

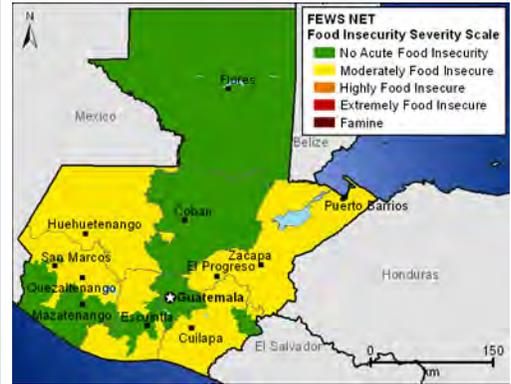
GUATEMALA Food Security Outlook

January through June 2011

Key Messages

- As of October the season of frosts and cold fronts had an early start. These events have been more intense than normal, causing damage to vegetables in the highlands of Quetzaltenango, Chimaltenango, Sololá, and Huehuetenango. These effects, combined with damage caused by excessive rainfall will cause a reduction in labor opportunities for the poorest groups in livelihood zone five, reducing their income used to purchase food in the coming months.
- Due to the continuation of a La Niña phenomenon, an irregular start of the rainy season in April/May is expected, affecting the development of basic grain crops, particularly maize. This irregular start will limit production during the harvest of August/September and will impact very poor and poor households.
- The demand for unskilled labor in agro-export activities with crops such as sugar cane and cardamom will allow for economic access to food until February/March. However, the harvest in the coffee sector, affected by the heavy rains of 2010, is expected to end a month earlier than normal. The poorest households in the highlands and eastern region have a high dependence on this source of income for the purchase of food in the months before the next harvest. A reduction in income means that the annual lean season will start a month earlier in March due to the exhaustion of income sources and the depletion of household food reserves.

Figure 1. Current estimated food security outcomes, January 2011

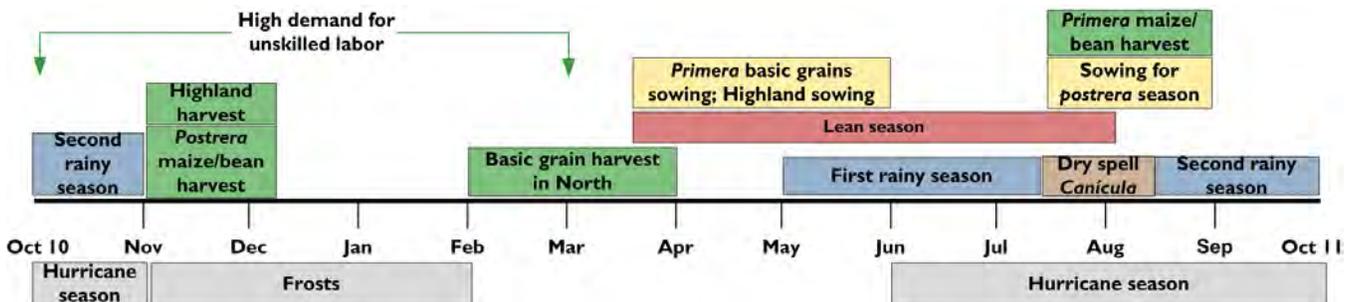


Source: MFEWS

For more information on FEWS NET's Food Insecurity Severity Scale, please see:

www.fews.net/FoodInsecurityScale

Seasonal calendar and critical events timeline



Source: MFEWS

Most likely food security scenario January through June 2011

The national food security situation is stable and improving because of the first harvest in the western region and the second harvest in the other regions, except in the northern region of the country. A factor that has contributed to the current positive food security situation in the country is the generation of income from wages earned from sugar cane, melon, coffee, tobacco, and cardamom harvests, which began during the last quarter of 2010.

In the northern region of the country the first harvest (mainly maize) concluded in September, improving the availability of grain in producer households and in local and national markets. Since the conditions of land and climate in this region are more favorable for the production of basic grains than in other areas of the country, almost all households, with the exception of the extremely poor, sell some percentage of their harvest. For this reason, the income of these households has been good after the sale of grains produced, mainly because prices in this area show no significant abnormality.

In general, consumer prices for maize have remained stable, while the price of beans has followed a seasonal pattern and has remained around 19 percent above the nominal average for the last five years.

The key assumptions for the most likely scenario from January through June are:

- The North Transversal Corridor, Izabal, and Peten are a bean surplus area during the harvest from February to March. Thus, this area's yields will be important to supply the national market and define the price of beans nationally.
- The rains expected in January will enable a resolution of the hydric stress of the last weeks of December and an adequate flowering of crops. The harvest will be close to average.
- The season of high availability of unskilled labor for crops such as melon, sugar cane, tobacco, and coffee began in October and will continue until early February, ending a month earlier than normal. Income from these activities will be up to 20 percent below-average.
- The annual lean season for the northern region of the country will begin between April and May, as it normally does.
- The southern region produces crops such as sugar cane and tobacco. These crops did not suffer significant damage during the rainy season, thus the population in this area will obtain average incomes. This means that the annual lean season will also behave normally, taking place between April and May.
- The presence of a La Niña phenomenon in the beginning of the rainy season (March/April) could cause seasonal irregularities causing delays in planting and, in some cases, damage to crop development. Nevertheless, it is forecasted that rains will be normal going forward.
- Election year campaign activities may include the delivery of some inputs and/or other types of support, which help families to meet some of their needs. These actions will take place throughout the country.
- As a result of agricultural problems in producing countries, the increase in the international price of wheat has caused an increase in prices of its products such as flour and bread. These products are mainly consumed in urban and peri-urban households, and are part of the basic food basket. To date, the increase in the wholesale price of wheat flour ranges from 13 to 17 percent up from last month.
- An increase of white maize from Mexico is expected, as production in the southern region of Mexico was above-average. With the increase in supply, the price of white maize is expected to stabilize as demand will be increased after losses in the 2010 harvest.

The national scenario for the next six months does not show deterioration in the current acute food security situation in the north and south of the country. The poorest households have the typical reserves for a normal year and a price increase higher than 10 percent is not expected for basic grains, which would otherwise greatly affect purchasing power. Households as thus expected to meet their food requirements, although they may resort to some typical coping strategies, such as dietary substitutions and the typical and sustainable sale of small animals.

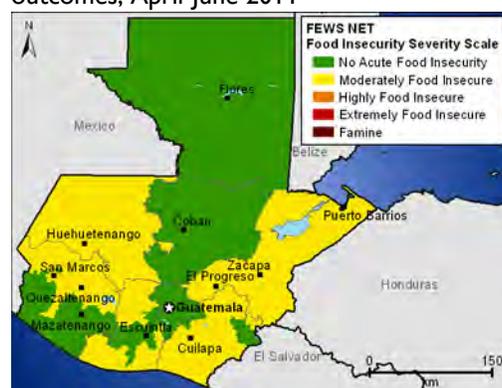
The government estimates that about 96,000 households throughout the country will require food assistance to meet their

Figure 2. Most likely food security outcomes, January-March 2011



Source: MFEWS

Figure 3. Most likely food security outcomes, April-June 2011



Source: MFEWS

For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

food requirements until September. This figure assumes that 15,000 people will be food insecure as a result of climatic events in 2011. The rest of the 96,000 households (81,000 households or 486,000 individuals) are in the areas affected by the loss of crops and livelihoods in 2010 in the eastern dry corridor and the steeper slopes of the highlands. The risk of food insecurity between January and June is slightly higher than the average in these zones.

Eastern Region (especially livelihood zone eight, which includes the departments of El Progreso, Sana Rosa, Chiquimula, Zacapa, Jalapa, and Jutiapa)

This region has a population of about 1,106,000 people, 90 percent of which are very poor and poor households. This area contains the so-called dry corridor, an area which receives the least amount of precipitation in the country. For this reason, local farmers are more cautious with their crops, which could lead to a delay in the first planting with farmers awaiting the rains. In this area, 25 percent of the income of poor households depends on the sale of agricultural production, while the very poor are more dependent on wages but still rely on their production in less than 10 percent. Food purchases make up 75 and 50 percent, respectively, of very poor and poor household consumption.

Currently, the food security situation for the region is stable, with a moderate food insecurity for the first two months of the year because the first maize harvest was 10 percent below the average (40 percent better than 2009), and the second harvest was 10 percent below-normal. Conditions are suitable for households to replenish their food requirements, although some will still rely on external help to meet their food needs, especially in the departments of Chiquimula and Jutiapa, which suffered major losses during the second harvest.

Some of the assumptions for this region during the outlook period are:

- Damage to maize grains during storage due to excessive moisture caused by the heavy rainy season. This causes poor households to sell grain for animal feed at a price of up to 30 percent less than the price indicated by the market due to its poor quality. This means a reduction of almost 10 percent of their annual income, which is typically used to purchase agricultural inputs for the first planting that will begin in May and for food once the cash from wages is depleted around April.
- An irregular start of rains which will cause a delay in the harvest which normally occurs in August/September until late September.
- An increase of almost 10 percent in the price of white maize and 15 percent in beans due to losses in the second harvest. Existing records from April 2009 show that in this period, increases in both grains remained within these ranges.
- 25 percent of the 96,000 families identified by the government as in need of food assistance are located in this area, and assistance that is currently being planned will meet beneficiary needs between March and June. This amount means that it will cover 5 to 10 percent of the very poor and poor households in the area.

Taking into consideration the aforementioned events, the food security scenario for this region during the next six months is as follows: at the beginning of the period covered by this outlook, it is expected that the poorest households in the region will meet their food needs because they have reserves and cash to purchase food to complement their diet. The annual lean season is expected to start early in April (it typically starts in May). This early start is because grains will be depleted between February and March, forcing households to resort to the purchase of food. As a result, their purchasing power will be reduced, resorting to the elimination of more expensive foods, such as eggs or chicken, and their replacement by cheaper and lower nutritional quality food, such as grains. For these purchases, they use cash generated from the sale of the surplus of their harvest and wages. Both income sources were lower this year so they will be the dietary shift will occur earlier than normal. Also, employment opportunities will diminish considerably after February, a month earlier than normal. This will mean that households will have to resort to selling small animals starting in May, as has happened before, and to temporarily migrate to areas further away to look for work, which means more investment in transportation and a lower net income. Additionally, less money available in poor households means a reduction in the purchasing of agricultural inputs for the first planting in April. Very poor households often lack the resources to purchase these inputs. On the other hand, we expect a seasonal increase in morbidity due to respiratory and diarrheal diseases, but they will remain within the seasonal parameters.

Although the situation in terms of availability of food and cash will be lower than a normal year, households will be able to

meet their food requirements throughout the period through the use of coping mechanisms. This area is classified as an area with moderate food insecurity given that during the first three months there will still be households which depend on foreign assistance to meet food needs as a result of crop losses suffered in 2009 and 2010, especially in Chiquimula and Jutiapa; and in the remaining three months of the outlook period there will be a greater dependence as the lean season progresses.

Highlands (livelihood zone five, especially households located along river banks and slopes)

Farmers in this zone only have one basic grain production cycle per year meaning that planting dates are relatively fixed (March/April) and do not have enough flexibility for delays when waiting for consistent rains.

In areas near rivers and rugged terrain in the highlands, a majority of poor households are moderately food insecure. In 2010 the poorest households lost up to 50 percent of their maize and their entire bean harvest due to heavy constant rains. The loss in the maize harvest was 25 percent of the total annual cereal production for poor households; while in the case of beans, this loss represented 29 percent of annual consumption. Less production then means less grain available for consumption in the coming months, reducing inventories by 30-40 percent, which means that stocks which usually last four months will be depleted in February, about a month and a half earlier than normal. The poorest socioeconomic groups in the region depend on agricultural labor for 45-60 percent of their income, and the season of greatest demand for unskilled labor began in October and November and households are still gaining money from this activity. Most households can currently meet their food requirements, either through the consumption of their production and/or through purchases. Prices of basic grains have stabilized, with stable prices for white maize relative to the last two years and an increase of 10 percent over the same period in the case of beans.

The cold front season started in October, a month earlier than normal. Since then, there have been 12 cold fronts with different intensities, which have caused an expected increase in respiratory illnesses and damage to the agricultural sector of vegetables, especially in the upper and middle parts of Quetzaltenango, Sololá, Chimaltenango, and Huehuetenango. The average number of cold fronts throughout the season is 15. Additionally, this year these climatic phenomena have been more intense than average, with lower temperatures compared to normal ones (temperatures of - 8°C, when they normally reach -4°C). This, coupled with damage caused by excessive rains, has resulted in an income reduction and the indebtedness of farmers for the period, most of which are medium-income households. This has also meant a lower demand for labor, so the poorest households have resorted to finding other sources of employment.

This region is particularly deficient in its production of basic grains, even in a normal year, so it depends on surplus areas for supplies, especially areas in the south coast, southern Peten, and the North Transversal Corridor, and some areas in the east. This region is also dependent upon Mexico for maize and China for beans. The flow of these products to the area has been continuous.

Some of the assumptions for this region during the outlook period are:

- Farmers in the area will plant in March/April even if the rains have not been established due to a La Niña phenomenon.
- The cold front period will continue through March, instead of ending in February, as it normally does. Temperatures will continue to decrease.
- According to historical data, the least amount of income from remittances is perceived during the first quarter of the year. A normal pattern is foreseen, similar to that in 2010. The amount and frequency of remittances received in this area have improved over the last year in regards to the reduction which occurred in 2009, supporting the income of recipient families who use them to acquire food. Nevertheless, recipient households are not the poorest households.
- The provision of basic grains to the region will be secured by the output of the bean harvest in Peten and the North Transversal Corridor in February as well as maize from Mexico.
- An increase of 10-12 percent is expected in the prices of basic grains, which is slightly higher than last year. This is especially true for beans due to heavy losses suffered by the crop.
- 50 percent of the 96,000 families identified by the government in need of food assistance are located in this area. These needs will be covered between March and June. This amount means that it will cover 5 to 10 percent of the very poor and poor population in the area.

Planting without the establishment of the rains in March/April will cause failure in plant development and reduced yields during the harvest in November. The very poor and poor households in the region will be the most affected, as they do not have the option to replant.

The early onset of the frost season will result in a greater number of cold fronts when compared to the average. The effect of above-normal frequency and intensity of the cold fronts will be a reduction in the development and production of vegetables and fruit and a decreased harvest (by about 20 percent) when compared to the average. Prices of these products will be slightly above-average by 10 percent impacting the income of households which depend on this sector. The weather conditions will also cause an increase in respiratory diseases, especially in children, making them more prone to deterioration in their nutritional status.

The decrease in coffee production and the associated demand for labor will be by about 20 percent compared to 2009/10. This will cause households involved in these activities to receive a reduction of about 15 percent in their annual income, providing them with cash availability to buy food only until March.

Taking into consideration the aforementioned events, the food security scenario for this region during the next six months is as follows: in the first quarter the poorest households will be moderately food insecure given that they can meet their food requirements through the use of their reserves until January/February and that they have cash availability for food purchases in March and will receive assistance to supplement their diet. There are some households that, although they require it, will not receive assistance and they will resort to coping strategies to meet food needs, which is abnormal during this season. The start of the lean season, which this year will begin two months early in February, will increase demand for basic grains and also slightly increase their price.

For the second quarter, households will resort to coping strategies which are common during this season, such as reducing the amount of food consumed, replacing more expensive foods for cheaper options, and selling small animals. Some food needs will also be met through receiving assistance. In this account, although they remain moderately food insecure, the poorest households in the region will see a worsening of their dietary restrictions as the outlook period progresses.

Table I. Less likely events over the next six months that could change the above scenarios

Area	Event	Impact on food security results
Peten and North Transversal Corridor	The total absence of rains in this area in mid-January.	It would cause a decline in bean production, which would increase the price due to a decrease of supply on the market. Price increases would affect very poor and poor households who are highly dependent on purchases for their food, especially in the western and eastern regions.
All areas	The amount of maize from Mexico does not increase.	The reduction in the availability of grain in the national market, due to this year's losses, will not be compensated and prices will increase significantly, making economic access to food difficult for the poorest households.