Poverty Assessment: Guatemala
Development Economics

Karen Schober

Hertie School of Governance

Instructor: Dr. Arntraud Hartmann

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1. Introduction

1.1   In the following, the poverty situation in the Republic of Guatemala will be assessed. Most data and background information has been retrieved from the World Bank's Guatemala Poverty Assessments published in 1995, 2003 and 2009 and the National Survey of Living Conditions 2000 and 2006 (*Encuesta Nacional de Condiciones de Vida*, ENCOVI) published by the Guatemalan National Statistics Institute (*Instituto Nacional de Estadísticas*, INE). The survey was conducted again in 2011; results are, however, not yet available.

1.2   The assessment will initially place Guatemala's performance in basic development indicators into the regional context. Second, the poverty situation in the country will be assessed. Third, a detailed analysis of basic social indicators including health, education and infrastructure will be conducted. Finally, the assessment will turn to basic governance indicators and shortly consider Guatemala's progress on the road to achieving the Millennium Development Goals (MDGs).

2. Thematic and regional context

2.1   Guatemala is home to a population of 14.4 million people (2010). More than 50% of Guatemalans live in poverty. Poverty varies strongly between regions, urban/rural environments and ethnicity. While some differences also persist between males and females, Guatemala has made some progress on closing the gender gap. The poorest and most disadvantaged in the country are rural indigenous populations, amongst them females experience the highest level of inequality.

2.2   Within the Central and Latin American region, Guatemala has made significant progress in almost all development indicators, often surpassing the performance of its neighbors. Due to its much lower starting point following more than thirty years of violent conflict, however, Guatemala continues to lag behind the other countries in the regional grouping.

2.3   Guatemala can be considered one of the most vulnerable countries on the planet in terms of climate change and natural disasters. In 2005, Hurricane Stan had a significant negative impact on the country's poverty situation. Furthermore, Guatemala remains largely dependent of and vulnerable to shocks occurring in the United States (U.S.). Not only economic relations with the Northern neighbor play a role. Remittances sent from the U.S. contribute a significant share of resources to poverty alleviation.

2.4   In 2011, Guatemala ranked 131st on the Human Development Index (HDI). The country reached a score of 0.574, thereby ranking well below both the regional average of 0.731 (for Latin America and the Caribbean) and the world average of 0.630[1].

2.5 Within the Latin American region and in comparison to other Central American countries, Guatemala performs poorly on almost all basic health and education indicators. Guatemala scores lowest of all six Central American countries on the HDI and shows the second-largest percentage of poverty at 1.25 $ a day. However, it should be noted that the country ranks 4th out

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[1] United Nations Development Program (2011)

of 6 on GNI per capita amounting to 4,167 US$. This indicates that resources are not sufficiently used to address education and health indicators.

	Guatemala	rank*	Nicaragua	Honduras	El Salvador	Costa Rica	Panama	**Latin America**
GNI per capita, constant 2005 PPP $	**4,167**	4	2,430	3,443	5,925	10,497	12,335	**10,119**
Expected years of schooling	**10.6**	6	10.8	11.4	12.1	11.7	13.2	**13.6**
Primary gross enrollment ratio (%)	**113.6**	4	116.9	116	115	109.9	109	**116.8**
Immunization, DTP (% children aged 12-23 months)	**92**	3	98	98	91	86	84	**92**
Fertility rate, total (births per woman)	**3.8**	6	2.5	3.0	2.2	1.8	2.4	**2.2**
Under-5 mortality rate (per 1,000)	**40**	6	26	30	17	11	23	**22**
Human Development Index	**0.574**	6	0.589	0.625	0.674	0.744	0.768	**0.731**
Life expectancy at birth (years)	**71.2**	6	74.0	73.1	72.2	79.3	76.1	**74.4**
Poverty PPP 1.25$ a day (%)	**16.9**	5	15.8	23.3	5.1	0.7	9.5	**n/a**

* Guatemalan ranking within the six Central American countries

Table 1: Key Socio-Economic Indicators – Guatemala's performance in comparison to other Central American countries as well as the Latin American average in 2011
(Source: Data retrieved from UNDP Human Development Report 2011)

3. Poverty Analysis

3.1   In 2006, Guatemala conducted its second National Survey of Living Conditions (ENCOVI). Consumption rather than income is used as the measure of well-being[2]. As shown in figure 1 below, the value for the extreme poverty line[3] in 2006 was measured at US$ 403 per year which amounts to 22.27% of GDP[4]. The value of the overall poverty line[5] lies at US$ 829 per year, thereby amounting to 45.8% of GDP. In *dollar per day* terms, the calculations amount to a poverty line of approximately 1.12 US$ for the extremely poor and to 2.30 US$ for overall poverty.

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[2] The National Statistics Institute (INE) decided to use this measure as it fluctuates less than income over time, provides more precise measurement and is more comprehensive.
[3] Minimal consumption of food with a base line of 2,173 kcal/day.
[4] In 2006, GDP per capita amounted to 1.810 US$ (constant 2000 value).
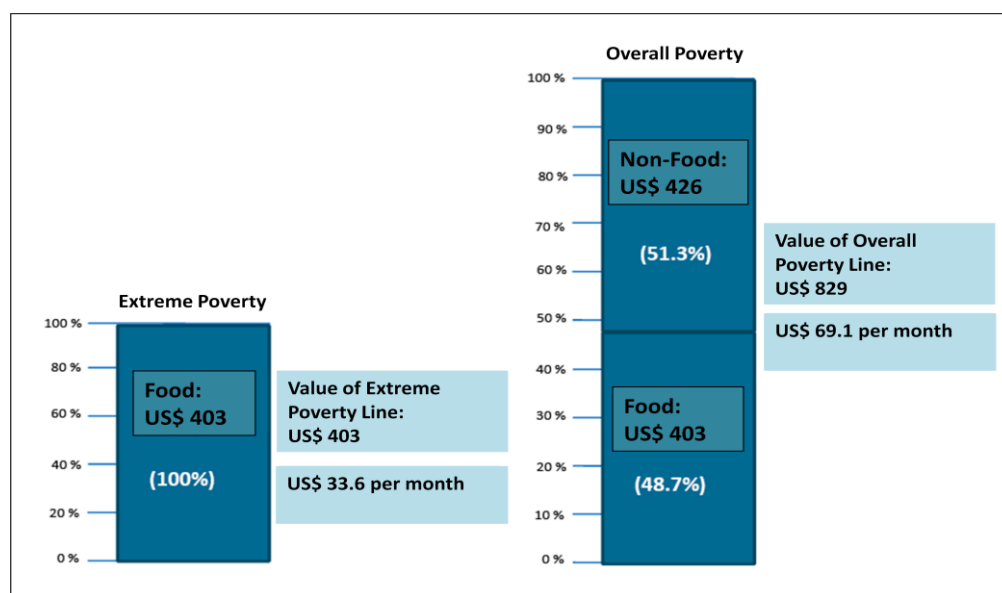[5] Minimal consumption of food + minimal cost for other goods and basic services.

Figure 1: Poverty Lines (2006), annual value per capita
(Adopted from 2006 ENCOVI report)

3.2   Significant decreases in both overall and extreme poverty could be achieved between 1989 and 2000. Extreme poverty was reduced from 57.9% in 1989 to only 15.7% in 2000. Later changes occurred rather sluggishly. Part of this is, however, due to the fact that different types of surveys were used in 1989 and 2000, yielding highly overestimated results in 1989 when data was based on only five simple questions. UNDP and the World Bank have tried to adjust for measurement inconsistencies and have yielded an adjusted approximation of 62% for overall poverty in 1989. In this respect, the change between 1989 and 2000 appears to be much less drastic. Unfortunately, no further adjusted data is available. For this reason, the assessment at hand will, in the following sections, refer to 2000 and 2006 measurements only.
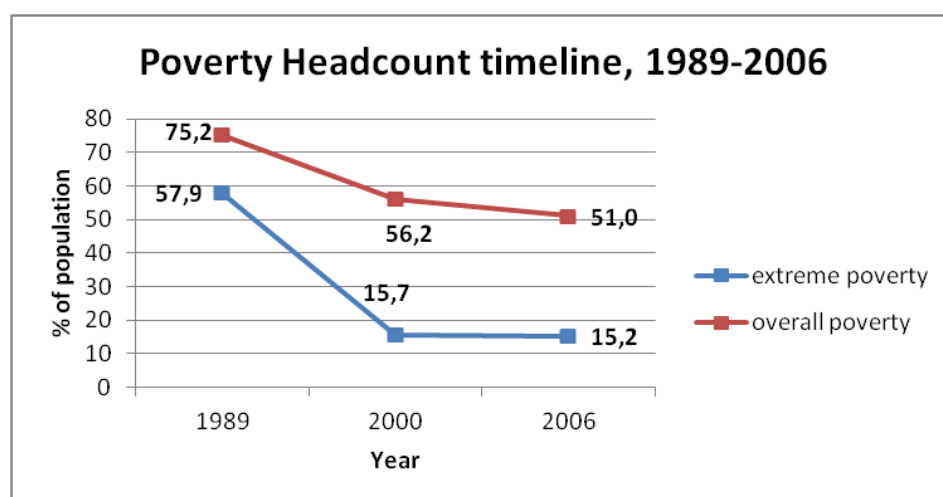

Figure 2: Poverty Headcount timeline, 1989-2006
(Source: Data retrieved from the World Bank)

[3]

3.3   During the last census conducted in 2006, 51.0% of Guatemala's population was considered poor while 15.2% were considered extremely poor. In comparison to the 2000 measurements, Guatemala managed to decrease overall poverty by 5.2% and extreme poverty by 0.5%. Strong disparities continue to exist between regions, ethnicities and gender, displaying the strong inequalities that persist in the country.

	% of national population			Headcount Index (% of population) **All Poor**			Headcount Index (% of population) **Extreme Poor**		
Year	1989	2000	2006	1989	2000	2006	1989	2000	2006
Total Guatemala	100.0	100.0	100.0	75.2	56.2	51.0	57.9	15.7	15.2
By Area									
Urban	n/a	38.6	48.1	57.2	27.1	30.0	33.7	2.8	5.3
Rural	n/a	61.4	51.9	85.7	74.5	70.5	71.9	23.8	24.4
By Ethnicity									
Non-Indigenous	63.7	57.6	62.4	65.8	41.4	36.2	45.2	7.7	7.8
Indigenous	36.3	42.5	37.6	92.6	76.1	75.7	81.3	26.5	27.6
By Gender of Household Head									
Male	n/a	85.3	81.2	n/a	57.6	53.4	n/a	12.3	16.7
Female	n/a	14.7	18.8	n/a	47.8	40.8	n/a	8.4	8.8

Table 2: Poverty Headcount by area, ethnicity and gender of household head, 1989-2006
(Source: Data retrieved from the World Bank)

3.4   Both, overall and extreme poverty remain more severe in rural than in urban areas. In 2006, 70.5% of the rural population was considered poor, compared to 30.0% in urban areas. Similarly, 24.4% of rural residents were considered extremely poor compared to 5.3% of the urban population. Between 2000 and 2006, overall poverty decreased by four percentage points in rural areas while extreme poverty increased slightly. What is striking, however, is the fact that overall poverty and extreme poverty increased in urban areas between 2000 and 2006.

3.5   The extreme increase can largely be attributed to a change in the urban/rural classification applied to each census segment in the 2000 and 2006 ENCOVI surveys. When not taking these classification changes into account, overall urban poverty actually decreased from 27.1% in 2000 to 25.8% in 2006. Nevertheless, extreme poverty in urban areas increased from 2.8% to 4.3%. Reasons for this increase are found in the food crisis starting in 2006: 99.4% of Guatemalan urban households are estimated to have been negatively affected by the rise in food prices. While prices increased, the real purchasing power of those households declined, affecting the poorest 20% of urban households most negatively and initiating a growth in urban poverty[6].

3.6   Differences are equally strong between non-indigenous and indigenous groups. While 75.7% of the indigenous population is considered poor and 27.6% are considered extremely poor, 36.2% and 7.8% of the non-indigenous population are categorized as such respectively. While poverty among the non-indigenous population could be reduced by 5.2% between 2000 and 2006, a reduction of only 0.5% was observed for the indigenous. Extreme poverty did not change in the non-indigenous group and increased slightly by 1.1% in the indigenous group.

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[6] International Food Policy Research Institute (2011)

3.7 All of the country's eight regions have experienced a slight population increase between 2000 and 2006 with the exception of the South-East and the South-West. At the same time, both overall and extreme poverty have decreased in most of the regions with the **South-East** experiencing the most significant changes in both overall (68.6% to 54.4%) and extreme (20.1% to 13.9%) poverty reduction.

Figure 3: Change in Headcount Index for all poor by region, 1989-2006 (Source: Data retrieved from the World Bank)

3.8 Extreme poverty has more than doubled in the **North-East** (8.9% to 20.0%). Overall poverty has seen a slight increase from 51.8% to 53.2% in the same region. All other regions have seen decreasing overall poverty. Only the Central and Petén regions experienced slight increases in extreme poverty.

Figure 4: Change in Headcount Index for all poor by region, 1989-2006 (Source: Data retrieved from the World Bank)

3.9 Figure 3 and 4 also include the 1989 Headcount Indeces for both overall and extreme poverty as a point of reference. Unfortunately, it is not clear if these numbers are again overestimated. It appears, however, that significant progress has been made on reducing extreme poverty during the 1990s as well as reducing overall poverty in all of the regions. This general trend should persist even if adjusting measurements for overestimation. A great share of this development may be due to the fact that the signing of the Peace Accords in 1996 falls into this period.

3.10 The opposing trends between North-East and South-East can largely be explained by the positive effects of a well-developed road infrastructure and favorable climatic and agricultural conditions in the South-East. Climate shocks and poor infrastructural development as well as limited agricultural and economic potential have had the opposing effect in the North-East.
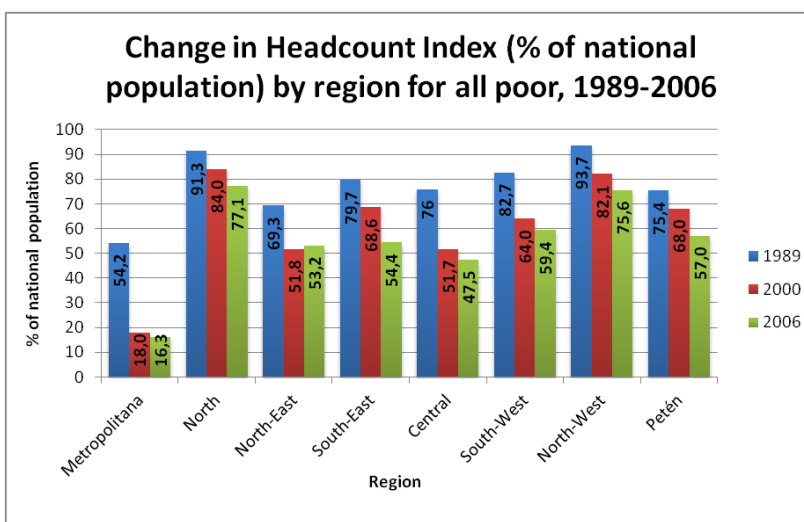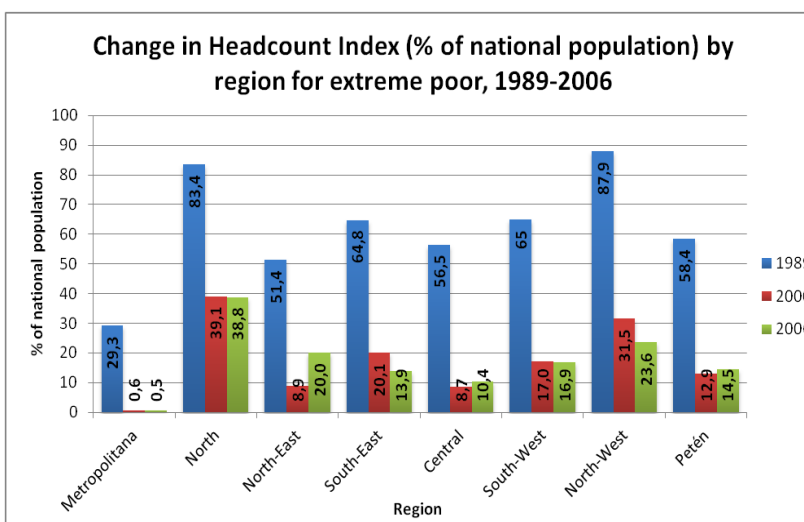
3.11   In terms of contribution to overall national poverty, the Western regions perform much worse than the Eastern regions. The Metropolitan area (good infrastructure, labor and education opportunities, household consumption) as well as Petén (minimal share of national population) contribute the smallest share to national poverty.
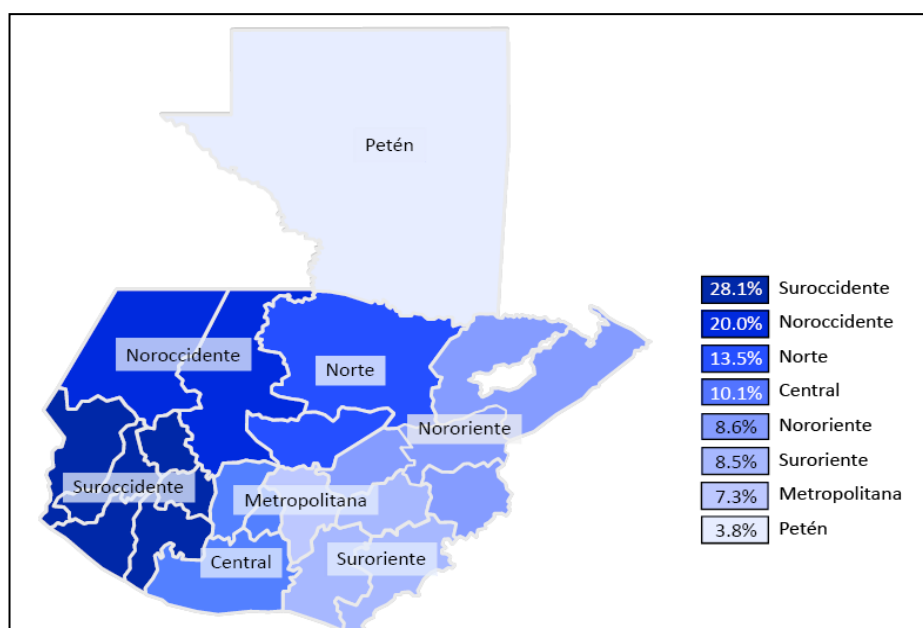

Figure 5: Contribution to national poverty by region
(Source: ENCOVI 2006)

3.12   Guatemala has made important progress in reducing its overall poverty gap and severity between 2000 and 2006. Nevertheless, poverty remains relatively deep at 19.5 percentage points. Equally, poverty severity has remained extremely high at 9.5 percentage points, indicating that the group of poor is rather heterogeneous in its composition. Many of those poor seem to be located just above the extreme poverty line.

	Poverty Depth **All Poor** (%)	Poverty Severity **All Poor** (%)	Poverty Depth **Extreme Poor** (%)	Poverty Severity **Extreme Poor** (%)
2000	22.6	11.7	3.7	1.3
2006	19.5	9.5	3.4	1.1

Table 3: Poverty Gap analysis for all poor and extreme poor, 2000-2006
(Source: Data retrieved from the World Bank)

3.13   No detailed data is available on the poverty gaps for ethnicities and the rural and urban environments[7]. However, World Bank publications have shown that the poverty gap for indigenous populations is much deeper than that for the non-indigenous. It also shrank slower at a rate of 22% than the poverty gap for non-indigenous people, which could be diminished by 29% between the years 1989 and 2000. This rejects the assumption that indigenous

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[7] See Annex I for an overview of poverty gaps by municipality (country map).

Guatemalans will take longer to emerge from poverty due to their comparably low starting point; rather, these results emphasize the persistent inequalities in the country[8].

3.14   From the previous analysis, it can be assumed that the group located very close to the extreme poverty line is largely composed of rural, indigenous Guatemalans who benefit least from any social expenditure programs due to inferior access and a lack of inclusion. In this case, GDP growth will barely have any effect on poverty reduction. Rather, social programs including health and education measures, specifically targeting this population group will be needed.

3.15   In 2004, the World Bank calculated a growth elasticity of poverty of -0.99% for Guatemala, based on simulations using the ENCOVI survey[9]. This estimate was, however, established using single year data only and assuming that inequality remains constant with all parts of the population benefitting equally from growth rates. Consequently, some divergence between expected and actual poverty shifts can be observed.

3.16   While poverty would have been expected to fall from 62% in 1989 to 53% in 2000 (based on average per capita growth rates of 1.4% p.a. over that period of time), it really only decreased to about 56% in the year 2000. This could then imply measurement imprecision or a non-neutral growth that favored the non-poor parts of the population.

3.17   Figure 6 displays GDP per capita development from 2000 to 2006 together with the changes in aggregate poverty numbers, both overall and extreme. Together with continuous GDP growth during that time period, overall poverty could be reduced. On average, GDP per capita grew by 3.4% annually between 2000 and 2006. Overall poverty was reduced by 5.2 percentage points while extreme poverty was reduced by 0.5 percentage points[10]. This suggests an average growth elasticity of poverty of -1.53 for the considered time period.
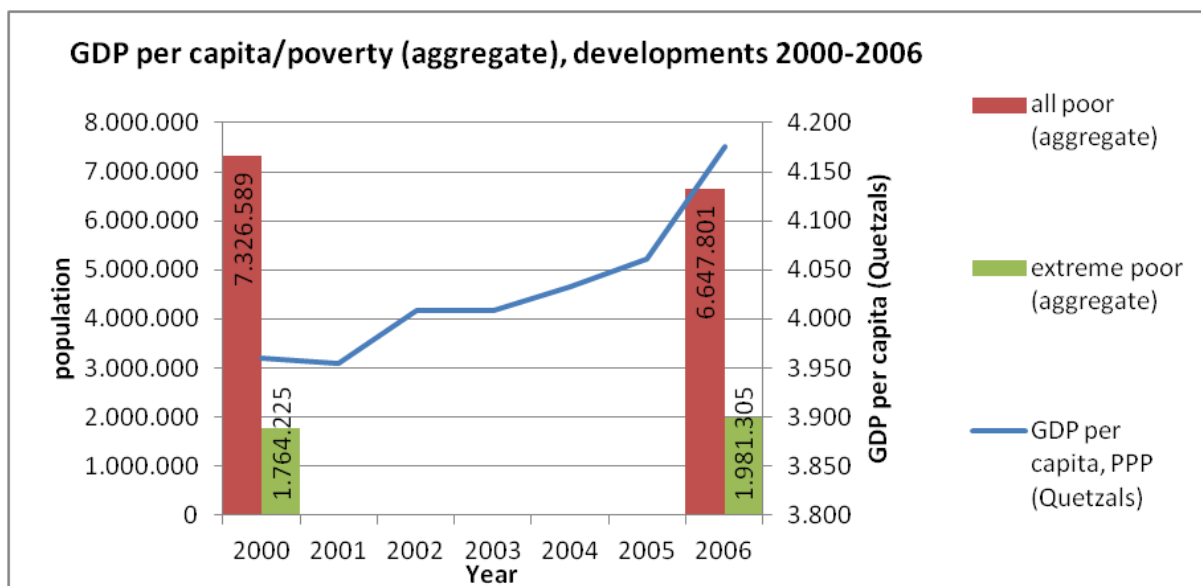

Figure 6: Relationship between GDP per capita growth and poverty reduction (aggregate), 2000-2006 (Source: Data retrieved from the World Bank)

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[8] Hall, G. & Patrinos, H.A. (2005).
[9] World Bank (2003)
[10] World Bank numbers are inconsistent in this respect. While the analysis above has shown that extreme poverty has been reduced by 0.5 percent between 2000 and 2006, figure 6 displays an increase in the aggregate numbers for the extremely poor. Only the percentages laid out beforehand will be considered.

4. Employment

4.1   Overall, Guatemala has made some progress towards a more equal society with the Gini coefficient falling from 47.6 in 2000 to

Year	National	Urban	Rural
2006	44.8	42.7	35.2
2000	47.6	44.3	35.2

Table 4: Gini coefficients, 2000-2006
(Source: Data retrieved from World Bank)

44.8 in 2006. However, a modest reduction could be observed at the urban level only while no progress was made at the rural level. Similar results should be expected in terms of ethnicity and gender. An improvement in the national Gini coefficient does therefore not reflect the inequalities that continue to persist within the country.

4.2   Wage gap analysis points to strong inequalities between indigenous and non-indigenous populations. In 2002, Guatemala's wage gap according to ethnicity was estimated at around 98.9%. Real wages (in 2006 Quetzals[11]) of the indigenous population have remained more or less the same between 2000 and 2006, while real wages of the non-indigenous have fallen slightly, thereby reducing the wage gap.
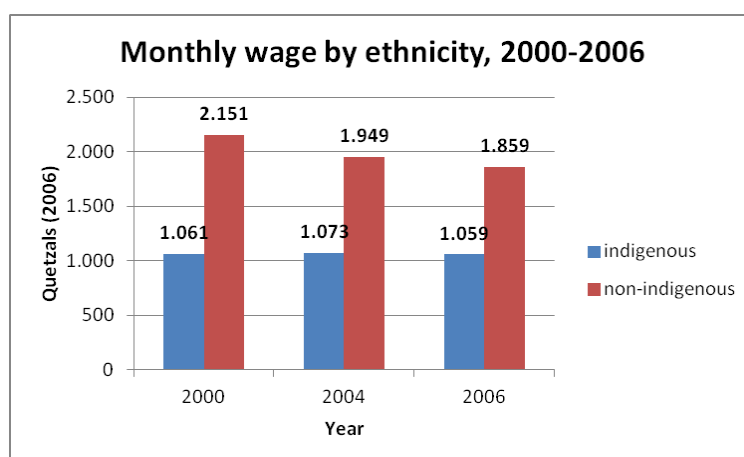

Figure 7: Monthly wages by ethnicity, 2000-2006
(Source: Data retrieved from the World Bank and ENCOVI reports)

4.3   Wage gaps by ethnicity are larger in urban than in rural areas. While real wages for the non-indigenous population have decreased in both urban and rural settings and indigenous wages have increased slightly in rural and decreased slightly in urban areas, the gap has remained much wider in urban environments[12].
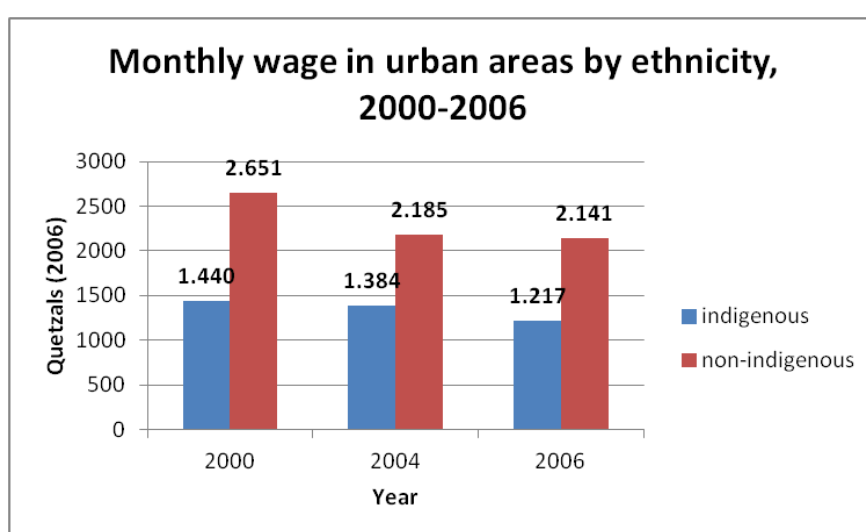

Figure 8: Monthly wages in urban areas by ethnicity, 2000-2006
(Source: Data retrieved from the World Bank and ENCOVI reports)

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[11] Currency of Guatemala
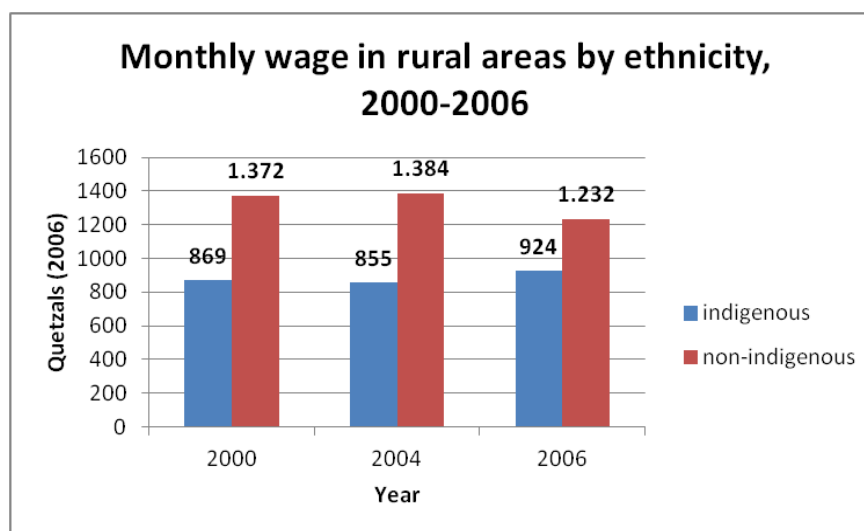[12] Inter American Development Bank (2008)

Figure 9: Monthly wages in rural areas by ethnicity, 2000-2006
(Source: Data retrieved from the World Bank and ENCOVI reports)

4.4   Gender wage gaps also remain an important issue in Guatemala with a wage gap of approximately 18% persisting in 2006. However, this gap has continuously been closing from a level of 28% in 2000. Ethnic and rural/urban forms of inequality compound gender inequalities. In terms of income to population ration, rural indigenous women perform worst followed by urban indigenous women. Ethnicity and location in rural/urban areas have a very strong influence on the performance of a population group on the labor market. This is demonstrated by the fact that following urban non-indigenous men, non-indigenous women living in urban areas achieve the highest income standard. This standard does, however, remain far behind their male equivalents[13].
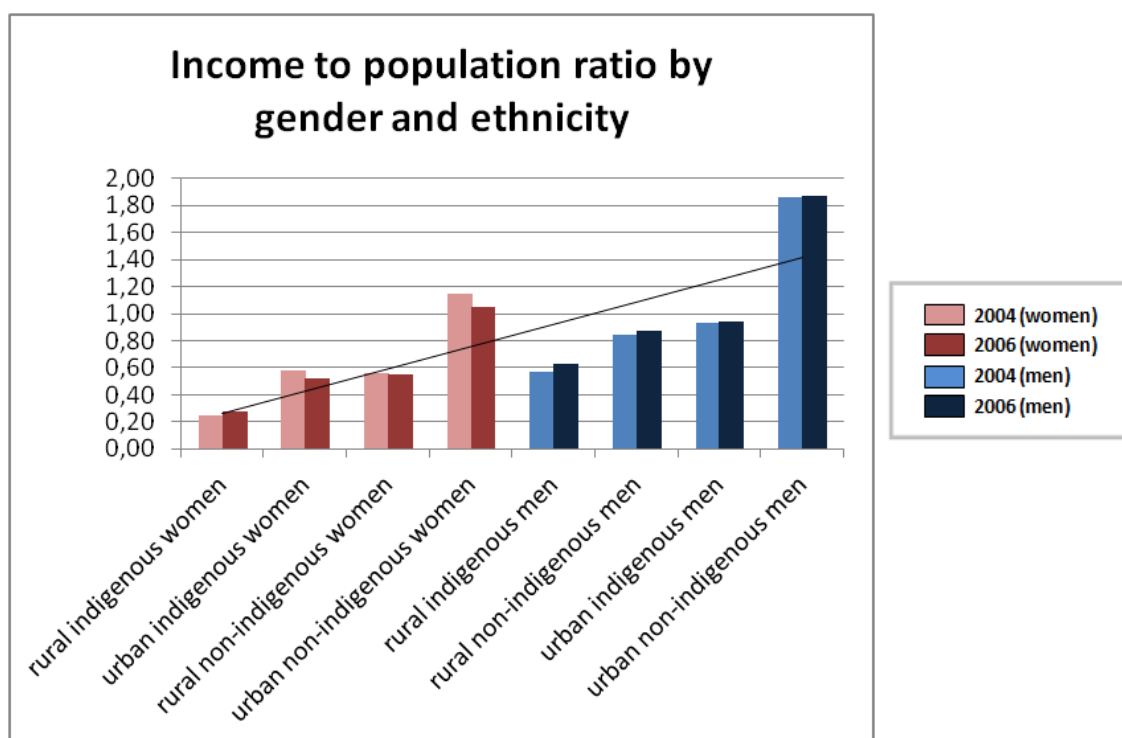

Figure 10: Income to population ratio by gender and ethnicity, 2004-2006
(Source: United Nations Economic and Social Council)

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[13] United Nations Economic and Social Council (2010)

4.5   On average, a Guatemalan household obtains three quarters of its income from labor activities and one quarter from non-labor activities, including remittances. There has been no change in this division between 2000 and 2006. Within income derived from labor activities, 15% come from agricultural and 85% from non-agricultural activities.

4.6   Income profiles in each quintile still differ in some aspects. However, there has been a general tendency for poorer households to move towards an income profile similar to that of the upper quintiles, where agricultural activities have lost in importance to non-agricultural activities. However, approximately 50% of labor income in the lowest quintile continues to come from agricultural production. Given the climatic vulnerabilities of the country's poorest regions, increasing pressure is put on securing incomes in the lowest income groups.

	All		Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5	
	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006
Total income (%)	100	100	100	100	100	100	100	100	100	100	100	100
Non-labor income (%)	26	26	23	22	24	22	24	22	24	23	28	29
Labor income (%)	74	74	77	78	76	78	76	78	76	77	72	71
Agriculture (%)	15	15	62	51	44	35	25	20	14	10	4	7
Non-agriculture (%)	85	85	38	49	56	65	75	80	86	90	96	93

Table 5: Income Profiles by Quintile, 2000-2006
(Source: Data retrieved from the World Bank)

4.7   Based on the 2000 ENCOVI report, it was established that international remittances had the effect of substantially reducing Guatemala's poverty headcount and severity. Furthermore, a reduction in the Gini coefficient and a decrease in the 2 US$/day (PPP) poverty rate were induced by the inflow of remittances. The importance of remittance flows for mitigating poverty in Guatemala is clearly depicted in table 6. Both in terms of extreme and overall poverty, remittances have contributed significantly to a decline in the poverty headcount. In the year 2006, remittances triggered a 4.3% decrease in overall poverty while allowing for a reduction of 5.1% in the extreme poverty headcount.

		Year	
		2000	2006
All poor	Headcount	15.7%	15.2%
	Headcount without remittances	17.7%	20.4
	Estimated impact of remittances	-2.1%	**-5.1%**
Extreme poor	Headcount	56.1%	51.0%
	Headcount without remittances	58.0%	55.3%
	Estimated impact of remittances	-1.9%	**-4.3%**

Table 6: Impact of remittance flows on poverty headcount, 2000-2006
(Source: Data retrieved from the World Bank)

[10]

4.8   A large share of remittances goes to the lower quintiles and to the extremely poor. The importance of remittances has more than doubled in the first, second and third quintiles between 2000 and 2006. In 2006, remittances represented between 30 and 35% of income in poorer households and only 18% in the highest quintile. Poorer households have become increasingly dependent on remittances and simultaneously also more vulnerable to external shocks likely to reduce remittance flows (such as the financial crisis in the United States). World Bank estimates show that at a 20% decrease in remittance flows will result in a 0.14% reduction in the poor's income as a share of GDP each year. As a result of the global economic crisis, fewer remittances have been sent back to Guatemala, thereby significantly impacting the consumption of the poorest families.
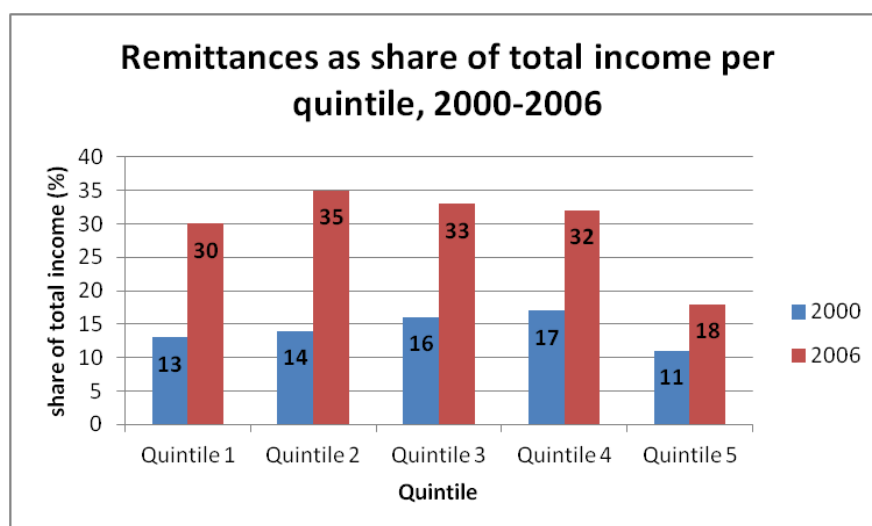
Figure 11: Remittances as a total share of income by quintile, 2000-2006 (Source: Data retrieved from the World Bank)

4.9   Remittances received by the poor population finance almost 40% of their consumption, while remittances directed towards the non-poor contribute only about 27% to their consumption. For the non-poor, this contribution has, however, increased significantly between 2000 and 2006. For the overall population including those who receive remittances and those who do not, approximately 5.8% of the poor's consumption is financed by remittances while the non-poor support 4.9% of their consumption through remittances.

		Non-Poor		All Poor	
		2000	2006	2000	2006
Entire population	Average remittance/consumption	2.4%	4.9%	2.5%	5.8%
Population receiving remittances	Average remittance/consumption	19.6%	27.0%	36.6%	38.1%

Table 7: Share of consumption financed by remittances according to population group, 2000-2006 (Source: Data retrieved from the World Bank)

4.10   The observed increase in remittances in all income groups goes hand in hand with an increase in emigration from Guatemala, largely to the United States. Between 2000 and 2005, the number of emigrants has almost tripled with a short dip occurring right after the September 11 attacks. In 2005, a total of 1,136,175 Guatemalans living abroad were reported. 97% of those reported live in the United States[14].
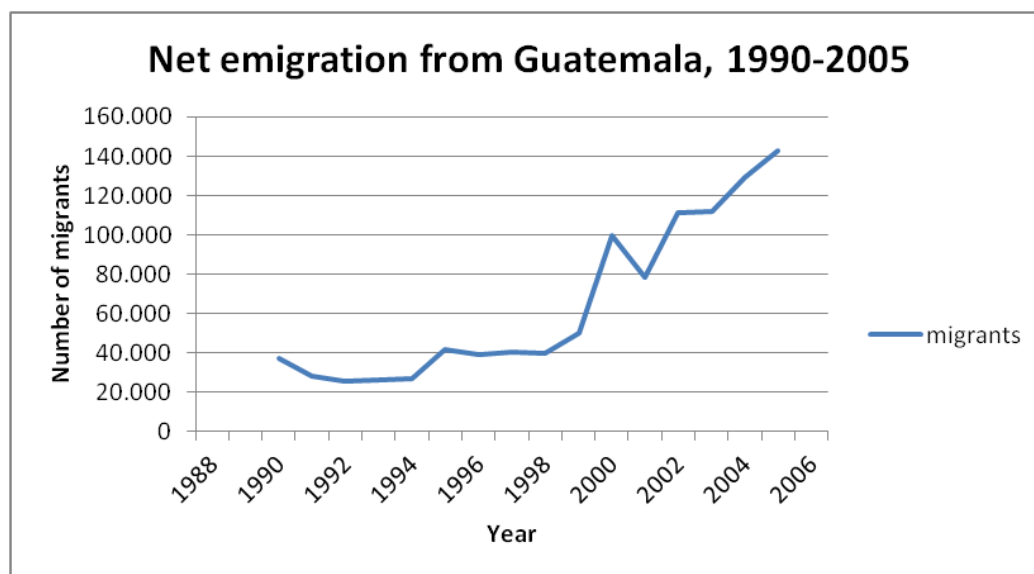

Figure 12: Net emigration from Guatemala, 1990-2005
(Source: International Office for Migration, IOM)

5. Education

5.1   Primary as well as secondary enrollment rates improved for all population groups, regardless of gender, ethnicity or urban/rural residency. Significant changes in net primary enrollment can be observed for the extremely poor (15.6% increase) and the indigenous group (10.4% increase). All disadvantaged groups do, however, severely lag behind in terms of secondary enrollment. There has been little to no achievement in closing the ethnicity or rural/urban gap in secondary enrollment.

	Net Enrollment Rate (in %)			
	Primary		Secondary	
Year	2000	2006	2000	2006
National	79.9	86.4	26.0	37.5
Extreme poor	63.1	78.7	2.9	7.7
All poor	75.5	83.6	11.5	18.1
Non poor	87.5	90.6	44.1	59.7
Urban	84.4	87.0	47.2	53.9
Rural	77.5	86.0	13.0	22.9
Non-indigenous	84.0	87.6	33.2	44.7
Indigenous	74.4	84.8	15.2	26.1
Male	82.8	87.7	27.8	39.8
Female	76.9	85.1	24.3	35.3

Table 8: Net Enrollment rates in primary and secondary education according to population group, 2000-2006

(Source: Data retrieved from the World Bank)

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[14] Migration Information Source (2006)

5.2   Figure 13 shows primary and secondary enrollment levels within consumption deciles. Net enrollment rates at the primary level have almost no relationship to the economic status of the household. With exception of the first, net enrollment rates were above 80% in all deciles in 2006. Economic conditions do, however, play a strong role in secondary education. While approximately 82% of children in the 10th decile are enrolled at the secondary level, this holds true for only 6% in the 1st decile. Secondary net enrollment increases with economic capabilities.
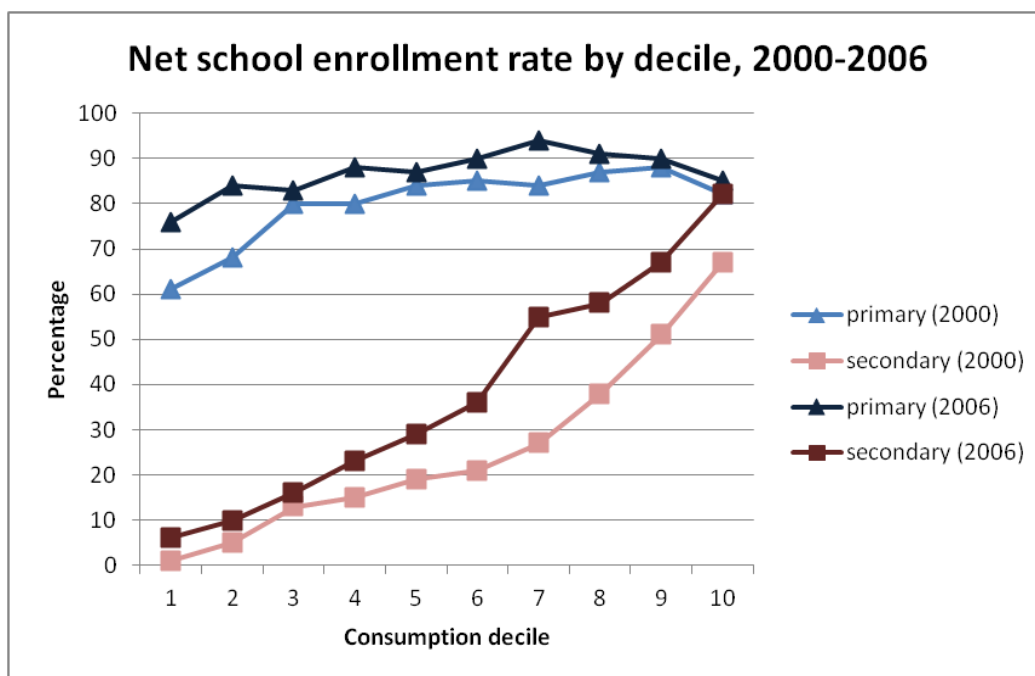
Figure 13: Net enrollment rate at primary and secondary level by decile, 2000-2006
(Source: Data retrieved from the World Bank)

5.3   Literacy rates could be improved across all quintiles with the difference between first and fifth quintile decreasing by 9.1 percentage points. Gender and ethnicity gaps in literacy are shrinking. The indigenous population has made significant process with a reduction in the ethnicitiy literacy gap of 7.2 percentage points between 2000 and 2006. However, there still remains a significant gap in literacy rates between ethnicities.
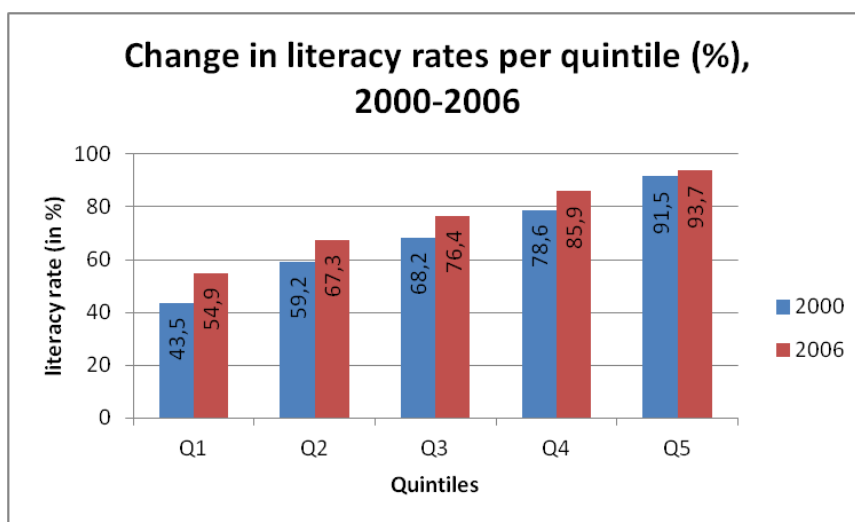

Figure 14: Change in literacy rates per quintile, 2000-2006
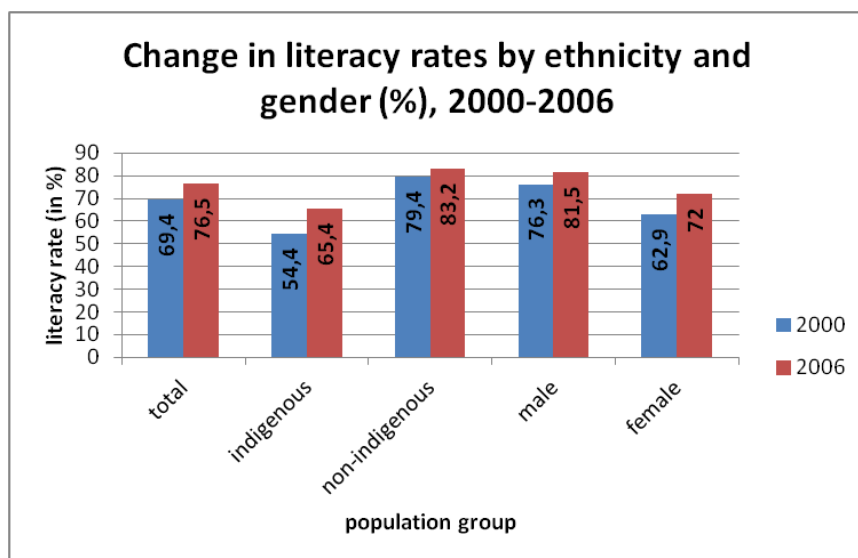**(Source: Data retrieved from the World Bank)**

[13]

Figure 15: Change in literacy rates by ethnicity and gender, 2000-2006
(Source: Data retrieved from the World Bank)

5.4   Students have cited health problems and a lack of interest at the primary as well as economic reasons at the secondary level as the main reasons for dropping out of school. In this respect, achievements in schooling stand in very close relation to improvements made in the health sector, especially targeting younger, primary school children.

6. Health

6.1   Overall, some progress has been made in health indicators. The under-5 mortality rate could be reduced from 48.5 per 1.000 births in 2000 to 37.8 per 1.000 births in 2006. Life expectancy has increased by approximately two years over the six year time span. Changes in the maternal mortality rate, however, occur only slowly. Between 2000 and 2006 the number was reduced from 153 to 133 per 100,000 live births.

6.2   Differences in maternal health remain between ethnic groups. In 2008, more than twice as many non-indigenous than indigenous women were attended by trained health personnel upon giving birth. Non-indigenous women also made greater use of contraceptives than their indigenous counterparts. This reflects further on the fertility rate which remains almost twice as high in indigenous females (6.1) as compared to non-indigenous women (3.7).
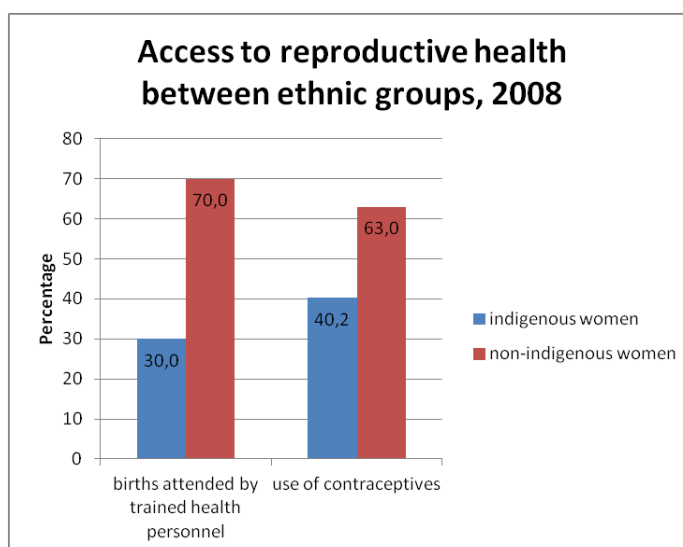

Figure 16: Access to reproductive health by ethnicity, 2008
(Source: United Nations Economic and Social Council)

[14]

6.3   Guatemala's greatest health challenge, however, lies in improving children's health where so far little or no improvements have been made. Incidents of respiratory diseases have increased in children aged 0 to 6 and only minimal progress has been made in deteriorating incidents of diarrhea. Still significant differences in occurrence of diarrhea can be seen between urban and rural households and ethnic groups. Few inequalities persist between gender, ethnicity and poverty groups in the occurrence of respiratory diseases.

	Gender		Area		Ethnicity		Poverty			Total	
	Male	Female	Urban	Rural	Indigenous	Non-indigenous	Extreme Poor	All Poor	Non Poor	2000	2006
Diarrhea	31%	28%	24%	34%	34%	27%	32%	32%	25%	31%	30%
Respiratory	52%	53%	49%	54%	53%	51%	52%	53%	51%	48%	52%
Either One	60%	60%	57%	62%	60%	60%	59%	60%	59%	57%	60%

Table 9: Prevalence of diarrhea and respiratory diseases in children aged 0 to 6, 2000-2006 (Source: Data retrieved from the World Bank)

6.4   Vaccination rates have shown little or no progress but have rather worsened in most cases, predominantly in the case of DPT, but also regarding polio and measles vaccinations. Unfortunately, no information on the reasons for this decrease is available. Generally, DPT vaccination rates appear to be rather unstable:

	Year	
	2000	2006
TB	91	95
DPT	91	83
Polio	90	89
Measles	79	76

Table 10: Vaccination rates for children aged 0 to 6, 2000-2006 (Source: Data retrieved from the World Bank)

World Bank estimates show, that in recent years immunization rates for DPT have again increased from 89% in 2006 to 96% in 2008 but have yet again dropped to 92% in 2009.

6.5   Malnutrition and stunting in children under the age of five remain a severe concern. Between 2000 and 2008/2009, the prevalence of stunting has remained at around 50%, reaching a high point at 54.3% in 2002[15]. In terms of both, underweight and stunting, indigenous children are approximately twice as much affected as non-indigenous children. With a prevalence of 73.2%, nearly eight out of ten indigenous children are stunted[16].
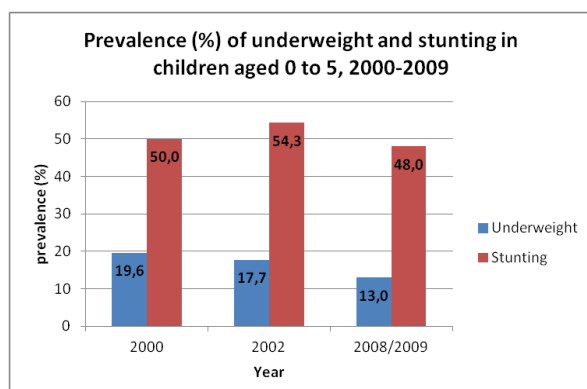

Figure 18: Prevalence of underweight and stunting in children (Source: Data retrieved from the World Health Organization)
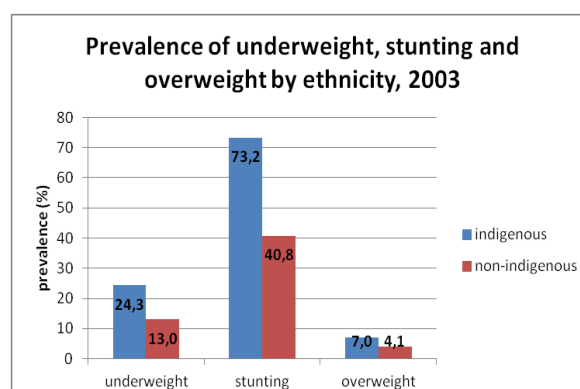

Figure 17: Prevalence of underweight, stunting and overweight (Source: Data retrieved from the World Health Organization)

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[15] World Health Organization (2011)
[16] Pan-American Health Organization (2008)

6.6   In international comparison, Guatemala performs extremely poorly in the prevalence of stunting, following after only Afghanistan and Yemen. The average for the prevalence of stunting in developing countries worldwide lies at approximately 34 %. Within the Latin American region, only Haiti shows a slightly higher prevalence of underweight (19.2% in 2002). Stunting lies at less than 30 percent in all other Latin American countries.
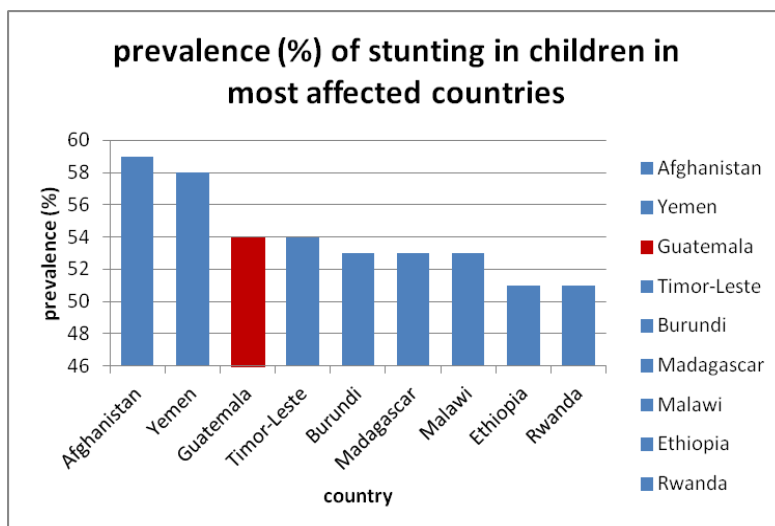

Figure 19: Prevalence of stunting in children worldwide, 2008
(Source: Data retrieved from the World Health Organization)

6.7   While respiratory diseases and diarrhea do not seem strongly income-sensitive, malnutrition clearly is a disease of the lower quintiles. In 2000, malnutrition prevailed in about 63% of the lowest quintile and in only about 16% in the fifth quintile. Prevalence of respiratory diseases ranges between 46 to 49% in all quintiles while diarrhea shows a prevalence of between 29 and 35% in the four lower quintiles and 24% in the highest.
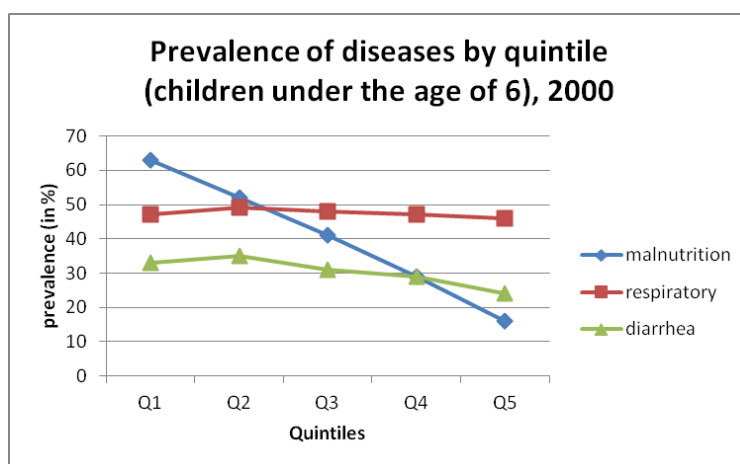

Figure 20: Prevalence of major diseases by quintile, 2000
(Source: Data retrieved from the World Bank)

[16]

7. Infrastructure

7.1 Inequality issues in education, health and employment are further reinforced by inequalities in infrastructural development. Poor road infrastructure limits the rural population's access to markets and social infrastructure. While significant progress has been made with the share of paved roads growing from 25% in 2997 to approximately 45% in 2006, Guatemala's road network remains amongst the worst in Central America.
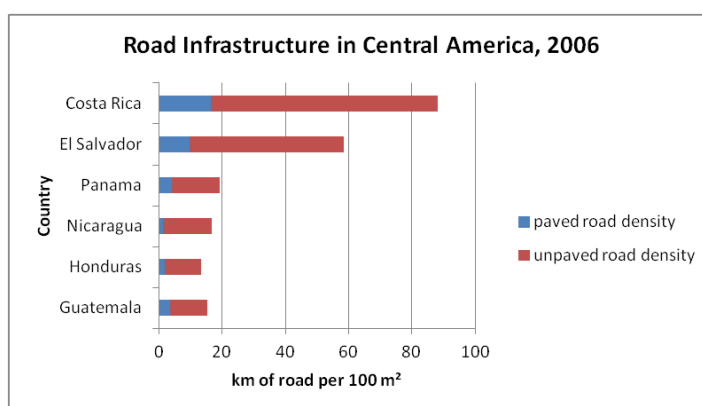

Figure 21: Road infrastructure in Central America, 2006 (Source: Data retrieved from the World Bank)

7.2 Significant differences also remain in basic service coverage in rural and urban areas. In 2000[17], almost twice as many urban households had access to electricity (95%) and water (88%) than those in rural areas (56% and 54% respectively). The worst differences persist in sewage coverage where 76% of urban households have access in comparison to only 9% of rural households. 27% of rural households lack access to any services (including electricity, water, sanitation, sewerage and telephone lines).

	National	By area	
		Urban	Rural
Electricity	73	95	56
Water	69	88	54
Sanitation	87	97	79
Sewerage	38	76	9
Fixed telephone	15	31	3
Cellular telephone	10	18	3
Community public telephone	64	89	44
Lack access to any service	16	2	27

Table 11: Access to basic infrastructure by urban/rural division, 2000 (Source: Data retrieved from the World Bank)

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[17] Unfortunately, no data could be extracted for 2006. However, considering the striking differences in access and the close interlink to social inequalities, it seems necessary to draw attention to the topic.

8. Governance Indicators

8.1   Guatemala's performance on the Worldwide Governance Indicators[18] has fluctuated on almost all indicators between 2000 and 2010. While positive achievements could be made on regulatory quality and on the control of corruption following an initial setback, all other indicators have worsened between 2006 and 2010. The rule of law as well as political stability indicators remain worryingly low in between the 10th and 25th percentile. Guatemala remains behind most of its neighboring countries in almost all indicators and far below the Latin American average where all indicators have reached a score in the 50th to 75th percentile since the year 2000.
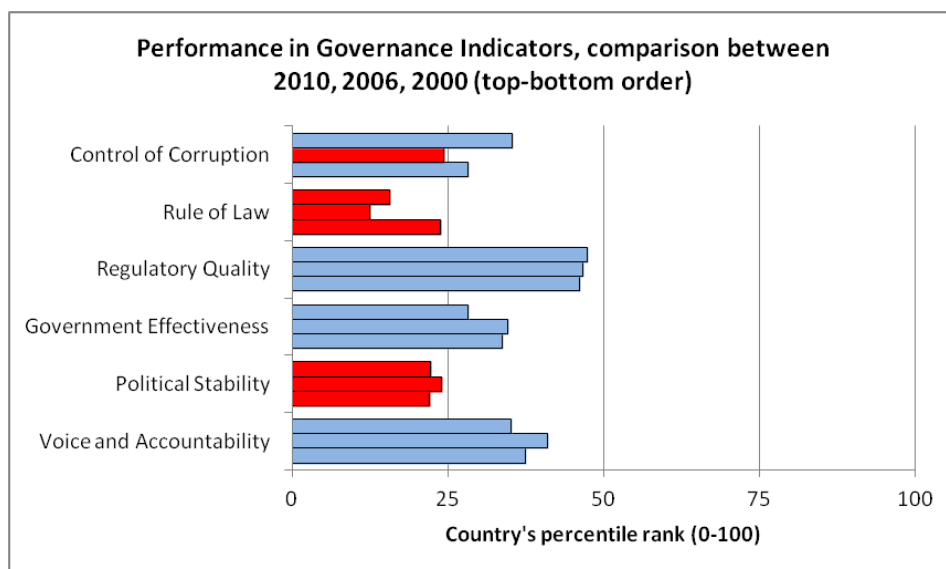

Figure 22: Performance in Governance Indicators, 2000-2010
(Source: Data retrieved from Worldwide Governance Indicators)

8.2   A large gap persists between normative changes in the rule of law as well as corruption control and in the institutional changes needed to build capacities in detection, prevention and sanctioning of corruption. The influence of private corruption on public decision-making has been identified as one of the most prominent issues in corruption control in Guatemala[19].

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[18] World Bank (2011)
[19] Transparency International (2006)

9. Millennium Development Goals

9.1   Guatemala's progress on achieving the MDGs has been very different in each of the goals and indicators. The country is on track to achieving the primary education goal and has made some progress in closing the gender education gap. Progress on diminishing gender inequality in terms of labor and wages has been sluggish. Progress has also been very slow on eradicating extreme poverty and improving infant health. Infant mortality rates remain too high to meet the target so far and immunization rates have decreased in recent years.

9.2   Achievements still differ greatly depending on the population group. Women of indigenous descent and living in rural areas belong to the most disadvantaged in all indicators. Efforts will not only have to focus on women and closing the gender gap, but also on the indigenous and rural populations without access to basic infrastructure. Additionally, it has to be considered that due to the countries high degree of vulnerability, any gains made in achieving the MDGs can easily be offset again by economic, political or natural disasters.

10. Conclusion

10.1   Despite significant progress made in poverty alleviation since the signing of the Peace Accords in 1996, Guatemala remains far behind its regional neighbors in terms of overall and extreme poverty as well as in most social indicators. Reasons for this development can be found in the country's extreme economic and environmental vulnerability as well as the persistent inequality within its population that has not yet sufficiently been targeted.

10.2   Indigenous females living in rural areas remain the most disadvantaged population group in the country. Some progress has been made in closing the gender gaps in education and employment; however, this progress is significantly dampened by the complementary lack of improvement in terms of ethnicity and rural/urban allocation.

10.3   International remittances play an important role in poverty alleviation. In the case of Guatemala, remittances also contribute to consumption of the lowest income groups and have to thereby be considered as a factor in targeting extreme poverty. Remittances do, however, also constitute a factor of vulnerability as their inflow is highly dependent on the economic situation in the sending country.

10.4   Guatemala has made some progress towards achieving the Millennium Development Goals but will have to directly address its poorest and most vulnerable populations in order to reach the set targets. Substantial improvements are needed in the infant and maternal health sectors. Enrollment rates at the level of primary education have improved significantly but nevertheless remain off track for achieving the MDGs. Complementary health and education policies could contribute significantly to closing the final gap.
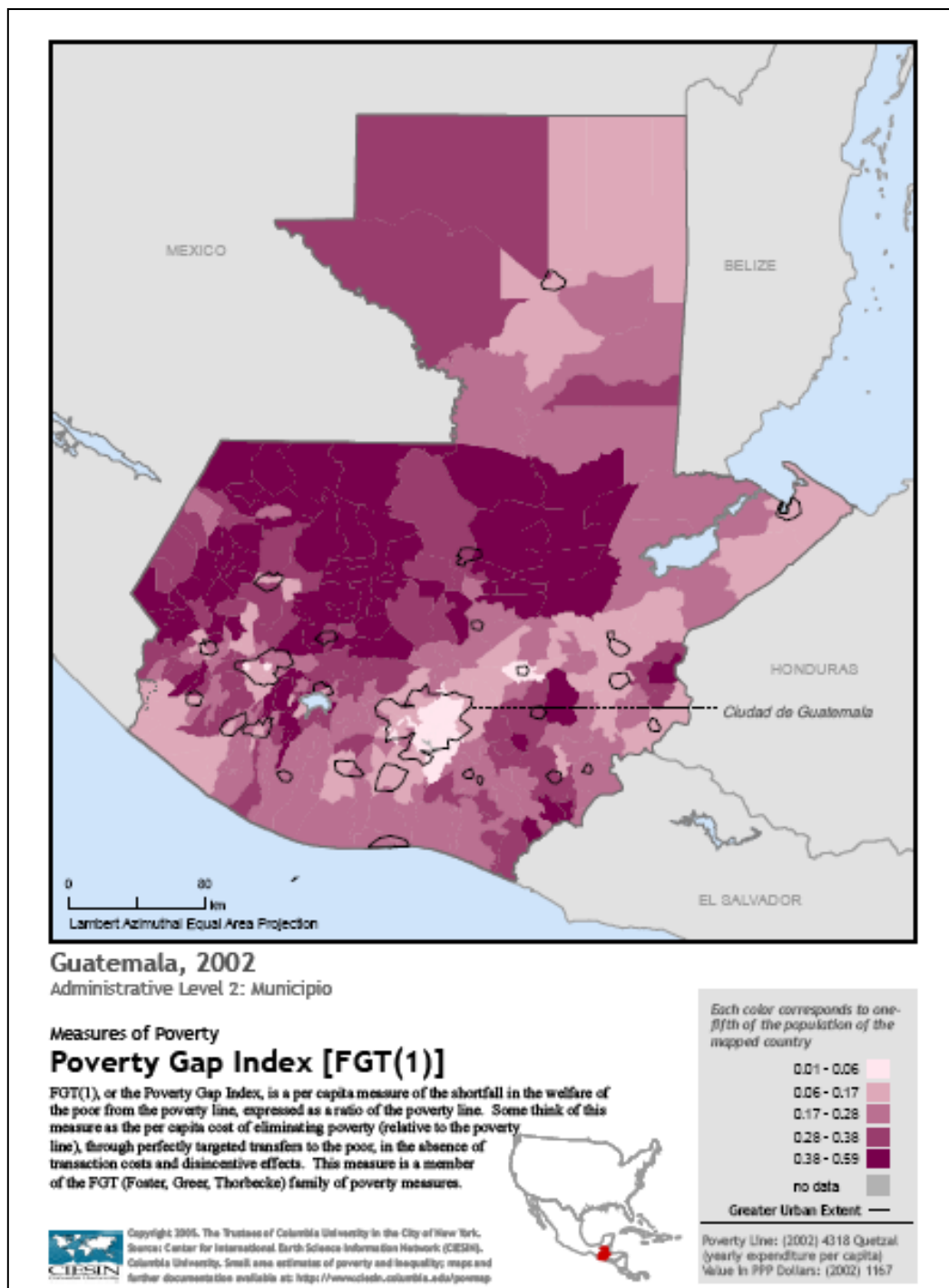
Annex I

Image 1: Poverty Gap Index by Municipality (2002)
(Source: Center for International Earth Science Information Network (CIESIN)

Sources

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