GUATEMALA

Social debt and sustainable development goals: A civil society perspective

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By social debt we mean the deficit of the State in health, education, employment, access to productive and social goods, the inclusion of nationalities in national decisions, maintenance of balance of democratic power and, in general, those essential factors for a dignified and quality life. In Guatemala, this responsibility of the State was placed at the centre of the debate by the first president of the current democratic “era”, Vinicio Cerezo (1986-1991 - Christian Democracy). However, 30 years later, the social debt has grown exponentially.¹

This report contends that the accumulated social anguish² places the Guatemalan State in a very difficult situation, making it almost impossible to meet the Sustainable Development Goals (SDGs), unless it initiates deep transformations in its political, institutional and financial priorities.

However, Guatemala officially adopted the SDGs at the United Nations General Assembly meeting in September 2015.³ To this end, the government promoted and obtained from the National Council of Urban and Rural Development a decision that mandates: “The SDGs Agenda would be analysed and adapted to the reality and framework of development priorities of the country.”⁴ That is, the State commits to the 2030 Agenda.

This report examines two public programmes: the Inclusive Health Model and the Programme of Promotion of Sustainable Agriculture, two leading tracks in national public policy in terms of care for the poorest. Achieving the objectives and SDG targets related to health, hunger and poverty will largely depend on their results.

The public framework: institutional agreements and public finance

A first effort of the government strategy has been to align the SDGs to the Guatemalan reality: “The national commitment within the framework of the SDGs will have to be coordinated with the development priorities contained in the National Development Plan, the framework of public policies, planning processes and the public budget, in order to generate a process of appropriation and commitment by the State.”⁵ The strategy adds that this “constitutes for Guatemala a unique opportunity for the implementation of the National Development Plan, K’atun Our Guatemala 2032”. ⁶ That is, the SDGs become part of State policies

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¹ Oscar Marroqui Godoy, la Hora Journal, Guatemala, 22 May 2017: “if the issue of the social debt was already alarming in 1986, now it is much worse”
² National average poverty is 59.3 % disaggregated: 76.1% rural, 79.2% indigenous. Average national extreme poverty: 23.40 % disaggregated: 35.3% rural, 39.8% indigenous. Inequality according to Gini index 0.59. Human Development Index 0.63. Childhood chronic malnutrition is 48%. Inter-American Development Bank, Guatemala Development Challenges, September 2016. Presentation of the Civil Society Consultative Group
³ Sustainable Development Goals, Prioritized Goals, Secretary, Secretariat for Planning and Programming of the Presidency –SEGEPLAN.
⁵ Ibid.
and, therefore, subject to social and political audit, either from the citizens and/or the political classes, particularly the national parliament.

In order to achieve compliance with the SDGs once incorporated into the National Development Plan, the State intends to "strengthen its public policies, planning and public budget, involving different actors of civil society, public sector, private sector and international community, to promote actions that ensure the right to development of Guatemalans especially in the context of a global Agenda focused on the rights of all, not to leave anyone behind". There is State awareness of the number of institutional and political agreements and arrangements that need to be included in the implementation of the SDG agenda, particularly the question of financial resources.

However, financing is a challenge: "Since the mid-1990s, Guatemala has maintained a sustained economic growth rate of 3.5 percent per year, in contrast to the volatility shown by the Latin American region during the same period. Despite this, the rate of economic growth generated by the current model has not been able to significantly exceed the rate of population growth, which has resulted in real economic growth of about 1 percent a year. According to the World Bank, Guatemala collects the least amount of public revenue in the world and is the country with the lowest level of public spending in relation to the size of its economy".

If we add the fact that the tax burden for 2016 was 10.2 percent of GDP and "a social expenditure of 8 percent of its Gross Domestic Product", the State risks remaining in the current situation: weak institutions, with no presence in development and without resources to face the tasks for the future. The government has been called one of the "smallest in the world and, consequently, one of those who show least concern regarding the welfare of its population"—a result of insufficient spending and social investment.

This historical trend is maintained and reflected in the 2017 Public Budget, which again is deficient and insufficient. The Central American Institute for Fiscal Studies notes: "In terms of income, 78.1 percent will come from current income, while the remaining 21.8 percent from debt transactions; of the total budgeted, 72.6 percent comes from the tax line (57,994.8 million Guatemalan Quetzales), which proves, once again, that the relative weakness of the Guatemalan State stems from the impossibility of raising its tax capacity in a sustained way.... The tax burden will remain at the same levels budgeted in 2016 (10.4 %) ...if we consider that 12.6 percent of the 2016 public budget was used to pay public debt." The real possibilities of expanding social spending to positively impact the SDG agenda are truly hopeless.

Public debt is becoming a heavy burden for taxpayers. Even if this debt "is manageable and still does not exceed 25 percent of the GDP", as stated by the Ministry of Public Finance, more and more funds will have to be diverted from public works or social policy to devote them to the payment of debt or capital service. The amount of debt "as of 30 September 2016 amounted to Q124,330.7 million, equivalent to 23.9 percent of GDP", with a tendency to increase. In 2017, it is projected to be expanded by Q3,530 million. That is, the country remains at the mercy of national and international banks to finance expenditure.

If to the above is added the recurrent governmental incapacity to execute the credits and the public budget, the picture is really dark for the postponed agenda. "The budgetary execution of the loans granted by international organizations last year was 45.96

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6 Sustainable Development Goals, Prioritized Goals, Secretary, Secretariat for Planning and Programming of the Presidency—SEGEPLAN.
7 Ibid.
8 http://www.undp.org/content/dam/guatemala/docs/publications/undp_gt_UNDAF20152019.pdf

11 Ibid.
12 Ibid.
percent”. \(^{14}\) Added to this is the fact that execution of the same public budget in some Ministries did not exceed 82 percent. The Ministry of Agriculture, for example was unable to execute the public budget at all, hampering the State’s prospects of successfully implementing the same government plan.

**The Guatemalan State concept of Civil Society participation in the SDG process**

The national government --through the Secretariat for Planning and Programming of the Presidency of the Republic (SEGEPLAN), which is responsible for the inclusion of the SDGs in state planning and the promotion and measurement of its compliance-- assumed that the institutionalized mechanism of social participation, provided by the Constitution of the Republic and specifically, the National System of Urban and Rural Development Councils, \(^ {15}\) was and is the ideal mechanism to listen to the voice and guarantee the participation of civil society in the SDG process.

In our view, the institutionalized system of participation does not exhaust all forms of expression and participation of social movements, particularly peasants and indigenous peoples, who have historically disdained to participate, arguing that the multiple manipulation of resolutions by the Congress and the Secretariat of Programming and Planning of the Presidency of the Republic itself, which operates as Technical Secretariat of the system. This, plus the cooptation of council members by political parties, has resulted in a low incidence of the popular delegations in the decisions of public and budgetary policy assumed by the Councils System.

That is, for indigenous, popular and social organizations the Councils System does not allow broad social participation—a view we at CMGCOOP share. Far from it, it restricts it. So without expelling the Councils System from the process, an ad hoc mechanism – a National Committee - should be created to follow the SDG process. A real public-social alliance, in line with national development.

**Inequality at the centre of national development problems**

There are some traits that express inequality in national society and make Guatemala one of the four most unequal countries in Latin America.\(^ {16}\) The phenomena associated with racism and discrimination deepen exclusion. We are a society which elites pretend is single and urban, but which is inserted into a rich universe of 25 languages and 24 nationalities, where poverty affects with particular vehemence the indigenous populations.\(^ {17}\)

According to a report by Oxfam and the Central American Institute for Fiscal Studies, the income of the richest 1 percent is equal to the total income of the poorest 42 percent;\(^ {18}\) half of the country’s children and adolescents, approximately 4 million, do not attend school. According to the last National Agricultural Census-2003, the Gini index for land tenure is 0.84, which is manifested in the fact that 92.06 percent of small farmers occupy 21.86 percent of the surface, while 1.86 percent of commercial producers occupy 56.59 percent.\(^ {19}\) Absolute inequality in access to land.

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\(^ {15}\) Decree Number 11-2002 of the Congress of the Republic: “ARTICLE 1. Nature. The Development Councils System is the main means of participation of the Mayan, Xinca and Garifuna and non-indigenous populations in public management to carry out the process of democratic planning of development, taking into account the principles of national, multiethnic, multicultural and multilingual unity of the Guatemalan nation.”

\(^ {16}\) Susana Gauster, OXFAM, el Periódico Guatemala, 28.5.2017.

\(^ {17}\) See footnote 2 above.

\(^ {18}\) OXFAM/ICEFI, Presentation “Paradise of Inequality” Guatemala, 23 May 2017.

\(^ {19}\) CNOC/CONCOP Proposal for Comprehensive Agrarian Reform, Guatemala, 2006.
And despite the catastrophic results of resource hoarding, the tendency is for land re-concentration to continue. This is what Alberto Fradejas, at the Institute for Agricultural Studies of the Coordination of NGOs and Cooperatives, calls "the third historical milestone of the indigenous and peasant dispossession underway in Guatemala". The so-called ‘dilemmas’ between Urban and Rural, which have guided public policy have been ‘resolved’ - until now - in favour of urban areas, particularly the metropolitan area. Some data: in urban areas, general poverty was 35 percent (5% extreme), while in rural areas it was 71 percent (21% extreme). As in much of Latin America, most public attention is placed on urban areas. The authorities even point out that Guatemala is preparing to be an eminently urban country in the next 50 years, which leaves unprotected - in our view - the current inhabitants of ‘rural areas’ today.

An artificial economy, sustained by remittances from poor migrants in the USA

Guatemala is a country without sustained public investment and with private investment based on financial speculation, textile maquilas and extraction of raw materials, highly dependent on prices abroad, with no capacity for sovereign maneuver and not many possibilities to generate endogenous development processes.

The economy is kept afloat by the remittances sent by the poor working in the United States. The State - and the economic elite - are not capable of initiating any virtuous process, that reverses this situation. The Bank of Guatemala reports that in 2016 the country received in remittances more than US$7 billion and in the first five months of this year more than US$ 2.5 million. These millions of dollars mostly support consumption. Rural development is a way out according to large organized and academic sectors of the country. However, it implies profound agricultural transformation measures, a reorientation of production, a State capable of leadership. And these are not the conditions today, although the Family Agriculture Programme for the Strengthening of the Peasant Economy (PAFFEC), which began in the previous government, points in that direction (see below).

Public Private Partnerships (PPPs) in the national development strategy

The concept of Public Private Partnerships has been recently put into law: Decree 16-2010 of the Congress of the Republic "Law of Partnerships for the Development of Economic Infrastructure" (2010). The law also created the National Agency of Partnerships for the Development of Economic Infrastructure to implement the strategy, but since implementation has not begun in practical terms, there is little to evaluate. However, the poor experience with concessions and the criteria for analysis are worth commenting on. The social infrastructure is expressly excluded from the Law. That is, the law is specifically aimed at those projects where profit motivates the entrepreneur to participate, such as power generation, for example. The social issue requires the entrepreneur to "adopt the best practices of Social Responsibility", allocating 1 percent of their investment to promote social responsibility actions in the area of influence of the project.

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22 Inequalities in health Guatemala, 2016. Ministry of Public Health OMD and PAHO.


Specific tax exemptions are part of the legislation. This is a serious problem for a State with weak finances, heavily criticized for historically maintaining a system of fiscal privileges for large corporations. The law provides for giving up sovereignty in judicial matters: the resolution of disputes falls outside the ordinary jurisdiction and goes to private mechanisms of national conciliation and arbitration. However, investors are allowed to resort to arbitration and conciliation mechanisms in the international arena, which leaves the State at a clear disadvantage, due to the influences exerted by large transnational corporations on international arbitration centres, such as the ICSID at the World Bank.

Guatemala is committed to PPPs that are attractive to the business sector. The needs of the population are not within the law. The only thing that is safeguarded is Corporate Social Responsibility, which according to the country’s experience is reduced to philanthropic work. That is, it does not influence or promote elements that stimulate development.

Experience to date has been marked by greater profit for companies and limited profit for the State. Journalist Byron Barrera synthesized, in social networks, the national feeling about this type of project: “The State builds with our taxes and businessmen collect for 30 years.” Analyst Karin Slowin sums it up: “The private builds, the State pays for and in the end, it [the private sector] gets it back. This is a public-private partnership ... and ... transfer of competencies from the public sector to the private sector. And that this one executes the functions of the State. We can not conceive of them as a joint venture, as in other latitudes, in which each one plays his part. Since we have nothing to give in return, who sets the rules? The businessman. The starting point is very asymmetrical.”

A sample of what is alleged here is the Palín Escuintla highway project, in the south of the country, which was built by the State and delivered in concession to a company with Mexican capital.

The State receives 1 percent in royalties. According to figures provided by the Ministry of Communications, Infrastructure and Housing, that company has earned, since 2000 until the first quarter of 2014, the equivalent of US$114 million and the State has received US$ 1.1 million. However, in 1997 the State invested more than US$ 42.1 million for the construction of the highway. With this background citizens are not confident that PPPs stimulate real development processes and are perceived as instruments to drain public finances in favour of private capital.

If efforts are made to strengthen the State, PPPs do not point in that direction. They are rather the result of a conscious weakening of the State caused by the capital sectors themselves. Even if it is not possible now to make an assessment of the impact of PPPs in the country, the presumption is that these are projects to benefit the private sector.

BEYOND SPEECH AND GOOD INTENTIONS. TWO PROGRAMMES TARGETING POPULAR SECTORS: HEALTH AND EDUCATION

The shortcomings of the Public Health System

Guatemala continues to lack a universal system of social protection that provides health care for all of its inhabitants, without any discrimination, with access to quality and cultural relevant care services. The Guatemalan population remains excluded from the enjoyment of the human right to health as long as the health system remains fragmented, inequitable, exclusive and without adequate public funding, a system which puts business before human life.

The population continues to face limitations in access to basic health services, medicines, medical-surgical procedures, equipment and supplies that are in charge of the State.

26 Free Press, Guatemala 21-4-2104.
http://www.estategianegocios.net/lasclavesdeldia/65659-330/guatemala-ume-errores-en-licitaci%C3%B3n-autopista-pal%C3%ADn-escuintla
The care model continues to be highly curative, neglecting primary health care with its important contribution to disease prevention. The influence of companies in the purchase of medicines and laboratory studies puts the health of the population in the hands of the private sector, and the unclear handling of finances contributes to the corruption and decay of public health services.

Two serious indicators:

**Maternal mortality.** Although maternal mortality is considered a national priority, accelerated reduction has not yet been achieved. This problem remains a health challenge since most of the deaths occur among the rural population and indigenous women, evidencing unequal access to care at the time of pregnancy, childbirth and post-natal care.

The Health Management Information System of the Ministry of Health reported that as of December 2016 there were 237 maternal deaths, most of them in the departments of Huehuetenango, Alta Verapaz, San Marcos, Quiché, in the western part of the country—all areas in which are concentrated the majority of the indigenous population, extreme poverty and malnutrition.

**Adolescent pregnancy.** The cases of pregnancy in girls and adolescents have not fallen. In 2016, 94,891 teenage pregnancies were reported. The most worrying are pregnancies in girls from 10 to 14 years old (5,045), which are usually due to rape, and the State is the great absentee.

**An obvious cause of the problem: Health Financing**

State investment reaches 1.1 percent of GDP, the lowest in Central America. The total health budget is 7.86 percent of the Expenditure Budget for 2016. The conditions to implement the Inclusive Health Model began to be reorganized and created. It is expected that 2017 will show a gradual progress of this model and that it will be perceived by the people who use health services.

**The State Response**

**About Goal 3: “Good health & Wellness. Ensure healthy lives and promote well-being for all at all ages”.** The 2016-2020 General Government Policy aims at reforming the health sector. Likewise, it recognizes that at present the State is not capable of fulfilling the role of guaranteeing universal access to health.

**Strategies**

1. Strengthening the governing role of the Ministry of Public Health and Social Assistance;
2. Provision of services with emphasis on actions aimed at making health services accessible to all people and communities, so that primary health care becomes the core of the system;
3. Training of human resources and development of the health care career;
4. Access to conventional, alternative and complementary medicines;
5. Information system;
6. Health financing.

The Integral Health Model (MIS) will be the official model of health care, which will be implemented throughout the country starting in 2017. Its proposed modalities include 1) the right to health; 2) a gender perspective; 3) intercultural belonging; and 4) the Environment. In 2016, implementation began

**Weaknesses in the implementation of Health Measures**

- Absence of government-society dialogue. Despite government agreement to carry out the so-called National Dialogue "Process of Health Sector Reform in Guatemala", there is still no progress. This task, which obviously exceeds the national

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27 2016 MSPAS Annual Operational Plan.


government in its magnitude and conceptions, particularly concerns social organizations.

- The budget allocation to actions under the Equity Axis in the Development of Integral Health with Cultural Relevance of the National Policy for the Integral Development and Promotion of Women (PNPDIM) and the Equity of Opportunities Plan (PEO) 2008-2023 is not reflected in practical terms.

- The Equity Axis in the Development of Integral Health with Cultural Relevance, the National Policy for the Integral Development and Promotion of Women, is still to be implemented.

- Discussions with youth organizations concerning the mechanisms to provide comprehensive and differentiated care to the adolescent population and implement the 2013-2017 National Plan for the Prevention of Pregnancy in Adolescents and Youth of Guatemala (PLANEA) have not taken place.

- Universal, free and quality coverage in health has not yet been extended.

- There are still no medical research programmes that coordinate with the ancestral methods of the Mayan, Xinca and Garifuna peoples.

Some of the multiple atrophies of small-scale agricultural development

Half of the children in Guatemala suffer from malnutrition (48%, according to 2009 official data). However, after seven years the percentage has not changed. Two million children and young people between 4 and 18 years old were found outside classrooms (50% in the departments with the largest indigenous population).

Recurrent peasant poverty. The National Statistical Institute’s (INE) Living Conditions Survey reveals that between 2000 and 2014, total poverty in Guatemala rose from 56.4 percent to 59.3 percent of the population and extreme poverty rose from 15.7 percent to 23.4 percent. For the indigenous population the situation is terrible: poverty reached 79 percent. The rural population in general did not escape, with general poverty rising from 70 percent to 76.1 percent, and extreme poverty to 35.3 percent. In the last 15 years - in which Guatemala had committed, through the Millennium Goals, to reduce poverty by 50 percent, it increased, in a period coinciding with the expansion of open pit mining, cane and oil palm in the country.

Precarious agricultural employment. According to the 2014 National Employment-Income Survey, agricultural employment continues to be mainly supported by self-employed workers: 69.3 percent of the total employed population are in this sector, of which 42 percent are in agriculture. This partly explains why only 10.8 percent of all wage earners in rural areas are affiliated to social security.

Permanent and temporary migration outside the country and from the countryside to cities.

According to data from the International Organization for Migration in the Profile of the Guatemalan Migrant 2012. In 2010, there were a total of 1,209,000 Guatemalans abroad. “The 1994 and 2002 censuses show internal migrations of 888,868 and 1,236,620 people, equivalent to 10.8 percent and 11 percent of the population, respectively”. It is estimated that these flows have grown in recent years, but in the absence of a country census since 2002, only estimates are available.


Gisela Gellert argues that the main motivations for current migration include the exclusion of regular and full employment and the exclusion of access to land as the main means of subsistence for the majority of the rural population in Guatemala. These motivations have only been aggravated since 2002.

Finally, we will point out the battle for water. In the middle of the water crises experienced in the country, the diversion of the rivers to the cane and palm estates (transfers) is the element that has shown most social and political upheaval. The Ministry of the Environment has identified the change of course to palm, cane and banana plantations in 50 rivers.

THE STATE RESPONSE: FAMILY AGRICULTURE PROGRAMME FOR STRENGTHENING THE PEASANT ECONOMY –PAFFEC

About Goal 2: "End hunger, achieve food security and improved nutrition, and promote sustainable agriculture”.

Goal 2.3: “By 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment”.

Objective of PAFFEC: “To contribute to the production of food and to the stimulation of local economies, strengthening the capacities of peasant families in terms of meeting their basic food needs and a better insertion in national and international markets; and for the achievement of this purpose, that these populations, which are majority in the rural territories, have conditions that contribute to overcoming the situation of poverty, extreme poverty and exclusion they suffer”.

Through the continuity of this programme, the government aims at reducing chronic malnutrition by 10 percent in a four-year period of management, in children under two years of age by 2019, by facilitating the availability of food, intended for a population of 261,789 families of mostly indigenous populations.

Weaknesses and shortcomings of the implementation of PAFFEC

Public Financing in Agriculture: Due to the weakness of the budget and to the cut made by the Congress in relation to PAFFEC, in Guatemala it is said that Agriculture is a ‘Cinderella Ministry’, that is, an entity without financial capacity or political force. Its budget represents 0.24 percent of GDP and 2.27 percent of the Public Budget.

The other perversity that atrophies small-scale rural and agricultural development is the limited access to land. During 2016, the funds allocated for the purchase of land - through the Land Fund, the only institutional mechanism within the State in charge of peasant land endowment - was Q87.00 million, of which only Q46 million were executed. That is, very low budget and incapacity of execution, a perverse cocktail that puts SDGs at risk.

34 SDG Text, Government of the Republic 2015.
36 Ibid.
37 Adrián Zapata, “The process of implementation of the National Policy of Rural Development Integral: A critical and proactive vision,” Analysis of the National Reality. Journal published by the University of San Carlos de Guatemala Year 6 - Issue 113, February 2017.
The programme has no real presence in the countryside. The paternalistic and passive view that prevails in the Ministry of Agriculture means that, instead of promoting the production of food, it ‘gives away’ food rations. In the wrong way, the country follows the route of giving away food, not producing it.

These forms of government intervention are common to the last four governments. These are not actions that encourage peasants economies, or agriculture.

**STATEMENT BY THE AUTHORS – CONGCOOP**

Guatemala faces a historic dilemma: if it does not leave the old patterns of ‘development’ based on the extraction of natural wealth, environmental predation and exploitation of cheap labour, and turn its gaze towards more creative and inclusive forms of production, democratize its democracy and make the distribution of wealth and political power more equitable, we will - soon - arrive at an ungovernable society, fueled by conflict. The SDGs require a huge country effort, with bold decisions, guided by their best men and women, where equity and social justice are the founding criteria.