

Millennium Development Goals: Report on Progress made in Guatemala

INTRODUCTION

World summits have been held since the '90s to promote a global development agenda. These summits have generated important public policy reforms that have produced institutional changes and supported better resource allocation. In September 2000 one hundred forty-seven heads of state and government adopted the Declaration of the Millennium which compiles and summarizes the development objectives that had been previously established. The eight main objectives, called "Millennium Development Objectives", are the following: 1) To eradicate extreme poverty and hunger; 2) To achieve universal primary schooling; 3) To promote gender equality and the autonomy of women; 4) To reduce child mortality; 5) To improve maternal health; 6) To combat HIV/AIDS, malaria and other diseases; 7) To ensure environmental sustainability; and, 8) To foster a world alliance for development.

Following is an assessment of the degree of progress made by Guatemala towards the Millennium Development Objectives and the goals and indicators derived from these objectives. This assessment covers a sufficiently long period of time (1990-2000) to assess the country's performance and not the performance of any particular government administration. Therefore, it must be interpreted as an analysis of a long-term process, as is the case with development, and not an analysis of specific circumstances. Furthermore, it was prepared bearing in mind that Guatemala is in a post-conflict situation that makes it have certain specific circumstances, especially in the light of the commitments established in the Peace Accords signed in 1996. This post-conflict situation has been a source of advantages and disadvantages. On the one hand, Guatemala's development was negatively affected by an internal armed conflict that had a number of economic, political and social costs, the effects of which continue to date. On the other hand, significant efforts were made to comply with the commitments of the Peace Accords, especially regarding public expenditures in social issues, and this allowed the country to make strides towards certain social goals. This was also accompanied by an increase in internal and external resource mobilization. Although these efforts allowed the country to make progress regarding specific indicators, there are still social groups that are lagging behind, especially indigenous groups in certain regions of the country and in the rural area in general. Statistics, where significant progress has been made but which still face important challenges, do not adequately reflect this situation.



It is difficult to assess the possibility of Guatemala attaining the Millennium Goals, most of which were set for the year 2015 as this is a country vulnerable to natural disasters and economic crises, as seen by the negative consequences of the 2001 drought and the foreseeable reduction of coffee prices in the long term. These situations could very well set back the country in the future and, thus, past trends cannot be automatically projected and assume they will continue to hold true in the future. Furthermore, efforts must continue to be made to mobilize resources, especially internal resources, to fund additional development actions, especially in view of the existence of social groups that are still lagging behind and require greater efforts, and of goals that are more difficult to attain as the percentage of coverage is higher. Additionally, future progress must be complemented with a vision and an effort that is shared by society as a whole, transcending the activities of different government administrations.

The Report on the Millennium Development Goals is a tool to get the attention, support, alliances and political commitments for a periodic follow-up of the development objectives, goals and indicators. The emphasis of this report, in accordance with the guidelines given, is to give a numerical idea of the progress made during the last ten years with respect to each goal, its present status, and the outlook regarding the attainment of each of them. It is not designed to include an in-depth analysis or detailed policy recommendations, but rather, a document that endeavors to assist the national debate on development to focus on priority issues, and one that to generate a supportive environment for the work of those responsible for designing and implementing public policies. This could be a starting point for Guatemalan society and the international community to share a vision of past performance and an outlook of future development.

In preparing this report, we have had the participation of professionals from different sectors of the Government and Guatemalan society, the World Bank, different UN Agencies, Funds, and Programmes represented in the country, as well as the financial support of the UNDP and the cooperation of the Italian government within the APPI programme. The UN has taken this opportunity to renew its commitment to give its cooperation to enable Guatemala to attain the noble Millennium goals by the year 2015, so that the people as a whole may reach a higher level of human development, particularly those who are, at present, in a situation of poverty or extreme poverty.

National Context for Development

Guatemala is in a post-conflict situation. In 1996 the Government of Guatemala and the National Guatemalan Revolutionary Unit (URNG) signed the Peace Accords, putting an end to 36 years of internal strife, and establishing a development agenda as the basis of firm and lasting peace. The Accords include commitments and social-economic and public expenditure goals. Additionally, as part of the provisions regarding compliance of the Peace Accords, in May 2000 the signing of a Fiscal Agreement for a Future with Peace and Development took place. This agreement originated from a concerted effort and resulted in the adoption of a set of principles and commitments on fiscal policy for the short, medium and long term. Between 1990 and 2001 public expenditure in social efforts went from 3.5% to 6.4% of the GDP as established by the Peace Accords. This happened within an increasingly important framework assigned to decentralization, as reflected by programmes such as the Integral Health Care System (SIAS) and the National Programme for Self-Management in Educational Development (PRONADE), the recent passing of the Decentralization Law, the new Municipal Code, and the Law on Urban and Rural Development Councils.

The Economy and Poverty

In the year 2000 Guatemala had a population of approximately 11 million, and one of the lowest Human Development Indexes (0.631) in Latin America (position 120 from among 173 countries world-wide). The economy and an important part of the population strongly depend on agriculture which in 2000 accounted for 23% of the GDP. Commercial activities accounted for 25% of the GDP. That same year, 46% of the poor classified as economically active population (EAP), with 57% working in agriculture, 15% in the manufacturing industry, and 13% in commercial activities.

In the year 2000 56% of the population was in a situation of poverty and 16% in extreme poverty. Of the poor, approximately eight out of every ten live in rural and remote areas. Thirty percent of the poor are concentrated in the southwestern region (Totonicapán, Quetzaltenango, Suchitepéquez, Retalhuleu, San Marcos and Sololá), and in analyzing the incidence of poverty in each of the regions, it is evident that the northern region (Alta and Baja Verapaz) has the highest incidence of poverty (84%). Since the year 2000, as a consequence of the drop in coffee prices and the drought, the likelihood is that there has

been a decrease in the income of the people in the rural area, as well as an increase in poverty. Thus, one must bear in mind that economic circumstances and natural disasters could very well affect the attainment of the Millennium Development Goals.

TABLE 1

Indicator	Value	Year
Total Population (millions of inhabitants)	11.4	2000
Mortality rate of children under five (deaths per one thousand born live)	59	1994-1999
Maternal mortality ratio (deaths per one hundred thousand live births)	169	2000
Life expectancy at birth (in years)	64.8	2000
Per capita GDP (Purchasing Power Parity – PPP in US\$)	3,821	2000
Annual growth rate of the population	2.6%	1975-2000
Poverty incidence (% of population under the national poverty line)	56%	2000
Estimated prevalence of HIV in the adult population (15-49 years)	0.85%	2001
% of population with access to sources of water supply	85%	2000
% of children under 5 with less weight than normal for their age	24%	1998
Net rate of primary schooling	84%	2000
Ratio between gross rates of primary schooling of boys and girls	92%	2000

Extreme Poverty

Objective 1 Eradicate extreme poverty and hunger

- Goal 1 Between 1990 and 2015, reduce by half the percentage of people with incomes of less than 1 dollar PPP per day
- Goal 2 Between 1990 and 2015, reduce by half the percentage of people who suffer from hunger

Performance Summary

Status of support conditions for achieving goals
Weak but improving
 Will the goal be reached?
Possibly



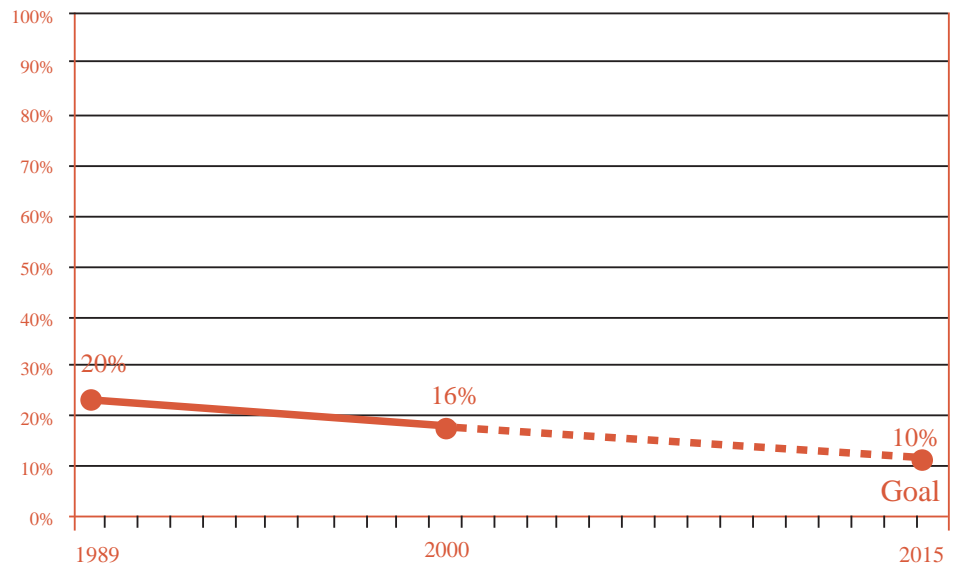
Diagnosis and Trends

Information available shows that the incidence of extreme poverty,¹ measured on the basis of the percentage of people whose income is less than one dollar per day (adjusted by the purchasing power parity) has dropped in the last decade. If the trend for this poverty indicator is maintained, used mainly for purposes of international comparisons, the goal of reducing it by half by the year 2015 could be achieved. However, when analyzing the evolution of the incidence of poverty according to certain selected characteristics, significant disparities can be found.

GRAPH 1

Evolution of extreme poverty

Population with less than US\$1 PPP
 (years 1989 and 2000, and 2015 goal)



Source: Own estimates from information of the ENS 1989, ENCOVI 2002, and Conversion factor of the PPP of GDP for 1993, provided by the World Bank.

TABLE 2

Population with less than US\$1 PPP daily according to selected characteristics (in percentages)

Characteristic	1989	2000
Country	20%	16%
Ethnic group of head of household		
Indigenous	31%	24%
Non-indigenous	14%	10%
Gender of head of household		
Male	20%	16%
Female	22%	12%
Geographic area		
Urban	9%	5%
Rural	26%	22%

Source: Own estimates from information of ENS 1989, ENCOVI 2000, and PPP conversion factor of 1993 GDP provided by the World Bank.

Other indicators appear to confirm that there was a reduction in the incidence of extreme poverty between 1989 and 2000.² For example, when comparing the incidence of extreme poverty on the basis of the basic food basket,³ adjusted for domestic inflation, it was found that 18% of the population was in a condition of extreme poverty in 1989, but that by the year 2000 this percentage had dropped to 16. In that year, almost 93% of the extremely poor lived in the rural area, and close to 72% of them belonged to an indigenous group.⁴ At regional level, the highest incidence of extreme poverty was found in the northern (40%) and northwestern (33%) regions.

TABLE 3

Evolution of population in extreme poverty (consumption) according with selected characteristics (in percentage)

Characteristic	1989	000
Country	18%	16%
Ethnic group of head of household		
Indigenous	32%	26%
Non-indigenous	9%	8%
Gender of head of household		
Male	18%	17%
Female	17%	10%
Geographical area		
Urban	4%	3%
Rural	25%	24%

Source: Estimated from information from ENS 1989 and ENCOVI 2000.

One of the indicators points to scarce progress and even setbacks in the distribution of income and consumption. Since 1989 the percentage of the national income that corresponds to the poorest fifth of the population has remained virtually stagnant, having gone from 2.7% in 1989 to 2.8% in 1998. This same indicator using consumption, a more reliable indicator, instead of income, dropped from 6.2% in 1989 to 5.8% in 2000, evidencing a worsening in the consumption distribution between these two years. However, the significant incorporation of women into the labor market during the decade of the '90s probably explains, at least partly, why households headed by women experienced a greater reduction in the incidence of extreme poverty between 1989 and 2000.

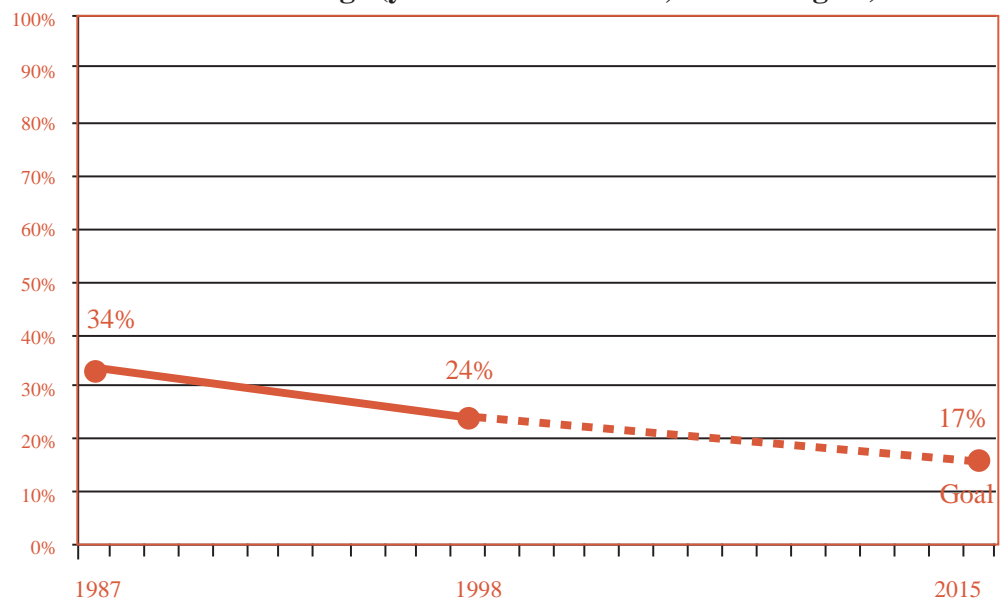
To reduce hunger

The percentage of children under 5 years with weight lower than normal for their age (global malnutrition) dropped from 34% to 24% between 1987 and 1998, but in the northeastern region rose from 27% to 29%.⁵ The children of mothers who live in the rural area, who are indigenous, or uneducated, are above the national average, with 29%, 34%, and 35%, respectively, suffering from global malnutrition in 1998.⁶ During that year, at regional level, global malnutrition reached 33% in the northwestern region, in comparison with 19% in the Metropolitan region.⁷

GRAPH 2

Evolution of global malnutrition

Malnourished children under 5 according to their weight for their age (years 1987 and 1998, and 2015 goal)



Source: Own estimates from INE (1999) information. "Guatemala: National Mother-Child Health Survey 1998-1999", 1999, page 127

Other relevant indicators are chronic malnutrition (insufficient height for age) and acute malnutrition (lower weight for height), corresponding to recent weight loss. The percentage of children under five with retarded height growth for their age dropped from 58% to 46% between 1987 and 1998, but in the northern region it increased from 50% to 57%, and in the northeastern region from 43% to 49%. In 1998 2.5% of children under five weighed less than normal for their height.

Policies and Programmes

In accordance with the 1996-2000 Government Programme, the social funds were the core instruments of the policy to combat poverty. In the 2000-2001 period the Government of the Republic formulated a Poverty Reduction Strategy. In 2001, the Value Added Tax Law was amended through Legislative Decree No. 32-2001 to provide one-half percent of the monies resulting from the collection of this tax be specifically earmarked for food security programmes and projects for the poor and extremely poor. These include projects for pregnant women, mother-child care, and pre-school and school programmes. Additionally, the Food and Nutritional Security Programme entrusted to the National Council for Food and Nutritional Security (CONSAN) was promoted. Finally, the Planning and Programming Secretariat of the Presidency (SEGEPLAN) is taking action to implement a National System of Public Investment (SNIP) for the purpose of finding and realizing the most profitable investment options from an economic-social point of view and based on the Government's policy guidelines, as well as ensuring control, efficiency and rationality of public expenditures.

Challenges and Priorities

To reduce extreme poverty (measured on the basis of the percentage of people whose income is less than one dollar per day, (adjusted by the purchasing power parity), without modifying the concentration of income, would require an annual per capita GDP growth of 1.97% from 2000 to 2015.¹⁰ To reach this goal, without an increase in the per capita income (with a GDP growth equivalent to the growth of the population), would require a reduction in the concentration of income of 0.39% per year.¹¹ A combination where both growth and re-distribution contribute one half of the reduction of extreme poverty would be feasible in there was a redistribution of 0.32%¹² per annum and an annual growth rate of the per capita GDP of 0.32%.

The main challenges lie in how to benefit, to the greatest extent possible, the indigenous and rural populations, especially the populations in the northern and northwestern regions, which have the highest indexes of extreme poverty in the country and concentrate a significant percentage of the extremely poor. The above poses national and local challenges, not only with regard to public investment, but also in trying to promote an equitable economic growth process that provides quality and coverage of health and education services

Evaluation and Follow-up Capacity

Evaluation & follow-up capacity elements	Value		
	Very Good	Good	Poor
Amount and regularity of information from surveys		✓	
Data Collection Capacity		✓	
Quality of information from recent surveys		✓	
Statistical follow-up capacity			✓
Statistical analysis capacity			✓
Capacity to incorporate statistical analysis to policies, plans and mechanisms to allocate resources			✓
Monitoring and Assessment Mechanisms			✓
Reporting and information dissemination capacity			✓