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ABSTRACT

Guatemala faces considerable development challenges after the peace agreement signed at the end of 1996. The Peace Plan agreed upon by the Government and the opposing forces recognizes that household food security is the key to peace and democracy in the country. The Peace Plan's time frame coincides with the Government's Development Plan (PLADES) for 1996-2000. It is estimated that a total of 2,620.8 million dollars will be needed in four years (1996-2000) to implement the Peace Plan. From this amount, 30 percent will be funded by the Government. The CSO from 1998 to 2002 will coincide with three years of the Peace Plan, which is expected to roll over into 2001-2002. The Country Strategy Note (CSN) was prepared during 1996 and finalized in February 1997 by the Government in coordination with the United Nations system agencies.

In spite of modest economic growth in Guatemala during the last decade, the implementation of structural adjustment programmes has not yet generated sufficient employment or economic activity to reduce the high levels of poverty of the country. It was estimated in 1993 that 83 percent of the rural population lived in poverty. Indigenous communities account for 52 percent of the total population. In 1995, the World Bank characterized the poverty in rural areas as "extremely high... widely distributed and severe". Food insecurity problems are reflected in the low nutrition and health levels: 57.8 percent of children aged between three and 36 months and 50 percent of schoolchildren over six years of age suffer from chronic malnutrition.

WFP assistance to Guatemala started in 1971. It has reached a total contribution of 111 million dollars and benefits an annual average of 958,000 people. These figures do not include the government contribution (approximately 67 dollars per ton of food donated) and contributions by beneficiaries which in general cover the cost of transferring the food from the regional warehouses to the communities. WFP has supported a variety of projects in the country (emergency, education and health, school feeding, investment in productive infrastructure, rural employment generation, etc.). From 1991 there was a sharp increase of activities to support poor women and environmental conservation. Project implementation has shown significant results in improving the nutritional status of vulnerable groups (women, and children under five years old), generating employment and conserving natural resources. However, weaknesses in project design and implementation capacity have delayed the achievement of results.

WFP will focus its future activities on reducing food insecurity and extreme poverty in households in targeted poor areas during the planning period 1998-2002. The strategy includes greater participation of beneficiaries in the project cycle, and measures to effectively reach gender equity, target the food aid to the most vulnerable groups, assess the environmental impact of projects, strengthen the local communities within the Governments' decentralization process and coordinate efforts with other development agencies.

Total food aid requirements for the planning period 1998-2002 have been estimated at 50.7 million dollars, of which 15.2 million dollars will be available as a core allocation from ongoing projects. Additional resources in the amount of 35.5 million dollars will be sought, but this may have to be adjusted depending on the availability of WFP funds, and in the light of priorities in the allocation of resources among least developed (LDC) and low-income, food-deficit countries (LIFDCs) as recommended by the WFP Executive Board.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration to the Executive Board.

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

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FOOD INSECURITY AND THE HUNGRY POOR

Introduction

1. The geographic distribution of poverty and food insecurity in Guatemala is widespread and mostly concentrated in the rural sector. Poverty particularly affects indigenous people. During the period 1980-89 the proportion of people living in poverty rose from 77 to 79.9 percent. The percentage of the population living in extreme poverty increased over the same period from 56 to 59 percent. Rapid population growth, at 2.9 percent a year, compounds the problem. There has been no improvement in the situation in recent years. An estimated 83 percent of the rural population were still living in poverty in 1993. The plight of the indigenous people is extremely serious: 93 percent (accounting for 52 percent of the total population) live in poverty.
2. These high poverty levels are due mainly to the uneven distribution of income and land tenure, inadequate distribution of public expenditure, the generally poor state of the economy and civil war. Social expenditure on education and health in Guatemala is still the lowest in Central America (equivalent to 33 dollars¹ per capita or 2.7 percent of the gross domestic product (GDP)). Recent surveys by the World Bank in 1995 have classified poverty as being "extremely high ... widely distributed and severe". On the basis of per capita GDP, Guatemala is third in a World Bank 1995 study of 44 selected low- and middle-income countries in terms of inequitable distribution of labour and income. WFP will use the leverage of its programme to redress this inequity in the targeted regions.

Poverty and food insecurity at the national level

3. Most recent estimates of poverty indicate that 10.4 million people live in poverty. Three million live in urban areas and 7.4 million in rural areas. It is also estimated that 74 percent of the rural population live in extreme poverty. Poverty is concentrated in 69 rural municipalities in the west/northwest and northeastern parts of the country which have a population of approximately 1.8 million people. This figure increases to two million people if returnees and former combatants in the civil war are included.
4. Poverty and food insecurity in Guatemala are structural, and include high levels of under-employment. The rural concentration of poverty is linked to the high percentage of the population living in rural areas, uneven land distribution (65 percent of the land is owned by 2.2 percent of the population) and the fragmentation of small holdings, low education levels, low public investment and social expenditure in rural areas, limited access to technology and financial resources, and low productivity.
5. Even with high levels of under-employment, agriculture accounts for 50 percent of the labour force. Poor productivity and the small size of the plots owned by most of the subsistence farmers create low employment levels and chronic production shortfalls and/or chronically low incomes for household consumption. A large number of these producers live on incomes that are supplemented by the temporary migration of the whole household to areas which grow export crops; the changes in climate, and the health and hygiene conditions in these areas cause families to frequently return home with health problems

¹ All monetary values are expressed in United States dollars, unless otherwise stated. One United States dollar equalled 5,950 quetzales in March 1997.



(mainly gastro-intestinal problems and respiratory infections), thus further reducing the nutritional benefits of food. Only 25 percent of women are part of the economically active population, mainly in the informal sector of the economy. Women's participation in rural activities is, however, not recognized, even though they may work an average of 15 hours daily. A high percentage of women are heads of household, which means additional responsibility, including the care and education of children, and earning the family income. There are significant gaps in access to education: 48 percent of adult women are literate, compared to 62 percent of adult males. Gender gaps in literacy rates are even larger in rural areas. Low levels of education among rural and indigenous populations remain an enormous challenge. Combined primary, secondary and tertiary gross enrolment ratios in 1993 also show a gender gap, 41.5 percent for females and 48.9 percent for males.

6. Indigenous groups have the highest population growth rates in the country, and their food insecurity problems are chronic and increasing. The specific food insecurity problems facing the indigenous population stem from the fact that a high percentage are rural dwellers with land of variable quality and size as a result of fragmentation; this is compounded by political problems in areas where people have been displaced by the civil war. The population growth rate of poor mixed-race (*mestizos*) is second only to that of the indigenous population. They also suffer from resource access problems and high under-employment levels in rural areas.

Food supply and consumption, and nutrition

7. Efforts in recent years to improve food security in the country have been thwarted by the fall in domestic food availability. The domestic food supply has consistently risen at a slower rate than the population. In recent years there has also been a fall in subsidized food imports, creating shortfalls that have not been compensated by increased commercial food imports. There has also been a decline in the real incomes of the target population, which suggests that the shortfalls are not being offset by greater market access.
8. Available production for domestic consumption in the period 1990-94 fell at an annual rate of two percent, whereas the population grew at a rate of 2.9 percent a year. Basic grains production (maize, beans, rice, sorghum and wheat) declined by 2.4 percent over the same period and the deficit was not offset by an increase in imports. Widely fluctuating producer prices and high production costs make the production of basic grains unattractive to commercial agriculture, and the domestic supply therefore depends to a large extent on small rural producers.
9. Food imports have followed an erratic pattern. Recorded trends (1980-94) indicate in general that: a) imports have grown steadily and account for 11.7 percent of domestic consumption; and b) there has been a substantial increase in commercial food imports, together with a sharp drop in the volume of non-commercial imports. This reflects a comparative improvement in the country's import capacity and a reduction in external assistance. Neither of these factors, however, has benefited the target population.
10. The traditional Guatemalan diet, particularly in rural areas, does not meet basic nutritional requirements. Maize and beans (consumed by over 98 percent of the population) are the main sources of energy and protein. Only 23 percent of average protein consumption (55 grams a day) is of animal origin, compared with the recommended 35 percent (minimum) and 50 percent (optimum) levels. The daily calorie intake (2,047) is below the Pan-American Health Organization (PAHO) recommended level.



11. Food insecurity is reflected in the low nutrition and health levels, due to poor diet and the low nutritional benefits derived from the food intake. Consequently, 57.8 percent of children aged between three and 36 months suffer from chronic malnutrition, and 50 percent of schoolchildren over six years of age suffer from chronic malnutrition. The deteriorating health and nutritional status of infants is particularly serious (late weaning and supplementary feeding, inadequate feeding practices and poor food preparation). Furthermore, there are moderate vitamin-A deficiencies in children aged between one and five years (15 percent) and anaemia among women of child-bearing age and children. A recent micronutrient survey undertaken in 1996 found that 39.1 percent of adult women suffered from anaemia.
12. Food deficits become increasingly acute within the household because of cultural factors. By tradition, men must be given better food in order to work out of the home, followed by the working children. The remainder of the family are the last to be fed. Food availability for small rural producers is also affected by the lack of adequate technologies and household facilities for the post-harvest management of basic grains, resulting in losses ranging from 15 to 30 percent of output. In the areas most affected by extreme poverty and food deficits, the vulnerability of the majority of households to crop failure or poor marketing conditions is very high. Participation in food aid projects thus becomes an integral part of the survival strategy of poor households and enables them to work longer on their own farms or build community assets.

GOVERNMENT PRIORITIES AND POLICIES ADDRESSING POVERTY AND FOOD INSECURITY

Development and food security policies

13. The results of the activities implemented in recent years to improve the food insecurity situation in the country have been limited. Available resources have been used for activities that have been strongly conditioned by attempts to promote political stability (the peace-making process) rather than solve the structural problems of poverty and food insecurity. At the same time, structural adjustment measures, lack of resources and fiscal constraints have imposed substantial limitations except for entities such as the Social Investment Fund (FIS), which has a high percentage of external financing.
14. Until 1992, activities were implemented through government departments and institutions (the Ministries of Education, Health, Urban and Rural Development, and Agriculture). Since 1992 there have been substantial changes in responding to the need to provide modern and more efficient instruments for social expenditure. The temporary agencies set up to transfer resources to the target population - the Social Development Funds - are basically of three kinds: a) direct executing agencies such as FIS, the Peace Fund (FONAPAZ) and the Indigenous Development Fund (FODIGUA); b) financial distribution funds, such as the Rural Development Support Fund (ADR) and the Fund for Solidarity in Community Development (FSDC); and c) agencies providing support to government departments, including the Fund for the Reactivation and Modernization of Agriculture (FONAGRO), National Lands Fund (FONATIERRA), and other related funds for the promotion of housing and educational development activities.
15. In operational terms, the funds are used to support the modernization process, decentralize the role of the Government and strengthen municipal governments. They assist with the



- implementation of measures to improve land access and security, restructure the agricultural financing system, establish rural development infrastructure, resettle the populations uprooted by the civil war, extend the educational system, and carry out other actions to guarantee the sustainability of economic and social development activities.
16. The strategic approach currently followed to improve the poverty and food insecurity situation is contained in the Government's Development Plan (PLADES) for 1996-2000. This Plan sets out a series of basic commitments to facilitate national reconciliation, combat poverty and support productive investment. The Plan aims at achieving the commitments in the peace agreements, particularly those relating to the resettlement of populations uprooted by the conflict and to the agrarian situation. The Government's gender policy for the next five years will be presented in May 1997. However, the fundamental objectives of equity and access to resources for women are included in the Action Plan for Social Development and Peace-Building. The Peace Plan includes four major components: reintegration of the uprooted and demobilized population, integrated human development, sustainable productive development, and strengthening and modernization of the democratic State. WFP assistance in the first three components has been identified as an important element in complying with the Peace Plan. Food aid, in the form of food for work in soil conservation, irrigation and reforestation, can make a significant contribution, and would prevent beneficiaries from moving to coastal areas to make a living.
 17. Policy statements and intentions set out in PLADES have not yet been expressed in specific activities. Progress made in the Government's first year of office is difficult to identify, and the central problems relating to a lack of policy decisions are due to difficulties in redirecting expenditure and/or raising tax revenues. It is expected that the social policy measures, most of which are closely related to the peace commitments, will be implemented very dynamically in 1997. Fiscal restrictions should initially be overcome thanks to external contributions which have already been pledged for this purpose, especially during the Paris Consultative Group meeting of January 1997.
 18. The main activities implemented to improve food security (mostly financed through external assistance) are: a) the Integrated Development Programme for Quiché (European Union), coordinated by the Executive Secretariat of the Presidency of the Republic in 14 municipalities in Quiché, with a food security component; b) the Mother and Child Nutrition Programme, executed by the Ministry of Public Health, whose main aim is to improve the health and nutritional status of the Guatemalan population, focusing on the mother/child group in the Government's priority poverty zones; c) the Household-Level Food Security Project (PROSAF), executed by UNDP and the Ministry of Agriculture (MAGA) with a grant from the Government of the Netherlands, the main aim of which is to assist in implementing projects to improve household food security; d) the Rural Development Projects for Small Producers in Zacapa and Chiquimula, financed by IFAD and the Government of the Netherlands; and e) the Rural Development of Sierra de los Cuchumatanes, financed by IFAD, the Netherlands, OPEC, WFP and UNDP.
 19. Other projects, implemented by MAGA, have as their main purpose to create the conditions for sustainable development by raising agricultural production and productivity, and by investing in rural infrastructure and rural employment generation activities; a food security project is currently under preparation (with FAO assistance) for the areas affected by the civil war, and an advisory group is being formed to assist MAGA in designing food security policies and plans of action. The group will be supported by FAO, UNDP and the Regional Unit for Technical Assistance of the World Bank.



Management of emergency situations

20. Emergency situations have arisen in Guatemala mainly from natural disasters (floods, drought, volcanic eruptions), and also as a result of the prolonged civil war. The latter type of emergency is identified with internal migration (displaced persons) and the external migration (refugees) of substantial sections of the population leading to the break-up of families, abandonment and loss of farmlands, and the destruction of infrastructure in rural areas.
21. Even though the areas prone to natural disasters are relatively well identified, there are no disaster prevention or management programmes. Nor are there any adequate instruments or resources (financial, food and/or technical) to be able to deal appropriately with the problems caused by the emergencies. This increases donor dependency even for emergencies which ought to be solved by using domestic resources. The National Emergency Committee (CONE) is responsible for handling emergencies and is currently studying the establishment of a National System for Disaster Reduction (SINRED) which is expected to replace CONE.

Food aid programmes and projects

22. Food aid for Guatemala has been supplied mainly from the United States PL-480, Titles I and II, the European Union and WFP. Title I aid is channelled through the Government as balance of payments support; Title II resources — food to be distributed in kind — are channelled through NGOs, such as Caritas, CARE, Feed the Children and Catholic Relief Services. The European Union channels resources directly through NGOs and WFP. WFP-supported activities have been implemented directly by government agencies, but recently they are more frequently implemented by NGO counterparts. In recent years total programme and project food aid has ranged from 150,000 to 200,000 tons, mainly of cereals, although with a diminishing trend.
23. In response to government requests, external aid in the period 1992-96 was concentrated in the areas of conflict (ZONAPAZ)¹ assisted by FONAPAZ. At the end of 1996, a change of approach was observed, and the coverage was broadened to take in groups of people with higher levels of food insecurity living outside the ZONAPAZ areas. As a whole, the analysis of food aid activities currently implemented reveals considerable reductions in the volume of donations and a tendency to target aid to specific geographical areas. There is little inter-agency coordination between donors and government agencies, and efforts at coordinating programmes are haphazard. Food aid activities in the country have generally concentrated on mother and child health, followed by emergency aid and activities linked to development/employment-generation projects (mainly through food for work).
24. Monitoring and evaluation (M&E) systems in these projects are weak, and are not backed up by evaluations to reliably gauge the impact of measures being implemented and learn lessons for the future. The participation of women has mostly occurred in mother and child programmes and school snack projects, but frequently without a gender focus.

¹ Huehuetenango, San Marcos, Totonicapán, El Quiché, Solola, Chimatténango, Alta Verapaz, Baya Vera Paz and El Petén.



ASSESSMENT OF WFP'S PERFORMANCE TO DATE

WFP aid to Guatemala

25. From July 1971 to September 1996, WFP aid totalled approximately 111 million dollars, most of it provided since 1985 (100 million dollars). Support to project execution also included non-food items such as vehicles, equipment and tools for a value exceeding 2.5 million dollars. These figures do not include the Government's matching funds (approximately 67 dollars per ton of food donated) and the counterpart funds of the beneficiaries to cover the costs of transferring the food from regional warehouses to the beneficiary communities. Since 1991 the focus has been on support to women's groups (training, organizing groups and setting up productive undertakings), resource and environmental conservation (soil conservation and improved water management), support for vulnerable groups (children under five years of age, and expectant and nursing mothers), and school feeding. Approximately 50 percent of all the resources supplied by WFP during the period 1991-96 was used to support vulnerable groups.

WFP-assisted projects

26. In September 1996, four projects were being implemented for a total of approximately 41 million dollars. A fifth project, Construction of infrastructure in depressed areas affected by the internal conflict (Guatemala 5279), with a total cost to WFP of 10.7 million dollars, was recently approved.
27. **Assistance to primary school children and vulnerable groups (Guatemala 2705 (Exp.2)).** The present expansion of this project, with a total cost to WFP of 24.3 million dollars, and a four-year duration, began in 1993. The purpose of the project is to benefit approximately 30,000 women and 100,000 children through a mother and child component, 700,000 pre-school and primary schoolchildren with a school snack component and 15,000 infants under one year of age with a community component. The area of implementation is in ZONAPAZ, excluding Huehuetenango and Petén, but including other departments in the eastern region. It is being implemented through the Ministries of Education and Health, and the Office of the Presidency.
28. The project has helped to maintain attendance of primary and pre-school children at school, and of expectant and nursing mothers at the health centres. There are no impact assessment studies (only physical and financial progress indicators), but it is considered that the dietary and educational impact may have been below expectations, due in part to a very irregular supply of food commodities.
29. **Promotion and establishment of women's associative enterprises in rural areas (Guatemala 2581 (Exp.1)).** This project, with a cost to WFP of 7.7 million dollars, set out to benefit 15,000 women organized into associations, 2,500 students in rural vocational training schools, 2,400 volunteer promoters and 1,200 artisans for a period of five years beginning in 1991. It also operates in ZONAPAZ areas, in addition to Zacapa and Progreso. This project was initially executed by the Ministry of Development until the Ministry's dissolution, when it was transferred to the Ministry of Agriculture. The training objectives for the women's groups were achieved, but only 34 percent of the trained groups used their own savings (contributions for each food ration received) to set up rural enterprises and finance productive activities.



30. **Promotion of soil conservation and agro-forestry activities in depressed zones (Guatemala 2587 (Exp.1)).** The project began in 1991 for a period of six years and at a total cost to WFP of 5.6 million dollars. The main activities are: soil and water conservation, improved agricultural practices, and agro-forestry and community training. The beneficiaries are 16,000 men and women; a total of 16,000 hectares was improved through soil conservation measures. The most important immediate impact of the project came from the support to set up 700 hectares of irrigated small holdings, 790 water conservation facilities and 1,400 hectares of woodlands. The General Directorate of Agricultural Services (DIGESA) is responsible for implementation. The intensification and diversification of the farms have brought about significant increases in the household incomes of the beneficiaries.
31. **Post-war assistance to returnees, displaced persons and needy population (Guatemala 5360/Q, quick action project).** This project provided assistance to approximately 12,000 people (3,000 returnees and 9,000 internally displaced); this was done mainly through investment in basic community infrastructure, land clearing and grading, and supporting training activities in the project catchment areas. The project is implemented by the Commission for Assistance to Returnees and Displaced Persons (CEAR); thanks to this arrangement, the participation of NGOs and other local institutions has been reinforced. The project provided support for activities aimed at facilitating the return and social reintegration of people affected by the internal conflict.

Achievements, impact and lessons learned

32. In general terms, WFP assistance has been very effective in transferring income in the form of food rations to families facing a serious food deficit. This achievement should not be overlooked, as it permitted these families access to a minimum diet. In recent years there has been a gradual shift in WFP assistance from emergency support, education and health activities towards more complex activities to support human development and production, and enhance the presence and participation of women in the development process. The most recent project (No. 5279) combines emergency activities (resettling displaced people) with sustainable development activities (investment in productive infrastructure, rural employment generation and agricultural production).
33. **Gender focus.** Activities supported by WFP have mainly benefited women, who account for 42 percent of the total beneficiaries (1.2 million over the past five years). Care for children under five years of age in the early stimulation centres has given mothers an opportunity to participate in training courses, initiate income-generating activities (with the support of revolving funds), and/or increasing the time available for household chores. At the same time, assistance has been given to involve women in literacy activities (jointly with the National Literacy Committee, CONALFA), and training and organization for starting up productive activities. This is a reflection of the large inequality in terms of illiteracy rates among adult women compared to men.
34. The school snack provision activities are reaching the target population. As a result of the institutional coverage of the public sector and the lack of community infrastructure, the benefits are only partially reaped by the most vulnerable age groups - children under five years of age. There are no direct impact assessment reports, but it would appear that because of the irregular delivery of food and the frequent changes in the composition of the rations, the effect on nutrition has fallen short of expected targets.
35. The resource conservation and sustainable agriculture project (No. 2587) appears to be the most sustainable with firm elements of technical and economic feasibility, community involvement and resource management. Although great progress has been made with training



and developing women's entrepreneurial groups (No. 2581), only 34 percent of the groups are operating with their own resources, although it is too early to judge the medium-term sustainability of the groups that have completed their training. The financial sustainability of the revolving funds (operating under market rates which have remained at four percentage points above inflation) appears to be assured. The sustainability of activities to support vulnerable groups (No. 2705) is difficult to estimate. These do not generally generate tangible assets, and their indirect sustainability could stem from development activities supported by the community organizations that have been set up to facilitate the implementation of the mother and child component. The Government is not in a position at this stage to take over these components completely, although in the case of school feeding, the production of biscuits is being financed almost completely with government resources.

36. Natural resource conservation and sustainable management practices form an integral part of project No. 2587. The project has proven extremely successful and has had a major impact in terms of employment and incomes. The high level of existing demand, the competition for water and the use of water tables, together with the weaknesses in water-use legislation, could jeopardize the development of small irrigation facilities in the future. Another still unresolved problem relates to the contamination of water sources as a result of the increased use of pesticides in the small-scale irrigation areas and the productive reconversion of the high watersheds. Project implementation must be closely coordinated with the authorities as far as water-use and environmental contamination are concerned.
37. WFP previously supported human settlement programmes on the fragile lands in the north (Ixcán, Petén and part of Alta Verapaz). Evaluations have shown that these programmes caused damage to eco-systems in those areas. WFP support for interventions under project No. 5279 must draw very carefully on past lessons. The food-for-work projects, for which the daily ration had a considerable value and was worth slightly less than a day's work, made it possible to make strategic use of the food provided. Food was not provided as a "hand-out" to settlers; they had to work for it.
38. The main weaknesses of the activities being implemented relate to problems in design. These have to do first with the wide geographical scattering of the activities, which reduced their effectiveness (higher costs and difficulties regarding supervision). Second, the projects have poorly expressed objectives and overly ambitious targets which do not appear to take into account constraints in project implementation capability. A third problem is inadequate selection or low participation when identifying agencies to implement the project. The geographic focus of the activities is adequate, but they would benefit from greater geographical concentration. The activities are being implemented in the nine priority departments defined by FONAPAZ and to a lesser degree in the areas of poverty concentration in the east and the marginal zones around Guatemala City. Access and coverage problems facing the implementing agencies, which limit actual coverage and benefits, are not always getting through to the people suffering from the most serious food insecurity.
39. All the projects have M&E systems, and the financial resources needed to properly implement them. In practice, however (with the exception of project No. 2587), there have been major delays in implementing these systems. Information - which often is gathered piecemeal and on an irregular basis - has not been sufficient or adequate to properly monitor and control the progress of activities and use of WFP resources. It is still difficult to determine to what extent women are equal beneficiaries of WFP-assisted projects, although as mentioned above, they appear to be the majority of beneficiaries. Similarly, the issues of equal access to and control of resources and participation in management of the projects by



women have not been addressed systematically. Neither have impact assessments been made on the activities, even though there have been case studies and mid-term evaluations of most projects.

40. It is difficult to separate the problems caused by the design of the activities from those related to implementation. The projects rely heavily on government agencies for implementation. However, the execution capacity of these agencies has been reduced by public expenditure cuts (stabilization programmes), changes in responsibilities and institutional instability (changes in the role of the central government, the reform of the public sector, and changes and improvisation on the part of the executing agencies). Progress with training activities (for beneficiaries, technicians and managers) has not been evaluated, even though there are substantial differences between one project and another.

Food handling and the monetization process

41. The failure to transfer human and financial resources has affected food logistics (transport, storage and management) and the funding of complementary inputs, as well as the provision of technical assistance and training for beneficiaries and project staff. WFP offset the lack of counterpart resources by authorizing the temporary use of resources from revolving funds (110,000 dollars) for logistics, and through cooperation with other agencies. Nevertheless, the underlying problems were not solved and the situation reached a crisis point at the end of 1995, when all food aid shipments to Guatemala were temporarily suspended. By mid-1996 the pipeline resumed. Monetization and local purchases will alleviate high landside transport, storage and handling (LTSH) costs in the future.
42. The Government has recognized these weaknesses and is currently carrying out a study to evaluate and redesign the whole food logistics system. It has also moved vigorously to investigate and correct reported instances of mismanagement in the DIGESA stores. There is still much to be done to solve management problems, and the lack of financial and human resources to implement the projects. WFP is planning a systematic information and coordination campaign to clarify the situation regarding its role, procedures and the limits to the assistance it can provide.
43. Internal food logistics costs (reception, transport and storage in regional warehouses) of approximately 83 dollars a ton are comparable with private sector costs. Previous estimates did not include the costs of transport from regional warehouses to the final distribution points, which were financed by the beneficiaries. Food prices on the local market have risen sharply recently, and the alpha values of the WFP rations therefore are favourable, fluctuating between 1.2 and 1.8 by September 1996.
44. The monetization process in Guatemala has been affected by market shortcomings, external logistical problems and the lack of specific procedural guidelines. The market for the commodities monetized by WFP at the present time (wheat and yellow maize) is partly controlled by monopolies that hamper negotiations and lower prices. The prices achieved from monetizing WFP commodities - while superior to the WFP-Rome benchmark prices - have frequently been below the prices found on the local market. The untimeliness of shipments and the lack of information on volumes and quality specifications compound this problem. The financial investment of the resources generated has not been free of problems, either. Until March 1996, resources generated by monetization fell in value because of investment at lower rates of interest than those offered on the market.



FUTURE ORIENTATION OF WFP ASSISTANCE

Proposed strategy

45. A central pre-requisite for this strategy, and a constraint to the dialogue for defining the future WFP programme in Guatemala, is the effective solution to the main problems that have hampered WFP-supported activities. It is particularly important to conclude formal agreements on the procedures and timeliness of counterpart budgetary contributions; on the implementation of the recommendations of the ongoing study to improve internal food logistics. It is also important to set up proper coordination and monitoring systems to ensure adequate management and control over project resources. The results of the dialogue and the corrective measures to be applied in the event of non-compliance should be reflected in simple (and easy to implement) conditionality clauses to be applied to both ongoing and future activities..
46. The proposed strategy takes account of the findings of the analysis of poverty and food insecurity, the demands and undertakings stemming from the Peace Agreements and lessons drawn from past experience in the implementation of food assisted projects. Thus, the main focus of WFP assistance will be to:
- a) reduce extreme poverty;
 - b) promote sustainable food production and natural resource management; and
 - c) contribute to the peace and reconciliation process.
47. An integral part of the strategy is the implementation of measures to facilitate decentralization and increase beneficiary participation in decision-making and in the phases of the project cycle (design, implementation, evaluation and control), with the aim that these activities ultimately should be taken over by the beneficiaries themselves. The strategy therefore includes measures to effectively incorporate gender analysis in all activities, to sharpen the focus (on priority beneficiary groups and geographic areas), and to complement resources and more closely coordinate with other development agents.
48. Gender-focused activities to help women will seek to: a) increase their participation and enhance their role in decision-making within the household and in the community; b) improve their access to the paid labour market; c) provide training opportunities to increase their participation in, and contribution to, household incomes. It is also necessary to take steps to explicitly include women in food-for-work programmes and ensure that they receive and administer food aid at the household level. These programmes should be designed to identify and provide resources for investment, giving the responsibility particularly to women. Priority in project participation will go to households with widows and children orphaned as a result of the civil conflict which are highly vulnerable to food insecurity

Target population and focus of activities

49. WFP assistance will concentrate on people living in extreme poverty, particularly children under the age of five, pre-primary and primary schoolchildren, expectant and nursing mothers, and women heads of households. Other beneficiaries in the priority areas include families affected by the armed conflict and demobilized combatants who have settled in sustainable agro-ecosystems. Future work will concentrate, in order of priority, on:



- a) **The poorest municipalities** in the 15 Departments indicated in the Government Plan, 1996-2000. The National Poverty Map (FONAPAZ) will be used to identify municipalities eligible for assistance. The programme will also include municipalities in which a high percentage of the people live in poverty, such as Camotán and Jocotán, and in the Department of Chiquimula.
 - b) **Peri-urban zones.** These comprise the poverty belts around the capital, in the municipalities in the Department of Guatemala and in the main towns of the country.
 - c) **Priority water catchment areas.** The specific focus of these activities will be agreed with the Government on the basis of integrated natural resource conservation projects and flood prevention activities.
50. The process, as a first approach, will begin with the municipalities suffering from the greatest degree of poverty compared with other municipalities in the 15 priority Departments. The second step includes the identification of communities with the greatest food insecurity and groups with the highest risk of malnutrition. The analysis, the identification of the communities' specific demands and the definition of activities to be implemented (type and design) will be carried out in a decentralized and participatory manner through a joint effort between WFP, the Development Councils and the eligible communities. Cooperation with United Nations agencies, and the use of a participatory planning methodology, such as for instance the one used in El Quiche (1994-95) are essential to the strategy.

Proposed areas of intervention

51. The WFP strategy includes activities to assist the following:
- a) **Human development.** Activities in this area seek to protect populations at a high risk of malnutrition, and enhance human development through improvement of the nutritional and health status of the target population. These include in particular measures to: i) meet the immediate nutritional requirements of expectant and nursing mothers, children under five and elementary schoolchildren; and ii) provide education and training on preventive and reproductive health care, nutrition and environmental sanitation to groups of families and communities.
 - b) **Productive development.** The goal of such activities is to improve food security by increasing production and generating productive employment in rural areas. These activities will aim to: i) improve the household food security of poor farmers by raising agricultural production and productivity by incorporating improved cropping practices, sustainable management of natural resources, watershed protection and reduction of post-harvest losses; and ii) increase employment generation and raise incomes of the rural population with no or inadequate access to land, by investing in productive and basic social infrastructure, developing micro- and small enterprises and rural trading activities. An important part of these schemes will benefit groups of the population affected by the armed conflict, such as returnees, displaced persons, and former combatants through food-for-work schemes, adult training, technical assistance, and programmes to mobilize community savings and credit.
 - c) **Emergency management.** This involves prevention and assistance in the event of natural disasters. It includes assistance to strengthen contingency planning of the agency responsible for emergency prevention and emergency operations management, and providing WFP support for emergencies declared by the Government.



The gender focus of the programme

52. Women in Guatemala play an important role in the economy and in food production, yet because of a whole range of constraints and limited information, their contribution (particularly in rural areas) is generally underestimated. In this connection, the proposed strategy incorporates Guatemala's and WFP's commitments to women, made at the Beijing Conference. This explicitly includes quantified targets and measures to adequately integrate women into the development process. For instance, it is proposed to earmark 60 percent of total aid to activities benefiting women directly, and a minimum of 25 percent of food-for-work resources and investments in areas identified by, or which mainly benefit, women. WFP will also give priority to reducing the large gaps in access to education between men and women, as in the case of adult illiteracy rates.
53. In order to adequately address gender issues: a) training programmes will be provided for beneficiaries and staff of the executing agencies and WFP, and technical assistance supplied for this purpose; b) alliances will be sought with the authorities and other agencies and community leaders who are sensitive to gender issues; c) strategies and targets for women will be revised and redesigned (i.e., identifying programmes to benefit women and measures to deliver services to women among the target population, and investing in projects where women are the sole or major participants; and d) methodologies and/or the M&E system will be modified in order to facilitate the adequate monitoring of progress by using a gender approach.
54. In specific terms, activities will be planned and implemented in close coordination with the United Nations Gender Inter-agency Group (GIG), NGOs and organized groups of women. Food-for-work projects Nos. 2587 and 2581 are working in coordination with these groups. In project No. 5289, one gender specialist has been appointed, and another to include gender analysis in project preparation. A strong participation of women in food purchase and distribution has been envisaged. To ensure this and train organized groups of women to handle credit and prepare productive projects, specific training courses have been planned by project authorities. Project No. 2705 intends to improve the role of Parents' Committees, including direct management of activities and responsibilities. Each component of the project has prepared its own action plan for 1997. To date, the project has received funds and expertise from the European Union for the preparation and organization of training in gender analysis. A close relationship has been established with UNICEF and UNIFEM, and discussions are taking place for further collaboration from the Regional Office of UNIFEM.

Modalities of assistance

55. Recent experience in food handling, storage and distribution, and the relatively high government outlays for this purpose, given the country's topographical characteristics, highlight the importance of purchasing local commodities as near as possible to the project site. This will reduce logistic costs, stimulate local production and ensure that the ration is compatible with local dietary patterns. In this regard, experience with the monetization-for-local-food-purchase scheme, envisaged in project Guatemala 5279 will be used to define future monetization levels in the light of food prices and availability as well as other measures to improve cost-effectiveness.
56. Before beginning monetization procedures, measures will be taken to: a) specify the monetization periods, seeking to ensure that they do not affect the domestic market; b) improve external logistics (timing of shipments and flow of information regarding quality and volumes); c) revise operational procedures in order to ensure that the responsibilities of the Government, WFP and the private sector in this process are more clearly spelled out; and



d) introduce changes without prejudice to government responsibilities which enable WFP to retain ownership of the food until it is transferred to buyers. Furthermore, the possibility of joint sales with other agencies which monetize substantial volumes of food in the country will be explored in order to have a better bargaining position with prospective buyers. The timing of shipments and information on volumes and quantities is critically important in the case of joint operations. Lastly, measures must be taken to centralize responsibilities and to ensure that resources generated by monetization are invested in the best opportunities offered by the financial market at the time the funds are generated.

57. In emergency situations, assistance procedures will be defined on a case-by-case basis. Agreements will be reached with the Government regarding the restrictions and limits of WFP assistance and the general procedures used for handling emergencies. Dialogue with the Government will also seek to ensure that it provides its own resources (or resources from other donors) to meet humanitarian-emergency aid requirements which were not contemplated in the plans of operation, which do not relate to an official declaration of a state of emergency and/or which are not in accordance with the type of emergency laid down in WFP's policy guidelines.

Coordination, implementation and integration of activities

58. While the coordination and general implementation of activities will continue to be a responsibility shared at the central level by the Government and WFP, the design, implementation and control of future activities will be more decentralized and participatory than they have been at present. The participation of beneficiaries and other agents (the communities, cooperatives, NGOs, etc.), and of other agencies/donors, is essential in order to acquire complementary financial and technical resources, and to enhance the sustainability of operations, their general impact, and to make up for any shortcomings observed in implementation.
59. It is expected that formal operational agreements will be reached with social funds (such as FONAPAZ, FIS, FORELAP (Fund for Redeployment), etc.), with HABITAT (housing in resettlement areas), with the European Union and NGOs such as CARE (mother and child health), Association for International Cooperation and Solidarity (MOLIS/MOVIMONDO) (agricultural development and basic infrastructure). WFP will also continue to support and take part in the activities of the National Food Security Council to facilitate dialogue and coordination, particularly in the area of policy formulation.
60. WFP will seek to strengthen strategic alliances, plans of action and joint programming, in particular with UNDP, FAO, UNICEF, UNFPA, IFAD and other funding agencies. WFP will also increase its activities to inform and sensitize the Government and society in general to its mandate, operational procedures and policies, and the limits of its activities.
61. The Country Strategy Note (CSN) was prepared during 1996 and finalized in February 1997 by the Government in coordination with United Nations agencies. The CSN, which sets specific targets for the social sector, has established four priority areas for support by United Nations agencies: a) reintegration of population groups affected by the internal conflict; b) integrated human development; c) sustainable productive development; and d) strengthening and modernization of the democratic state. WFP's contribution to the social sector will be particularly valuable in reaching the following specific social targets by the year 2000:
- i) provide the access for all children seven to 12 years old, to at least three years of schooling;



- ii) increasing literacy rates to 70 percent;
- iii) reducing by 50 percent the 1995 rates of maternal and infant mortality.

Resources

62. The total food aid resources required for the planning period 1998-2002 are estimated at approximately 50.7 million dollars. A core level of 15.2 million dollars will be available from current WFP-supported activities. Supplementary resources in the amount of 35.5 million dollars will be sought, depending on the availability of resources to WFP and the criteria of allocation of resources to LIFDCs as recommended by the Executive Board. The distribution of investment aid for human development, and productive and natural resource development, is estimated at 45 percent and 55 percent, respectively

KEY ISSUES AND RISKS

63. The main risks of the proposed strategy stem from the past low level of political commitment and low priority given by the Government to the WFP-assisted food aid programme. These factors were reflected primarily in a failure to comply with counterpart commitments (financial and human resources), which has particularly affected the internal distribution of food rations to beneficiaries, the level of target achievement and the general effectiveness of the activities. This is the reason for establishing as a pre-condition for the implementation of a future country programme that these issues be resolved, as indicated in paragraph 47. Local purchases, as outlined in the new projects, will eliminate large transport costs and promote women's participation. Women's committees will undertake local purchase and distribution.
64. Progress in the implementation of the Peace agreements, (in particular those aspects regarding rehabilitation and support to the population affected by the conflict) will play a determining role in the effective implementation of the WFP programme. Land availability, job creation and social investment in former conflict areas will undoubtedly affect WFP-assisted activities, as they are priority areas for the future WFP programme.



ANNEX I

GUATEMALA: SELECTED INDICATORS

Indicators	Year	
	1980	1989
Poverty		
		<i>(percent)</i>
Global: Poverty	71.1	80
Extreme poverty	36	59.3
Rural: Poverty	83.7	86.8
Extreme Poverty	46.5	71.0
Urban: Poverty	47	67
Extreme Poverty	15	37
Indigenous: Poverty	n/a	92.6
Extreme Poverty	n/a	91.3
Households headed by women (no.)	165 787	271 863
	1989	1995
		<i>(percent)</i>
Unemployment		
- Rural	n/a	n/a
- Urban	6.2	6.1
	1991	1996
		<i>(quetzales)</i>
Minimum wages		
- Agriculture	14	16.7
	1991	1995
		<i>(quetzales)</i>
Basic food basket	636	1 004
	1982	1994
		<i>(quetzales)</i>
Social expenditure	47.5	308.2
- Total (index)	5.32	4.16
	1986	1994
- As percentage of GDP	3.3	2.7
- Per capita (dollars)		33



INTERNAL CEREAL¹ SUPPLY

	1991	1992	1993	1994	1995
(‘000 tons)					
Production	1 433	1 564	1 50	1 357	1 311
Imports:					
Commercial	318	302	592	531	412
Donations	235	142	130	178	62
Per capita availability (kg)	(209.7)	(206.7)	(222.2)	(200.6)	(169)

Sources: - Government Programme (1996 - 2000), SEGEPLAN.

- Guatemala Poverty Profile, National Institute of Statistics, (INE) - UNFPA, 1989.

- An Assessment of Poverty: World Bank, 1994

- CEPAL

¹ Rice, beans, maize and wheat.



ANNEX II



