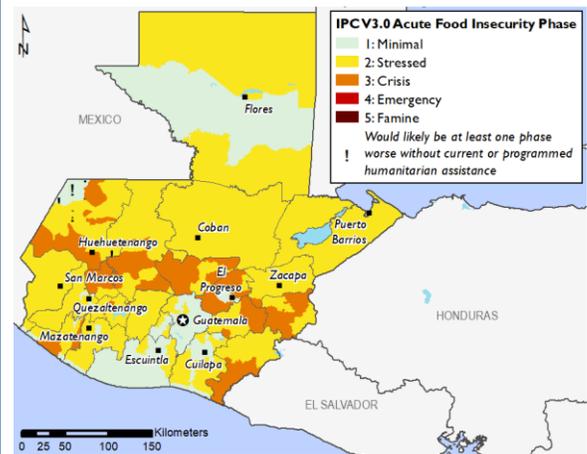


Access to food is hampered by restrictions imposed to slow the spread of COVID-19

KEY MESSAGES

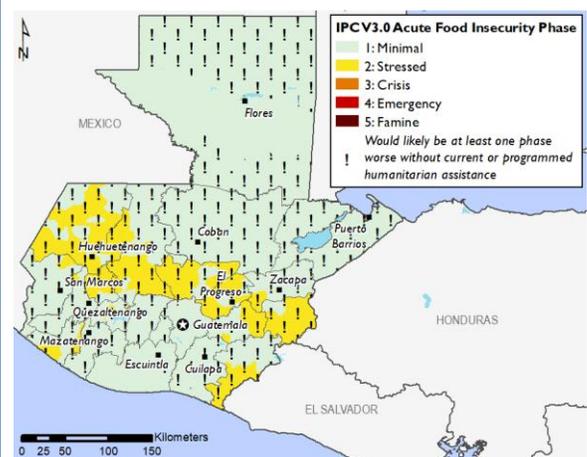
- As a result of the COVID-19 coronavirus epidemic in the country, the government has taken steps to prevent infection, including restrictions on the movement of people, the suspension of work in non-essential sectors and banning public transport. These regulations have impacted households' access to food, due to reduced incomes. This is particularly true for households dependent on the informal economy. In addition, remittances from the United States have declined.
- Food availability is stable throughout the country. Markets have restricted opening hours. This limits access, particularly for the most remote households. Maize and bean prices rose atypically in March as a result of the announcement of government measures. While prices have since decreased, they have remained higher than usual and this pattern may continue until the start of the Primera (first) harvest.
- The reduction in income has led households dependent on the informal economy and sectors hit by the COVID-19 crisis to resort to stress-coping strategies such as loans and credit, using savings and adjusting the quality and quantity of their diet. As a result, most households in the country will face Stressed food insecurity (IPC Phase 2). In the dry corridor, access to food was already difficult. Combined with the rise in basic grain prices and the impact of COVID-19 on the few sources of income, this has led to more households entering Crisis food insecurity (IPC Phase 3).
- The government's recently-announced programs to provide food assistance - either in-kind or through financial transfers - may improve food security outcomes for three months between May/June and July/August. As a result, some parts of the country will be classified in Minimal and Stressed food insecurity with food assistance (IPC Phase 1 and 2). Most of these areas will, however, return to food insecurity from the end of August with the cessation of food assistance.

Projected food security outcomes, April and May 2020



Source: FEWS NET

Projected food security outcomes, June to September 2020



Source: FEWS NET

FEWS NET classification is IPC-compatible. IPC-compatible analysis follows key IPC protocols but does not necessarily reflect the consensus of national food security partners.

CURRENT SITUATION

In response to the COVID-19 pandemic, the government declared a state of emergency on 5 March, followed by a number of provisions over the following days to prevent an increase in infections. These remained in force during April. The measures include the closure of borders to foreigners and controls and health measures for those who enter the country, the suspension of state and private sector activities (with the exception of key sectors), a ban on the operation of urban and

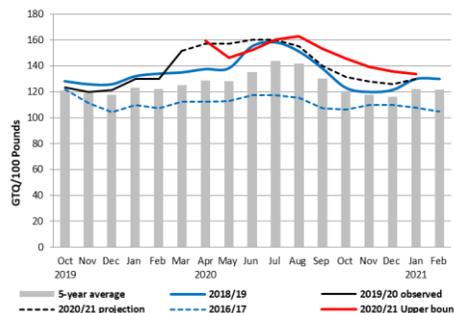
extra-urban public transport, closure of shopping centers, restricted operating hours for services and shops (e.g. supermarkets, banks and agricultural activities), restricted opening hours for municipal and canton-level (local) markets, and restrictions on the movement of all inhabitants and private vehicles within the department/municipality, and at set times. As of April 27, 530 positive cases of COVID-19 had been reported according to the Ministry of Health.

Food availability and access to markets. The import of foodstuffs remains stable. Despite additional health controls at the country's borders, freight transport is permitted and there is a constant flow. Local demand for basic grains is being covered by recent domestic harvests and imports from Mexico. Restricted public transport and market operating hours make accessing markets difficult, however, and are hindering the normal flow to local markets. As a result, rural households far from municipal capitals are having to buy basic foodstuffs from stores within the community, often at higher prices.

Basic grain prices. As a result of the restrictions announced by the government, prices of agricultural products, and of white maize and black beans in particular, immediately rose: in the three days following the announcement, white maize at the Terminal market in Guatemala City went from GTQ 133 per quintal to GTQ 197.50 per quintal and beans from GTQ 393.50 per quintal to GTQ 400 per quintal, according to data from the Planning Directorate of the Ministry of Agriculture, Livestock and Food (DIPLAN-MAGA). The price of maize had dropped slightly and settled at approximately GTQ 162 per quintal by the end of March. Its price nonetheless remains atypically high, showing a variation of 18 percent compared to February, 13 percent compared to 2019, and 21 percent compared with the average for the last 5 years. The retail price (per pound) by region also shows rises of 15-20 percent compared to last month. Additional border health controls and the ban on people entering have hampered informal flows, particularly the entry of maize. In addition, there is speculation and stockpiling by intermediaries.

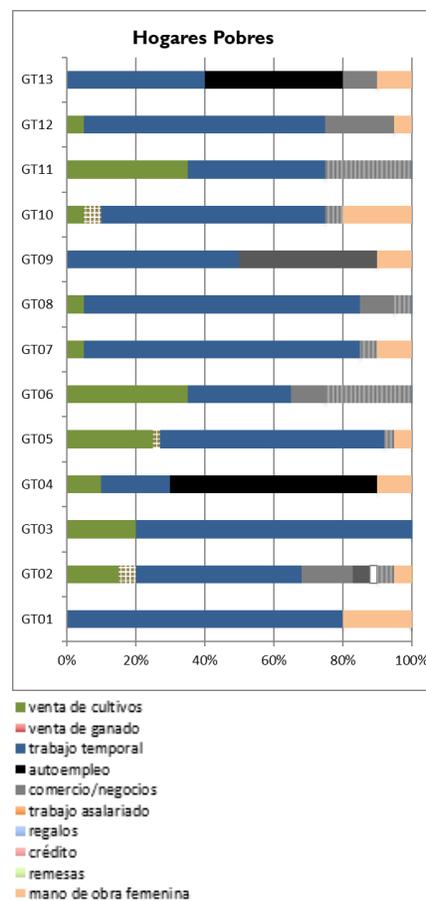
Income. Household incomes have been impacted by the suspension of work by private and government enterprises, the ban on public transport and restrictions on the movement of people. The lean season usually begins in April, characterized by the decline of temporary employment options for agricultural day laborers. While the agricultural sector continues to operate to ensure food supplies, some subsectors have been affected by the closure of restaurants and hotels and restricted market opening hours; other sectors, such as textiles, have been adversely affected by changes in international demand, and trade in general by the closure of shopping centers. This situation has caused staff cuts and reduced working hours, along with the problem of a lack of transport and restrictions on the movement of people, which are hampering the search for daily work. Small vegetable producers who are self-employed and who have to transport their produce from their plots are also facing difficulties due to restrictions on opening hours and movements to and from collection points and markets. According to the *Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* [Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations - CACIF], a survey of 500 companies representing 8 economic sectors revealed that, as of 3 April, 47 percent of companies interviewed were partially working, and 23 percent had completely ceased operations, with lower customer demand (e.g. the impact of US store closures on the clothing industry) and delayed payments the biggest obstacles. By that date, 40 percent had dismissed up to 10 percent of the workforce. In Guatemala, the formal employment sector accounts for around 30 percent of the

Figure 1. Observed and projected prices of white maize, wholesale price at the Terminal market, Guatemalan quetzal (GTQ) per 100 lbs



Source: FEWS NET with DIPLAN-MAGA data

Figure 2. Income sources of poor households by livelihood zone



Source: FEWS NET

active population, while the informal sector accounts for 70 percent. The population that is self-employed and/or without a contract is predominantly found in agricultural activities, services, trade and construction, and has been particularly affected by movement restrictions and distancing, which have prevented their earning a daily living.

Inter- and intradepartmental migration in search of sources of income is usual across the country; people often travel for employment in construction, security and cleaning services, shops and the informal retail trade.

Remittances. According to the International Organization for Migration (IOM), six million people were reported as receiving remittances from the United States in 2016. The departments with the largest remittance-receiving populations are Guatemala (21.5 percent), San Marcos (9.4 percent), Huehuetenango (8 percent) and Quetzaltenango (6.2 percent). According to the livelihood profiles (FEWS NET, 2017), remittances are an important source of income for poor and especially middle-income households in many areas, particularly those in the western part of the country (GT06 and GT11 Livelihood Zones). The suspension of activities in the United States due to COVID-19 has led to the closure of businesses that predominantly employ the migrant population, such as cleaning, gardening, agriculture, and construction services. The decline in migrants' income was reflected in remittances received in March which, according to data from the Bank of Guatemala, decreased by approximately 8 percent from February to March, whereas over the last 10 years there has been a constant monthly increase: last year, from February to March, there was an increase of 20 percent.

Food assistance: In response to the economic impact that the measures imposed have had on households, the government has implemented a series of actions to mitigate these effects, including: (i) the Family Bonus, a fund of six billion quetzals aimed at the most affected families and consisting of payments of up to GTQ 1,000 per family. Prioritization criteria include an electricity consumption of less than 200 kWh during February. It is expected to cover a total of two million families over three months, starting in May; (ii) The *Apoyo al Comercio Popular* (Support for Informal Trade) program, for workers in the informal economy, to cover 200,000 people each of whom will receive a single payment of GTQ 1,000; (iii) the COVID-19 Food Support and Prevention Program, which aims to reach 1.2 million households, with implementation to be shared between the Ministry of Development, which will cover 10 departments, and the Ministry of Agriculture, which will work in 12 departments. They will support households that do not receive the Family Bonus, providing them with in-kind food assistance or a voucher for 350 quetzals, redeemable for a basic basket of food, medicine, and supplies to prevent the spread of COVID-19. Payments and their frequency will depend on setting up a single database of recipients, to be defined by the two ministries. There are other programs aimed at protecting employment, such as the Employment Protection Fund for 300,000 formal workers suspended by companies that have complied with the requirements of the Ministry of Labor. They will receive GTQ 75 per day (GTQ 1,500 per month) for three months. This fund has 2 billion quetzals and aims to benefit 300,000 workers. In addition, there is the Working Capital Credit Fund. In the absence of single databases and pre-established social protection mechanisms, it may be a challenge for the new government to implement these programs, which are still in the planning phase. However, the government's intention is to start this support in May. The government has also rolled out initiatives such as delivering 200,000 *Juntos Saldremos Adelante* (We'll Get Through This Together) food boxes in the Department of Guatemala, and a school meals program through which the Ministry of Education has initiated the transfer of funds allocated to school meals to families, with school boards buying food costing the same as the school meal allocation (GTQ 4 per child, per day).

The international community has mobilized to help families get through this crisis. Some organizations had already initiated interventions in the field, such as Project Concern International (PCI), which is making cash payments of 75 US dollars to 6,000 families in 4 municipalities in Huehuetenango. Two installments for May and June are still pending. In addition, with European Community Humanitarian Office (ECHO) funds, an NGO consortium consisting of Cooperazione Internazionale (COOPI), OXFAM, WeWorld-GVC, Trócaire, Doctors of the World and Action Against Hunger (ACH) will be implementing a humanitarian assistance project through their local partners in five departments (Quiché, Huehuetenango, Alta Verapaz, Baja Verapaz, Chiquimula) in response to the 2019 drought. The project was envisaging a cash transfer but, due to current restrictions, it will be delivering in-kind assistance. The World Food Programme (WFP) plans to support two projects (using Central Emergency Response Funds [CERF] and its own funds) in Huehuetenango and Chiquimula for the first period covered by this outlook.

UPDATED ASSUMPTIONS

The assumptions that FEWS NET used to develop the most likely food security scenario for the period October 2019 to May 2020 have not been modified.

Evolution of the COVID-19 epidemic. Based on findings from other countries that have implemented measures to curb the spread of the virus, it is estimated that the number of new cases will continue to increase for several weeks before stabilizing in late May or June. The epidemic will, however, continue and new cases will be seen throughout the projection period.

National restrictions to combat COVID-19. This report is based on an assumption that the restrictions imposed by the government since mid-March to prevent the spread of the epidemic will remain in place until the end of June. However, it is assumed that even with a gradual lifting of restrictions over the coming months, negative effects on economic activity will continue to impact poor households' access to food until at least September.

Basic grain prices. The supply of food products will remain stable during the period covered by this outlook. However, according to FEWS NET projections, the price of basic grains will remain above average. Projections show an increase in the price of white maize during April and May of up to 10 percent compared to last year and up to 20 percent in comparison with the five-year average. It will subsequently follow seasonal behavior, reaching a peak between June and July and decreasing over the following months with the arrival of the *Primera* crops. The black bean price is expected to remain above average until August, with variations of up to 10 percent; in September, seasonal behavior will continue, with a drop in the price as fresh grain from the new harvest enters the market, bringing it closer to the average.

Income sources: The income sources of workers in the formal and informal economy, especially those linked to the service, construction and clothing (*maquila*) sectors, are likely to be in receipt of only partial, or zero, revenue for at least the months covered by this outlook.

Remittances. Employment-generating economic activities for migrants in the United States are not likely to immediately resume, which will mean a gradual decline in remittances. The World Bank forecasts a 19.3 percent reduction in remittances in Latin America and the Caribbean for 2020. This will affect the incomes of poor and middle-income households in the western regions.

Emergency assistance. The government has developed a number of proposals to mitigate the economic impact caused by the restrictions imposed to combat the coronavirus. These interventions are national and will provide relief to households whose incomes have declined, threatening their access to food.

The various programs will directly benefit two million families across the country who will receive the family bonus for three months; 1.2 million families who should receive one (or more, this had not been confirmed at the time of compiling this report) GTQ 350 bonus or basic food assistance; 200,000 households who should receive the support for informal employment; and 300,000 workers who should be supported through the employment protection fund. In addition to this support, assistance from international cooperation will be provided in 16 municipalities in Huehuetenango, three municipalities in Quiché, three in Alta Verapaz and three in Baja Verapaz between May and August. These interventions should improve food security outcomes in the country. It is assumed that assistance will begin to reach homes in late May or early June.

PROJECTED OUTLOOK THROUGH SEPTEMBER 2020

Households located in both the eastern and western dry corridor region were already depending on the market to buy food, and were facing a decline in their purchasing power due to having used their income early on to buy food. This has forced them to make changes to their diet and use negative coping strategies to meet their food needs. This is in addition to the economic crisis caused by COVID-19. This set of constraints will cause more households to fall into states of Stressed or Crisis food insecurity, and this may continue until the end of the period covered by this outlook. Food assistance has, however, been programmed for these dry corridor areas of concern to provide relief to households and, in some cases, improve food security outcomes for some months. Households in this region will be classified as in Crisis food insecurity (IPC Phase 3) during the first period covered by this outlook, and then as Stressed (IPC Phase 2!), thanks to government food assistance between May/June and July/August. However, from August on, as this support comes to an end, the food security status will be Crisis (IPC Phase 3).

In the rest of the country, income sources from a large majority of households have been hit in different ways and to different degrees. Households dependent on a daily income derived from economic activities have begun to use stress strategies such as adjusting the quality of their diet, reducing non-essential costs, using savings and applying for loans or

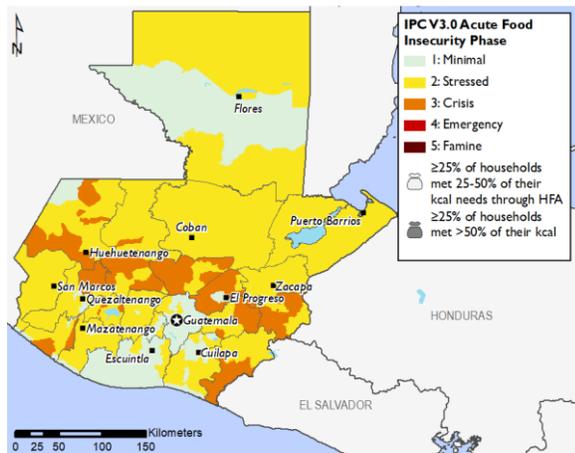
credit to ensure access to food. They will thus be classified as in Stressed food insecurity (IPC Phase 2) for the entire period. Government assistance, covering the whole country, may improve food security outcomes for three months (May/June to July/August), which will allow these areas to be classified as in Minimal food insecurity (IPC Phase 1!); however, with the end of government assistance in August, they will return to Stressed (IPC Phase 2).

ABOUT THIS UPDATE
 This report covers current conditions as well as changes to the projected outlook for food insecurity in this country. It updates FEWS NET’s quarterly Food Security Outlook. Learn more about our work [here](#).

MOST LIKELY FOOD SECURITY OUTCOMES AND AREAS RECEIVING SIGNIFICANT HUMANITARIAN ASSISTANCE*

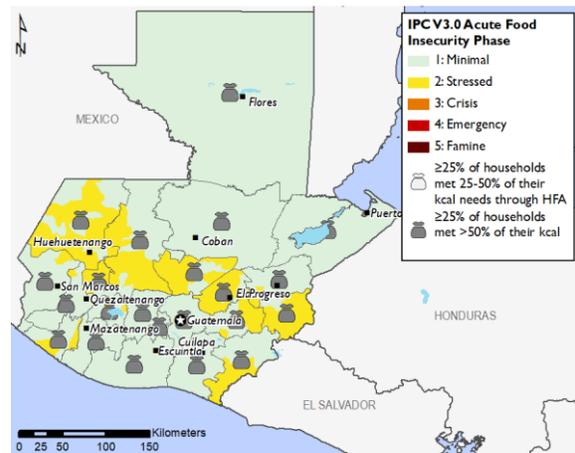
*Each of these maps follows IPC v3.0 humanitarian assistance mapping protocols from version 3.0 of IPC’s Integrated Food Security Phase Classification and flags where significant levels of humanitarian assistance are being/are expected to be provided. ☐ indicates that at least 25 percent of households are receiving at least 25 percent of caloric needs from humanitarian food assistance (HFA). ☑ indicates that at least 25 percent of households are receiving at least 50 percent of caloric needs through HFA. This mapping protocol differs from the (!) protocol used in the maps at the start of the report. The use of (!) indicates areas that would likely be at least one phase worse in the absence of current or programmed humanitarian assistance.

Projected food security outcomes, April and May 2020



Source: FEWS NET

Projected food security outcomes, June to September 2020



Source: FEWS NET

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