

# Rethinking a Model for Peace in Guatemala



The 1996 Peace Accords recognized that there could be no peace without resolving land issues. (CIDA Photo: Patricio Baeza)

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Guatemala is facing an increasing number of land invasions and seizures by Indigenous farmers frustrated by the slow pace of land reform promised in the 1996 Peace Accords. For example, in April 2002, hundreds of landless farmers occupied 14 strips of land in the department of Alta Verapaz.

"We are within our rights," said Transito Ramirez to an Associated Press reporter as he occupied Las Quebradas, a farm in Morales, 250 kilometers northeast of Guatemala City. "This is land of our grandparents, but they took it and left us with nothing, with nowhere to live and work."

To help improve the system for land reform, two Guatemalan nongovernmental organizations (NGOs) conducted research to pinpoint problems with the current system and suggest alternatives. The researchers examined in detail the work of the institution responsible for redistributing land in Guatemala. Their results point to areas for change and raise difficult questions about the market-driven model that is at the core of Guatemala's land reform system.

## **Land and civil war**

Land is a contentious issue in Guatemala and was a fundamental source of conflict in the Central American country's 40-year civil war, which ended in 1996. To benefit a small Guatemalan elite, land had been confiscated regardless of legal titles or traditional, communal ownership by the country's Indigenous peoples, who make up the majority of the population.

Even today, 2% of the population controls 70% of the land, using it primarily for export products. According to Guatemalan statistics, 96% of agricultural producers work just 20% of the land, primarily as subsistence farmers.

The vicious way Guatemala's elite protected its ownership of land pushed Guatemala to the top of the world's list of human rights violators. For example, in May 1978, 100 peasants in Panzos, Alta Verapaz were massacred for protesting the fact that their communal land had been confiscated and taken over by army officers. What followed was a dark period in Guatemalan history that included

a "scorched earth" policy to destroy more than 400 villages. By the middle of the 1990s, more than 150,000 people had been killed, a million internally displaced, and 45,000 others forced into exile in Mexico.

## **Land and the Peace Accords**

The 1996 Peace Accords recognized that there could be no peace without resolving land issues. The negotiated settlement between the government, armed opposition, and civil society included agreements to establish a land fund, distribute farmland to poor farmers, create a rural property registry for legal land titles and for resolving land disputes, and confiscate unused farmland or illegally obtained land. It also included an agreement to introduce a land tax. The creation of the land fund, FONTIERRAS, was the most significant step the government of Guatemala took to respond to these commitments.

FONTIERRAS is an autonomous government agency authorized to purchase farmland for redistribution to poor farmers. But by October 2001, only 9,874 families had benefited from FONTIERRAS' activity. By 2006, more than 350,000 additional families are expected to want land but FONTIERRAS is expected to be able to satisfy only about 2% of this demand.

"The government has not allocated sufficient resources in their budget for FONTIERRAS," says Sergio Funes, a former director of FONTIERRAS. "This year, FONTIERRAS received only 93 million quetzales (CAD\$20 million) to buy estates, which would buy between 15 to 20 estates. Currently, there is demand by groups to buy 700 estates, which would require about 1,000 million quetzales (CAD\$190 million)."

## **Independent study**

With the support of Canada's International Development Research Centre (IDRC), two Guatemalan organizations embarked on an independent study of FONTIERRAS. A network of Guatemalan NGOs and cooperatives — Coordinator of Non-Governmental Organizations and Cooperatives (CONGCOOP) — worked in collaboration with the National Coordination of Peasant Organizations (CNOC) to carry out the research and generate options for change.

Researchers interviewed representatives of international financial institutions such as the World Bank, civil servants at FONTIERRAS, members of the private sector, and experts on land policy and markets. Workshops were held to gather information from the members of 23 communities. Eight communities that had benefited from FONTIERRAS were also studied in detail.

The research report, *FONTIERRAS: The Market Model and Access to Land in Guatemala*, pinpointed significant problems with how FONTIERRAS functions. It revealed poor quality technical assistance, inefficient bureaucracy, and corruption. However, the research also showed that the most fundamental problems were associated with the market-assisted model underpinning FONTIERRAS' operations.

"It's not so much that FONTIERRAS itself is the problem," says Susana Glauster of CONGCOOP, "rather it is the market-assisted model that exacerbates the problems of FONTIERRAS."

## **Problems with the market-assisted model**

At its core, the market-assisted model promoted by international financial institutions depends on voluntary and negotiated transactions between the buyers and sellers of land, while allowing for

grants to the landless poor to purchase land. It assumes a well functioning land market will lower transaction and land costs while efficiently distributing land.

But as the researchers point out, the Guatemalan government is not supporting the conditions required for a market-assisted land policy to function effectively. By not enforcing taxes on land, the government effectively continues to heavily subsidize rural elites.

"A market-assisted model is based on supply and demand," says Daniel Pascual of CNOC, "but in Guatemala you have demand for land but no supply. There are no incentives to sell because there are no land taxes."

As a result, there is a significant shortage of land for sale — and good quality land is particularly scarce. "We looked at the land that FONTIERRAS has listed," says Byron Garroz of CONGCOOP, "and most of it is of very low quality."

The question of why land is not coming to the marketplace needs to be addressed in light of the market-assisted model, says Glauster. The answer could be of interest to other countries facing similar problems with market-assisted land policies.

### **Results of recommendations**

The research findings are exerting some influence on international financial institutions, says Garroz. At first, the major international financial institutions would not directly discuss problems associated with the market-assisted model. However, he says, at meetings, representatives are now more open to these discussions because of research results such as were generated by CONGCOOP and CNOC.

In addition, many of the research report's recommendations on how to resolve specific technical problems are being implemented by FONTIERRAS, says Funes. These recommendations relate to how the organization delivers services, for example, the way technical assistance is delivered to farmers and how the fund is financially administered.

"It is a very important study, because it clearly defines how FONTIERRAS can be reformed," says Funes. But, he adds, the research also shows that "a lack of financial resources endangers the institution of peace and stability."

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## **For more information:**

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