

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

GUATEMALA

SUPPORT PROGRAM TO IMPROVE THE QUALITY OF SOCIAL SPENDING

(GU-L1183)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Pablo Ibararán (Project Team Leader), Ignacio Astorga (Alternate Project Team Leader); Luis Tejerina and Sheyla Silveira (SCL/SPH); Hugo Us (SCL/GDI); Gisele Teixeira and Adela Arreaga (CID/CGU); Esteban de Dobrzynski (LEG/SGO); Steven Collins (VPS/ESG); Marcela Hidrovo and Rodrigo Castro (FMP/CGU); Alejandro Carrión (CID/CID); and Ana Pérez Expósito and Amancaya Conde (consultants).

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ABBREVIATIONS

CQI	Continuous quality improvement
ECLAC	Economic Commission for Latin America and the Caribbean
FECS	Ficha de Evaluación de Condiciones Socioeconómicas [Socioeconomic Conditions Assessment Record]
GCNN	Gran Cruzada Nacional por la Nutrición [National Nutrition Campaign]
GDP	Gross domestic product
ICT	Information and communication technology
IMF	International Monetary Fund
MIDES	Ministry of Social Development
MINFIN	Ministry of Public Finance
MPI	Multidimensional poverty index
MSPAS	Ministry of Public Health and Social Assistance
PDSP	Política de Desarrollo Social y Población [Social Development and Population Policy]
PND	Plan Nacional de Desarrollo K'atun: Nuestra Guatemala 2032 [K'atun National Development Plan: Our Guatemala 2032]
PRORISS	Program to Strengthen the Institutional Healthcare Service Network
RSH	Registro Social de Hogares sensible al género [Gender-sensitive household registry]
SDGs	Sustainable Development Goals

PROJECT SUMMARY

GUATEMALA SUPPORT PROGRAM TO IMPROVE THE QUALITY OF SOCIAL SPENDING (GU-L1183)

Financial Terms and Conditions				
Borrower			Flexible Financing Facility^(a)	
Republic of Guatemala			Amortization period:	18 years
Executing agency			Disbursement period:	1 year
Ministry of Public Finance (MINFIN)			Grace period:	5.375 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based ^(c)
			Credit fee:	^(d)
IDB (Ordinary Capital):	300,000,000	100	Inspection and supervision fee:	^(d)
Total:	300,000,000	100	Weighted average life:	12.75 years
			Approval currency:	United States dollar
Project at a Glance				
<p>Project objective/description: The objective of the programmatic series is to enhance the quality of life of the most vulnerable population by improving the quality of spending on social protection and health services. The specific objectives are: (i) to enhance the quality and transparency of social protection programs by strengthening the management, targeting, communication, and evaluation capacities of the Ministry of Social Development; and (ii) to enhance the quality of health services provided by the Ministry of Public Health and Social Assistance by implementing policies on prenatal and childbirth care, emergency coordination, health information technology, and intercultural care.</p> <p>This is the first of two operations in a programmatic series of policy-based loans consisting of two individual but technically related operations, in accordance with Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2).</p>				
<p>Special contractual conditions precedent to the sole disbursement of the financing: The sole disbursement of the financing will be contingent on fulfillment of the policy reform conditions described in the program components (see paragraphs 1.42 to 1.48), in accordance with the Policy Matrix (Annex II), the Policy Letter, and other contractual conditions set forth in the loan contract (see paragraph 3.3.)</p>				
<p>Exceptions to Bank policies: None.</p>				
Strategic Alignment				
Challenges: ^(e)	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes: ^(f)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>	CC <input type="checkbox"/> and ES <input type="checkbox"/>		IC <input checked="" type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) In keeping with document FN-729 (Strategy and Operational Readiness for the Execution of the LIBOR Transition for the IDB Balance Sheet) and document CF-257-1 (Base Rate Replacement for Sovereign Guaranteed LIBOR-based Loans), this loan will be subject to the SOFR-based interest rate, either upon notification to the borrower by the Bank or at the borrower's request, pursuant to the provisions of the loan contract.

^(d) The commitment fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

^(e) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(f) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Macroeconomic context.** Guatemala's macroeconomic performance was stable in the decade prior to the COVID-19 pandemic. Starting in 2010, gross domestic product (GDP) averaged 3.5% annual growth, exceeding the 2% average for Latin America and the Caribbean. Inflation averaged 4% per year. Public debt was low, and the fiscal deficit was moderate (27% and 2.2% of GDP, respectively, in 2019). This macroeconomic performance enabled Guatemala to take measures in 2020 to buffer the effects of the COVID-19 crisis. Total government expenditure rose by 2.1% of GDP in 2020. Economic recovery programs were implemented, including loans and guarantees for the productive sector and programs to support vulnerable population groups. Remittances increased by nearly 8% in 2020 [1], and the 1.5% contraction in GDP was one of the smallest in Latin America and the Caribbean (the average decline was 7% of GDP) [2]. Against this backdrop, public debt grew to 31.5% of GDP (as a reference point, the regional average rose from 68.1% to 77.2%), and the country's fiscal deficit, at 4.9% of GDP, was among the lowest in the region [3]. The International Monetary Fund (IMF) projected economic activity to rebound on the order of 4.5% growth in 2021 before stabilizing around 3.5% in 2023.¹
- 1.2 Low levels of tax receipts limit the government's ability to sustain adequate social spending to improve people's living conditions and promote investment. Fiscal revenues were 11.4% of GDP between 2014 and 2019, compared to an average of 27.6% for Latin America and the Caribbean [4].² Social spending was 7% of GDP between 2008 and 2018, while the Latin American and Caribbean average rose from 9.5% to 11.3% of GDP.³
- 1.3 **Social and health context.** Between 2002 and 2019, the poverty rate in Latin America and the Caribbean fell from 45.5% to 30.5% and the extreme poverty rate declined from 12.2% to 11.3%. In Guatemala, however, the poverty rate held relatively steady above 50%, and the extreme poverty rate remained close to 35%.⁴ In the wake of the crisis, the poverty rate rose from 51.5% to 54.9% in 2020.⁵ The prevalence of chronic malnutrition—one of the effects of poverty—

¹ The Bank of Guatemala is projecting GDP growth in the range of 4% to 6%.

² Tax receipts as of August 2021 had increased over 2019 but remained within the annual projection of under 12% of GDP.

³ Moreover, total investment fell from 14.7% of GDP in 2014 to 11.4% in 2020, one of the lowest figures in Latin America and the Caribbean. Public investment fell by 0.7 percentage point of GDP over the same period to 1.3% in 2020, while private investment dropped from 12.6% to 10.1%. Foreign direct investment is low and has declined from 1.9% of GDP in 2013 to 1.2% in 2020.

⁴ See Sociómetro-BID (<https://www.iadb.org/en/sociometro-bid/sociometro-bid>), which shows similar poverty rates for 2000 (54%) and 2019 (56%).

⁵ [Inequality and Discontent: How to Address Them Through Public Policy: Economic Report on Central America, the Dominican Republic, Haiti, Mexico, and Panama \(IDB, 2020\)](#). This is consistent with ECLAC's [Social Panorama of Latin America 2021](#) and the World Bank's [Macro Poverty Outlook for Latin America and the Caribbean](#). The figure for 2019 differs from that shown in the Sociómetro due to methodological differences, but the same trends (little change from 2002 to 2019, followed by an increase in 2020) are reported. No estimates of extreme poverty are available for 2020.

remained above 45% and has not changed significantly in the past 20 years.⁶ Poverty and malnutrition create a vicious circle: Poverty is a determinant of malnutrition, as it results in a lack of access to food and nutrients⁷ and correlates to limited access to healthcare and basic services. Malnutrition, meanwhile, is a causal factor of poverty, as it has an adverse effect on health, school attendance and performance, and productivity and income generation capacity throughout life [5]. Malnutrition costs Guatemala an estimated US\$8 billion per year—nearly 10% of GDP—in total economic losses in terms of morbidity and mortality, education, and productivity.⁸ Another indicator of socioeconomic and health conditions is maternal mortality. At a rate of 104 deaths per 100,000 live births, maternal mortality has not significantly improved in the past 15 years and falls well short of the target set forth in the Sustainable Development Goals (SDGs) of 70 deaths per 100,000 live births. Maternal mortality also reveals inequity in healthcare, as the rate is 1.75 times higher among indigenous women than among nonindigenous women [7]. Recent efforts to combat poverty, malnutrition, and maternal mortality have not achieved the desired impact due to low coverage and limited implementation of interventions, partly as a result of low levels of social investment. The Economic Commission for Latin America and the Caribbean (ECLAC) found that, in 2017, Guatemala allocated less than 2% of its GDP to public spending on healthcare (compared to 3.8% in Latin America and the Caribbean) [8] and invested less than 0.07% of GDP in programs for the most vulnerable population through social programs under the Ministry of Social Development (MIDES). Against this backdrop, the IMF recommends that the Guatemalan government create fiscal space to expand its social safety nets by improving tax revenues, spending efficiency and debt management, and disaster risk management through greater investment in conditional cash transfers and programs to combat malnutrition, in addition to strengthening transparency and efficiency in public expenditure.⁹

- 1.4 **Context of reforms.** In 2020, the Guatemalan Government responded by launching the National Nutrition Campaign (GCNN)¹⁰ with the aim of reducing malnutrition by 7 percentage points within four years. The GCNN identifies actions that have proven cost-effective in improving child nutrition in key sectors, including social protection and health. In terms of social protection, the income of vulnerable population groups was increased by strengthening and expanding the coverage of cash transfer programs. The management capacity of MIDES—the

⁶ See [optional link 2](#). Notably, the chronic malnutrition rate among the poorest children and indigenous children is over 50 percentage points higher than among nonindigenous and higher-income children (75% versus 20%).

⁷ A household is defined as living in extreme monetary poverty if it lacks sufficient income to purchase a basic food basket.

⁸ The impacts on morbidity will lead to higher healthcare costs, and the impacts on mortality will adversely affect productivity. The impacts on educational attainment are seen in grade repetition and school dropout rates: the former entails additional costs for the educational system and families, while the latter affects potential productivity due to lower educational attainment by malnourished children [6].

⁹ Guatemala: Article IV Consultation Report. Country Report 2021/11 (IMF, 11 June 2021). The report also recommended: (i) that reforms be pursued to enhance the investment climate; (ii) that expenditure on infrastructure be increased; (iii) that an accommodative monetary policy be maintained; and (iv) that the financial policy aimed at financial stability be continued.

¹⁰ <http://www.siinsan.gob.gt/siinsan/cruzada-nacional/>.

entity responsible for these interventions—needs to be strengthened if programs are to be implemented effectively. In the health sector, the GCNN's first line of action is to strengthen health services, including prevention, promotion, and care at six stages of life (pregnancy, childbirth and newborns, children age 1 to 5 months, children age 6 to 24 months, preschool and school-age children, and people of reproductive age) under the responsibility of the Ministry of Public Health and Social Assistance (MSPAS). These measures are aimed at improving people's health through a framework of institutional strengthening, including human resource development, access to medications, delivery of comprehensive services, financing, leadership and governance, and information systems.¹¹ Given the importance of addressing maternal mortality in child development and as an indicator of development, the GCNN includes actions to prevent maternal mortality as part of its health-related actions—which also help reduce neonatal mortality—and it identifies crosscutting areas, such as monitoring and evaluation and cultural relevance, to guide the work of all sectors. The COVID-19 pandemic is expected to have a significant impact on child nutrition [9]. The pandemic also increased levels of vulnerability and poverty, and it has exposed limitations and challenges in Guatemala's social protection and healthcare delivery systems. In view of the grave conditions that already existed in Guatemala and the effects of the pandemic, the mechanisms promoted by social policy in Guatemala need to be strengthened on an urgent basis, to protect the most vulnerable population and prevent a worsening of poverty, malnutrition, and maternal mortality.

1. Challenges and progress in enhancing management capacity and the quality of spending on social protection

- 1.5 **Guatemala has made strides in building the regulatory and institutional frameworks of social development policy.** The Law on Social Development (2001) established the legal framework for implementing public policies for promotion, planning, coordination, execution, monitoring, and evaluation for social development. This set the stage for approval of the Social Development and Population Policy (PDSP) in 2002, which addressed the areas of (i) health, (ii) education, (iii) jobs and migration, (iv) disaster risk management, and (v) public communication for development, using an approach incorporating demographic considerations in social development strategies [10]. Later, MIDES was created in 2012 as the lead entity for public policy aimed at enhancing the wellbeing and quality of life of the Guatemalan people. The K'atun National Development Plan: Our Guatemala 2032 (PND), adopted in 2014, constitutes a long-term national development policy and links policies, plans, programs, projects, and investments for development in Guatemala. The PND takes a rights-based approach as a crosscutting feature of public policy, and it designates the State as the entity responsible for creating opportunities and conditions for improved quality of life and fulfillment of objectives related to poverty reduction and social exclusion [11]. The 2015 adoption of the SDGs entailed a commitment to fulfill development targets as part of the 2030 Agenda for Sustainable Development, and SDG-related efforts were to be aligned with the PDSP. The Social Development Cabinet—consisting of 18 executive-branch entities and chaired by the Office of the Vice President, with MIDES serving as

¹¹ http://www.siinsan.gob.gt/siinsan/wp-content/uploads/Gran-Cruzada-Nacional_.pdf, pp. 30-33.

technical coordinator—was created in 2019 to coordinate and manage policies related to development and social protection within the framework of the PND [12]. In March 2020, prior to the pandemic, MIDES set strategic priorities for strengthening its leadership and operational capacity, coordinating efforts with international cooperation agencies, and improving services for the most vulnerable population groups in accordance with the General Government Policy 2020-2024, which identifies strategic actions to be taken by public-sector institutions during the administration’s term of government [13].

- 1.6 The PDSP needs to be updated for multiple reasons: (i) targets and instruments need to be reconsidered in view of experience gained and results achieved [14]; (ii) the institutional context has changed in the past two decades [15] with, *inter alia*, the creation of MIDES and the Social Development Cabinet and adoption of the SDGs; and (iii) the demographic approach has been superseded by a rights-based approach.¹² The challenge in updating the PDSP is to develop a policy that responds to the challenges in terms of poverty and malnutrition in recent years and the consequences of the pandemic in terms of poverty and inequality. It is essential that the new PDSP be aligned with the country’s main legal, political, and strategic instruments and that it identify principles, strategies, targets, and monitoring mechanisms for social development.

- 1.7 **Identifying, selecting, and registering individuals and families for social protection policies and programs is an operational and strategic challenge.** Experience in implementing social policies targeting vulnerable population groups, such as conditional cash transfer programs, has demonstrated the importance of having instruments that can help profile population groups to gauge deficiencies, design interventions and eligibility criteria, and track access, participation, and results in social programs [16]. These efforts go beyond databases for specific programs and include the profiling of broad population groups (up to 75% of the population in some countries) and interoperability between demographic databases and data from specific programs as well as administrative registries (e.g., educational, demographic, taxation, and social security systems). During the pandemic, countries with more advanced registries were able to implement more efficient policies [17]. Prior to the pandemic, Guatemala did not have updated information with broad coverage. “Bono Familia”—a program of nonconditional, temporary, targeted cash transfers—was carried out in response to the pandemic and during 2020 provided two cash transfers of Q 1,000 (US\$130) each, plus another transfer of Q 250 (US\$33), to 2.6 million families. These families were selected on the basis of electricity consumption in February 2020, and localities with low electricity coverage in municipios with higher poverty rates were chosen to include households with no access to electricity. Implementation of the “Bono Familia” program required a specific effort to identify and register beneficiaries with requirements and criteria expressly defined for this purpose. While this measure was effective in the context of the emergency, opportunities for improved efficiency in targeting support to the most vulnerable families were identified.

¹² Optional link 6 expands on the strategic importance of updating the PDSP.

- 1.8 MIDES uses an Integrated Social Program System to manage its main programs, including conditional cash transfer programs (“Bono Social,” with an annual budget of some US\$40 million and 126,000 beneficiary households in 2020; and “Bolsa Social,” in the department of Guatemala, with US\$5.9 million executed and 23,500 beneficiary households) and grant programs (with a US\$2 million budget and 7,000 beneficiaries).¹³ To identify and record the households’ socioeconomic conditions, MIDES uses two instruments: the Socioeconomic Conditions Assessment Record (FECS), to calculate the poverty proxy in order to determine eligibility for the “Bono Social” program, and the Social Program Socioeconomic Record, which measures unmet basic needs. This program will develop a mechanism to help gather information on the basis of a single socioeconomic record containing all information needed to calculate the monetary poverty proxy, unmet basic needs, and the multidimensional poverty index (MPI). Methodologies and analyses for identifying gender gaps in the dimensions of the MPI are lacking, which is significant given the femininity index in poor households of 104.5 and the gender inequality index of 0.48 (119th out of 162 countries). This program, therefore, proposes a gender-sensitive household registry (RSH),¹⁴ which would help profile and analyze the target population of each social program and intervention using a single framework. This would, for example, allow for self-identification of indigenous people in a manner consistent with the census and the measurement of gender gaps in access to services so that programs can be modified in view of the different obstacles encountered by men and women in the dimensions of the MPI.
- 1.9 **Monitoring and evaluation mechanisms are at the heart of the institutional framework of social protection policy**, as they help to monitor and provide feedback, and they ensure internal consistency between objectives, activities, outputs, and outcomes of each program and intervention. They also help to ensure coherence between coverage, budgetary execution, and attainment of results for each program [18]. Since its inception in 2012 as part of the Office of the Deputy Minister of Policy, Planning, and Evaluation, MIDES has had a Monitoring and Evaluation Division that includes the subdivisions for social evaluation and social monitoring. This division conducts evaluations and monitoring to verify progress on MIDES-programmed activities and on governmentwide social policy.¹⁵ It has repeatedly received requests for evaluations, always for impact evaluations. These requests, however, lack a strategic framework for identifying the most appropriate type of evaluation and the programs that need to be prioritized, and the division lacks resources to conduct routine evaluations. Also lacking is a feedback system to leverage evaluation findings in order to improve the programs.

¹³ Details on MIDES’s social programs may be found in its 2020 operational report.

¹⁴ The objectives of the RSH are to identify the most vulnerable population, particularly women (indigenous, disabled, heads of household); to design and validate a multidimensional, gender-sensitive prioritization tool; and to develop social programs to promote women’s empowerment and leadership. The RSH calculates the gender gap index, and consultation processes will be used to ensure that women are involved in implementation. [See optional link 5.](#)

¹⁵ These duties are specified in [Governmental Agreement 87-2012, MIDES Internal Regulations, Article 14.](#)

- 1.10 MIDES's monitoring and evaluation unit, therefore, needs to be strengthened to support the tracking and measurement of policy outcomes and to generate recommendations and actions for improvement. To this end, technical standards for evaluating social programs need to be developed, and directives and instruments are needed to officially govern preparation of the matrix of indicators for each social program, with a clearly stated change theory and with monitoring outputs integrated under this logic. The immediate challenge in monitoring and evaluation, therefore, is to develop and implement guidelines for creating a process of continuous improvement and accountability for the development of annual evaluation plans, along with the resources needed for their fulfillment.
- 1.11 **Public communication is essential to achieving effective participation of target population groups in social programs.** It is also a tool to support operational processes, strengthen messaging, encourage changes in the behavior of people and institutions, and make progress in implementing a social protection policy based on rights and equity. While MIDES has carried out communication activities to guide its institutional work and implement social programs, there is no strategic public communication policy to support implementation of social programs or the country's social policy. MIDES's Public Communication Division and its Gender and Indigenous Peoples Unit conducted a diagnostic assessment of communications in 2018¹⁶ to identify gaps and opportunities in four areas: internal communications, public opinion, brand management, and content creation. One of the findings was that MIDES has not defined its communication-related strategic objectives or its actions for institutional visibility and output generation to support its work. The assessment also identified a need to establish clear guidelines for a proper approach to communication for gender equity, cultural relevance, and prevention of violence against women and girls.
- 1.12 To make strides in implementing communications using an intercultural, intersectional, rights-based approach that promotes gender equity and takes into account the recognized national languages of Guatemala, and which supports execution and transparency of social programs, the main challenge is to develop, approve, and implement an institutional public communication strategy consistent with MIDES's vision, mission, and objectives, as well as with the contributions of different divisions of MIDES, including social programs and the Gender and Indigenous Peoples Unit
- 1.13 **Technological, digital, and information technology tools have been used to enhance the efficiency, transparency, and outcomes of social protection programs and policies.** As noted above, MIDES's social programs use the Integrated Social Program System, which includes such information as the beneficiaries' socioeconomic profile, as well as the National Social Information System, which currently collects basic information on beneficiaries of programs of 16 institutions. The operational cycle of the leading conditional cash transfer program ("Bono Social") has been digitalized in recent years, and digital tools were used in "Bono Familia" during the pandemic to register and select beneficiaries and to pay the cash transfers. The digitalization of these programs

¹⁶ [Proposal on content for incorporating the human right of women and girls to a violence-free life in MIDES's public communication strategy.](#)

came about organically, however. A medium- and long-term strategic vision needs to be articulated, and optimal digital architecture needs to be identified, in view of MIDES's institutional objective and considerations related to privacy protection and ethical use of information.¹⁷

- 1.14 To make progress toward the digital transformation of MIDES—with efficient planning, management, monitoring, and evaluation processes that use reliable information and generate reports and inputs for relevant, useful decision-making—the main challenge is to develop a technical planning instrument to help: (i) methodologically articulate a vision for strategic planning in information technology related to short- and medium-term technological investment; (ii) enable and facilitate alignment of the sector-specific strategic vision with the technological vision; and (iii) determine the digital transformation process that MIDES needs, including size of the budget, on the basis of technological development and innovation needed to fulfill MIDES's objectives, guidelines, and strategic targets.

2. Challenges and progress in enhancing management capacity and quality of health expenditure

- 1.15 The strategy of the health sector within the GCNN includes care at six stages of life (see paragraph 1.4). This programmatic series prioritizes pregnancy care and childbirth and neonatal care, in view of evidence that timely, quality care at these two key stages helps to prevent risk and harm to mothers and newborns and that it can have a long-term effect on children's health, including growth and development. This program's challenges and measures are consistent with the maternal mortality reduction policy, as it will help reduce delays¹⁸ as well as helping to reduce neonatal mortality. For both of these life stages, the program will develop a model for delivering comprehensive, quality services; an emergency referral and counter-referral system; a governance system to facilitate delivery of basic health services; a resource allocation system that promotes the efficient use of resources; and an information system that will help combine sources of information for decision-making. Moreover, the program will promote the intercultural healthcare strategy to ensure culturally appropriate services for indigenous people.

- 1.16 **Improving the quality of healthcare is essential to preventing chronic malnutrition and reducing maternal and neonatal mortality.** An estimated 20% of malnutrition cases are related to poor intrauterine growth, and actions during pregnancy and immediately after childbirth (breastfeeding and delayed umbilical cord clamping) have been shown to affect child nutrition. Quality prenatal care¹⁹ is key to protecting pregnant women's health and ensuring the necessary conditions for appropriate fetal growth (e.g., availability of nutrients and absence of infection). It also aids in detecting problems early, preventing

¹⁷ Examples include the use of centralized or decentralized databases, creation of a cybersecurity framework, data governance, use of physical infrastructure, or use of cloud-based services.

¹⁸ First delay: failure to identify warning signs. Second delay: failure to make decisions to seek timely care. Third delay: lack of access to timely care. Fourth delay: lack of timely, quality care.

¹⁹ According to the Health Sector Framework Document, poor-quality healthcare causes 10% to 15% of all deaths in low- and middle-income countries.

complications during pregnancy, and preparing for effective childbirth care, so as to avoid delays caused by a failure to identify risks or to make timely decisions to seek help and protection. Childbirth is a critical moment that accounts for most maternal and neonatal deaths, and improving childbirth and postpartum care is therefore critical to reducing maternal mortality. In Guatemala, the lack of access to—and poor quality of—prenatal, childbirth, and postpartum care is the reason for the high maternal mortality rate and a major factor in child malnutrition. In 2013, the Mesoamerican Health Facility reported that only 55% of the pregnant women surveyed had completed four prenatal visits and only 1% had at least four prenatal checkups performed by a doctor or nurse. Only 8% of the women surveyed had been tested for anemia during their pregnancy. In 2018 [19], 37.7% of maternal deaths occurred at home, while 60.8% occurred at healthcare facilities. Also, 76% of women in institutional childbirth experienced obstetric emergencies that did not receive care in accordance with medical standards, whether due to a lack of medicine or critical equipment or a failure to follow proper procedures [20]. These data show severe gaps in timely access, quality care, and successful outcomes of health services during pregnancy, childbirth, and the postpartum period, and women are more vulnerable as a result.

- 1.17 The Mesoamerican Health Facility supported successful experiences related to continuous quality improvement (CQI). For instance, the percentage of childbirths receiving care in accordance with medical standards increased from 50% to 97%, and the percentage of obstetric emergencies receiving care in accordance with medical standards in prioritized municipios increased by 8 percentage points [21]. The Bank subsequently supported the MSPAS in developing the Health Quality Policy approved via Ministerial Agreement 300-2019. This policy lays out a general framework for implementing CQI in the MSPAS and identifies the challenge of developing specific CQI strategies for each prioritized program or type of service. For maternal and child health, CQI strategies need to be developed for each key program, including prenatal checkups, childbirth care, and care for newborns (up to 28 days old), infants (29 days to 1 year old), and children (age 1 to 10²⁰). Descriptions of key processes and activities, monitoring and evaluation mechanisms, and improvement plans need to be developed for each type of care.
- 1.18 **Financing and management of the CQI strategy are key to implementation.** Services are currently financed on the basis of historical budgets associated with health programs. This financing does not reflect program results or efficiency, and programs do not measure health outcomes or include improvements in standards. Various experiences in implementing performance-based financing mechanisms have shown that tying the financing and management of health actions to results and service standards strengthens the implementation of CQI strategies. Thus, for the technical design and implementation of prioritized interventions, the CQI strategy calls for an analysis of budget allocation mechanisms tied to the achievement of health outcomes and service standards, as well as a management model to identify and execute healthcare processes to this end.

²⁰ With priority given to children up to age 24 months.

- 1.19 **Emergency coordination helps to reduce maternal mortality.** Ten percent of maternal deaths occur in transit to a healthcare facility [19], which relates to the third delay resulting from a lack of access to timely care. An emergency system that can identify such situations early and ensure transportation to an appropriate healthcare facility can help reduce maternal mortality [22]. Guatemala has various prehospital care systems that are staffed by firefighters, concentrated in urban areas, and primarily respond to incidents in public roadways. The MSPAS does not have a formal emergency coordination system; this coordination is carried out through social media networks for interhospital referrals but does not include primary or secondary care referrals. The challenge is to implement a medical emergency system that helps to formalize communications within the network and ensures quality transportation from the community to healthcare facilities and between facilities, so that pregnant women or those in labor who are experiencing an obstetric emergency can be identified in a timely manner and transported within the healthcare network to a facility that can effectively resolve the emergency and prevent mortality.
- 1.20 **Health-related information and communication technologies (ICTs) improve outcomes.** ICTs²¹ have a positive impact on the performance (quality and efficiency) of institutions and personnel, as well as user satisfaction [23]. The MSPAS currently has ICTs in place for its administrative and financial records (Integrated Accounting System, or SICOIN), in its hospitals, and in the Health Area Directorates (DASs). Clinical records are kept on paper at the facility where care is received; one person can have multiple files at the same facility. Digitalization of healthcare, support services, and administrative and financial processes is a major challenge and can significantly improve care and optimize resources and processes. One of the main obstacles, though, in the digital transformation of the sector—aside from financing—is developing sector-specific digital transformation strategies that work well in the healthcare ecosystem [24]. Thus, the main priority in digital transformation efforts is to have a strategic vision that clearly articulates how technology can help achieve health objectives and identifies the roles and responsibilities of actors in the health system.
- 1.21 **Significant strides have been made in standards on intercultural healthcare in Guatemala, but the challenge of implementation remains.** For instance, the Mesoamerican Health Facility saw an increase in the percentage of childbirths that included at least two measures for cultural relevance in the targeted municipios (from a 38% baseline to 58.6% at the end of phase two of the operation). One of the most significant obstacles to increasing the use of health services among indigenous people (who make up 43.6% of Guatemala's total population) is a lack of cultural relevance in service delivery. Providing intercultural services to reduce inequity in healthcare—as evidenced in high rates of malnutrition and maternal mortality among indigenous people—requires not only appropriate infrastructure but also the development of healthcare providers'

²¹ ICTs include the following services: (i) electronic (digital) health records, so that patient information can be accessed from any healthcare facility; (ii) telemedicine and telehealth services, to provide specialized services to hard-to-reach locations, improving equity in access; and (iii) information platforms to help monitor and measure the performance of the service network and healthcare facilities.

See <https://socialdigital.iadb.org/en/sph/resources/research-publications/5006> and <https://socialdigital.iadb.org/en/sph/resources/research-publications/2326>.

technical, management, and communication capacities. The MSPAS, acting through the Indigenous Peoples Healthcare and Interculturalism Unit in Guatemala, has carried out reforms to provide culturally relevant health services. Standards of cultural relevance are now in place as a result, as is the National Policy on Midwives of the Four Peoples of Guatemala. Despite this progress in establishing standards, challenges in implementation remain, e.g.: (i) a lack of adequate training for MSPAS personnel on health practices of indigenous people and their particular needs; (ii) a lack of healthcare personnel who speak indigenous languages; (iii) a lack of equipment and appropriately conditioned physical spaces to meet the needs of indigenous people; and (iv) a lack of operational guidelines for implementation of existing standards. To meet these challenges, an action plan for intercultural healthcare needs to be developed and implemented (with appropriate resources), including guidelines for implementing standards of culturally relevant care.

3. Project strategy

- 1.22 **Operation strategy.** The policy matrix (Annex II) includes measures to strengthen management capacity and enhance the quality of social spending in Guatemala. For social protection, the operation will: (i) lay the groundwork to coordinate and implement a results-oriented, rights-based policy; and (ii) develop mechanisms to measure and increase impacts in terms of social protection. In terms of health, the operation will help reduce chronic malnutrition and maternal and neonatal mortality through measures to improve pregnant women's health and childbirth and neonatal care, in alignment with reducing maternal mortality. These measures include: (i) design of a technical, financial, and management model for quality prenatal and childbirth care, to help identify, prevent, and neutralize health risks during pregnancy and childbirth; (ii) development of an emergency communication and transportation system for women experiencing obstetric emergencies from the community to healthcare facilities; (iii) digitalization of care to ensure availability of timely information and quality for healthcare management; and (iv) cultural adaptation of services to increase women's participation and usage of maternal and child health services. The first operation focuses on developing, approving, and/or starting to implement policy measures that are critical to improving the quality of social protection and healthcare, and which will lay the groundwork for sustained improvement and expanded coverage of quality interventions. The second operation focuses on approving, implementing, and/or consolidating measures to strengthen social protection services for vulnerable population groups and primary care services related to maternal and neonatal health, which will contribute to Guatemala's efforts to reduce malnutrition and maternal mortality. This operation is also significant for the Bank, as it is aligned with its support for social progress—one of the strategic objectives of Vision 2025—and will advance the gender and diversity agenda.

4. Summary of reforms

- 1.23 **Improved social protection.** To incorporate Guatemala's commitments related to the SDGs, adapt management and institutional mechanisms to the creation of MIDES, and respond to the current circumstances and challenges of social development, this operation will support development of an updated strategic

- vision, through implementation of the PDSP, that is consistent with the SDGs and the PND. Support will be provided for the development and presentation of this policy through a dialogue and feedback process involving local governments, private initiative, and civil society.
- 1.24 This operation will support MIDES's policymaking efforts to develop a single, standardized instrument that will use transparent, technical methods to collect data on living conditions and household circumstances, which will serve as input for identifying and selecting potential beneficiaries. Support will be provided to develop a new FECS, initially for social programs under MIDES's purview. Support will also be provided to identify, implement, and analyze data generated by the RSH to target social programs and select program beneficiaries more effectively with the help of data collected from the new FECS, including the methodological approach, the execution plan for RSH implementation, and an analysis of findings using a gender approach. This process will help to develop a profile of MIDES's beneficiary population, identify coverage gaps (overall and by gender), modify and adapt social programs to narrow gender gaps, and prioritize such programs.
 - 1.25 This operation will support measures to develop, approve, and implement MIDES's monitoring and evaluation guidelines and to develop and implement the annual evaluation plans. The guidelines will specify the types of evaluations (e.g., evaluations of design, internal consistency, operations, outcomes, and impact) and specify the objective, scope, requirements, technical criteria, methodologies, and relevance of each. Also to be specified are the consultation processes, the involvement of program managers, and the validation and monitoring of recommendations to contribute to learning, measurement of results, accountability, and transparency in social protection programs.
 - 1.26 This operation includes measures to develop, approve, and implement the public communication strategy for MIDES programs and policies using a culturally relevant approach based on rights and gender equity that will support the inclusion of Guatemala's most vulnerable population groups while promoting transparency and accountability. The basic features of the government's communication strategy will be developed, including identification of internal, external, and mass audiences, as well as specific segments such as women, girls, and indigenous peoples; objectives; brand definition and primary messaging; development of a handbook for consistent messaging; specification of plans for mass, direct, and digital communication, as well as a press plan and crisis protocols.
 - 1.27 The operation will also support development of the Information Technology Strategic Plan, which will help identify, guide, organize, and plan technological considerations, such as policies on information technology, data governance (including interoperability and use of infrastructure standards), architecture, security, right to privacy, systems, and technological infrastructure to support new social protection challenges that MIDES will be facing in the coming years. This will provide a working roadmap and enable progress in MIDES's adoption, transformation, and technological innovation processes, which in turn will contribute to more efficient expenditure on technology, better practices in information technology management, outcome indicators that support decision-

making, and, ultimately, better coordination on technology issues, both internally and outside MIDES.

- 1.28 **Improved health services.** CQI strategies will be developed to make progress in implementing a healthcare model to improve the quality of services during pregnancy, childbirth, and the postpartum period. These strategies will include: (i) describing healthcare processes, including standards and key resources (personnel, medications, supplies, and equipment) for all levels of care; (ii) establishing procedures for monitoring and evaluating standards and analyzing outcomes (e.g. heat maps); and (iii) preparing improvement plans to identify measures to be implemented and bring care standards into the expected range.
- 1.29 Effective implementation of CQI requires institutional support in terms of resources and management. For resources, an analysis will be conducted of the costs associated with the service portfolio included in the strategy; required resources (primarily personnel, medications, supplies, equipment, and infrastructure); options within the current legal framework for transferring resources to executing units; and resources needed for program management. This analysis will serve as the basis for a proposed financing operation and/or transfer of resources to cover the costs of implementation and operation.²² For management, an analysis will be conducted of processes, resources, and systems needed to implement the CQI strategy. This analysis will include the administrative and legal framework, as well as related proposals to support the strategy.
- 1.30 Continuity of care from the home or community to healthcare facilities, as well as between facilities, is key to ensuring that pregnant women or those in labor receive the care they need. This operation will develop and formalize the medical emergency system, which will include key elements for implementation, such as clearly defined roles and duties for each level of care, means of communication and transportation, and procedures for coordinating and regulating the transportation of patients. It will also include the emergency network organization and management model, which will identify the entity that will manage processes, resources, and systems to ensure the ongoing functionality of the emergency coordination network.
- 1.31 The National Digital Health Strategy will be developed and approved through the operation, using a comprehensive approach that goes beyond purchasing technology and includes key elements for success, including management of turnover in healthcare personnel and patients and use of standards for information exchange, such as Health Level Seven (HL7) for messaging between institutions.
- 1.32 To make health services culturally relevant, an intercultural healthcare plan will be implemented. This plan will allow the MSPAS to implement existing standards for intercultural healthcare, including an online certificate program in healthcare and interculturalism for personnel at all three levels of care. It will also include operational guidelines for implementation of standards of culturally relevant care,

²² In accordance with any relevant provisions in the Budget Act; in addition, the operating and current expenditures for the continuous quality improvement strategies may not be financed with external loans.

and a protocol will be developed for implementation of the National Midwife Policy.

- 1.33 **Policy progress and gaps.** The proposed measures represent significant progress in improving management capacity and expenditure quality in social protection and healthcare, but each of them entails a need for additional actions to strengthen processes and increase social investment in these areas. For the population registries, this operation will support the creation of a single record and the methodology and initial implementation of the RSH. The possibility of expanding coverage of the RSH will need to be explored in the next phase, and eligible families will need to be enrolled in social programs. For monitoring and evaluation mechanisms, this operation will support the development and implementation of relevant guidelines and the development and execution of the annual evaluation plan. Once the annual evaluation plans have been consolidated, mechanisms for preparing, validating, and monitoring recommendations from the evaluations will need to be established. A strategy will also need to be established, and sources of financing will need to be identified, for progressive, continuous implementation of the Information Technology Strategic Plan. For healthcare, this operation will support the development and implementation of CQI cycles in prenatal and childbirth care in 30 municipios, which will subsequently be implemented nationwide, and its scope thereafter expanded to address children's health and other priority health problems such as noninfectious chronic disease. For the emergency network, this operation will provide information to model and anticipate demand for services and complement resources for a more effective response. For ICTs, this operation will create the National Digital Health Plan and support its implementation; the subsequent challenge will be to implement all modules for healthcare management while ensuring network connectivity and secure network operation. Lastly, for interculturalism, after progress in implementing the intercultural healthcare plan is made through this operation, the objective thereafter will be to ensure that all services are culturally relevant, including coordination with key figures in indigenous medicine.
- 1.34 **Relationship with other Bank operations.** This operation reflects continuity with the Bank's operational work and strategic dialogue efforts in the social sector. With MIDES, the technical cooperation operation titled "Support for the Response of the Government of Guatemala to Mitigate the Impact of the COVID-19 Pandemic on the Vulnerable Population" (ATN/OC-18248-GU) has helped to identify strategic areas for strengthening MIDES that are included in this operation, as well as to develop some of the policy measures. In healthcare, this operation complements the Program to Strengthen the Institutional Healthcare Service Network (PRORISS) (loan 4791/OC-GU), an investment operation whose objective is to help reduce maternal and child mortality primarily in the departments of Huehuetenango and San Marcos, by modernizing the national healthcare network so it can deliver timely, quality, and efficient services. Some of its activities relate to implementation of the CQI strategy in prenatal and childbirth care, such as increased coverage of pregnant women with lab tests in prenatal checkups and percentage of childbirths and newborns receiving care. There is complementarity between some of the outputs of PRORISS and the policy measures under Component 3: (i) the complemented and approved

maternal and child healthcare standards serve as input for the CQI strategy for prenatal checkups and childbirth care; (ii) the emergency network management plan is a component of the medical emergency system; and (iii) implementation of the proposed healthcare ICT system will follow preparation of the National Digital Health Plan; and (iv) design of the Intercultural Healthcare Plan is a prior step to implementation of the Intercultural Healthcare Action Plan. In short, the proposed policy measures offer additionality since some of them relate to an input for achieving the outputs of PRORISS, and other measures will use inputs from PRORISS. This type of linkage strengthens the institutional priority surrounding the achievement of results.

- 1.35 **Lessons learned and the Bank's value added.** The Bank has gained experience in implementing cash transfer programs through its support for more than 15 countries in the region in the past 20 years. It has also collaborated in building and strengthening institutions responsible for social policy, including social development ministries. The Bank has supported the strengthening of information systems, beneficiary registries, and communication strategies for social protection institutions in the Dominican Republic, Colombia, and Panama (Program for Transparency and Equity in Spending on Social Protection I, II, and III; loans 3485/OC-PN, 3724/OC-PN and 4594/OC-PN). These operations showed that specific commitments and milestones are needed to expand the coverage of transfers and the national beneficiary registry, as well to as improve information systems. Through the programmatic series titled "Program to Support Social Protection Reforms I and II" (loans 4613/BL-HO and 4877/BL-HO), the Bank has also supported efforts to institutionalize the use of information systems as a way of enhancing transparency and decision-making in transfer programs. In 2015, the Bank's Office of Evaluation and Oversight published a comparative evaluation of Bank support for conditional cash transfer programs in Honduras, El Salvador, and Guatemala, which found a positive correlation between Bank support and greater efficacy in these programs²³ and recommended focusing the Bank's support on key institutional considerations. Component 2 of this operation prioritizes aspects related to recordkeeping, monitoring, and evaluation, as well as the strengthening of crosscutting aspects of MIDES's management capacity, such as strategic communication with an intercultural approach and development of an information technology plan. This operation also incorporates lessons from prior operations in this sector in Guatemala, namely the importance of strengthening the beneficiary registry, the operational and financial involvement of finance ministry authorities in sector planning, and the need for ongoing strengthening of processes in order to maintain progress on policy measures (see [optional link 1](#)).
- 1.36 In healthcare, Component 3 will use the lessons learned from the Mesoamerican Health Facility to enhance access, usage, and quality of health services, especially the analysis of obstacles to the use of services among indigenous people, the development and implementation of CQI mechanisms for maternal and child healthcare, and findings of the evaluation of quality of care. The Mesoamerican Health Facility showed that: (i) CQI interventions are feasible to

²³ [Comparative Case Studies. Review of IDB Institutional Support to the Conditional Cash Transfer in Three Lower-Middle-Income Countries. Office of Evaluation and Oversight. 2015.](#)

- implement, are effective, and achieved significant improvement in less than 12 months; (ii) the Health Area Directorates should coordinate implementation in the departments; and (iii) to be sustainable, the proposed interventions need an institutional instrument (ministerial agreement or more) that lays the technical, administrative, financial, and legal groundwork for implementation (see [optional link 1](#)). These elements were taken into account in identifying policy measures for the health sector. As for digital transformation in healthcare, the Bank's experience has shown the need to start with the problem to be solved, rather than with the desired technology, by developing a vision of digital healthcare that connects health objectives to digital tools. Key issues are the incorporation of change management for the adoption of information systems and the incorporation of interoperability criteria for the flow of health information. These lessons were learned in developing roadmaps for digital health to assist in executing the Immediate Public Health Response Project in the Context of the COVID-19 Pandemic to Contain, Control, and Mitigate Its Impact on Health Service Delivery in Argentina (loan 5032/OC-AR); the Multiphase Program to Improve Quality in the Delivery of Social Services—Phase I, in Ecuador (loan 4364/OC-EC); and the Project to Improve the Management and Quality of Maternal-Neonatal Health Services, in Honduras (loan 4619/BL-HO).
- 1.37 Components 2 (social protection) and 3 (healthcare) incorporate the lessons learned on delivering culturally relevant social services from the program titled “Improved Access and Quality of Health and Nutrition Services—Phase I” (loan 2328/BL-GU) and PRORISS (loan 4791/OC-GU), which included sociocultural analyses to identify determinants of a lack of cultural relevance in health services and elements needed to make these services more culturally relevant. The Mesoamerican Health Facility included some of these elements, such as the option of vertical childbirth for indigenous women, the ability to receive care in their own language, and the ability to be accompanied by a family member. Also, as noted in paragraph 1.21, the number of childbirths that included at least two measures for cultural relevance increased. The proposed operation incorporates these experiences and includes the development and implementation of an intercultural healthcare plan to strengthen measures for cultural relevance in MSPAS services.
- 1.38 **Coordination with other multilateral organizations and/or cooperation agencies.** This operation has been designed in coordination with the United Nations Development Programme, the United Nations Population Fund, and the World Bank, which have supported MIDES in designing the RSH. Efforts have also been coordinated with the World Bank to strengthen cash transfers, for which MIDES's agendas have remained complementary to both the World Bank and the IDB. In healthcare, the policy proposals are being prepared by working groups that include the Pan American Health Organization, the World Bank, the United States Agency for International Development, and the Spanish Agency for International Development Cooperation, as well as various nongovernmental organizations.
- 1.39 **Strategic alignment.** The project is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is strategically aligned with the development challenge of social inclusion and equality, as it will help maintain and promote the quality of services for the most vulnerable population groups.

The project is also aligned with the crosscutting area of gender equality and diversity in its gender dimension, as it promotes the development of the RSH (see paragraphs 1.8 and 1.24), and in its diversity dimension, as it promotes the self-identification of indigenous peoples in the RSH (see paragraph 1.8), as well as access to and use of social and health services among indigenous people (see paragraphs 1.21 and 1.32). It is also aligned with the crosscutting area of institutional capacity and the rule of law, as it will help strengthen the institutional framework and the management of social protection policies in MIDES, particularly in developing policies for the use of objective, transparent criteria to identify and select beneficiaries (FECS and RSH) and in developing monitoring and evaluation mechanisms (see paragraphs 1.8, 1.10, 1.24-1.25, and 1.44-1.45); and, in healthcare, enhancing the government's ability to provide accessible, quality health services (see paragraphs 1.16-1.17, 1.28-1.29, 1.30, and 1.47-1.48).²⁴ The project is also aligned with the Corporate Results Framework 2020-2023 (document GN-2727-12), as it includes policy measures to improve the quality of prenatal and childbirth care (Component 3). The project is consistent with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of improving equity and supporting poor and vulnerable population groups who will be using the services of MIDES and the MSPAS. The project is consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-9), which emphasizes the importance of efficiency and transparency in supporting vulnerable population groups; the Health Sector Framework Document (document GN-2735-12), as it will help strengthen the delivery and improve the quality of essential services for the most vulnerable population groups; and the Gender and Diversity Sector Framework Document (document GN-2800-8), as it promotes social inclusion and access to culturally relevant social services for indigenous people. It is also consistent with the Diversity Action Plan for Operations 2019-2021 and the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), as it will help improve essential services for the most vulnerable population groups.

- 1.40 The project is included in Annex III of the Update of the 2021 Operational Program Report (document GN-3034-2) and is aligned with the IDG Group Country Strategy with Guatemala 2017-2020 (document GN-2899)²⁵ under the strategic objective of strengthening the coverage and quality of the integrated health services network. The project is also aligned with Guatemala's General Government Plan 2020-2024, particularly in the focus area of social development, which emphasizes the need to strengthen social protection and health services for the most vulnerable people, as well as with the PND, which takes an approach based on people's rights and on protecting the most vulnerable population. It is also aligned with the SDGs (see optional link 8) and

²⁴ The Results Matrix includes indicators related to the strengthening of MIDES, its institutional framework, and its management (e.g., development and implementation of monitoring and evaluation guidelines, and the percentage of MIDES's investment by programs evaluated in accordance with these guidelines), as well as the government's capacity to provide quality health services (development, approval, and implementation of CQI strategies, and the percentage of childbirths and pregnancies receiving quality care).

²⁵ Transition period extended until 31 March 2022.

the logical models developed in the MIDES and MSPAS institutional strategic plans (see optional link 9).

B. Objectives and components

- 1.41 **Objective.** The objective of the programmatic series is to enhance the quality of life of the most vulnerable population by improving the quality of spending on social protection and health services. The specific objectives are: (i) to enhance the quality and transparency of social protection programs by strengthening the management, targeting, communication, and evaluation capacities of MIDES; and (ii) to enhance the quality of health services provided by the MSPAS by implementing policies on prenatal and childbirth care, emergency coordination, health information technology, and intercultural care.
- 1.42 **Component 1. Macroeconomic framework.** The objective of this component is to maintain a stable overall framework of macroeconomic policy. Support will be provided in both operations of the programmatic series to verify that the macroeconomic framework is stable and conducive to the program's objectives and consistent with the guidelines set forth in the sector policy letter (items 1.1.1 and 1.1.2).
- 1.43 **Component 2. Improving social protection programs.** The objective of the policy measures under this component are to improve targeting, governance, and transparency in MIDES's social protection programs by updating the social development policy; strengthening its planning, monitoring, evaluation, and communication capacity; and developing and implementing the Information Technology Strategic Plan.
- 1.44 The first operation will support MIDES in: (i) development of the Social Development and Population Policy, which will identify social development principles, targets, and strategies for Guatemala in line with the SDGs and the PND (item 2.1.1); (ii) creation of the RSH, based on approval of the methodology and implementation plan in six municipios in five departments, and commencement of data collection (item 2.2.1); (iii) development and approval of a new, consolidated FECS to generate information to determine eligibility for MIDES programs and approval for use of the FECS in the RSH (item 2.3.1); (iv) development of MIDES's strategic public communication plan, detailing objectives, indicators, and an action plan for implementation, which will reflect a rights-based, culturally relevant approach (item 2.4.1); (v) development of guidelines for evaluating MIDES programs, including the model annual evaluation plan, which will, *inter alia*, set forth the types of evaluations to be conducted, criteria to determine which programs call for which type of evaluation, and the evaluation process (preparing terms of reference, selecting evaluators, and reviewing and developing recommendations) (item 2.5.1); and (vi) development and approval of MIDES's Information Technology Strategic Plan, which will create a platform to serve beneficiaries of social protection programs (identifying and registering beneficiaries and paying benefits) and will lay the technological groundwork for transparent, efficient management of MIDES's central processes (item 2.6.1).

- 1.45 The second operation will support:²⁶ (i) submission to the Office of the President of the Republic for its approval of the PDSP, which will identify social development principles, targets, and strategies for Guatemala in line with the SDGs and the PND (item 2.1.2); (ii) implementation of the RSH and profiling of MIDES's potential beneficiary population in six municipios and five departments (item 2.2.2a), as well as identification of coverage gaps and development of budgetary alternatives for potentially bringing eligible people in municipios covered by the RSH into MIDES programs (item 2.2.2b); (iii) validation by MIDES of a technical report on implementation of the new FECS (item 2.3.2a) and implementation of recommendations validated and prioritized by MIDES from the report on FECS implementation (item 2.3.2b); (iv) approval and implementation of the principles of MIDES's strategic public communication plan, strengthening information and access using a culturally relevant, rights-based approach (item 2.4.2); (v) approval of MIDES's evaluation guidelines, including identifying the types of evaluations to be conducted, the criteria to determine which programs call for which type of evaluation, and the evaluation process (item 2.5.2a), as well as approval and implementation of MIDES's annual evaluation plan based on the approved guidelines, including which programs will be evaluated and the methodologies, processes, and potential sources of financing for the evaluations (item 2.5.2b); and (vi) identification and approval of an action plan to implement the Information Technology Strategic Plan, which will create a platform to serve beneficiaries and will include the proposed technological architecture, data governance, and information security (item 2.6.2).
- 1.46 **Component 3. Improving health services.** The objective of the policy measures under this component is to help reduce maternal and neonatal mortality and malnutrition by comprehensively improving the timeliness and quality of prenatal, childbirth, and neonatal care.
- 1.47 The first operation in the series will support: (i) development and approval of the CQI strategy for prenatal care, which will establish quality standards for prenatal care and measurement and analysis procedures, as well as preparation of improvement plans (item 3.1.1); (ii) development and approval of the CQI strategy for childbirth care, which will establish quality standards for childbirth care and measurement and analysis procedures, as well as preparation of improvement plans (item 3.2.1); (iii) design of an organization and management model to implement the prenatal and childbirth care program, including processes, resources, and systems for implementation, monitoring, and evaluation, as well as proposed legal measures to support this model (item 3.3.1); (iv) design of a financing and budgeting model for prenatal and childbirth care programs, including costs associated with the service portfolio and payment mechanism (item 3.4.1); (v) development and approval of the medical emergency system to regulate roles and duties of each level of care, as well as processes for coordinating and regulating patient transfers between facilities (item 3.5.1); (vi) development and approval of the National Digital Health Plan, including interoperability for data in the health information system, sector vision, change management, and information security (item 3.6.1); and (vii) approval of the

²⁶ The measures proposed for components 2 and 3 of the second operation are indicative and may be revised during that operation's preparation.

Intercultural Healthcare Action Plan, which will include the guidelines for implementing standards of culturally relevant care (item 3.7.1).

- 1.48 The second operation will support: (i) implementation of the CQI strategy for prenatal care in at least 30 municipios in the departments of Huehuetenango and San Marcos, through ongoing use of processes to measure, analyze, develop, and implement improvement plans for delivery of prenatal care (item 3.1.2); (ii) implementation of the CQI strategy for childbirth care in at least 30 municipios in the departments of Huehuetenango and San Marcos, through ongoing use of processes to measure, analyze, develop, and implement improvement plans for improved childbirth care (item 3.2.2); (iii) implementation of the model for organizing and managing prenatal and childbirth care in at least 30 municipios in the departments of Huehuetenango and San Marcos (item 3.3.2); (iv) approval of the model for financing and budgeting prenatal and childbirth care programs (item 3.4.2a), and implementation of prenatal and childbirth care using the new financing and budgeting mechanism in at least 30 municipios in the departments of Huehuetenango and San Marcos (item 3.4.2b); (v) implementation of the medical emergency system, which includes the functioning of the emergency control center to coordinate hospital referrals (item 3.5.2); (vi) implementation of the National Digital Health Plan through expansion of the telehealth clinic network and progress in interoperability of people's health information between healthcare facilities (item 3.6.2); and (vii) implementation of the Intercultural Healthcare Action Plan using a strategy for training healthcare personnel of municipal health departments, which are under the Health Area Directorates in two departments, in the guidelines for implementing standards of culturally relevant care, in coordination with the Human Resources Division (item 3.7.2).

C. Key results indicators

- 1.49 For the first operation, the outputs identified in the Results Matrix include the development, within MIDES, of the PDSP, the RSH, the public communication plan, and the evaluation guidelines; and, within the MSPAS, of the CQI strategies for prenatal and childbirth care, the medical emergency system, and the Intercultural Healthcare Action Plan. The expected outcomes of the programmatic series include the percentage of investment by MIDES, which has been evaluated in accordance with previous guidelines, and strategic alignment of social programs with the new PDSP. An impact will be achieved in the percentage of pregnancies and childbirths receiving care in accordance with quality standards, and in the training of healthcare personnel on intercultural care. These outcomes, in turn, will help target social programs and reduce maternal mortality in Guatemala.
- 1.50 **Economic analysis.** On the basis of the recommendations by the Office of Evaluation and Oversight in its 2011 review of the evaluability of Bank projects²⁷ and the review of evaluation standards and practices for policy-based loans by the Evaluation Cooperation Group (consisting of the independent evaluation offices of multilateral development banks) [25], as described in paragraph 1.3 of

²⁷ Document RE-397-1: "Currently, the economic analysis section is computed as the maximum between the cost-benefit analysis and the cost-effectiveness analysis. However, these analyses cannot be applied to policy-based loans."

document GN-2489-5 (Review of the Development Effectiveness Matrix for Sovereign and Non-sovereign Guaranteed Operations), which state that an analysis of efficiency in the use of financial resources need not be included,²⁸ it was determined that an economic analysis would not be performed for this type of loan, and the Bank's Board of Executive Directors was notified to this effect. Therefore, no economic analysis is included in this loan operation, nor does such an analysis figure into the evaluability score of the applicable Development Effectiveness Matrix.

- 1.51 **Beneficiaries.** The beneficiaries of this operation are the most vulnerable population groups, who will benefit from measures to improve the quality of social spending, such as those living in beneficiary households of MIDES programs (some 800,000 people),²⁹ as well as pregnant women and newborns who will benefit from measures to strengthen health services (about 28,000 childbirths occur each year in the prioritized municipios) and indigenous people who will benefit from culturally relevant policies in communications on social policy and in health service delivery (some 430,000 people). Evidence on the impacts of cash transfer programs and of pregnancy and childbirth care programs indicates that the policy measures supported by this operation will have a direct impact on poverty reduction and will promote social equity.³⁰

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This is the first of two operations in a programmatic series of policy-based loans consisting of two individual but technically related operations, in accordance with Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2). This instrument will help support and monitor the policy measures that will help improve the quality of social spending and, if applicable and pursuant to program objectives, will allow for adjustments in response to changing circumstances. This will support the strategy to improve the quality of social spending and health services for the most vulnerable population groups. This modality is appropriate because it helps to boost and strengthen policy measures in progress, pursue new initiatives, and support the design, approval, and implementation of social protection and healthcare measures in line with efforts to combat malnutrition, whose technical features and coordination processes justify the use of the programmatic instrument. The financing for this first operation of the programmatic series is in the amount of US\$300 million from the Bank's Ordinary Capital. The timing and size of the second operation will be determined at the request of the borrower and on the basis of Guatemala's financial needs and the Bank's programming exercise.

²⁸ According to the Evaluation Cooperation Group, policy-based loans should be evaluated on the basis of relevance, effectiveness, and sustainability. Efficiency was not included as a criterion because the scaling of policy-based loans is tied to a country's financing gap, regardless of project benefits.

²⁹ Assuming an average household size of 4.2 persons for the households described in paragraph 1.8.

³⁰ This evidence is summarized in the [monitoring and evaluation plan](#).

- 2.2 **Sizing of the operation.** In accordance with paragraph 3.27, subparagraph (b), of Policy-based Loans: Guidelines for Preparation and Implementation (new version; document CS-3633-2), the scale of the operation's resources was determined in view of the country's fiscal needs. The financing needs of the nonfinancial public sector for 2022 are equivalent to 3.2% of GDP, and the operation amount will partly cover these needs, accounting for 10.7% of the country's total financing needs and 94.6% of financing from multilateral sources. Analyses by the Bank and the IMF found that Guatemala's macroeconomic outlook is stable and improving, and debt sustainability analyses show that total public debt as a percentage of GDP will decline over the medium term and will remain manageable.

B. Environmental and social risks

- 2.3 In accordance with directive B.13 of the Environment and Safeguards Compliance Policy (operational policy OP-703), this program does not require an ex ante impact classification. The operation supports the identification of policies, regulations, management instruments, and other institution-strengthening actions, and therefore no direct, significant negative social and environmental impacts are anticipated.

C. Other key issues and risks

- 2.4 **Execution environment: political environment.** This has been identified as a medium-high risk, as challenges have arisen in securing approval of loans with multilateral organizations in Guatemala. To mitigate this risk, measures to improve the quality of spending and protect the most vulnerable population groups have been identified in the context of the economic impacts of the pandemic and recognized challenges in healthcare. To promote consensus and continuity of reforms, the Bank's team is supporting progress on the triggers for the second operation so that these processes are on track and can serve as broadly applicable targets over the medium and long terms. Moreover, support in the form of ministerial agreements is sought for a number of the measures to be implemented, so as to provide greater continuity in the event of turnover among officials in the relevant ministries.
- 2.5 **Internal processes (MSPAS).** This has been identified as a medium-high risk due to the need to prepare technical, legal, and financial opinions to support the ministerial agreements involving multiple divisions of the MSPAS. This risk can be avoided if the PRORISS and Bank teams support internal processes, and any setbacks can be brought to the attention of the deputy minister for primary care, who is monitoring the program.
- 2.6 **Sustainability.** The Guatemalan government lent decisive support to the measures promoted by this programmatic series by prioritizing efforts to combat malnutrition, particularly through efficient income-support mechanisms and by providing quality prenatal and childbirth care, which are focus areas of the GCNN and have been identified in the General Government Plan 2020-2024 and in the General Emergency Care Plan. The health component includes policies that go beyond malnutrition and place a priority on improving maternal and child health as a way of achieving a healthier population over the long term. The continuity of the proposed policy measures will be ensured by the fact that they complement

the strategies of loan operation 4791/OC-GU, which supports PRORISS and will be in execution until 2026 and which includes the strengthening of the institutional healthcare system. Also, many of the health-related measures will be implemented by reallocating resources from MSPAS programs, which will support sustainability. The preparation work and joint efforts to identify and develop policies have shed light on the need to strengthen social investment within fiscal parameters to support continuity without upsetting budgetary balance, and the IMF has recommended this as well. The medium-term measures supported by this operation will help the Guatemalan government to identify and analyze budget gaps and key areas for social investment.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower is the Republic of Guatemala, which, given the operation's modality, will act through the Ministry of Public Finance (MINFIN) as executing agency. MINFIN will also act as the coordinating agency with MIDES and the MSPAS, which will be responsible for fulfillment of the program's activities. MINFIN will report to the Bank on the fulfillment of policy commitments.
- 3.2 **Coordination mechanisms.** MINFIN will hold frequent meetings to coordinate with MIDES and the MSPAS, as the entities responsible for making progress on and completing the measures set forth in the Results Matrix and will submit the means of verification agreed upon with the Bank. To this end, MINFIN anticipates formalizing the relevant coordination agreements. MIDES is responsible for the policy measures under Component 2, while the MSPAS is responsible for the policy measures under Component 3. The Bank's team is closely assisting in the completion of these measures during preparation of the operation through work sessions with MIDES and the MSPAS and by providing technical assistance.
- 3.3 **Special contractual conditions precedent to the sole disbursement of the financing: The sole disbursement of the financing will be contingent on fulfillment of the policy reform conditions described in the program components (see paragraphs 1.42 to 1.48), in accordance with the Policy Matrix (Annex II), the [Policy Letter](#), and other contractual conditions set forth in the loan contract.**

B. Summary of arrangements for monitoring results

- 3.4 The program will be monitored by verifying the policy measures that were agreed upon as conditions for disbursement and are described in the Policy Matrix and the means of verification matrix. The Bank will monitor the outcomes of the reforms through the indicators set forth in the Results Matrix.
- 3.5 For evaluation purposes, the outcome indicators set forth in the Results Matrix will be monitored on a longitudinal basis. As described in the monitoring and evaluation plan, the Bank's team will provide technical assistance to MIDES in specifying the type of evaluations to be conducted of its main programs, as well as to the MSPAS in implementing measures and evaluating fulfillment of coverage and quality targets for service delivery.

IV. POLICY LETTER

- 4.1 The Bank and the Government of Guatemala agreed that the [Policy Letter](#) to be submitted by MINFIN will describe the macro-level and sector-specific policy actions that the country is implementing and plans to implement. These actions are consistent with the program objectives.

Development Effectiveness Matrix		
Summary		GU-L1183
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2899	Strengthen the coverage and quality of the integrated health services network
Country Program Results Matrix	GN-3034-2	The intervention is included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.4
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B.13
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The operation GU-T1314 is supporting aspects of strengthening MIDES and GU-T1318 for the MSPAS.

Evaluability Assessment Note: This is a programmatic series aimed at improving the quality of life of the most vulnerable population in Guatemala through a higher quality of spending on social protection and health services. The project is financed by US \$ 300 million in ordinary capital from the IDB. The diagnosis is adequate and well documented by international evidence, highlighting the specific problems of the country. The main problem is the vicious circle that occurs between a high level of poverty, a high prevalence of chronic malnutrition and a high rate of maternal mortality, especially among indigenous women. The permanence of this situation over time would be sustained by the low levels of public investment in health and the limited coverage of social protection programs.

The project supports these two areas, central to the Great National Crusade for Malnutrition of the GOG, with the following specific objectives: (i) improve the quality and transparency of social protection programs by strengthening the capacities of management, targeting, communication and evaluation of the Ministry of Social Development (MIDES); and (ii) improve the quality of health services provided by the Ministry of Public Health and Social Assistance (MSPAS) through the implementation of policies for prenatal and delivery care, coordination of emergencies, information technologies in health and intercultural care. The results matrix is consistent with the vertical logic of the operation and presents outcome and impact indicators that are reasonable, well specified, and adequate to measure the achievement of the specific objectives.

The evaluation plan includes a before and after analysis of the performance of the outcome and impact indicators, a review of the intervention theory of change, a review of the evidence in the literature on the effectiveness of similar interventions in comparable settings, and a qualitative evaluation. Although the proposed evaluations will hardly deliver the optimal level of attribution - something difficult to achieve in programmatic series - they will allow us to approximate the relative contribution of the program as a whole. The project has received a medium-low global risk classification, the main risks detected being the political environment (related to possible challenges for the approval of budget initiatives of the executive branch in Congress, including loans with multilateral organizations) and the need to prepare technical, legal and financial opinions to support the ministerial agreements that involve different areas of the MSPAS. In both cases, adequate mitigation or escalation measures are proposed that can be monitored throughout the project.

POLICY MATRIX

Objective. The objective of the programmatic series is to enhance the quality of life of the most vulnerable population by improving the quality of spending on social protection and health services. The specific objectives are: (i) to enhance the quality and transparency of social protection programs by strengthening the management, targeting, communication, and evaluation capacities of the Ministry of Social Development (MIDES); and (ii) to enhance the quality of health services provided by the Ministry of Public Health and Social Assistance (MSPAS) by implementing policies on prenatal and childbirth care, emergency coordination, health information technology, and intercultural care.

Components / Policy objectives	Policy conditions for programmatic operation I (2021)	Status of conditions for programmatic operation I ¹	Triggers for programmatic operation II
Component 1. Macroeconomic framework			
Maintain a stable overall framework of macroeconomic policy	(1.1.1) The borrower's macroeconomic framework is stable and conducive to program objectives and consistent with the guidelines set forth in the sector policy letter.	Fulfilled.	(1.1.2) The borrower's macroeconomic framework is stable and conducive to program objectives and consistent with the guidelines set forth in the sector policy letter.
Component 2. Improving social protection programs			
Improve targeting, governance, and transparency in MIDES's social protection programs by updating the social development policy; strengthening its planning, monitoring, evaluation, and communication capacity; and developing and implementing the Information Technology Strategic Plan.	(2.1.1) Development of the Social Development and Population Policy (PDSP), which will identify social development principles, targets, and strategies for Guatemala in line with the Sustainable Development Goals (SDGs) and the K'atun National Development Plan: Our Guatemala 2032 (PND).	In process of being fulfilled, Q1 2022.	(2.1.2) Submission to the Office of the President of the Republic for approval of the PDSP, which will identify social development principles, targets, and strategies for Guatemala in line with the SDGs and the PND.
	(2.2.1) Creation of the gender-sensitive household registry (RSH), based on approval of the methodology and implementation plan in six municipios in five departments, and commencement of data collection.	Fulfilled Q4 2021.	(2.2.2a) Implementation of the RSH and profiling of MIDES's potential beneficiary population in six municipios and five departments. (2.2.2b) Identification of coverage gaps and development of budgetary alternatives for potentially bringing eligible people in municipios covered by the RSH into MIDES programs.

¹ This information is indicative as of the date of this document. In accordance with the provisions of document CS-3633-2 (Policy-based Loans: Guidelines for Preparation and Implementation), fulfillment of all specified conditions for the disbursement, including the maintenance of an appropriate macroeconomic policy framework, will be verified by the Bank at the time of the corresponding disbursement request by the borrower and reflected in a timely manner in the disbursement eligibility memorandum.

Components / Policy objectives	Policy conditions for programmatic operation I (2021)	Status of conditions for programmatic operation I ¹	Triggers for programmatic operation II
	(2.3.1) Development and approval of a new, consolidated Socioeconomic Conditions Assessment Record (FECS) to generate information to determine eligibility for MIDES programs and approval for use of the FECS in the RSH.	Fulfilled Q3 2021.	(2.3.2a) Validation by MIDES of a technical report on implementation of the new FECS. (2.3.2b) Implementation of recommendations validated and prioritized by MIDES from the report on FECS implementation.
	(2.4.1) Development of MIDES's strategic public communication plan, detailing objectives, indicators, and an action plan for implementation, which will reflect a rights-based, culturally relevant approach.	In process of being fulfilled, Q1 2022.	(2.4.2) Approval and implementation of the principles of MIDES's strategic public communication plan, strengthening information and access using a culturally relevant, rights-based approach.
	(2.5.1) Development of guidelines for evaluating MIDES programs, including the model annual evaluation plan, which will, <i>inter alia</i> , set forth the types of evaluations to be conducted, criteria to determine which programs call for which type of evaluation, and the evaluation process (preparing terms of reference, selecting evaluators, and reviewing and developing recommendations).	In process of being fulfilled, Q1 2022.	(2.5.2a) Approval of MIDES's evaluation guidelines, including identifying the types of evaluations to be conducted, the criteria to determine which programs call for which type of evaluation, and the evaluation process. (2.5.2b) Approval and implementation of MIDES's annual evaluation plan based on the approved guidelines, including which programs will be evaluated and the methodologies, processes, and potential sources of financing for the evaluations.
	(2.6.1) Development and approval of MIDES's Information Technology Strategic Plan, which will create a platform to serve beneficiaries of social protection programs (identifying and registering beneficiaries and paying benefits) and will lay the technological groundwork for transparent, efficient management of MIDES's central processes.	In process of being fulfilled, Q1 2022.	(2.6.2) Identification and approval of an action plan to implement the Information Technology Strategic Plan, which will create a platform to serve beneficiaries and will include the proposed technological architecture, data governance, and information security.
Component 3. Improving health services			
Help reduce maternal and neonatal mortality and malnutrition by comprehensively improving the timeliness and quality of prenatal, childbirth, and neonatal care.	(3.1.1) Development and approval of the continuous quality improvement (CQI) strategy for prenatal care, which will establish quality standards for prenatal care and measurement and analysis procedures, as well as preparation of improvement plans.	Fulfilled, Q4 2021.	(3.1.2) Implementation of the CQI strategy for prenatal care in at least 30 municipios in the departments of Huehuetenango and San Marcos, through ongoing use of processes to measure, analyze, develop, and implement improvement plans for delivery of prenatal care.
	(3.2.1) Development and approval of the CQI strategy for childbirth care, which will establish quality standards for childbirth care and	Fulfilled, Q4 2021.	(3.2.2) Implementation of the CQI strategy for childbirth care in at least 30 municipios in the departments of Huehuetenango and San

Components / Policy objectives	Policy conditions for programmatic operation I (2021)	Status of conditions for programmatic operation I ¹	Triggers for programmatic operation II
	measurement and analysis procedures, as well as preparation of improvement plans.		Marcos, through ongoing use of processes to measure, analyze, develop, and implement improvement plans for improved childbirth care.
	(3.3.1) Design of an organization and management model to implement the prenatal and childbirth care program, including processes, resources, and systems for implementation, monitoring, and evaluation, as well as proposed legal measures to support this model.	In process of being fulfilled, Q1 2022.	(3.3.2) Implementation of the model for organizing and managing prenatal and childbirth care in at least 30 municipios in the departments of Huehuetenango and San Marcos.
	(3.4.1) Design of a financing and budgeting model for prenatal and childbirth care programs, including costs associated with the service portfolio and payment mechanism.	In process of being fulfilled, Q1 2022.	(3.4.2a) Approval of the model for financing and budgeting prenatal and childbirth care programs. (3.4.2b) Implementation of prenatal and childbirth care using the new financing and budgeting mechanism in at least 30 municipios in the departments of Huehuetenango and San Marcos.
	(3.5.1) Development and approval of the medical emergency system to regulate roles and duties of each level of care, as well as processes for coordinating and regulating patient transfers between facilities.	Fulfilled, Q4 2021.	(3.5.2) Implementation of the medical emergency system, which includes the functioning of the emergency control center to coordinate hospital referrals.
	(3.6.1) Development and approval of the National Digital Health Plan, including interoperability for data in the health information system, sector vision, change management, and information security.	In process of being fulfilled, Q1 2022.	(3.6.2) Implementation of the National Digital Health Plan through expansion of the telehealth clinic network and progress in interoperability of people's health information between healthcare facilities.
	(3.7.1) Approval of the Intercultural Healthcare Action Plan, which will include the guidelines for implementing standards of culturally relevant care.	In process of being fulfilled, Q1 2022.	(3.7.2) Implementation of the Intercultural Healthcare Action Plan using a strategy for training healthcare personnel of municipal health departments, which are under the Health Area Directorates in two departments, in the guidelines for implementing standards of culturally relevant care, in coordination with the Human Resources Division.

RESULTS MATRIX

Project objective:	The objective of the programmatic series is to enhance the quality of life of the most vulnerable population by improving the quality of spending on social protection and health services. The specific objectives are: (i) to enhance the quality and transparency of social protection programs by strengthening the management, targeting, communication, and evaluation capacities of the Ministry of Social Development (MIDES); and (ii) to enhance the quality of health services provided by the Ministry of Public Health and Social Assistance (MSPAS) by implementing policies on prenatal and childbirth care, emergency coordination, health information technology, and intercultural care.
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GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline	Baseline year	Expected year fulfilled	Target	Means of verification	Comments
General development objective: To enhance the quality of life of the most vulnerable population by improving the quality of spending on social protection and health services.							
Percentage of "Bono Social" beneficiaries living in extreme poverty	%	38.9%	2014	2026	50%	National Survey on Living Conditions (ENCOVI)	The baseline is from the 2014 ENCOVI. The next ENCOVI will likely be conducted in 2023 or 2024, at which time this indicator will be measured and disaggregated for the indigenous population. It is estimated that there will be 150,000 families in the program, at least 75,000 of whom will be living in extreme poverty.
Maternal mortality rate	Number of deceased pregnant women / 100,000 live births	104	2020	2026	91	MSPAS mortality report	In 2020, it is estimated that there were 71 maternal deaths in Huehuetenango and San Marcos; with the proposed rate in 2026, it is estimated that there will be 52 (estimates using INE data).

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline	Baseline year	End of program	Means of verification	Comments ¹
Specific development objective 1: To enhance the quality and transparency of social protection programs by strengthening the management, targeting, communication, and evaluation capacities of MIDES.						
% of MIDES social programs aligned with the new Social Development and Population Policy	%	0	2021	60	Strategic documents of social programs (logical framework matrix or consistency evaluation)	This indicator refers to MIDES's primary programs in accordance with budget execution in 2023. Measurement will be taken in 2025.
% of new beneficiaries of MIDES social programs whose socioeconomic data is in the new Socioeconomic Conditions Assessment Record (FECS)	%	0	2021	80	MIDES information system	This indicator refers to beneficiaries enrolling in MIDES programs between 2022 and 2024 using the current record system. The indicator will be disaggregated by gender and indigenous population. The absolute number will depend on the number of new beneficiaries of MIDES programs who register users with FECS.
% of budget executed on social programs by MIDES that were evaluated in accordance with monitoring and evaluation guidelines	%	0	2021	60	Record of evaluations performed and budget executed by programs	The analysis will be based on 2023 and 2024.
# of MIDES programs evaluated for their incorporation of gender criteria into their operations	Number of programs	0	2021	2	Strategic documents of social programs	The analysis will be based on 2024.
Specific development objective 2: To enhance the quality of health services provided by the MSPAS by implementing policies on prenatal and childbirth care, emergency coordination, health information technology, and intercultural care.						
% of personnel trained in intercultural healthcare as part of the Intercultural Healthcare Action Plan in two prioritized Health Area Directorates	%	0	2021	35	Report of the Indigenous Peoples Healthcare and Interculturalism Unit (UASPIIG)	This indicator refers to personnel providing health services in the prioritized Health Area Directorates of Huehuetenango and San Marcos.

¹ Unless indicated otherwise, the results indicators will be measured in 2025 or three years after the effective date of the operation.

Indicators	Unit of measure	Baseline	Baseline year	End of program	Means of verification	Comments ¹
						The target number of staff at both Health Area Directorates is 1,950 trained individuals.
% of pregnancies receiving care in accordance with quality standards in prioritized municipios	%	0	2020	25	Report of the Program to Strengthen the Institutional Healthcare Service Network (PRORISS)	Number of pregnancies receiving checkups in accordance with quality standards / total number of pregnancies receiving checkups in Huehuetenango and San Marcos. The target number of staff at both Health Area Directorates is 1,950 trained individuals.
% of childbirths receiving care in accordance with quality standards in prioritized municipios	%		2020	25	PRORISS report	Number of institutional childbirths receiving care in accordance with quality standards / total number of institutional childbirths receiving care in Huehuetenango and San Marcos. 4,708 childbirths, corresponding to 25% of institutional childbirths.
% of healthcare visits documented in information systems on networks in which electronic medical history systems have been implemented	%	0	2021	20%	Report of the Health Management Information System (SIGSA) on records produced in digital and physical formats	Number of visits with an electronic record / total number of visits. The number of visits with an electronic record will be 513,151.

OUTPUTS

Indicators	Unit of measure	Baseline	Baseline year	Final target (2022)	Means of verification	Comments
Component 1. Macroeconomic framework						
An economic framework consistent with program objectives and with the guidelines set forth in the sector policy letter	Document	1	2021	1	Independent assessment of macroeconomic conditions	Baseline is from August 2021; target is for December 2022.

Component 2. Improving social protection programs						
Draft of Social Development and Population Policy prior to MIDES review	Document	0	2021	1	Ministry of Public Finance (MINFIN) official communication	Baseline is from August 2021; target is for December 2022.
Document of the household registry (RSH) explaining the selection and identification of municipios and implementation plan approved by the head of MIDES	Document	0	2021	1		
Opinion issued by the MIDES deputy minister of policy, planning, and evaluation approving the new FECS for use in the RSH	Document	0	2021	1		
Draft of MIDES's strategic public communication plan submitted to the head of MIDES for review	Document	0	2021	1		
Evaluation guidelines validated by the director of monitoring and evaluation, for approval by the deputy minister of policy, planning, and evaluation, and subsequent approval by MIDES ministerial agreement	Document	0	2021	1		
MIDES ministerial agreement approving the Information Technology Strategic Plan	Ministerial agreement	0	2021	1		
Component 3. Improving health services						
MSPAS ministerial agreement approving the continuous quality improvement (CQI) strategy for prenatal care	Ministerial agreement	0	2021	1	MINFIN official communication	Baseline is from August 2021; target is for December 2022.
MSPAS ministerial agreement approving the CQI strategy for childbirth care	Ministerial agreement	0	2021	1		
MSPAS ministerial agreement approving the organization, management, monitoring, and evaluation model for prenatal and childbirth care	Ministerial agreement	0	2021	1		
Final report of the study of costs and financing alternatives for prenatal and childbirth care, approved by the head of the MSPAS	Document	0	2021	1		
MSPAS ministerial agreement approving the medical emergency system.	Ministerial agreement	0	2021	1		
MSPAS ministerial agreement approving the National Digital Health Plan	Ministerial agreement	0	2021	1		
MSPAS ministerial agreement approving the Intercultural Healthcare Action Plan	Ministerial agreement	0	2021	1		

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Guatemala. Loan ____/OC-GU to the Republic of Guatemala
Support Program to Improve the Quality of Social Spending

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Guatemala, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Support Program to Improve the Quality of Social Spending. Such financing will be chargeable to the Bank's Ordinary Capital (OC), up to the amount of US\$300,000,000, subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 2022)