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Guatemala: Indigenous Doubt World Bank Program To Relieve Poverty

by LADB Staff

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On May 10, the World Bank announced it would provide US\$780 million to promote growth and reduce poverty in Guatemala. The money is to be disbursed over a period from 2005 to 2008.

Jane Armitage, World Bank Central America country director, called the current policy environment in Guatemala a "window of opportunity to move forward on a more inclusive, accelerated growth and poverty reduction path. The new assistance strategy will support the government of Guatemala's own 'Vamos Guatemala!' agenda with lending and analytical, technical and capacity building assistance to accelerate broad-based growth, reduce inequality and poverty, and strengthen governance." But some of those who are to have their inequality and poverty reduced reacted negatively.

The World Bank, citing figures from 2000, said 56% of the country's population lives in poverty. The figure rises to 76% for indigenous groups. In order to halve those figures by 2015, "Guatemala needs to increase growth by 5% a year and raise public spending on human development (see NotiCen, 2003-07-31) and infrastructure investments that facilitate poor people's participation in economic growth." Where the money goes Under the bank's new Country Assistance Strategy (CAS), this new money, between US\$480 million and US\$780 million, will be added to the bank's portfolio of projects consisting of 11 investment projects and a financial-sector adjustment loan totaling about US\$525 million, of which US\$255 million is as yet unspent.

The new CAS aims to establish:

A series of Development Policy Loans to support growth, the investment climate, public expenditures and governance

A program of five operations in education, nutrition, and maternal/child health, local and rural development including environment, land administration, and public sector management

Infrastructure guarantees.

The bank said the scale of assistance would be determined by the Guatemalan government's "ability to consistently deliver a high level of performance" in the following areas of the Vamos Guatemala! agenda:

strengthening fiscal performance and promoting governance and transparency * reducing inequality and promoting social inclusion

stimulating growth and enhancing competitiveness. *Vamos Guatemala! Vamos Guatemala!* is a program that President Oscar Berger launched in 2004 as the Programa de Reactivacion Economica y Social 2004/2005. The program has three components:

1) Guate Solidaria; poverty reduction focusing on matters of greatest need.

2) Guate Crece; economic growth through housing, infrastructure, tourism, finance, and forestry investment

3) Guate Compite; increasing competitive capacity, productivity, technological innovation, export promotion, and simplification of administrative processes and promotion of internal and external productive investment. The program started with a budget of US\$972 million, of which 69% was designated for Guate Solidaria, 27% for Guate Crece, and 4% for Guate Compite. The Solidaria money was slated for the 41 most needy and 71 next-most needy of the country's 331 municipalities. Most of the investment, US\$360 million, was for primary education, with health and organizational needs, nutrition, rural electrification, housing, land access, productive infrastructure, forestry, and other areas sharing the rest. Guate Crece funding was aimed at road building, tourism, recreation, and culture. Guate Compite funding was slated for airport improvements, updating of customs procedures, and micro, small, and medium business development. Scientific, technological, and innovation development also drew a small part of this category's investment. Hidden concessions Buried in these plans, however, were the seeds of present discontent. The growth category contained mining concessions that infuriated residents of San Marcos, where open-pit gold and silver operations were to be started, and nickel mining raised the dander of the population of Izabal, where operations threaten lake Izabal (see NotiCen, 2005-01-20). In both these cases, the Catholic Church, through the Conferencia Episcopal de Guatemala (CEG), and environmental organizations took up the cause of the locals, noting that these concessions were incompatible with the government's environmental commitments. President Berger accused the bishops of populism, triggering a sharp rejoinder from Cardinal Quezada Toruno, and setting up an antithesis between the two centers of power. Shortly before the World Bank announcement, on May 5, San Marcos residents, supported by the Church, demonstrated against a World Bank delegation sent to look into the effects of the mining on the communities there, and on the possible violation of Convenio 169 of the International Labor Organization on indigenous rights. Local people charge they were left out of a decision-making process that threatens to leave their locale scarred, contaminated, and choked with debris. "The population of Sipacapa asked the World Bank to retire the loan that it has given the [mining] company while conflicts with the company are being clarified. There are already lots of organizations mediating, there has been a very quick evaluation, and we don't see any will to examine serious issues," said Vinicio Lopez, spokesperson for the San Marcos Catholic Diocese. The visitors, representing the World Bank's Office of Compliance, met with the Bishop of San Marcos, Alvaro Ramazzini, and representatives of the communities of Sipacapa and San Miguel Ixtahuacan, but left without commenting on their findings. They said they would issue a report. On the day of the announcement of the World Bank funding, more than 25 indigenous organizations joined to take sharp exception to the bank's rural development policy. At a meeting of organizations, participants ticked off elimination of subsidies, exclusion of indigenous people from discussion of the national budget, lack of consultation with indigenous communities, inequalities in public spending, as some of the reasons for their discontent. Celso Jiatz of the Comite para el Decenio del Pueblo Maya, said the passage of the national budget should have included all sectors. "Forty six percent of the budget is concentrated on the metropolitan area, and the rest for all the rest of the

country," he said. He further observed that the World Bank program ignores the cultural diversity of the Mayans, and does not take into account protection of natural resources. Comite member Hugo Higueros added, "The bank should promote consensual public policies that strengthen democracy and the development of the indigenous peoples." Wilson Campo of the Mesa Nacional Campesina de Costa Rica said the World Bank program offers little help to eradicate rural poverty.

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