimaltenango** also expressed need for the construction of treatment plants, but the municipality is concerned about the high costs associated with such a project. By finalizing its land use planning and registration process, the municipality will have a more precise estimation of the number of properties and potential users to inform the design of an adequate drainage system. Collection of solid waste is considered adequate, but waste management poses a challenge due to the proximity to the river and potential for contamination.
- **Villa Nueva** ranked itself at five. The municipality experiences problems with dirt from the streets, which clogs drains. Communities discharge their sewage into the Lake Amatitlán watershed, which contaminates rivers, streams, and the lake itself. Solid waste is not collected regularly and is usually dumped illegally in areas throughout the communities. The authorized collection sites have exceeded their capacity, and a high percentage of the population does not pay for garbage collection from their homes.
- **Villa Canales** also ranks solid waste disposal as a five. Only the municipal centers, Santa Elena Barillas and El Porvenir, have a complete drainage network. The municipality has three treatment plants that manage 70 percent of the sewage. However, these plants are nearing the end of their life cycles, meaning that three new plants with increased capacity will be needed. Construction costs for the treatment plants reach GTQ60,000 for each plant plus GTQ75 million in maintenance costs. Accessing these funds will be a problem. The municipality works in close collaboration with the Authority for the Sustainable Management of the Lake Amatitlán Watershed and the Ministry of Defense.
- **Colomba** ranks itself rather highly at seven with a coverage of 70 percent of the population. The municipality boasts of complete sewage disposal coverage in the urban area, but there is no coverage in the rural areas. Lack of treatment plants is the critical problem for the municipality.
- **Coatepeque** provides what is necessary to maintain the sewage service. However, management of solid waste is less effective. COCODE members mentioned that the municipality does not employ sufficient staff, and local businesses operating in and near the market dump their garbage in unauthorized areas.
- **Amatitlán** ranked itself at eight for sewage management in the urban area and zero in the rural area. In urban areas, dirty water is dumped into the same outlet while it is dumped over cliffs and

into ditches in rural areas, eventually finding its way to the river, streams, and lake. Amatitlan hopes to benefit from the sanitary landfill that is being developed by the *mancomunidad*.

- Domestic garbage collection service in **Malacatán** is provided by the private company Pajapita. They have ranked the service high at eight. Five thousand users are registered and being serviced.

Respondents are aware that sewage and solid waste is contaminating water sources and pose serious risks. However, there is a lack of investment in sewage and solid waste management.

## PUBLIC LIGHTING

The public lighting service operates on a surplus. Income from the fees is currently greater than the cost of the electricity. In Palencia and Chimaltenango, public lighting emerged as the most successful service, and these municipalities ranked themselves eight and seven, respectively. Escuintla also ranked its service at a seven. Problems mentioned during the assessment include lack of public lighting in rural communities of Chimaltenango and destruction of light bulbs by gang members in Escuintla. The PNC in Chimaltenango has been asked to conduct regular policing surveillance to prevent vandalism. Escuintla is planning to expand coverage and improve maintenance. In Amatitlán, lighting is ranked at an eight in the urban area and six in the rural area. Villa Nueva has granted a concession to a private company to supply this service, but the respondents did not comment on this arrangement. Citizens want Villa Nueva to expand public lighting to the outlying villages and the areas farthest away from the municipal center. Colomba has achieved 80 percent coverage and ranks highly at eight. In Malacatán, 100 percent of the urban area is covered; however some non-functioning bulbs have not been replaced and there is no coverage in rural areas. Approximately 7,800 users are registered in Villa Canales, which received a rank of nine. In Retalhuleu, public lighting was judged to be the most successful service because it is completely sustainable. However, it received a low rank of five due to problems with coverage. The municipality provides approximately 2,047 lamps covering 100 percent of the urban area, while ENERGUATE provides the service for the rural area.

## PUBLIC TRANSPORT AND ROADS

The condition of public roads maintained by municipalities received high rankings. Malacatán received a perfect rank of ten because there is no evidence of road deterioration. In Palencia, the service is ranked at eight, primarily because the Municipal Transit Police (PMT) does a satisfactory job of organizing traffic. Income from traffic violation fines was the fifth most significant source of income for the municipality and the fourth in terms of potential. Chimaltenango and Retalhuleu were also ranked at eight because they are developing plans for improved traffic circulation and roads. In Retalhuleu, all of the roads are asphalt or other hard pavement, as are the majority of rural roads. In Coatepeque the municipality worked with the transportation providers to repair the major artery, *Calzada Luis Flores*. The COCODEs and auxiliary mayors successfully petitioned the municipality to maintain rural roads. Respondents in Villa Nueva mentioned that the municipality should make repairs with better technical oversight and materials. Both Colomba and Villa Canales received a rank of seven. There was a shortage of materials, concrete, and asphalt, to make all of the repairs, the reason for which is unknown. Escuintla faces challenges maintaining its roads. Roads are generally in bad condition, even though the municipality is working to repair potholes and work with the PMT to improve traffic circulation.

Private providers offer transportation services in Palencia, Escuintla, and Chimaltenango. Chimaltenango is considering establishing its own service as part of its urban traffic plan under the responsibility of the PMT. In Escuintla, respondents seemed satisfied and stated that they did not have problems with extra-urban transport. Despite the fact that the providers are from outside the municipality, none of the three municipalities mentioned problems with excessive velocity, poor maintenance vehicle condition, or obstruction of transit. In contrast, coverage in Coatepeque, which also uses outside service providers

from the urban to rural areas, is sparse and in some cases not available. Malacatán has established regulations that help to oversee the 25 providers servicing the municipality.

## OTHER MUNICIPAL SERVICES

Municipalities provide a range of other services in addition to those described above, including public market places, cemeteries, libraries, pharmacies, and parks and recreational spaces. Escuintla maintains five public markets, Chimaltenango maintains two, and Palencia initiated construction of one that was subsequently halted when the National Peace Fund (FONAPAZ) closed. In general, maintaining markets poses a challenge to municipalities because the structures are usually inadequate, they are often disorganized and dirty, and street vendors tend to spill out into the surrounding streets. One market in Chimaltenango is located near a bus terminal, which increases the amount of commercial activity but contributes to disorganization. In Coatepeque, the municipality attempted to evict street vendors from the site to establish a new multi-level public market, but was met with resistance.

Both Palencia and Chimaltenango are running out of cemetery space to meet the demands of a growing population. Palencia has had to utilize land in the villages and is looking to buy more. Chimaltenango is also looking to purchase additional land.

Palencia, Escuintla, and Chimaltenango have municipal libraries and pharmacies. Coatepeque only has a library, but it is highly valued by the community. The pharmacies supplement healthcare services that are provided by the Ministry of Health. In Escuintla and Palencia, the pharmacy offers medical consultations; in Escuintla, this is done in collaboration with SOSEA.

Municipalities play an essential role in urban planning. Almost all maintain public recreational and “green” spaces. Chimaltenango maintains the central park and the recreational park in Los Aposentos. Palencia maintains a number of small recreational areas. Escuintla considers their recreational spaces limited, even though they have five playgrounds and several sports facilities. A challenge to properly maintaining parks and recreational areas is how best to keep them safe (from a crime and illegal drug perspective). Controlling new housing developments is also a challenge. Amatitlán and Malacatán are not able to properly enforce housing regulations, and Villa Nueva lacks regulations. Villa Canales has a higher confidence level in its ability to exercise adequate control and oversight by enforcing current construction regulations.

### 2.3.2 SERVICE DELIVERY NEEDS FOR THE MOST VULNERABLE

#### THE MOST VULNERABLE COMMUNITIES

Among the ten municipalities, the definition of vulnerability varied, reflecting that respondents understand the drivers of vulnerability to be different in each context.

#### CAUSES OF VULNERABILITY

Chimaltenango and Escuintla identified “red zones” where crime and violence levels are high in their municipalities. In Chimaltenango, the red zone identified was the community of San Miguel Morazán within the municipal center of El Tejar, due to the elevated incidence of gang activity. In Palencia and Coatepeque, vulnerability is associated with inadequate access to potable water and natural disasters, respectively. The Municipality of Coatepeque has responded to this threat by forming a task force that liaises with institutional members of CONRED to develop nine disaster risk reduction plans. Retalhuleu defined its major source of vulnerability as economic, as the price for selling maize and sesame does not cover production costs.



Members of the Chimaltenango COMUDE suggested that better organization and advocacy skills are needed to improve the situation for vulnerable citizens. This reveals a prevailing attitude among public officials and institutions that the needs of the population are met by those who ask for or demand them.

The focus group discussion facilitators requested that municipalities estimate the primary causes of vulnerability and the percentage of the population affected. Results follow:

- **Villa Nueva** estimates that between 30 and 70 percent of the population are vulnerable to crime and violence, 10 percent to lack of access to potable water, and 11 percent to lack of proper sanitation. Actions to address these vulnerabilities are included in the 2018 Annual Operational Plan. In terms of vulnerability to natural disasters, 68 at-risk communities have been identified as indicated in the June 2008 CONRED report.
- **Colomba** considers 60 percent of its communities to be vulnerable to violence, 36 percent lack access to potable water, 66 percent experience poor sanitation (sewage and garbage), and 28 percent lack adequate transportation.
- **Malacatán**, primarily a rural population, estimates that 70 percent of the population are vulnerable to crime and violence, while 30 percent lack access to potable water, and 100 percent lack solid waste management and transportation services.
- As mentioned, **Retalhuleu**, which has a high percentage of rural land used for agriculture production, is economically vulnerable with income for maize and sesame sales not covering production costs. The market for selling these crops is also negatively affected by contraband (maize) entering the market from Mexico.
- **Villa Canales** also considers natural disasters a primary cause of vulnerability with 16 communities out of 107 considered at risk. They do have a prevention, mitigation, or response plan to natural disasters.

## THE MOST VULNERABLE GROUPS

**Children and Youth.** Children are one of the most vulnerable groups in Guatemala. Major drivers of vulnerability are poor nutrition and low levels of and access to education, particularly among the poorest households. Tables 2.15 and 2.18 in Section 2.2 above reveal high rates of poverty and malnutrition in Palencia. Children living in poverty suffer from food insecurity, which leads to malnutrition. These children, if they are fortunate to mature into adults, face limited possibilities to improve their situation due to insufficient access to educational opportunities. Palencia also suffers from inadequate schools and teachers. In Coatepeque, it was noted that because of the insufficient educational system (schools and teachers), there are high desertion rates and children are enticed into gangs. They also noted the high incidence of sexual assaults against girls and boys. In Villa Nueva, it is also believed that the inadequate educational system leads to children joining gangs, with parents' unemployment and malnutrition listed as additional factors. In Retalhuleu, respondents pointed out that children lacking proper oversight and guidance from their parents leads to participation in gangs. Chimaltenango, Palencia, Escuintla, Malacatán, and Villa Nueva indicated that a major problem for youth is the sale and consumption of drugs, ironically often most available in the schools and peddled by gang members. Malacatán also mentioned the lack of employment opportunities for youth. Many municipalities acknowledge that youth do not have positive opportunities and physical spaces where they can socialize and engage in constructive activities like sports. In Villa Nueva, participants attribute the problems youth are experiencing to poverty and abandonment by parents.

Potential solutions were also identified for reducing the vulnerability of children and youth. Municipalities identified the need for certified course (*diplomado*) in new skills and civic participation, establishment of youth community groups, and “healthy living” campaigns (i.e., positive gender role models and how to prevent gender-based violence). In Retalhuleu, a group of youth are continuing to

renovate and improve the cultural center that was abandoned by a construction firm, with support from the municipality. The municipality of Villa Canales has introduced courses in karate, soccer, and aerobics.

**Girls and Women.** There were many similarities in the vulnerability factors defined for women among focus groups. These include social violence, domestic violence, limited employment opportunities, low educational levels, inadequate skills, and obstacles to improving educational level and skills. Domestic violence is a very strong underlying cause of vulnerability, which leads to low self-esteem and reluctance to engage with other people, resulting in isolation. Victims of domestic violence are hindered in their ability to realize their potential, and both girls and boys, influenced by negative role models, often repeat or accept as normal the violent or submissive behavior to which they have been exposed.<sup>38</sup> These factors, along with the increasing incidence of underage pregnancies and the disintegration of the family support structure, make it increasingly difficult for young girls to mature into productive individuals and healthy citizens, undermining the ability of these individuals, their families, and communities to be resilient. In Chimaltenango and Coatepeque, other contributing factors mentioned included alcohol and drug abuse, trafficking of young girls, and prostitution. Solutions such as opportunities for improving education and skills and delivering reproductive health education to young girls and boys are not readily available to the most vulnerable groups and communities in the ten municipalities.

**Indigenous People.** In seven of the municipalities (Escuintla, Palencia, Coatepeque, Amatitlán, Villa Nueva, Colomba, and Villa Canales), few residents identify themselves as indigenous. In the other three municipalities (Chimaltenango, Malacatán, and Retalhuleu), there are residents who identify as indigenous. Chimaltenango focus group participants mentioned a lack of opportunities, limited access to education, few sources of employment, limited social influence and participation, domestic violence, alcoholism, racism, and discrimination as the problems facing indigenous residents. In Malacatán, respondents identified discrimination and limited social influence and participation as problematic. Retalhuleu is experiencing increasing land pressure as indigenous people from Cajolá, Quetzaltenango, migrate to the municipality.

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<sup>38</sup> <https://www.lifeder.com/violencia-intrafamiliar/>. Consulted on 11/9/2017.

### 3.0 KEY FINDINGS

- Generally, the competencies established for the ministries are clearly delineated. However, conceptual leadership is often weak, making it difficult to overcome challenges, complex administrative structures and processes lead to ineffective performance, and the high turnover of technical and professional staff is exacerbated by weak application of the Civil Service Law. There is also a lack of continuity in political policies and procedures and resources are insufficient.
- Governors tend to channel local requests to higher authorities at their own discretion, not in response to community needs. In addition, the management of departmental development funds has been susceptible to corruption and investments that seem to be politically motivated with questionable development impacts (i.e., stadiums). The process for using the funds is not well regimented or monitored.
- The decentralization process which started in 2002 via three laws (Decentralization, Urban and Rural Development Councils, changes to the Municipal Code), has not led to increased local power in decision-making. Sectoral decentralization policies for education, health, environment, infrastructure and housing, and citizen security were developed to transfer competencies over a 13-year period (2007 to 2020). As of 2017, only two competencies have been officially delegated to local government: regulation of vehicular traffic and IUSI collection. A lack of political will to share power and resources, confusion over what decentralization means, and how it is meant to be implemented are the main obstacles to progress over the past decade.
- Guatemala follows a regressive tax policy, which contributes to continuing inequality. Initiatives to promote reforms in the tax system, including promoting transparency, economic growth, combating contraband and tax evasion, and updating tax records, have all failed to achieve agreements between political and economic elites. Tax collection rates compared to the GDP reached 12.05 percent in 2007, but dropped to 10.35 percent by 2016.
- Many institutions are seen as corrupt by citizens. Since the establishment of the CICIG in 2015, congressional members, members of the justice system, and other officials such as mayors have been charged and jailed for a variety of crimes against public administration and good governance. However, the justice system, between long processes and the abuse of legal procedures to interrupt procedures, has achieved a paucity of convictions. Penalties and fines—when given—are too low to stop corruption at its source.
- Transparency International notes that Guatemala has dropped 13 positions in the Transparency Index—from 123 in 2015 to 136 in 2016.
- In terms of a citizen's right to access public information, few municipalities publish the financial information required by law. More than 50 percent of the municipalities assessed do not share data on salaries, purchases, or expenses; 25 percent do not have a virtual portal to access public information; and few publish reports.
- Private businesses exert their influence through their chambers and associations, the press, lobbying, contributions to electoral campaigns, personal networks, membership on boards, and “plain” corruption (through public contracts, tax breaks, etc.).
- The poorest 20 percent of the population receives only 3.3 percent of the total national income, and the richest 20 percent receives 57.3 percent. Thirty-two percent of national wealth is concentrated among the top 5 percent. The number of people living in poverty went from 56.4 percent in 2000 to 59.3 percent in 2014 and for those living in extreme poverty, from 15.7 percent to 23.4 percent.

- One in five people work at the lowest rung of the employment ladder as domestic staff or farmworkers; and in ten work without pay.
- Fourteen percent of Guatemalans (2.3 million) live outside of the country and 38 percent (6.2 million) benefit from remittances.
- Natural resources are stressed. The deforestation rate from 2006 to 2010 at 3.4 percent is the highest in Latin America. In 2010 20.3 billion cubic meters of water was consumed (19.1 billion by industry and 467 million for human consumption), and 14 of the 38 primary rivers are contaminated by high percentages of organic matter and micro-organisms, as well as carcinogenic chemicals.
- The number of years of school matriculation although improved from 2000 to 2014 (4.3 to 5.6) remains low. At 2.9 percent of the GDP, Guatemala makes the smallest investment in education in Central America.
- The quality of healthcare is considered inadequate due to low investment, which is exacerbated by corruption and poor management of resources. A UNDP report from 2016 reports that 20 percent of clients who tried to access services were not attended to by health center staff, 44 percent of cases did not receive the medication they needed, and 34 percent were not attended to by a medical professional.
- The most significant indicators of poverty and inequality are the country's high rates of malnutrition and food insecurity. The Mayan Indian population, the poorest top quintile segment of the population, and people with the lowest educational levels have the highest rates of chronic malnutrition at 58 percent, 66 percent, and 67 percent, respectively. More than three-quarters (76%) of families lack the income necessary to cover their basic food needs.
- Access to potable water and sewage management are two services that fall clearly within municipal service delivery responsibilities. In 2008 only 15 percent of water piped into households was disinfected, only 25 percent of urban services follow processes of disinfection, and 80 percent provide intermittent services (between 6 and 12 hours per day). With respect to improved sanitation (toilets connected to sewage system, septic tanks, or treatment plant), 58 percent of the population meets this criterion (83 percent of urban areas and 29 percent of rural areas).
- The incidence of homicide in Guatemala remains high at 28 for every 100,000 inhabitants in 2016. Five of every ten violent deaths are attributable to drug trafficking, combined with gang (*pandillo*, *Barrio 18*, and *Salvatrucha*) activity.
- Culturally rooted norms such as racism, "machismo," xenophobia, social cleansing, and gender-based and domestic violence combined with authoritative systems and practices institutionalize inequality and injustice, further preventing large sectors of the population from receiving access to power, justice, opportunities, resources, assets, and services.
- Historically, the GoG has had a relationship with indigenous people that is characterized by economic exploitation along with social and political exclusion. The National Policy of Indigenous Peoples and Interculturality was developed and promoted from 2013 to 2015 when the process was suspended. Nevertheless, there is evidence (policies and regulations that support indigenous rights) that the political and social process of recognizing indigenous rights, individual and collective, has begun.
- Guatemalan women face discrimination and exclusion, evidenced by inequality in access to opportunities, resources, and decision-making in areas such as education, health, and security. Women also face obstacles to participation in political, social and cultural spheres and human rights

abuses including gender-based and domestic violence. Regardless of the fact that women constitute the majority of voters and legislative efforts that promote the participation of women, the candidate gender gap is significant at all levels.

- All municipalities studied, with the exception of Colomba and Malacatán, have increased their independently raised income and hope that this will be a continuing trend into the future.
- With the exception of Villa Canales, municipal council members felt that limited and late access to information for decision-making hinders their ability to make decisions.
- Obstacles that hinder the overall performance of the municipality include poor understanding of the legal framework that defines how municipalities should function (i.e., roles of development councils), inadequate budgets; increasing demands of the population; inadequate planning; cumbersome regulations; lack of uniform auditing criteria; inability to recuperate service fees and taxes; prevalence of a culture of free public services; staff with inadequate skills and capacity; inadequate guidance, training, and technical assistance; lack of international donor funding; and inadequate support from labor union members.
- Many municipal councils do not function so as to foster a democratic process because members, particularly those in opposition parties, feel limited in their ability to influence decisions in an environment dominated by the mayor and their political party. However, many council members believe that opportunities do exist, although to a limited extent, to influence decisions.
- Since the Development Council Law was passed 15 years ago, the establishment of development councils has not achieved the democratic development process they were designed to achieve. The CONADUR is limited by members not investing the time needed to review and validate decisions made by the government and the inadequate representation and participation of all social groups. The COREDEs are generally dysfunctional. The CODEDEs are focused on leveraging resources for development and tend to be hampered and discredited by corruption and powerful influences. In most cases, the COMUDEs and COCODEs are viewed as useful, but they tend to be used by the mayor to meet political objectives (*caciquismo*). Oftentimes, the development agenda is controlled by municipal officials and staff, limiting investments at the community level to meet local needs. Decision-making in COCODEs is controlled by formal members, which limits the participation of community members.
- The Municipal Citizens' Social Audit Commission is not functioning in most communities. Open town hall meetings (*cabildos abiertos*) are rare, and those that do take place are usually in small communities where organization is easier and the mayor is better able to control outcomes.
- The presence of key government agencies is weak at the municipal level with the exception of decentralized services related to health (MSPAS health centers and SESAN) and education (MINEDUC schools). Performance of these decentralized agencies at the local level is impeded by a lack of delegation of decision-making authority from the central level and the generally weak capacity of decentralized staff.
- The municipal planning process varies considerably, but most plans are developed by the DPM and DAFIM departments with little bottom-up participation. The perception that resources are limited leads to the prioritization of the most urgent needs from a centralized perspective.
- All ten municipalities underspent relative both to approved central transfer budgets and to the actual IVA-PAZ income generated.

- Revenue generated through the collection of the IUSI should be the healthiest source of revenue. However, this is not the case because authorities are unwilling or unable to apply and enforce effective payment collection procedures, which is often related to poor land and property ownership records (updated and modernized cadaster). Another problem that affects tax and fee collection in general is the perception on the part of most citizens that services should be free or very low cost.
- With the exception of Villa Nueva, the Municipal Women’s Department works closely with the Secretariat of Social Work of the Mayor’s Wife, leading to activities that are politically motivated and result in “handouts.”
- Citizen security and crime and violence prevention-related issues and how to address them vary across municipalities. There also are numerous interpretations of the National Violence and Crime Prevention Policy and the municipality’s role within it.
- Municipal staff and officials ranked water and sanitation services as the greatest service delivery need and priority, which aligned with the majority of citizen feedback gathered. All ten municipalities experience problems related to water supply and delivery.
- For services under the responsibility of central agencies, citizen security was considered the most important service, with education and health ranking second and third.
- Of those services considered to be the most successful, municipal officials and citizens ranked public lighting highly in most municipalities. The same groups considered water and sewage/solid waste management the least successful service. Public lighting may have been considered the most successful because it actually generates a surplus (fees are greater than the costs associated with providing electricity).
- The concept of vulnerability differs widely among those interviewed. For some, communities are vulnerable to natural disasters or to lack of access to water, and to others vulnerability is related to crime and violence prevention. Where municipalities are more dependent on agriculture, respondents expressed concern about economic vulnerability.
- When asked about the vulnerability of children and youth, poor nutrition and low levels of and access to education and employment, particularly among the poorest households, were highlighted. Factors that affect girls and women specifically include gender-based and domestic violence, under-age pregnancies, and obstacles related to finding employment, advancing educational levels, and improving skills. Some interviewees understood that domestic violence is a strong underlying cause for low self-esteem and isolation.
- Of the ten municipalities, Chimaltenango, Malacatán, and Retalhuleu have significant indigenous populations. Respondents from these municipalities referenced the fact that indigenous people face limited social influence and participation, alcoholism, racism, and discrimination. They are also affected by domestic violence and face even greater obstacles to opportunities for education and employment.

## 4.0 RECOMMENDATIONS

- Promote the age, gender, and ethnic diversity of COMUDEs and COCODEs. Establish methods for the municipality to monitor, evaluate, and act.
- Strengthen the knowledge and understanding of all members of the Development Council System, from the Governors and CODEDEs to community leaders and COCODEs, in their roles and responsibilities; strengthen collaboration and communication between the actors with a clear focus on supporting responsive community development project development and implementation.
- Actively seek to strengthen the participation of youth and women in each level of formal governance (municipality, COMUDE, COCODE, and community) in decision-making and action to the benefit of these two social groups. For UMG, this means ensuring that prevention planning and action is ultimately youth and gender responsive.
- Support social networks and municipalities to promote the participation of a diversity of citizens in to realize their rights and ultimately improve their communities.
- Support the development and implementation of collaboration between ministries and/or private service providers with municipalities and local communities that result in improved services and efficiencies and share these as models of collaboration.
  - Implement a process for fostering constructive engagement between the ministries, private sector, and civil society with municipal officials and staff to succeed in effectively addressing and sustaining crime and violence prevention interventions.
- Support the capacity building of council members to realize their roles and responsibilities effectively. The training should take place during council sessions.
- Identify one or two public service areas (that are highly subsidized) in each municipality and actively work with the municipality to improve revenue management and generation.
  - Develop and jointly monitor criteria for improving revenue generation and financial management.
- Identify one or two municipalities experiencing difficulty implementing their budgets and work with them to improve budget execution.
- Development activities supported by UMG (i.e., SDIP activities) should engage the COCODE, COMUDE, and the municipality throughout the process of design, implementation, and evaluation.
- Maintain a balance between strengthening formal municipal government bodies and their functions and the capacity of civil society to engage fully and ultimately benefit from these efforts.
- Engage relevant national organizations (government, academic institutions, and civil society) to co-generate and share knowledge on effective prevention practices and policies.





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## ANNEX A – ROLE OF KEY SECRETARIATS

Following is a list of the key national secretariats most relevant to the Urban Municipal Governance Project, with their key functions outlined in law:

- **General Secretariat of the Presidency:** Office responsible for managing all affairs of the president's office. Among other functions, it is responsible for certifying all government decrees and other presidential orders, as well as reviewing items submitted for the president's approval. (Article 9 of the Executive Branch Basic Law [LOE])
- **Private Secretariat of the Presidency:** Office responsible for managing the private affairs of the president and keeping a record of presidential audiences and invitations (LOE, Article 20)
- **Secretariat for Executive Coordination of the Presidency (SCEP):** Collaborates with the president with the coordination of the System for Urban and Rural Councils and follows up with presidential priority projects (LOE, Article 11). It used to be responsible for coordination of different executive projects and units, but this function was declared unconstitutional in A Constitutional Court resolution of 1/28/2009.
- **Social Communication Secretariat:** Responsible for liaising with the media, and developing, coordinating and executing government social communication policy. (LOE Article 12)
- **Secretariat of Strategic Intelligence of the State (SIE):** Responsible for producing strategic intelligence. It identifies, anticipates and helps to prevent and respond to any threat against the State.
- **Planning and Programming Secretariat of the Presidency (SEGEPLAN):** Responsible for the State planning mentioned in Article 134 of the constitution. It is also responsible for helping with the development of general government policy; for designing, coordinating and evaluating the National System of Projects for Public Investment; following up on the execution of the investment budget; coordinating everything related to non-refundable, international financial cooperation; and formulating policy of pre-investment (LOE Article 14)
- **Presidential Secretariat for Women (SEPREM):** Created through Government Decree #200-2000, Among its functions are promoting the full participation of women in national development; promoting equality between men and women; and planning, advising, promoting and following up on policies, plans, programs and projects for women. The decree that created it, established in Article 3, that the secretary of the SEPREM would be designated by the president from a list of 10 women proposed by civil society women's organizations, and that the Secretary be recognized widely by women's organization, but those dispositions were annulled by Government Decree Number 34-2012. As a result, the Secretary is appointed directly by the president.
- **Peace Secretariat (SEPAZ)**
- **Secretariat of Agricultural Issues (SAA)**
- **Secretariat of Social Well-being (SBS)**
- **Secretariat of Food, Food Security and Nutrition (SESAN)**
- **Secretariat of Social Work of the Wife of the President (SOSEP)**
- **Administrative and Security Issues Secretariat (SAAS)**
- **Secretariat of Specific Affairs (SAE)**



## **ANNEX B – FUNCTIONS OF KEY MINISTRIES OF THE STATE**

### **MINISTRY OF AGRICULTURE, LIVESTOCK AND FOOD (MAGA)**

According to Article 29 of the LOE, this ministry is responsible for the legal framework that oversees the agricultural, livestock, and hydro-biological production, and for ensuring the improvement of conditions in the nutrition of the population, ensuring sanitary procedures are upheld in the agricultural industries and promoting national food production.

### **MINISTRY OF THE ENVIRONMENT AND NATURAL RESOURCES (MARN)**

According to Article 29 of the LOE, the Ministry is responsible:

- To formulate, through participation, the preservation, protection, and improvement of the environment and natural resources.
- To formulate policies for the improvement and modernization of the decentralized administration of the Guatemalan System of Protected Areas (SIGAP), as well as the development and preservation of the natural patrimony of the country.
- To formulate, in coordination with MAGA, the policy on preservation of fishing and soil resources.
- To exercise regulatory functions, control and supervision of the environment and natural resources.
- To define environmental regulations pertaining to non-renewable natural resources.
- To formulate policy to manage water resources.
- To control environmental quality, approve environmental impact evaluations, and apply them in case of environmental risks.
- To elaborate policies pertaining to management of hydrographic basins, coastal areas, oceans, and marine resources.
- To elaborate and present the environmental report to the government every year.

The legal framework of MARN operations includes, among others, the following acts:

- Environmental Protection and Improvement Act (Decree Number 68-86) and amendments.
- Forestry Act (Decree Number 101-96)
- Protected Area Act (Decree Number 4-89)
- General Hunting Act (Decree Number 36-04)

### **MINISTRY OF COMMUNICATIONS, INFRASTRUCTURE AND HOUSING (CIV)**

According to Article 30 of the LOE, this department is responsible for the following:

- To manage public works and infrastructure in a decentralized or subsidiary form, or contract services to design, development, rehabilitate, maintain, and supervise services.
- To propose to the Executive Body technical regulations about public works, in coordination with other relevant departments.
- To propose and execute regulatory mechanisms for terrestrial, river-based, maritime, and air transportation systems, as well as radio and television frequencies, telecommunication, mail, and telegraphs.
- To exercise national port and airport authority.
- To be the authority for the public sector in charge of the execution of the legal framework for housing and human settlements.
- To formulate the national policy on housing and human settlements and assess its execution.

- To coordinate actions of public institutions that elaborate housing and human settlement programs and projects.

The main acts of CIV are the following:

- Housing Act (Decree Number 9-2012)
- Transportation Act (Decree Number 253)
- Extra-urban Road Transportation Service for Passengers Regulation Rules (Government Agreement Number 42-94)
- Regulatory Act on the Use and Capture of Satellite Signals and Distribution by Cable (Decree Number 41-92).

### **MINISTRY OF EDUCATION (MINEDUC)**

According to Article 33 of the LOE, this department is responsible for the following:

- To formulate and manage education policy, supervising the quality and coverage of public and private education services.
- To coordinate with the CIV the proposals to formulate and enforce the technical regulations for educational infrastructure.
- To coordinate and supervise adequate operation of literacy, planning, research, assessment, teacher and administrative personnel training systems and intercultural education.
- To promote education self-management and decentralization of economic resources for support services, through the organization of education committees, school boards, and other modalities in all public official schools.
- To manage, in a decentralized and subsidiary manner, the elaboration, production, and printing of books, education material, and support services.

The main acts pertaining MINEDUC roles are the following:

- National Education Act (Decree Number 12-91)
- National Dignifying and Classifying Teacher Act (Decree Number 1485)
- School Building Management Act (Decree Number 58-98)
- Education Institute per Teaching Cooperation Act (Decree Number 17-95)
- National Idiom Act (Decree Number 19-2003)
- Spanish Language Defense Act (Decree Number 1483)
- Literacy Act (Decree Number 43-86)

### **GOVERNANCE MINISTRY (MINGOB)**

According to article 36 of the LOE, this department is responsible for the following:

- To compile and publish codes, laws, and regulations.
- To approve by-laws of foundations and other associations.
- To assist in relevant printing of official publications.
- To represent the president within the public administration and coordinate the relation with departmental governments.
- To formulate and execute policies pertaining to migration.
- To control the registration of firearms and identification of owners.
- To elaborate and apply public security plans and to be responsible for maintaining public order and security of inhabitants and their property.

- To lead government public security bodies.
- To elaborate and apply civil engineering policies.
- To manage the country's penitentiary regime, except for those designated to other government bodies.

MINGOB is the authority in charge of border disputes between municipalities and receiving requests for the creation of new municipalities (articles 24, 29, and 30 of the CM). According to article 4 of the Road Traffic Act, MINGOB, through the Department of Road Traffic of the General Office of the National Civilian Police (PNC), is the authority of vehicular traffic, except when this is delegated to municipalities.

The main acts identifying MINEDUC functions are the following:

- National Civil Police Department Act (Decree Number 11-97)
- Road Traffic Act (Decree Number 132-96).
- Migration Act (Decree Number 95-98)<sup>39</sup>
- Penitentiary System Act (Decree Number 33-2006)
- Private Security Service Act (Decree Number 52-2010)

### **MINISTRY OF PUBLIC HEALTH AND SOCIAL ASSISTANCE (MSPAS)**

Article 94 of the CPR makes the government in charge of supervising the health and social assistance of every inhabitant; therefore, it shall carry out prevention, promotion, recovery, rehabilitation, coordination, and pertaining complementary actions. The Health Code (Decree number 90-97) establishes these obligations, but contrary to the constitutional mandate pertaining to all inhabitants of the country, it indicates in article 4 that it shall guarantee the provision of free services to those people and their families whose personal income does not allow them to partially or fully pay for services.

According to Article 39 of the LOE of MSPAS, this department is responsible for the following:

- To formulate and follow-up on public health policies and plans and to manage, decentralized, health promotion, prevention, rehabilitation, and recovery programs, promoting public and private participation.
- To propose technical regulations for the provision of health services and coordinate with the CIV regarding proposals for technical regulations for health infrastructure.
- To propose environmental sanitation regulations and enforce them.
- To undertake research and propose guidelines for the execution of supervision and control of epidemics.
- To manage, in a decentralized form, human resource training in the health sector.
- To ensure the compliance with international treaties and conventions on health in emergencies due to epidemics and disasters.

The main acts identifying MSPAS functions are the following:

- Health Code (Decree Number 90-97)
- Food Security and Nutritional System Act (Decree Number 32-2005)
- Food Access Act (Decree Number 69-98)

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<sup>39</sup> Substituted by the Migration Code (Decree Number 44-2016), but the effectiveness of the code was suspended by the Constitutionality Court on December 2016.

- General Food Enrichment Act (Decree Number 44-92)
- Breast Milk Substitutes Marketing Act (Decree Act 66-83)
- Transfusion Medicine and Blood Bank Service Act (Decree Number 87-97)
- Organ and Tissue Availability Act (Decree Number 91-96)
- General HIV and AIDS Combat and Promotion, Protection and Defense of Human Rights against HIV/AIDS Act (Decree Number 27-2000)

## **PUBLIC FINANCE MINISTRY (MINFIN)**

According to Article 35 of the LOE, MINFIN is responsible for complying with, and enforcing, the legal framework of the Treasury, including the collection<sup>40</sup> and management of taxes, management of internal and external financing, budget execution, and registry and control of property that is patrimony of the government.

Article 98 of the CM establishes the obligation of municipal financial administrations to maintain and adequately coordinate with financial administration entities (MINFIN) and to apply regulations and procedures. These regulations are mainly contained in the Budget Classification Handbook for the Public Sector of Guatemala and Municipal Integrated Financial Administration Handbook (MAFIM). Municipalities are also forced to comply with the Indebtedness Policy established by the government for the public sector (Article 113 of the CM).

In general, the functions of Government Ministries are clearly defined by their legal frameworks, which identify specific tasks and responsibilities of each, and highlight those aspects that require joint actions on behalf of two or more ministries. However, in many cases there are conceptual deficiencies, as well as ambiguity and lack of accuracy in some provisions.

The inefficiency issues in the performance of ministries are more related to aspects such as the complexity of administrative structure (for example, MINEDUC has 23 general offices), instability, and increased rotation of technical and professional personnel, derived from the lack of enforcement of the Civil Service Act, inadequate budgets, frequent irrationality in public expenditures and lack of continuity of public policies, although many remain effective from a formal point of view.

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40 Since 1998, with the creation of *Superintendencia de Administración Tributaria* (SAT), the tributary administration exclusively correspond to this entity (article 2 of Decree Number 1-98).

## ANNEX C – AUTONOMOUS AGENCIES

Guatemala's constitution recognizes the autonomy of seven institutions: USAC, ENCA, IGSS, CDAG, COG, Bank of Guatemala, and Public Ministry. The constitution also recognizes the autonomy of municipalities, and recognizes the decentralized nature of the Comptroller-General of Accounts.

The legislative branch can also create decentralized/ autonomous agencies, usually to improve effectiveness of administrative functions. The kind of autonomy ranges from independence, like the PDH, to decentralization, like INGUAT, with variations in between.

Currently, there are 43 agencies with some degree of autonomy:

- *Academia de las Lenguas Mayas de Guatemala (ALMG)*
- *Banco de Guatemala (BANGUAT)*
- *Comité Olímpico Guatemalteco (COG)*
- *Comité Permanente de Exposiciones (COPEREX)*
- *Confederación Deportiva Autónoma de Guatemala (CDAG)*
- *Consejo Nacional de Áreas Protegidas (CONAP)*
- *Consejo Económico y Social de Guatemala (CES)*
- *Consejo Nacional para la Protección de la Antigua Guatemala (CNPAG)*
- *Contraloría General de Cuentas (CGC)*
- *Corporación Financiera Nacional (CORFINA)*
- *Crédito Hipotecario Nacional (CHN)*
- *Cuerpo Voluntario de Bomberos*
- *Empresa Guatemalteca de Telecomunicaciones (GUATEL)*
- *Empresa Portuaria Nacional de Champerico (EPNCH)*
- *Empresa Portuaria Quetzal (EPQ)*
- *Empresa Portuaria Nacional Santo Tomás de Castilla (EMPORNAC)*
- *Empresa de Productos Lácteos de Asunción Mita (PROLAC)*
- *Escuela Nacional Central de Agricultura (ENCA)*
- *Fondo de Tierras (FONTIERRAS)*
- *Inspección General de Cooperativas (INGECOP)*
- *Instituto de Ciencia y Tecnología Agrícola (ICTA)*
- *Instituto de la Defensa Pública Penal (IDPP)*
- *Instituto de Fomento de Hipotecas Aseguradas (FHA)*
- *Instituto de Fomento Municipal (INFOM)*
- *Instituto Guatemalteco de Seguridad Social (IGSS)*
- *Instituto Guatemalteco de Turismo (INGUAT)*
- *Instituto Nacional de Administración Pública (INAP)*
- *Instituto Nacional de Bosques (INAB)*
- *Instituto Nacional de Ciencias Forenses de Guatemala (INACIF)*
- *Instituto Nacional de Comercialización Agrícola (INDECA)*
- *Instituto Nacional de Cooperativas (INACOP)*
- *Instituto Nacional de Electrificación (INDE)*
- *Instituto Nacional de Estadística (INE)*
- *Instituto de Previsión Militar (IPM)*
- *Instituto de Recreación de los Trabajadores de la Empresa Privada (IRTRA)*
- *Instituto Técnico de Capacitación y Productividad (INTECAP)*

- *Ministerio Público (MP)*
- *Procurador de los Derechos Humanos (PDH)*
- *Registro de Información Catastral (RIC)*
- *Registro Nacional de las Personas (RENAP)*
- *Superintendencia de Administración Financiera (SAT)*
- *Superintendencia de Bancos (SIB)*
- *Superintendencia de Telecomunicaciones (SIT)*

## ANNEX D – MUNICIPAL BUDGETS AND EXPENDITURE 2017

**Table 1. Income 2017, in millions of Quetzals and % received – overview (detailed income tables follow below)**

Data from Department of Guatemala municipalities (Palencia, Amatitlán, Villa Nueva and Villa Canales) is taken from October 9, 2017 data on the Ministry of Finance portal; the rest of the municipalities show data for the full year – January 1 to December 31, 2017

Income Item	Palencia		Escuintla		Chimalt.		Amatitlán		Villa Nueva		Colomba		Coat.		Malacat.		Villa Canales		Retalhuleu	
	Curr ent Budget 2017	Inco me Rec'd 2017	Curr ent Budget 2017	Incom e Rec'd 2017	Curre nt Budget 2017	Inco me Rec'd 2017	Curre nt Budget 2017	Inco me Rec'd 2017	Curre nt Budget 2017	Inco me Rec'd 2017	Curr ent Budget 2017	Inco me Rec'd 2017	Curr ent Budget 2017	Inco me Rec'd 2017	Curr ent Budget 2017	Inco me Rec'd 2017	Curr ent Budget 2017	Inco me Rec'd 2017	Curre nt Budget 2017	Incom e Rec'd 2017
Unique Property Tax (IUSI)	3.6	3.6	10.1	9.9	2.5	2.6	8.7	7.1	98.0	80.3	0.4	0.3	5.0	5.0	0.4	0.1	30.4	13.7	4.5	3.3
Other income generated locally	6.1	5.3	32.5	29.6	14.9	13.7	19.4	20.3	146.1	83	4.4	2.4	19.3	17.5	9.6	7.9	34.5	22.8	61.2	60.5
<b>TOTAL LOCAL INCOME</b>	<b>9.9</b>	<b>8.9</b>	<b>42.6</b>	<b>39.5</b>	<b>17.4</b>	<b>16.3</b>	<b>28.1</b>	<b>27.4</b>	<b>244.1</b>	<b>163.3</b>	<b>4.8</b>	<b>2.7</b>	<b>24.3</b>	<b>22.5</b>	<b>10.0</b>	<b>8.0</b>	<b>64.9</b>	<b>36.5</b>	<b>65.7</b>	<b>63.8</b>
Cash Transfers	4.6	3.3	6.0	6.1	5.4	5.1	6.1	4.2	14.8	11.2	2.6	2.3	5.2	5.2	4.5	4.2	5.7	4.3	7.0	7.0
Capital Transfers	19.9	14.8	30.7	30.8	26.4	26.7	28.9	20.2	73.4	56.9	12.4	11.8	26.1	26.8	29.6	21.6	29.5	22.3	35.8	35.9
CODEDE transfer	34.0	6.1	12.4	5.8	12.6	5.4	9.8	1.0	2.0	0.9	0.8	1.6	9.6	3.5	13.1	8.0	14.4	2.9	8.7	5.5
Unspent funds carried over	0.4	0	24.4	0	11.1	0	30.6	0	18.0	0	0.7	0	3.3	0	1.3	0	15.4	0	15.0	0
Capital donation/ Loan					0.1	0.1					7.1	7.1			2.6	2.6	15.2	15		
<b>TOTALS</b>	<b>68.2</b>	<b>30.3</b>	<b>116</b>	<b>82.1</b>	<b>71.9</b>	<b>51.3</b>	<b>103.4</b>	<b>48.0</b>	<b>332.7</b>	<b>232.3</b>	<b>33.1</b>	<b>25.6</b>	<b>68.6</b>	<b>58</b>	<b>61.2</b>	<b>44.5</b>	<b>144.9</b>	<b>81.0</b>	<b>132.3</b>	<b>112.2</b>

Note: data selected from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, October 10, 2017

Some general observations must be made about how income is counted in municipal budgets, to explain why in most cases, there are great differences between Current Budget (*Presupuesto vigente*) and Income Received. As the red highlighted numbers show, in many cases, the difference can be attributed largely to two line-items: unspent funds carried over from previous year (especially Escuintla, Amatitlán, Villa Canales, Retalhuleu); and funds assigned by CODEDE to the budget but often not disbursed (Palencia, Escuintla, Amatitlán, Villa Canales). In some cases, most notably in Villa Nueva and Villa Canales, but also in Malacatán and Colomba, local income projected was not realized. Further work is required with each municipality to see which obstacles can be addressed and how, in order to improve income generation.

**Table 2. Expenditures budgeted 2017, in millions of Quetzals and % executed to October 10, 2017**

Comparing 2017 budgeted expenditures in millions of Quetzals, and % executed as of October 10, 2017

Expenditure Item	Palencia		Escuintla		Chimalt.		Amatitlán		Villa Nueva		Colomba		Coat.		Malacat.		Villa Canales		Retalhuleu	
	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed	App'd 2017	% Executed
<b>0. Staff services</b>	15.9	85	39.2	72	23.7	71	22.1	62	108.1	99	5.5	17	28.0	67	17.6	70	41.8	55	31.7	76
<b>1. Non-staff services and contracts</b>	7.7	84	17.0	64	11.7	71	15.8	63	111.1	28	5.0	72	6.5	86	5.4	61	31.4	49	53.4	77
<b>2. Materials</b>	4.1	81	9.2	40	7.2	63	9.5	34	23.1	59	2.6	69	5.6	79	4.2	52	33.0	13	6.9	57
<b>3. Property, equipment, intangibles</b>	39.8	28	40.3	19	27.6	19	52.7	11	45.8	53	16.2	8	15.7	15	20.7	33	32.1	18	25.9	54
<b>4. Cash transfers</b>	0.7	86	4.1	61	1.5	73	3.3	61	7.4	85	0.8	63	3.2	72	1.6	81	2.3	44	1.8	n/a
<b>5. Capital transfers</b>	n/a	n/a	n/a	n/a	n/a	n/a	0.0	0	41.3	72	0.0	0	0.0	0	0.0	0	0.5	40	0.6	n/a
<b>6. Servicing public debt/ amortization</b>	0.0	0	3.3	82	0.2	50	0.0	0	20.4	97	2.3	100	7.0	74	0.3	67	3.8	29	n/a	n/a
<b>7. other expenses</b>							0.0	0	1.3	62			0.0	0					0.2	n/a
<b>8. Unforeseen expenses</b>									0.2	100							0.1	14		
<b>TOTALS</b>	68.2	51	113.1	55	71.9	36	103.4	70	358.7	79	32.4	57	66.0	85	49.8	88	145	35	120.5	73

Note. Data taken October 11, 2017 from [http://portalgl.minfin.gob.gt/Reportes/Paginas/Ejecucion\\_PGrupoGasto](http://portalgl.minfin.gob.gt/Reportes/Paginas/Ejecucion_PGrupoGasto).

The TOTALS data for Amatitlán, Villa Nueva, Colomba, Coatepeque and Malacatán were taken from the same site, but showing expenditure to December 31, 2017

A general observation on the expenditures side of municipal operations is that many have great difficulty spending their budgets, even taking into account that data for some municipalities (Villa Canales, Palencia) is only to the beginning of October. Further work is required to understand exactly what are the obstacles to spending, and how these obstacles might differ between line items such as staffing or contracts.



**Table 3. Income 2017 – Assigned Budget; Modified Budget; Current Budget and Income received -- in millions of Quetzals**

Data from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, October 9, 2017

	Palencia				Amatitlán			
	Assigned Budget	Modified Budget	Current Budget	Income Received	Assigned Budget	Modified Budget	Current Budget	Income Received
IUSI	3.6	.2	3.8	3.6	8.7	0	8.7	7.1
Other local income	3.8	2.2	6.1	5.3	19.4	0	19.4	20.3
<b>TOTAL</b> local income	<b>7.4</b>	<b>2.4</b>	<b>9.9</b>	<b>8.9</b>	<b>28.1</b>	<b>0</b>	<b>28.1</b>	<b>27.4</b>
<b>Cash Transfers</b>								
Constitutional	1.0	.1	1.1	.8	1.4	.2	1.6	1.1
Vehicle tax	.4	0	.4	.2	.4	0	.4	.3
IVA/PAZ	2.6	.2	2.8	2.1	3.8	.3	4.1	2.8
INAB (forestry)	.3	0	.3	.2	0	0	0	0
<b>Capital Transfers</b>								
Constitutional	9.0	.7	9.7	7.2	13.3	1.1	14.4	9.9
Vehicle tax	1.5	0	1.5	1.0	1.5	.0	1.5	1.3
IVA/PAZ	7.9	.4	8.3	6.3	11.4	1.0	12.4	8.6
Gasoline tax	.3	0.1	.4	.3	.5	.1	.6	.4
Transfers from decentralized agencies (CODEDE)	0	<b>34.0</b>	<b>34.0</b>	<b>6.1</b>	0	<b>9.8</b>	<b>9.8</b>	<b>1.0</b>
Unspent funds carried over	0	.4	.4	0	0	<b>30.6</b>	<b>30.6</b>	<b>0</b>
<b>TOTALS</b>	<b>30.0</b>	<b>38.2</b>	<b>68.2</b>	<b>33.0</b>	<b>60.2</b>	<b>44.1</b>	<b>103.4</b>	<b>48.0</b>

In the case of Palencia, the great difference between the current budgeted amount and income received is the Q34M allotted from the CODEDE, of which only Q6M was actually received; in the case of Amatitlán, of the difference of Q55M, almost Q40M comes from unspent funds carried over from 2016, and expected transfers from CODEDE which did not appear

**Table 4. Income 2017 – Assigned Budget; Modified Budget; Current Budget and Income received -- in millions of Quetzals**

Data from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, October 9, 2017

	Villa Canales				Villa Nueva			
	Assigned Budget	Modified Budget	Current Budget	Income Received	Assigned Budget	Modified Budget	Current Budget	Income Received
IUSI	30.4	0	30.4	13.7	98.0	0	98.0	80.3
Other local income	34.5	0	34.5	22.8	146.1	0	146.1	83.0
<b>TOTAL local income</b>	<b>64.9</b>	<b>0</b>	<b>64.9</b>	<b>36.5</b>	<b>244.1</b>	<b>0</b>	<b>244.1</b>	<b>163.3</b>
<b>Cash Transfers</b>								
Constitutional	1.6	0	1.6	1.2	4.0	0	4.0	3.1
Vehicle tax	.1	0	.1	0	0	0	0	0.1
IVA/PAZ	4.0	0	4.0	3.1	10.8	0	10.8	8.0
INAB (forestry)	0	0	0	0	0	0	0	0
<b>Capital Transfers</b>								
Constitutional	14.5	0	14.5	10.9	36.0	0	36.0	27.8
Vehicle tax	2.3	0	2.3	1.5	3.7	0	3.7	3.7
IVA/PAZ	12.1	0	12.1	9.4	32.3	0	32.3	24.1
Gasoline tax	0.6	0	0.6	0.5	1.4	0	1.4	1.3
Transfers from decentralized agencies (CODEDE)	0	14.4	14.4	2.9	0	2.0	2.0	0.9
Unspent funds carried over	0	15.4	15.4	0	0	18.0	18.0	0
Loans	0	15.2	15.2	15	0	0	0	0
<b>TOTALS</b>	<b>100.0</b>	<b>44.9</b>	<b>144.9</b>	<b>81.0</b>	<b>312.2</b>	<b>20.5</b>	<b>332.7</b>	<b>232.3</b>

In Villa Canales, it is clear that the difference of Q64M comes from almost Q30M of local income not received, Q15M unspent funds carried over, and Q12M from CODEDE not received; in Villa Nueva, of Q100M between the current budget and income received, Q80M comes from local income not realized; and about Q20M from unspent funds carried over, and a small amount of CODEDE funds not transferred.

**Table 5a. Income 2017 – Assigned Budget; Modified Budget; Current Budget and Income received -- in millions of Quetzals**

Data from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, December 31, 2017

	Chimaltenango				Escuintla			
	Assigned Budget	Modified Budget	Current Budget	Income Received	Assigned Budget	Modified Budget	Current Budget	Income Received
IUSI	2.4	0.1	2.5	2.6	8.3	1.8	10.1	9.9
Other local income	13.4	1.4	14.9	13.7	28.5	4.1	32.5	29.6
<b>TOTAL</b> local income	<b>15.8</b>	<b>1.5</b>	<b>17.4</b>	<b>16.3</b>	<b>36.8</b>	<b>5.9</b>	<b>42.6</b>	<b>39.5</b>
<b>Cash Transfers</b>								
Constitutional	1.4	0	1.4	1.4	1.6	0.1	1.7	1.7
Vehicle tax	0	0	0	0	0	0	0	0.1
IVA/PAZ	3.8	0.2	4.0	3.7	4.0	0.3	4.3	4.3
INAB (forestry)	0	0	0	0	0	0	0	0
<b>Capital Transfers</b>								
Constitutional	13.0	0	13.0	13.0	14.2	0.8	15.0	15.0
Vehicle tax	1.7	0	1.7	1.9	1.5	0.4	1.9	2.2
IVA/PAZ	11.3	-0.2	11.1	11.2	12.0	0.9	13.0	13.0
Gasoline tax	0.6	0	0.6	0.6	0.5	0.2	0.8	0.6
Transfers from decentralized agencies (CODEDE)	0	12.6	12.6	5.4	0	12.4	12.4	5.8
Unspent funds carried over	0	11.0	11.0	0	0	24.4	24.4	0
Capital Donation	0	0.1	0.1	0.1	n/a	n/a	n/a	n/a
<b>TOTALS</b>	<b>47.6</b>	<b>25.3</b>	<b>72.9</b>	<b>53.7</b>	<b>70.6</b>	<b>45.4</b>	<b>116.0</b>	<b>82.1</b>

In Chimaltenango, it is clear that the difference of Q20M comes mostly from Q11M unspent funds carried over, and Q7M from CODEDE not received; in Escuintla, of Q34M between the current budget and income received, Q24M comes from unspent funds carried over, and Q7M of CODEDE funds not transferred.

**Table 5b. Income 2017 – Assigned Budget; Modified Budget; Current Budget and Income received -- in millions of Quetzals**

Data from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, December 31, 2017

	Retalhuleu				Colomba			
	Assigned Budget	Modified Budget	Current Budget	Income Received	Assigned Budget	Modified Budget	Current Budget	Income Received
IUSI	4.5	0	4.5	3.3	0.2	0.2	0.4	0.3
Other local income	59.9	1.4	61.2	60.5	2.6	1.8	4.4	2.4
<b>TOTAL</b> local income	<b>64.4</b>	<b>1.4</b>	<b>65.7</b>	<b>63.8</b>	<b>2.8</b>	<b>2.0</b>	<b>4.8</b>	<b>2.7</b>
<b>Cash Transfers</b>								
Constitutional	1.4	0.6	1.9	1.9	0.6	0.1	0.7	0.6
Vehicle tax	0	0	0.1	0.1	0	0	0	0
IVA/PAZ	3.4	1.7	5.0	5.0	1.6	0.3	1.9	1.7
INAB (forestry)	0	0	0	0	0	0	0	0
<b>Capital Transfers</b>								
Constitutional	12.2	5.3	17.5	17.5	5.7	0.5	6.2	5.7
Vehicle tax	1.5	1.1	2.5	2.5	0.6	0.1	0.7	0.8
IVA/PAZ	10.1	5.0	15.1	15.1	4.8	0.5	5.3	5.0
Gasoline tax	0.4	0.3	0.7	0.8	0.2	0	0.2	0.3
Transfers from decentralized agencies (CODEDE)	0	8.7	8.7	5.5	0	0.8	0.8	1.6
Unspent funds carried over	0	15.0	15.0	0	0	0.7	0.7	0
Capital Donation					0	7.1	7.1	7.1
<b>TOTALS</b>	<b>93.3</b>	<b>39.0</b>	<b>132.3</b>	<b>112.2</b>	<b>16.3</b>	<b>16.8</b>	<b>33.1</b>	<b>25.6</b>

In Retalhuleu, the difference of Q20M comes mostly from Q15M unspent funds carried over; in Colomba, the difference of Q7.5M, comes mostly from income not realized (non-IUSI income)

**Table 5c. Income 2017 – Assigned Budget; Modified Budget; Current Budget and Income received -- in millions of Quetzals**

Data from <http://portalgl.minfin.gob.gt/Paginas/PortalGobiernosLocales>, December 31, 2017

	Coatepeque				Malacatán			
	Assigned Budget	Modified Budget	Current Budget	Income Received	Assigned Budget	Modified Budget	Current Budget	Income Received
IUSI	5.0	0	5.0	5.0	0.4	0	0.4	0.1
Other local income	18.0	1.3	19.3	17.5	9.6	0	9.6	7.9
<b>TOTAL local income</b>	<b>23.0</b>	<b>1.3</b>	<b>24.3</b>	<b>22.5</b>	<b>10.0</b>	<b>0</b>	<b>10.0</b>	<b>8.0</b>
<b>Cash Transfers</b>								
Constitutional	1.4	0	1.4	1.4	1.1	0.1	1.2	1.2
Vehicle tax	0	0	0	0	0	0	0	0
IVA/PAZ	3.8	0	3.8	3.8	3.0	0.3	3.3	3.0
INAB (forestry)	0	0	0	0	0	0	0	0
<b>Capital Transfers</b>								
Constitutional	12.8	0	12.8	13.0	10.3	3.8	14.1	10.5
Vehicle tax	1.5	0	1.5	1.9	1.6	0.8	2.4	1.5
IVA/PAZ	11.3	0	11.3	11.3	9.0	3.8	12.8	9.1
Gasoline tax	0.5	0	0.5	0.6	0.2	0.1	0.3	0.5
Transfers from decentralized agencies (CODEDE)	0	9.6	9.6	3.5	0	13.1	13.1	8.0
Unspent funds carried over	0	3.3	3.3	0	0	1.3	1.3	0
Loan (INFOM)	n/a	n/a	n/a	n/a	0	2.6	2.6	2.6
<b>TOTALS</b>	<b>54.4</b>	<b>14.2</b>	<b>68.6</b>	<b>58.0</b>	<b>35.3</b>	<b>26.0</b>	<b>61.2</b>	<b>44.5</b>

In Coatepeque, the difference between income received and actual budget is less than Q10M and comes from unrealized CODEDE transfers and unspent funds carried over; in the case of Malacatán, the difference of about Q15M comes from unrealized CODEDE transfers, unspent funds carried over, and capital transfers which were Q8M less than budgeted