

Project Fact Sheet

Building Human and Economic Capital: A Strategy for Guatemala “Opportunities for My Community”

Development Challenge

More than 50% of Guatemala's Gross Domestic Product (GDP) relies on labor-intensive activities such as agriculture, tourism, and economic enclaves in the 'maquila industry' and informal sector. High levels of poverty and low per capita income are in many ways the product of an informal, uneducated, unskilled and underpaid workforce.

Access to a knowledge-based economy—one that is based on human capital, innovation and education—remains limited, which makes it very hard for Guatemalans to attain a better quality of life. A lack of better resources pushes people to migrate seeking better economic opportunities rather than simply staying in low paid employment.

Given the presence of a sizable migrant population remitting to nearly 200,000 households in the Western Highlands, with resources that generate important stocks of savings, it is important to integrate migration into development strategies.

“Opportunities for My Community”

This project introduces an innovative, three-year strategy to promote development in Guatemala integrating migrants and remittances—particularly, through savings formalization and investments in education—to build both human and economic capital.

The initiative focuses on Guatemala City and eleven municipalities in the Western Highlands, which include many of USAID's Western Highlands Integrated Program (WHIP) priority municipalities, as well as municipalities with high levels of emigration.

The project is working in partnership with local financial institutions, schools, and non-governmental organizations (NGOs), to improve levels of economic growth and social development, and provide tools and

resources to strengthen Guatemala's 'knowledge capital' through a focus on three strategic areas:

- Financing
- Innovation
- Education

Project Impact:

The project aims to leverage migrant investments and remittances by integrating them into the financial sector and mobilizing the resources for local development. With an emphasis on education and skills formation, the strategy also creates a new model for much-needed investments in services and the knowledge economy.

The project links migration and development through four components:

1. **Financial education for remittance recipients**, which is expected to reach over 120,000 participants and bring at least 20,000 into the financial system, formalizing around US\$6 million in savings.
2. **Access to credit for small and medium enterprises (SMEs)**, especially those in the knowledge economy. By mobilizing deposits into credit, the project is expected to finance about 120 SMEs.
3. **Diaspora outreach for education in Guatemala**. Foster partnerships between diaspora and money transfer companies to support investments in education in Guatemala.
4. **After-school programs in areas of high emigration**. By expanding the access and quality of after-school programs for youth, the project is expected to benefit 5,000 students in at least ten communities over the course of three years.

