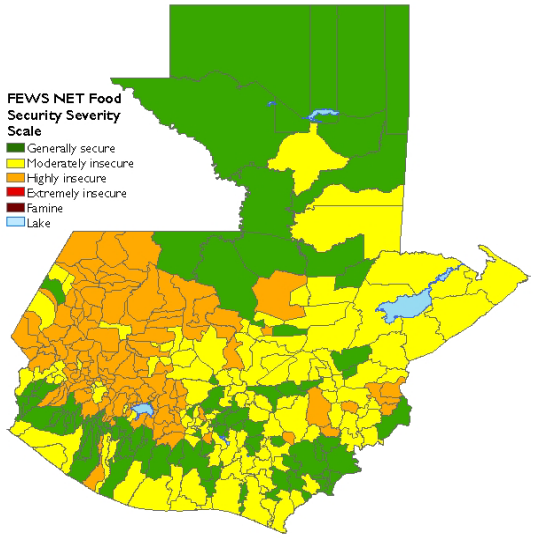
GUATEMALA Food Security Outlook — January to June, 2009

- Food availability for subsistence households is improving during the current quarter (January-March), following the recent harvest in the highlands and the *postrera* harvest in the rest of the country, including the north. Reserves of poor households throughout the country will begin to diminish toward the end of the quarter. The anticipated reduction in prices following the harvest and the seasonal demand for unskilled labor will improve economic access, particularly for households that depend on food purchases. However, losses in cash crops are also expected because of frosts and cold fronts. Due to all these factors, the number of food insecure people will rise from approximately 1.8 million to 1,885,666.

- In the most-likely scenario from April to June, the number of food insecure people will decline from an estimated 1,885,666 to 1,824,393. This period covers the hunger season, when prices normally reach their peak, but we do not expect prices to reach extreme levels, and we expect favorable climatic conditions for a normal *primera* staple cereals planting. Food availability will improve after the harvest in February and March, benefiting those affected by Tropical Depression 16 in October 2008.

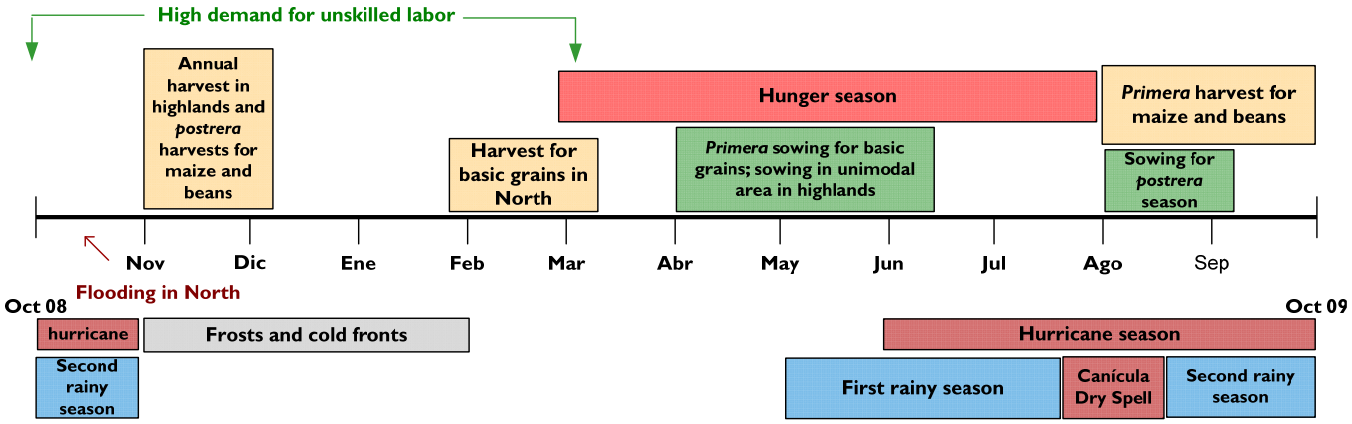
Figure 1: Current estimated food and nutritional security conditions, January to March 2009



Source: MFEWS

- In the worst-case scenario from April to June, the poor yields from the February-March harvest in the north will affect food availability and prices, the rate of inflation will increase by double digits, and the climatic conditions of La Niña will be reestablished, causing an irregular and heavy rainy season. The number of people facing food insecurity could increase by 103,431, to an estimated 1.9 million.

Seasonal calendar and critical events



Source: MFEWS

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Current food security conditions, January to March 2009

This quarter, food security conditions are stable throughout the country, with the exception of households affected by Tropical Depression 16. The staple cereals *postrera* harvest and the annual harvest in the highlands have enabled subsistence households to stock up their reserves. However, as the quarter progresses, reserves will begin to diminish, as the annual hunger season (March to August) approaches. Because of the heavy rainy season during September – November 2008 and the scarcity or complete lack of fertilizer due to its high cost this season, many subsistence farmers had reduced primera and postrera yields, which could mean an early start of the next hunger season.

On the other hand, households in some municipalities of Petén, Izabal, Quiché, and Alta Verapaz, which were affected by Tropical Depression 16 and lost their staple cereals *primera* crops, are depending on the purchase of food. The World Food Programme and the Government provided food aid, while ProRural and the FAO provided seeds for agricultural reactivation. The Ministry of Agriculture sold seeds at lower cost with the same purpose. Therefore, farmers were able to replant in early December, and expect to harvest in February/March. Since that planting, rainfall has been erratic, which could affect yields, and hence, the fragile food security situation.

Table 1: Scenario assumptions and indicators

Most-likely food security scenario

- Normal rainfall in the north and good yields from staple cereals harvest
- Normal start of rainfall in April/May
- ENSO with neutral conditions
- Normal staple food planting
- Cost of the basic food basket and staple foods stabilize or decrease
- Price of agricultural inputs does not increase

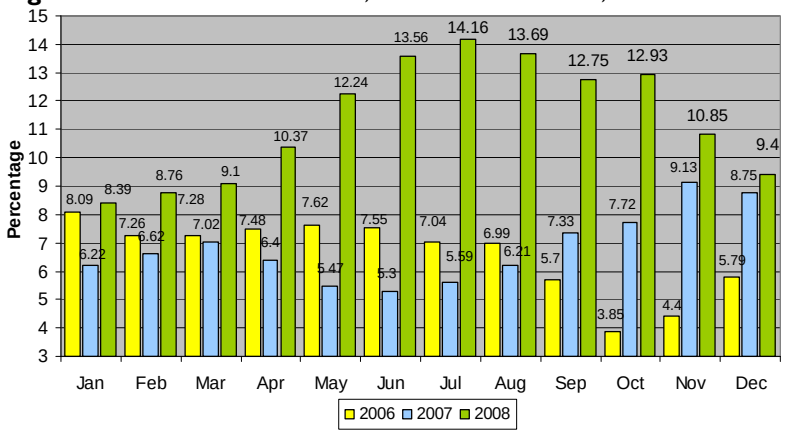
Worst-case food security scenario

- Irregular start of rainfall
- Crop loss and damage to infrastructure due to rainfall and landslides
- Increased incidence of diseases
- The high cost of the basic food basket persists; prices of staple foods increase
- Irregular rainfall does not allow a good harvest in the north of the country
- ENSO with La Niña conditions
- Price increase of agricultural inputs

Some 200,000 households that depend on the demand for unskilled labor in maize cultivation in Petén will not see their income affected, since planting resumed after the floods.

This quarter is part of the frost and cold-front season. The National Seismology, Volcanology, Meteorology, and Hydrology Institute (INSIVUMEH) has forecast a normal season, with four or five cold fronts during January. In addition, one or two frosts or extreme cold snaps could be expected, which are more likely to occur early in the year. These events have the potential to damage susceptible crops, such as vegetable gardens, which are a source of income for the poor and extremely poor. The most vulnerable areas are the highlands and the central plateau.

Figure 2: Consumer Price Index, Inter-annual Inflation, 2006-2008



Source: INE

According to inflation trends in recent months (Figure 2), prices during this quarter should stabilize or even drop, especially if the price of crude oil on the international market remains steady, because this influences the prices of propane gas and fuel. Although the basic food basket price continues to rise, reaching Q 1,976.05 in December — 18.85 percent higher than in December 2007 — the rate of increase has diminished. Since August, the monthly variation has been under one percent, and the December price was only 0.07 percent lower than that of November. If this trend continues, price reductions in the daily food basket should be expected in the coming months. This, together with a rise in agricultural and non-agricultural laborers' minimum wages (Q 1,831.66 per month), may improve these groups' food access. A large percentage of the population depends on daily wages or construction work to obtain nearly 80 percent of its

income.

During January and February, there has still been demand for unskilled labor in agricultural activities such as sugarcane harvesting (*zafra*), coffee, and cardamom cutting in livelihood zones 11, 12, and 14 (bocacosta, south coast, and Alta Verapaz). This will allow the poorest families, particularly those without access to land, to generate income that will mainly be used to purchase food. It will also allow poor households with access to land to purchase agricultural inputs for the *primera* planting in April and May.

Approximately 1.8 million people are now facing chronic food insecurity, particularly in the western highlands and in some eastern areas. However, reduced yields and cold fronts/frosts would add some 85,666 people, including those affected by Tropical Depression 16. This number would be expected to decrease as crops are harvested in the north in February.

Most-likely food security scenario, April to June 2009

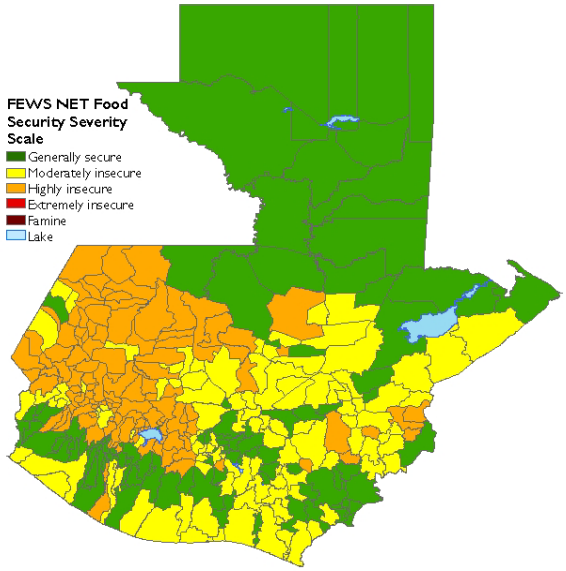
In the most likely scenario, the harvest from February to March in the north will improve food availability for households affected by Tropical Depression 16, and will provide the national market with produce, as the large staple cereals producers market their harvests.

For the rest of the country, the annual hunger season will begin as households deplete their reserves and rely increasingly on food purchases. As part of a seasonal trend, prices tend to rise due at the start of the agricultural cycle, as food availability declines and demand increases. Despite this cyclical pattern, the trend of reduced inflation suggests that prices will not increase as much this year.

The demand for unskilled labor for agricultural activities is substantially reduced at this time of the year, limiting income sources for the poorest people, and making it difficult for them to access food.

A neutral El Niño-Southern Oscillation (ENSO) activity is expected, even with the cyclical temperature variations in the Southeast Pacific. This would mean a start of the rainy season within the average parameters, and a normal start of the staple cereals *primera* planting, from April to May.

Figure 3: Most-likely food and nutritional security scenario, April to June, 2009



Source: MFEWS

Last year, high prices for agricultural inputs such as fertilizers made it difficult, if not impossible, for the poorest to purchase or use them. Production costs for larger agricultural producers increased as well, which resulted in higher consumer prices. Due to international economic problems, oil prices are not expected to reach 2008 levels, which would hold down the costs of inputs. This would make it more affordable to purchase fertilizers and pesticides, allowing farmers who depend on the sale of their products to increase profits. Reduced production costs will also bring down consumer prices, thus improving food access for households that depend on the purchase of food. At the same time, crop yields would improve in the August-September harvest, particularly for staple cereals, which would allow for more abundant household reserves among subsistence producers, lessening their dependence on purchased food. All this assumes that the rainy season will be normal, and will not generate losses due to floods and mudslides.

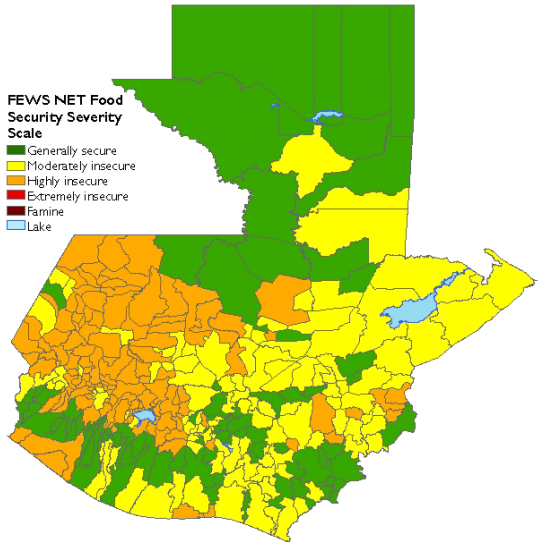
Since the 9,400 households affected by Tropical Depression 16 will recover with the harvest during this outlook period, the estimated population facing food insecurity for the April-June period will be reduced by 61,273, for a total of 1,824,393.

Worst-case food security scenario, April to June 2009

The worst-case scenario from April to June takes into account the possibility that rains in the north may not be regular enough to ensure an adequate harvest. This would particularly impact food availability for people recently affected by Tropical Depression 16. In this case, these households would continue to depend on purchased food until the next harvest in August/September. Moreover, reduced production of large producers' staple cereals crops may reduce the national availability of maize, with the consequent rise in price and reduced demand for unskilled labor to harvest it. The latter situation would affect laborers in Petén and the east; the latter migrate to the north for the maize harvest.

As mentioned in the most-likely scenario, this quarter includes the start of the annual hunger season, which in itself means a difficult time for the poorest households. However, the worst-case scenario considers the possibility that food prices increase considerably, which would mean that the entire population would have difficulty accessing food; particularly urban dwellers and rural residents without access to land, and who are totally dependent on the purchase of food.

Figure 4: Worst-case food and nutritional security scenario, April to June 2009

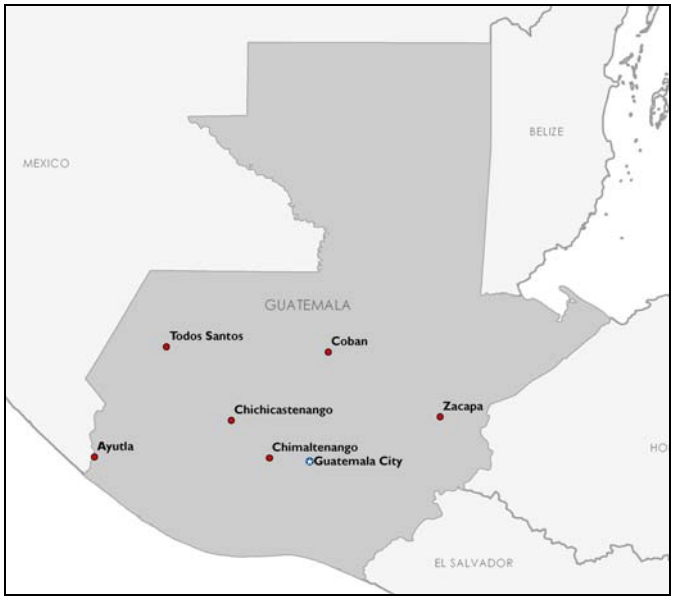


Source: MFEWS

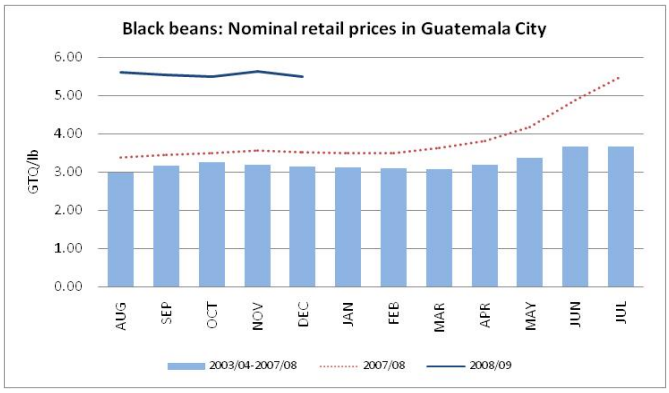
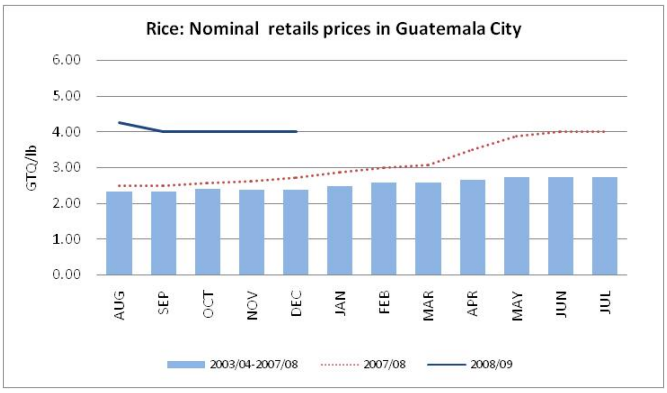
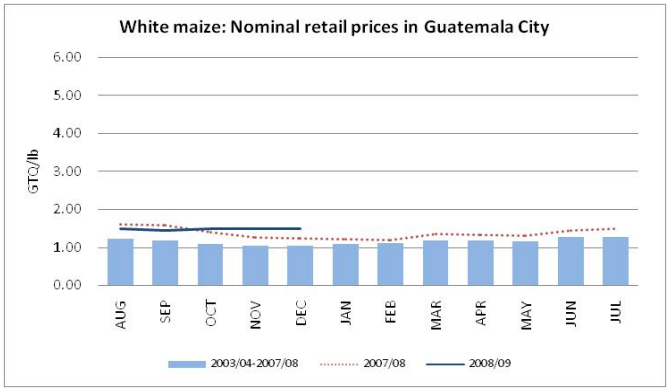
The climate could be affected by a return of La Niña conditions, which would imply an irregular start of the rainy season with copious rainfall, which would affect the already weakened housing and vial infrastructure. This situation would affect physical access to and from communities, with a negative impact on trade, access to food, and health services. Above normal rainfall could also affect the health situation, due to an increase in the incidence of illnesses.

An irregular start of the rainy season could delay the staple cereals' *primera* planting, and during the rainy season, this could be affected by floods, river overflows, and mudslides. The situation could worsen if prices of agricultural inputs such as fertilizers remain high during this year. This situation would reduce access to and use of fertilizer, which would impact crop yields. If the harvest is less than what is expected, food reserves of subsistence producer households would be diminished, making them more dependent on purchases toward the end of the year.

In the worst-case scenario, from April to June, the number of food insecure people would increase by almost 103,431, to nearly 1.9 million. The additional amount represents people highly vulnerable to floods and river overflows, and people affected by the effects of Tropical Depression 16 in the north, who were not able to recover with the harvest. To mitigate the impact of these events, it would be necessary to repair damaged or vulnerable infrastructure, and improve access to isolated communities. A stable inflationary environment would also help keep consumer prices under control and facilitate access to agricultural inputs.



Monthly prices are supplied by FEWS NET enumerators, local government agencies, market information systems, UN agencies, NGOs, and other network and private sector partners.

*NOTE: Historic prices only available for the capital city market. Data collection now starting in other markets noted on the map.

Maize is the main source of calories and protein in the Guatemalan diet. White maize is more heavily consumed than yellow maize, but the latter is preferred in some regions and used as poultry feed. Every Guatemalan household consumes black beans: as a protein source it is a particularly valuable complement to cereals in regions where households have limited access to animal products. Consumption habits are strongly linked to tradition and culture. Rice is mainly consumed in urban and peri-urban, but some rural households consume it as well. Guatemala is highly dependent on imported rice. The market in Guatemala City is the largest in the country and feeds the highest concentration of the population.