



USAID
FROM THE AMERICAN PEOPLE



ECONOMIC GROWTH GUATEMALA

USAID economic growth programs create jobs and boost incomes, improving living conditions for Guatemalans and reducing the need to migrate.

Lack of economic opportunity is the single largest driver of irregular migration from Guatemala. USAID promotes economic development in Guatemala by expanding markets for Guatemalan produced goods, improving access to finance, and supporting policy reform to improve the businesses climate. In order to address underlying factors constraining broad-based economic growth, USAID activities align with key Government of Guatemala priorities: private sector investment and job creation.

USAID works jointly with local communities to develop market-led local solutions to development challenges and support sectors of the economy that have a high potential for job creation. USAID supports the growth of micro, small, and medium-size enterprises, critical engines of economic growth in Guatemala, to expand employment opportunities and raise incomes. Particular attention is given to intermediate and emerging intermediate cities. USAID also helps expand economic opportunities and access to vocational training for Guatemala's youth and indigenous populations who often face additional hurdles to entering the labor market.

This approach provides tools and resources for Guatemala to strengthen its 'knowledge capital' through a focus on three strategic, asset-building areas: financing, innovation, and education.

CONTEXT AND CHALLENGES

In 2018, the economy created only one new job for every 15 people entering the job market. Approximately 70 percent of Guatemala's economy is informal, characterized by low productivity, wages, and competitiveness. Without access to local economic opportunities, Guatemalans are migrating to other countries.

Guatemala's population is young and rapidly urbanizing, with over half the population living in urban areas and over sixty percent under 25 years of age. Much of Guatemala's workforce lacks sufficient education and training, access to financial services for small and medium-sized businesses is limited, infrastructure connecting cities is outdated, and regulations inhibit investment. While agriculture is the most labor-intensive sector in the Guatemalan economy—employing 33 percent of the population—it only contributes 13.5 percent to the gross domestic product and offers limited opportunities for prosperity and growth. This landscape makes it difficult for Guatemalans to attain a better quality of life, and by one estimate, has driven 1.5 million Guatemalans to emigrate in the last 20 years.

INCREASED ECONOMIC PROSPERITY

USAID partners with Guatemala's private and public sectors to strengthen value chains (agriculture and non-agriculture), support small and medium businesses and improve economic opportunities for youth. Additionally, USAID partners with the government and local communities to address food insecurity, chronic malnutrition, and to support co-management of forests and conservation of biodiversity.

PRIVATE SECTOR PARTNERSHIPS

Private enterprise is a powerful force for improving lives and strengthening communities. USAID works to create substantive relationships with U.S. and Guatemalan private sector entities to identify shared interests in implementing market-driven solutions to development challenges. USAID/Guatemala's goal is to engage private sector counterparts to expand trade, investment, and job creation, while moving into promising new sectors like forestry, beverage and food processing, information technology, and tourism. USAID strengthens private sector investment in areas of high out-migration, prioritizing those geographic areas where the local/national government will also invest.

INSTITUTIONAL STRENGTHENING

USAID strengthens public administration through improved tax collection, planning, and policy development. USAID also improves the provision of services by strengthening national-level service delivery, supporting the decentralization of basic services, and bridging service provision with indigenous systems and institutions. USAID connects the citizenry and the government to improve participation in social auditing of government services, decision-making processes, and awareness of citizen responsibilities.