



POLICY OPTIONS FOR AGRICULTURAL INVESTMENTS AND GOVERNANCE OF MARKETS

In support of small-scale farmers in Guatemala



BY GUILLERMO DÍAZ

**INSTITUTO DE INVESTIGACIONES ECONÓMICAS Y SOCIALES
(IDIES) [INSTITUTE FOR SOCIAL AND ECONOMIC RESEARCH]**

Public policies on commercial investment in agriculture and market governance play a fundamental role in ensuring inclusive, sustainable development of small-scale farming, particularly with regard to women in rural areas. This study focuses on establishing the framework of policies and rules applicable in Guatemala and the favourable or unfavourable impact they have on both male and female small-scale rural producers. The results reveal that, although rural-development policies and programmes exist, their benefits are limited due to the disconnect between the design and the implementation of such policies. The public policies and forms of market governance currently in place clearly tip the balance in favour of large-scale commercial investments in both monoculture farmland and the agri-food sector.

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INTRODUCTION

Guatemala's farming sector has undergone some major changes over the last 20 years, such as the growth of monocultures and of small-scale farming for export. This trend has been driven by both a general framework of laws offering incentives and international demand, particularly for vegetables, legumes, and substitutes for oil-derived fuels.

The institutional framework governing the farming sector has become weaker over the past decade. The Ministry of Agriculture, Livestock and Food (MAGA) has seen its budget and functions reduced, and it does not have a significant impact on the promotion of rural development and the strengthening of small farming economies. The expansion of monocultures poses a threat to small-scale producers by reducing the amount of land available and therefore forcing up land prices, and reducing demand for labour - particularly for women - which causes migration and, more generally, poverty among families that sell their land or are evicted from the farms they have lived on for generations as tenant farmers¹. These families also find themselves in precarious labour conditions and even suffer violations of their labour rights and rights of way.

Moreover, agricultural products markets in Guatemala are characterised by the presence of oligopolies and a lack of free competition. They often work to the detriment of small-scale farmers and to the benefit of wholesale agents or export companies that obtain a large percentage of the value added.

Agricultural policy in support of investment and small-scale producers in Guatemala is limited. Government plans talk of promoting rural development, but measures taken to that end are rare and lacking in momentum. One reason why agricultural policy is limited in practice is that farming accounts for a smaller percentage of GDP than the trade and industry sectors, despite the fact that it creates the most jobs. Another reason is the small budget assigned to the public institutions linked to the sector.

Guatemala does have a policy that favours women. However, despite the existence of a law that promotes dignity and participation in various sectors for women, they continue to suffer economic discrimination and exclusion from production, particularly with regard to access to land ownership. Their participation in the agricultural production process is limited to supporting their families, often without receiving any pay. Women are frequently the target of all kinds of discrimination, and have practically no decision-making power when it comes to the use of productive resources. There are very few policies that directly favour rural women.

This report argues that public policy gives preferential support to large-scale farming investments through tax breaks. The limited support given to small-scale producers in public policy is restricted to issues such as access to land, credit and the supply of inputs at subsidised prices; it rarely covers productive infrastructure.

The study has two objectives: to understand how public policy affects commercial investments in farmland and the agri-food sector, and to understand how markets support small-scale farmers. It also aims to contribute to the development of the programmes run by OXFAM - and the GROW

¹ Tenant farmers are individuals who reside on and farm land owned by a landlord.

campaign - by analysing existing public policies with a view to prompting a discussion with key actors and decision-makers about the policy tools that can best guarantee adequate public investment in the farming sector and a significant improvement in the livelihoods of small-scale farmers. The analysis adopts a gender-based approach, focusing on identifying the opportunities and obstacles facing women with regard to access to land and participation in negotiations concerning such aspects as land, products and working conditions (whether concerning salaried or informal work).

The study is based on the analytical framework proposed by IIED, which highlights two different levels of policy analysis (see Graph 5, Annex 2). The first level of analysis focuses on the policies' role in influencing commercial investments in agriculture. This aspect poses two questions: How are small-scale producers dealing with commercial investments in farming? How do laws on agricultural investments impact positively or negatively on the interests of small-scale growers (with an emphasis on women and other marginalised producers)? The second level of analysis deals with the topic of market governance, analysing whether public policies are beneficial or detrimental to small-scale farmers. In this regard, the following questions must be answered: How are small-scale farmers dealing with the failings of market governance?

How can market governance be improved in order to build a sustainable farming sector that includes small-scale growers and benefits women whilst reducing poverty?

The analytical framework categorises policy outcomes into three types: a) negative discrimination: policies that promote inequality against poor women; b) positive discrimination in favour of small-scale farmers: policies that distort investments and the market in favour of small-scale farmers; c) positive discrimination in favour of female small-scale farmers.

The study consists of five chapters. The first chapter describes various aspects of Guatemala's farming sector and clarifies what is meant by large-scale and small-scale farming. It stresses the importance of both segments to the national agricultural industry in terms of both area harvested and the main agricultural produce. The second chapter discusses the impact of investment in large-scale farming on small-scale farming, with an emphasis on its impact on the structure of the farming sector. The third chapter deals with the governance of agricultural-produce markets and gives examples of production chains for various agricultural products grown by small-scale farmers. The fourth chapter presents an outline or list of public policies and programmes related to agricultural investment and market governance, in accordance with the analytical framework proposed by IIED. This chapter also presents an analysis of the positive or negative discrimination involved in the public policies listed, in accordance with the analytical framework. The fifth chapter contains an analysis of the design, intention and outcomes of the public policies outlined. Lastly, the conclusions and recommendations resulting from the study are presented.

1. FARMING IN GUATEMALA

This chapter gives a brief description of the characteristic features of agriculture in Guatemala with regard to the importance of farming in the country, land ownership, changes to the size of the land dedicated to growing major crops, the recent development of foreign investment, and changes to the institutional governance structure that covers the farming industry. It also presents certain factors that shape the governance of agricultural markets.

Agriculture accounts for 12% of Guatemala's GDP and almost 33% of jobs in the country. Women occupy 19% of jobs in the farming sector (National Statistics Office (INE), 2010). Women account for 8% of producers, according to data from the fourth Agricultural Census (INE, 2004), which is lower than the proportion of workers they represent. Access to land for women is also limited. A study conducted in the Ostúa-Güija basin, in the east of the country, revealed that only 13% of those interviewed with access to land were women (Pelaez, 2011).

Land ownership has also historically been concentrated among a small number of farms. In 1979, 88.2% of farms still in existence in 2003 were subsistence farms, measuring less than 7 hectares and occupying just 16.5% of the country's cultivated land. At the other end of the spectrum, 2.5% of farms, measuring over 45 hectares, occupied 64.5% of the land (see Chart 1). The concentration of land showed slight changes in 2003, with 92% of farms being subsistence farms with 21.8% of the land, while the biggest farms represented 1.9% of the total and occupied 56.7% of the land. The Gini coefficient in 2003 was 0.84 (INE, 2004.)

Chart 1: Structure of Guatemala's farming sector in 1979 and 2003

Surface area	% farms	% land	% farms	% land
<i>Less than 0.7 hectares</i>	31.4	1.3	45.2	3.2
<i>Between 0.7 and 7 hectares</i>	56.8	15.2	46.8	18.6
<i>Between 7 and 45 hectares</i>	9.3	19	6.1	21.5
<i>45 hectares or over</i>	2.5	64.5	1.9	56.7

Source: Own research based on INE census data (2004).

Guatemala has comparative advantages when it comes to agricultural production thanks to its fertile soil and climate, which help the country to be one of the world's leading producers of coffee, bananas and sugar. In recent years, the farming sector has experimented with significant foreign and domestic investments to expand the cultivation of sugar cane, bananas, oil palms and rubber (see Chart 2). These crops are cultivated on a large scale. For example, in 2003 the average size of an oil palm farm was 633 hectares, compared with 38.8 hectares for rubber and 13.3 hectares for sugar cane. Small-scale farming was also expanded, particularly with regard to vegetables for export, maize and beans. The average size of a maize farm was 0.95 hectares in 2003 (INE, 2004).

Chart 2: Harvested area in hectares

Crop	2006	2011	Change
<i>Coffee</i>	247,365	252,416	5,051
<i>Sugar</i>	188,702	239,261	50,559
<i>Rubber</i>	114,200	225,000	110,800
<i>Oil palms</i>	43,000	100,000	57,000
<i>Bananas</i>	42,377	64,289	21,912
<i>Maize</i>	577,249	841,049	263,800
<i>Beans</i>	220,152	238,140	17,988

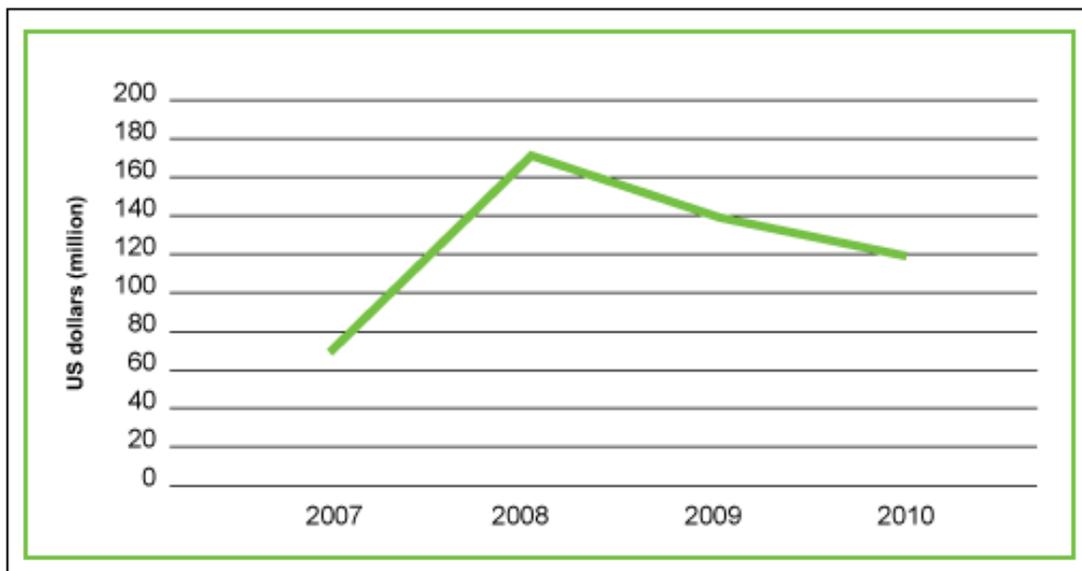
Source: MAGA, 2011 and Agrequimia, 2012.

In total, the harvested area dedicated to large-scale crops grew by 38% in the five years from 2006 to 2011, against a 35% increase for the two main crops grown for food, maize and beans. In absolute terms, however, the harvested area dedicated to these two crops grew more than that of the large-scale products. The increase in farmland size is due to the expansion of the agricultural frontier.

This expansion of large-scale export crops has helped to exacerbate the country's agricultural problems, foremost among which is the increased demand for access to land. In 2000, CONTIERRA (the presidential commission for the resolution of land conflicts) addressed some 200 land conflicts concerning rights disputes, land borders, legalisation and occupations. As at the end of 2011, the number of such conflicts had risen to 1,288 (Department of Agricultural Affairs, 2011). In the Valle del Polochic, agricultural conflicts arose with the arrival of oil palm and sugar cane plantations in 1998 and 2002 respectively, with farmers being attracted to the region by its low land prices compared with those of the south, due partly to the coffee crisis (Mingorría and Gamboa, 2011). As at the end of 2010, the Department of Agricultural Affairs counted 375 conflicts in the Valle del Polochic, of which 168 related to disputes over property rights and 145 to occupations (Alonso, Caal and Chinchilla, 2011).

In recent years the country has experimented with increasing foreign investment in agriculture, as well as in mining and the production of hydropower. The flow of foreign direct investment (FDI) in agriculture rose from US\$70 million in 2007 to US\$170 million in 2008, before falling to US\$120 million in 2011. Agriculture is not one of the main destinations of foreign investment, representing around 15% of the annual flow of FDI into the country.

Graph 1: FDI in agriculture in Guatemala



Source: Banco de Guatemala, 2011.

Within the framework of the business-oriented programme of structural reforms implemented by the government of President Álvaro Arzú at the end of the 1990s, the institutional landscape of public agricultural policy changed, with the number of institutions and programmes related to the farming and livestock sector being reduced. The Sectorial Unit for Agriculture and Livestock Planning and Food and the Directorate-General of Agricultural Services were eliminated, while the silos of the Agricultural Marketing Institute were sold (Agreguima, 2012).

The weakening of public institutions in the agricultural sector can be seen in the budgets allocated to such institutions. MAGA's expenditure peaked at Q1,550.0 million in 2006; since then, the ministry's expenditure has been cut, totalling Q786.2 million in 2011. In 2012, the approved budget was Q.1,759.5 million. During the process of approving the 2012 national budget, several farmers' organisations promoted a movement that began with an analysis of MAGA's budget and ended with a proposal to adjust the budget with a view to facilitating direct actions to promote small farming economies, with an emphasis on promoting the participation of female producers. The objective of these organisations is to continue these citizen analyses of budgets for advocacy and for boosting small farming economies.

The change of government saw the resumption of some functions and the implementation of traditional programmes to support the farming sector, involving supplying fertilisers, granting credit, rental arrangements and providing land. One of the most heavily promoted programmes under the government of Álvaro Colom was the 'Prorural' programme for rural development, which centralised the distribution of fertilisers and seeds and promoted production chains. Paradoxically, this programme helped to weaken MAGA, since it duplicated some of the ministry's functions and had a bigger budget than MAGA (Q290 million versus Q179 million in 2010). In 2010, Prorural was transferred to the Vice Ministry of Rural Economic Development with a view to strengthening the public institutions in the agricultural sector.

Under the government of the current president, Otto Pérez, who took office in early 2012, the focus is on promoting the implementation of the National Policy on Integrated Rural Development, which was agreed

by the previous government together with various organisations and institutions with links to the agricultural sector. The 2011-2015 Agriculture Policy is also currently in force, and policies to boost private investment in farmland and to strengthen the small farming economy are being promoted (MAGA, 2011).

As regards market governance, since the end of the 1980s the trend has been to deregulate the economy. The end of 1989 saw the liberalisation of the exchange rate and interest rates, two of the most important prices in terms of macroeconomics. Similarly, in early 1990 most price caps on food products were removed, and several years later fuel prices were allowed to fluctuate. There is no policy of guaranteed prices or price caps for farm produce in Guatemala; prices are determined by supply and demand. The application of the market paradigm in Guatemala is epitomised by the lack of a law to regulate competition, despite the fact that a bill on the matter was presented to the Congress of the Republic in the early 2000s. Lobbying by unions and business associations aimed at deputies from different legislative periods has prevented the Congress of the Republic from becoming familiar with the competition bill.

The legal and institutional framework on market governance has been oriented towards promoting access to finance and boosting production through subsidised interest rates or inputs at subsidised prices. Infrastructure creation has been focused on building roads in order to provide and extend access to markets. For more than two decades, market organisation policy has been based on a law on cooperatives and a law on agricultural associative enterprises, which have borne little fruit in terms of encouraging farmers to form associations.

1.1 LARGE-SCALE FARMING

As mentioned above, cultivation of bananas, sugar cane, rubber and oil palm has been expanded considerably in Guatemala. The areas with the most banana crops can be found in the departments of Escuintla, which accounts for 46% of the total, and Izabal, which accounts for 33%. According to information provided by the Ministry for the Economy (2010), the cultivation of bananas is carried out by large companies, which means that there are very few small-scale growers of this crop. Guatemala is the world's eighth-largest exporter of bananas. The bananas are grown for export, with the United States being the largest market, accounting for more than 80% of exports. Banana cultivation is responsible for the creation of 62,000 direct jobs and 10,000 indirect jobs.

Guatemala has 469,000 hectares available for the cultivation of sugar cane. As at 2011, around 240,000 hectares of this area had been cultivated, equivalent to 51% of the total. 70% of the sugar produced is intended for export, particularly to the United States and Asia. The cultivation of sugar cane is currently being expanded in Guatemala due to the country's high level of global competitiveness (it is the world's third-largest producer). The two largest producers are Brazil and Thailand.

The cultivation of rubber is also being expanded in Guatemala: the total harvested area nearly doubled between 2006 and 2011, rising from 114,000 to 225,000 hectares. This phenomenon is due to the favourable agroecological conditions that help Guatemala to be the world's fourth-largest producer of rubber (Agrequimia, 2012). Mexico accounts for the majority of exports (62%), followed by Costa Rica and Colombia, which each account for 12%.

Oil palm is another crop that was widely expanded between 2006 and 2011, with an increase of 57,000 hectares cultivated, while the land dedicated to sugar cane cultivation was expanded by 22,000 hectares (MAGA, 2011). This expansion was prompted by the high yields per hectare that the country enjoys from its oil palm cultivation, placing it eleventh among the world's exporters (Agrequimia, 2012). There are also other crops that are due to be expanded in future, such as pine nuts or jatropha, which is being promoted by MAGA for the production of biofuels, and teak, which is favoured by the Forestry Union.

1.2 SMALL-SCALE FARMING

Of the total number of agricultural producers (830,684) recorded in the 2003 Agricultural Census (INE, 2004), 92%, or 764,685, were small-scale growers with land measuring less than 7 hectares, which meant that they could only practice subsistence farming. The number of small-scale producers with land measuring between 7 and 45 hectares, which enabled them to generate a surplus that they could sell, was 50,528, equivalent to 6.1% of the total. Small-scale growers accounted for 43% of cultivated land.

The two main crops grown by small-scale farmers are maize and beans (see Chart 3), which play a vitally important role in Guatemalans' diet. The same can be said for potatoes and tomatoes, which are also important crops cultivated by small-scale growers. Driven by external demand, crops such as mangoes, pineapples, broccoli, French beans and chilli peppers have been developed. With the exception of maize and beans, the harvested areas dedicated to these crops are small in comparison with those of large-scale farming. The average size of a maize farm is around 1 hectare, compared with 13 hectares for sugar cane farms and 631 hectares for oil palm farms.

Maize production is intended for domestic consumption but is insufficient, meaning Guatemala needs to import maize in addition to the maize it produces. Domestic consumption in 2010 totalled 49.5 million quintals, of which 35.3 million was produced in Guatemala and the rest was imported. The average yield of maize cultivation is 2.1 metric tonnes per hectare (Arequimia, 2012). 63% of the land used for maize cultivation can be found in seven departments: Petén, which accounts for 18.4%, Alta Verapaz, with 13.4%, Quiché, with 8.4%, Huehuetenango, with 7.5%, Jutiapa, with 6.6%, San Marcos, with 4.7%, and Izabal, with 4.0% (MAGA, 2011). In the departments of Petén, Alta Verapaz, Quiché, San Marcos and Izabal, maize competes with oil palm or sugar cane for use of the land.

Chart 3: Main small-scale farming crops (harvested area in hectares)

Crop	2006	2011
<i>Maize</i>	577,249	841,049
<i>Beans</i>	220,152	238,140
<i>Potatoes</i>	25,300	26,500
<i>Mangoes</i>	12,200	13,000
<i>Snow peas</i>	10,000	10,000
<i>Tomatoes</i>	7,057	8,822
<i>Pineapples</i>	7,592	8,510
<i>Broccoli</i>	6,500	9,300
<i>French beans</i>	3,100	5,800
<i>Chilli peppers</i>	1,922	2,200

Source: MAGA, 2011; Agrequimia, 2012.

The cultivation of beans covered around 240,000 hectares in 2011, producing 215,990 metric tonnes, with a yield of 0.90 metric tonnes per hectare. As with maize, beans are grown for domestic consumption, but insufficient produce means that beans also need to be imported from Canada, the United States and China. In both cases, yield per hectare in Guatemala is low compared with other countries, such as Chile, which produces 10.3 metric tonnes of maize per hectare and 7.7 metric tonnes of beans per hectare (Arequimia, 2012).

The cultivation of potatoes in Guatemala is carried out by some 26,000 producers, who sow a total of approximately 7,000 hectares (CABI, 2011). The country's yield per hectare for potato farming, 36 metric tonnes, is considerably higher than the global average of 17 metric tonnes. 90% of the potatoes produced are destined for domestic consumption, with the remainder being exported to other Central American countries. Imports account for less than 1% of total consumption.

Guatemala is one of the most productive mango growers in the world, producing 26 metric tonnes per hectare, although it is not one of the commercial producers registered with UNCTAD. The country has some 42,000 mango growers, with a harvested area of 13,000 hectares (CABI, 2011). Mangoes are grown for both local consumption and export. Mangoes are also used as an input in the food industry in the production of juices and jams.

Snow peas, French beans and broccoli are grown for export, mainly to the United States and Europe. Guatemala is the world's second-largest exporter of snow peas and French beans, and the eighth-largest exporter of broccoli. The harvested area dedicated to the cultivation of French beans and broccoli rose by 50% between 2006 and 2011.

85% of tomatoes grown in Guatemala are intended for domestic consumption. Almost all exports of the crop go to Guatemala's neighbour, El Salvador. The harvested area dedicated to tomato-growing expanded by 25% between 2006 and 2011, while production remained stable, meaning that the yield per hectare fell from 43.1 to 34.6 metric tonnes.

2. IMPACT OF INVESTMENT IN LARGE-SCALE FARMING ON SMALL-SCALE FARMING

This section of the study aims to provide an answer to the following question: How are male and female small-scale producers dealing with commercial investments in farming?

As mentioned in the section on the farming industry in Guatemala, agricultural investments have expanded with regard to the cultivation of bananas, sugar cane, rubber and oil palm. In the documentation that has been reviewed, no studies were found that describe the expansion of banana crops and its effects on small-scale farmers. The same can be said of rubber, despite the fact that rubber crops have expanded considerably. The literature consulted focuses on sugar cane and oil palm cultivation. The cultivation of sugar cane, which is classed as traditional, has been growing since the 1980s, when it occupied 3% of total land for cultivation; by 2007 this proportion had increased to 11% (Alonso, Alonzo and Dürr, 2008). Oil palm is classed as a new crop, having replaced cotton since the end of the 1980s. In both cases there has been a significant increase in the area of land dedicated to the crop, as described above. This expansion is related to the demand for biofuels that has exploded over the past decade. Investments in sugar cane and oil palm crops are made mainly by Guatemalans who invest in the farming sector and increase their investments with a view to boosting their returns. The expansion of sugar cane crops in the north has been led by the Widmann family, in association with the Pellas family of Nicaragua. Investments in oil palm have been made by some of Guatemala's most prominent wealthy families, such as the Maegli, Urruela, Kong and Molina families. The Maegli family has ties to business owners in Nicaragua and Costa Rica. Unlike in other Latin American countries, investments in oil palm and sugar cane in Guatemala come more from local sources than from overseas. Investments in oil palm crops seek to provide sources of supply to industrial producers of cooking oil, as well as to export the raw material to Mexico for the production of biofuel (see Chart 4). Investments in sugar cane aim to expand capital to meet external demand.

Sugar cane and oil palm were first harvested in the south of the country, and were initially expanded as a replacement for cotton. Oil palms were first planted in 1988 in the south of the country, with the first fruit harvested between 1991 and 1992. The areas most suited to cultivation can be found in the south and north-east of the country, in the departments of Izabal, Alta Verapaz (specifically in the valleys of the Motagua and Polochic rivers) and Quiché; as well as in the south of the Petén department (Palm Growers' Union of Guatemala, 2012).

Due to the lack of land in the south as a result of the expansion of oil palm and sugar cane cultivation, the current decade has seen both crops increase demand for land in some areas of the north which, as previously mentioned, are suited to the cultivation of these crops. The expansion of these crops in the north prompted what could be called a new flurry of land concentration, particularly in the geographical area known as the Franja Transversal del Norte (north transversal corridor) and the department of Petén. Two companies have been responsible for buying land in the Valle del Polochic: sugar producer Chwil utz'aj, which means "good cane" in the Q'eqch'í language, and oil palm company Inversiones Promotoras de Desarrollo, S.A. (INDESA).

Chart 4: Main palm oil growers in Guatemala

Agricultural company or business owner	Geographical location of plantations	Commercial brand of cooking oil	National, Central American or Latin American partnerships or international corporations
<i>Grupo HAME/REPSA Hugo Armando Molina Espinoza</i>	Escuintla Coatepeque (Quetzaltenango), Ocòs (San Marcos), Sayaxché (Petén)	Olmecca	
<i>INDESA/PADESA Juan Maegli</i>	El Estor (Izabal), Panzós, Chisec, Fray Bartolomé de las Casas and Chahal (Alta Verapaz)	Capullo	Unilever, (El Salvador) Ignacio González (Costa Rica)
<i>AGROCARIBE/ Extractora del Atlántico Grupo Torrebiarte and Arriola Fuxet</i>	Fincas Berlín, Morales (Izabal), Acapetahua, Acacoyagua, Mazatán, Mapastepec and Villa Comaltitlán, in the region of Soconusco and Chiapas (Mexico)		Propalma, Mexico Green Earth Fuel Palmas del Ixcán
<i>Palmas del Ixcán</i>	Ixcán (Quiché), Rupelsanto and Playitas, Chisec; and Lachúa, Cobán (Alta Verapaz)		
<i>Grupo Kong</i>	Sayaxché (Petén)	Ideal	

Source: Hurtado, 2008.

The cultivation of oil palms began to expand in the Franja Transversal del Norte in 1998, while sugar cane cultivation began to expand in 2002. The cultivation of oil palms expanded through the purchase and rental of land, as well as through partnerships with large and small suppliers (Environmental Observatory of Guatemala, 2011). Land was purchased from both large farm owners and small-scale growers. Due to the demand for land into which to expand oil palm cultivation, farm owners in the Valle del Polochic opted to sell or rent out their extensive properties, resulting in the eviction of families of young tenant farmers, who were forced to migrate to other regions of the country or resettle in small properties given to them by the farm owners as compensation for their many years of work. The size of the land obtained, measuring between 0.2 and 1.0 hectares, is insufficient to produce food for the families (Alonso, Alonzo and Dürr, 2008). A study conducted by the Environmental Observatory of Guatemala in 2011 shows that one third of the families from the Valle del Polochic own less than 1 hectare of land, while one third own between 1 and 5 hectares.

In Petén, the expansion of oil palm cultivation took place through the market, by means of land purchases. In the municipality of Sayaxché, some communities have disappeared because 100% of the families have sold their plots, while in other communities, fewer than 10% of families have resisted selling their land and now form communities that are entirely surrounded by oil palm plantations. As at 2009, there were approximately 60,000 hectares of cultivated land belonging mostly to small-scale farmers.

The main reason for selling is financial, since inhabitants are attracted by the high price offered for the land. However, the experiences documented reveal that in the vast majority of cases, after two years the families do not have any of the money obtained from the sale and have not managed to buy other land or set up a business, as they originally intended when they sold the land; consequently, their living standards deteriorate. The decision to sell is generally taken by the man at the head of the household (Dürr, Zander and Rosales, 2010).

The most rapidly accelerating expansion of oil palm plantations is taking place in the municipality of Sayaxché, also in the Petén department. Several studies show that in just 10 years, four palm oil companies have occupied more than 60,000 hectares of land in Sayaxché (equivalent to 16% of the municipality). Each of these companies arrived with plans for immediate expansion. To date, two of them have installed processing plants and the other two are planning to build their own plant. According to the Palm Growers' Union, the five business groups dedicated to the cultivation of oil palms in Guatemala expect to have planted an estimated 100,000 hectares by 2017. It is only in Sayaxché that significant progress has already been made on this project (OXFAM, 2012).

It is estimated that one in 10 families in the Valle del Polochic sold their farmland during the last decade. The majority of the land was owned under the individual/family property regime, but in practice the man at the head of the household was the one who decided to sell (Environmental Observatory of Guatemala, 2011). The sale of the land by the male head of household, even when his wife is co-owner, takes place by means of irregular practices; for example, the man may sign a promissory agreement in exchange for receiving some money in advance. This creates an obligation that pressures the wife into agreeing to the sale to prevent legal action being taken against her husband for fraud or breach of contract. In other cases, the sale is forced through the use of threats, coercion and violence (Hurtado, 2008). Annex 4 presents a map documenting cases of pressure or threats.

It is also important to bear in mind that the land purchased for the cultivation of oil palms was previously dedicated to basic grains. An analysis conducted in the Valle del Polochic revealed that in 2000, 29% of land used for the cultivation of oil palms had been dedicated to basic grains, with this proportion falling to 15% in 2010 (Environmental Observatory of Guatemala, 2011). In other words, the amount of land dedicated to the cultivation of maize and beans had almost halved. Chart 5 shows how important the cultivation of oil palms has become in some municipalities in the north.

The purchase of land from small-scale farmers also affected families that gained access to land as part of the settlement programmes in the Franja Transversal del Norte implemented by the military governments in power in the 1960s and 1970s (Hurtado, 2008). For example, six out of the 10 access-to-land projects in the municipality of Poptún disappeared. Access to land refers to the granting of land by the state, which buys the land if it is privately owned or sells it if it is public property. Families that sell are unable to access land again, since there is a shortage of land for them to occupy or settle on as most land forms part of a protected area or is private property. Likewise, there is a limited supply of land available to buy or rent, which restricts opportunities to grow food crops, which in turn has a negative effect on living conditions (Dürr, Zander and Rosales, 2010). Data from the 2004 Agricultural Census (INE, 2003) indicate that 11.4% of the country's farmers rent, while 1% are tenant farmers. In the Valle del Polochic area and the south of the Petén department, the proportion of rented land rises to 22%, while the proportion of renters is greater still in the municipality of Fray Bartolomé (51%) and in Sayaxché (36%) (Alonso, Caal and Chinchilla, 2011). One particularly acute case of a scarcity of land available to buy or rent is the municipality of Panzós, which in 2008 had practically no land available, with the common land already occupied and two state-owned farms inhabited by families that had sold their plots (Hurtado, 2008).

Chart 5: Oil palms: proportion of total cultivable land

Municipality	Proportion
<i>Sayaxché</i>	37%
<i>Panzós</i>	37%
<i>El Estor</i>	31%
<i>Fray Bartolomé</i>	16%
<i>Ixcán</i>	5%
<i>Chisec</i>	4%

Source: Congcoop, 2012

In the case of small-scale farmers who did not wish to sell, the expansion of oil palm cultivation took place with the support of the government, via the Prorural programme (which no longer exists); Prorural created the Propalma sub-programme in order to provide subsidies and technical assistance to these small-scale growers so that they could dedicate their land to the cultivation of oil palms, in return for which they received 25-year contracts (Mingorría and Gamboa, 2011). The Propalma programme was rolled out in the municipalities of Chisec and Cobán in the Alta Verapaz department, and in Ixcán in the department of Quiché. As at 2009, technical and financial assistance had been given to 307 beneficiaries, of whom 75 were women and the rest men. In total, these small-scale farmers represented land measuring 600 hectares. (Flacso, 2011).

The land in the Valle del Polochic purchased for the cultivation of sugar cane and oil palms was acquired mainly from large farmland owners or stockbreeders. Land for oil palm cultivation in the Petén department was purchased preferably from small-scale growers. In this case, such purchases were possible thanks to the process of legalisation or introduction of land ownership titles established by the FONTIERRAS law, article 51 of which provided for the free disposal of land, thereby eliminating the state protection afforded to land awarded pursuant to the law that established the National Institute of Agrarian Transformation (INTA). In other words, the FONTIERRAS law permitted the “commercialisation of land” (Hurtado, 2008).

The concentration or construction of large areas of land thanks to the purchase of small properties by oil palm- and sugar cane-growing companies has been made possible by the fact that the FONTIERRAS law eliminated the state protection afforded to the land awarded, as previously mentioned, and the fact that the land was awarded under individual ownership, rather than family ownership. This situation prompted the Department of Agricultural Affairs to request that the farms awarded by the government be awarded in the form of family property, as stated during an interview by Claudia Villagrán, who was undersecretary for the department in the government of President Oscar Berger. It also affected the ability of large landowners to sell or rent stockbreeding or crop-growing farms that had been abandoned or were in production. In 2006, palm oil company PADESA had purchased 6% of its farms and rented 52% from their owners, with the remaining 42% having been sown by independent small-scale growers. The participation of independent small-scale farmers in this company is an exceptional case. The company guarantees the yield and quality of the product by offering technical assistance and seeds to the farmers. The company pays an average of US\$150 per year for each hectare, under 25-year rental contracts (Hurtado, 2008). The Centre for Rural Development Studies believes that, in general, small-scale growers are not integrated into productive processes and that these processes are dominated by large producers that impose their own conditions. Moreover, other palm oil companies, such as REPSA, Tikindustrias, NAISA and Palmas de Ixcán, are expanding.

One of the arguments used to convince communities or landowners to sell or rent their land is employment. Most families in these communities sold their land for oil palm or sugar cane plantations in exchange for unfulfilled promises of jobs and improvements to their communities. The few families that did not sell their land have been surrounded by palm or cane plantations. However, in spite of intimidation, pollution and the precarious conditions in which they live, these families have decided not to abandon their land, since they claim that farming is their sole source of income and the land is the only thing they can bequeath to their children (OXFAM, 2012). Experience shows that the employment is temporary and insufficient, as well as being badly paid. In oil palm cultivation, women are employed mainly at the sowing stage, when their skills are needed to plant the seedlings; they are subsequently employed to help the men pick the fruits. The perception of the women of the Valle del Polochic is that since the arrival of the sugar cane and oil palm plantations, there has been a reduction in both work in subsistence crop-growing and paid work on the farms. The limited demand for labour that does exist is for men. This situation causes young men and women to migrate in order to find temporary work on farms in the south of the country or in the services sector in the capital. In the last decade, the Valle del Polochic has become a net exporter of workers (Alonso, Alonzo and Dürr, 2008). The work that does exist is offered

by oil palm-processing companies and farms; demand for labour is limited and supply is plentiful, resulting in low wages. Families see their situation deteriorate, since when they sell their land they go from small-scale producers to renters, in a few cases, and to badly paid workers, in most cases (Dürr, Zander and Rosales, 2010). According to the Centre for Rural Studies, the main consequences of the expansion of oil palm and sugar cane cultivation in the north are the reduction in the amount of land for rent and the migration of tenant farmers to the Petén department, further north. During an interview conducted for this study, the National Committee of Farmers' Organisations (CNOC) expressed the view that the expansion of oil palm cultivation in the north has resulted in increased agricultural disputes and caused problems related to right of way and access to water and wood. CNOC claims that agricultural disputes have arisen because of the intention of the growers of these crops to expropriate collective land.

The Franja Transversal del Norte region is under pressure in terms of the land market. In addition to the aforementioned land purchases by companies that grow oil palms and sugar cane, land has been purchased for oil exploration, mining development and the exploitation of water resources via the construction of hydroelectric power stations. For example, in the municipality of Panzós, some families in the hamlet of La Soledad, which received land titles under the FONTIERRAS law, sold their plots to mining company Jaguar Nickel. All these elements converge to reduce the availability of land for small-scale farming, particularly for crop-growing. In this regard, the situation is such that Guatemala has gone from a self-sufficient country to one that is dependent on food imports (Hurtado, 2008).

The Franja Transversal del Norte region forms the backdrop for a great many agricultural disputes. As at November 2011, the municipalities of Chisec and Cobán, in the departments of Alta Verapaz and Izabal respectively, accounted for 25% of the total number of agricultural disputes in the country (Department of Agricultural Affairs, 2011).

Map: Franja Transversal del Norte region



Source: INE.

Limited access to water and water pollution are also consequences of the expansion of monocultures, mining and the construction of hydroelectric power stations in the Franja Transversal del Norte. The communities of the Valle del Polochic have expressed concern about the amount of water consumed by the oil palm and sugar cane plantations. In Guatemala, 43% of irrigation water is consumed by sugar cane cultivation and 12% by oil palm cultivation, with each metric tonne of palm fruit requiring 1 cubic metre of water. Pollution from agrochemicals and fertilisers used in oil palm cultivation has been observed in water sources originating from the Cahabón and Polochic rivers, both of which flow into the Izabal lake. According to employees of the Ministry of Environment and Natural Resources, the reduction in river flows is related to the deterioration of recharge zones and increased irrigation channels (Alonso, Alonzo and Dürr, 2008). The palm plantations in the Valle del Polochic drain off excess water in order to achieve the desired yields, which causes a change in river levels and a change in wetland levels (Environmental Observatory of Guatemala, 2011). The Institute of Agricultural Studies stated in an interview that its researchers have documented problems accessing water in the area due to a reduction in the level of water sources. For their part, women working in cooperatives who were interviewed said that the expansion of monocultures has reduced the availability of land for the cultivation of basic grains and made it harder to access water.

Small-scale farmers' relationship to large-scale farming is generally limited and usually takes the form of day labourers. This is the case in the Balandra community in Valle del Polochic, where men are employed on oil palm plantations. In other cases, such as the communities of Concepción II and Tierra Linda, the population has decided not to work on oil palm or sugar cane plantations. Instead, they have strengthened community farming as a means of generating income. Small-scale growers' relationship as providers of raw materials is limited; the literature reviewed for this study frequently refers to the case of Palmas de Ixcán, which brought together a small number of families that did not want to sell their land so that they could grow oil palms (Mingorría and Gamboa, 2011; Environmental

Observatory of Guatemala, 2011). In the municipality of Sayaxché, the National Council of the Displaced in Guatemala (CONDEG) has documented and reported violations of labour rights and rights of way by Reforestadora de Palma, S.A. (REPSA), Tikindustrias, S.A., Empresa Nacional Agroindustrial, S.A. (NAISA) and Palmas de Ixcán.

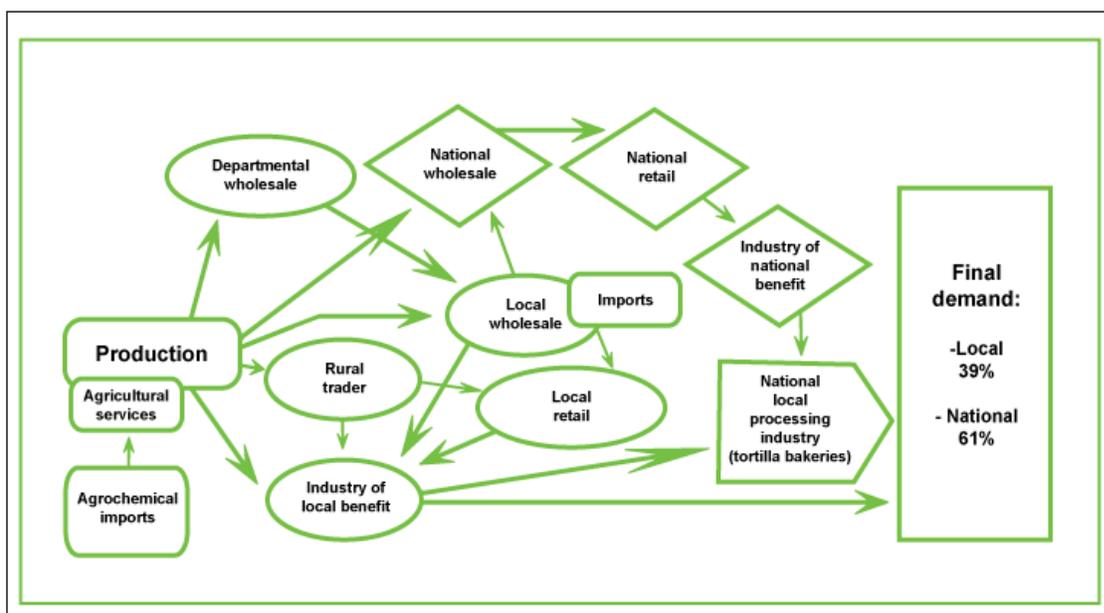
The employment of farm labourers on sugar cane and oil palm plantations is done by verbal contract between the labourers and an intermediary tasked with recruiting them. The form of the verbal contract is regulated by the Guatemalan Labour Code. The verbal contracts are entered into for a term of 58 days so as to avoid having to pay employment benefits and establish an ongoing employment relationship. The employment relationship is terminated at the end of the 58 days, and a new verbal contract with the same term may be entered into just days later; this practice is used to hide violations of the workers' labour rights. In the municipality of Sayaxché, oil palm plantation workers are hired under various different terms. These different types of workers include permanent workers with a contract, permanent workers without a contract, local temporary workers from communities close to the plantations, who are never hired for more than three months, enabling the company not to assume any employment obligations towards the worker, and temporary workers from distant regions, who are recruited by contractors in municipalities far away from the plantations and hired for a term of one month. Permanent workers with a contract enjoy the benefits provided for by law, whereas those without a contract have neither a formal contract nor statutory benefits. As regards temporary workers, in most cases hiring is carried out through contractors, meaning there is no direct relationship between the worker and the palm oil company. The contractor is a key figure in supplying workers to oil palm plantations. A common method of hiring is "open negotiation", which consists of a verbal agreement between the contractor and the palm oil company representative that specifies the number of workers, type of work, form of payment, term and percentage commission for the contractor (ActionAid, 2011).

3. MARKET GOVERNANCE

With regard to market governance, the sources consulted have revealed that the situation is unfavourable for small-scale producers. For example, broccoli exporting companies in Guatemala enjoy a margin of up to 400% of the price paid to the grower, who is usually a small-scale farmer. (Dürr, 2009). This type of disadvantageous relationship can be found on the markets for various crops grown by small-scale farmers in Guatemala. Given their importance in terms of harvested area, as mentioned above, the value chains for maize, beans, and vegetables for export are described below.

Maize harvests are frequently purchased by a large trader who uses the services of “recruiters”, who receive a commission in exchange for locating maize growers with whom to negotiate over their harvest. This is more common in the south of the country. These traders do also exist in the north, particularly in the departments of Alta Verapaz, Petén and Quiché (Dürr, 2009). In the Petén department, the maize production chain involves five trading sectors: one at departmental level and four at national level. Graph 2 shows how the maize market in the department works; the thickness of the arrows indicates how important the sector is in terms of distribution to the end consumer.

Graph 2:Maize production chain in Petén



Source: Dürr, Zander y Rosales, 2010.

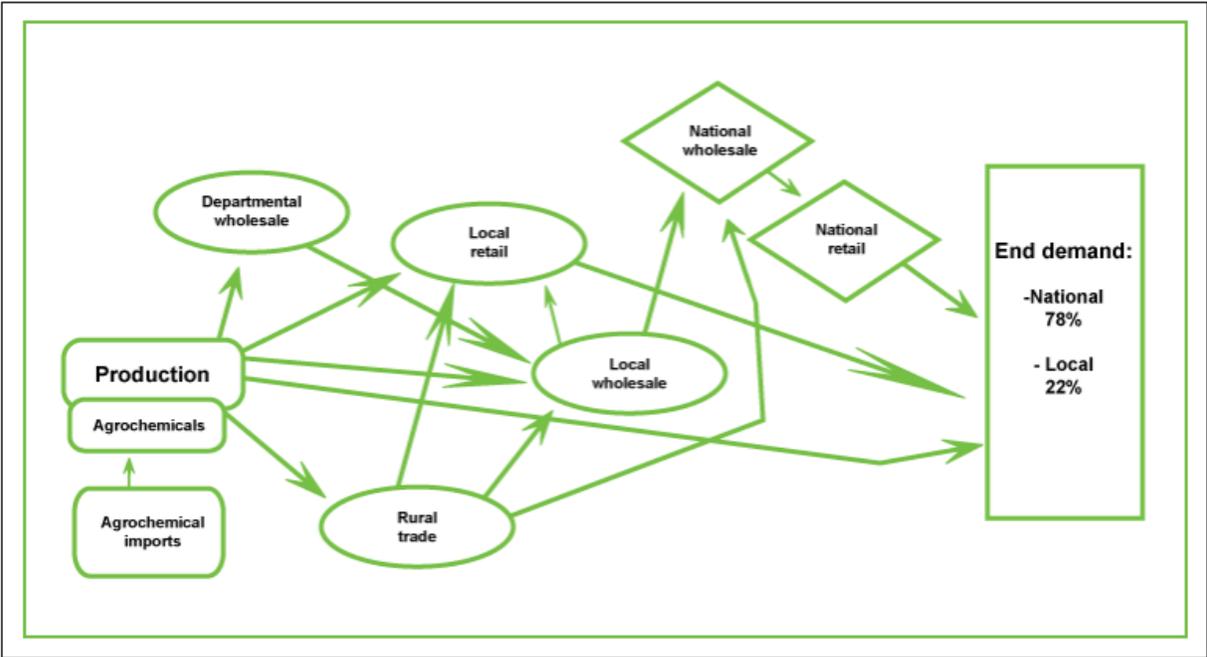
The Petén department is an important source of maize supplies for other departments in the country. Only 39% of the maize it produces is consumed in the department itself, with the remaining 61% being sold on the national market through wholesalers, which sell just over 66% of total production. Of this figure, local wholesalers sell 77% and national wholesalers 22%. Local wholesalers channel their sales towards national wholesalers, which then sell the maize in various different departments of the country. The margin earned by local wholesalers is 14%, compared with 4% for their national counterparts. The gross margin on the maize production chain in Petén is 75%; this margin is lower in other departments, standing at between 10% and 13% in the south and at 26% in the Valle del Polochic (Dürr, 2009).

Maize growers have the same problems when it comes to marketing as producers in other sectors, due to the oligopolistic conditions in which the market operates. The reasons behind these conditions include a lack of adequate information, unequal access to capital and the ability of large-scale producers to influence prices (Fuentes and Van Ethen, 2004). A large percentage of maize is purchased by a few “coyotes”, according to a study conducted in a number of municipalities in Quiché, Alta Verapaz and Petén, where on average 96.5% of the maize harvest is sold to wholesale intermediaries (Alonso, Caal and Chinchilla, 2011). The market for importing white maize is also very concentrated, with a company named Maseca absorbing 95% of imports in 2005 and 2006. The phenomenon of concentrated imports also affects the rice market, with Arrocera Los Corrales accounting for 44% of imports, and the wheat flour market, in which three companies together represent 99% of imports. The fertiliser market is also affected, with a single company, Disagro, dominating distribution by accounting for 85% of the market (Alonso, 2008).

Maize growers face a number of problems, such as lack of access to land and credit, lack of protection for what they grow (no insurance through which to recoup their investment in the event of climate damage), lack of storage infrastructure, lack of market information, the poor state of the roads on which they have to transport their produce, and a market structure that favours intermediaries (Romero, 2007).

The production chain for beans has aspects in common with that of maize. In the Quiché department, the production chain for beans is simple (see Graph 3): the produce is purchased from the grower by wholesale traders, which then sell it on to local distributors or to the end consumer (Dürr, 2009). In the Petén department, the majority of the bean harvest (78%) is intended to satisfy domestic demand. The bean production chain involves three trading sectors: one at departmental level and two at national level. In the following graph, the thick lines show the importance of local and national wholesalers in terms of bean sales.

Graph 3: Bean production chain in Petén



Source: Dürr, Zander and Rosales, 2010.

Rural traders, or “coyotes”, obtain supplies from the most distant areas and distribute them to local wholesalers. This activity, which is carried out almost exclusively by men, generates a gross margin of 9%. These traders manage to accumulate profits thanks to the large volumes they sell, rather than through a high margin. The proportion that local wholesalers obtain from rural traders is low, instead obtaining most of their products directly from growers. Local wholesalers make 94% of their sales to national wholesalers (Dürr, Zander and Rosales, 2010).

The large traders on the maize and bean markets mentioned above also feature in the Quiché department in relation to avocados and non-traditional products such as snow peas, asparagus and French beans. In the case of French beans, Quiché growers sell to a single company, which exports the beans to the United States or Europe, while the growers' company sells only rejected products, which represent between 10% and 20% of total production. Tomatoes and French beans are examples of the few crops whose growers have a structure through which to sell their produce directly to consumers (Dürr, 2009). The following Chart shows the profits obtained per day of work for growers and wholesalers for various products.

Chart 6: Profit per day in quetzales in the Quiché department

Product	Grower	Wholesaler
<i>Maize</i>	22	87
<i>Beans</i>	117	835
<i>Apple</i>	394	1062
<i>Avocados</i>	309	842
<i>Peaches</i>	580	15523
<i>Onions</i>	70	277
<i>Cardamom</i>	122	1108

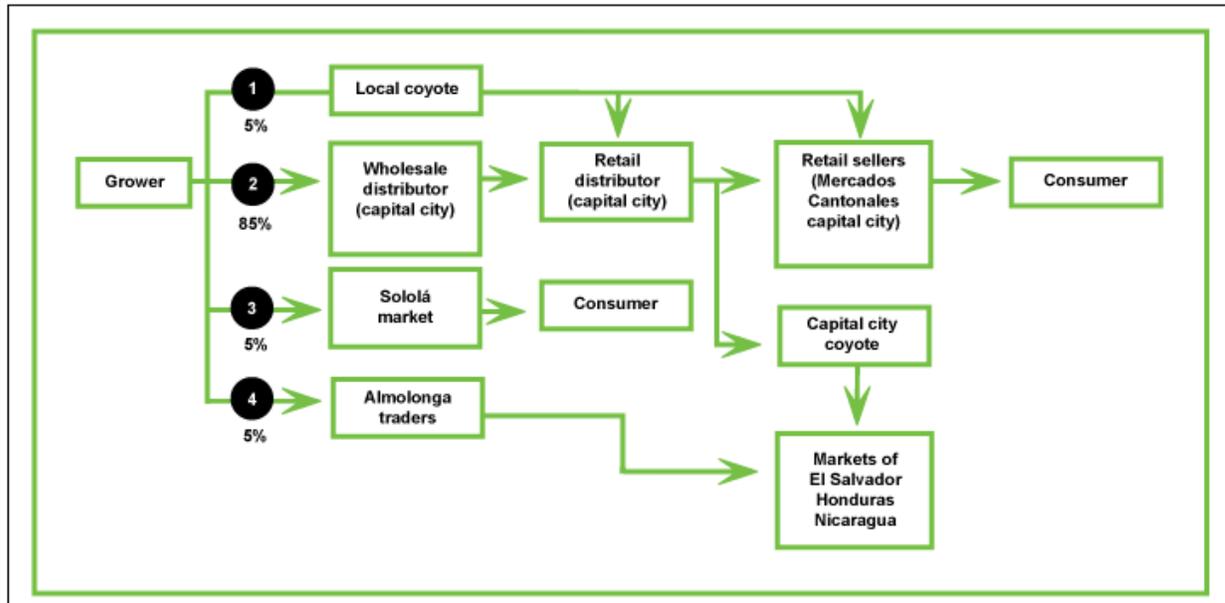
Source: Dürr, 2009.

The west of the country is home to a number of small-scale growers of vegetables, such as snow peas and broccoli, some of which are destined for the domestic market, but the majority of which are intended for export. According to the Exporters' Union, the number of producers rose from 18,000 to 25,000 between 1995 and 2010. A recent study (Gauster and Ozaeta, 2011) conducted in the community of Chichoy Alto, in the Chimaltenango department, revealed a reduction in the number of small-scale growers in that community, due partly to the drop in sale prices as a result of increased supply. A limited number of small-scale growers (less than 2%) sell directly to an exporting company, but the majority sell their produce via intermediaries. Another study conducted in the Sololá department (Socodevi, 2006) describes the differences between farmers who grow vegetables for the local market and those who cultivate the same crops for export.

The main differences are that the former are not organised and the latter are, and the former have an irrigation system and the latter do not. Producers oriented towards the domestic market sell their produce to the highest bidder, often at Guatemala City's main market (La Terminal), whereas those oriented towards overseas markets sell under contract to export companies. With regard to organisation, the study identified four organisations in Sololá, with 555 members, including 60 women. There is also a second-tier organisation named CORCI, which connects small-scale growers with exporters, without exerting any influence over price setting or the quantity or quality of the product. In

other words, the exporter establishes the terms of the deal. Putting produce intended for the local market on sale is different to selling products destined for export. In the case of products for the local market, the main method of getting the goods to market is to transport the harvest to Guatemala City to sell to wholesalers. Each grower carries out this task independently, since there are no collective agreements covering transportation. The following graph illustrates the distribution chain for the local market.

Graph 4: Estimated commercial distribution of traditional vegetables produced in Sololá

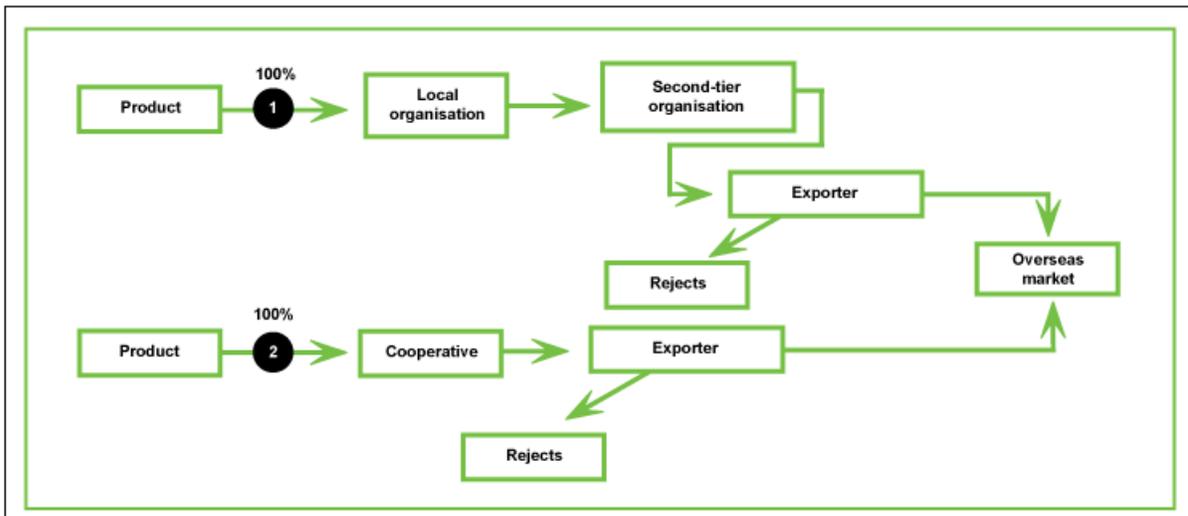


Source: Socodevi, 2006.

This poor organisation results in a lack of coordination, which sometimes leads to supply excesses that drive down sale prices. Prices are subject to more downward pressure from wholesalers at Guatemala City's markets, who group together to offer lower prices. One example of this situation is the experience of 650 small-scale farmers from the village of Pixabaj, who sell almost 3,000 quintals of vegetables each week to wholesalers at the Central de Mayoreo and La Terminal markets in Guatemala City. They say that their biggest problem is being forced to sell at lower-than-expected prices, which often fail to cover their costs (Socodevi, 2006).

Vegetables grown for export are sold through export companies. There is sometimes an intermediary between the small farmer and the company, but the price received by the grower does not change.

Graph 5: Estimated commercial distribution of non-traditional vegetables produced in Sololá



One aspect that is critical for farmers who grow crops for the overseas market is that rejected products cannot be placed on the market again; in other words, they represent a loss. The study conducted in Sololá revealed the existence of four export companies in the department: DET PON, San Juan Agroexport, SIESA and Cooperativa Cuatro Pinos.

A study on French beans (Lundy, 2007) describes the experience of Cooperativa Cuatro Pinos, which exports the crop to the United States. The cooperative obtains some of its supplies from small member producers (18%), but obtains the majority from non-members (82%). Of the total produce purchased by the cooperative, around 70% is accepted for export because it meets the colour, size, freshness and safety criteria. The remaining 30% does not meet the quality requirements, and is therefore rejected and sold on the domestic market. Producers who are members of the cooperative are legally authorised and have access to important irrigation and packaging infrastructure. Cuatro Pinos fixes and distributes production quotas among the producers through contracts, and provides inputs in the form of credit, technical assistance and quality control. After exporting the products, the cooperative pays the producers. Of the sale price in the United States, 24% goes to the growers, 22% to Cuatro Pinos, and 19% to distributors in the US. The remaining 35% is distributed among various actors on the value chain.

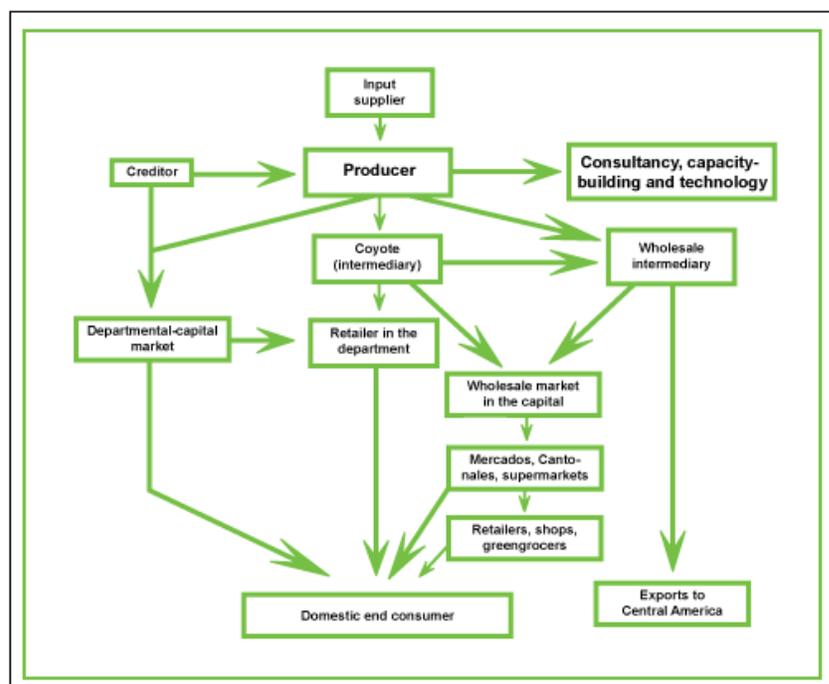
Weak organisation or a low level of association among growers is a characteristic frequently observed in small-scale farming. For example, as at December 2008, farmers' cooperatives had 77,611 members, representing just 10% of the total number of small farmers with less than 7 hectares. 80% of farming cooperative members are male. On this topic, it is worth mentioning the comments made during an interview with executives from the Ágil foundation (Association for the Generation of Local Income), which was founded in 2006 to encourage the association of small-scale growers of vegetables in the west of the country. Ágil aims to create an association of associations in order to obtain economies of scale in the cultivation of snow peas and French beans. However, it says it encounters problems when trying to organise small farmers. The farmers agree to group together during the production phase but not in the marketing phase, because they prefer to sell their produce for cash than to wait 45 days to receive payment for exported products. The association puts small farmers in contact with exporters, but each grower decides who to sell to. Another reason why growers are reluctant to form an association through which to sell collectively is the discount of between 5% and 10% applied by foreign importers due to the quality of the produce. The farmers decide not to incur additional risks and prefer

to sell to export companies or intermediaries, thereby obtaining cash up front and avoiding the problems posed by the export process. The foundation notes that in many cases association managers become “coyotes”.

Both large- and small-scale growers are active in the production of the Tommy and Haden varieties of mango for export. The large growers are vertically integrated and also act as exporters. The small farmers negotiate with large export companies, taking their produce to the exporters' facilities to be selected, cleaned and packaged ready for export. The small farmers negotiate with wholesalers over any rejected produce, with a view to distributing it on the domestic market. Criollo mangoes are sold directly by small farmers on the local market. Some of the obstacles facing small-scale mango growers are limited access to inputs and to water, and poor organisation in terms of individual negotiations with large exporters. The competition between small-scale mango growers begins when a large exporter announces a purchase (Romero, 2007).

Potatoes are cultivated in the west of the country, particularly in the departments of Huehuetenango and Quetzaltenango. In Quetzaltenango, potato cultivation has been promoted by Frito-Lay, a company that aims to ensure sufficient potato supplies for its snack production activities. The potato production chain in Huehuetenango is made up of five links. Small-scale farmers represent the second link, while the third consists of intermediaries or “coyotes”, who are sometimes medium-sized growers or transporters with access to market information and resources. This allows them to go beyond their role as buyer and seller to become suppliers of credit or inputs. These intermediaries set prices several months in advance (Romero, 2007). The following graph shows the potato production chain in Huehuetenango.

Graph 6: Potato production chain



Source: Romero, 2007

For the crops described, the production or market chain includes intermediaries and/or wholesalers, who obtain significant profit margins. Chart 7 shows the prices paid for certain crops at different stages of the production chain. We can see that, in general, the price paid by the consumer can be three to five times the price paid to the grower. We can also see that the intermediaries and wholesalers can obtain high or low margins, depending on the crop, and that these margins are generally lower than those of the retailers that sell directly to the end consumer.

Chart 7: Sale price in quetzales of certain crops, broken down by distribution channel

Product (£100)	Grower	Intermediary	Wholesaler (CENMA or La Terminal)	Market	Supermarket
<i>Beans</i>	310	340	360	500	880
<i>Rice</i>	190	325	330	450	490
<i>French beans</i>	250	270	300	350	485
<i>Tomatoes</i>	120	180	200	350	375
<i>Onions</i>	80	140	150	250	375
<i>Potatoes</i>	180	190	200	250	975

Source: *El Periódico*, 21/05/2012.

The women involved in the cultivation and marketing of farm produce suffer unequal treatment. These women spend a great deal of time working to prepare the land and harvest the maize crops in the village of Chichoy Alto, in the Chimaltenango department. The same can be said for the cultivation of snow peas, in which women account for most of the work during the land preparation, sowing and harvesting phases. However, a study conducted in the village revealed that eight out of 10 men receive 80% of the income generated from snow peas, with the women receiving the remaining 20%. The unequal involvement of women in the ownership and management of resources is reflected in their access to land. Of the 52 families surveyed in Chichoy Alto, women held land in their own name in just 3.8% of them, while in 75% of cases the father took decisions concerning the use of the land (Gaster and Ozaeta, 2011).

The managers from the National Committee of Female Cooperative Members who were interviewed said that it is important that women participate in the production process as a workforce. For example, in the Chilepec cooperative, which grows tea, women participate in the tasks of sowing and harvesting, but not in the negotiation process. The same thing occurs in coffee growing: women take part in everything from sowing to picking, but are excluded from the marketing phase. There is also wage discrimination against women. Women have very little involvement in decision-making bodies. For example, the management board of Federural is made up of four men and one woman (the vice-chairman): although 52% of the organisation's members are women, men account for 80% of the board.

4. OVERVIEW OF POLICIES AND LEGISLATION ON AGRICULTURAL INVESTMENT AND MARKET GOVERNANCE

4.1 POLICIES ON AGRICULTURAL INVESTMENT

4.1.1 General points on agricultural-development policy

During the transition period from the government of Álvaro Colom to that of Otto Pérez, who took office in January 2012, in 2011 SEGEPLAN (Guatemala's state planning body) published a document entitled "2012-2014 Strategic Policy Guidelines", which outlines a series of strategic priorities organised according to different themes with a view to tackling the economic, social and environmental problems facing the country. With regard to economic development, the document prioritises the need to promote rural development (see Chart 8), which requires the passage of the Rural Development Law. On the issue of rural development, the document proposes the measures set out in Chart 8. One weakness identified in these strategic guidelines is that the framework of the measures to promote small farming economies does not incorporate a gender focus designed to grant rural women and female small-scale farmers the same conditions as their male counterparts.

Chart 8: Rural development

- Set up a "development bank" to facilitate credit at preferential rates and the use of other authorities, such as the Register of Secured Transactions.
- Promote growers' associations and connections between them and production chains.
- Promote rural development, with an emphasis on support for innovation in agricultural production, in order to meet demand from emerging economies (trade); promote research, technological innovation, local practices and risk management.
- Support the continuation of processes designed to facilitate access to land throughout the country and accelerate the process of making ownership legally binding.
- Promote the restoration of irrigation infrastructure, rural extension services, production chains (agribusiness), phytosanitary control and monitoring, local production systems, and production development in hydrographic basins.
- Boost sustainable agricultural production for the populations affected by Tropical Storm Agatha and other natural disasters in 2010.
- Boost fishing activities, bearing in mind the generation of added value, marketing and market creation (mainly the domestic market).

Source: SEGEPLAN, 2011.

Public-policy measures aimed at boosting rural development include: creating and enhancing infrastructure programmes aimed at supporting production and marketing; promoting research and technological innovation for agricultural production whilst bearing in mind local practices; supporting the continuation of processes designed to facilitate access to land; promoting the restoration of irrigation infrastructure; developing medium-sized agribusiness processes using local crops; and promoting the participation of women in productive activities (SEGEPLAN, 2011).

Subsequently, in 2011, MAGA published the document “2011-2015 Agricultural Policy”. This document was drawn up with the help of various civil-society organisations and representatives of the private sector with the aim of structuring and standardising a series of policies for the agricultural sector. There are two fundamental aspects at the heart of this policy: food and nutrition security, and productive and commercial development. In light of these key aspects, it is essential to develop more competitive rural producers by making use of economies of scale, organisation, technical assistance, training and capacity-building aimed at strengthening farmers' ability to sell their products. More specifically, these policies aim to: help rural communities to become integrated into the market economy through chains; facilitate strategic partnerships and trade exchange; support the generation of economies of scale; provide information to facilitate market integration; develop lines of microcredit and guarantee funds, particularly for women; facilitate partnerships between growers and providers of finance; and strengthen the storage system for basic grains.

At the beginning of its term, the government of Otto Pérez pushed an agenda of reviewing policies and processes related to investment and support for small-scale farmers. One such policy is the 2012-2021 National Competitiveness Agenda, whose measures include promoting the creation of rural companies, boosting agribusiness and attracting private investment (PRONACOM, 2012). Since its creation, the National Competitiveness Agenda has been promoted by the business sector, since the agenda is overseen by the Ministry for the Economy, which, under pro-business governments, has been staffed by members of the business world or people close to it. These individuals include former ministers Fanny de Estrada (government of Ramiro de León Carpio, 1993-1998) and Marcio Cuevas (government of Otto Pérez, 2012-2016), both of whom are agricultural exporters, and Enrique Lacs (government of Oscar Berger, 2004-2008), a representative of the business sector in negotiations concerning international trade treaties. PRONACOM, the institution responsible for promoting the competitiveness agenda, has an executive committee made up of government actors and representatives of the business sector.

Another measure taken by the government of Otto Pérez was to draw up and promote a plan to activate and adapt the National Policy on Integrated Rural Development, which was approved in May 2009 by the previous government together with more than 25 organisations representing the agricultural sector, farmers and women. This policy came into force in July 2009 through Government Agreement 196-2009, issued by the then president, Álvaro Colom. The draft bill known as Initiative 40-84, which aims to give the policy greater weight, has been approved by the relevant commission of the Congress of the Republic. However, according to the current government, the initiative does not incorporate key social actors, such as business owners and political parties. The plan drawn up by the government expresses a need to prioritise various policies that are important for the purposes of this study, such as gender equity, agricultural and socio-environmental policies (Presidential Commission for Rural Development, 2012).

The text of Initiative 40-84 includes several measures concerning agricultural, economic, social, food security and other policies (Annex 1 gives a description of some of the main issues covered by the National Policy on Integrated Rural Development). Those of interest for this study include certain agricultural-policy measures, such as the granting of land in usufruct, with priority given to female heads of family, the awarding of land to indigenous communities, the granting of long-term credit at preferential rates, the rental of land with an option to buy, and agricultural research and transfer of technology (President of the Republic, 2009).

The party of the current government, which leads the Congress of the Republic, launched a consultation process with various organisations to hear their arguments for and against Initiative 40-84, as a precursor to continuing the process of approving the law. The Chart below illustrates the positions of various organisations with regard to the initiative.

Chart 9: Position of civil-society organisations concerning Initiative 40-84 (Law on national integrated rural development)

Organisation	Agree	Disagree
<i>Agexport</i>		
<i>Chamber of Commerce</i>		
<i>Chamber of Agriculture Forestry Union</i>		
<i>Association of Renewable Energy Generators</i>		
<i>National Association of Generators</i>		
<i>CACIF</i>		
<i>Rural Women's Alliance for Life, Land and Dignity</i>		
<i>National Alliance of Forestry Organisations</i>		
<i>Alliance for Integrated Rural Development</i>		
<i>Research and Project Centre for Development and Peace</i>		
<i>Mesoamerican Centre for Studies on Appropriate Technology</i>		
<i>National Economics Research Centre</i>		
<i>Episcopal Conference of Guatemala</i>		
<i>Highlands Committee of Farmers</i>		
<i>Congcoop</i>		
<i>Coordinator of associations and communities for the integrated development of the Chortí region</i>		
<i>Grow International</i>		
<i>Solar Foundation</i>		
<i>Guatemala 2020 foundation</i>		
<i>Union, Indigenous People and Farming Movement</i>		
<i>Agricultural Platform</i>		
<i>Guillermo Toriello Foundation</i>		
<i>National Council of the Displaced in Guatemala</i>		

Source: National System of Permanent Dialogue.

The Chamber of Agriculture and exporters' association Agexport are opposed to Initiative 40-84 because they claim it contradicts the provisions of the Constitution of Guatemala, which stipulates that Urban and Rural Development Councils are the institutions responsible for coordinating issues relating to local development. They also object to the proposed rural institutional framework, since it provides for the creation of a new ministry that would weaken the functions of MAGA, among other things.

In parallel to the implementation of the plan to activate and adapt the National Policy on Integrated Rural Development, the government of Otto Pérez is implementing the Family Farming Programme, aimed at boosting the small farming economy. This programme sees the small farming economy as a system of production that brings together family and land to form a productive unit based on family work, for the production of subsistence crops. It believes that the family-based economy can become more dynamic thanks to the technical assistance provided by the National Rural Extension System. The small farming economy is considered to be one of the priorities of the National Policy on Integrated Rural Development.

In 2012, as part of its "Pact against Hunger", the government presented an integrative plan named the "Zero Hunger Plan". Under this plan, the government is bringing together a series of strategies, programmes and measures aimed at providing social protection to 166 of the country's most vulnerable municipalities (50% of its municipalities). Of the various programmes covered by the plan, the following are of interest in relation to the main theme of this study:

The Triangle of Dignity. This scheme aims to increase maize production and boost small farming economies by providing credit, capacity-building and technical assistance. Launched in 2012, the programme will be implemented through the National Land Fund (FONTIERRAS) and overseen by MAGA, which will be responsible for providing technical assistance and capacity-building in relation to marketing produce. MAGA has a budget of Son Q.225 million for the programme, which is expected to benefit 67,515 farmers. The objective of the project is to support farmers who either own or rent a plot of land measuring 1 *manzana* [a unit of measurement equivalent to approximately 1.72 acres] so that they can buy seeds and grow basic grains. To this end, they will be granted an interest-free loan, rather than a subsidy, of Q.3,000.00 (USD\$428.57), which must be repaid at the end of the second harvest of the production cycle (around the end of February of the year following the granting of the loan). This programme is oriented towards the municipalities that are the most vulnerable in terms of food security. Typical beneficiaries are farmers with the capacity to cultivate a *manzana* of maize who are located in a geographical area suited to maize cultivation and are not existing beneficiaries of FONTIERRAS, among other criteria. It is estimated that 92% of farming families in Guatemala have half a *manzana* of land, meaning they do not qualify for this scheme. According to staff from MAGA, it has been announced that one prerequisite for beneficiaries of the scheme is that they must have a minimum harvest capacity of 60 quintals. Nine months after it came to power, the current government had not yet set out the fundamental measures of the programme (MAGA, 2012).

Safe Harvest. This programme was designed to distribute fertilisers to small farmers. In 2012, as has been the case in previous years, the fertiliser was late reaching the farmers, and the programme has been fiercely criticised in terms of its distribution methods and the people it has benefited. Various civil-society organisations that have monitored these events claim that, based on the lists of potential beneficiaries, preference was given to people affiliated to the party in power. Consequently, the Ministry of Agriculture was summoned to answer to these claims before the Congress of the Republic.

a. Policies to promote investment

One of the main laws promoting domestic or foreign investment in agriculture is the Law on the Promotion and Development of Export and Maquila Activities, which was passed with a view to

promoting non-traditional exports, i.e. exports carried out outside Central America and excluding coffee, bananas, cardamom, sugar, cotton, oil, wood and livestock. This law grants business owners exemption from income tax for up to 10 years, as well as from tariff duties and value added tax on the value of raw materials and machinery needed to produce the exported goods (Congress of the Republic, 1989).

Foreign investment is promoted through the Law on Foreign Investment, passed in 1998, which grants foreign investors the same rights that the law gives to Guatemalan investors. To that end, it grants foreign investors the right to private property (Congress of the Republic, 1998).

Another important law in terms of agricultural investment is the Law on Fuel-Grade Alcohol (which benefits investors in the sugar sector), which exempts producers of alcohol from paying value added tax and tariffs on imports of machinery, equipment and intermediate goods for the production of fuel-grade alcohol. In return for these exemptions, all the distilleries have to pay a tax of 2.5% on the value of production (Congress of the Republic 1985). Investments in the sugar sector are also promoted by the Law on Incentives for the Development of Renewable Energy Projects, which provides exemptions from import taxes and value added tax on machinery and equipment, as well as from income tax, for up to 10 years. This law benefits sugar producers that generate electricity (Congress of the Republic, 2003).

b. Legalising land ownership

Within the framework of the Peace Accords, a number of institutions were set up to deal with the country's agricultural problems. 1999 saw the creation of FONTIERRAS, which has always been clearly oriented towards favouring farming and rural women. Article 3 of the FONTIERRAS law states that the fund must promote programmes to facilitate women's access to credit in order to buy land. In article 20, the law stipulates that the fund should promote the participation of female farmers, whether individually or as part of an organisation (Congress of the Republic, 1999).

The legal security of the right to private property in agricultural investments is guaranteed through the Law on the Registration of Land Information. This law stipulates that recording and updating land information is the exclusive responsibility of the state. Passed in 2005, the law recognised communal land in national legislation for the first time. Article 23 defines communal land as "land owned, possessed or held by indigenous or farming communities as collective entities, with or without legal personality" (Congress of the Republic, 2005). The law gives legal security to large-scale investments, such as those made in oil palms and sugar cane, since the investors only buy land with an updated registration in the General Property Registry, which has prompted speculators to buy various small properties first in order to accumulate a large area that is registered as a single property and can be sold at a price of up to seven times the price paid to the small landowners (Alonso, Caal and Chinchilla, 2011).

c. Regulation of water

Article 127 of the Constitution of Guatemala states that all water is in the public domain; the right to use and exploit such water is granted pursuant to the law. However, since 1986, when the Constitution was ratified, no law has been passed to regulate water.

Article 128 of the Constitution of Guatemala stipulates that the right to exploit water from rivers and lakes for agricultural, tourism and other purposes is available to the community, rather than to any particular person, but users are obligated to reforest the riverbanks in question and to provide access routes.

This is the case in relation to large-scale investments in oil palms and sugar cane: rivers, lakes and lagoons are diverted towards large plantations of these crops, leaving communities without access to water, but the authorities fail to intervene and impose the provisions of the Constitution.

d. Infrastructure

In 2005, the government of Oscar Berger awarded a contract for the construction of the Franja Transversal del Norte, a 362km road that cuts through the north of the country, including Valle del Polochic. The government was so keen to extend and pave this road that in the same year, the Congress of the Republic passed Decree 88-2005, known as the Law for the Execution of the Franja Transversal del Norte Road Project. The law was promoted ostensibly as part of a plan to develop the region and benefit more than 540,000 people, of whom 82% were indigenous people. The 2011-2025 Departmental Development Plan includes a strategic project to build 1,112km of paved road and 1,378km of dirt track in the Alta Verapaz department by 2021.

It is important to mention that it was during this period that the cultivation of oil palms began in areas close to the Franja, such as Ixcán and Fray Bartolomé de las Casas, while the Santa Cruz hydroelectric power station was built in Barrillas.

e. Public-private partnerships

The Law on Partnerships for the Development of Economic Infrastructure was passed by the Congress of the Republic in August 2010. The objective of the law was to establish the regulatory framework for the constitution and execution of partnership agreements for the development of economic infrastructure, including agreements concerning the construction, maintenance, use and extension of motorways, ports, airports and electricity projects. The law stipulates that infrastructure construction must be focused on the least-developed regions of the country.

The law stipulates that economic-infrastructure development partnerships must be forged on the principle that the state has exclusive authority to plan, regulate and supervise the contracts. The contracts must explicitly state the risks assumed by the state and the private participant in order to identify which party is in the best position to avoid or mitigate them. The law stipulates that the administrative authorities shall be the state contracting bodies at the National Agency for Partnerships for the Development of Economic Infrastructure, via its board (CONADIE). CONADIE is made up of the Minister of Public Finances, who chairs the board, the Minister of Communications, Infrastructure and Housing, the Minister of Energy and Mines, the Secretary of SEGEPLAN, the Director of PRONACOM, the Chairman of CACIF and the Chairman of the Chamber of Construction. CONADIE's functions include drawing up and implementing national policy on partnerships for the development of economic infrastructure. It also approves projects to be carried out under public-private partnerships (Congress of the Republic, 2010).

f. Tax regime

The Law on Income Tax provides for an exemption from income tax for legally recognised profits made by indigenous communities and farming companies from land divided into plots, as well as profits made by legal cooperatives (in this case farming cooperative profits generated only by transactions with members or with other cooperatives; other profits are subject to income tax).

The Law on Value Added Tax provides for an exemption from that tax for exports, including agricultural exports. Likewise, the law states that companies or individuals that export agricultural produce are entitled to a rebate of value added tax paid on imports or purchases of goods and services needed to perform the productive activity of exporting goods.

g. Public policy in favour of women

1999 saw the passage of the Law on the Integrated Promotion and Dignification of Women, which aimed to promote the participation of women at all levels of the economic, political and social life of the country, and to promote the fundamental rights for women enshrined in the Constitution of the Republic and international conventions on women's human rights. The law contains a broad set of provisions relating to the prevention and eradication of discrimination and violence against women. In the economic sphere, the law intends to eliminate legal provisions or discriminatory practices that prevent women from enjoying equal opportunities (Congress of the Republic, 1999). The Law on the Integrated Promotion and Dignification of Women was the product of a consultation process involving over 10,000 women throughout Guatemala (President of the Republic, 2009).

Within the framework of this law, the National Policy on the Promotion and Development of Guatemalan Women (PNPDMG 2001-2006) was subsequently approved, together with the 2001-2006 Equal Opportunities Plan. This policy led to the creation of the Presidential Secretariat for Women (SEPREM), which reports directly to the president. Like the Law on the Integrated Promotion and Dignification of Women, the National Policy on the Promotion and Development of Guatemalan Women was the product of a broad national consensus, involving various women's organisations.

2006 saw the launch of a process aimed at evaluating this policy for the 2001-2006 period with a view to identifying strategic elements to be incorporated into the process of updating the policy. In 2007, with the participation of various sectors, government organisations and institutions, cooperation agencies and civil-society organisations, the National Policy on the Promotion and Development of Guatemalan Women and the Equal Opportunities Plan were updated for the 2008-2023 period. Subsequently, in 2007, the policy in force at the time was divided into twelve key components (the policy for 2001-2006 had been made up of nine such components). For the purposes of this study, the most important of these components are the first two: equitable economic and productive development, and natural resources (land and housing).

The aim of the first of these components is to increase women's economic autonomy and productive and commercial capacity. To that end, it provides for economic-development programmes and projects to incorporate principles of equity and equality that guarantee participation by women. The second component aims to guarantee access to land ownership for women, proposing to implement measures that ensure women are entitled to land ownership and co-ownership, amongst other aspects (SEPREM, 2009).

4.1.2 Analysis of discrimination involved in the evaluated policies

Based on the methodological framework used, an analysis has been carried out of the type of discrimination (positive/negative) involved in the policies, programmes and institutions described in the previous paragraphs of this section, as well as any gender-based positive discrimination.

Chart 10: Policies on agricultural investment discrimination

Policy or programme	Discrimination		
	Negative	Positive	Positive (gender-based)
	In favour of large-scale farming	In favour of small-scale farming	In favour of small-scale farming
<i>2012-21 National Competitiveness Agenda</i>			
<i>Law on the Promotion and Development of Export and Maquila Activities</i>			
<i>Law on Foreign Investment</i>			
<i>Law on Fuel-Grade Alcohol</i>			
<i>Law on the Registration of Land Information</i>			
<i>Law on the Franja Transversal del Norte</i>			
<i>Law on Partnerships for the Development of Economic Infrastructure</i>			
<i>2012-2014 Strategic Policy Guidelines</i>			
<i>2011-2015 Agricultural Policy</i>			
<i>FONTIERRAS</i>			
<i>FONTIERRAS Institutional Gender Policy</i>			
<i>Rural Development Programme</i>			
<i>National Policy on the Promotion and Development of Guatemalan Women and Equal Opportunities Plan 2008-2023</i>			
<i>Land Rental Programme</i>			
<i>National Policy on Integrated Rural Development</i>			
<i>Family Farming Programme</i>			
<i>Triangle of Dignity Programme</i>			

Source: Own research.

4.2 MARKET GOVERNANCE

With regard to market governance, government regulation began to be reduced in the 1990s thanks to the implementation of economic-liberalisation policies. However, this study has identified a number of programmes carried out by both government departments and the private sector, which were launched in the 1990s.

a. Market infrastructure

In the 1970s, Guatemala had a system of reserves that was capable of storing tens of thousands of tonnes of grain in 38 silos distributed throughout the country. In the 1990s, the system was partially privatised, leaving 19 silos in the hands of private companies, while the rest were abandoned. One of the silos that were sold had a capacity of 600,000 quintals. In 1997, INDECA became responsible for handling the food donated to Guatemala through the World Food Programme (WFP) and the food made available under MAGA's programmes. INDECA's functions therefore ceased to include price stabilisation, instead involving auxiliary services (cleaning and drying the grain).

The price crisis of 2008 led to the decision to recover INDECA's remaining silos with a view to having a storage space for emergencies. In 2009, two silos (Retalhuleu and Los Amates) were regenerated, with auxiliary services being provided for farmers organised under the P4P ("Purchase for Progress" programme). Up to 2011, auxiliary services had been provided at these two silos for 10,000 metric tonnes of grain, which the WFP then bought in order to build up the reserves it would use for its food-for-work and food-for-capacity-building programmes. INDECA's entire capacity is currently contracted by the WFP, but the aim of the regeneration of the silos is to provide services for the farmers supported by MAGA through the Programme to Promote the Production of Basic Grains. This programme is similar to the P4P (in providing technical assistance, fertiliser and post-harvest management). INDECA was to provide the services, while MAGA would buy the grain for emergency reserves².

As at the beginning of 2012, INDECA has silos and storehouses with a total capacity of 15,000 metric tonnes and plans to increase its storage capacity to 50,000 metric tonnes (equivalent to the capacity of four large silos). Social programmes will continue to use up the grain, meaning it will net spend much time in storage. Moreover, an emergency situation is expected to arise every year due to climate change. The minimum inventory is 4,000 metric tonnes. Until now, the maximum emergency amount has been 24,000 metric tonnes, during Hurricane Stan (Tropical Storm Agatha required 12,000 metric tonnes), meaning that the planned capacity to be provided is much higher than the maximum used. (Gabriel Pons, 2011)

The regeneration is to be funded by a budget of Q.8 million, from international cooperation agreements. However, this budget will be needed for the infrastructure alone; filling the silos to their maximum capacity will require a budget of Q.102 million. How the grain will be managed and put to use is yet to be decided.

The market infrastructure is also oriented towards building paths or roads (as in the case of the Franja Transversal del Norte) that facilitate access to distribution centres for growers. MAGA is also supporting the construction of irrigation systems and supply centres, at the request of farmers' organisations.

² According to the P4P, the government wanted to buy from small farmers, but required certain conditions, such as sanitation records, that the farmers were unable to fulfil

b. Access to finance

In terms of finance, there are various programmes that promote investments in small-scale farming, whether in the form of granting loans or providing seed capital. The oldest of these is the National Fund for the Regeneration and Modernisation of Agriculture (FONAGRO), which was established in 1994 and, according to MAGA (2011), is its main financial tool. The Rural Development Programme (PDER), financed by the European Union, is another government body that grants finance to small-scale farmers.

The Land Rental Programme provides finance in the form of loans and subsidies for the purchase of inputs or other goods or services, selected at the discretion of the beneficiary families. The amount of the subsidy provided decreased from Q.2,000.00 in 2004 to Q.510.00 in 2010, while the loan increased from Q.1,000.00 in 2004 to Q.2,000.00 in 2008, before being reduced to Q.1,700.00 in 2010.

Dacrédito is another finance programme, created in 2005 to increase the supply of credit available to small farmers via a guarantee fund and agricultural-insurance scheme. The guarantee fund covers up to 80% of the value of loans issued by private banks. There is also a development programme for small coffee growers, which grants loans to both organised groups and individuals.

All the programmes described operate nationwide and offer an interest rate of 10.5%, which means a small partial subsidy given that the average rate offered on bank loans is approximately 13%. Most government schemes offer loans at a subsidised interest rate. The Law on Banks and Financial Groups stipulates that loans can be freely granted and interest rates freely set. In this respect, there is no government policy in favour of granting bank loans to small farmers, and still less any policy designed to favour female farmers.

Under this framework, the Guatemalan Agricultural Development Bank (BANDESA) was created in 1970 with the objective of promoting and administering credit assistance from the Guatemalan government for the agricultural sector. Subsequently, after coming under pressure due to its inefficiency and sizeable bad-loan portfolio, the bank was shut down in the mid-1990s as part of the policy of structural reforms implemented by the government of the day. Prior to its closure, under Álvaro Arzú, the bank wrote off the bad debts of a group of farmland owners (largely cotton plantation owners) which accounted for 80% of the bank's loan portfolio and more than 90% of its bad loans. It should be pointed out that it was the large loans, not the small ones, that were written off. Furthermore, the government at the time decided to give 70% of the bank's shares to private investors³.

Subsequently, in 1997, as a result of the work of various civil-society actors (the state, cooperatives, indigenous peoples' and farmers' organisations, NGOs, MSMEs), the Rural Development Bank (BANRURAL) was created with a view to promoting the economic and social development of rural Guatemala by stimulating saving and providing credit assistance and other financial services. BANRURAL is currently the country's only formal banking institution that offers access to credit for the promotion of rural development.

3 Ozaeta, J. P. Las ONGs y BANRURAL: de sociedad civil a sociedad anónima; ¿de activistas a accionistas? [NGOs and BANRURAL: from civil society to limited-liability company; from activists to shareholders?] Librealbedrío.com, taken on 14 January 2012 at <http://www.albedrio.org/htm/articulos/j/jpoymc-001.htm>.

c. Farming subsidies

In addition to finance programmes, small-scale crop cultivation is supported through the government's Prorural scheme, which was created in 1993 to distribute fertilisers at subsidised prices. The programme initially had a low level of coverage, since fertilisers had been donated by Japan, and was later institutionalised by the government in 2000 (CIEN, 2009). In 2010 the scheme distributed fertilisers via coupons worth Q.95.00 each to around 651,000 people, in a gender-equitable manner. The criticisms levelled against the programme include the fact that the number of sacks issued per person was reduced from 10 in 2000 to just two in recent years, and the fact that fertilisers are distributed indiscriminately, without taking into account the different types of soil that exist in the country (Alonso, Caal and Chinchilla, 2011).

Between 1996 and 2000, Guatemala's vast network of agricultural extension providers was dismantled, leaving small farmers without technical assistance and support for their crop-growing activities. However, in 2008 the government set up the Promotion Programme, with the aim of providing technical assistance and capacity-building for small and medium-sized farmers.

In 2008 the government created the Agricultural Extension Programme, with the objective of providing technical assistance and capacity-building for small and medium-sized farmers. The programme initially benefited 12,584 families in 52 municipalities, with this coverage being extended to

18,040 families in 83 municipalities by 2010. Most of the beneficiaries belonged to communities in the departments of San Marcos, Quiché, Huehuetenango, Totonicapán, Chiquimula and Petén. However, the results of a study on food price volatility in Guatemala conducted by Oxfam International and the Social Development Institute in the Quiché department show that there is no social protection in place to promote farming activities, and that the young rural population has no interest whatsoever in pursuing farming, since it is not very profitable. The rise in prices (mainly food prices) is prompting both young people and adults to migrate to urban areas in search of work, leaving their small plots of land in the hands of women or, in the worst cases, abandoning the land.

As mentioned previously, in 2012 the new government launched the Triangle of Dignity programme to boost the production of maize by providing credit, capacity-building and technical assistance. Implementation of the programme has been limited. Furthermore, the government's 2012-2016 plan contains a section entitled "Sustainable Rural Development", which aims to improve living standards in rural areas by guaranteeing food security, and includes policies to boost rural incomes, subsistence economies and production chains. As at the end of 2012, no significant progress had been made in relation to these programmes.

d. Access to markets

Most of the market access initiatives in place in Guatemala operate in the private sector, frequently under the aegis of Agexport. This exporters' association runs a production chain programme that helps small-scale growers to supply Walmart and other operators on the local market, and to export their produce. Guatemala's market access programme for micro, small and medium-sized enterprises (MSMEs) is supported by the International Fund for Agricultural Development (IFAD) and operates in the west and east of the country.

e. Market regulation

Article 130 of the Constitution of Guatemala prohibits the existence of monopolies. To that end, it stipulates that the state shall restrict the operations of companies that dominate or attempt to dominate production in a particular productive sector. It also stipulates that the state shall block associations

that restrict market freedom. Despite the provisions of the Constitution, Guatemala is the only country in Central America that does not have a competition law. A draft competition bill has been in the Congress of the Republic since 2001, but the pressure exerted by the private sector has prevented it from being discussed and passed. In recent times, the private sector has expressed a willingness to pass the law provided that it excludes strategic sectors, i.e. certain key sectors of the economy that are run by an oligopoly, such as sugar production.

f. Cooperative law

The General Law on Cooperatives, Decree 82-1978, declares that the promotion of cooperatives is in the national interest. The minimum number of members required to form a cooperative is 20. For an association to be considered a cooperative, it must: seek the economic and social improvement of its members; operate not for profit; grant each member a vote; and distribute profits or losses among its members. Cooperatives enjoy exemption from taxes on the purchase and sale of property, as well as from taxes on imports of machinery, work vehicles, tools, inputs and equipment.

Based on the methodological framework used, the policies, programmes and institutions described in the previous paragraphs of this section have been classified as follows:

Chart 11: Policies on market governance

Policy or programme	Discrimination		
	Negative	Positive	Positive (gender-based)
	In favour of large-scale farming	In favour of small-scale farming	In favour of small-scale farming
<i>Law on the Franja Transversal del Norte</i>			
<i>FONAGRO</i>			
<i>FONTIERRAS</i>			
<i>FONTIERRAS Institutional Gender Policy</i>			
<i>Land Rental Programme</i>			
<i>Rural Development Programme</i>			
<i>Dacrédito</i>			
<i>Prorural</i>			
<i>Proextensión</i>			

Source: own research.

5. ANALYSIS OF OUTLINED POLICIES

5.1 DESIGN, INTENTION AND OUTCOMES

The prioritisation of rural development is reflected in Guatemalan public policy on agriculture. The general policy outlines drawn up by SEGEPLAN thus provide for rural development to be prioritised through the granting of bank loans to facilitate development, the promotion of farmers' organisations, access to land and the construction of infrastructure. MAGA's agricultural policy contains a component focusing on commercial and productive development with a view to making farmers more competitive thanks to increased production volumes, capacity-building and technical assistance. The agricultural-policy measures set forth by MAGA focus on stimulating production chains, forging strategic partnerships and granting credits, with an emphasis on boosting small farming economies spearheaded by women. This policy was drawn up with the support of organisations from both civil society and the private sector. The current government's competitiveness agenda also contains components that favour the farming sector, such as the creation of rural jobs and the promotion of agribusiness, although it does not specify concrete measures in this regard.

The intention of Otto Pérez's government to stimulate rural development can be seen in its eagerness to relaunch the National Policy on Integrated Rural Development. This National Policy was ratified by the Congress of the Republic and promoted by the government of President Álvaro Colom and combines policies from a range of different sectors⁴ with a view to designing a plan to implement rural development in an integrated manner. The plan is not integrated in terms of content and form, however.

The existing government institutional framework is weak, particularly when it comes to promoting and supporting agricultural production. The current context involves a new government with an agenda geared heavily towards security, fighting drug-trafficking and combating hunger. At the beginning of its term in 2012, the current government took the draft bill on integrated rural development (Initiative 40-84) off the legislative agenda, opening a new process of dialogue and audiences that meant the passage of the bill would be delayed. The fight against hunger has taken the form of a publicity campaign to promote the government, whose response to the hunger problem is focusing on the same quick-fix strategy favoured by its predecessor. These piecemeal measures are not designed to resolve the country's structural problems and only accentuate existing poverty. In light of the problems concerning national rural development and the conditions facing the country's poorest people, the Small Farmers Movement is promoting a national march to set out a series of 68 demands focused on: a) tackling the problem of land; b) writing off agricultural debt; c) putting an end to evictions, persecution and criminalisation; d) cancelling licences for mining exploration and oil exploitation, the construction of

4 Agricultural policy, farming, stockbreeding, forestry and hydrobiology policy, economic, social and political policy, employment policy, social-participation and political-development policy, vulnerability reduction and risk management policy, food sovereignty and food and nutrition security policy, cultural policy, socio-environmental policy, and gender equity policy

hydroelectric power stations and the promotion of monocultures; and e) passing laws to benefit poor towns and communities. Following a series of dialogues and agreements, the government has not yet made a clear response to these demands.

Initiative 40-84 (the Law on Integrated Rural Development), the proposal of which was approved by the Congress of the Republic in 2011, was formed with the consensus of more than 25 organisations representing agriculture, small farmers and women. The current government believes that this consensus was lacking opinions from the business and political spheres, and is therefore promoting consultations via the Congress of the Republic, which are giving rise to divided opinions from various sectors of society. The text of the initiative promotes the development of small farming economies, with an emphasis on rural women.

In practice, there is no real driving force behind the promotion of integrated rural development, meaning few results have been achieved. One reason for this is MAGA's budget, which was halved between 2006 and 2011 without taking into consideration the deflationary effect this would have. This evidence would suggest that integrated rural development features more heavily in governments' speeches than in their actions. The government of Álvaro Colom wanted to implement its rural-development policy by executive decree, but in practice measures to put the content of the policy into action were limited. The current government, under Otto Pérez, has begun a process of dialogue with the various stakeholders. However, the more sceptical among these stakeholders believe that the government is once again merely using consultations as a tactic to play for time and show political will, and that the Congress of the Republic will make no progress towards passing the law, as was the case with the previous government.

The vision of the government of Otto Pérez with regard to small farmers is similar to that of the Álvaro Colom government, as can be seen in the design of the Triangle of Dignity and Family Farming programmes, both of which focus on technical assistance and capacity-building. The first of these programmes is similar to the My Community scheme launched under the government of Álvaro Colom, which focused on local economic development and sought to boost productive capacity in relation to subsistence crops, as well as to promote cooperativism and undertakings that would generate additional income.

The Investment Promotion Policy is designed to promote small-scale farming, since it does not offer tax breaks to traditional export crops, such as coffee, bananas and sugar, which are the product of large-scale farming.

Tax incentives are generally geared towards non-traditional exports, which are usually cultivated by small-scale growers. These farmers benefit only indirectly from these incentives when they sell their harvests to export companies, since very few small farmers are organised in such a way as to be able to export directly. Large-scale farming, particularly sugar cane cultivation, is promoted through laws that grant tax incentives for the production of fuels derived from sources other than oil.

The government's access-to-land policy is one of the best-designed and best-intentioned policies in terms of helping small-scale farmers, as well as incorporating a gender focus. The FONTIERRAS law is intended to facilitate either individual or collective access to land by means of finance mechanisms for the purchase or rental of land. The law stipulates that every family is entitled to receive a subsidy equivalent to 26 times the minimum wage. Families can choose whether to take the subsidy in the form of cash, a reduction of their debt, or working capital. Each farm must have a production project and a three-year technical-assistance plan, which is subsidised by the fund. Nevertheless, the number of beneficiaries reached by this policy is small compared with the large number of families that do not have access to land for farming.

The policies on finance and access to land have had the best results. The FONTIERRAS scheme has an average annual budget of around Q.250 million for the purchase of subsidised farms intended for small-scale growers. In recent years, FONTIERRAS has overseen three programmes, concerning access to land, rentals and legalisation of land ownership respectively. Between 2007 and 2011 the access-to-land programme granted 38 farms to 1,793 families or a total of 1,907 people, of whom 306 (16%) were women. Over the same period, the rental benefited 242,200 people, of whom 52% were women. The government's land ownership legalisation scheme granted 10,394 deeds, benefiting 30,252 people, of whom around 50% were women. The programme offering working-capital subsidies considerably increased its support for women, whose participation in the scheme rose from 13% in January 2011 to 42% in August of that year (see Annexes 1 to 6).

The increased participation of women as beneficiaries of the FONTIERRAS programme is due largely to the approval by the fund's executive board of the Institutional Gender Equity Policy in July 2010 (FONTIERRAS, 2010). In the context of the gender equity policy, the prerequisites for the formation of associative farming companies have been amended so as to include more women on the management boards of such companies, in accordance with the provisions of article 20 of the FONTIERRAS law, which aims to "encourage the participation of female farmers either individually or as part of an organisation". This amendment has brought about a change in the majority traditionally enjoyed by men within associative farming companies. In 2010 and 2011, women accounted for 48% of members on average, compared with 15% in 2008-2009. However, women's participation in the management boards of such companies, at just 15%, remains very low (see Annex 7).

In order to form part of an associative company, women need to possess provisional or definitive deeds that protect the family agricultural assets (on an individual or collective basis) that they will then bring to the company. In the case of cooperatives, the law states that it is only the cooperative that must meet the requirements set out. One requirement that frequently limits the participation of women is the contribution they have to pay to be a member. In other cases, cooperatives do not allow both spouses to become members, meaning only one joins, who is generally the husband.

With regard to women owning land, the article 39 of the Constitution of Guatemala recognises the right to private property as an inherent human right. However, as previously mentioned, fewer than 10% of women are landowners. One element that contributes to the exclusion of women from land ownership is the fact that in practice, the man continues to be recognised as the sole head of household, even though the Civil Code was reworded in 1998 in order to recognise both members of a couple, whether married or simply living together (common-law partnership), as heads of household.

By granting land, FONTIERRAS generated the conditions for the development of a land market, which was not necessarily favourable to small-scale farmers. The literature consulted cites examples of land awarded on both an individual and a collective basis that was then sold to be dedicated to large-scale farming. It also describes how many of these families were left with no money and no livelihoods after selling their land, and were unable to buy new land, since the increased demand had generated higher prices. The loss of their family assets means that these families go from small-scale growers to day labourers with temporary jobs, a poor salary and unpleasant working conditions.

The sale of some of the land awarded, motivated by the financial incentive of high prices, resulted in an increase in agricultural conflicts. In order to resolve these disputes, in 2002 the government created the Department of Agricultural Affairs, whose function was to deal with, resolve, prevent and eliminate land-related disputes. Between 2008 and 2011, the department resolved a total of 1,658 cases, involving some 170,000 hectares in dispute and 534,368 people. During this period, the department provided finance in the amount of Q.85.3 million for the purchase of 26 farms, covering a total surface area of 96.4 hectares (Department of Agricultural Affairs, 2011).

The participation of women in the various aspects of national life is promoted by the Law on the Integrated Dignification and Promotion of Women. This law is intended to eliminate discriminatory practices against women. It was drawn up in consultation with various women's organisations, with an emphasis on diversity, as well as with the support of a number of women who have reached key positions in the country's political, economic and professional spheres. The National Policy on the Integrated Development and Promotion of Women and the 2008-2023 Equal Opportunities Plan were also prepared with a broad consensus from various women. One of the main objectives of this policy is to strengthen the economic autonomy and productive capacity of women by promoting and developing their skills. However, SEPREM, the body set up to govern public policy in favour of women, is a government body with limited resources. In 2011 it had an annual budget of Q.23 million, most of which was spent on the technical and administrative personnel who interact with government and local authorities in order to advocate and promote women-oriented policy, as well as on monitoring the implementation of each of the key components of said policy by the competent government authorities.

As we have seen, SEPREM's work is limited to implementing the National Policy on the Promotion and Development of Women. In 2009, SEPREM set up 16 Departmental Offices for Women throughout the country. These offices have a small staff (usually one representative per office). However, even with its limited resources, SEPREM works to promote and advocate the implementation of Municipal Offices for Women in the country's various municipalities. SEGEPLAN acts as a key ally in this process.

As far as market governance is concerned, the design and intention of the policy involve very little in the way of regulation, despite the fact that the Constitution of Guatemala stipulates that the state should restrict the operations of companies that dominate certain productive sectors. The liberal paradigm reigns supreme when it comes to this policy.

Finance policy is the most common form of market governance. Various programmes are in place (such as the FONTIERRAS, Dacredito and PDER schemes described above) that provide finance to enable small-scale farmers to access or cultivate land, either through loans with interest rates below the market rate or in the form of seed capital. A grace period is available for the loans granted. The coverage of the various schemes is very broad, extending to almost the entire country. According to the sources consulted, however, it is only the Dacredito scheme that offers agricultural insurance and a guarantee fund.

Between 2008 and 2011, FONAGRO supported 108 projects through loans with a total value of Q.83.8 million. There were 376,321 direct beneficiaries of these loans, of whom 13% were women. The departments with the most projects were San Marcos, with 45, Quiché (11), Retalhuleu (six), and Totonicapán and Alta Verapaz (five each). Between 2009 and 2011, Dacredito provided seed capital worth Q.16.5 million to 100 investment projects, of which 35% related to the cultivation of vegetables for export, 16% to coffee, 9% to fruit, 2% to beans and 1% to maize. Most of the projects are located in departments in the country's west, particularly San Marcos, Sololá, Quiché and Chimaltenango, as well as in the Alta Verapaz department in the north. Between January 2006 and February 2012, Dacredito granted 2,232 loans worth a total of Q.358.8 million and covering 45,852 *manzanas* of land. The majority of the loans (Q.252.0 million) was used to finance the cultivation of vegetables, with a smaller amount (Q.21.0 million) being dedicated to basic grains.

Subsidy policy is another important factor in market governance, although it is less frequently used. The most far-reaching scheme has been Prorural, which was tasked with distributing fertilisers to small farmers at subsidised prices and has near-nationwide coverage. The scheme operated for three years, but some specialists believe its downfall was the results of its transfer to the Vice Ministry of Rural Economic Development at MAGA. According to specialists from CONGCOOP (a coordinating body for NGOs and cooperatives), "the programmes implemented were aimed only at providing capacity-

building and consultancy, and did not facilitate access to resources...”. Furthermore, it was only Prorural’s programmes that were transferred to MAGA, without any resources.

Prorural's replacement within MAGA is the National Development Fund (FONADES), which has not been implemented on the same scale as Prorural and eventually ended up with only a fertiliser project. According to Agexpront (the Guatemalan association of exporters of non-traditional products), Prorural was more dynamic when it was operating on its own resources, and its incorporation into MAGA resulted in a drop in the level of support it provided to growers from different sectors⁵. On the other hand, critics of Prorural claim it was duplicating the functions of MAGA, thereby eroding the rural institutional framework.

The loans granted in relation to the various government programmes have had a limited positive impact on small-scale farmers. In most cases, rather than boosting and supporting small farming economies, these projects and programmes have resulted in an accumulation of debt for small farmers, which has forced many to sell their land. In some cases, this is because the farmers in question do not consider all of the schemes as tools to promote and strengthen small farming economies, not only in terms of finance but also in terms of strengthening their technical, administrative, accounting, marketing, negotiating and advocacy skills. Chart 12 illustrates the design, intention and outcomes of some of the policies and programmes on which it was possible to obtain quantitative information.

5 Maldonado, J. Siglo 21 (Guatemala). “Se muere Prorural” [Prorural is dying]. Taken from www.siglo21.com.gt on 15 January 2013

Chart 12: Policy design, intention and outcomes

Policy	Design and intention	Outcomes	Greater benefit	
			Small-scale farming	Large-scale farming
<i>Law on the Promotion and Development of Export and Maquila activities</i>	Promoted by export companies to incentivise agricultural exports	Increase in non-traditional agricultural exports from US\$400.0 to US\$1,100 between 2004 and 2011		
<i>Law on foreign investment</i>	Promoted by the government	Increase in foreign investment in agriculture		
<i>Law on Fuel-Grade Alcohol</i>	Promoted by sugar producers to boost production of fuel-grade alcohol	Increase in the area of land dedicated to sugar cane cultivation		
<i>Law on the Registration of Land Information</i>	Proposed as a result of peace accords to establish and update the national land registry	Boost to the farmland market		
<i>FONTIERRAS</i>	Proposed as a result of peace accords to implement access-to-land policy	Granting of land to some 2,000 people (16% women) and of land titles to 10,400. Possibility to sell land awarded by the state		
<i>FONTIERRAS institutional gender policy</i>	Proposed by FONTIERRAS to promote access to land for women	Increase from 7% to 34% in the proportion of women benefiting from access to land between 2000 and 2010		

Policy	Design and intention	Outcomes	Greater benefit	
			Small-scale farming	Large-scale farming
<i>Rural Development Programme</i>	Funded by the European Union to boost rural development	Support for more than 100 small farmers, with finance worth Q.9 million		
<i>Land Rental Programme</i>	Created by FONTIERRAS to facilitate access to land	Benefited 242,000 people between 2007 and 2011, of whom slightly more than half were women		
<i>FONAGRO</i>	Created by MAGA to provide finance to small farmers	Between 2008 and 2011 it benefited 276,321 people, of whom 15% were women, with Q.83 millions.		
<i>Dacredito</i>	Created by the government to provide finance to small farmers	Between 2006 and 2011 it granted 3,232 loans worth Q.358 millions.		
<i>Prorural</i>	Created by Maga to provide subsidised fertilisers	Every year it provides fertilisers to more than 600,000 small farmers		

Source: Own research.

The quantitative results described above should be interpreted with caution. The various programmes have had a limited impact or an impact focused on small-scale farmers. In a focus group consisting of member organisations of the GROW campaign, the participants claimed that some of these schemes have been oriented towards small farmers who sympathise with the party in government. In other words, the programmes have been politicised, meaning their resources have been diverted towards beneficiaries who do not necessarily represent the target population.

The participants claim that the fertiliser distribution programme benefits only some farmers and that the quantity of fertilisers distributed is insufficient. Similarly, they said that the programmes designed to offer access to credit generate debt for the beneficiaries, which can subsequently be difficult to pay off.

With regard to the access-to-land programmes, the participants of the focus group agreed that poor-quality land is sometimes provided, usually with no technical assistance, which makes it difficult to make the land productive.

Lastly, the participants commented that they are facing a new form of land expropriation via the market, by means of sales that are either forced through with threats or stimulated by what initially seem like high prices. The sale of land causes them problems in relation to rights of way, since the buyers restrict free mobility along paths that have traditionally been used.

According to the focus group participants, Guatemala's agricultural policies have failed to achieve much, which is why the Law on Integrated Rural Development should be passed in order to improve the living conditions of thousands of rural families who rely on farming for their survival.

6. CONCLUSIONS AND RECOMMENDATIONS

In Guatemala, 33.2% of the economically active population (EAP) work in the farming sector, second only to commerce and services (44.7%). However, despite occupying a third of the EAP, it is an industry that benefits mainly businesses at the end of the sales part of the production chain and, in the majority of cases, products destined for export. In addition, although it is the small-scale farmers who supply the production chains, the investment incentives on offer are geared more towards large-scale farming. We should remember that only 20% of investment in agriculture comes from abroad.

The institutional framework responsible for the farming sector in Guatemala has become weaker over the last decade. The budget and responsibilities of MAGA have been reduced, and the department does not have a significant impact on promoting rural development and boosting small farming economies, primarily because the programmes and projects it promotes are not comprehensive, and instead are usually based on quick-fix solutions. This goes against governments' commitment to prioritise rural development. The words have not been backed up by action, particularly in terms of allocating financial resources to implement proposed public policies.

Initiative 40-84 (the Law on Integrated Rural Development), which is being discussed by the Congress of the Republic, aims to strengthen the government's institutional framework for agriculture by creating the Rural Development Office. Comprising the Ministry of Agriculture, Livestock and Food (MAGA), the Education Ministry (MINEDUC), the Health Ministry (MSPAS), the Environment Ministry (MARN), the Ministry for the Economy (MINECO), the Ministry of Public Finance (MFP) and other institutions, this new body aims to coordinate and implement the National Policy on Integrated Rural Development. The Initiative also provides for increased social participation through the Social Audit and Participation Council (see annexes).

Over the past decade, the farming sector has witnessed accelerated growth of monocultures such as rubber, sugar cane, bananas, oil palms, teak and pine nuts, as well as of small-scale farming driven by the external market. This growth continues to accelerate, particularly for oil palms and sugar cane. The increase in sugar cane and oil palm crops affects small-scale farming, since the grabbing of land for these crops significantly reduces the amount of land available for growing basic grains. The concentration of land ownership is detrimental to small-scale farmers, who are forced to sell off the land that they use for subsistence farming, and therefore lose the only source of income available to their families. In addition, families no longer have access to water sources, and the contamination of the environment by chemicals and fertilisers has brought disease to the affected rural populations. In such cases, it is almost impossible to get access to new land because the cost of such land has risen on account of it being in demand for monocultures, and because of the lack of permanent jobs and the salary levels in the country.

The involvement of women in farming has been reduced to an unpaid role supporting the family's activities, and despite some people feeling that the work done by women is more efficient and skilled (sowing seedlings and picking, for example), the daily wage for women is lower than for men. In the majority of cases, the involvement of women takes the form of informal, unpaid work. Generally speaking, women are not involved in negotiations and they receive little or none of the agricultural added value; the men take most of the profits. On the other hand, it is those who invest in large-scale

farming who generate the biggest profits in production chain processes, particularly when the products are destined for export.

One weakness which has been observed, and which is currently the focus of business model projects and programmes, is how difficult small-scale farmers find it to organise themselves into associations. This is mainly in relation to sales rather than simply to production. The individual way in which these products are sold means they are sometimes sold for less than the cost of production, which results in the unjust cycle of poverty. This lack of organisation makes it hard for small-scale farmers to overcome the disadvantages thrown up by imperfect markets for agricultural produce, which are dominated by intermediaries who take the biggest share of the profits.

Grass-roots organisations are rarely involved in the drafting of public policies. However, policies drawn up with the approval of these organisations are criticised for being weak and inappropriate. This is the case for policies favouring women, which are criticised for being poorly implemented; however, the budgets allocated to these policies make it impossible for them to be properly implemented nationally at all strategic levels of intervention.

In practice, women are the target of all kinds of discrimination, and they have no say in how production resources are used. There are few policies that directly and primarily favour women. One such example is the land-granting policy that increases the low percentage of female landowners, who are still outnumbered by female tenants.

MAGA needs to make more money available and to have a clearer focus for its policies supporting small farming and women. This would create opportunities to improve conditions for small-scale farmers and to stimulate the development of agriculture, particularly by way of proposals targeted at younger generations.

It should be a priority to ensure the passing of rural-development and competition regulation laws that stimulate private investment in agriculture but have clear benefits for small-scale farming.

It should also be a priority to draw up public policies designed to promote inclusive business models, making small-scale producers stronger through the formation of associations, and providing means for organisation, funding, marketing and the development of technical skills and skills for adapting to climate change.

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ANNEX 1. TABLES

Table 1: Access-to-land programme⁶

Year	No. of farms	No. of families	Women		Men		Total
			n	%	n	%	
2007	8	618	44	7.12	574	92.88	618
2008	6	363	20	5.51	343	94.49	363
2009	7	239	13	5.44	226	94.56	239
2010	9	285	82	28.77	203	71.23	285
2011	8	288	147	36.57	255	63.43	402
<i>Total</i>	38	1,793	306	16.05	1,601	83.95	1,907

Source: FONTIERRA

Table 2: Land rental programme⁷

Year	Women		Men		Total
	n	%	n	%	
2007	12,921	52.75	11,572	47.25	24,493
2008	34,559	49.08	35,857	50.92	70,416
2009	16,198	51.37	15,336	48.63	31,534
2010	26,014	51.34	24,655	48.66	50,669
2011	36,632	56.281	28,456	43.72	65,088
<i>Total</i>	126,324	115,876	242,200		

Source: FONTIERRA

6 Access to land refers to the state granting land to individuals. If the land is privately owned, the government grants the individual a loan to buy it, and if the land is state owned, the state sells it

7 Rental consists of providing finance for the rental of land and a subsidy for production (see page 32)

Table 3: Land ownership legalisation programme⁸

Year	Number of deeds	Families	Women	Men
2007	3,059	3,786	2,669	3,122
2008	1,642	4,199	3,367	3,435
2009	1,479	2,893	2,253	2,213
2010	1,933	4,968	4,219	4,147
2011	2,281	3,037	2,599	2,328
<i>Total</i>	10,394	18,883	15,107	15,245

Source: FONTIERRA

Table 4: Main components of the National Policy on Integrated Rural Development

Agricultural policy

Objective	Programme	Measures
<i>To reform and democratise the regime governing the use and ownership of land.</i>	National programme for the awarding of social and productive infrastructure and land.	Granting of land in usufruct, with priority given to female heads of household
		Soft loan with preferential rates and a long term (with collateral security and a fiduciary security).
		Medium-term rental agreement with option to buy in one's place of origin
	National programme for the legalisation of land ownership	Support for the legalisation of land ownership based on the national land registry
		Recovery of land awarded or registered illegally
	Programme on access to justice in agricultural and environmental matters	Attention given to agricultural labour and environmental disputes

⁸ The process of legalisation consists of giving families a land ownership title. In recent years, due to changes in policy, the title is given to both partners of a married couple as co-owners

Economic Policy

Objective	Programme	Measures
To promote the implementation of fiscal, macroeconomic (monetary, foreign exchange, credit and trade) and sector-based policies to strengthen, develop and grow the rural, indigenous and small farming economy, in order to guarantee food and nutrition sovereignty and security	Programme to finance integrated rural development (IRD). Programme to promote marketing for produce of indigenous people and small farmers	Promotion of the use of remittances to stimulate community-based social and productive investment
		Reorientation of budget allocation towards the rural population
		Mechanism to attract investments that promote the marketing and exporting of IRD products
	Programme of public investment for social development in partnership with local rural actors	Promotion of social and economic development and growth in areas with a high concentration of poverty and extreme poverty together with local rural actors
		Implementation of a national plan for public investment for social development in partnership with local rural actors

Food sovereignty and food and nutrition security policy

Objective	Programme	Measures
To promote food and nutrition sovereignty and security through the integrated development of four pillars (availability, access, consumption and biological use).	Monitoring of and support for the fulfilment of the right to food and nutrition security	Promotion, monitoring and evaluation of the right to food and nutrition security in rural areas
	Reduction in chronic malnutrition	Attention given to basic health services
	Production of basic foods at community level	Awareness-raising and education about food, nutrition and hygiene. Short-term rental of land for the production of basic grains

Farming, stockbreeding, forestry and hydrobiology policy

Objective	Programme	Measures
<p>To implement sustainable and culturally appropriate production models for farming, stockbreeding, forestry and hydrobiology with a view to fully developing the provisions of the Law and the National Policy on Integrated Rural Development</p>	<p>Programme of research and transfer of technology</p>	<p>Promoting the creation and approval of appropriate and sustainable technology</p>
		<p>Transfer of appropriate and sustainable technology related to the Policy</p>
	<p>Programme of production chains</p>	<p>Development of chain processes for productive activities</p>
	<p>Programme of financial services</p>	<p>Creation of lines of financing and provision of economic resources related to the Policy</p>
	<p>Programme of Agricultural Insurance</p>	<p>Promotion of an agricultural-insurance scheme for natural disasters and price fluctuations</p>
	<p>Programme of productive infrastructure</p>	<p>Promotion of infrastructure construction to support production (irrigation, renewable-energy generation, silos, processing plants and roads).</p>
	<p>Programme of inputs</p>	<p>Provision of organic and conventional inputs in relation to the IRD policy, together with technical assistance</p>

Source: MAGA

Table 5: Social audit and participation (Initiative 40-84)

Social audit and participation in the National Policy on Integrated Rural Development will take place via the Social Audit and Participation Council, which is responsible for combining and directing all measures concerning information, monitoring, research, evaluation and presentation of proposals from civil-society organisations and the population in general with regard to IRD. The Council is also responsible for overseeing the execution of the Policy and the Multi-Year National Plan on Integrated Rural Development. The Council is made up of the following:

- Three representatives of small-farmers' organisations
- Three representatives of indigenous people's organisations
- Two representatives of environmental organisations
- One representative of the University of San Carlos of Guatemala
- One representative of rural-women's organisations
- One representative of the farming unions
- One representative of SMEs in rural areas
- One representative of the Assembly of Presidents of the Professional Associations of Guatemala
- One representative of the independent farming unions
- One representative of federated and non-federated cooperatives
- One representative of the Chamber of Agriculture

Table 6: Position of certain organisations related to the agricultural sector with regard to Initiative 40-84, Law on Integrated Rural Development

Organisation	Legal	Political	Economic and social
<i>AGEXPORT</i>	Guatemala already has an appropriate legal framework that makes it possible to implement initiatives that foster family welfare	Lack of political will concerning investments in basic and productive infrastructure. There is no continuity in implementation; every government changes the law. The Ministry of Rural Development would weaken MAGA still further, when it actually needs to be strengthened	The initiative duplicates the functions of the Urban and Rural Development Councils.
<i>CHAMBER OF AGRICULTURE, COMMERCE, INDUSTRY AND FINANCE (CACIF)</i>	Large number of unconstitutional aspects. Duplicates functions already set out in the constitution and assigned to corresponding institutions. Monetary Board, MAGA, MINECO, SISAN, Development Councils.	Does not create government policies that incetivise investment and employment in rural areas to create greater income for rural families. Ratification of ILO Convention 175 on part-time work. Reform of the Free Zone Law.	Involves obstacles to investement and therefore to job creation. Lack of legal certainty concerning violation of the right to private property. Contravenes international trade agreements such as CAFTA
<i>ALLIANCE FOR INTEGRATED RURAL DEVELOPMENT (ADRI)</i>	In agreement with: the Universal Declaration of Human Rights, articles 22 and 25, and the UN ICESCR	Involves a systematic and integrated set of 10 policies in strategic areas of Rural Development.	An innovative effort that deals with the government's incoherence in responding to the demands of the rural population
<i>AGRICULTURAL PLATFORM</i>	The institutional and financial tools set up under both the NPIRD and Initiative 40-84 acknowledge and will allow compliance with the content of the Peace Accords, the ICESCR, the Declaration of the International Conference on Agricultural Reform and Rural Development and the UN Millenium Development Goals	Recognition of the national situation without neglecting the social assistance needs of the rural poor and the most vulnerable; oriented strategically towards transforming the existing unconstitutional aspects, creating new institutions and diverting public budget funds towards supporting development and growth for the rural, indigenous and small farming economy	Initiative 40-84 has a broad social backing, which is essential for such a crucial topic. The initiative is based on socioeconomic data on the rural areas of Guatemala, which were provided by government entities and used as a serious by the Commission in its ruling

Organisation	Legal	Political	Economic and social
<i>RURAL WOMEN'S ALLIANCE FOR LIFE, LAND AND DIGNITY</i>		Tackles aspects related to the environment, budget, science and technology, citizen participation, childhood and education, training and capacity-building	Enables the creation of decent jobs, particularly in terms of economic and social rights for women. Ensures that women have access to and use, regulation, ownership and co-ownership of land
<i>HIGHLANDS COMMITTEE OF FARMERS (CCDA)</i>	The proposal is consistent with the Peace Accords and international commitments acquired by Guatemala	Propose to correct the discrepancies that exist in the plans, programmes and projects currently run by the government	Reduces the discretionary power of public officials to determine the destination of public investment in relation to rural development
<i>CONGCOOP</i>	The initiative focuses on compliance with international treaties on agricultural and social matters and the Peace Accords	By Means of the National Policy and a long-term National Plan, it aims to implement more orderly and efficient government measures.	Proposes and integrated and inclusive rural development model based on principles of social justice, prioritising the rural population living in poverty and extreme poverty

Source: National System of Permanent Dialogue

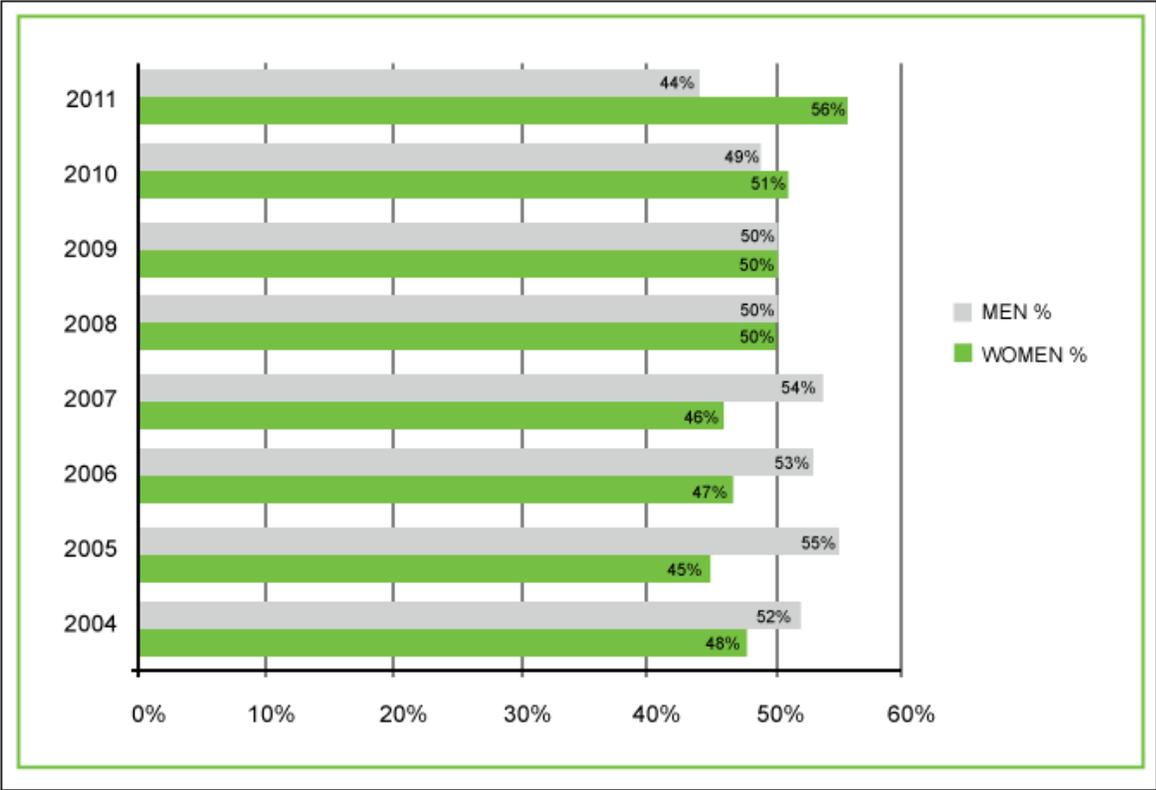
ANNEX 2: GRAPHS

Graph 1: Percentages of men and women benefiting from the access-to-land programme



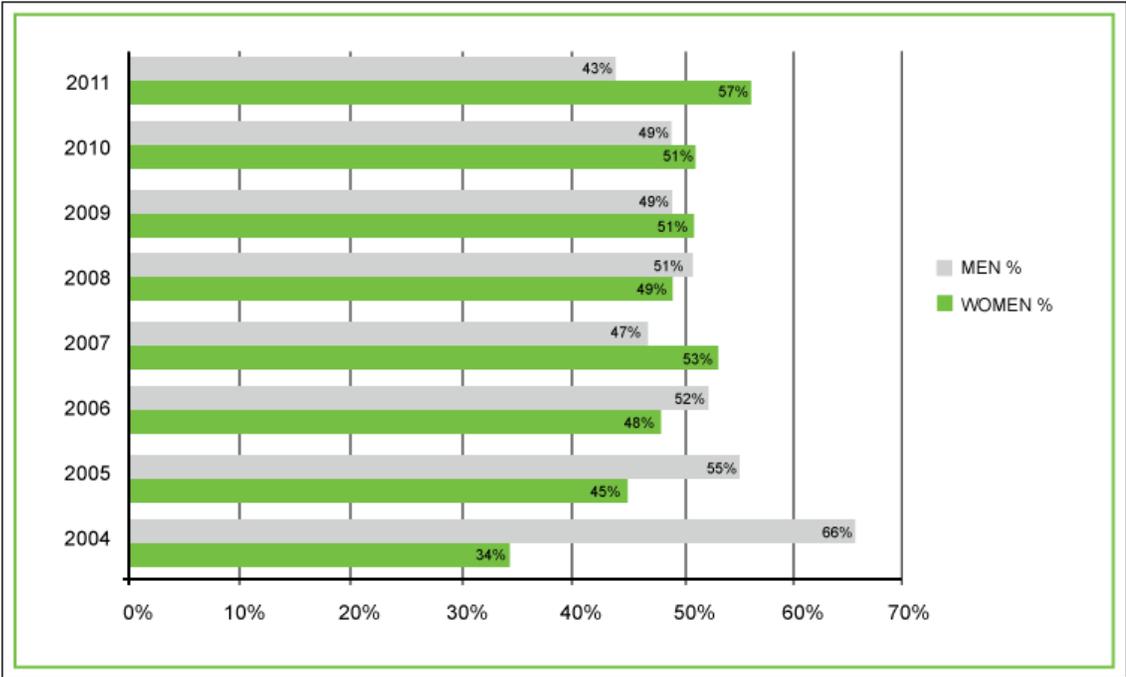
Source: FONTIERRA

Graph 2: Percentages of male and female recipients of deeds under the land ownership legalisation programme



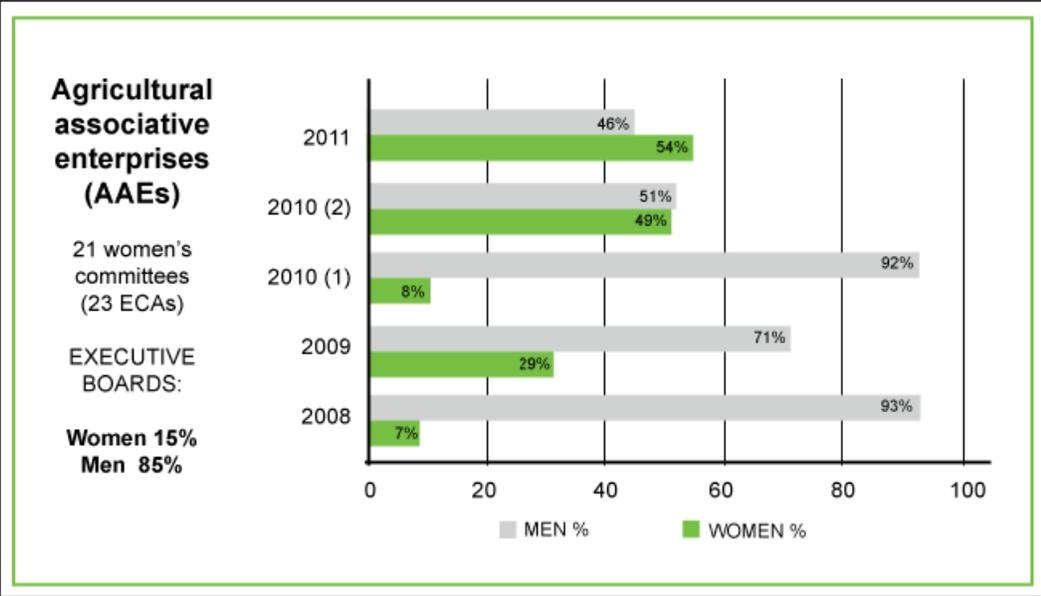
Source: FONTIERRA

Graph 3: Percentages of male and female recipients of credit under the rental programme



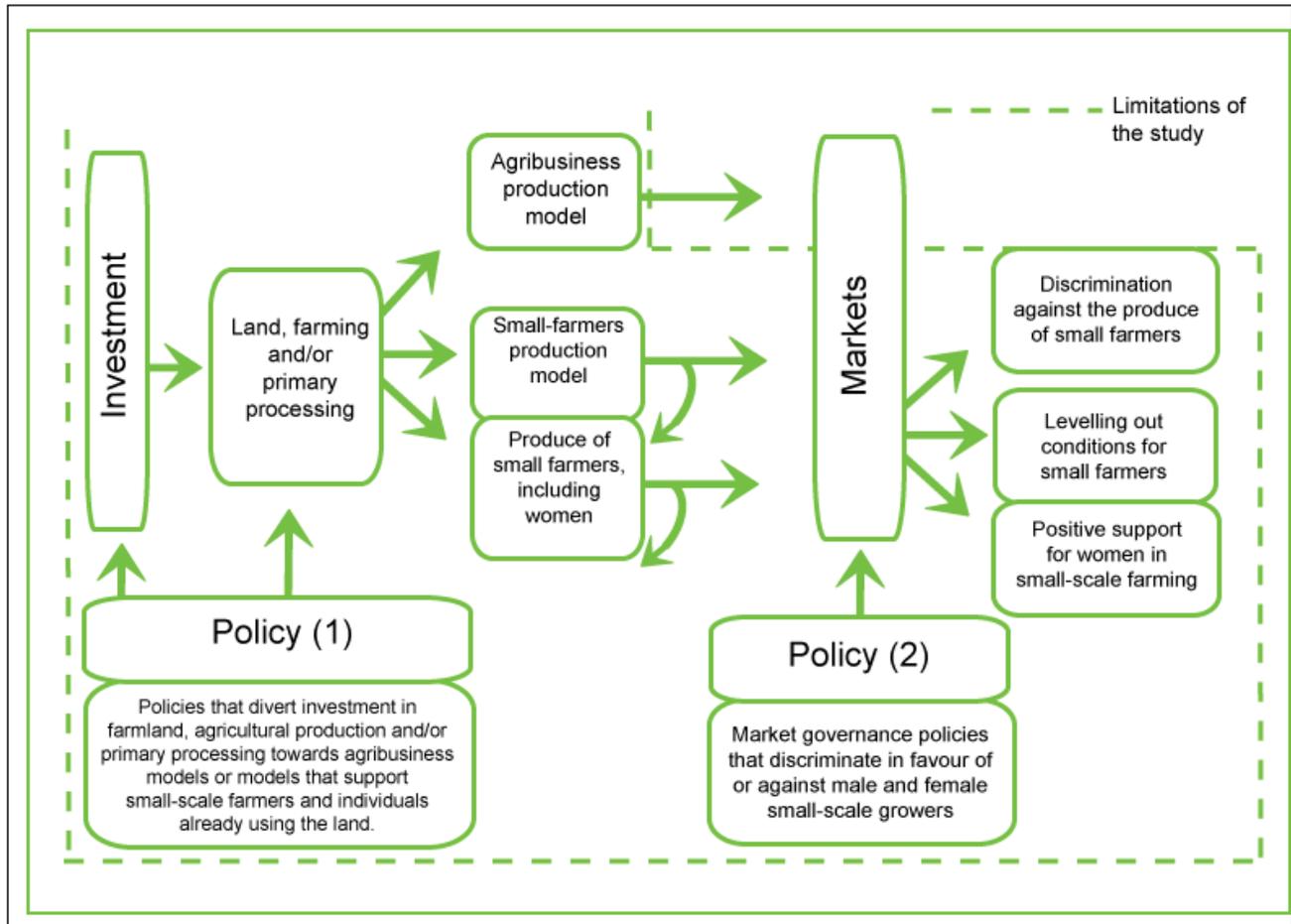
Source: FONTIERRA

Graph 4



Source: FONTIERRA

Graph 5: Limitations of the study



ANNEX 3. LAND SALE CASE STUDIES

(Source: Hurtado, 2008)

The San Román farm

Located in the Petén department, this farm covers a surface area of around 90,000 hectares and during the civil war was occupied by displaced Q'eqchí people from the Alta Verapaz department. In total, the farm was inhabited by 34 communities, 14 of which inhabited it after the signing of the peace agreement in 1996 began the process of legalising ownership of the land.

In 2001, the farm was awarded by FONTIERRAS via individual-ownership deeds given to 2,113 families. Soon afterwards, an intense period of buying and selling plots began, with prospective buyers even attending the issuance of deeds in order to offer money in exchange for the documents. The removal of state protection over the awarded land and the issuance of individual deeds prompted sales. As at June 2008, an estimated 60% of the farm had been bought by companies for the cultivation of oil palms.

Percentage of land sold on the San Román farm by community

Community	% of land sold
<i>La Torre</i>	100
<i>El Rosalito</i>	100
<i>El Arenal</i>	98
<i>El Porvenir I</i>	98
<i>San Rafael</i>	80
<i>Las Pozas</i>	75
<i>Las Camelias</i>	45
<i>San Fernando</i>	35

Source: Hurtado, 2008

The Fray Bartolomé Las Casas plots

Having achieved its goal of acquiring 6,000 hectares in the municipalities of El Estor and Panzós, in the departments of Izabal and Alta Verapaz respectively, Palmas del Polochic/INDESA decided to expand its plantations to the municipality of Fray Bartolomé Las Casas. The area has suitable climatic conditions for the cultivation of oil palms and is connected to Guatemala's main Atlantic port by road.

The company initially proposed to buy plots of land from the owners, but the owners rejected this idea. Consequently, the company proposed an alternative: three different forms of 25-year rental agreements. Most owners of plots measuring between 22.5 and 45 hectares chose option one, consisting of a 25-year rental agreement with the payment of an annual rent of Q.150.00 per hectare. This arrangement would

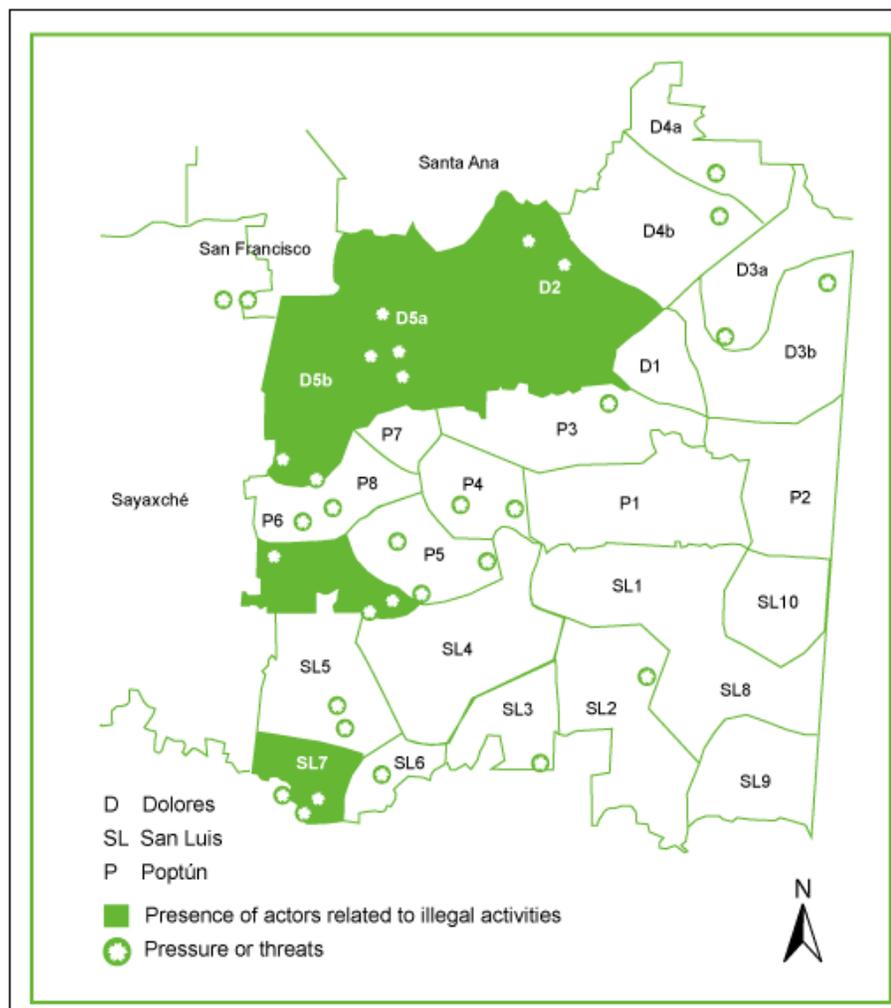
generate income per hour equal to or greater than the income obtained from their own crop-growing, making it attractive to small farmers.

The lack of legal certainty concerning some plots did not hinder the purchase process. While the legalisation process was ongoing, the company and the owner signed a promissory sale agreement. The company paid an advance of Q.25,000,00 to the owner, who agreed to complete the legalisation process and hand over the plot in three years. Should the owner fail to fulfil this agreement, he would be obliged to pay back double the amount received from the company. As at June 2008, PADESA had already met its target for the year, with 2,500 hectares having been negotiated and in the process of being sown in the municipalities of Chisec, Fray Bartolomé Las Casas and Chahal. Also as at that date, 6% of land obtained had been purchased, 52% rented and 42% sown by independent landowners with a contract to hand over the produce to PADESA.

ANNEX 4. MAP

Map 1: Threats and pressure facing landowners in Dolores,

San Luis and Poptún, in the Petén department



Source: MAGA

ANNEX 5. SMALL AGRICULTURAL COMPANY CASE STUDIES

(Source: own research based on interviews)

FRUTESA

FRUTESA has worked with associations, committees and cooperatives of small-scale farmers for over two decades, signing sowing contracts and contracts of sale, offering partial seed money, agricultural inputs, technical assistance and capacity-building in the various crops, and working with these groups to improve their organisation and administration. FRUTESA currently has well-established contractual relations with more than 350 farmers in the Guatemalan highlands, mostly in Sacatepéquez and Chimaltenango.

FRUTESA signs contracts with its farmers for each stage of sowing at the beginning of each season. The contract specifies who is going to sow, what they are going to sow when, and where their sowing will take place. The contract also specifies the level of quality the produce needs to reach, and FRUTESA's staff provide technical assistance, capacity-building and supervision to help the farmers achieve this. They are also supported by institutions and companies that specialise in integrated crop management, secure agro-input management, and environmental care and conservation. FRUTESA has worked closely with a number of institutions so that its farmers can generate strong profits and achieve progress for their families and community.

For almost 30 years, FRUTESA has maintained good relations with farmers in the highlands thanks to its reputation as a company that honours its payment obligations and other commitments.

AGRISEM

AGRISEM is an extraordinary example of a small-farmers' organisation. It has around 400 members, with men and women accounting for roughly half each. AGRISEM began as a growers' association, but subsequently converted into a cooperative. Since its creation, AGRISEM has managed support from the government for the construction of infrastructure (such as irrigation channels) and from private entity Agexport in order to access the international market. This relationship means it has a link to the Agil foundation, which provides capacity-building in farming practices and helped it to build a supply centre, which was constructed and handed over by the government in April of this year.

AGRISEM began exporting vegetables through the Cuatro Pinos cooperative. The organisation currently exports 60% of its produce directly and sells the remaining 40% to export companies.

AGRISEM believes it is important to obtain market information in order to be able to sell directly to buyers in the United States; this activity requires it to fulfil certain requirements pertaining to volume, quality, safety, certifications and good farming practices.

PROSOL

PROSOL is an institution that supports vegetable production chains in the Sololá department for both the international and domestic markets. Farmers who grow their crops for export benefit from a secure market thanks to their contracts with export companies, whereas those who grow for the local market assume market risk.

The crops destined for export are peas, French beans, broccoli, mini vegetables and Brussels sprouts. Potatoes, onions and carrots, on the other hand, are grown for the local market. PROSOL supports farmers with interest-free loans for the purchase of inputs and by helping to formalise contracts with export companies. PROSOL believes there are organisational problems in terms of loyalty; members receive inputs but then prefer to sell their produce to “coyotes” instead of the growers’ association. The farmers lack technical crop management skills and use fertilisers based on recommendations from fertiliser sellers rather than on analysis of the soil, a service that should be provided by MAGA but is not. The farmers do not implement any systematic cost control and lack technical assistance with production. The quality of their produce frequently fails to meet the standards set by the export companies, meaning some produce is rejected. The participation of women in the production chain occurs mainly during the harvest phase, due to the high demand for labour during that stage. The involvement of women at other stages of the production chain, particularly the marketing stage, is difficult due to the sexist culture that exists in the region. Most members of growers’ organisations are men, because they are the ones who own the land. The challenges facing small-scale farmers include a low level of education, which makes it difficult to incorporate more technical processes into farming, a lack of paths and roads on which to transport produce to market, a lack of irrigation systems, and a shortage of finance.

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