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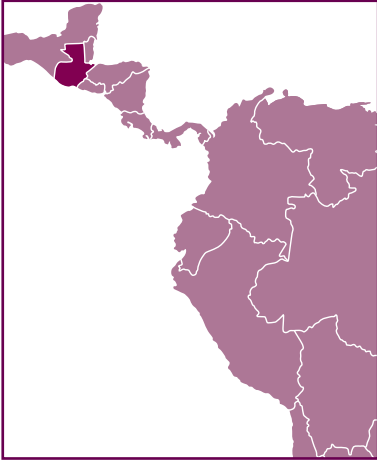
Enabling poor rural people to overcome poverty in **Guatemala**

Rural poverty in Guatemala

Poverty in the Republic of Guatemala is widespread and deeply entrenched. Approximately 51 per cent of the population lives in rural areas, and the rural population accounts for a large majority of the country's poor people. Guatemala ranked 131 out of 187 countries on the United Nations Development Programme's 2011 Human Development Index – a comparative measure of life expectancy, literacy, education and standards of living for countries worldwide.

Young people and those living in rural areas are the most vulnerable, and poverty is highly concentrated among indigenous communities, which comprise over 40 per cent of the total population. In fact, government figures indicate that 7 out of every 10 people of indigenous descent live in poverty. Households headed by women also suffer from a lack of assets and access to resources, as do people who own no land, wage labourers, agricultural and non-agricultural micro entrepreneurs, and traditional handicraft artisans.

Agriculture plays an important part in the national economy, accounting for a fifth of GDP and employing about 40 per cent of Guatemala's total labour force, according to the Food and Agriculture Organization. Indigenous and rural communities are primarily involved in smallholder family agriculture based on either subsistence or emerging market-oriented production.



While poverty is clearly a national problem in Guatemala, poverty rates are significantly higher in the 'poverty belt' of the western plateau and the northern region, comprising the departments of Huehuetenango and Quiché (north-western region); San Marcos, Quetzaltenango, Sololá and Totonicapán (south-western region); and Alta Verapaz and Baja Verapaz (northern region). These areas were severely affected by more than three decades of civil war up to the mid-1990s.

The territorial variations in poverty across Guatemala are reflected, for example, in primary school enrolment. The country has an overall enrolment rate of 39 per cent, but in the urban centres it is 48 per cent, compared to 35 per cent in rural areas. In Quiché and Alta Verapaz, two of the poorest departments, the enrolment rate is just 20 per cent, while it is 65 per cent in Guatemala City, the capital.

A combination of social and environmental challenges compounds the problems of poverty. Although Guatemala is a multi-ethnic country, indigenous groups have traditionally been excluded from its social, economic and political mainstream. This situation is exacerbated by Guatemala's complex topography. The rugged terrain and lack of roads have kept rural communities remote from the rest of the country, and centuries of isolation and neglect have resulted in chronic poverty.

The terrain also presents challenges to farming. High mountains and dense forests provide little agricultural space, and farming takes place predominantly on steep slopes. With few reliable water sources, farmers must rely on rainfall to irrigate crops.

Additionally, the degradation of natural resources in the country is intense, particularly as a result of the illegal exploitation of forests and slash-and-burn subsistence agriculture. The overexploitation of land and water resources has resulted in lower productivity of basic crops, which has increased food insecurity for poor smallholder families. Food insecurity is compounded by volatile food prices, which severely affect subsistence farmers, day labourers and non-farming poor rural people.

At the same time, many studies show an increase in droughts – as well as hurricanes and even diseases such as malaria – linked to changing weather patterns in Guatemala and the rest of Central America. To adapt to climate changes, poor rural people have to change the way they plant crops, use forests and think about the environment.

Eradicating rural poverty in Guatemala

The peace accords that ended Guatemala's civil war in 1996 marked a turning point in the country's development, opening up a new era of political and social stability and laying the foundation for greater economic development. Today, the Government of the Republic of Guatemala is working to accelerate the modernization of the economy and ensure that poor people benefit from national growth.

Under the peace accords, the government agreed to increase social investment in rural areas, including implementation of a land redistribution programme, and to place more emphasis on democracy, decentralization and civil society participation.

The national development plan of the new Government of Guatemala is based on five pillars: democratic security and justice; inclusive social development; infrastructure for development; competitive economic development; and sustainable rural development. The plan comprises key national objectives on productive infrastructure for local development, zero hunger and sustainable natural resource management. It also envisions enhanced rural income and productive value chains, as well as improved territorial management and land security.

In May 2009, the government established a new rural development policy after conducting a wide dialogue process and reaching consensus with national-level indigenous peasant organizations. In turn, Guatemala's national rural development plan expanded its coverage to 125 municipalities, comprising seven national programmes in the agriculture, energy, tourism and handicrafts sectors.



In October 2009, the Agriculture Committee in the Guatemalan Congress issued a positive opinion on a proposed Comprehensive Rural Development Law, designed to establish a national system of integrated rural development. As of May 2012, however, the Congress had not yet passed the legislation.

Progress on three other fronts – gender, private-sector partnership and security – is also critical to advancing rural development and eradicating rural poverty in Guatemala in the long term.

Responding to the need to empower Guatemalan women, various rural projects are providing safe havens from domestic violence, protecting women's land tenure, helping them find new markets for handicrafts and improving women's literacy so that they have the knowledge needed to assert their rights. At the same time, smallholders in Guatemala are beginning to tap new domestic and international markets by leveraging private partnerships across value chains – from production to processing, marketing and, ultimately, consumption. Social progress is threatened, however, by ongoing violence related to gangs and narco-trafficking. While much of that violence affects urban centres and the coasts, it is increasing in rural areas.

IFAD's strategy in Guatemala

IFAD has supported rural poverty reduction and agricultural development initiatives in the Republic of Guatemala since 1986. During its first decade in the country, IFAD's work was oriented towards supporting the government in consolidating the peace process and rebuilding the social fabric in zones that were affected by Guatemala's 36-year armed conflict. It also focused on constructing an economic and institutional platform for the development of marginalized rural and indigenous communities.

Over the years, IFAD operations have evolved from localized rural development projects into investment programmes framed by a planned and integrated country-wide strategy. The organization has supported nine projects and programmes in Guatemala, four of which are ongoing. IFAD-funded projects have benefitted an

Projects and programmes: 9
Total financing: US\$272.4 million
Total financing from IFAD:
US\$131.7 million
Directly benefiting:
159,316 households

estimated 160,000 households, helping to improve food security, promote peace, increase incomes and build sustainable rural businesses.

The three strategic objectives of IFAD's Country Strategic Opportunities Programme for 2008-2012 are to:

- Promote the market-driven development of agricultural and non-agricultural rural businesses and microenterprises, focusing on linking small-scale entrepreneurs with private-sector players along the value chain.
- Build the entrepreneurial capacities of poor rural people, particularly among rural and indigenous women and youth.
- Enhance pro-poor rural policy dialogue and sectoral planning by strengthening the involvement of communities and facilitating the participation of indigenous organizations in policy dialogue.

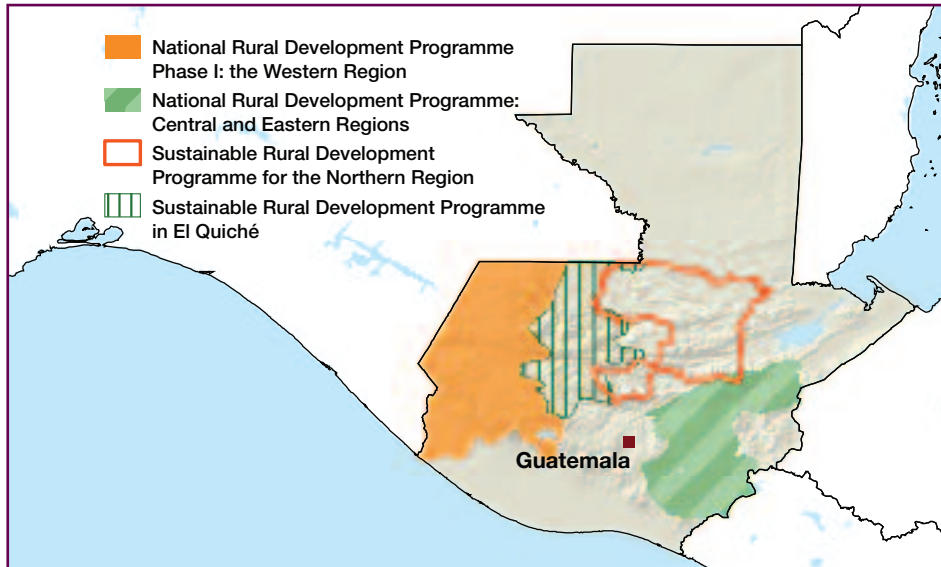
IFAD's strategic approach also takes into account the pressing need to reduce poor rural people's vulnerability to the impact of climate change and food price increases, affirm the identity of the country's indigenous peoples, and increase gender and intergenerational equity.

To improve market access for producers of agricultural and non-agricultural products, IFAD has been fostering partnerships with socially responsible private-sector entities such as the Guatemalan Exporters Association (AGEXPORT) and the Coffee Producers Fund for Rural Development. These alliances have resulted in several grant-funded special programmes benefiting rural enterprises. In fact, through support from IFAD-funded projects and innovative private-sector partnerships, small-scale producers in Guatemala are now exporting millions of dollars' worth of mandarin oranges, cardamom, onions, French beans and other produce to international markets. Such support has allowed area farmers in El Quiché, for example, to gain access to some of the largest markets in the world, raising rural incomes by as much as 50 per cent.

In addition, investments in energy-efficient stoves and specialized training in natural resource management have contributed to mitigating the effects of climate change and improving soil quality. Learning and innovation projects, including one executed by AGEXPORT, have provided key lessons on accessing markets and consolidating rural microenterprises. And the Scaling up Micro-Irrigation Systems in India, Madagascar and Guatemala Project – known as SCAMPIS – is developing new, integrated approaches to enhancing food security, water management and soil fertility at the local community level.



Ongoing operations



Sustainable Rural Development Programme in El Quiché

This programme directly contributes to increasing the incomes and employment of indigenous and rural households in El Quiché Department. While the main focus is on women and young people, its benefits extend to business operators, family farmers, wage labourers, craftspeople and micro-entrepreneurs in the region.

The programme promotes wider access to national and external markets, strengthening the productive, commercial and entrepreneurial capacities of organized economic groups. It also works to strengthen the organizational and decision-making capacities of communities and their development councils. And it aims to improve municipal planning and natural resource management, and introduce women's labour-saving devices.

Total cost: US\$41.1 million

IFAD loan: US\$16.5 million

IFAD grant: US\$500,000

Cofinancing: OPEC Fund for International Development (US\$15.0 million)

Duration: 6 years

Directly benefiting: 37,000 households

Sustainable Rural Development Programme for the Northern Region

This programme expands IFAD's presence in the northern region of the country, consolidating the government's national rural development programme. It works to increase development investments in selected communities and municipalities that are not currently served by any development project, and to consolidate activities in the more advanced zones of ongoing IFAD-supported programmes.

The programme focuses on improving market access and generating rural businesses in agricultural and non-agricultural activities for smallholders and micro-entrepreneurs, in order to increase production, employment and incomes. To achieve this, it supports private-sector entrepreneurial linkages as the engine of sustainable, high-quality production, commercialization and export, and technological development.

The principal goals are to:

- Transform agricultural and non-agricultural subsistence activities into profitable businesses oriented towards local and external markets.
- Strengthen the capacities of rural and indigenous communities, producers' associations and development councils.
- Expand social and economic infrastructure, including rural roads.
- Conserve and sustainably manage natural resources.

The programme also focuses on strengthening strategic alliances with the private sector and promoting associations of rural and indigenous entrepreneurs.

Total cost: US\$40.4 million

IFAD loan: US\$18.0 million

IFAD grant: US\$450,000

Cofinancing: OPEC Fund for International Development (US\$15.0 million)

Duration: 6 years

Directly benefiting: 25,000 households



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National Rural Development Programme: Central and Eastern Regions

Total cost: US\$34.0 million
IFAD loan: US\$17.0 million
Cofinancing: OPEC Fund for International Development (US\$11.0 million)
Duration: 2008-2014
Directly benefiting: 6,000 households

The participants in this programme are the most vulnerable poor rural households in the central and eastern regions of Guatemala, which are inhabited by people of Mayan and Spanish descent known as *ladinos*. The main objective of the programme is to reduce poverty levels and address exclusion and discrimination suffered by small farmers, micro-entrepreneurs, artisans and landless people.

The programme works to improve productivity and infrastructure as part of a larger effort to integrate disadvantaged communities into the country's social and economic mainstream. It also builds up the role of rural grass-roots organizations, involving participants in planning and managing activities to complement the government's decentralization programme. Special attention is given to creating income-earning opportunities for women and empowering women in general.

Specific goals are to:

- Provide technical and financial support for small businesses.
- Improve income-generating capacities and links with markets.
- Increase access to rural financial services.



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National Rural Development Programme Phase I: The Western Region

The western region of Guatemala includes some of the poorest rural communities in the country. The main goal of this programme is to reduce poverty levels in five departments in the region and integrate the poorest rural communities into the mainstream of social and economic development. The participants include smallholder and landless farmers, and micro-entrepreneurs and artisans.

The programme reaches minority groups, particularly indigenous populations with low educational levels and very limited access to productive resources. Education and skills training, with support for microenterprise management and marketing, constitute a main component of the programme. In addition, it provides bilingual services to ensure that all community members have equal opportunities to participate, so those who do not speak Spanish can be included. It also works to improve basic services, especially health and communications infrastructure, and offers training in natural resource management.

Other specific goals include:

- Strengthening self-management of community organizations and institutions that support rural development.
- Introducing a reproductive health programme for indigenous women.
- Providing technical assistance to support agricultural and non-agricultural enterprises.
- Developing conflict resolution activities in rural communities.
- Financing infrastructure projects such as small-scale irrigation, marketing infrastructure and rural road maintenance.
- Ensuring that women have access to all programme opportunities.

Total cost: US\$48.0 million

IFAD loan: US\$30.0 million

**Cofinancing: OPEC Fund for
International Development
(US\$10.0 million)**

Duration: 2006-2012

Directly benefiting: 6,000 households

Completed operations

Rural Development Programme for Las Verapaces

Total cost: US\$26.0 million

IFAD loan: US\$15.0 million

Duration: 2001-2011

Directly benefiting: 16,000 households

Programme for Rural Development and Reconstruction in the Quiché Department

Total cost: US\$19.0 million

IFAD loan: US\$15.0 million

Duration: 1998-2007

Directly benefiting: 2,000 households

Cuchumatanes Highlands Rural Development Project

Total cost: US\$20.8 million

IFAD loan: US\$7.5 million

Duration: 1993-2000

Directly benefiting: 9,120 households

Zacapa-Chiquimula Smallholders' Rural Development Project

Total cost: US\$18.8 million

IFAD loan: US\$6.7 million

Duration: 1991-1998

Directly benefiting: 5,200 households

Generation and Transfer of Agricultural Technology and Seed Production Project

Total cost: US\$24.2 million

IFAD loan: US\$5.0 million

Duration: 1985-1994

Directly benefiting: 53,000 households

Building a poverty-free world

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested almost US\$14 billion in grants and low-interest loans to developing countries through projects empowering about 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations' food and agriculture hub. It is a unique partnership of 168 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

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For further information on rural poverty in Guatemala, visit the Rural Poverty Portal: <http://www.ruralpovertyportal.org>



Enabling poor rural people to overcome poverty

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