Feed the Future Enabling Environment for Food Security Project

Enabling the Business of Agriculture Data Snapshot: Guatemala

The World Bank’s Enabling the Business of Agriculture Index (EBA) is a unique tool for measuring the ease of doing agribusiness. EBA data, coupled with contextual analysis and consultations with key stakeholders, can inform priority reforms and allow for transparent result tracking over time and across countries. The index scores, on a scale of 0-100*, the strength of the legal and institutional environment for agribusinesses across eight topics: seed, fertilizer, machinery, finance, markets, transport, water, and ICT. Scores and detailed topical data can be used to inform design and monitoring of Feed the Future’s (FTF) agricultural reform efforts. As seen in the graphic, Guatemala performs exceptionally well in enabling access to seed, fertilizer, and markets. The country underperforms in enabling access to agricultural machinery, governing transport of agricultural products, and water management. On the whole, scores highlight weaknesses in Guatemala’s registration and licensing regimes, as well as weaknesses in quality control measures. The following sections take a deeper look at selected EBA data relevant to USAID/Guatemala.

Guatemala’s transport scores reflect a weak regulatory regime covering both domestic and cross-border travel. Domestically, Guatemala only follows 3 of 11 best practices. Truck licenses are not required, though some guidelines are provided for the transport of agricultural products. By comparison, Nicaragua follows 8 of 11 best practices in governing domestic transport with affordability and efficiency. Guatemala does not perform much better in governing cross-border trade of agricultural products, adhering to just under half of the nine best practices. Cross-border truck license laws are missing and transit rights limited to certain routes or corridors. Colombia, on the other hand, follows nearly all best practices with an efficient and affordable cross-border licensing regime and licenses valid for five years.

Score: 18/100

Markets indicators measure laws and regulations that impact access to agricultural markets for producers and agribusinesses. Guatemala performs relatively well in this area, particularly in agricultural export regulations. No price regulations or licensing requirements are placed upon traders. As a result, the export of agricultural products is efficient and affordable. On the contrary, Guatemala has a weak legal framework that governs the establishment of producer organizations. Specifically, Guatemala could raise its producer organization score (54/100) by adding a clause to comply with the principle of nondiscrimination, as in Mexico.

Score: 72/100

*The distance to frontier score compares a country’s performance to the highest performing country ("frontier"). The higher the score, the more of a top performer the country is in a particular area.
Guatemala’s fertilizer registration procedures are streamlined, cost-effective, and valid for 10 years. Once registered, Guatemala boasts a perfect score for its fertilizer quality control measures, including legally prohibiting and enforcing the sale of fertilizer products from mislabeled and opened bags. By contrast, fertilizer imports are hindered by cumbersome import permit regulations requiring companies to obtain per-shipment import permits, valid for three months each. On the whole, Guatemala performs well in this area; however, fertilizer scores could be improved by easing import bottlenecks, as well as facilitating easy re-registration of products and issuing an official online catalogue listing all registered fertilizer products in the country.

**Score: 80/100**

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This topic evaluates the regulatory framework for tractors as a proxy for all agricultural machinery. Sub-indicators measure access through import, registration requirements, and quality and safety standards. Streamlined import procedures facilitate easy import into Guatemala, but, once in the country, there are few legal and regulatory controls or safety assurances. Tractors are not required to be registered; subsequently, operational safety, performance, and longevity of machinery are not legally safeguarded in Guatemala. The country has adopted neither national nor international tractor standards; vendors are not required to provide ongoing maintenance service, and type approval requiring certain testing is not required of tractors before they enter the market. These gaps dampen consumer confidence to invest in agricultural machinery. Best practices for tractor registration can be observed in Colombia and Chile.

**Score: 19/100**

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Guatemala does not protect intellectual property rights over plant materials. However, the production of breeder or foundation seed is not prohibited and follows a fairly streamlined registration and approval process. Once produced, limited quality control measures are in place with penalties defined for mislabeled seed packages. Guatemala could generate greater investment in its seed system and promote improved seed quality through adopting a law that grants and protects plant breeders’ rights for at least 20 years, including allowing the licensing of intellectual property rights over plant materials to another party for production and sale of the variety, and requiring plant breeders to retain those records for at least two years.

**Score: 64/100**

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The Feed the Future Enabling Environment for Food Security program is a global support mechanism for Feed the Future focused and aligned Missions to address policies, as well as legal, institutional, and regulatory factors that affect food security. To learn more, please contact Gloria Kessler (COR) at gkessler@usaid.gov or Nate Kline (Chief of Party) at nkline@fintrac.com.