

## Guatemala –National

### SUMMARY

The Guatemalan government provides incentives to landowners/land-users for conservation activities in natural forests (*Forest Conservation Incentives- FCI*) and reforestation of degraded lands (Water and Forests Fund- *Bosques y Agua para la Concordia*) to ensure the protection of water sources and supply for the communities of the country's central and western *altiplano*.

Forest Conservation Incentives are part of the National Forestry Incentives Programme (PINFOR) programme, administered by the National Forest Institute (INAB), with the aim to increase the production and conservation of forest resources. The main focus is the establishment of forest plantations (through afforestation and reforestation) for commercial purposes. However, there is also a Conservation and Protection component. It is possible to receive compensation for environmental services rendered through both reforestation and conservation activities.

### MATURITY OF THE INITIATIVE

Payments for forest conservation began in August 2005 and the Water and Forests Fund was established in September 2005.

### DRIVER

Government interest in extending locally managed protected areas and providing them with increased support as well as in restoring vegetation cover of previously deforested land.

Prior to these government efforts, there was to be a World Bank (WB) / Global Environment Facility (GEF) funded project (approved in May 2003) aiming at establishing and piloting a framework for environmental services markets to sustain local incentives for conservation, whose budget was to be translated into a Programme of Direct Support to Forestry. Due to political difficulties, the loan was cancelled in December 2004. (World Bank, 2005)

### STAKEHOLDERS

#### Supply

Conservation Incentives - landowners within the priority/strategic areas of Totonicapán, Quetzaltenango, San Marcos, Sololá, Chimaltenango, Sacatepéquez, Guatemala and Suchitepéquez.

The forest conservation incentives programme has already benefited 220 public, communal and private landowners (76 municipalities, 63 communities and 81 private landowners).

[http://www.maga.gob.gt/maga\\_portal/index.php?option=com\\_content&task=view&id=13&Itemid=1](http://www.maga.gob.gt/maga_portal/index.php?option=com_content&task=view&id=13&Itemid=1)

Water and Forests Fund - communal and municipal land that had been deforested, particularly where there are water sources supplying rural communities. These areas are designated by the municipalities, in accordance with guidelines from the Ministry of Environment and Natural Resources (MARN)

#### Demand

The local municipalities, on behalf of their citizens (both for water use and landslide risk reduction).

#### Intermediary

direct negotiation between the municipalities and the landowners.

#### Facilitators



- Ministry of Food and Agriculture (MAGA)
- Ministry of Environment and Natural Resources (MARN)
- National Forest Institute (INAB)- which provides support in the design of the strategy and work plan, and identifies the priority areas for reforestation;
- Executive Presidency Secretariat (SCEP), which is responsible for the upholding of the Forestry Law
- National Association of Municipalities (ANAM) which identifies participant landowners and links up the communities with the municipalities- they consider this relationship to be fundamental for the long-term permanence of the plantations
- National Lending Facility (CHN) which is the fiduciary of the fund and responsible for the financial management of the project.

## MARKET DESIGN

### Service

Protection of water sources

Improvement of “water generation” function of forests

Reduction in the risk of floods and landslides, such as the ones that accompanied the hurricane Stan (October 2005) that devastated entire villages in the southwest of the country. Deforestation of the *altiplano* is seen as a major cause of such high vulnerability to the heavy rains.

### Commodity

*Conservation and Protection of Existing natural forests.*

*Reforestation for commercial plantations*

### Payment mechanism

*Intermediary-based transactions*

Forest conservation incentives given to participant landowners, through the municipalities.

Creation of the “Trust Fund Water and Forests for Peace”, with representation from several government bodies (see facilitators) and financed through allocation of public funds.

### Terms of payment

Forest conservation incentives are regular cash payments. It is unclear how payments are made in the case of the reforestation activities. Landowners are responsible for plantation and maintenance; the municipalities are responsible for setting up nurseries to supply trees and ensuring the long-term sustainability of the reforestation work.

### Funds involved

unclear

## ANALYSIS OF COSTS AND BENEFITS

### Economic

No information.

### Environmental

Expected benefits:

Forest conservation incentives: conservation of 13,000ha of natural forest and protection of 1,200 water sources.

Water and Forests Fund: where there are important water sources for nearby communities - aims to reforest over 25,000 ha; in 2006 their target is to plant 50 million trees



## Social

The Fund for Forests and Water is also developing a capacity-building programme to facilitate the public's access to these conservation and reforestation incentives. It aims to reach 500,000 people

## LEGISLATION ISSUES

Watershed Management is now one of the main concerns of the MAGA and they currently consider watersheds to be productive units that must be managed in an integrated manner.

## MONITORING

No information.

## MAIN CONSTRAINTS

No information.

## MAIN POLICY LESSONS

No information.

## OTHER INFORMATION

### GEF/World Bank Western Altiplano Natural Resources Management Project

The GEF/WB project aimed to improve the management and conservation of natural resources and biodiversity and the incomes of the people who depend upon these resources in the western Altiplano of Guatemala. The project would have helped to alleviate rural poverty, reduce pressure and improve management of the natural resources base by (...) establishing and piloting a framework for environmental services markets to sustain local incentives for conservation.

The Environmental Services Markets part of the project (Component 3) would have: i) supported the development of the framework for policies and markets for environmental services, through the elaboration of a National Strategy for Environmental Services; (ii) provided local and foreign technical assistance for research and special studies and training for local and national officials working in areas related to development of environmental services policy, legal framework and pilot programs; and (iii) created design and implement pilot projects aimed at developing capacity, methodologies and instruments for market-based incentives for provision of environmental services.

Budget for this component was to be US\$ 2.3 million (the smallest share of the total budget, equivalent to less than half of the amount attributed to project administration and Monitoring and Evaluation). World Bank (2003)

However, the World Bank proceeded to cancel the loan due to "i) the government's failure to gain consensus and obtain the legislative approvals required for project effectiveness prior to the national elections and change of administrations and (ii) the very difficult fiscal situation the new government inherited, requiring austerity measures that forced the sectoral ministries to reassess their priorities." World Bank (2005)

## CONTACT

No information

## REFERENCES

World Bank (2003) Guatemala - Western Altiplano Natural Resources Management Project- Project Document. [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2003/05/07/000160016\\_20030507154030/Rendered/PDF/256601GT1Weste1s0Management0Project.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2003/05/07/000160016_20030507154030/Rendered/PDF/256601GT1Weste1s0Management0Project.pdf)

World Bank (2005) Project Completion Note on a loan in the amount of US\$ 32.8 million to the Republic of Guatemala for the Western Altiplano Natural Resources Management Project (Loan 7175-GU). June 24, 2005. World Bank [http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/07/06/000090341\\_20050706092500/Rendered/PDF/32736.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/07/06/000090341_20050706092500/Rendered/PDF/32736.pdf)



MAGA (2005) *Pago de Incentivos Forestales*- website news release.  
[http://www.maga.gob.gt/maga\\_portal/index.php?option=com\\_content&task=view&id=13&Itemid=1](http://www.maga.gob.gt/maga_portal/index.php?option=com_content&task=view&id=13&Itemid=1)

## LINKS

World Bank website. [http://www-wds.worldbank.org/servlet/WDS\\_IBank\\_Servlet?pcont=details&eid=000090341\\_20050706092500](http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000090341_20050706092500)

MAGA- Website of the Ministry of Food and Agriculture. [www.maga.gob.gt](http://www.maga.gob.gt)