



Sector Brief

Economic Growth through Agriculture Food Security

September 2018

Situation Analysis

Guatemala is a lower-middle income country, as measured by gross domestic product (GDP) per capita, however 59.3% of the population lives in poverty as measured by local standards. Nearly half of all children under five (46.5%) are chronically malnourished and suffer from stunting (being too short for their age). In the Western Highlands of the country, where the majority of the population is indigenous, the statistics are even more alarming. Poverty levels reach as high as 81% in the Department of Quiché and poverty overall is at 79% for indigenous groups. Chronic malnutrition, which is associated with poverty, reaches 58% for indigenous groups. For a lower-middle income country these levels of malnutrition are an anomaly; in fact, they are among the highest in the world.

Guatemala has tremendous potential for expanding its agricultural production which would lead to rural economic growth, job creation, and poverty alleviation. Guatemala is recognized as a leader in non-traditional agricultural exports in Central America, such as snow peas, green beans, mini-vegetables, and fruits, which have grown over the past ten years benefitting smallholder farmers.



USAID Response

USAID's agricultural efforts are part of an integrated approach in the Western Highlands, which focuses on reducing food insecurity, malnutrition, and poverty through the implementation of the U.S. Government Global Food Security Strategy (GFSS).

USAID seeks to achieve sustainable rural development through integrated programming in: agriculture, economic development, health care, education, nutrition, adaptation to the impacts of climate change, local governance, and gender equity. USAID's programs work in 30 municipalities and more than 2,500 communities in Guatemala's Western Highlands that suffer from the highest rates of poverty and chronic malnutrition, yet have the potential for economic growth. USAID collaborates with Government of Guatemala officials and leaders at the community, municipal, departmental, and regional levels to achieve shared goals, especially under Guatemala's national strategy to prevent chronic malnutrition.



In the agriculture sector, USAID works with small-scale farmers to improve crop production, increase incomes, create market linkages, and support agricultural policies. Specific activities examples are:

- USAID introduces farmers to new agricultural production technologies. USAID works to increase rural employment through the expansion of labor-intensive crops, such as snow peas, green beans, and coffee, and diversification to other agricultural and processed products to increase farmers' incomes. Activities focus on gender equity and women's empowerment in order to maximize income, sustainability, and nutrition impacts.

- USAID helps strengthen access to markets and market information, such as prices and demand, for small-scale farmers. USAID helps farmers' groups improve strategic plans, management practices, business and marketing, financial systems, and access to credit. USAID invests in improved productivity of staple foods, such as corn and beans, which reduces the risk associated with shifting from subsistence farming to commercial production. Building resilience includes strengthening local government ability to provide basic services and foster economic growth. USAID promotes drip irrigation, soil conservation and agricultural practices and rainwater harvesting systems among smallholder vegetable producers.
- USAID works with the U.S. Department of Agriculture to establish and strengthen agricultural trade policy to support food security, and provide training on agricultural export regulations. USAID also works with the Peace Corps to improve food security in communities through strengthening the Ministry of Agriculture's national extension system.

Major Results and Accomplishments

- **Increased sales** – In FY 2017, the value of total sales attributed to USAID/Guatemala was \$48 million, of which \$34 million was from the coffee sector, \$13 million from horticulture and \$1 million of handicraft products. Overall, USAID rural value chain projects generated \$177 million in sales from 2013 to 2017.
- **Employment generation** – Promoting agriculture activities as profitable value chains, USAID worked in FY 2017 with 496 producer groups resulting in the generation of 21,906 full time equivalent new jobs. Overall, USAID rural value chain projects generated 74,194 full time equivalent jobs from 2013 to 2017.
- **Reduced chronic malnutrition** – USAID provided training on food security and nutrition to members of small-scale agriculture producer groups, established home and school gardens, and promoted higher protein consumption through higher-yielding bean varieties and small animal husbandry. Chronic malnutrition (low-height-for-age for children under five years) declined from 67.4% in 2013 to 59.6 % in 2015) in project focus area.

Current Projects (Feed the Future Initiative)

Project Name	Implementing Partner	Duration
Buena Milpa	International Maize and Wheat Improvement Center (CIMMYT)	January 1, 2015 – December 31, 2019
MasFrijol	Michigan State University	March 26, 2014 – September 25, 2019
Feed the Future Guatemala Innovative Solutions for Agricultural Value Chains Project (PRO-INNOVA)	Agropecuaria Popoyán, S.A.	August 7, 2017 - August 6, 2022
Feed the Future Guatemala Coffee Value Chains Project	Federación de Cooperativas Agrícolas de Productores de Café de Guatemala	November 16, 2017 - November 15, 2022
Evaluation of the Government of Guatemala's Nutrition Strategy	International Food Policy and Research Institute	September 30, 2011 – December 31, 2022
Rural Extension Project in Guatemala	U.S. Peace Corps	October 1, 2017 - September 30, 2022
Promoting Food Security and Trade Integration through Sanitary and Phytosanitary Standards and Other Agriculture-related Capacity Building	U.S. Department of Agriculture	May 4, 2011 – July 30, 2019
MasRiego	University of California, Davis	July 1, 2015 – August 31, 2019
Sustainable Economic Observatory	Universidad Del Valle de Guatemala	September 27, 2016 – September 26, 2021