

UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY

Proposal for Review

Country: Guatemala

Project Title: Enabling Guatemala to Prepare Its First National Communication in Response to Its Commitments to the UNFCCC

GEF Focal Area: Climate Change

Country Eligibility: Eligible under financial mechanism of the UNFCCC
 Eligible under paragraph 9 (b) of the Instrument

Date of Ratification: 15 December 1995

Total Costs: US \$ 326,000

GEF Financing: US \$ 326,000

Counterpart Financing: n.a.

GEF Implementing Agency: UNDP

Executing Agency: Government of Guatemala

Local Counterpart Agency: CONAMA

Estimated Starting Date: January 1997

Project Duration: 2 years

BACKGROUND AND PROJECT CONTEXT

The Republic of Guatemala is located at the northern end of Central America, stretching between 13° 44' and 18° 30' northern latitude and between 87° 31' and 92° 3' western longitude, and bordered by the countries of Mexico, Belize, Honduras and El Salvador, with the Caribbean Sea to the east and the Pacific Ocean to the southwest of the country. Politically and administratively, the country is divided into 22 states and 330 municipalities. The official language is Spanish and the national currency quetzal (\$1 = Q6.10 in July, 1996).

Guatemala is a biologically diverse country, where dry and humid mountain forests abut lowland forests, in geomorphologic patterns which stretch from the highlands to the coastal plains, and constitute an extraordinary ecological gradient. The topography of Guatemala leads to a variety of climates, characterized as temperate in highlands and subtropical in lower altitudes. The year is divided to a rainy season from May to October and a dry season from November to April. The total land area is 108,889 km², of which arable and permanent crop land accounted for 17%, and forestry and woodlands 33%, in 1992.

The estimated population was 10.6 million people in 1995, of which some 40 % lives in urban areas. The population continues to grow rapidly, with an average annual increase of 2.9%. Over half of the population are indigenous groups of Maya origin living in the *altiplano* in the west and north, and speaking as a native language one of the 22 Mayan languages.

Economy

A range of development indicators classify Guatemala as a developing country. According to UNDP's 1995 Human Development Report, Guatemala's human development index is 0.591 corresponding to 112th in the world rankings.

Guatemala's economic policy in the 1990s has been characterized by a conservative fiscal and monetary stance, commitment to the free market reducing the role of the state, and support for regional initiatives on trade liberalization. In 1991-94, the GDP growth averaged 4.1% a year corresponding to 1.2% a year per capita.

In 1994, economic activity in Guatemala was distributed among the service sector (55.9%), farming and animal husbandry (24.4%), and the industrial sector (14.3%), expressed as percentages of the GDP. About 58 % of the workforce was employed in the agricultural sector, 23% in the industrial sector, and 12% in the service sector. The economically active population reached 29%.

Foreign exchange earnings are derived primarily from agricultural exports (coffee, sugar, bananas, meat, cardamom and cotton). In the last few years, non-traditional exports have grown, and tourism has become the third largest generator of foreign exchange, earning almost US\$185.7 million in 1994 (through September).

Environmental subsector

Throughout the eighties, environmental conservation in Guatemala consisted of discrete and uncoordinated activities, undertaken by different governmental and non-governmental organizations. The 1985 constitution defined state responsibilities for environmental affairs, and in 1986, congress declared the Law for the Protection and Improvement of the Environment (Law 68-86). This law ordered the establishment of the National Environmental Commission (CONAMA) as a coordinating body for national environmental efforts. Subsequently, the Law of Protected Areas (Law 4-89) of 1989, helped create the National Council of Protected Areas (CONAP), as the most important coordinating body of the Guatemalan System of Protected Areas (SIGAP) with national parks jurisdiction.

ASOREMA (Asociacion de Organizaciones Voluntarias del Medio Ambiente) is an association of Guatemala's environmental NGO's.

Energy Sector

Guatemala's total primary energy consumption was estimated to 4.7 Mtoe in 1995. Around 90% was covered by domestic production: fuel wood, bagasse, oil and hydropower. The rest of country's energy needs were met by imports of oil.

The domestic oil production rose by 29% in 1995 to 3.4 million barrels a year. Several US and Canadian companies have been awarded exploration contracts since 1992, but all the producing wells are currently operated by only one company. Five sites are producing natural gas with an average annual output of 8 million cubic meters.

Hydropower is accounting some 50% of the country's total electric capacity of 960 MW. The state electricity company, the Instituto Nacional de Electrificación (INDE) remains the largest electricity generator, but a number of US companies have moved in as a result of Government's policy to open up the energy sector for private investments. Currently, the private sector is accounting for some 200 MW of the total production capacity. The average annual increase of the capacity is estimated to 50 MW a year, consisting mainly of thermal power plants.

The Ministry of Energy and Mines is responsible for the overall coordination and policy formulation in the energy sector.

Regarding the promotion of the use of renewable energy sources other than hydropower, cooperation with the USAID, US/ECRE (United States Export Council for Renewable Energy), NRECA (National Rural Electric Cooperative Association), Winrock International, and Fundacion Solar (a Guatemalan based NGO) has been established.

Agriculture and Forestry

Guatemala's agricultural sector is dominated by its main export crops. Sugar cane and bananas are grown in the fertile Pacific and Atlantic coastal areas, and coffee and cardamom are cultivated on the lower slopes of the mountains. In recent years, non-traditional exports have grown in importance, among them vegetables, fruits, plants and flowers.

The forest and woodland area was estimated at 3.6m ha in 1992, with a deforestation rate of 90,000 ha annually. Collection of firewood is estimated to be responsible of some 60% of the deforestation with timber production accounting for the remainder. The most valuable timbers are mahogany and cedar.

The Ministry of Agriculture is responsible for the overall coordination and policy formulation in the agricultural sector.

Institutional Framework and Initiatives Relevant to Climate Change

Guatemala ratified the United Nations Framework Convention on Climate Change on 15 December 1995 and it entered into force on 14 March 1996. As a Party to the Convention, Guatemala has committed to produce a national communication to the Conference of the Parties within three years of the entry into force of the Convention. Thus, the due date for Guatemala to submit the national communication is on 14 March, 1999.

The establishment of the National Climate Change Committee (NCCC) is in process in Guatemala. The composition of the NCCC is still under discussion. For instance, the participation of the institutions other than key ministries such as academic institutions, environmental NGOs, and private sector representatives was still unclear at the time of the project preparatory mission.

The GEF operational focal point in Guatemala is CONAMA.

The National Institute for Seismology, Vulcanology, Meteorology and Hydrology (INSIVUMEH) has been involved in studying the potential impacts of climate change in Guatemala supported by the US Country Study Programme. The study focused on agriculture, coastal zone and water resources, and was carried out simultaneously in seven Central American Countries under the overall coordination of the Central American Council on Environment and Development (CCAD) and the Regional Committee of Water Resources (CRRH).

The establishment of a "Commission for Activities Implemented Jointly" is in process in Guatemala. As a first step, a "Petit Committee" has been established hosted by FUNDESA (Fundacion para el Desarrollo de Guatemala), and with participants from the key ministries, private sector and environmental NGOs.

PROJECT OBJECTIVES

The immediate objective of the project is to facilitate the preparation of the first national communication of Guatemala to the Conference of the Parties (CoP) in accordance with the Article 12 of the UN Framework Convention on Climate Change.

Beside meeting the communication obligations, the project can be seen as an essential exercise to enhance general awareness and knowledge of climate change related issues in Guatemala thus enabling Guatemala to take those issues into account in general planning and strategy formulation for different economical and technical sectors, and also to strengthen its role in the international scientific forums and negotiation processes related to climate change. A part of this task is to

facilitate the dialogue, information exchange and cooperation among all the relevant players in the field including governmental, non-governmental, academic, private and "grassroots" sectors.

Last but not least, the project will establish an institutional framework, and build endogenous capacity preparing ground for eventual additional communication obligations, and for further development and implementation of the identified response measures addressing climate change and its adverse impacts.

PROJECT DESCRIPTION

During the project preparation the following components have been identified to respond to the objectives of the project and to implement the project successfully:

1. Organize the work by: (i) identifying and hiring a competent project manager; (ii) establishing a Project Steering Committee (PSC); (iii) preparing a detailed work plan for the project; and (iv) organizing a project initiation workshop with participants from all the relevant sectors to present the objectives of the project, to clarify links to other relevant ongoing national and international activities, and to clarify the institutional and other practical arrangements to facilitate a successful implementation of the project.
2. Strengthen links to both national and international sources of information, and eventually establish an information center/network with adequate equipment and personnel to facilitate an effective exchange of information between the participating institutions at the national level, as well as to assist them in gaining internationally available information on climate change related issues (e.g., from the USCSP and other bilateral programmes, UNEP, IPCC, CC:TRAIN, international research institutes, ongoing enabling activities in other countries etc.). The potential to use Internet/World Wide Web is evaluated and, to the extent feasible, it will be used to save travel costs and enhance the geographical coverage of available information. In that context, the project will cooperate, to the extent feasible, with the UNDP's SDNP (Sustainable Development Network Programme) and UNFCCC Secretariat's CC:INFO/Web initiatives.

It is foreseen that the network will continue to operate also after the project, thus facilitating interested parties in Guatemala to learn about other national or international activities, and also facilitating interested individuals and institutions outside Guatemala to get information on ongoing, planned or finalized climate change related activities in Guatemala.

4. Organize and undertake a national inventory of greenhouse gases following the guidelines adopted by the CoP. The atmospheric gases to be addressed in the study will include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Other greenhouse gases included in the IPCC methodology will be addressed as seen appropriate
5. Organize and undertake a mitigation analysis following the internationally recognized guidelines and methodologies.

6. Complete the USCSP study on the potential impacts of climate change and adaptation to it with respect to the specific geographical and climatological characteristics of Guatemala. This study will build on ongoing or finalized national and international studies, and will use, as appropriate, existing methodologies and "tools", and results of other ongoing studies like UNEP Country Case Studies on Climate Change Impacts and Adaptation.
7. Organize a workshop (with wide local participation and relevant international partners) to present the results of the project, together with results or status of other ongoing national projects relevant to the issue, and to discuss the results with the objective of formulating a national action plan for effective response measures to climate change (focusing on "win-win" mitigation and adaptation measures).
8. Prepare a national action plan for effective response measures to climate change.
9. Using the outputs of this project as well as results of other ongoing projects, prepare the first national communication of Guatemala to the Conference of the Parties.

The activities will be carried out in sequence so that tasks building on the results of prior activities are only undertaken if these prior steps have been taken. For instance, the mitigation analysis will build on the results of the inventory, and the national mitigation plan on the results of the mitigation analysis. Similarly, the adaptation analysis will build on the results of the vulnerability assessment.

With these activities the project is expected to cover all the steps needed to prepare the first national communication of Guatemala to the CoP.

RATIONALE FOR GEF SUPPORT

The project is consistent with the GEF Operational Strategy and the GEF Operational Criteria for Enabling Activities to provide coordinated and timely assistance to countries to fulfil their commitments to the UN FCCC. The project responds to such objectives by implementing an activity needed to enable Guatemala to prepare its first national communication to the CoP.

SUSTAINABILITY AND PARTICIPATION

The Government of Guatemala fully supports the objectives of this Project and gives a very high priority to it. The Government has also endorsed that the output of the project will be the national communication in compliance with the UN Framework Convention on Climate Change. In financial terms the Government is contributing "in kind" covering the office costs and project support staff.

To facilitate coordination, participation and sustainability of the results of the project, a Project Steering Committee (PSC) will be established with a balanced representation from the key government ministries, academic institutions, environmental NGOs, and private sector representatives. The final composition of the PSC will be decided during the further preparation of the project, but a "short list" of potential candidates for the PSC have been identified as

follows: CONAMA, CONAP, Ministry of Agriculture, Ministry of Economy, Ministry of Energy and Mines, Ministry of Communication, Transportation and Public Works (including INSIVUMEH as a part of it), CONACYT, University of San Carlos, University of Rafael Antigua, CAEM, CACIF, FUNDESA (the last three representing the private sector), ASOREMA, TEKAL, CCED, and UNDP.

In determining the final composition of the PSC, specific efforts will be made to ensure that all the key sectors are equally represented in the PSC, while, at the same time, maintaining a limited number of seats to keep the PSC operational.

It is expected, that after successful completion of the Project, the PSC will continue to deal with UN FCCC related matters on a permanent basis. Also, as already mentioned, specific attention will be paid to the dissemination of, and public access to the available information.

LESSONS LEARNED

The importance of involvement and cooperation of all the relevant stakeholders including key government ministries, NGOs, academic institutions and private sector has been noted and duly reflected in the proposal. The project recognizes the importance of exchange of information and experience at the national level, as well as regionally and internationally.

In implementing the different activities, the project will follow the internationally adopted guidelines and use the existing methodologies and tools whenever available. Technical assistance will be provided by regional and local experts whenever possible.

PROJECT FINANCING AND BUDGET

As an enabling activity related to the communication obligations of Guatemala under the UNFCCC, the “agreed full costs” of the project will be funded by GEF. A detailed budget presented in the format consistent with the cost norms of the GEF Operational Criteria for Enabling Activities is presented as Annex I.

INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION

The Executing Agency of the project will be CONAMA on behalf of the Government of Guatemala. The Project Steering Committee will be charged with overseeing and advising the project execution and will have decision making power over all aspects of the project. The project will also collaborate closely with all the other relevant ongoing projects in Guatemala, both through the Project Steering Committee and between the research teams in order to enable an effective information exchange between the projects and full utilization of their results.

Regarding the international collaboration, working links with relevant regional and international expert institutions will be created, and among others IPCC and UNEP will be consulted when selecting the methodologies for, and implementing the specific activities of the project. The

project will also utilize results and lessons learnt from other ongoing or finalized international projects like UNEP Country Case Studies on Climate Change Impacts and Adaptation Assessment, CC:TRAIN and US Country Study Programme to avoid duplication of effort. As means of identifying and disseminating information, the project will utilize, to the extent feasible, electronic networks such as Internet and cooperate with the CC:INFO and CC:FORUM initiatives of the FCCC Secretariat.

Regarding the regional cooperation links to other Latin American countries such as Costa Rica, El Salvador, Honduras, Mexico, Brazil and Venezuela with ongoing or finalized enabling activities, or ones just to be started will be created and areas for collaboration such as regional training or information exchange workshops will be identified and evaluated.

Monitoring and evaluation

After the detailed work plan has been prepared, an external review on it will be undertaken. The purpose of the review is to identify in the early stage of the project the eventual gaps, overlaps and other risks of successful implementation, as well as to identify potential partners and sources of information of which the project could benefit.

The executing agency together with the Project Steering Committee will be responsible for monitoring the project on a continuous basis. In order to do this, the project manager, with the help of the leaders of the research teams, will prepare regular reports on the progress of the project as whole and the different sub-tasks under it.

For the remaining part, the project will rely on common UNDP monitoring and evaluation practices including a midterm evaluation and a tripartite review to be held within the first 12 months of the start of the full implementation of the project.

**A STANDARD ACTIVITY MATRIX FOR CLIMATE CHANGE
ENABLING ACTIVITIES IN GUATEMALA**

Enabling Activity Commitment	Output (Planning, execution, limited research)	Capacity Building	
		Institutional strengthening	Training
<i>Inventories and Stocktaking</i> Emission inventory - CO2 from energy sources - CO2 from land use change - CH4 from energy source - CH4 from other source - N2O - other sources and gases Vulnerability Assessment - agriculture - forestry - coastal zone - water resources - health impacts - natural ecosystems - other impacts	 X X X X X X US X US US X X X	 X X X X X X US X US US X X X	 X X X X X X US X US US X X X
<i>Identification of Options to Meet the Objectives of the Convention</i> Mitigation Options - energy related : industry : transport : energy supply : residential - non-energy sources : agriculture : forestry : waste management : other - sink enhancement Adaptation Options (stage I)	 X X X X X X X X X X X X	 X X X X X X X X X X X X	 X X X X X X X X X X X
<i>Preparation of a Plan to Fulfill Commitments</i> - national plan for mitigation - national plan for adaptation - limited public awareness building	 X X X	 X X X	 X X X
<i>Preparation of a National Communication</i> - inventory - mitigation options - vulnerability and adaptation - other relevant information	 X X X X	 X X X X	 X X X X

Legend

X activity undertaken in the proposed project

\$\$\$ activities already covered by other projects or programs; following acronyms are used:

ADB = Asian Development Bank

ALG = ALGAS Project

CCT = CCTRAIN

GEF = Other Regional or Country Specific GEF "Enabling" Project

GTZ = German Agency for Technical Cooperation

OEC = OECD/PCC Programme

UNEP = UNEP

US = U.S. Country Studies Program

X(\$\$\$) some preliminary activities have already been undertaken, but additional activities undertaken in the proposed project are needed to finalize the task

NA not applicable

0 not covered

PROJECT BUDGET ACCORDING TO GEF ACTIVITY NORMS IN US DOLLARS

	Output (Planning & Execution)	Institutional Strengthening	Training	Technical & Admin. Support	Total Cost
<u>Inventory/Stocktaking</u>					
-Greenhouse gas inventory	43,000	10,000	20,000	5,000	78,000
-Vulnerability assessment	10,000	10,000	5,000		25,000
<u>Identification of Options</u>					
-Mitigation options	20,000	5,000	10,000	5,000	40,000
-Stage I adaptation	20,000	5,000	10,000	5,000	40,000
<u>Preparation of Plan</u>	25,000	5,000	10,000		40,000
<u>Preparation of National Communication</u>	10,000	5,000	5,000		20,000
<u>Fixed Project Costs</u>					
-Project management	39,500	10,000	9,000	9,500	68,000
-Monitoring/Evaluation	15,000				15,000
TOTAL COSTS	182,500	50,000	69,000	24,500	326,000
Percentage of total budget	56%	15%	21%	8%	100%

Post-It® Fax Note	7671	Date	10/12	Page	1
To	LITA PAPANONI	From	RACHEL GRAHAM		
	NY	Co.	GUATE		
Phone #		Phone #			
Fax #	406-65631	Fax #	957-0304		



COMISION NACIONAL DEL MEDIO AMBIENTE

PRESIDENCIA DE LA REPUBLICA

GUATEMALA

NUEVA DIRECCION
 Av. Av. 6-07 zona 10
 Telefon 241704 - 241722

REFERENCIA: 073-80

Guatemala, noviembre 18 de 1996

Señor
Rafael Asenjo
 Director de Programa GEF-UNDP
 Nueva York, Nueva York U.S.A.

Estimado señor Asenjo:

Después de presentarle un cordial saludo, adjunto sírvase encontrar la Propuesta del proyecto "Capacitación a Guatemala para la Preparación de la Primera Comunicación Nacional, en Respuesta a sus Compromisos con la UNFCCC", (Enabling Guatemala to Prepare its First National Communication in Response to the UNFCCC), el cual someto a su consideración para que pueda ser apoyado por el programa GEF-UNDP.

El proyecto en mención contempla las acciones y actividades que el Gobierno de Guatemala realizará en el marco de sus compromisos con la UNFCCC, lo cual reviste mayor importancia si se toma en consideración que nuestro propósito es articular estas iniciativas al proceso de construcción de la paz que en breve nuestro país estará iniciando.

Al agradecer de antemano el apoyo y la atención que se sirva dar a la presente propuesta, aprovecho la oportunidad para reiterarle las muestras de mi mas alta estima y consideración.

Ing. Juan Francisco Amador F.
 Coordinador Nacional



cc: Mr. Lars Franklin
 Resident Representative PNUD-GUATEMALA