

## Structural obstacles at a time of crisis

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The failure of political institutions to deal effectively with powerful economic groups, the lack of citizen control over public administration, the increasing diversity of socio-cultural identities, the lack of integration and communication among social movements, social exclusion and impoverishment of major sectors, concentration of financial capital, the crisis in the welfare state, and military participation in economic life, among other factors, are part of the structural obstacles to development at a time of crisis.

Since the World Summit for Social Development in 1995, the political and social situation in Guatemala has improved. The internal armed conflict that had racked the country for over four decades has ended. The Peace Agreements signed between the conflicting parties in 1996 bequeathed a social agenda to be implemented by society as a whole. This agenda for the construction and consolidation of peace reflects the need to enable all Guatemalans – men, women, indigenous peoples, half-castes, youth, children, senior citizens and other social sectors – to achieve equity, justice and democracy.

The elimination of poverty and the search for gender equity require effective interaction among the various sectors involved. These goals need to be set out in development proposals and public policies, the implementation of which must eliminate the gap between mere political will and concrete action.

According to the Human Development Report (HDR) for the year 2000, poverty and conditions of social exclusion place Guatemala in 120<sup>th</sup> position among a total of 174 countries. Over 57% of the Guatemalan population is poor and over one-quarter (27%) is extremely poor. Two-thirds of the work force is either unemployed, working in insecure conditions, or in subsistence employment. Women, indigenous peoples and rural workers are most at risk. Three-quarters of the rural population are poor.

The government's inability to address basic needs and its organisational limitations make subsistence living difficult for many sectors of the population. Contraband, prostitution, corruption and juvenile gangs appear as social escape mechanisms in the absence of the government's guiding role in the search for collective welfare.

In a recent study entitled "Structural problems in the economic development of Guatemala,"<sup>1</sup> the Guatemalan economist Lionel Figueredo Ara states: "Guatemala is at a time of crisis. Problems such as the failure of political institutions to deal effectively with powerful economic groups, the lack of citizen control over public administration, the increasing diversity of socio-cultural identities, the lack of integration and communication among social movements, social exclusion and impoverishment of major sectors, concentration of financial capital, the crisis in the welfare state, and military participation in economic life, among other factors, are structural obstacles that individually constitute fundamental pieces at this time of crisis."

The study points out that, during the administration of President Alfonso Portillo, economic deterioration has deepened, the tax situation has worsened and there are no encouraging prospects. Part of the banking system is in decay. National institutions are at risk. The Peace Agreements committed the country to professionalising its national civil police force, but this process has also been shown to be vulnerable.

Acts of corruption in various executive offices are a disappointment to the population, making increased tax collection unjustifiable. Political and social polarisation and confrontation are hindering any real dialogue to solve national problems.

The Peace Agreements establish that cultural development in Guatemala is inconceivable unless the culture of the indigenous peoples, its original mainstay, is recognised and promoted. Although Guatemala is recognised as a multi-ethnic, multi-cultural and multilingual country, in practice there is increasing fragmentation of socio-cultural identities in the absence of defined government policies to address and meet the needs of ethnic groups.

### Poverty Reduction Strategy

As a nation, Guatemala is facing three major and interrelated challenges: the construction of peace and national reconciliation; a substantial improvement in the quality of life of its population, particularly of those living in poverty and extreme poverty; and economic growth with human development.<sup>2</sup>

The Poverty Reduction Strategy, proposed in September 2001 by the government, is based on three vital axes around which government action should revolve to construct the foundations for sustainable short- and medium-term improvements in the level of welfare and quality of life of the Guatemalan people, particularly the poorest and most excluded, and to fulfil the Peace Agreements.

First, economic growth with equity is essential to increase income and reduce the poverty of the Guatemalan people. The second essential axis is the growth of public investment in the human capital of the poor, enabling them to increase their productivity and thus their income and welfare. This strategy proposes that investment in human capital should concentrate on education, mainly pre-primary and primary schooling, and on health, with emphasis on preventive health care at the primary health care level.

1 Consultancy paper prepared for the Friedrich F. Ebert Foundation-Guatemala. Guatemala, July 2001, unpublished.

2 Coordinadora ¡Sí! Vamos por la Paz. "Plan de Desarrollo Económico y Social: propuesta 2001." Guatemala, 2000, p. 6.

The third axis is investment in physical infrastructure in the poorest and most remote parts of the country, in particular drinking water, basic sanitation, energy and access routes for the rural poor. This declaration of intent should result in practices leading to concrete action that will make it possible to reduce poverty and achieve social welfare.

For their part, Guatemalan social organisations agree that if the state wants to reach its fundamental goal of achieving human welfare, it must ensure economic growth and social development. The population should be the centre of an economic policy that will enable all people to live a long healthy lives, acquire necessary knowledge, have access to resources and technology and enjoy decent lives. All people should be sustained by an equitable distribution of income, economic, social and political development, and respect for and observance of human rights, including rights of indigenous peoples and gender equity.

Attracting economic investment is of vital importance to give stability and sustainability to public finance. The economic policy should have long-term economic and social development as its goal, and should be coordinated with other public policy areas. Sustained economic growth in the medium- and long-term should be able to generate productive employment, making it possible for the people to meet their basic needs. Taking up this challenge requires the adoption of a development strategy geared to promote the building of national unity, citizen participation, the broadening of opportunities without discrimination, respect for cultural diversity, and fostering social equity.

Strengthening democracy is closely linked to the reduction of poverty, improvement of the quality of life, social integration and the sustainability of the peace process. It also requires that citizens should have confidence in the government's political and administrative management, participate in national decision-making processes and demand as rights of citizenship efficiency, transparency and integrity in public management. They should trust that the government will invest public resources on the basis of social needs and spend public moneys efficiently.

### **Declaration of intent and public expenditure**

Investment in education is one of the most important components set out in the Poverty Reduction Strategy contemplated by the government, which tacitly recognises that education has a direct and positive impact on peoples' productivity and therefore, on employment, income and reduction of poverty. In this strategy, three goals have been adopted regarding education: an increase in the net rate of schooling to 40% at pre-primary level, to 88% at primary level, and a reduction in the illiteracy rate to a level of 20%. The incremental cost of achieving these goals is estimated at approximately USD 460.3 million over the 2002-2005 period.

The former president of the World Bank, Barber Conable, said in 1990 with regard to education: *"Poor people cannot become incorporated in the struggle against poverty if they are not equipped to identify opportunities and to take advantage of them. Therefore, education is an essential segment of the bridge over which a poor person is able to cross the gulf of misery to hope."*

With regard to progress in the situation and condition of women, the efforts made by over 35 organisations committed to democracy, organised in a co-ordinating body, "*¡Sí! Vamos por la Paz*" (*Yes, let's go for Peace!*), should be explained. This co-ordinating body is a forum for sectoral interests, with the objective of making viable the hopes for change expressed in the agendas of women, children and youth, indigenous peoples, trade unions and peasants.

These agendas include strategic and thematic central points for the social, economic, political and cultural development of Guatemalan society. In the case of women, four points have been established: Social Development and Inter-Culturality, Economic Development, Democratisation and Socio-Political Development.

The process of social auditing carried out by the mentioned co-ordinating body has made it possible to consult and analyse documentation in order to assess the progress of the present government in implementing strategies to improve women's access to property, funding, loans for production, technical advice, training and the elimination of regulations and practices that limit women's access to resources and services.

This monitoring has revealed the gap between what is enacted, issued or planned to improve the condition of women and what becomes reality. The conclusion of this assessment is that the situation of women in Guatemala has not varied significantly in 2001, although it should be recognised that some possibilities have been opened up with the National Gender Equity policy. This policy may be considered as a useful tool for progress but requires the necessary resources to be efficiently implemented.

Regarding economic issues, progress aimed at improving the situation and condition of women is very limited. The lack of promotion of resources for production that can be accessed by women is a serious limitation to their individual and collective development and an obstacle in the search for a better quality of life for the Guatemalan population as a whole. ■

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