OUR LAND OUR BUSINESS

WORLD BANK'S BAD BUSINESS IN GUATEMALA

A TOP TEN REFORMER

According to the World Bank, Guatemala is one of the countries most open to foreign direct investment (FDI).[1] It is among the top ten global reformers, and the only country in Latin America to appear on the Doing Business 2014's top reformers list.[2] Since the World Bank first introduced the Doing Business survey in 2008, Guatemala has climbed 35 places in the global rankings, shooting from 114 to 79 (out of 189 countries) in 2014.[3] In the past four years, the government has made significant reforms to attract FDI, which consequently increased by 41% between 2009 and 2012 to $1.2 billion.[4] In the agricultural sector, increased FDI—due in part to the adoption of the Central American Free Trade Agreement (CAFTA-DR)—has led to land grabs by large sugarcane and palm oil producers, resulting in the massive and violent displacement of thousands of people.

DOING BUSINESS REFORMS IN GUATEMALA

Despite instances of extensive land grabs and displacement, Guatemala has continued to reform its investment climate under the guidance of the World Bank. The following are examples of what the World Bank considers "good reforms" implemented in recent years.[16]

✓ In 2010, Guatemala eased the permit process with a new land management plan that simplified the process of approval based on a risk assessment scheme; mixed zoning regimes made the process of approval much faster.

✓ In 2010, Guatemala eased the process of "Registering Property" by centralizing more procedures, reorganizing operations, and making greater use of electronic services.

GUATEMALA'S CHANGING LAND MANAGEMENT UNDER THE WORLD BANK'S GUIDANCE

Debt plays a major role in facilitating land grabbing through legal channels. In the 1990s, the World Bank promoted private, individual property rights by giving small farmers access to bank credit,[5] but annual interest rates of up to 26% led many to lose the land they has used as collateral.[6] In 2006, the World Bank committed to a ten year, $62 million project that "aims to foster the process of securing land tenure in seven new departments."[7] In 2010, under the Bank's guidance, Guatemala created a new land management plan that simplified the process of registering property by centralizing and reorganizing procedures, and made the approval process much faster.[8] Further, the implementation of CAFTA-DR provides foreign investors with an export-driven legal framework to attract and protect their investment in Guatemalan land.

DOING BUSINESS AND GUATEMALA'S AGRICULTURAL SECTOR

The Bank-dictated reforms make it easier for investors to prosper in Guatemala, but increasing FDI has serious implications for land grabbing. Indigenous communities are the primary losers. 81,000 hectares of land have been grabbed between 2002 and 2012.[9] In 2006, Carlos Widmann, brother-in-law to then-president Oscar Berger, secured $31

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Find out more and take action at: www.ourlandourbusiness.org million in loans from the Central American Bank of Economic Integration, which has been in partnership with the World Bank since 2009[10] to secure plantation land in the Polochic Valley region in Alta Verapaz. Maya Q'eqchi farmers recall that the resulting mass evictions were similar to evictions during the 1980s civil war, when they were forced to flee to the mountains.[11] Widmann's company, Chabil Itzej, floundered in 2010 and many of the displaced farmers returned to their land. In 2011, Nicaraguan investor Grupo Pellas invested $20 million in Chabil Itzej, once again violently displacing thousands of farmers with paramilitary force.[12] The plantation now controls 5,000 hectares in the region.[13] It is estimated that 11% of regional Maya Q'eqchi households lost their land in the past decade, mostly for sugar and oil palm agribusiness.[14] Between 2003 and 2012, the area under oil palm production increased by over 200% from 31,185 to 110,000 hectares.[15]

ENDNOTES

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