



The World Bank



**Guatemala—Global Environment Facility (GEF)
National Dialogue Initiative**
*Ministry of the Environment and Natural Resources
with the support of the United Nations Development Programme*

Aide-Memoire/Road Map

(a) Background

The GEF initiated a process of strategic dialogue with governments and civil society worldwide with a view to promoting better understanding of the Facility among its beneficiary countries. Dialogue in the Central American Region began in Guatemala following a request from the Government through the Ministry of the Environment and Natural Resources (MARN), which acts as the Facility's focal point. The objectives of the National Dialogue Initiative, which was held in Antigua, Guatemala from December 1 to 3, 2004, were:

1. Promoting in-depth understanding of the GEF's strategic directions, policies, and procedures;
2. Strengthening country coordination and ownership in GEF operations, and sharing lessons learned from project implementation; and
3. Securing greater mainstreaming of GEF activities into national planning frameworks, and coordination and synergies among GEF focal areas and convention issues at the national level.

The methodology used in the national dialogue to achieve these objectives, as well as to prepare a road map that better defines future joint priorities, took the form of a series of presentations and discussions organized in three parts. Part I was delivered by the GEF Secretariat, its implementing agencies, (UNDP, UNEP, and the World Bank) and the executing agencies of GEF projects in Guatemala, (Small Grants Programme, RECOSMO, Energy for the Poor, Adaptation to Climate Change, and Private Sector and Investment in Sustainable Productive Practices). Part II was led by the Government of Guatemala and specifically by MARN, the National Council for Protected Areas (CONAP), and the Planning and Programming Secretariat (SEGEPLAN). In Part III, the presentations and discussions led to major findings and conclusions on each one of the objectives set. The aim of this Aide-Memoire/Road Map is to stake out the ground to be covered by the country in order to achieve greater effectiveness and efficiency in applying GEF funding in current and future projects.

(b) Part 1 – General Scope of the GEF

The GEF is a co-financing mechanism designed to leverage counterpart funds from governments, NGOs, banks, bilaterals, and multilaterals, such funds being geared toward helping meet obligations under international environmental treaties and agreements, including:

- The Convention on Biological Diversity (CDB)
- United Nations Framework Convention on Climate Change (UNFCCC)
- Stockholm Convention on Persistent Organic Pollutants
- United Nations Convention to Combat Desertification (UNCCD)

The GEF also provides financial assistance to meet the obligations of other treaties and agreements in order to attain shared objectives, as in the case of the Convention on International Waters and the Montreal Protocol. Specifically, the focus of the GEF is on the following Focal Areas:

- Biodiversity
- Climate Change
- International Waters
- Persistent Organic Pollutants
- Soil Degradation

Each of these Focal Areas has its Operational Programmes, which also encompass the Strategic Priorities. It is these GEF Strategic Priorities (see Annex 1) that on a daily basis most determine how the Facility invests, particularly in light of the need for rigorous accountability given the growing demand for funds on an international scale.

The strategic approaches for the 2003-2006 investment cycle include:

- Sustainability of results and their replicability
- Strategic longer-term approaches to building institutional capacity and favorable environments
- The importance of mainstreaming environmental issues in other sectors
- Private sector participation
- Sustainable use and equitable benefit sharing
- Mainstreaming of the environmental issue in the development agenda
- Dissemination tools, lessons, and best practices
- Linkages among GEF focal areas

It is clear that the GEF does not address national development problems, it only finances the overall environmental benefits related to national projects, and in doing so applies the concept of incremental costs. Some of the burning issues currently related to the GEF and that will determine the level of financing for Guatemala in the future are:

1. General Assembly investment allocations for the 2006-2009 cycle
2. Funds allocated to individual countries (“Resource Allocation Framework”)
3. Monitoring and Evaluation
4. Current successes of the portfolio being implemented

Some of the issues that came to the fore at the first plenary had to do with the meaning of “incremental costs,” the importance of promoting governance and the participation of indigenous peoples in the initiatives, the role of the Scientific and Technical Advisory Panel (STAP), the future of a Persistent Organic Pollutants intervention in Guatemala (quite likely in the form of an enabling activity to lay the institutional groundwork and articulate the need to consider sustainability issues and private sector participation), and giving consideration in projects to issues such as paying for environmental services.

Mr. Mario Ramos of the GEF Secretariat also directed those in attendance to the Facility's webpage to familiarize themselves with the latest agreements reached in the GEF Council during the week of November 22.

(c) Part 1—Scope of the GEF as it relates specifically to projects being implemented in Guatemala

During the first day's afternoon session, Rita Mishaan of MARN presented the portfolio of GEF projects being managed in Guatemala. Short presentations were given afterwards on five projects under way in Guatemala, which are being carried out with GEF funds and administered by the UNDP and the World Bank (IFC). Each presenter shared the main lessons learned as well as the innovations and outcomes of the projects thus far, and also pointed out some of the weaknesses or difficulties associated with GEF financing.¹

The fact that human and institutional capacities had been built up over the years was highlighted as one of the major achievements. It also led to the emergence of a social environment conducive to good governance so as to better promote the management and conservation of natural resources and access to energy services.

Among the weaknesses associated with GEF financing the following bear mention:

1. Sluggish fund approval and disbursement processes
2. Frequent inability to guarantee the financial sustainability of projects
3. Too fine a line between what is understood by development and incremental costs associated with biodiversity conservation
4. Failure to exchange lessons learned among ongoing projects in the GEF portfolio

Issues related to the selection criteria for future projects, the broadcasting and dissemination of information, the leadership assumed by the MARN to influence supply and demand in the future, and the monitoring and evaluation system required by the GEF during the project implementation phase were raised in a general discussion. Some concern was expressed at the fact that the GEF is always seeking quantitative data to conduct its impact assessments, whereas in a multicultural country such as Guatemala significant qualitative advances might have occurred, such as advances in human or institutional capacity building. This is especially relevant in countries with different local mindsets and scant familiarity with quantitative data and statistics. The GEF's response in this area is with cold evaluation mechanisms and linear processes that contrast with the cosmovisions of the indigenous peoples in rural Guatemala.

Regarding the rationale of the GEF Guatemala portfolio, it was explained that the portfolio followed the eligibility criteria of the GEF, which took into account the priorities of the Government and the implementing agencies, as well as the country context. On the matter of the long processing times, it was explained that efforts were being made to speed up the processes through (1) interconnecting the services offered by the agencies and the focal areas of the GEF; (2) standardized formats; (3) more communication and coordination among agencies and the GEF; and (4) swifter internal administrative processes in the agencies.

(d) Part 2—National priorities and lines of action

The Government of Guatemala, as part of its "Vamos Guatemala" (Let's Go Guatemala) Economic Revitalization Plan, came up with three major components: Guate-Solidarity, Guate-Grows, and Guate-Competes. Through Guate-Green, the Ministry incorporated environmental issues in a cross-cutting manner as followings:

Guate-Green Solidarity: This component includes environmental actions and projects dealing with:

- Social and environmental vulnerability
- Education and training
- Basic social services

¹Powerpoint presentations of these projects are included on the CDs of the event that were distributed there.

- Sustainable productive rural projects

Guate-Grows Green: This component identifies and supports opportunities based on environmental goods and services, and promotes environmentally responsible investment and production. The projects under this rubric relate to:

- Ecotourism and ethnotourism and related activities
- Sustainable forestry management
- Renewable energies and energy efficiency
- Housing and habitat
- Physical infrastructure (roads and ports).
- Environmental assessment

Guate-Competes Green: This component is geared toward increasing competitiveness by tapping the comparative advantage of Guatemala's natural and cultural heritage. The actions and projects included are:

- Increasing the productive value of the country's natural heritage
- Instruments and processes that facilitate business development and sustainable productive investment
- Eco-efficient systems in ecological markets
- Productive activities related to natural capital
- Mixed public and private investment in the country's natural heritage
- Viable financial management of protected areas
- Land-use planning

In addition to ensuring consistency in the treatment of environmental issues across sectors, the Program identifies the national environmental priorities on a thematic basis, namely:

- Institution building
- Biodiversity management
- Coverage management
- Socio-environmental vulnerability
- Pollution management

The matrix below could serve as a guide for a more detailed study of the linkages between national priorities and those of the GEF. The "Xs" show the degree of linkage between these priorities. It is clear that the specific thematic priorities, the country's geographic priorities, the appropriate stakeholders, and the appropriate levels of financing of the projects proposed will all have to be looked at in greater detail and in light of the scope of the GEF.

	GUATE GREEN				
	A	B	C	D	E
GEF	Institutional Issues	Biodiversity	Coverage	Vulnerability	Pollution
1. Capacity building	X				
2. Biodiversity		X			
3. Climate change			X	X	

4. POPs and Ozone Layer				X	X
5. Desertification and sustainable land use		X	X	X	

It was mentioned during the plenary discussion that the Environmental Cabinet should be reconvened and that it is crucial that international environmental agreements already ratified by Guatemala be taken into account.

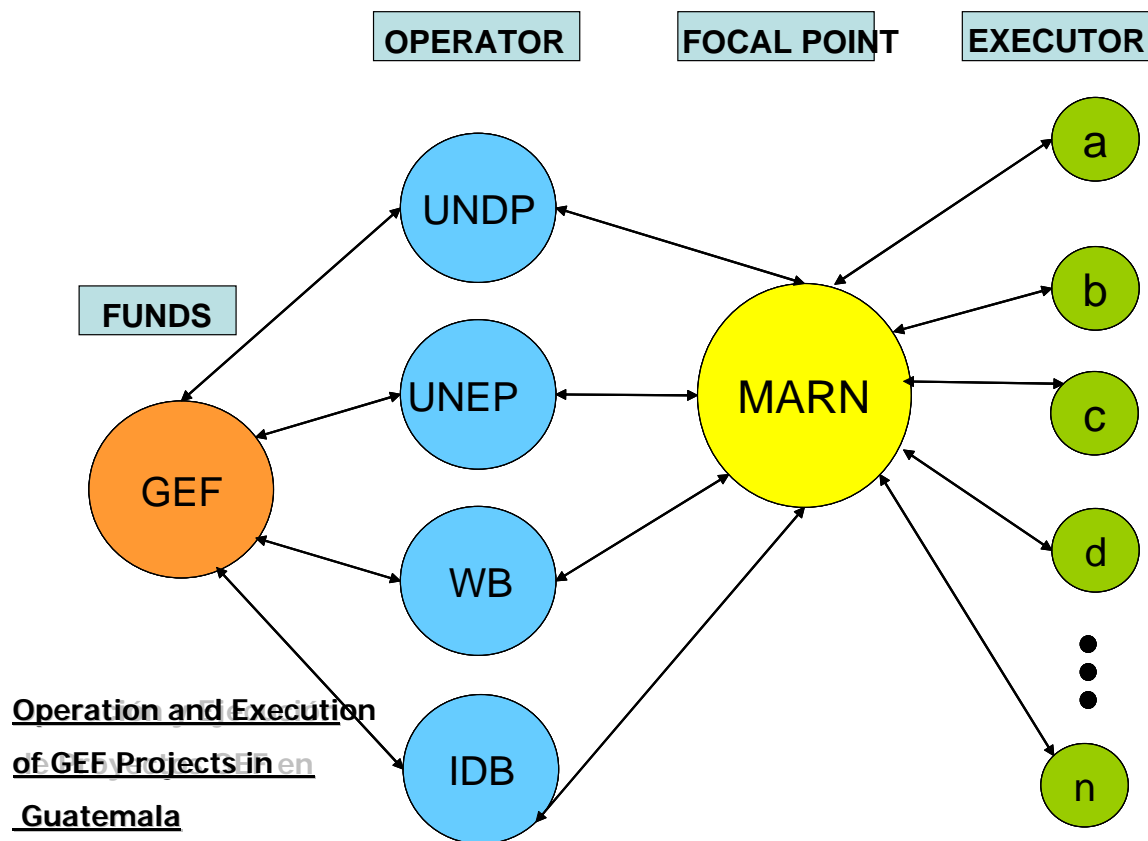
(e) Part 3—Organization for action

It is clear that Guatemala is not starting from scratch as far as strategic environmental planning is concerned, as there are already policy and strategy initiatives in almost all the priority environmental issues areas. It is also clear that GEF financing is not the only mechanism. From this national dialogue, however, some institutional arrangements have been envisaged that may make it possible to facilitate effective management of this and other financial support mechanisms for the environment.

The role of the focal point, in this case the Ministry, is essential and clear in at least 6 basic respects. It is the:

- Owner and guarantor of the political will behind projects
- Promoter of sector leadership in presenting projects and ensuring their management
- Disseminator of strategic information on the Facility
- Monitor and evaluator of projects in light of policy priorities
- Support for training in project formulation
- Broker of international financing for environmental projects from sources other than GEF

So as to have the right organization that can enable the Facility to function most effectively, it is necessary to know how it operates at the country level. The following diagram shows in a general way how the GEF operates through its various operating and implementing bodies.



As is clear from the diagram, sound management of GEF financing as regards project management and implementation depends on the agility of the Focal Point. Recommendations for bringing about greater coordination of initiatives between Guatemala and the GEF are set forth below.

1. Create an Official GEF Single Window at the Ministry. This would be an effective channel for providing information on the Facility to interested parties from other ministries and civil society. The idea is to create something along the same lines as the one at the Ministry of the Environment in Mexico.
2. The formation of an ad hoc Committee comprising government agencies, nongovernmental organizations, and implementing agencies.
3. Training of Ministry staff in GEF procedures and proposal writing.

Proposed activities

- Drafting the terms of reference for the single window, which would include its structure and functions, and establishing the window itself.
- Definition of the terms of reference of the ad hoc Committee, including its functions and powers. Establishment of the Committee.
- Programming and launch of a training program on GEF project formulation and evaluation.
- Definition and start-up of monitoring and evaluation activities relating to the active portfolio, and discussion of the portfolio of projects in the medium and long term.
- Feasibility study on a scientific committee to support the GEF focal point
- Re-instatement by the Ministry of the Donors' Panel for the Environment and Natural Resources

ANNEX 1—GEF Strategic Priorities

BD1: Catalyzing the sustainability of protected areas: Move toward focus on sustainability of national PA systems:

- Demonstration and implementation of innovative financial mechanisms
- Capacity building
- Catalyzing community-indigenous initiatives
- Removing barriers to public-private partnerships*

BD2: Mainstreaming biodiversity into production landscapes and sectors:

- Integrate biodiversity conservation in agriculture, forestry, fisheries, tourism, and other production systems and sectors
- Developing systemic and institutional capacities/removing barriers within national and local government systems, developing partnerships with communities, private sector
- Market incentives in forestry, fisheries, agriculture, tourism – certification, codes of conduct, etc.
- Demonstration (not replication)

BD3: Capacity Building for the Implementation of the UN Convention on Biological Diversity—Cartagena Protocol on Biosafety:

- Development of systemic and institutional capacities for Biosafety

BD4: Generation and Dissemination of Best Practices for Addressing Current and Emerging Biodiversity Issues:

- Improve analysis, synthesis and dissemination
- Scientific and technical cooperation – knowledge networks
- Demonstration projects generating synergies between focal areas
- Vulnerability and adaptation to global change
- Ecosystem approaches
- Identified themes

CC1: Transformation of markets for High Volume, commercial, low GHG products/processes

- Very successful track record (refrigerators, lighting projects)
- Clear niche for UNDP

CC2: Increased access to local sources of financing for energy efficiency & renewable energy

- Industrial Sector Energy Efficiency needs to be linked to local financing
- Activities are only sustainable if local, commercial financing is leveraged into the equation

CC3: Power Sector Policy Frameworks Supportive of Renewable Energy and Energy Efficiency

- To be sustainable, on-grid renewable energy must have support through regulatory framework

CC4: Productive Uses of Renewable Energy

- Productive uses engages community needs beyond individual photovoltaic solar home systems
- Must begin to focus on agricultural processing & rural industry and their energy needs, as well as social issues (e.g. partner with Ministry of Health)

CC5: Global Market Aggregation and National Innovation for Emerging Technologies

- UNDP's projects have tended to focus on on-grid PV projects
- Need to show that the technology is near the market, it has a future, and that the GEF increment will make a difference

CC6: Modal Shifts in Urban Transport and Clean Vehicle Technologies

- Must have a capable partner to move ahead in this strategic priority area.

CC7: Adaptation to Climate Change

–Not yet fully defined

IW1: Catalyze financial resource mobilization for implementation of reforms and stress reduction measures agreed through TDA-SAP or equivalent processes for particular transboundary systems

–Mobilization of resources for implementing policy/institutional/legal reform and stress-reduction of transboundary systems

–Addresses particular transboundary water issues identified by nations

–Addresses in particular overfishing and depletion of water resources

IW2: Expand global coverage of foundational capacity building addressing the two key program gaps and support for targeted learning

(Aimed particularly at Africa, LDCs and SIDS)

IW3: Undertake innovative demonstrations for reducing contaminants and addressing water scarcity issues

–Preventing releases of alien species through ship ballast water

–Avoiding shipping accidents with modern technology

–Reducing contaminants from land-based activities

–Addressing special needs of SIDS

–Resolving conflicting uses of scarce water resources

LD1: Capacity Building

–Mainstreaming of sustainable land management (SLM) into national development frameworks and plans

–Policy and regulatory reforms

–Institutional strengthening

(SP1 projects are typically MSPs and may include NAP completion if covered by co-financing)

LD2: Implementation of Innovative and Indigenous Sustainable Land Management Practices

–Implementation of innovative and/or indigenous on-the-ground investments, and associated capacity building, on SLM