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COUNTRY DEVELOPMENT COOPERATION STRATEGY

AUGUST 27, 2020 – AUGUST 27, 2025

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I. ACRONYMS

CDCS	Country Development Cooperation Strategy
CEN	United States Strategy for Central America
CICIG	International Commission against Impunity in Guatemala
CLA	collaborating, learning and adapting
DFC	United States International Development Finance Corporation
DO	development objective
GDP	gross domestic product
GOG	Government of Guatemala
IT	information technology
INE	National Institute of Statistics (Guatemala)
IOM	International Organization for Migration
IR	intermediate result
J2SR	Journey to Self-Reliance
MEL	monitoring, evaluation, and learning
PLANID	National Plan for Innovation and Development
SME	small and medium-sized enterprise
Sub-IR	sub-intermediate result
UN	United Nations
UNFPA	United Nations Population Fund
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WASH	water, sanitation, and hygiene

II. KEY DEFINITIONS

Decentralization- Decentralization is a gradual, tailored process with short-, medium-, and long-term goals of transferring authority and responsibility for certain core functions from the national government to local government.

Indigenous Peoples- Distinct social and cultural groups possessing the following characteristics to varying degrees:

- a) self-identification as a distinct social and cultural group;
- b) recognition of this identity by others;
- c) historical continuity with pre-colonial or pre-settler societies;
- d) collective attachment to territories and surrounding natural resources;
- e) customary social, economic, or governance institutions that are distinct;
- f) distinct language or dialect; and
- g) resolve to maintain and reproduce their ancestral environments and systems and distinctive peoples and communities.

Partnerships- Collaboratively working as partners with private sector, government, non-government organizations, and leaders to identify/define the problem, understand collective available resources available to address the problem (including existing systems and networks), and work together (with defined roles and responsibilities) and solve the problem in such a way that multiple interests are advanced.

Private Sector- The private sector is large and diverse, encompassing the part of the economy run by individuals and companies for profit and is not state-controlled, including: for-profit, commercial entities and their affiliated foundations; financial institutions, investors and intermediaries; business associations and cooperatives; micro, small, medium and large enterprises that operate in the formal and informal sectors; American, local, regional, and multinational businesses; and for-profit approaches that generate sustainable income (e.g., a venture fund run by a non-governmental organization or a social enterprise).

Stressors- A change in environmental conditions that places stress on the health and functioning of a biodiversity focal interest (organism, population and/or ecosystem). Stressors can be either natural or anthropogenic in origin, and either direct (e.g. oxygen deficiencies) or indirect (e.g. lack of food availability due to stresses on prey species) in their effects.

Youth- Young people aged 15-24 with an extended range to 29.

III. EXECUTIVE SUMMARY

USAID/Guatemala's Country Development Cooperation Strategy (CDCS) 2020-2025 seeks to address the systemic development challenges which underpin Guatemalans' decisions to illegally immigrate to the United States, while simultaneously deterring illegal immigration in the short-term. Core areas that influence the decision to migrate include lack of economic opportunity, insecurity, and inadequate access to basic services. In terms of Guatemala's long-term development, and its Journey to Self-Reliance¹, it is imperative that the Guatemalan government can address these challenges. USAID will address illegal immigration to the United States by partnering with stakeholders to increase opportunities for Guatemalans in the areas that exhibit the highest levels of out-migration, which correspond to the areas with weakest state presence and lowest levels of economic development.

USAID's goal for the 2020-2025 strategy is to advance Guatemala's self-reliance by connecting indigenous peoples, women, and youth to opportunities that enable them to achieve prosperous, secure, and dignified lives at home in Guatemala. Under this strategy, USAID/Guatemala will: a) redefine its relationship with the Government of Guatemala (GOG), b) refine USAID/Guatemala's strategic, geographic and demographic focus, and c) evolve its development model to employ new strategic approaches. USAID will pursue substantive partnerships with the government, where feasible, and other key Guatemalan stakeholders, including civil society, and the private sector, to redefine our development approach and increase our impact.

In terms of the Journey to Self-Reliance Roadmap, Guatemala ranks comparatively well in both the areas of country commitment and capacity. These factors suggest an opportunity for USAID programs to have a significant impact in moving Guatemala towards self-reliance. In this five-year strategy, the Mission will focus on the following three indicators (from a scale of 0-1, with zero being the weakest): social group equality (.19), poverty rate (.55), and government effectiveness (.39). Further, the Mission will continue to build on successes in the area of open government (.40). Beyond these metrics with programmatic implications, USAID will emphasize partnerships with the private sector, civil society, and other donors.

There are two significant strategic shifts in the strategy. First, the strategy has a demographic focus on indigenous peoples, women, and youth. This focus aligns with the national security imperative of decreasing illegal immigration and addressing significant inequities in development outcomes. Specifically, young people, many of them also of indigenous descent, are most likely to emigrate for better opportunities. Indigenous peoples have historically been excluded from equal access to basic services such as education, health, and sanitation, making them among the most impoverished members of Guatemalan society. The prevailing machismo culture in Guatemala has limited the opportunities for women and girls, particularly indigenous women. For Guatemala to progress on its Journey to Self-Reliance, these groups must be empowered and prepared to meaningfully advocate and contribute to political processes, the economy and society more broadly.

The second strategic shift is an emphasis on partnerships. Beyond increasing partnerships with private sector entities, the Mission will embrace co-creation with government and non-governmental organizations across the country. Rather than arriving with solutions, USAID will work to develop a

¹ USAID is reorienting its strategies, partnership models, and program practices to achieve greater development outcomes and work toward a time when foreign assistance is no longer necessary. It's called the Journey to Self-Reliance.

shared understanding of the challenge, understand partner priorities and available resources, and work as allies to address the challenge. This new approach is captured in USAID/Guatemala's new [Indigenous Engagement Strategy](#), which articulates a model of engagement through partnership rather than that of a donor/beneficiary. The Mission anticipates this shift in approach to partnerships--with indigenous and non-indigenous organizations alike-- will improve the overall impact of our programming.

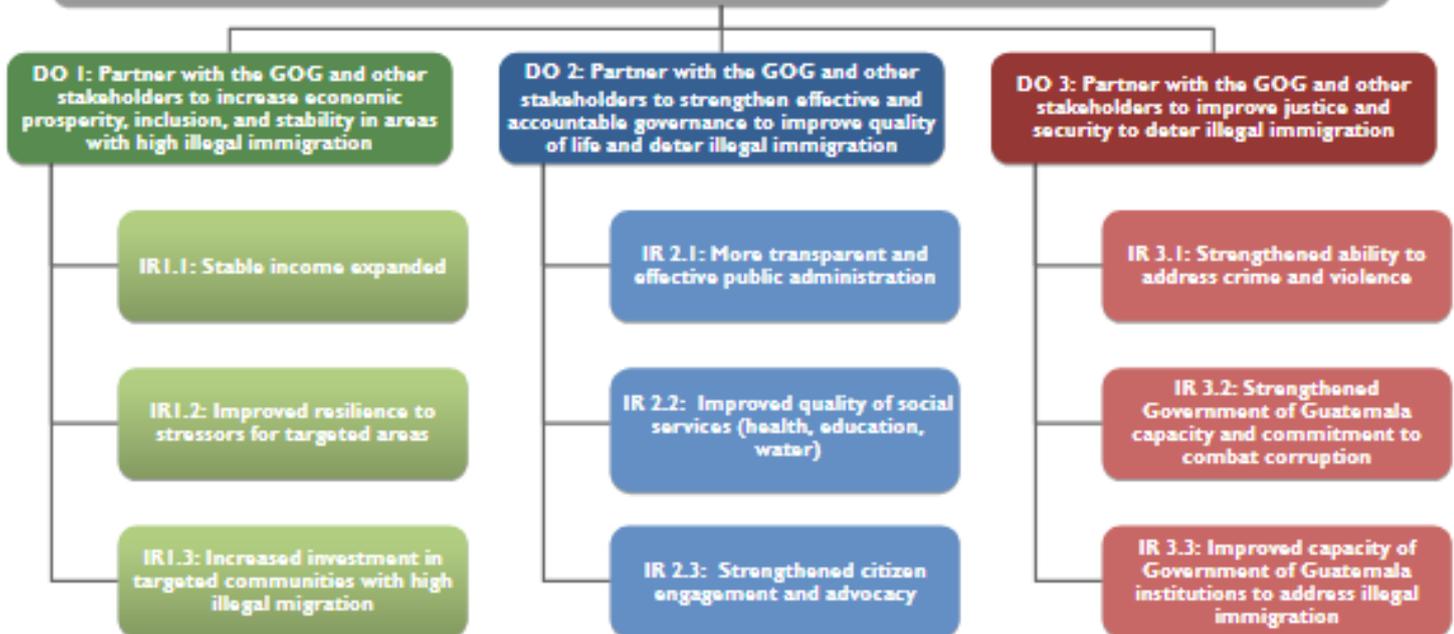
Guatemala is not a country of concern on the Department of State's religious freedom ranking (it is not included as tier one, tier two, or on the watch list). While it is a Catholic country, the constitution provides for religious freedom, yet there are some instances of non-Catholic observers encountering some difficulties related to worship. Mayan spiritual leaders raised concerns about continued lack of access to some Mayan religious sites, including some located in national parks and protected areas where the government charges entrance fees. Further, some Mayan religious groups reported that landowners limit their access to Mayan religious sites on private property. Members of the Church of Jesus Christ of Latter-Day Saints have reported that some municipal-level authorities still discriminate against them in processing permit approvals and in local tax collection. U.S. embassy personnel regularly hold meetings with government officials and civil society, during which they emphasize the value of tolerance and respect for religious diversity, including for religious minorities, in meetings with various civil society and religious groups.

This CDCS was finalized in early 2020 as COVID-19 became a global pandemic. USAID/Guatemala will continue to monitor its potential impact and as needed, will re-evaluate the strategic approach. The Mission will use the next portfolio review and/or the CDCS mid-course stocktaking, as well as any other Agency-mandated COVID-19 reviews to make adjustments, as necessary and relevant.

We believe the notional programming areas mentioned under each of the objectives are vital and complementary to the success of Guatemala's Journey to Self-Reliance. The effectiveness of USAID's ability to implement this strategy requires the necessary financial resources to continue funding existing activities as well as design new ones to achieve the goal of advancing Guatemala's Journey to Self-Reliance by creating opportunities that enable Guatemalans to achieve prosperous, secure, and dignified lives at home.

RESULTS FRAMEWORK

Goal statement: USAID will connect indigenous peoples, women, and youth to opportunities that enable them to achieve prosperous, secure, and dignified lives at home in Guatemala



IV. COUNTRY CONTEXT

Guatemala is the third largest and most diverse country in Central America, located between Mexico, Belize, El Salvador, and Honduras. It was formed by a continental collision, resulting in an extreme diversity of ecosystems, flora, and fauna. The population is also uniquely diverse with four population groups: Ladinos (56 percent) Mayan (41.7 percent), Garifuna (0.1 percent) and Xinka (1.8 percent).² Together these groups speak 24 indigenous languages and Spanish. Guatemala's diversity makes it unique among its neighbors, presenting development opportunities and challenges.

While Guatemala is considered an upper middle-income country with a per capita annual income of \$8,200 (2017 estimate)³, the unequal distribution of wealth is extreme: 260 Guatemalans (.001 percent of the population) own 56 percent of the national economy⁴. While the overall economy has grown steadily, poverty has simultaneously increased 10 percent (2011-2014) over the same period, and 18.7 percent⁵ in the (majority indigenous) Western Highlands.

This unequal access to economic opportunities and government services has profound consequences for the United States, as young Guatemalans seeking economic opportunities for themselves and their families immigrate to the United States. The Guatemalan private sector continues to grow at a rate insufficient to provide job opportunities for the vast majority of the population. Further, the government has limited resources to provide the basic services needed to create a healthy, educated workforce. Meanwhile, apprehensions at the U.S. southern border have surged in recent years. The number of Guatemalans apprehended at the U.S. southern border for attempting to immigrate illegally to the United States more than doubled from 2018 to 2019. In early 2020, the Department of Homeland Security repatriated between 850 and 1,100 Guatemalans weekly.

DEMOGRAPHICS

Since the end of the civil war in 1996, Guatemala's population has doubled to 16.3 million, with the growth rate anticipated to continue at a rate of 1.7 percent.⁶ The 2018 census reflected that more people now live in urban areas than rural: 53.85 percent urban, and 46.15 percent rural. Of the urban population, the majority live in Guatemala City, which has a population of 923,392 people, which is two times larger than the second largest city of Mixco, which has a population of 465,773. The average household consists of 4.5 members.

Of particular note, Guatemala has an enormous youth bulge, with 61 percent of the population under the age of 30.⁷ With 2.3 million youth out of school, a large percentage of Guatemalan youth have not been equipped with basic education and workforce skills, especially in rural areas.⁸ Nationally, 41 percent of teenagers (13-18 years) are enrolled in school. With few job opportunities available in the formal economy for youth, many view illegal immigration as a rational route to increase family well-being.⁹

² CIA World Factbook.

³ Ibid.

⁴ <https://borgenproject.org/exploring-poverty-rate-in-guatemala/>

⁵ Ibid.

⁶ Ibid.

⁷ www.censopoblacion.gt

⁸ Guatemala's Ministry of Education, 2018.

⁹ Ibid.

SOCIAL

Health

In 2014, the GOG ended the system through which Guatemalans received basic health services, including maternal and child health, family planning/reproductive health, and nutrition services. This decision disproportionately affected the rural population, the majority of whom are indigenous. As a result, the majority of the rural population does not have access to basic healthcare, with only three public health workers per 10,000 inhabitants.

The effects of this change impacts citizens' lives in profound and substantial ways. Stunting is a general indicator of well-being and that reflects the unsatisfactory general conditions affecting the physical, cognitive and socio-emotional development of the Guatemalan society. Therefore, to both reduce stunting, as well as benefit the development of mental and functional capability of individuals and communities, improvement of health, nutrition, and education services will be supported and monitored. At 47 percent, Guatemala has the highest rate of stunting in the Western Hemisphere¹⁰ and the sixth highest rate of stunting in the world.¹¹ Lacking access to health services has life and death consequences; the maternal mortality ratio is 108 deaths per 100,000 live births.¹² Health outcomes drastically worsen when disaggregated among Guatemala's population, as indigenous peoples, people with lower educational levels, and people living in poverty are disproportionately affected. Among indigenous children under the age of five, stunting rates rise to 70 percent, while indigenous women experience a 30 percent higher risk of maternal mortality (139 deaths per 100,000 live births).¹³ Further, high teenage pregnancy rates (one in five girls nationally have given birth by age 19, one in four in the Western Highlands) exacerbate Guatemala's youth bulge and complicate educational and economic advancement for young parents. These health challenges limit Guatemala's future growth.

Water

In Guatemala, municipalities are legally obligated to provide citizens with potable water for human consumption, and the Ministry of Health has the responsibility to monitor its quality. However, while 78 percent of municipalities provide basic drinking water services to their citizens, the water is not safe for human consumption. Over 90 percent of drinking water sources in rural areas are contaminated with either coliforms or e-coli (evidence of feces).¹⁴ As a result, 18 percent of child deaths are due to diarrheal diseases, the second leading cause of death in Guatemala.¹⁵ The distribution of access to basic drinking water and sanitation services differ among indigenous and non-indigenous populations and the urban and rural. Piped water coverage in urban areas is 89 percent, while rural areas only have 61 percent coverage.¹⁶ Coverage of improved sanitation systems in urban areas amounts to 79 percent, while only 19 percent in rural areas.¹⁷ The disproportionate coverage for both drinking water and sanitation services in urban and rural areas is also evident among indigenous and non-indigenous communities with similar statistical divides.

¹⁰ <https://www.wfp.org/countries/guatemala>

¹¹ UNICEF, 2019.

¹² Informe de País: Situación de la mortalidad materna 2014-2015. Ministerio de Salud Pública y Asistencia Social. 2017.

¹³ Ibid.

¹⁴ Política Nacional del Sector de Agua Potable y Saneamiento, Ministerio de Salud Pública y Asistencia Social. 2013.

¹⁵ World Bank, 2017.

¹⁶ ENCOVI, 2006 and 2014.

¹⁷ Ibid.

Water availability and watershed management greatly influence the production capacity for agriculture and Guatemala's ability to maintain its rich biodiversity and diverse ecosystems. Over 3.7 million hectares of land surface is optimal for agriculture production due to Guatemala's enormous irrigation potential. However, agriculture production varies depending on the manner in which watersheds are managed. Despite the 2,000 millimeters average of rainfall, the poor distribution and management of the water supply, coupled with an increasing population, is causing a severe water shortage. Over 71 percent of the land with adequate irrigation systems is used for banana, sugar cane, and palm oil plantations.

Much of Guatemala's water resources fail to reach rural and economically disadvantaged populations that highly depend on water to sustain their everyday livelihood practices. The Guatemalan economy depends on agriculture and exports of primary goods, which heavily taxes the availability of ground water and rainwater used to produce them. As such, Guatemala's continued agricultural prosperity requires strategic and thoughtful watershed management.

Some of Guatemala's most important hydrological resources are located in the Western Highlands. More than half of the watersheds in Guatemala are located in the Western Highlands. Further, more than 60 percent of the region has steep slopes, resulting in an environment where the risk of soil erosion is especially high, endangering both local and downstream livelihoods. Maintaining and increasing forest cover in the region is of critical importance to avoid erosion, maintain watershed function, and sustain the important water resources needed for economic and household activities.

Education

Underinvestment in education and the ineffective provision of intercultural bilingual education has hindered access to quality education in Guatemala. These issues, coupled with many other inefficiencies, translate into low reading and math proficiency rates, even when students complete primary education. The GOG's last learning assessment conducted for primary grades found that only 40 percent of sixth graders reached performance standards in reading and only 44 percent reached the standard in math.¹⁸ Regionally, 74 percent of students complete their primary education reaching a minimum level of reading proficiency.¹⁹ Exacerbating the challenge, the majority of Guatemalan youth do not reach high school. There are more 16-year-olds out of school than enrolled in school (national average). In total, 41 percent of all teenagers (13-18 years) are out of school, with rates higher in rural and indigenous communities and for girls. Non-indigenous women average about 6.4 years of schooling, compared to 6.9 years for non-indigenous men, while indigenous women average only 3.4 years, and 4.6 years for indigenous men.²⁰ Globally, 88 percent of children complete six years of primary school.²¹

Crime

While Guatemala's homicide rate has fallen since 2009,²² other crime rates remain stubbornly high. Crimes that pose a particular challenge to Guatemala's continued growth include homicides (22 violent crimes per 100,000 people),²³ gender-based violence (134 complaints filed per day),²⁴ extortion (in 2019

¹⁸ Guatemala's Ministry of Education, 2019.

¹⁹ GEM Report team analysis based on UIS data, 2017.

²⁰ Defensoría de la Mujer Indígena (DEMI) y UNFPA. Perfiles de Mujeres Mayas Garífunas y Xinkas en Guatemala, 2018.

²¹ GEM Report team analysis based on UIS data, 2017.

²² <https://data.worldbank.org/indicator/VC.IHR.PSRC.P5?locations=GT>

²³ <https://www.osac.gov/Content/Report/5f31517e-62bb-4f2c-8956-15f4aeaab930>

²⁴ <https://www.transparency.org/country/GTM>

the extortion rate reached a historical peak of 59.24 cases per 100,000 people), and corruption (Guatemala ranks 146 of 180 countries worldwide on the Transparency International Corruption Index).²⁵ The effects of these crimes are wide-ranging: victims of crimes are more likely to illegally immigrate and the high crime rates discourage investment,²⁶ thereby hindering economic growth.

POLITICS

Guatemala's 36-year armed conflict was the longest, most violent clash in Central America, killing more than 200,000 people, 83 percent of whom were indigenous. The signing of the Peace Accords in 1996, which were comprised of separate agreements covering socioeconomic, democratic, and ceasefire and reconciliation commitments, marked the official end of the conflict.²⁷ Yet significant suspicion and distrust between indigenous communities and the government remain, given that many of these agreements were never fully implemented.

In 2006, the government signed an agreement with the United Nations (UN) establishing the International Commission Against Impunity in Guatemala (CICIG, Spanish acronym) to investigate high-level corruption in Guatemala. In the same year, Guatemala signed onto the Dominican Republic-Central America Free Trade Agreement, which has significantly increased bilateral trade with the United States.

Guatemala experienced an extreme political crisis in 2015 with the ouster and arrest of the President and Vice President due to corruption, uncovered by CICIG. These arrests represented the first time in Guatemala's recent history that a firmly entrenched culture of impunity and abuse of power by both the government and private sector was effectively challenged.

2019 Elections

Alejandro Giammattei won Guatemala's 2019 general election with 58 percent of the vote. One thousand one hundred sixty deputies were elected to the Congress, two thirds of whom are new legislators from 19 different parties, highlighting the country's highly fragmented political fabric. Election results were similar at the municipal level, where three quarters of the mayors were newly elected, with a great dispersion of political parties and the same three parties winning a higher number of municipalities. Guatemala's 2019 elections were the first since the passing of the 2016 landmark electoral reforms, authorizing the Supreme Electoral Tribunal to track and penalize the use of illicit or anonymous campaign funds and allowing for equal media ads for all parties paid by the state, among others. While these reforms leveled the playing field between candidates, they continue to be attacked by stakeholders who benefitted from the previous system.

ECONOMY

The Guatemalan economy is the largest in Central America, with an annual average gross domestic product (GDP) of \$75.8 billion²⁸ and a growth rate of 2.8 to 4.1 percent²⁹ over the past five years. However, significant challenges to the country's overall economic development remain. Guatemala has kept inflation low and stable, minimized fiscal deficits, kept its debt-to-GDP ratio low and manageable, and reduced its balance of payments deficit to acceptable levels. It maintains a stable exchange rate, deregulation, and privatization of important sectors of the economy previously managed by the

²⁵ Ibid.

²⁶ Latin America Public Opinion Project, 2019.

²⁷ Historic Truth Commission Summary Report: Guatemala Memoria del Silencio. 1999.

²⁸ <https://www.focus-economics.com/countries/guatemala>

²⁹ Ibid.

government. Guatemala ranks 96th out of 190 countries on the World Bank's 2020 Doing Business Report, and received nearly \$1 billion in foreign direct investment in 2018. However, the distribution of wealth in Guatemala continues to hinder economic growth and the country's development more broadly. Guatemala's Gini coefficient, used to analyze the degree of income equality in a country, is 48.3,³⁰ ranking among the 20 most unequal in the world.

Three sectors comprise the majority of Guatemala's economic activity: services, industry, and agriculture. The services sector accounts for 62 percent of GDP,³¹ the largest component of which is tourism. Industry contributes 24 percent of GDP, employing 14 percent of the population, including manufacturing of textiles, pharmaceuticals, tires, and clothing. The agriculture sector accounts for 13.5 percent of GDP and 31 percent of the labor force.³² Not surprisingly, agricultural products also comprise the majority of Guatemala's \$11 billion³³ in exports: bananas (13 percent), coffee (7.2 percent), and raw sugar (5.3 percent).³⁴ Significantly, remittances totaled over \$10 billion (2019), comprising 13 percent of GDP.³⁵

COUNTRY ROADMAP

Country roadmaps are designed to assess progress of USAID partner countries on their Journey to Self-Reliance. Guatemala ranked just above 0.50 in terms of government commitment and capacity for fiscal year 2020. Specific indicators guided the development of our strategy, as follows. Social group equality (0.19) highlighted the stark inequality between indigenous and non-indigenous communities; the poverty rate (.55) helped refine the Mission's demographic focus on creating educational and economic opportunities for priority populations while simultaneously addressing illegal immigration; and government effectiveness (0.39) pointed to weaknesses that helped us define the partnering approach to support the GOG's capacity to provide services to its citizens. Guatemala will leverage past successes, such as work in open governance initiatives (0.40), continuing to strengthen transparency measures and thereby bolster confidence in government systems. Specific metrics addressed under this strategy are further elaborated under each objective.

³⁰ <https://data.worldbank.org/indicator/SI.POV.GINI>

³¹ <https://www.statista.com/statistics/1073036/guatemala-services-sector-share-gdp/>

³² https://theodora.com/wfbcurren/guatemala/guatemala_economy.html

³³ <https://www.focus-economics.com/countries/guatemala>

³⁴ <https://oec.world/en/profile/country/gtm/>

³⁵ [https://www.centralamericadata.com/en/search?q|=content_en_le:"Remittances+increase"](https://www.centralamericadata.com/en/search?q|=content_en_le:)

V. STAKEHOLDER PRIORITIES

GOVERNMENT OF GUATEMALA

In January 2020, President Giammattei presented his National Plan for Innovation and Development (PLANID). PLANID outlines five priority areas: a) economy, competitiveness and prosperity; b) social development; c) security and governance for development; d) accountable, transparent, and effective government; and e) international relations. The new administration will be focused in four sectors that are expected to drive economic growth, investment, and employment: exports, infrastructure, micro, small, and medium enterprises, and tourism.

USAID's strategy aligns with President Giammattei's vision for Guatemala: private sector investment and job creation, decentralization of basic service delivery, and improved governance and security (including a focus on extortion). USAID will continue to meet with government counterparts to further identify areas for collaboration as specifics around the implementation of PLANID emerge.

U.S. GOVERNMENT

Alignment with U.S. Government Strategies

The overarching priority for the U.S. Government in Central America is halting illegal immigration to the United States. USAID will continue to work closely with U.S. government counterparts on this important issue. Coordination and collaboration at post is exemplified by the interagency working group on migration, which seeks to streamline efforts to strengthen regional stability and promote efforts that discourage illegal immigration and enable Guatemalans to thrive and prosper in their own homeland.

USAID/Guatemala's strategic direction is also influenced by U.S. government foreign policy objectives articulated in the following documents: the National Security Strategy, the Joint Strategic Plan, the Integrated Country Strategy, and the U.S. Strategy for Central America. The latter strategy aims to protect U.S. citizens by addressing the security, governance, and economic drivers of illegal immigration and illicit trafficking, while increasing opportunities for U.S. and other businesses.³⁶

U.S. Government Policy Priority: Deterring Illegal Immigration

The root causes driving illegal immigration from Guatemala to the United States are manifold. High-level drivers³⁷ include: a) the lack of economic and job opportunities; b) gang-related violence and other insecurity issues; c) high poverty rates and poor living conditions; and d) the desire for family reunification. Between 2016 and 2018, USAID/Guatemala and its partners commissioned a number of quantitative and qualitative studies to provide a more nuanced understanding and influenced the development of this strategy.

- The lack of economic opportunities and income is the predominant driver of illegal migration. According to the 2019 Latin American Public Opinion Project, 76.7 percent of Guatemalans who intend to migrate cited the lack of opportunities as the primary driver. A predictive analytic model recently developed found that doubling municipal income per capita, on average, would decrease migration by 90 percent.³⁸
- The provision of quality basic services is critical to addressing the root causes of migration; insufficient access to health, education, and clean water severely limits the ability of individuals

³⁶ White House, U.S. Strategy for Central America, 2017.

³⁷ Government Accountability Office (2018), and the Center for Global Development (CDG) 2017.

³⁸ Palladium, Determinants of Migration and Public Policy Implications, 2019.

and communities to lead productive lives.

- Criminal activity, particularly narco-trafficking and organized crime, are a threat to stability, hindering investment and economic growth. A majority of Guatemalans polled (61 percent) by the Latin America Public Opinion Project / Americas Barometer believe there is widespread public corruption; victims of corruption were 83 percent more likely to express intentions to migrate than those who did not experience corruption.³⁹

DONORS

USAID is the largest donor in Guatemala. To achieve our development objectives over the next five years while supporting Guatemala on its Journey to Self-Reliance, the Mission will leverage our influential position and pursue more effective engagement with other donors. We will proactively seek and build partnerships with donors with the goal of achieving shared objectives and maximizing USAID investments. USAID leads or participates in all levels of donor coordination, from Mission Director-level meetings to sector-specific working groups. Given the number of donors and the breadth of the topics in which the international community works, there are numerous opportunities to collaborate with other donors, including: involving donors on activity design, co-funding new initiatives, involving donors in the review and selection process for new activities/annual program statement initiatives, and planning and executing events in areas of shared interest. While in the past most of our coordination has been information sharing in regards to our portfolio, moving forward, the Mission will more substantively partner with other donors.

Donor	Program Area
Canada	elections, gender equity, indigenous engagement, peace and security, and inclusive governance
European Union	agriculture and food security
Germany	environment
Inter-American Development Bank	health, climate change, fiscal and municipal management, gender and diversity, and social protection
Mexico	education, food security, infrastructure, social development and regional interconnectivity
Norway	indigenous peoples, women’s rights and the rule of law
Spain	gender violence, stunting, and water and sanitation
Sweden	industry, environmental protection and justice
Taiwan	disaster relief, economic development, infrastructure, and justice (peace courts)
World Bank	malnutrition and the environment

³⁹ Latin America Public Opinion Project, 2019.

United Nations	poverty reduction, institutional strengthening, resilience, environment, stunting, and child protection and inclusion
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VI. CHANGES IN STRATEGIC APPROACH

JOURNEY TO SELF-RELIANCE

Vision

A self-reliant Guatemala will be led by a capable government able to deliver quality basic services to all of its citizens, be governed by rule of law that applies equally to all Guatemalans, and have an economy driven by a formal private sector robust and sufficiently diversified to absorb qualified job-seekers. For services such as health and education, authority will be decentralized to local decision-makers to ensure the services provided respond to community needs and expectations. In rural parts of the country, basic services will be provided at a location accessible to the community. In the immediate aftermath of shocks to the country, such as volcanic eruptions, hurricanes, earthquakes, or drought, the government will be able to provide basic emergency services to victims. A self-reliant Guatemala will realize its vision of a stronger economy through responsible and sustainable resource management, and the provision and maintenance of adequate infrastructure, in-line with the America Crece initiative. The GOG’s development initiatives will be funded through collection of tax revenue at a level similar to other countries in the region, and executed through a transparent and efficient procurement system. In a self-reliant Guatemala, voices which have been historically underrepresented-- indigenous peoples, women, and youth-- will be full participants in Guatemalan decision making throughout society.

Redefining the Relationship with the Guatemalan Government

Redefining the relationship with the government is a central tenet of the Journey to Self-Reliance. The government must be committed and capable of citizen-centered, accountable governance if it is to achieve sustained and inclusive growth, peace, and stability. With that in mind, USAID will partner with both local and national government entities to achieve shared goals and objectives.

USAID/Guatemala will build relationships with the Giammattei Administration and elected officials and strengthen ties with existing government counterparts with whom we have worked over the years. We will align and tailor our approaches to supporting and working with the Guatemalan government to increase Guatemalan ownership while maximizing and sustaining development impact.

A specific geographic focus will be selected after consulting local and national government entities, and other key stakeholders (such as private sector and civil society partners). Geographic targeting will also be informed by the Customs and Border Patrol data, with whom the Latin American and Caribbean Bureau signed a memorandum of understanding in April of 2020. The Mission will focus on the zones of influence where government entities and USAID are equally committed to addressing the drivers of migration to create the conditions that encourage Guatemalans to stay in their communities. The Mission has identified three criteria to inform our geographic focus: a) areas of high migration or potential to migrate, b) government commitment to invest, and c) private sector investment plans and opportunities.⁴⁰

⁴⁰ The Mission will focus geographically in areas where partners will contribute (financially and otherwise) to the achievement of shared objectives.

Articulated in this strategy are short-term goals to stem the tide of illegal immigration as well as long-term goals to increase opportunities for Guatemalans at home and support Guatemala on its Journey to Self-Reliance. The GOG, USAID, the broader interagency, and other key stakeholders will develop shared goals and commitments in these geographic priority areas and USAID will work to develop, implement, and monitor projects that collectively achieve these goals.

Financing Self-Reliance

Self-reliance will require Guatemala to establish the requisite systems and enabling environment to meet its own development objectives as outlined in PLANID. USAID/Guatemala will support the Guatemalan government to accountably, efficiently, and transparently collect, allocate, and spend public resources. The Mission will also strengthen the enabling environment for encouraging and expanding private and public investment. Each of our development objectives directly or indirectly includes elements of the Mission's overall approach to financing self-reliance.

In fiscal year 2020, Guatemala scored 0.33 against the tax system effectiveness indicator, demonstrating that its estimated ratio of tax collection and the expected level of tax revenue that it could achieve given its macroeconomic, demographic, and institutional features is relatively low.⁴¹

Additionally, USAID/Guatemala will seek to strengthen the enabling environment for encouraging domestic and international investment in strategic economic corridors. Chronic underinvestment contributes to Guatemala's inequality. USAID will focus efforts to support investment promotion, more efficient and transparent permitting processes, and collaboration under [America Crece](#). Further, increasing private and public sector investment will improve Guatemala's resilience to shocks and expand economic opportunities more widely throughout the country.

Lastly, our work to promote justice and security indirectly supports financing self-reliance. Crime, violence, and corruption greatly inhibit investment and raise the costs of doing business. By working with the government and municipal partners to improve security in high crime areas and reduce widespread corruption, we will support Guatemala to attract much-needed investment.

Country Transition

Through the activities supporting this strategy, the Mission will strengthen Guatemala's self-reliance by focusing on partnerships that support private sector growth and government effectiveness in service delivery. Partnering with the private sector will bring new resources, ideas, actors, and sustained investment to bear on Guatemala's development challenges. Further, these partnerships could serve to broaden and strengthen Guatemalan companies and cooperatives. Focusing on the areas of taxation, budget management, and procurement reform could produce strong second- and third-order effects across a range of sectors, advancing the government's ability to plan, resource, and implement its journey to self-reliance. These areas of focus will advance Guatemala towards self-reliance.

Our new strategy is anchored in partnership with key Guatemalan counterparts. The Mission will partner with Guatemalan entities in a manner modeled after our private sector engagement approach, wherein USAID and its partners work collaboratively to define the problem, identify the knowledge and resources available to address it, together design an intervention, and work in concert to achieve the goals of that intervention. USAID will pursue this model of partnership throughout the portfolio

⁴¹ USAID Financing Self-Reliance Snapshot: Guatemala, September 2019.

including with the private sector, civil society organizations, communities, donors, and government entities. For example, we will work closely with our Guatemalan stakeholders to select and prioritize geographic areas for our programming. Leveraging new partnerships with Guatemalan innovators and social entrepreneurs and instituting a more intentional focus on migration are two new ways USAID is working in Guatemala.

PARTNERING FOR DEVELOPMENT

Demographic Focus

Our strategy will prioritize three populations — indigenous peoples, women, and youth — which fare worst against development indicators in Guatemala. The Mission’s sub-strategies on indigenous engagement, and the Agency strategies for gender and youth outline specific goals and strategic approaches that the Mission is adopting relative to each of these focus populations. These populations have historically been excluded from positions of influence and decision-making and authority in Guatemalan society. Guatemala’s progress hinges on finding ways to meaningfully include these populations in the country’s political, economic, and social decision-making processes.

Indigenous Peoples

Most of the poor communities in Guatemala are indigenous and the majority of them live in the Western Highlands in extreme poverty. Highland populations, for the most part, eke out a living as subsistence farmers or seasonal migrant workers on coffee estates and sugar plantations in the southeastern lowlands and coastal areas. Data suggests the majority of Guatemalans returned from the U.S. after attempting to migrate illegally come from five departments in the Western Highlands, which have a majority of indigenous peoples.⁴² Furthermore, seven out of ten returned unaccompanied migrant children self-identify as indigenous.⁴³ Our focus on improving the opportunities and outcomes for indigenous peoples is foundational to Guatemala’s growth and self-sufficiency and deterring illegal immigration.

In alignment with the Mission’s Indigenous Engagement Strategy and the USAID Policy on Promoting the Rights of Indigenous Peoples, the new strategy will change the nature of interactions between USAID staff and activities with indigenous peoples from one of donor/beneficiary to partners in development. This new approach requires Mission and project staff to proactively consult and partner with indigenous communities, organizations and leaders to understand their unique development challenges, as well as the tools and resources they possess to address these challenges. Further, programming will seek to bridge government systems with indigenous systems and promote dialogue and greater understanding between government entities and indigenous peoples.

Women

Given the enormous economic and empowerment gaps that women, particularly indigenous women, face compared to men in Guatemalan society, USAID/Guatemala will focus on closing those gaps by partnering with key stakeholders, both current and prior partners along with new local partners. The GOG recently created a coalition for the economic empowerment of women that includes other donors, government agencies, the academia and private sector, with the goal of promoting increased income in women’s control. Women receive 69 percent of remittances.⁴⁴ In line with the USG’s

⁴² IOM, Returnee Data, January 2020. <https://mic.iom.int/webntmi/guatemala/>

⁴³ IOM, Migración y Trabajo Infantil, Noviembre, 2017.

⁴⁴ IDB, La Población Receptora de Remesas en Guatemala, Septiembre, 2016.

Women's Global Development and Prosperity Initiative ([W-GDP](#)), This dynamic presents a significant opportunity for USAID programming to encourage investment and productive use of resources, to strengthen economic, educational and health outcomes for families and communities.

Youth

The large youth bulge presents significant challenges for the country as many youth are unemployed or under-employed. USAID's strategic approach to youth encapsulates four core domains (assets, agency, contributions and enabling environment) for youth to develop strong socio-emotional and life skills to bolster them in adulthood. Providing youth with education and employment opportunities is imperative for Guatemala's future growth and for the U.S.; young people under 18 years old comprised 10 percent of Guatemalans apprehended on the southern border in 2019. Family units including children and youth comprised 70 percent of all apprehensions during the same period.⁴⁵ Addressing these challenges is essential for youth to meaningfully participate in the Guatemalan economy rather than seeking opportunities outside the country. Further, these youth are Guatemala's future leaders; substantively supporting and engaging with youth presents a significant opportunity to influence America's future allies.

USAID will seek to include youth in decision-making and other empowerment activities across the portfolio to give them a voice in Guatemala's future and strengthen recognition of the value they bring to organizations and decision-making bodies. These efforts will also strengthen their ties to Guatemala, presenting substantive alternatives to migration.

Private Sector Partnerships

Private enterprise is a powerful force for improving lives, strengthening communities and accelerating self-reliance. As such, the Mission will proactively create substantive relationships with U.S. and Guatemalan private sector entities to identify shared interests in finding and implementing market-driven solutions to development challenges. USAID will partner with the Development Finance Corporation (DFC) to support Guatemalan private sector entities and entrepreneurs. Partnerships enable USAID/Guatemala to leverage private sector assets, innovation, markets, and expertise. In alignment with the agency's Private Sector Engagement Policy, the Mission will engage private sector counterparts to expand trade, investment and job creation, while moving into promising new sectors, like forestry, beverage and food processing, information technology and tourism.

The strategy also emphasizes the importance of technology and innovation. Through partnerships with innovators in the private sector, technology sector, and universities, the Mission will actively seek to adopt digital development and other innovative tools and approaches to strengthen and amplify development outcomes. Further, the Mission will strengthen Guatemala's burgeoning social innovation ecosystem through supporting their communities of practice and seeking opportunities for partnerships.

VII. RESULTS FRAMEWORK

Goal Statement

USAID's goal for the 2020-2025 strategy is to advance Guatemala's self-reliance by connecting indigenous peoples, women, and youth to opportunities that enable them to achieve prosperous, secure,

⁴⁵ U.S. Customs and Border Protection, Southwest Border Migration FY 2019 Data

and dignified lives at home in Guatemala. Under this strategy, USAID/Guatemala will: a) redefine its relationship with the GOG, b) adopt a strategic geographic and demographic focus, and c) evolve its development model to employ new strategic approaches. USAID will pursue substantive partnerships with the GOG and other key Guatemalan stakeholders to redefine our development approach and increase our impact. USAID will achieve this goal through the following three development objectives.

DO 1: Partner with the GOG and other stakeholders to increase economic prosperity, inclusion, and stability in areas with high illegal immigration

USAID will partner with Guatemala's private and public sectors to strengthen value chains (agriculture and non-agriculture), support small and medium businesses and improve economic opportunities for youth, and to support investment in improved infrastructure under America Crece. USAID will provide technical assistance for the identification of investment opportunities, and the reduction of policy, legal, regulatory, and institutional barriers to investment. Additionally, USAID will partner with the GOG and local communities to address food insecurity, chronic malnutrition, and to support co-management of forests and conservation of biodiversity.

DO 2: Partner with the GOG and other stakeholders to strengthen effective and accountable governance to improve quality of life and deter illegal immigration

USAID will partner with the GOG and other stakeholders to strengthen public administration through improved tax collection, planning, and policy development. USAID will also improve the provision of services, specifically the provision of health, education, and water services, by strengthening national-level service delivery, supporting the decentralization of basic services, and bridging service provision with indigenous systems and institutions. Finally, USAID will connect the citizenry to the government to improve participation in social auditing of government services, decision-making processes and awareness of citizen responsibilities.

DO 3: Partner with the GOG and other stakeholders to improve justice and security to deter illegal immigration

In partnership with the Guatemalan government and other stakeholders, USAID will work to strengthen the government's ability to address crime. Efforts will include strengthening community resilience to crime and violence, improving access to justice for underserved populations, and improving Guatemala's ability to address crimes that threaten security and economic development such as extortion, contraband, tax and customs. Activities will address corruption by improving transparency and accountability in the justice sector and support the GOG's efforts to address corruption within the legal system. USAID will also work with government institutions to improve their ability to respond to illegal immigration, address the crimes related to human smuggling, and reduce environmental crimes that threaten Guatemala's biodiversity.

The intermediate results (IRs) described under each development objective reflect an intention to refine and scale activities in areas where evidence and experience suggest that USAID/Guatemala can have the greatest impact with available resources to influence and strengthen commitment and capacity to address the root causes of illegal immigration.

DO 1: Partner with the GOG and other stakeholders to increase economic prosperity, inclusion, and stability in areas with high illegal immigration

IR 1.1 Stable income expanded

- 1.1.1: Increased productivity and competitiveness of key value chains
- 1.1.2: Increased employment in small/medium-sized enterprises
- 1.1.3: Strengthened workforce development and life skills for youth

IR 1.2 Improved resilience to stressors for targeted areas

- 1.2.1: Stable, continuous access to sufficient, affordable, and nutritious food
- 1.2.2: Protected and sustainably managed critical natural resources
- 1.2.3: Increased availability of social protection and safety net services

IR 1.3 Increased investment in targeted communities with high migration

- 1.3.1: Increased and mobilized private sector capital
- 1.3.2: Improved business-enabling environment through public investment

Assumptions:

- Guatemala will have political and economic stability sufficient to pursue these priorities.
- Natural disaster will not overwhelm the existing response mechanisms.
- The GOG administration will focus on economic growth.
- Activities will partner with indigenous populations, women, and youth to ensure social inclusion.
- Funding and earmarks will allow for these programs.
- Programs will establish quantitative targets and use data to adjust programming.

Risks:

- Changing administration priorities in both countries.
- Global economic downturn.
- Working with returnees could be sensitive for USAID, politically and programmatically.
- The results of long-term development will not be reflected in short-term migration trends.
- Climate risks could be severe in the upcoming years.

DEVELOPMENT OBJECTIVE 1: PARTNER WITH THE GOG AND OTHER STAKEHOLDERS TO INCREASE ECONOMIC PROSPERITY, INCLUSION, AND STABILITY IN AREAS WITH HIGH ILLEGAL IMMIGRATION

Problem Summary

Guatemala is not creating enough jobs to keep pace with its growing youth population; this lack of opportunity drives people to try to illegally immigrate to the United States. Indeed, evidence suggests that households earning less than \$400 are 1.24 times more likely to consider migrating. Further, believing that conditions are worse off today than they were last year makes people 1.67 times more likely to consider migrating.⁴⁶ The majority of Guatemalans work in the informal sector⁴⁷ characterized by low intermittent income with no benefits. Men are twice as likely to be earning a wage than women.⁴⁸

⁴⁶ The Dialogue report on Remittances to Latin America and the Caribbean in 2019, Page 6.

⁴⁷ USAID LAC Regional Workforce Development Program (ADVANCE), 2017.

⁴⁸ INE, Encuesta Nacional de Empleo e Ingresos, 2017.

This gender gap is even greater in rural areas, especially among indigenous peoples, where 90 percent of working age men are economically active as compared to only 28 percent of women.⁴⁹ Further, only 27 percent of business owners are women and women struggle to access financial services due to collateral requirements. Each year, 150,000 young people enter the workforce, yet only 35,000 jobs are created to meet that demand.⁵⁰ With almost half the population under the age of 19, the unemployment gap will worsen in coming years if it is not addressed.

Guatemala continues to rank among the top four countries in the world at risk of natural disasters.⁵¹ Between 1994 and 2013, Guatemala suffered 80 extreme climate events resulting in considerable loss of life, reduction of commerce, and damage to infrastructure, crops, housing, and industry.⁵² Destructive weather events, volcanic eruptions, and earthquakes pose nearly annual threats to the country's agricultural production, infrastructure, and human life. Guatemala's 2018 eruption of the Fuego Volcano affected 1.7 million people, and contributed to a surge in migration due to loss of homes and livelihoods.⁵³ While Guatemala has a well-developed system to monitor and track these events, the ability of the government and economy to mobilize resources after events of major scale remains limited.

Years of drought and crop failure have caused extreme food insecurity, which is another factor why rural residents migrate. Guatemala is the ninth most susceptible country to long-term climate risks. One third of the country is food insecure.⁵⁴ At 47 percent, Guatemala has the highest rate of stunting in the Western Hemisphere, the sixth highest rate in the world, with the prevalence rate reaching 70 percent in some parts of the predominantly indigenous Western Highlands.

Low investment and limited state presence in environmentally protected areas, coupled with insufficient economic opportunities, have encouraged illegal activities (wildlife trafficking, drug trafficking, etc.) and present a significant threat to Guatemala's diverse and valuable environmental diversity. Guatemala is one of the world's nineteen megadiverse countries and the largest protected area in MesoAmerica is located in Guatemala, the Maya Biosphere Reserve. Additionally, 33 percent of Guatemala is forested.⁵⁵ Guatemala's economic prosperity is threatened by the health and wealth of its natural resources due to the high natural resources dependence of priority economic sectors and communities.⁵⁶

Relationship to Goal

Guatemalans need viable and reliable incomes that can withstand external shocks so that they can support their families without resorting to migration. Expanding the economy by attracting additional investment is core to this effort.

Development Hypothesis

If USAID partners with the GOG and other stakeholders to increase stable incomes, strengthen resilience to stressors which drive Guatemalans to migrate, and facilitate investments in underserved communities through domestic resource mobilization, natural resource management and improved

⁴⁹ INE, Compendio de Género, 2015.

⁵⁰ Centro de Investigaciones Económicas. 2018.

⁵¹ United Nations World Risk Index.

⁵² Germanwatch Global Climate Risk Index, 2017.

⁵³ <https://www.bbc.com/news/world-latin-america-44369461>

⁵⁴ <https://www.wfp.org/countries/guatemala>

⁵⁵ <https://www.forestcarbonpartnership.org/country/guatemala>

⁵⁶ <https://theredddesk.org/countries/guatemala/statistics>

business enabling environments, then economic prosperity, inclusion and stability will increase in areas of high illegal immigration.

Strategic Choices: Maximizing Agency Impact

The majority of Guatemala's exports are agriculturally based, and approximately 80 percent of all jobs in the country are generated by small and medium enterprises (SME), USAID will therefore focus on strengthening Guatemalan value chains and SME growth. To execute USAID's new Private Sector Engagement policy, USAID will foster enterprise-led development, by creating jobs and helping SMEs overcome constraints such as lack of capital. Strengthening and establishing new value chains through strategic partnerships, collaboration, and co-creation with the private sector will increase the value of exports. To achieve these goals, we will also partner with indigenous peoples, women, and youth, as well as returned migrants.

Much of the Guatemalan economy, both current and envisioned, is based on the country's diverse and abundant natural resources. With agriculture accounting for 13.5 percent of Guatemala's GDP and 31 percent of the labor force,⁵⁷ much of the Guatemalan economy is susceptible to environmental shocks. At the same time, the government identified increasing tourism as a core component of its economic vision, and tourism depends on maintaining and protecting the country's rich and diverse natural resources. Guatemala is at high risk of a variety of natural disasters and extremely high risk of adverse effects of climate change. Given those risks, the Mission will work specifically on resilience to enhance the sustainability of investments.

USAID is a well-known and respected partner in Guatemala and can serve as a valuable interlocutor to increase investment, both domestic and international, in development priorities. Our work to date with the private sector indicates that there is substantial interest in working collaboratively with USAID. Moving forward, USAID will focus on creating opportunities for private sector partners to productively channel their interest, talents, and resources, working with them and other key partners to mobilize investment toward Guatemala's greatest development challenges.

IR 1.1 Stable income expanded

USAID/Guatemala will strengthen agricultural and non-agricultural value chains to increase incomes and create jobs for Guatemalans. The Mission will pursue partnerships with U.S. companies to strengthen demand for Guatemalan goods (agricultural and non-agricultural) and expand into new markets, ensuring products meet U.S. quality standards. Simultaneously, USAID will explore opportunities to help shift Guatemala's export base from raw materials to higher-value finished goods. Expanding market access and the value of the goods being exported will increase incomes for families, community wealth, and government revenue.

The Mission will institutionalize our work strengthening small and medium-sized businesses. Current activities provide these businesses with analyses and advice related to tax law, market segmentation, and growth opportunities, while connecting them with needed financing. Moving forward, USAID will work with the government, quasi-public institutions, local development organizations, and the Guatemalan private sector to strengthen capacity to provide these much-needed services to Guatemalan institutions

⁵⁷ https://www.cia.gov/library/publications/the-world-factbook/geos/print_gt.html

and businesses. Activities will work with the government to push for policy reforms advantageous to small businesses and secondary cities to build a network of these services beyond the capital.

USAID will continue to fill the employment and training gap by equipping youth with the workforce and life skills they need to be successful, and connecting them to jobs in key sectors, particularly in health, tourism and light manufacturing. USAID will support the government's efforts to create and strengthen training institutions that provide skills training and vocational training to youth, thereby building Guatemala's capacity to provide this training directly. Considering President Giammattei's PLANID and evolving needs of the private sector, we will adjust our activities to be both opportunistic and demand-driven. Through our work with SMEs, USAID will understand needs within that business segment and provide skills training to meet that need.

IR 1.2 Improved resilience to stressors for targeted areas

USAID plans to build upon the success of [Feed the Future](#) activities to decrease food insecurity, a potent driver of migration. Ensuring Guatemalans have access to nutritious, safe⁵⁸ food will help address pervasive stunting and keep farmers and their families tied to the land. As a Feed the Future country, USAID will address this glaring need in Guatemala through supporting market-led solutions and local organizations. Addressing food insecurity is not enough; stunting is a multi-faceted issue exacerbated by the absence of healthcare (addressed under development objective two). Severe chronic malnutrition is spurring migration and has a profound detrimental effect on Guatemala's economic growth trajectory, as it is imperative that Guatemala has an educated, healthy workforce.

The Mission will expand its successful concessions model of forestry management to protect and enhance the natural resources that underpin the Guatemalan economy, partnering with the GOG to extend its concession contracts. The extension of the concessions will sustain the jobs and income gained and strengthen existing and new forest enterprises while diversifying community incomes by strengthening tourism enterprises. The country's most popular tourism destinations are inextricably linked to the surrounding natural environment (Lake Atitlan and Tikal, for example) and the government's plan to expand Guatemala's tourism assumes the protection and sustainable management of these resources as they are required to attract tourists. This work will focus on increasing economic gains for families and communities in a sustainable manner, preserving Guatemala's natural resources for citizens and tourists now, and for generations to come.

USAID/Guatemala will increase the government's capacity to address citizens' needs in the aftermath of natural disasters to decrease the migration of Guatemalans seeking help beyond its borders. Response systems and processes need to be comprehensive, quick and flexible. USAID will partner with the government and non-state actors, such as churches and the International Red Cross, to design multi-faceted response procedures that will provide for citizens' basic needs and avoid the chaos which frequently follows disasters.

IR 1.3 Increased investment in targeted communities with high illegal immigration

USAID/Guatemala activities will seek to harness private sector capital to address Guatemala's development challenges. USAID will pursue opportunities to attract greater U.S. foreign investment and Guatemalan investment. The Mission will investigate the creation of donor advised funds, which have

⁵⁸ Mycotoxin exposure is a significant risk in Guatemala given the prevalence of tortillas in Guatemalan diets.

been successfully piloted in other countries. Further, USAID will build on a pilot activity to steer Guatemala's remittances, which comprise 12 percent of GDP, towards social and economic investment. A recent study indicates that the odds of having a family member migrate within the last 12 months was approximately 50 percent lower for households with formal savings than households without formal savings.⁵⁹

The Mission will work with the GOG to improve the laws, regulations, and processes which influence investment, to encourage investment in areas of high out-migration. Activities will analyze processes related to investment and business development to understand the hurdles faced and delays in required processes, then partner with the GOG and the DFC to develop bankable projects and channel investments that advance development objectives. Further, the Mission will produce key documents and analyses in support of infrastructure development, supporting the America Crece initiative.

Moving the Needle in Five Years

At the end of this strategy period, Guatemalan youth, particularly from indigenous areas, will have improved skills and greater job opportunities in the formal sector which will lead to increased economic competitiveness for the country and reduced illegal immigration to the United States. Through partnership with the U.S. and Guatemalan private sector along with other U.S. government agencies such as the DFC in support of priority initiatives including America Crece, new investment will stimulate economic growth, create new jobs and catalyze improved productive infrastructure, resulting in better livelihoods for Guatemalan families and reducing illegal immigration to the United States.

⁵⁹ Opportunity for My Community project intake dataset, 2016-2019, IAD, 2019.

DO 2: Partner with the GOG and other stakeholders to strengthen effective and accountable governance to improve quality of life and deter illegal immigration

IR 2.1: More transparent and effective public administration

- 2.1.1: Improved own-source revenue and tax collection and administration
- 2.1.2: Strengthened national and municipal level planning and oversight
- 2.1.3: Strengthened policy and legal framework

IR 2.2: Improved quality of social services (health, education, water)

- 2.2.1: Strengthened national level social service delivery processes
- 2.2.2: Decentralized delivery of quality social services in priority municipalities
- 2.2.3: Expanded bridging of indigenous systems with social services

IR 2.3: Strengthened citizen engagement and advocacy

- 2.3.1: Increased citizen participation in decision making processes
- 2.3.2: Increased citizen awareness and compliance with key civic responsibilities

Assumptions:

- The incoming GOG administration prioritizes its decentralization agenda.
- The GOG has the necessary budget for equipment and materials to deliver quality services.
- GOG transfers funds to municipalities and they implement plans to raise and manage funds locally.

Risks:

- Corruption continues reducing availability of funds to deliver social services to underserved populations.
- The occurrence of any natural disaster diverts the focus of funding from key governance priorities.
- The population is reluctant to pay for taxes and social service delivery.
- The GOG does not expand the infrastructure needed to deliver social services.
- Oversaturation of the public government systems to meet demand of migrants.
- The development needs of indigenous peoples are a low priority to national and municipal governments

DEVELOPMENT OBJECTIVE 2: PARTNER WITH THE GOG AND OTHER STAKEHOLDERS TO STRENGTHEN EFFECTIVE AND ACCOUNTABLE GOVERNANCE TO IMPROVE QUALITY OF LIFE AND DETER ILLEGAL IMMIGRATION

Problem Summary

The lack of basic services, specifically access to basic education, clean water, and primary health care, in rural areas undermines citizens' quality of life and limits the opportunities available to families in Guatemala, pushing them to seek opportunities elsewhere. To meet these basic needs of its citizens, self-reliant governments need revenue generated from taxes to pay for basic services. Central government ministries are responsible for providing access to quality services and engaging citizens in the political process. Citizens who have a stake in service delivery are more likely to use and pay for services.

Guatemala has the lowest tax base in all of Central America. This reality translates into tremendous underinvestment in public services which, unless addressed, will continue to impede any efforts to achieve sustained development. Despite the government's goal of improving tax collection to 13.2 percent of GDP, the actual rate of tax collection over the last decade has flatlined at 10 percent of the GDP. Without additional tax revenue, the country will continue to lack sufficient funds to provide the citizenry with basic services.

Guatemala's regulatory framework allows central authorities to delegate responsibility, authority, and resources to the municipal level. Strengthening the efforts of the GOG and local governments to deliver decentralized services are key to Guatemala progressing on its Journey to Self-Reliance.

Lack of trust in the state and low levels of civic participation translate into a passive role on the issue of service provisions, leaving communities disempowered and perpetuating among the lowest levels of nutrition, health, and educational attainment in the hemisphere. Most Guatemalans (61 percent)⁶⁰ believe that there is widespread corruption among public officials, and this contributes to increased illegal immigration. Therefore, there is little contact between the government and rural citizens and a lack of understanding of needs, and how needs might be addressed in a culturally appropriate manner. Further, the 36-year internal conflict has contributed to significant distrust between indigenous peoples and the central government.

Relationship to the Goal

The government must provide the citizenry with basic social services as a foundation for a successful livelihood in Guatemala, including both financing and executing those services. Social services are critical for creating a robust human capital capable of securing and creating employment opportunities in Guatemala.

Development Hypothesis

If USAID partners with the GOG and other stakeholders to improve key government functions and implement the decentralization agenda, then Guatemalans will benefit from improved service delivery and living conditions and have less incentive to illegally migrate.

Strategic Choices: Maximizing Agency Impact

The last two Guatemalan presidential administrations have requested USAID assistance to strengthen tax administration and collection as well as the execution of funds. This demand-driven approach has ensured cooperation and support at the highest levels of the Guatemalan government, specifically from the Minister of Finance and the Superintendent of Tax Administration.

Over the last three decades, decentralization in Guatemala has been viewed as a way to achieve a more participatory and inclusive democracy.⁶¹ Implementing decentralization is central to the Giammattei administration's plan to improve the delivery of social services, specifically prioritizing the areas of health, education, and security. Given this strategic alignment with the new government, the Mission will take a very targeted approach, working to decentralize specific services in pilot municipalities to create a model for the rest of the country.

IR 2.1 More transparent and effective public administration

Good governance that ensures transparent and effective public administration requires that governments effectively plan, administer, and oversee key national functions. Mission activities will support revenue generation at both the national and municipal levels. Nationally, USAID will strengthen government institutions responsible for national taxation and administration, such as the Ministry of Finance and the Taxation Authority. At the municipal level, activities will strengthen municipal revenue generation through municipal taxation and payment for social services, and facilitate the transfer of

⁶⁰ Latin America Public Opinion Project, 2019.

⁶¹ The Road to Decentralization, 2018.

central government resources. Activities will also expand the use of a common procurement system to strengthen transparency of government contracting processes. Activities will review processes, procedures and implementation of tax collection to address inefficiencies and improve their effectiveness, while bringing transparency to the government's execution of those funds.

USAID will work at both the national and municipal levels to improve financial planning and oversight of financial and administrative processes. At the municipal level, USAID will improve municipal planning and execution of budgets. USAID will also partner with the private sector and municipal authorities to explore efficiencies through use of innovative technological tools, such as e-governance.

Mission activities will support legislative and policy initiatives that improve government efficiency through strengthened public administration. We will work to advance laws pertinent to this objective, such as the civil service law and other legal mechanisms that ensure labor stability for civil servants while strengthening governance through the formation of a robust, non-political civil service.

IR 2.2 Improved quality of social services (health, education, water)

USAID will partner with key central government ministries to build their capacity to improve the delivery of high-quality social services, including health, education, water, and other social services. Strengthening the delivery of these services is imperative to Guatemala's Journey to Self-Reliance. Health and nutrition outcomes must improve so the citizenry can meet their full potential to contribute to Guatemala's social and economic development. Healthy young people must possess basic literacy and numeracy skills to participate in Guatemala's economy.

USAID will strengthen the central government's strategic planning, monitoring, regulatory, and oversight functions. USAID will also expand the adoption of beneficial health, hygiene, sanitation, and nutrition practices, while increasing the availability and quality of sustainable, culturally sensitive health care and nutrition services for indigenous peoples.

In the education sector, activities will align with USAID's Education Policy priorities in the following key areas that are critical to supporting countries on their Journey to Self-Reliance: 1) increasing access to quality education that is safe, relevant, and promotes social well-being; 2) improving literacy, numeracy, and social-emotional skills that are foundational to future learning and success; 3) skill development to lead productive lives, gain employment, and positively contribute to society; and 4) higher education institutions have the capacity to be central actors in development by conducting and applying research, delivering quality education, and engaging with communities. USAID will partner with the GOG to improve primary grade reading skills and provide educational opportunities for out-of-school youth. Activities specifically focus on underserved populations, i.e., indigenous children, girls and out-of-school youth, in the Western Highlands.

In the health sector, activities will align with USAID's Bureau of Global Health priorities for maternal and child health, nutrition, family planning and water and sanitation programs. USAID will partner with the GOG and other stakeholders to expand the adoption of beneficial health and nutrition practices and improve availability and quality of sustainable, culturally sensitive health care and nutrition services for indigenous peoples. USAID will support the GOG and municipalities to deliver care in the following (illustrative) areas: 1) focus on the 1,000 day window of opportunity to address chronic malnutrition, including nutrition-specific and nutrition-sensitive activities; 2) increase access to micronutrient supplements, treatment of childhood illness, and education on improved nutritional practices and better

hygiene, nutrition and health behaviors; 3) improve access to and the quality of care for mothers and newborns during pregnancy, childbirth and the postpartum period; and 4) expand access/improve the quality of family planning/reproductive health information, education, counseling and services for underserved populations with an emphasis on youth. To support decentralization of service delivery, USAID will work to improve the quality of services, supply chain management, health policy and financing, social behavior change, and human resources development.

Further, USAID will support the GOG to expand the decentralization of key health, education, and water services to municipal entities. USAID will build on past investments in working with ministries to create decentralization plans, and partnering with stakeholders to implement those plans. USAID activities will support municipalities in building their capacity and preparing them to administer central government resources and responsibilities. Decentralizing specific health, education, and water services and delegating administrative and financial responsibilities to municipalities will increase coverage, access, and utilization throughout the most rural areas of the nation, while making government more responsive to local needs and demands.

To better serve the diverse population of Guatemala, USAID will support the GOG in ensuring that essential social services in health, education, and water are complementary to indigenous systems. USAID, government social service providers, and indigenous leaders will work collaboratively in creating social services that are culturally sensitive, relevant, and respectful to traditional indigenous cosmology. Bridging both systems is fundamental to strengthening health outcomes for both indigenous and non-indigenous Guatemalans.

IR 2.3 Strengthened citizen engagement and advocacy

USAID will engage citizens to exercise their rights and responsibilities, particularly among indigenous peoples, women, and youth populations to advocate for high-quality government social services in health, education, and water. USAID will strengthen and empower organized civil society associations with the technical capacities and tools that allow them to carry out advocacy and social accountability oversight of these services. Activities will work with local and national level organizations and decision-making bodies to strengthen inclusion of traditionally excluded groups, specifically, indigenous peoples, women, and youth, in decision-making processes.

USAID will partner with civil society organizations to strengthen compliance with key citizen responsibilities, specifically paying taxes and voting. Campaigns will seek to change behavior in these areas to increase understanding of their role and importance in society.

Moving the Needle in Five Years

At the end of this strategy period, citizens will have more confidence in their government if they see that it can function effectively, and finance and implement key social services in pilot municipalities (health, education, and water), while providing space for their active participation. Citizens in the geographical scope of USAID's support will have improved health, education, nutrition and WASH outcomes. Deepening support to the GOG in strategic areas to strengthen tax administration and collection, improve execution of funds, and advance the decentralization agenda will help build trust between the various levels of government and its citizens. Progress towards more accountable and effective governance, including improved social services, will help deter illegal immigration and set Guatemala on a better path toward sustainable self-reliance.

DO 3: Partner with the GOG and other stakeholders to improve justice and security to deter illegal immigration

IR 3.1: Strengthened ability to address crime and violence

3.1.1: Strengthened youth and community resilience to crime and violence

3.1.2: Improved access to justice for vulnerable populations

3.1.3: Improved capacity of the Government of Guatemala to investigate, prosecute, and adjudicate crimes

IR 3.2: Strengthened Government of Guatemala capacity and commitment to combat corruption

3.2.1: Increased transparency and accountability in justice sector and oversight institutions

3.2.2: Improved investigations, prosecution, and adjudication of corruption cases

IR 3.3 Improved capacity of Government of Guatemala institutions to address illegal immigration

3.3.1: Strengthened capacity of migration-related institutions to respond to illegal migration

3.3.2: Improved investigations, prosecution, and adjudication of smuggling of migrants and trafficking in persons

Assumptions:

- Gender-based violence is a push factor for immigration.
- GOG continues to invest/expand justice sector services.
- USAID goals to expand justice services and decentralize resources to the interior of the country is reflected in the incoming GOG administration's priorities.

Risks:

- The national police force commitment to partner with the USG is limited; therefore, impact is also limited.
- Improving security in certain areas could push insecurity into other areas.
- With improved justice services, there will likely be an increase in crime and violence reporting, not a decrease, which can lead to misinterpretation of the impact of USAID's work and results.

DEVELOPMENT OBJECTIVE 3: PARTNER WITH THE GOG AND OTHER STAKEHOLDERS TO IMPROVE JUSTICE AND SECURITY TO DETER ILLEGAL IMMIGRATION

Problem Summary

Victims of crime express a 50 percent increased intention⁶² to migrate versus people who have not been victimized. While Guatemala has made advances, notably a decrease in homicide rates, the country's overall security situation remains fragile due to other crimes, such as gender-based violence and human smuggling.

Beyond violence, extortion and corruption hinder Guatemala's growth. Gangs and other criminal organizations target businesses of all sizes, from small transportation companies to mobile phone conglomerates, to extort bribes. These payments constitute a significant drag on the economy, dissuade people from starting new businesses, and discourage international investment.

⁶² Latin America Public Opinion Project, 2019.

Fifty-eight percent of returned migrants claim they migrated using the services of a *coyote* (a human smuggling network). An increasing number of *coyotes* are associating with criminal networks to provide services, especially on border crossings and transit through Mexico. These criminal networks prey on vulnerable migrants and are involved in other illicit criminal activities. Based on its initial investigations on human smuggling, Guatemala's Public Ministry has identified strong links among the networks of migrant smugglers and corrupt government officials, such as the National Police Force and immigration authorities.

With 31 percent of the country lying within a protected area and limited investment in the management or government presence within these areas, protected areas have become breeding grounds for organized criminal activity ranging from drug trafficking, illegal mining, wildlife trafficking, illegal logging, etc.⁶³ Without strong protected area management along with monitoring and enforcement of activities within them, efforts to improve security through a reduction in organized crime will be significantly less likely to succeed.

Relationship to Goal

Supporting the GOG's efforts to address violent crime and corruption networks will both deter illegal migration and address one of the most significant hurdles to attracting additional investment to Guatemala.

Development Hypothesis

If USAID partners with the GOG and other stakeholders to reduce crime, violence, and impunity, then peace and security will improve, creating conditions and opportunities for underserved populations to thrive, which will deter illegal migration.

Strategic Decisions

USAID has a close working relationship with the GOG, presenting a window of opportunity to support the efforts of the GOG to deter illegal immigration and enhance national security. President Giammattei and the Guatemalan Attorney General are committed to making anti-corruption and countering crime and violence one of their central pillars. They view USAID as a key partner in addressing these shared goals. These shared priorities and the USAID's access to these top officials provide a unique opportunity to push laws and policy reforms to address these challenges.

IR 3.1: Strengthened Government Ability to Address Crime and Violence

The Mission will focus crime and violence prevention activities in areas with the highest rates of crime and out-migration. Activities will make communities safer and provide at-risk youth with productive alternatives to gangs and illegal immigration. Further, USAID will partner with key stakeholders at the national and local levels to strengthen their capacity and fund activities to decrease or eliminate underlying risk factors that lead to violent and/or criminal behavior.

USAID/Guatemala will bridge indigenous justice systems and the national system to increase access to justice and resolve conflict, which will support communities to improve security and stay rooted at home with the support of a responsive government. USAID will partner with the Public Ministry and other justice system institutions to implement its policy on Access to Justice for Indigenous Populations and increase the use of local languages in the national justice system. USAID will support the Public

⁶³ <https://www.usaid.gov/news-information/frontlines/resilience-2015/new-court-guatemala-tackles-ecocide?page=1>

Ministry to implement institutional policies regarding indigenous justice within municipal-level prosecutors' offices which are rapidly expanding. USAID will help establish dialogue with indigenous authorities and recognize, respect and promote indigenous justice decisions for resolving conflict as alternative dispute mechanisms.

USAID will partner with government entities to build their capacity to address crimes linked to intentions to illegally migrate and crimes including extortion, corruption, economic crimes (tax evasion and contraband), smuggling of migrants, trafficking in persons, violence against children, gender-based violence, and environmental crimes (which are frequently perpetrated by narcotraffickers and other international criminals). Activities will also build on the progress we have made in providing services to victims of gender-based violence.

IR 3.2: Strengthened Government of Guatemala capacity and commitment to combat corruption

The Mission will strengthen transparency and accountability within the justice sector and justice sector oversight institutions. By implementing targeted preventive corruption measures, our efforts will reduce vulnerabilities to corruption throughout the justice system. For example, the Mission will promote open justice principles to improve access to and the use of publicly available information to increase transparency. Activities will also strengthen internal audits and accountability systems to respond to corruption and strengthen judicial independence. The Mission will partner with the justice sector to better investigate, prosecute, and adjudicate corruption cases, and dismantle criminal networks.

IR 3.3: Improved capacity of Government of Guatemala institutions to address illegal immigration

The Mission will support inter-institutional models that strengthen service provision for underserved or at-risk populations including returnees, victims of gender-based violence, and children who have experienced violence. We will also partner with Guatemalan institutions to deter illegal immigration among populations most at-risk of migrating. The Mission will work with the Migration Institute, Ministry of the Interior and other government entities to support their work as members of the migration council. Our efforts will support these entities to implement violence prevention activities with specific targets for children, encourage the reporting of human rights violations, and provide new services for returned migrants.

The Mission will support efforts to dismantle *coyote* networks and criminal actors that facilitate the smuggling of migrants to the U.S. by applying successful investigation, prosecution and adjudication models that USAID previously developed to address extortion, corruption and trafficking in persons. Partnering with the GOG, USAID will support their efforts to develop specialized investigation and analytical techniques that target the illicit criminal networks that facilitate illegal immigration.

Moving the Needle in Five Years

At the end of this strategy period, government institutions will have stronger capacity to prevent and respond to violent crime and corruption. Communities will be safer and the GOG will provide at-risk youth with productive alternatives to gangs and illegal immigration. Increasing access to justice and bridging the national with the indigenous justice system will reduce conflict at the community level. The justice sector will be equipped to dismantle, prosecute and convict networks dedicated to crimes that impede prosperity, including extortion, corruption, economic crimes, smuggling of migrants, trafficking in persons, gender-based violence, and environmental crimes. Additionally, progress will be made on preventing corruption within the justice sector as well as increasing the investigation and conviction of corruption cases.

VIII. VIRTUAL MONITORING, EVALUATION AND LEARNING

The Mission's use of evidence for decision-making, adaptive management, and learning will improve development outcomes for Guatemala. To support that objective and strengthen strategy implementation, the Mission developed a vision statement related to monitoring, evaluation, and learning (MEL): USAID/Guatemala has timely access to relevant data and information to support decision-making, learning, and adaptive management at all levels with the aim of improving the impact of development assistance for Guatemala. The Mission efficiently communicates its results and effectively tells its story to internal and external audiences.

The Mission's learning approach will prioritize key areas of the USAID's collaborating, learning, and adapting framework over the course of this strategy. The learning component of MEL will support the achievement of USAID/Guatemala's development objectives through efficient and targeted collaboration with all Mission offices, implementing partners, and local stakeholders. In line with the Journey to Self-Reliance we will work with the government and other local stakeholders to strengthen their MEL knowledge and practices as well. Mission staff identified the following learning questions.

- To what extent does training youth with marketable skills increase the likelihood of their choosing to not migrate illegally?
- What are the strategies to reduce vulnerability to climate change that contribute to reduce migration from Guatemala to the U.S.?
- What is the role of the family and community leaders (e.g., churches) in influencing youth decisions about whether or not to migrate illegally?
- What does successful delegation of competencies to municipalities look like?
- How can municipalities collect taxes and improve revenues in rural areas in Guatemala?
- What is the relationship between gender-based violence and illegal migration?
- How do different secondary prevention interventions compare in terms of preventing violence to at-risk populations?
- How does the indigenous-owned private sector enterprises promote shared value initiatives?
- What are the benefits of including traditional indigenous knowledge systems and authorities in the local government structure and procedures?

IX. ANNEXES

a. Guatemala's Journey to Self-Reliance Country Roadmap