

PRELIMINARY PROJECT PROPOSAL - 1971-1972 PROGRAMPHYSICAL ECOLOGICAL RESEARCH AND DEVELOPMENT

One of Guatemala's more serious economic problems is the little noted deterioration of her magnificent natural resources. Few Guatemalans are conscious of the alarming rate at which nature is being destroyed yet soil erosion, for example, from indiscriminate forest cutting and uncontrolled fires is rapidly exhausting the chance in many areas, long held to be a given, to turn new lands to food production. Lake Izabal, one of the great lakes of Central America, is rapidly filling with silt and polluted matter due both to erosion and to neglect. A major fishing industry potential is being destroyed before it has had the chance to start. There are many more examples of the destruction of natural resources, from ignorance and lack of a program of conservation.

On the other hand, there is the opportunity that lies in the very rich, untapped resources the country possesses in such abundance. Not all land is being eroded, nor so fast that it could not be stopped and the process reversed, with vigorous action. There are vast water resources about which little is known and nothing being done. The potential of the relation between land and water in this country is an unknown and is little thought about except by a few visionaries who wonder wistfully.

Ad hoc efforts at mineral exploration are yielding from promising to exciting results but there is no overall program or plan to come to know what Guatemala's mineral resources are or how they should be managed.

Thus both defensively, in terms of conservation and the restoration of devastated resources, and offensively, in the sense of the enhancement and constructive utilization of resources, -- almost everything is yet to be done. Guatemala is today on the threshold of conscious acceptance of its stewardship of an important part of America -- important to Guatemalans and Americans alike. USAID proposes to help Guatemala set in motion a program of conservation and natural resources development that will stop depletion, and in the end alter altogether the land-people relationship in this country. So far her programs of economic and social growth have assumed a rapidly growing populace related to a static land and water resource base. The "bigger pie" concept certainly should apply here too. The land-people relationship that could be in Guatemala makes it clearly, in potential, a rich country. Not to seek so to make it, mired as we have been in the important but fragmentary pieces and problems like payments balances, coffee exports, Indian "integration" (instead of Indian "rationalization"), etc. would be, at the least, to have missed the basic point of external development aid.

USAID thus proposes to make available to Guatemala in 1971 up to \$50,000 (grant, jointly to the Planning Secretariat, Ministry of Public Works and the National Geographic Institute) to initiate a natural resources evaluation program. Contemplated is a broad survey aimed principally at land

water and forest resources, their state of depletion and their utilization potentials. Involved will be the designation or creation of a Guatemalan institution, at Guatemalan expense, charged with overall responsibility for natural resources evaluation and utilization planning. USAID's \$50,000 would go toward financing the costs of installing a long-term comprehensive system for the analysis of resources, and identifying the problems, opportunities and policies for evaluating them, as well as for planning courses of action.

The Feasibility Studies Loan already approved, and already related to Project 185, would be utilized to finance specific studies suggested as needed by the overall survey. Most, in fact, of this Feasibility Studies Loan will go to natural resource evaluation. The \$6,000,000 loan suggested for FY-1972 is proposed on the assumption that by January 1972 at least one concrete project suitable for AID financing will be ready. While it is expected that the natural resources evaluation program will generate capital projects principally of interest to IDB and IBRD, USAID desires, in addition to sparking the global view, to demonstrate the interest of the U.S.A. in the ecology and environmental problems of Guatemala in a more concrete way than by studies alone. Moreover, we feel that the early projects, particularly those having to do with conservation and water resources management, will be crucial in determining whether and how well Guatemala may be able to get on top of the issues involved. The resources management problem in Guatemala is of a character to test the technology of the most advanced of nations and the continuation of only a laissez-faire "feasibility studies" approach where one hopes there may in the end be an interested capital supplier, is no longer good enough.

USAID does not yet know what the \$6,000,000 loan for FY 1972 might be, but it has already put \$2,050,000 on the line to find out. It will most likely be in either forest conservation or a water-land resources development and management project tied to a particular watershed, or both.

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TO - Guatemala AIDTO-A 112

FROM - AID/W

SUBJECT - Development Planning and Investment (Physical Ecological Research Development) PPP

REFERENCE - 520-11-995-185.4

DATE SENT 8/13/70
X8/18/X28XX

1. The AID/W Evaluation Panel reviewed this PPP on July 29, 1970. It is not approved for implementation.

2. The project appeared to the panel at this time to be too amorphous to be useful. The \$50,000 proposed appears to be too much money for a superficial report based on existing data and not nearly enough for an indepth survey of land, water and forest resources. The panel had no objection to the overall objective of the proposed project, but felt that the course of action was still not sufficiently firm. It awaits with interest the possibility of a considerably more specific PROP.

ROGERS

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