FEWS NET
FAMINE EARLY WARNING SYSTEMS NETWORK

GUATEMALA Food Security Outlook Update — August 2021

High food and transportation costs continue to put pressure on family spending

KEY MESSAGES

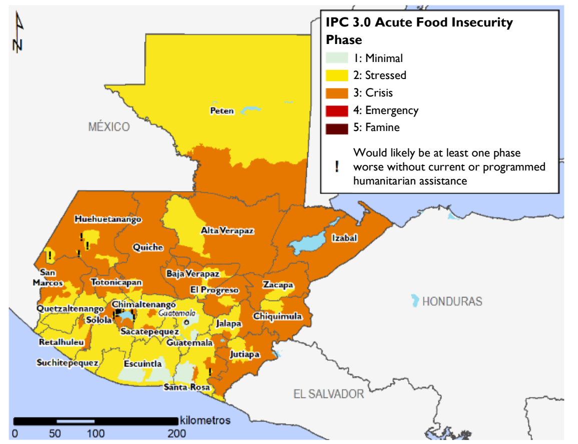
- Most poor rural households will face Crisis (IPC Phase 3) outcomes until the end of the lean season with the arrival of the first harvests and the start of peak demand for unskilled labor. Beginning in October, the improvement in income and availability of own-produced grains will permit an overall improvement in food security, which will result in Stressed (IPC Phase 2) outcomes through January 2022.

- The poorest households in the Dry Corridor and areas impacted by hurricanes Eta and Iota will face Crisis (IPC Phase 3) outcomes through January 2022. Although harvests and income from seasonal work will slightly alleviate the severity of gaps in food consumption, the level of income and yields for basic grains will most likely be too low to prevent the continued use of negative coping strategies. Meanwhile, poor urban households will face Stressed (IPC Phase 2) outcomes throughout the outlook period, as their incomes remain below average, and they face high food and transportation costs.

- Vaccination is slowly progressing, and COVID-19 infections are rising week by week. The only restrictions in force are those established by the COVID-19 Alert Level Traffic Light System in terms of capacity and social distancing. Economic activity continues to gradually recover, yet households have still not been able to fully reestablish their traditional sources of income given that sectors with the highest labor demand continue to be limited by the measures imposed.

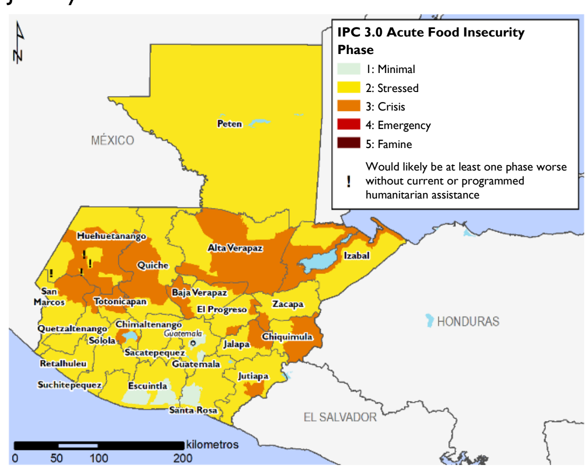
- Food prices have been on the rise in recent months, absorbing the increased fuel and transportation prices. In addition, in August, protesters blocked the main communication routes, causing an atypical rise in maize prices, which had been high already throughout the year. This rise in maize prices, which is the basis of the diet of rural households, and the rise in transportation costs in general, have reduced the purchasing power of households.

Projected food security outcomes, June – September 2021



Source: *FEWS NET*

Projected food security outcomes, October 2021 – January 2022



Source: *FEWS NET*

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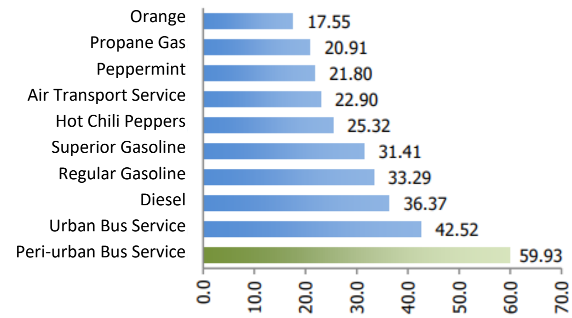
USAID FROM THE AMERICAN PEOPLE

CURRENT SITUATION

After weeks of a steady rise in positive COVID-19 cases, 85 percent of municipalities are on red alert. On August 13, the Executive announced the State of Public Emergency decree but Congress failed to ratify it, so the only measures in force are those established by the COVID-19 Alert Level Traffic Light System in terms of capacity and social distancing depending on the municipality alert color. As a result, economic activities continue to recover gradually, while adhering to the corresponding restrictions. The Monthly Index of Economic Activity (MIEA) for June shows a recovery in economic activities compared to last year (with a year-on-year change of 13.5 percent compared to -7.5 percent in 2020).

Figure 1. Fluctuations in interannual inflation of the Consumer Price Index (CPI) by expenditure, July 2021



Source: *National Institute of Statistics 2021*

Although economic activity is recovering, typical sources of income for urban and rural households remain below pre-pandemic levels. In rural areas, sporadic employment for sowing and crop maintenance activities was scarce given that middle-income households that usually demand this labor haven't been able to recover their economic standing since the impacts of COVID-19 struck. Meanwhile, in urban areas, formal employment in the service, hospitality, food, and education sectors – which are most affected by capacity and social distancing restrictions – continues to recover partially and slowly. Similarly, tourism is gradually increasing, but continues to be depressed, affecting the entire chain of both formal and informal work linked to this activity, including in hotels, restaurants, transportation, shops, and handicrafts. For example, Salvadorans visiting during their August holidays is very important for national tourism. However, according to news from the Guatemalan Immigration Institute (IGM), arriving tourists were down two-thirds this year compared to 2018 and 2019. In 2020, there was no tourism as the borders were closed.

In the first seven months of the year, income from remittances is 39.6 percent higher than in 2020 and 41.6 percent higher than in 2019. However, remittances are received mainly by middle-income households who mainly use these resources for consumption and savings, and less frequently utilize remittances received to hire manual or agricultural labor. Remittances therefore only indirectly impact poor households, depending on labor demand.

From the end of July to mid-August, multiple weeks of social and political protests across the country resulted in the closures of main communication routes including into the capital city. While the availability of basic grains in markets remained normal during the protests, roadblocks disrupted commercial transportation, leading to an atypical rise in already high maize prices. In the second week of August, the price of a quintal of white maize in the La Terminal market rose 7 percent compared to the July due to roadblocks. In July, the price was already 17 percent above last year's price, and 23 percent compared to the five-year average. The price of a quintal of black beans has remained steady given that the market is supplied locally. During the last two weeks of August, protests have subsided across the country and trade flows have returned to normal. However, basic grain prices continue to be affected by the high national industry demand and by high fuel and transportation costs, affecting overall food prices.

According to the National Institute of Statistics, the Consumer Price Index for July indicates 3.82 percent interannual inflation and 0.33 percent monthly inflation. At interannual level, the main changes were in the transportation, housing, and food-expense sectors. The primary basic expenses with the highest percentage increase are peri-urban bus service, urban bus service, as well as fuel (Figure 1). Compared to the five-year average, both regular gasoline and diesel show an 18 percent increase. The constant rise in food and transportation costs has a negative impact on the purchasing power of households, who are forced to consume less or lower quality food, to limit their commute to workplaces and markets, and to cut other types of expenses.

The vaccination rollout process is still slow yet advancing more regularly now thanks to the donation of vaccine doses. Thus far, 7.75 million doses of four types of vaccines have been received: AstraZeneca, Moderna, Sputnik and Pfizer, 70 percent of which have been donated. Vaccination is open to individuals aged 30 and above, university students, and essential workers. At current supply levels, there are only enough vaccines to innoculate 34.4 percent[1] of the population aged 18 years or older.

[1] This is without considering that 800,000 units of the first dose and 60,000 units of the second dose of the Sputnik vaccine were received. This is a general calculation that adds up the number of vaccines and considers two doses per person.

According to an analysis conducted by the project Diálogos, vaccination is progressing more slowly in rural populations and in the Maya and Xinka linguistic communities, which are also the most affected by food insecurity. This is due to several reasons, including lack of information, complexity of the registration process, and the distance and cost of transportation to and from municipal centers where vaccines are offered. The low vaccination rollout rate exposes these rural populations to greater chances of COVID-19 infection that can affect their ability to get around and generate agricultural labor income, impacting access to food.

In the central, eastern, and northern parts of the country, the staple grain crops of the *primera* cycle are developing favorably, while the first harvests of maize are already beginning in the south. Throughout the season, localized planting areas in the south, north, and west reported flooding, due to rising rivers, or strong winds. Since the beginning of August, localized areas of the eastern Dry Corridor have experienced irregular rainfall and high temperatures. These conditions caused a greater loss of soil moisture, affecting some crops, especially for subsistence farmers who lack access to irrigation and inputs to mitigate the damage.

In August, approximately 41,000 households from a total of 79 municipalities located in Quiché, Huehuetenango, Sololá, Alta Verapaz, Chiquimula, Jalapa, Jutiapa, Zacapa, El Progreso, Retalhuleu and Santa Rosa are receiving food assistance from international non-governmental humanitarian aid organizations through cash transfers, with funds mainly from the United States Agency for International Development (USAID), and processed through WFP and NGOs such as PCI, Word Visión, Plan Internacional, CRS, Save the Children, COOPI, Oxfam, and Trocaire. The percentage coverage will improve food security outcomes in the municipalities of San José Chacayá, Santa Cruz La laguna, San Marcos La Laguna, San Pablo La Laguna, Santa Catarina Palopó, Santa María Visitación, and San Antonio Palopó in the Department of Sololá; San Juan Atitán, Tectitán, Santiago Chimaltenango in Huehuetenango, and San Juan Tecuaco in Santa Rosa.

UPDATED ASSUMPTIONS

The assumptions used by FEWS NET to develop the most likely food security scenario for June 2021 to January 2022 have been modified as follows:

Field evaluations are ongoing, but subsistence farmers in parts of the eastern Dry Corridor are expected to lose some or all maize crops.

PROJECTED OUTLOOK THROUGH JANUARY 2022

Through September, households in rural areas are making it through the lean season with reduced income and dependence on food purchase, especially maize and beans, which will continue at above-average prices. Transportations costs will remain high, limiting the movement of households for seasonal employment and limiting their purchasing power. With little income and facing high food prices and reduced food consumption, these households will experience Crisis (IPC Phase 3) outcomes as they continue to incur debts and use coping strategies that put their livelihoods at risk.

Peak demand for unskilled labor will begin in October, mainly for the coffee and sugarcane harvests. Labor demand is expected to be average, as is the income of poor rural households. Seasonal migration to Mexico and Honduras in search of jobs is likely take place without major obstacles, but is expected to be less than pre-pandemic levels, given the transportation difficulties and fears of COVID-19 infection. The slow vaccination rollout process in indigenous and rural populations is a major risk. However, efficient safety protocols for harvesting, loading, and transporting coffee or sugarcane are expected to be adopted, given that it is the second consecutive year since they have been implemented. The rise in income and the outlook of an average staple grain harvest will permit an improvement in food access and the partial recovery of their response capacity, facilitating Stressed (IPC Phase 2) outcomes for most rural households through January 2022.

However, this will be different for the poorest rural households, who live mainly in the Dry Corridor, households that lost part or all of their harvest in the western and eastern parts of the country, as well as the areas affected by hurricanes Eta and Iota. Despite the rise in income, debts incurred, deteriorated livelihoods, high transportation and food prices, and the prolonged use of coping strategies will not allow them to substantially improve their economic situation, and households will still face Crisis (IPC Phase 3) outcomes through January 2022. In certain areas, some of these households will see temporarily improvements to their condition due to the food assistance provided through cash transfers from NGOs.

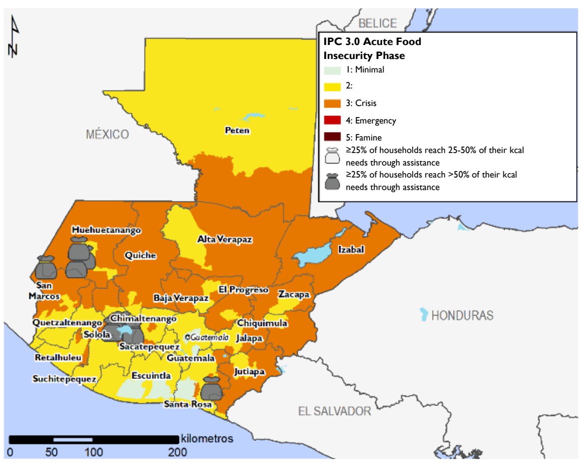
In urban areas, economic activity continues to recover, but will not yet reach pre-pandemic levels. Jobs have not yet been fully restored as social distancing restrictions affect the normal business hours of services and shops, educational institutions, and entertainment centers. Similarly, informal employment continues to be affected as it depends on the labor demand of middle income and better off households, who have not fully recovered their regular income. The rise in fuel, public transportation, and food prices continues to impact household spending. To meet their food needs, poor urban households will be pressured to reduce spending on health and education and consume a diet that is not very diverse and of low nutritional quality, thus facing Stressed (IPC Phase 2) food insecurity through January 2022.

ABOUT THIS UPDATE
This report covers both current conditions and changes to the projected outlook on food insecurity in this country. It updates the FEWS NET Food Security Outlook, which is published three times a year. Learn more about our work here.

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

Each of these maps adheres to IPC v3.0 humanitarian assistance mapping protocols and flags where significant levels of humanitarian assistance are being/are expected to be provided. indicates that at least 25 percent of households receive on average 25–50 percent of caloric needs from humanitarian food assistance (HFA). indicates that at least 25 percent of households receive on average over 50 percent of caloric needs through HFA. This mapping protocol differs from the (!) protocol used in the maps at the top 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, June – September 2021



Source: *FEWS NET*

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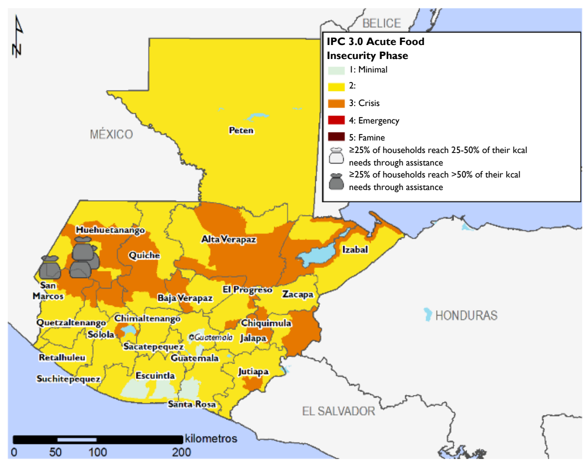

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