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GUATEMALA

TRADE AND COMPETITIVENESS ASSISTANCE PROGRAM (TCAP) FINAL REPORT

November 3, 2005 - November 2, 2010

November, 2010.

This report is made possible by the support of the American People through the United States Agency for International Development (USAID.) The contents of this report are the sole responsibility of Abt Associates, Inc. and do not necessarily reflect the views of USAID or the United States Government.

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List of Acronyms

ADEX	Asociación de Exportadores del Perú
AGEXPORT	Asociación Guatemalteca de Exportadores
AGIL	Apoyo a la Generación de Ingresos Locales
Als	Active Ingredients
AMIS	Agricultural Marketing Improvement Strategies project
ANACAFE	Asociación Nacional de Café
APAP	Agricultural Policy Analysis Project
APD	Agricultural Policy Development
ARF	Agricultural Research Fund
ASAZGUA	Asociación de Azucareros de Guatemala
BANRURAL	Banco de Desarrollo Rural, S.A
CAMTUR	Cámara de Turismo de Guatemala
CCAD	Comisión Centroamericana de Ambiente y Desarrollo
CCB	Climate, Community and Biodiversity
CFR	Code of Federal Regulations
CGN	Contraloría General de la Nación
CIMMYT	International Maize and Wheat Improvement Center
COCATRAM	Central American Commission for Sea Transport
CONADES	Comisión Nacional para el Manejo de los Desechos Sólidos
CONAP	Consejo Nacional de Áreas Protegidas
COPs	Conferences of the Parties
CUTRIGUA	Consejo de Usuarios del Transporte Internacional de Guatemala
DANIDA	Danish International Development Agency
DIGGARN	Environmental Management and Natural Resource General Direction
DR-CAFTA	Dominican Republic-Central American Free Trade Agreement
EIA	Environmental Impact Assessment
ELE	Environmental and Labor Excellence Program
EPA	Environmental Protection Agency
FAA	Foreign Assistance Act

FEDECOCAGUA	Federación de Cooperativas Agrícolas de Productores de Café de Guatemala
FEDECOVERA	Federación de Cooperativas de las Verapaces
FHIA	Fundación Hondureña de Investigación Agrícola
FIDA	Fondo Internacional de Desarrollo Agrícola
FNS	Food and Nutrition Security
FtF	U.S. Government's Feed the Future Initiative
GANAN	Gran Alianza Nacional
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GIGA	Guatemala Income Generation Activities Project
GOG	Government of Guatemala
IARNA	Instituto de Agricultura, Recursos Naturales y Ambiente
ICTA	Instituto de Ciencia y Tecnología Agrícolas
IDAHEH	Instituto De Antropología E Historia
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IICA	Instituto Interamericano de Cooperación para la Agricultura
INAB	Instituto Nacional de Bosques
INGUAT	Instituto Guatemalteco de Turismo
INTECAP	Instituto Técnico de Capacitación y Productividad
IPM	Integrated Pest Management
IR	Intermediate Results
MAGA	Ministerio de Agricultura, Ganadería y Alimentación
MARN	Ministerio de Ambiente y Recursos Naturales
MEM	Ministry of Energy and Mine
MINECO	Ministerio de Economía
MINEDUC	Ministerio de Educación
MINEX	Ministerio de Relaciones Exteriores
NGO	Non Governmental Organizations
P+L	Producción Más Limpia
PDD	Project Design Document
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan

PESAN	Plan for Food and Nutrition Security
PINFOR	Programa de Incentivos Forestales
PIPAA	Programa Integral de Protección Agrícola y Ambiental
PLAMAR	Plan de Modernización de la Agricultura bajo Riego
PMPs	Pest Management Plans
PRECIS	Providing Regional Climates for Impacts Studies
PRM	Regional Municipal Park System
PRONACOM	Programa Nacional para la Competitividad
PVO	Private Voluntary Organizations
RD	Rural Development
REDD	Reducing Emissions from Degradation and Deforestation
RUMCLA	Master Plan for the Lake Atitlán Watershed Multiple-Use Reserve
SEGEPLAN	Secretaría de Planificación y Programación de la Presidencia
SERVIR	Sistema Regional de Visualización y Monitoreo
SESAN	Secretaria de Seguridad Alimentaria y Nutricional
SIA	Sistema de Información Ambiental
SICA	Sistema de la Integración Centroamericana
SIT	Superintendencia de Telecomunicaciones de Guatemala
SMEs	Small and Medium Enterprises
SO	Strategic Objective
SPS	Sanitary and Phytosanitary Systems
TCAP	Guatemala Trade and Competitiveness Assistance Program
ToR	Terms of Reference
UE	European Union
UEEDICH	Unidad Especial de Ejecución de Desarrollo Integral de Cuencas Hidrográficas
UNDP	United Nations Development Programme
UNE	Unidad Nacional de la Esperanza
UNEP	United Nations Environment Program
USAID	United States Agency for International Development
USDA-APHIS	U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service
VUPE	Ventanilla Única para la Exportación
WB	World Bank
W&CH	Western and Central Highlands



Acknowledgements

In some ways, this is the most difficult section of this report to compose. It is impossible to recognize everyone who deserves such recognition without making the section excessively long or inadvertently leaving names off. In the spirit of brevity and inclusion, Abt Associates wishes to herein say to everyone who has worked to make this project a success a sincere “thank you”.

However, some people have had such a significant role and contributed so enormously to the activity that Abt Associates must mention them by name. First, the entire SO #2 team from USAID/Guatemala, past and present, each of whom has daily provided input and feedback which consistently improved the project and, frankly, made us better at our jobs. Our COTR, Ana Vilma Pocasangre, always available and always supportive, has been the lifeline between the project and USAID. Others within USAID who have contributed significantly to the project include Glenda de Paiz, Teresa Robles, Leticia Teleguario, Patricia de Garcia, Zoila Aurora Letona, and Josefina Martinez.

We also recognize Jim Stein, Charlie Oberbeck, Loren Stoddard, all now in other USAID missions around the world, who conceived the project, made it a reality, and assured a smooth beginning. Rick Garland, currently the man in charge, continues to provide leadership to the entire SO effort. Also, since arriving in USAID/Guatemala less than two years ago, Jennifer Tikka has provided integrity, commitment, vision, and solid management in support of our efforts. To both Rick and Jennifer, we are grateful. We also wish to acknowledge the consistent and valuable support of Alejandra Garcia of the Mission’s Contracts Office. USAID Mission Directors guide the mission’s strategic thinking and overall development program. We have been fortunate to have implemented this project under the leadership of three of the best USAID Mission Directors in the business; Glenn Anders, Wayne Nilsestuen, and most recently, Kevin Kelly. Together, that USAID team has created the conditions that made it possible for us to function as one entity instead of as a project and a counterpart organization. Thankfully, and due in large measure to USAID, the project never evolved into an “us – them” environment.

The project has tried to utilize, to the fullest extent possible, Guatemalan professionals in the conduct of the many technical assignments completed during the life of the project. Of particular note are Jaime Carrera, Ruben Mendoza, Byron Contreras, Ricardo Santacruz, Ottoniel Monterroso, and Eberto De Leon, all of whom have made significant contributions to the project. Guatemala is fortunate to have such world class development professionals available and willing to devote their time to national development efforts.

Abt Associates is pleased to have had the opportunity to serve our client, USAID, and the Government of Guatemala in supporting their efforts to bring Guatemala deeper into the world economy and assist its key industries to more effectively compete in it.



Executive Summary

The Guatemala Trade and Competitiveness Assistance Program (widely known in Guatemala as TCAP) was a five-year industry competitiveness project implemented by Abt Associates with the financial, technical, and oversight support of USAID/Guatemala. The project focused efforts on providing high-level assistance to Guatemalan entities responsible for developing, modifying, and implementing policies and legislation designed to lead Guatemalan Industries on a path towards greater international competitiveness -- particularly in the nontraditional agricultural export industry, the forestry/wood industry and the tourism/handicraft industry.

Abt Associates implemented more than 84 discrete, but often interrelated activities with deliverables submitted to USAID (studies, analyses, assessments, mappings, and evaluations) during the life of TCAP (2005 – 2010). (Annex I presents a full list of these deliverables. Also attached to this report is a complete set of the documents on a DVD.) All were designed to increase Guatemala's international competitive posture in the country's major industries, revitalize the rural sector, and create new employment and income opportunities for rural residents and businesses. This report provides a summary of the project's activities, broken down into its four major components:

- ❖ Rural Development;
- ❖ DR-CAFTA Implementation;
- ❖ Key Industry Competitiveness; and,
- ❖ Environment.

The major emphasis of TCAP activities was centered on the Rural Development component, but significant resources were targeted in support of the other three components as well, as is discussed in this report.

As a combined effort, agriculture and rural development is central to Guatemala's economy, with agriculture accounting for about one-tenth of the nation's GDP, forty percent of its exports, and over half of its labor force. Furthermore, most economic and job growth in the country is generated from non-traditional exports, such as winter fruits and vegetables, assembled clothing, wood furniture, and even cut flowers. Tourism in many ways a rural based industry, is also developing significantly, is growing rapidly, and enjoys almost unlimited potential. Developing the rural and agriculture sectors is a central pillar of Guatemala's national development strategy, and yet traditionally, the government's economic policies have been decidedly anti-agricultural and biased in favor of urban over rural development.

This, despite the fact that Guatemala's rural sector, particularly that geographic region known as the "altiplano" located in the Western Highlands area of the country, has enormous potential for increased levels of production of export quality crops, increased employment opportunities, and higher and sustained earnings. Guatemala's continued economic growth is dependent on investments and focused assistance in this region, as documented in the TCAP - Agriculture, Natural Resources and Environment Institute (IARNA) of the Landivar University collaborative [Rural Development Model for Guatemala](#) study, published in 2009, and cited as Technical Activity number 14 in Annex 1.

USAID envisioned TCAP as one important piece of its overall strategy for increasing rural economic growth and spreading the benefits of that trade-led growth broadly among Guatemalans. That strategy addressed the following major constraints to reaching those goals:

- ❖ an inadequate policy environment;
- ❖ lack of access to needed financial services; and,
- ❖ field level assistance to producer, processing, and exporting groups involved in the selected industries.

TCAP was USAID's response to the first of those constraints – a pro-competitiveness policy set and a positive enabling environment. (This USAID strategy is graphically presented on page 13 of this report.)

TCAP was initially designed to be a quick-response mechanism for USAID to be able to provide high quality assistance to Government of Guatemala (GOG) ministries and other public entities that are responsible for the country's enabling environment for increased international competitiveness. As the project evolved and was extended, the focus shifted from the quick response to GOG requests mode to a more focused effort honing in on issues related directly to sustained rural development and a greater involvement of Guatemala's maturing private sector in the discussion and debates on policy and public institution reforms.

Bottom line; TCAP was all about marshalling Guatemala's public and private sectors to work in unison and for common purposes of equitable and sustained economic growth through competition in world markets. As discussed in the report, TCAP worked with several government administrations and numerous ministers and national leaders. The challenge was always to provide credible and user friendly assistance and guidance, no matter which government was in place or the turf skirmishes among public and/or private entities.

USAID also envisioned TCAP as an effective tool for assisting Guatemalan industries to take best advantage of the opportunities offered with the ratification of the DR-CAFTA (Dominican Republic-Central American Free Trade Agreement) treaty. At USAID's request, in 2003, Abt Associates published an analysis of the potential benefits and challenges that the treaty presented Guatemala. That analysis, entitled [CAFTA, Agriculture and Poverty Reduction in Guatemala- Opportunities, Problems & Policies](#) argues that "if Guatemala is to benefit from the opportunities that CAFTA presents to the small farmers who drive poverty reduction, priorities must be set for public expenditure in the critical support areas of physical infrastructure, technology generation and dissemination, and organization of farmers to facilitate service delivery". Thus was born the idea of TCAP.



1 Background

Precedent activity. From 1999 to 2004, Abt Associates implemented the USAID/Guatemala Income Generation Activities (GIGA) project, known by its Spanish acronym AGIL (Apoyo a la Generación de Ingresos Locales). USAID/Guatemala's Income Generation Strategic Objective (SO) pursued sustainable increases in household income and food security for rural poor in selected geographic areas of the country.

AGIL was the core USAID program designed specifically to achieve this objective. The AGIL strategic approach was to focus its resources to have a direct, measurable impact within a short time period, on improving incomes within the specific priority geographic areas. The AGIL project was a great success.

USAID/Trade and Competitiveness Assistance Program. Then, in 2005, Abt Associates was awarded the AGIL follow-on project, called the USAID/Trade and Competitiveness Assistance Program, known as TCAP in Guatemala, the subject project of this report. It was originally a four-year \$3.0 million Task Order under the RAISE Plus (IQC) master contract to assist the Government of Guatemala's (GOG) efforts to create new economic and rural growth strategies, develop contemporary approaches to national competitiveness, investment promotion, and globalization of select market clusters. USAID/Guatemala, through this Competitiveness and Trade Assistance Project, committed its full support to these GOG economic development policy and strategy efforts. This assistance not only supported the GOG efforts in 2005 - 2007, but also influenced the course of economic policy for the particularly crucial years of 2008 – 2010, given:

- The launching of CAFTA, which was ratified by the U.S. Congress and signed into law by the President in August 2005;
- The on-going process of consolidating multiple GOG national/rural development strategy efforts; and,
- The 2007 national elections.

Thus, this activity coincided with a distinct and historic period of national transition, and was an appropriate and timely vehicle to capitalize on the government's reform/strategy momentum and the public's expectation of significant change.

In 2009, an additional \$2.7 million in funding was added to the contract which was extended until September 30, 2010. Finally, in May of 2010, an additional \$1.8 million was added to the contract, which was extended until November 2, 2010, a date that coincided with the completion of the fifth year of the contract, the maximum time allowed for any Raise Plus Task Order.

a. Project Origin and History

Original Design: Support to PRONACOM – GOG orientation to entrepreneurship development (National Competitiveness Plan)

In December 2003, the Guatemalan people elected a new national government led by the “GANA” party - a broad political coalition under the leadership of President Oscar Berger. Soon after assuming power in January 2004, the new GOG published its strategy for economic reactivation called *Vamos Guatemala* which was a component part of the 2004-2008 broad government development strategy. *Vamos Guatemala* incorporated the goals of the 1996 Peace Accords, and included activities to achieve participatory socio-economic development, broad social inclusion, sustained economic growth, and improved government fiscal performance expected to expand government expenditures in health, education, security, and infrastructure.

Vamos Guatemala was also an effort to support participatory development by accessing the country's private sector capacity to meet, and perhaps surpass, international standards of quality and competition. This was implemented within a national context of macroeconomic stability, improved public administration, and greater personal security. Structural reforms, particularly within the policy, legal, and regulatory framework governing economic growth, were deemed necessary. Critical policy areas needed to be addressed by the government from a rural development and livelihoods standpoint, recognizing that sustained economic growth depended upon a modernized rural sector and an increased strategic partnership between the public and private sectors.

Based on the stated goals of the GOG at that time, USAID engaged the Programa Nacional para la Competitividad (PRONACOM) as its principal collaborator and counterpart, working closely with it to identify priorities, define and coordinate activities, and oversee program implementation. PRONACOM was established by the GOG in 1998, and in 2002 the GOG signed a loan agreement with the World Bank to support PRONACOM activities. The agreement was renegotiated in 2004 and extended until June 2008. PRONACOM received formal institutional status as a government entity in 2004 through a GOG Government Decree.

PRONACOM coordinated initiatives and activities in five areas: (1) cluster development; (2) the business climate; (3) local competitiveness agendas; (4) investment promotion through an initiative called INVEST-in-Guatemala; and, (5) membership in the Mesoamerican Competitiveness Council (el Consejo Mesoamericano de Competitividad), a Plan Puebla - Panama initiative. In September 2006, PRONACOM prepared and launched its National Competitiveness Plan, a comprehensive program which proposed a long-term path toward economic growth.

In addition, USAID was also preparing to respond to Guatemala's desire to improve its ability to benefit from greater open trade opportunities resulting from ratification of the DR-CAFTA, the regional free trade agreement between the United States, Central America, and the Dominican Republic. During the initial implementation phase of DR-CAFTA, the principal priorities identified by the GOG were those related to strengthening of the government entities responsible for the implementation of the trade agreement implementation and compliance with commitments contained therein. The principal such entity is the Guatemalan Directorate for Administration of Foreign Trade (Dirección



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de Administración de Tratados), located within the Ministry of Economy. This Directorate is, by law, the government's central agency responsible for assuring compliance with all formal and official requirements of DR-CAFTA. It is also responsible for the design, promotion, and follow-up to policies, strategies, and actions for national exporters to promote, expand, and benefit from DR-CAFTA.

Simultaneously, USAID responded to a request from the GOG for assistance to support the development of a new rural development strategy/policy that would incorporate agrarian, environmental, and competitiveness considerations for public sector institutional restructuring and strengthening in support of three of the country's key competitive clusters (tourism, agro-industry, and forest products).

Why environment?

One important element of Guatemala's future rural economic growth is the productive use of the country's environmental assets. This includes new and innovative programs like the sale of biodiversity conservation easements, carbon sequestration credits, and payments for environmental services. A side benefit of including an environmental component is that the active pursuit of these economic options promotes environmental best practices, and helps build competitiveness in the agricultural and tourism sectors, rather than discouraging investment in them. Also, indigenous communities are often marginalized or excluded from active participation in the management of their own cultural and biodiversity endowments. This can too easily lead to negative responses like the looting of archeological sites or illegal logging, poaching, and hunting. However, experience demonstrates that rural communities will work to safeguard these assets if they have an ownership stake, which can be reached through their direct participation in eco- and community tourism activities.

Thus environmental activities are crucial to achieving sustained rural development.

Based on these needs, and with the objectives to strengthen the international competitiveness of Guatemalan businesses and promote increased trade and investment in Guatemala, USAID signed the original four-year Raise Plus Task Order with Abt Associates, for an initial amount of \$3.0 Million. This activity was intended as a vehicle for USAID to be able to provide the GOG with expert assistance and counsel to help: (1) improve and/or establish laws, regulations, and policies related to competitiveness; and, (2) strengthen public institutions to enable them to more effectively provide regulatory oversight in areas related to the country's overall competitiveness position and, specifically, to the competitiveness of the selected key industry clusters.

The Task Order was designed to support the achievement of USAID/Guatemala's Strategic Intermediate Result 2; "Laws, Policies, and Regulations that Promote Trade and Investment" under USAID/Guatemala's Strategic Objective 2 of "Open, Diversified, Expanding Economies." This included three key areas of law, regulation, and policy: (1) general/national competitiveness – including trade and investment policies, and DR-CAFTA-related policies such as trade capacity building and environmental issues; (2) rural competitiveness, which included rural development and agrarian (land) policies; and, (3) the competitiveness of key industry clusters. As the principal USAID partner/counterpart for this activity, PRONACOM was expected to coordinate with USAID and other GOG ministries and entities in identifying and executing specific project activities.

TCAP Methodology – Demand Driven and Rapid Response Capacity

As originally designed, and according to the initial Task Order, TCAP had three main implementation mandates:

- ❖ Technically, TCAP was to function as a demand-driven activity (depending on specific needs of the beneficiary institutions – and what they considered priority according to their own strategies);
- ❖ The project was only to provide technical services (policies, strategies, assessments, evaluations, and technical counseling/guidance/designs) to those institutions; and,
- ❖ Given the anticipated national level of impact, the project's primary beneficiary was the GOG Executive and Legislative branches.

As a result of these three mandates, the overall performance and direction of TCAP was necessarily closely linked and dependent upon the orientation of the economic development policy of the GOG. The individual assistance activities had to be directly related to the policy dialogue between USAID and the GOG and at the specific request of the Guatemalan Government.

Relationship with the GOG

From TCAP inception in November 2005 through December 2007, the project enjoyed an excellent working relationship with the designated GOG institutions. TCAP assistance was provided at the highest level within the government (ministers, commissioners, and secretaries), and in some cases, in a direct relationship with the country's Vice-President (i.e. the Rural Development Policy and Government Transition Agendas, described later in the report). These relationships allowed TCAP to carry out valuable and strategic consultancies for stimulating economic growth in Guatemala in close consort with GOG leaders. This assistance has positively impacted a wide range of beneficiaries, from entrepreneurs exporting to the U.S. and Europe (DR-CAFTA), to the poorest rural communities in the Western Highlands (Rural/Agricultural Development). This assistance also helped the Berger government to initiate a development process and create a noticeable momentum that was expected to be continued by the authorities of the new government when it assumed power in January 2008.

As an integral component of the Berger administration's transition planning for the change of government in 2008, TCAP was requested to provide assistance to the country's Secretariat for Planning (SEGEPLAN) and the office of the Vice-President in the detailed design of a Transition Agenda to facilitate smooth transition of governments and assure that the new administration would continue to pursue the most socially and economically important programs begun during President Berger's administration. To that purpose, TCAP produced a series of high quality reports and technical and strategic analyses for stimulating economic development in Guatemala to be presented to the new administration. (These are included as Technical Activities in Annex I.).



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Transition

Following the national elections in November 2007, the new administration was inaugurated in January of 2008. The new governing party, the Unidad Nacional de la Esperanza (UNE), was led by Ing. Alvaro Colom, the party's new President. After assuming power, this new government conducted an intricate series of institutional assessments and analyses that, in the end, led to institutional and programmatic adjustments which inhibited the economic development momentum created by the previous administration.

First. The new government replaced almost the entire technical capacity within the GOG institutions responsible for economic growth initiatives. By implementing these sweeping changes in personnel and functions within ministries and offices related to economic development, the new government significantly inhibited progress in the country's policy reform movement and the effectiveness of USAID programs.

Secondly. The new authorities discarded the transition agenda developed by the previous government (with support from TCAP and USAID), and based their activities on a new plan called the "El Plan de Cien Dias" (One Hundred Day Plan). This plan was meant to focus on what the new GOG team considered their social and democratic priorities, which emphasized poverty reduction, public security, and economic growth.

Finally. The President created a series of parallel government mechanisms and transferred political control over most of the GOG's activities to them, effectively supplanting the traditional roles of the central government ministries. These parallel organizations absorbed large amounts of public funds and, as a result, obstructed the performance of the formal public institutions (ministries and secretaries).

The effect of all of these changes and adjustments on national economic policy was measurably negative, and the new administration was never able to create a positive or sustainable trajectory toward economic development.

Project Extension

In November 2008, USAID/Guatemala requested Abt Associates to submit a detailed Technical and Cost Proposal for an extension of TCAP from September 30, 2009 through September 30, 2010, with an estimated \$2,500,000 to \$2,740,000 funding increase. The main objective of the TCAP extension was to provide the new GOG with significant and more focused assistance in the design of an integrated national rural development strategy, building upon previous AGIL results and more recent TCAP experience.

The extension also modified the original project focus of national competitiveness, rural competitiveness, and industry clusters competitiveness to a more streamlined and defined set of activities under four new components, as follows: (1) rural development policies and strategies; (2)

effective implementation of DR-CAFTA in Guatemala; (3) competitiveness of key industry clusters - forestry, agro-industrial and tourism/handicrafts; and, (4) environment. The extension also included several other requirements, as follows:

- ❖ It required TCAP to contract two long-term experts in support of the two main technical areas included in the TCAP extension; Rural Development/Private Sector coordination and Environment;
- ❖ The implementation approach changed from “demand-driven and rapid response” to the preparation, discussion and evaluation of a predefined work-plan. This implied a more proactive interaction with Guatemalan institutions; and,
- ❖ The discussion, negotiation, and approval process for the proposal to implement this extension allowed the incorporation of assistance to institutions outside of the GOG. This extended the coverage of the TCAP to the International Donor Coordination Group and to the Guatemalan Exporters Association (AGEXPORT).

b. Scope of Work

Introduction

In general terms, the main concepts and principles of the original Scope of Work remained intact during the subsequent amendments and expansions to the original Task Order. These continued to be oriented toward encouraging rural economic growth and increased competitiveness. The overall contract requirements included:

- ❖ Conduct highly-quality analysis as needed, but make recommendations decision- and action-oriented;
- ❖ Concentrate on implementation in strategy and policy reform;
- ❖ Act as a catalyst for change, while seeking out and supporting other private and public sector catalysts;
- ❖ Concentrate on agriculture and environmentally friendly reforms in trade policy - enabling environment and achievement through targeted policy analysis, private-public dialogue, capacity building, and follow-up;
- ❖ Work closely with other donor assistance programs - especially those of the World Bank, IDB, and European Union, as well as the multiple GOG rural development efforts to coordinate those endeavors and help eliminate duplication and contradictions; and,
- ❖ Utilize the substantial talent pool available in Guatemala and elsewhere in Central America.

The requirements described above were to be reflected in the conduct of the four main project technical components, which were as follows:

General Description of the Areas of Assistance

Rural Development Policies and Strategies. USAID, through Abt Associates's technical assistance, has made important contributions to rural development initiatives by helping the GOG to articulate and undertake a rural development strategy that promotes more vigorous and inclusive growth by creating conditions necessary to diversify the rural economy. TCAP has always supported a comprehensive rural development policy, corresponding regulations, and institutional strengthening. The assistance was focused primarily on the Ministry of Agriculture and other key ministries responsible for rural development. TCAP also closely collaborated with the government's National Rural Development Council. TCAP was required to establish, test, and verify economic growth models for rural areas in the highlands, which were to be expandable to other rural areas within the country. This included the development of an agricultural technology model (research and extension). TCAP also supported the design and implementation of micro-irrigation systems, and worked on the implementation of a national board for rural development within the International Cooperation Coordination Group (Grupo de Coordinación de la Cooperación Internacional – also known as the GCC or GI3). The purpose of this board was to improve the interaction and coordination of the major international donor assistance programs, especially those of the World Bank (WB), Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), USAID and the European Union (UE) as well as the multiple GOG entities involved in rural development initiatives, all with the orientation to stimulate economic growth. The function of this board was to coordinate activities and help to eliminate duplication of efforts, as well as to support the design of a broader national network for rural development, with the participation of the private sector and academic institutions.

Effective implementation of DR-CAFTA in Guatemala. The World Bank's "Doing Business Indicators" for Guatemala underscore the need to dedicate considerable effort to improve the conditions faced by private entrepreneurs as they strive to grow and prosper in Guatemala. This activity component was designed to create a more favorable business environment and support implementation of core commercial laws (such as "collateral law" and "competition law"). This effort included effective implementation of DR-CAFTA to improve the business climate and regulatory framework in accordance with the treaty, by developing mechanisms and procedures for implementing incentives and penalties in the application of trade, labor, and environment standards consistent with DR-CAFTA commitments. Also, TCAP was required to work with key institutions to support the development of policies/strategies to strengthen micro, small and mid-size enterprises and to continue supporting the Ministry of Economy to streamline registration and documentation requirements for conducting business.

Competitiveness of key industry clusters (forestry, agro-industrial and tourism/handicrafts). TCAP was required to support continued institutional strengthening through administrative and management improvements in the National Competitiveness Program. It also encouraged the implementation of procedures for establishing streamlined regulations related to tax management, design of a new national



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tourism strategy, and any other activity that provided overall support to the development of these industry clusters.

Environment. Environmental services are critical for all productive sectors. Support for cross-cutting environmental initiatives is a high priority, including continued assistance to assure Guatemala's compliance with DR-CAFTA/environmental obligations (Chapter XVII). TCAP was required to help develop and implement environment policy in: a) strengthening compliance and enforcement support for regulatory reform and environmental impact assessments legislation; b) provide local governments with environmental management assistance; and, c) a policy framework for environmental services.

Expected Results

According to the original Scope of Work, TCAP was to contribute to the expected results of the USAID mission's Strategic Objective No. 2, which included:

- More open economic, trade and investment policies that enhance competitiveness in regional and global markets;
- Increased economic opportunities, especially for low-income rural populations in focus areas;
- Increased sales of goods and services, including sustainable tourism, from accessing higher-value markets and increased job opportunities;
- More sustainable use of and incomes from natural resources and biodiversity (through local management, niche exports, organic products, certification, ecotourism, etc.); and,
- Broader micro and small enterprise access to financial and business development services in rural areas, which provide entrepreneurs with the basic tools to manage their businesses and competitively respond to emerging market opportunities and dynamics.



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2

Implementation Context

a. USAID (SO2)

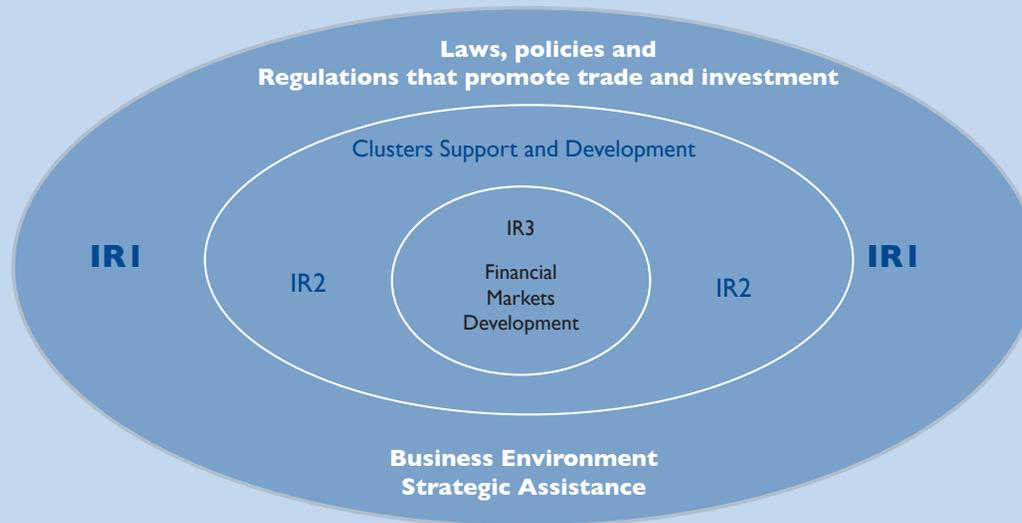
General historical context. USAID began providing development assistance to Guatemala during the 1960s. That assistance was the “first generation” of such U.S assistance in economic development in Guatemala. This first generation included direct assistance initiatives, such as credit for agricultural production (trust funds), small-scale irrigation projects, soil conservation (using social payments), access roads, fruit and vegetables processing facilities, and similar projects. This assistance was provided most frequently through specific GOG ministries (i.e. the Ministry of Agriculture and Livestock) and delivered directly to the beneficiaries. In 2005, a full forty five years later, TCAP represented to a large extent the “second generation” of USAID assistance projects in Guatemala. TCAP was oriented as a more comprehensive and national scope activity (laws, policies and strategies). It offered high-level strategic assistance, guidance, and counseling to the GOG and to the country’s organized private sector institutions, specifically to those identified as having a socio-economic agenda. A “third generation” of USAID projects is now expected as the natural and logical continuation of the first two. This third generation of activities will be characterized by the consolidation and institutionalization of “lessons learned” and “best practices” of the previous generations. It will be implemented in a coordinated fashion with the active participation of the public sector, the civil society, and the international community. This represents a positive evolution of USAID activities in the country and builds upon experience and momentum created over the past 50 years.

Specific and current context. As previously mentioned, USAID’s lead effort in Guatemala to promote economic development is its Strategic Objective No. 2: Open, Diversified, Expanding Economies. This Strategic Objective has three Intermediate Results (IRs):

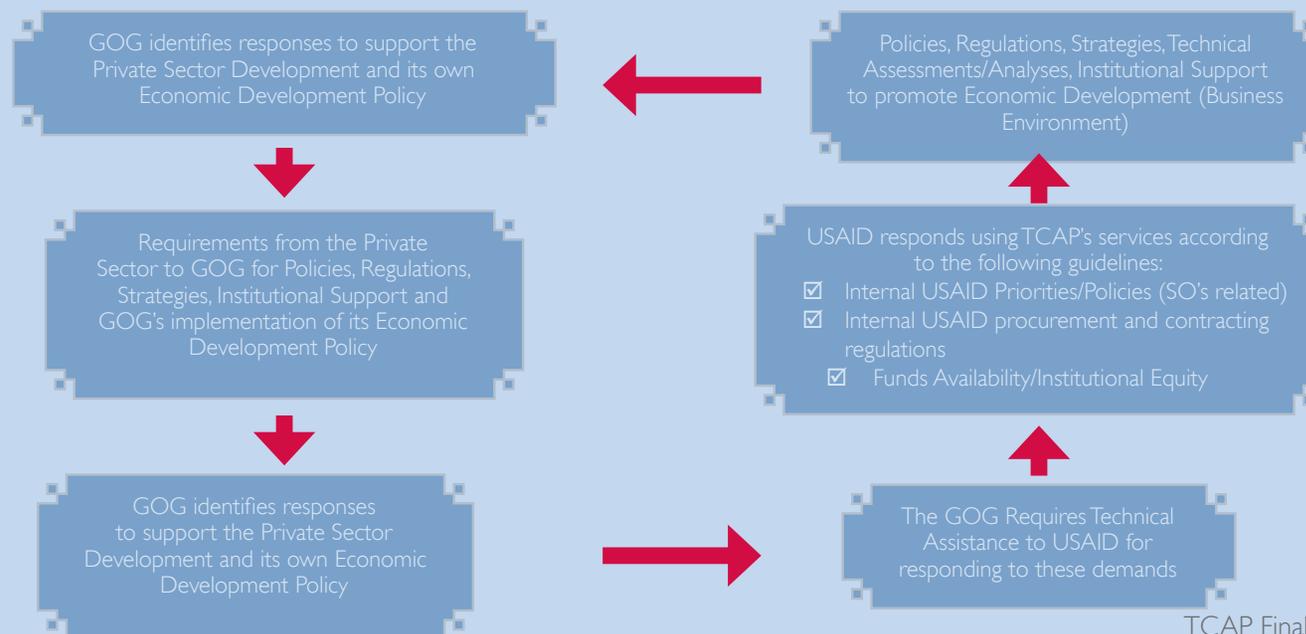
- ❖ Laws, policies and regulations that promote trade and investment;
- ❖ More competitive, market-oriented private enterprises; and,
- ❖ Broader access to financial markets and services.

These three IRs cover all of the components of SO#2. IR2 covers technical and financial assistance directly to key rural private sector business groups. IR3 deals specifically with the financial/credit support to entrepreneurship development. IR1 covers the most comprehensive and broad requirements within SO2. TCAP encompasses activities contained in IR1.

The following graphic illustrates the areas of influence of each of the Intermediate Results, according to the configuration of Strategic Objective # 2.



The Trade and Competitiveness Assistance Program (TCAP) was originally designed to provide technical services to the Government of Guatemala on a demand-driven basis, within the scope of the IRI. As the implementation mechanism for the IRI, TCAP has direct influence in the business environment where the IR2 and the IR3 work and generate results. The graphic presented below shows interaction between USAID, the GOG, and the private sector created by TCAP.



b. The Government of Guatemala - Two Administrations with Different Approaches

As mentioned above, TCAP began with the Berger government and the GANA party. That government's development strategy was oriented to support economic development through entrepreneurial participation, and consequently, the country's competitiveness agenda was one of that administration's highest priorities. The communication with the private sector was fluent and active, and many well-known private entrepreneurs served as government officials and leaders. During that period, the National Competitiveness Program, PRONACOM, was a major force behind the competitiveness agenda.

Rural Development

The innovative rural development approach for Guatemala, jointly designed by Abt Associates' Dr. John Mellor and the technical team of IARNA was adopted during TCAP's final year. The General Secretariat for Economic Planning and Programming (SEGEPLAN) of the President's office was the official link with USAID for TCAP implementation in this area. This included the direct participation of the Vice-President and the main GOG's officers responsible for the rural development policy. That proved to be strategic and highly convenient, because SEGEPLAN was the entity responsible for consolidating the annual national budget for all government institutions. This function required SEGEPLAN to coordinate investment requirements from all 22 departments of the country. These requirements came directly from each Departmental Development Council. The public budget is analyzed and the departmental requirements are prioritized. Later, the draft national budget is submitted to the congress for final approval. Therefore, the prioritization exercise of the national investments in rural development was carried out by SEGEPLAN. SEGEPLAN was the official link of the GOG with the international community for technical and financial cooperation (bilateral and multilateral institutions, for grants and loans).

As a result of this interaction and coordination, the rural development approach, as designed by TCAP, became the country's national long-term rural development policy. However, the Berger government left and the Colom administration assumed power at this point in time, and the Berger administration initiatives, plans, and projected activities had to be transferred to the new team. In anticipation of this change, the outgoing Vice-President, in coordination with SEGEPLAN, requested USAID, through TCAP, to prepare a series of sector analyses to be used for transition purposes by preparing a "policy road map" Transition Agenda to be presented and discussed with the new authorities as they prepared to assume power.

This Transition Agenda included geographic analyses for different geographic regions within the country. These analyses evaluated resources and projected the potential distribution for maximum economic growth and poverty reduction. This included an analysis of economic growth engines, evaluation of opportunities, strategies, and recommendations ranked in priority order for promoting the economic growth according to the specific characteristics of each geographic area. The analysis also evaluated the institutional framework in each area, evaluating the specific roles and interventions for GOG's institutions that are part of the Rural Development Cabinet. In addition, this evaluation included an analysis of the links and interaction with non-governmental institutions, such as the civil society organizations, academia, and the international sector. Finally, TCAP prepared an overall context evaluation, which analyzed the administrative and political environment where the strategies and recommendations would function, to assure their effectiveness in the short and long-term. This report represented a comprehensive plan to continue with the rural development dynamics produced during two years of assistance in this area.

The Transition of Administrations - from GANA to UNE. In the general elections, the winning political party was UNE, the Unidad Nacional de la Esperanza (National Unity of Hope), a center-left organization. At the very beginning, the new authorities tended to discard the Transition Agenda developed by the previous government. As mentioned briefly earlier in this report, the new administration decided to ground its programs in a plan it called the “One Hundred Day Plan”. This plan emphasized poverty reduction, security, and economic growth, as opposed to the entrepreneurial and business approach of the GANA government. The plan contained many well-oriented initiatives, but it was generally recognized that the intention was to replace the previous government’s efforts with their own. In addition, President Colom created a series of parallel entities designed to take control of GOG political, financial, and administrative matters. These parallel organizations progressively absorbed significant public funds and, to an extent, reduced the roles of the formal public institutions (ministries and secretaries).

In the long run, these adjustments have not shown positive nor sustainable impact. This may be attributed to the lack of experience within the new governmental team, and a consequence of the frequent changes in staff. As a result, the government has not been able to design or clearly define sustainable economic growth policies. This has significantly affected the agricultural sector, which demands longer-term plans and efforts.

c. The Private Sector (a sustainable institutional structure, but weak and politically influenced)

TCAP was to provide assistance at the national policy level, which means that the core recipient of the services was the Government of Guatemala (Executive and Legislative branches). Policies were intended to contribute to the competitiveness of the private sector. Thus, good coordination and communication between the government and the private sector was a necessary condition precedent to success. This process was clearly defined and effective during the Berger government. However, the Colom administration changed the orientation as discussed above, and, as a result, the policy dialogue for improving the country’s international competitiveness was increasingly difficult.

The organized private sector in Guatemala also encountered difficulties in its attempts to interact with the new government, particularly in economic growth activities and programs (i.e. credit, technological development, access roads, and others) primarily because the GOG developed priorities based on the operation of the parallel institutions described previously. The Guatemalan private sector feels less confident than before, and it is anticipated that the sector may reduce investments and commercial operations in the near future. As described later in this report, TCAP did provide significant support to Guatemala’s apex private sector organization related to exports and economic growth, AGEXPORT.



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d. The International Community (required coordination and mutual support)

The operational, administrative, and programmatic differences between the two Governments as described above decreased the performance of the international donor programs in rural development. Initially, international donors were comfortable with the UNE social-democratic approach to development. Formal commitments initiated by the previous Government had to be respected and/or implemented by the new government, such as the DR-CAFTA, the Free Trade Agreement with the European Union, the Rural Development Program financed by the World Bank and the IDB, among others. When the transition of governments occurred, some of these agreements were in full operation and others in the stages of final negotiation. The international community received mixed signals from the new administration concerning that status of the agreements. The decision to channel the official communications with international donors through the Ministry of External Affairs (MINEX) instead of SEGEPLAN complicated the regular flow of interaction with the implementing units of activities financed by external resources. The GOG's stated purpose for this change was to improve the coordination and direction of the assistance from international community towards the GOG's priorities, and to avoid an overlap or duplication of interventions. However, the lack of technical capability and experience within MINEX complicated, rather than simplified, the communications process.

This weakness within the planning system in rural development activities, as well as the low level of communication between the GOG and international donors, resulted in a reduction in international assistance vis-à-vis the amount of financial resources directed to this sector, and vis-à-vis the high priority given to the rural population within these programs.

Since the end of 2008, because of an initiative of the USAID/Mission Director, as the President Pro Tempore of the International Donor Coordinating Group or GI 3, USAID started to foster the formation of a Rural Development Working Group among the international donors to streamline and improve the impact of the external investments in rural development. This working group was structured within the international donor group, with two pilot local sub-groups convened to coordinate donor efforts in two departments with large investments and with different donors working in the same areas. TCAP was given the responsibility of coordinating and organizing the GI 3.

3

TCAP Implementation and Results

a. Main Results by TCAP Component

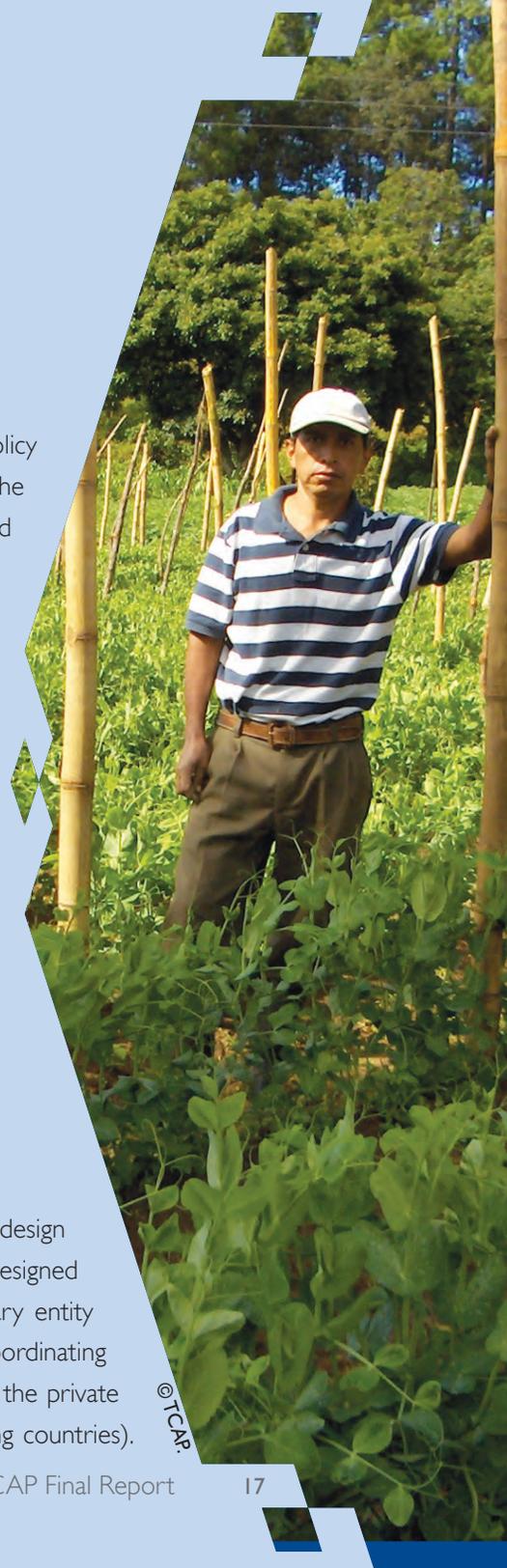
As mentioned previously, the implementation of TCAP activities was dependent upon the results of the policy dialogue between USAID and the GOG, in terms of economic development. From the very beginning, the overarching orientation of TCAP activities was, in broad terms, rural development. This orientation opened the dialogue with the GOG in four dimensions: (1) the legislative dimension, primarily concentrated on the process to evaluate, discuss, negotiate, and submit a draft “Rural Development Law” (for defining the main the institutional framework for rural development); (2) the high planning/strategic dimension, working with SEGEPLAN; (3) the field dimension, working with the Ministry of Agriculture, the Ministry of Communications, and others; and, (4) the international cooperation dimension, interacting with other donors working on rural development programs. This institutional exchange allowed the identification of many activities and initiatives aligned with USAID strategic assistance to Guatemala and the expansion of the TCAP scope.

For DR-CAFTA assistance, the GOG counterpart was the Ministry of Economy. For the environment component, it was the Ministry of Natural Resources and Environment. This continuous dialogue allowed for the identification and mutual prioritization of activities and their detailed design and definition of scope. As a result, TCAP carried out more than 80 assistance activities which, in general terms, are summarized below. (The detailed individual reports are available on DVD in USAID/Guatemala offices.)

b. Component One – Rural Development

Support to the technical and legal analysis of the proposed draft rural development law (February to May/2006).

Since mid-2004, USAID and other international donor organizations have provided assistance to the Government of Guatemala to design and implement a national rural development policy. The GOG was seeking an opportunity to develop mid and long-term activities designed to enhance and expand economic development in and to the country’s rural areas. As a result, the GOG formed a temporary entity responsible for this activity; the Rural Development Core Management Office. This Office was in charge of organizing and coordinating two consulting groups; (1) the Intra-Sectoral Board of Rural Development (with the participation of the Government, civil society, the private sector and the main political parties); and, (2) the Interagency Group of Rural Development (international donors and cooperating countries).



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The central task of these groups was to design a draft proposal for a long-term and nation-wide Rural Development Policy, with the consensus of all interested stakeholders. This policy was to support the development of a draft rural development law for submission to the National Congress of Guatemala. Once the Rural Development Policy was completed, further assistance was required to obtain a final draft law that directly responded to the aim and concepts of the Rural Development Policy. TCAP provided all of the required assistance to complete this activity.

This assistance included an evaluation of several drafts of the Rural Development Law to recommend which, and/or a combination of which, was the most appropriate to respond to the institutional adjustments for implementing the approved rural development policy. This assistance also allowed SEGEPLAN to have a better understanding of which of the drafts should be endorsed by the Vice-President in his lobbying effort with the National Congress. To date, due to the complexity of the process and change of governments, none of the drafts of this law has as yet been passed. It is anticipated that this process will continue and will eventually be accomplished.

Overall support to SEGEPLAN in the design of a national long term rural development policy for the Central and Western highlands (2005 – 2007).

During the last two years of the GANA Government, considerable effort was made to develop a broad consensus for a long-term strategy for rural development in Guatemala. That consensus had to be reinforced and modified to provide long-term continuity of policy and investment so that rural development would accelerate to benefit poor and indigenous communities. In support of that initiative, Dr. John Mellor and IARNA developed a simulation model for the Guatemalan Highlands as the basis for a new national rural development policy. The conclusion resulting from that model was that agriculture is the most significant activity in terms of poverty reduction and rural economic growth in Guatemala. Agricultural development, as the core engine for rural development, provided two major advantages:

- ❖ the opportunity provided by the concentration of poverty in highly productive rural areas in the Center and Western highlands; and
- ❖ the impact of soaring basic food staple prices. According to the model, the poor spend 80 percent of their income on food and the impact of rapidly rising food prices on their real income is immense. A large percentage of the rural poor are net purchasers of food, and they are also negatively impacted by rising food prices.

This appraisal pointed out that most of the poor farmers in the Highlands practice subsistence agriculture on very small landholdings and that they are net buyers of food and derive the majority of their income as laborers working on larger farms or from other rural non-farm employment. As a result, by increasing the incomes of these small farmers, those with half a hectare to 7 hectares of land, they will demand additional labor to improve houses, tailor local clothes, and a wide range of services at the community level. The Highlands in Guatemala is well suited to small-holder production of high value fruits, vegetables and coffee. According to the model, in a fast agricultural growth strategy (5.3 % growth rate), around 66% of incremental production will come from horticulture and coffee. This increase will stimulate fast growth rates in all sectors, but agriculture and its multipliers to the rural non-farm sector will account for approximately 75% of incremental employment.

The Components of the Rural Development Policy

According to the analysis carried out by Mellor and IARNA, to achieve this large positive impact on employment, and hence poverty reduction, major investments and institutional development are required.

Roads/Productive infrastructure. Eighty percent of all horticulture production in the Highlands takes place within five kilometers of a paved road. Thus, the road grid needs to be greatly upgraded and expanded, within a building program based on priority areas.

Technology. Competing in international markets requires an upgraded national agricultural research and extension system. Given the present status and problems identified by TCAP analysis, immediate attention is required to increase investment in research and extension to create the most appropriate institutional structure. Major institutional development and financing is required.

Organization. To compete on both international and domestic markets in horticulture, coffee and livestock requires organizing farmers to ensure quality standards and adequate volume. Past experience of assisted and spontaneous agricultural development in the Highlands has produced excellent models (e.g. USAID financed AGIL, Cuatro Pinos, and ANACAFE) but this requires complete coverage, specific strategies, and direct policy support.

Credit. Access to financial services must be available throughout the country. There has been some progress in this area, but much more needs to be accomplished.

Other complementary services - institutional support. A number of government services directed towards agriculture, such as laboratories to meet sanitary and phytosanitary standards (SPS) to improved systems of collecting and analyzing agricultural statistics.

Based on the results of this modeling exercise, the GOG requested USAID to provide assistance to draft an Action Plan/Strategic Agenda to define priorities in the government's rural development effort. Moreover, in recognition of national priorities, the GOG has placed higher priority on poverty reduction and more comprehensive implementation of the Peace Accords in rural areas. As a result, the Highlands region was identified as a high priority for early and more detailed attention because of the concentration of poverty, of indigenous communities, and focus of the Peace Accords.

USAID identified, as one of its highest priority areas, assistance in the implementation of this rural development policy. The consolidation and implementation of this policy, as demonstrated by the Mellor/IARNA's Model, could reduce substantially poverty in the rural areas of the Highlands and, subsequently, stimulate the country's overall economic growth. This model was extensively evaluated by TCAP for both Governments, and was included as part of the Economic Growth Transition Agenda prepared by TCAP. This rural development policy has been stalled, but not terminated.





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Overall assistance to the GOG in the design of a strategic agenda for the rural development process (September to December, 2007).

Based on the results of the rural development modeling exercise, SEGEPLAN requested assistance to review the analyses of the recent past, enlarge on those efforts in view of ongoing experience, and draft an Action Plan/Strategic Agenda to define priorities around which consensus could be built. This Action Plan/Strategic Agenda was to be a national-scope proposal identifying the differences between regions and the need for specific regional strategies. Therefore, this analysis included:

- a geographic evaluation;
- a discussion on local economic growth engines;
- a review of the institutional arrangements and participation; and,
- an evaluation of the political/institutional context.

In recognition of national priorities, it gave special emphasis to poverty reduction and the implementation of the Peace Accords in rural areas. That, in turn, placed the Highlands in a position of early and more detailed attention because of the concentration of poverty, indigenous people, and focus of the Peace Accords. This strategic document was prepared for the political transition at the end of 2007.

This assistance provided the GOG with a set of strategic documents, recommendations, and specific actions to continue guiding public and private institutions involved in the rural development effort. This national scale, long-term effort could improve production and marketing of agricultural commodities to benefit small and medium-size farmers into a more commercial agriculture. This effort also recognized the gaps in poverty reduction and inclusion in an agricultural growth plan and stated specific means of filling those gaps. Further, it emphasized the critical role of decentralization, mobilization of rural people, broad participation in planning and implementation processes, and interaction with outside sources of technical knowledge. This will result in a better commercial and investment environment for national development.

This assistance was to provide guidance to the Ministry of Agriculture and SEGEPLAN to update and enhance the Rural Development Cabinet Strategic Agenda and Action Plan for 2008 – 2011, as a political transition approach. The analyses and final report were utilized by the Vice-President, Eduardo Stein, in his transitional meetings with the new government team, and were submitted to them as the departing Government's formal final report.

Update of the rural development policy and opportunities for the new government, including institutional, financial, and technical analysis (June to September, 2008).

As mentioned above, after assuming power in January, 2008, the new Government party started replacing the technical team at the high and mid-level of public institutions. The new authorities based their activities on the previously mentioned One Hundred Day Plan. USAID attempted to recover the rural development model initiated during the past two years. For this purpose, USAID requested that TCAP reengage John Mellor and IARNA to interact with local authorities and leaders from the public and private sector, academia, and civil society, to reach a consensus and renew the vision and perspective of the rural development effort.

The overall purpose of this effort was to provide assistance to the GOGs leaders in recovering and defining the direction/strategy of economic growth and development in the rural areas, based on technical and verified principles. The interaction included a meeting between President Colom and John Mellor, where Dr. Mellor made a formal and detailed presentation of the model and its expected results in the short, mid and long-terms. In addition, there was a close interaction with the Presidential designee for rural development; the head of Pro-Rural, Ing. Robbie Dalton.

The IARNA team and John Mellor carried out this assistance in three phases: 1) the preparation phase, which included the collection of the required reference information to update John Mellor in preparation of his visit. This information was divided in the five areas emphasized within the rural development policy: 1) roads/productive infrastructure, technology, organization, credit and institutional support; 2) technical support during Mellor's visit, arranging and attending meetings with public and private institutions, universities and international cooperation; and, 3) follow-up and preparation of the final reports. This latter phase included: 1) a comprehensive assessment of the human, financial and institutional resources available for implementing the rural development policy/strategy; 2) a map for implementing the strategy and utilizing the local and international resources for this purpose; and, 3) a plan/strategy to carry out at the rural development policy supported by the non-governmental sector. This plan included three networks: 1) the production network (with national and international NGO's and other civil society organizations involved in direct assistance to small farmers); 2) the research network (with private national and international research organizations and academic institutions); and, 3) the financial network (cooperatives, private banks and other financial organizations with rural emphasis).

All of these reports were extensively disseminated and discussed with Pro-Rural and other interested parties, but for various reasons, the conclusions and recommendations were not implemented. However, the comprehensive analyses and the experienced recommendations and design, continue to be valid for the forthcoming years.



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Assistance and support to coordination and cooperation among international donors implementing rural development programs (December 2008 to August 2010).

As mentioned above, USAID has supported the formation and consolidation of a Rural Development Working Group among the international donors to streamline and improve the impact of the external investments in the rural areas. TCAP was requested to provide technical and administrative assistance to the operation of this group, acting as a technical secretariat by providing specific technical advice when required, and following-up on the conclusions, actions, and recommendations resulting from their meetings. Two pilot sub-groups were organized to coordinate donor efforts in two departments with large amounts investments and with many donors working in the same areas, Sololá and Huehuetenango. These sub-groups coordinated exercises that will be expanded into other geographic areas. The experiences will be used to design sectoral coordination groups for the implementation of public policies by the GOG, as well as on the efficient use of resources. One key result of this activity was the formalization of the departmental coordination group in Huehuetenango, with the participation of all the international donors with investments in the area and local government representatives. The GOG (SEGEPLAN) coordinated this activity with TCAP support. It is expected that this design can be applied and/or adapted to other departments.

Assistance and support to the Guatemalan Exporters Association, AGEXPORT (December 2008 -August 2010).

AGEXPORT was organized in the early 1980s in response to the closing of GUATEXPRO which was the government's export promotion unit of that time. With the disappearance of government support, new exporters and diversified producers had no home. AGEXPORT (it has been through a series of name changes but it is the same institution) emerged to fill the vacuum.

AGEXPORT has been over the years a leader in the development of non-traditional exports from Guatemala. If these were 25% of Guatemala's exports in the 1980s, they now constitute 75%, and of a much bigger pie. Part of the success is due to its being organized into "comisiones" which are focus groups revolving around one crop or industry. This permits a focused approach to opportunities and constraints in a given sector. There are 16 of these focus groups.

As Guatemala's exports have grown, so has AGEXPORT. The institution, from a narrow base, has grown into a large institution, focused on the development of 16 different product groups, organizing a number of trade shows held in Guatemala, and leading missions abroad to visit exhibitions and conferences world-wide. In 2008, Guatemala exported \$7,765,000,000 worth of goods, of which 75% were non-traditional.

AGEXPORT has avoided the traditional confrontational approach so often characterizing public sector/private sector relations. In part this stems from AGEXPORT's fresh approach - it does not defend privileges, but rather seeks opportunities. It also has not had vested interests to defend. As a matter of fact, AGEXPORT has been able to develop public-private partnerships with the GOG in a number of areas vital to the growth of exports.

The largest of these partnerships is the VUPE (Ventanilla Única para la Exportación) or a one-stop window for export license processing. This is managed by AGEXPORT on behalf of the Ministry of Finance, and is well-regarded for the efficiency with which it processes export licenses. Another significant area of public-private cooperation is in regard to implementation of certain protocols required by the U.S. government for Guatemala to be able to export fruit-fly susceptible crops (mangoes, papayas, peppers and tomatoes) and ornamental plants. A group called PIPAA works for the Ministry of Agriculture to certify these crops in accordance with USDA-APHIS regulations, but its administrative and logistics support comes from the private sector via AGEXPORT. In the last year, AGEXPORT and its members contributed \$4.5 million to the support of the system. Over the years, AGEXPORT and the Ministry of Economy (MINECO) have cost-shared on the salaries and expenses of the PACIT program which places trade promotion attachés in key cities overseas. In addition, AGEXPORT and MAGA have an understanding for the development of 100 small irrigation projects which will bring higher value crops to small farmers in the interior. TCAP has also helped push this program given the current lack of irrigation system design capabilities within MAGA.

Supplementing joint undertakings with certain government agencies, AGEXPORT is also involved in implementing certain donor-funded programs and activities. The most outstanding of these activities is the “Encadenamientos Rurales” program”, which organizes small farmers into producer groups, trains them in modern agricultural methods, teaches them about safe production, and links them to buyers for their products. This program has funding from DANIDA, USAID and FIDA.

It has been very difficult for the donor community to connect with the current government. In part this is due to tremendous rotation of personnel discussed earlier, but also to the lack of clear policies and guidelines in a number of areas. The government has an approach to poverty and underdevelopment that afflicts this nation which is based on cash transfers to individuals and a number of other populist giveaways. Investments in productive infrastructure have been a lower priority.

In the aforementioned circumstances, the question for USAID and TCAP became one of “whom shall we engage with to carry the rural development and economic growth agendas forward”? Because of its nature as a non-profit institution operating in the private sector, yet retaining the ability to engage with the government in a non-conflictive manner, AGEXPORT is a logical choice. As an organization committed to export growth and diversification, it shares many of the same values which drive USAID. It is in this context that the decision was made to invest in the strengthening of AGEXPORT, enhancing its capabilities in order to ensure its sustainability in the foreseeable future.

AGEXPORT's relatively rapid growth called forth a need to develop management and administrative structures adequate to the ambitious in which it was now engaged. It was in that context that AGEXPORT requested, and USAID approved, a full-fledged review of its structures, administrative practices, efficiency, programs, and viability as an organization.

We can divide the assistance given to AGEXPORT into three tranches, where the second emerges from the findings of the first evaluation, and the third goes into greater depth on items from the first and second.



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The first phase of the assistance given, beginning in April of 2009, consisted of a thorough and comprehensive evaluation of the internal and external operations and projections of AGEXPORT, which included:

- operational issues;
- organizational issues;
- financial and administrative issues; and,
- benchmarking with similar organizations in Latin America

TCAP contracted five consultants for this purpose. Each one looked at AGEXPORT from the perspective of their field of expertise. The consultants were:

- Don Rudisuhle, administrative procedures, accounting and audit functions;
- Antonio Bohanic- operations and services to the public;
- William Barbee- services to the members;
- Jaime Carrera- institutional sustainability in the medium and long term; and,
- Jim Fox- economist well-versed in export promotion agencies, their few successes and their many failures.

The assessment resulted in a series of recommendations aimed at improving AGEXPORT's internal practices. Management was restructured so that fewer people report directly to the General Manager and a Client Services Manager was appointed. Procurement of goods and services were examined and suggestions made for improving the process. Payment to vendors and reimbursement to staff through expense reports were also examined.

The team findings were shared with the AGEXPORT Board of Directors, managers and staff in a series of presentations during the findings and recommendations were discussed.

In July of 2009, the General Manager and the Administrative Manager accompanied by TCAP made a bench-marking trip to Peru and Colombia to visit similar organizations to look at governmental support to export promotion. Exciting programs in education were seen at ADEX in Peru. ADEX was found to be very similar in structure to AGEXPORT particularly in that exporters are organized into sub-groups. One of the revelations in observing ADEX was the amount of revenue raised through its commerce schools. ADEX very much finances itself from the profits made by its trade and commerce schools.

Actions Deriving from the Assessment

AGEXPORT would like to have all of its activities under one roof. They would like to have their own convention center as well. They spend large amounts of money yearly renting space for their tradeshows and seminars, which could go towards the amortization of a building. How would they go about it? Two suggestions:

- a fundraising drive; and,
- an ADEX type foreign trade institute.

A Mexico-based fund raiser, Daniel Yoffe, was brought in to discuss fundraising with the Board of Directors and leading members of AGEXPORT. He gave concrete examples of how such a drive could be undertaken.

The AGEXPORT head of Escuela de Comercio Exterior made a follow-up trip to Peru along with the AGEXPORT services manager. An agreement was made with ADEX for cooperation on the subject of foreign trade instruction and programs.

Other Follow-On Activities

Revisit of administration streamlining. TCAP was asked to help AGEXPORT streamline their administrative procedures.

Problems still exist with several long-term employees resisting innovation and modern technologies. These attitudes create bottlenecks. TCAP attempted to recruit a retired USAID comptroller, but a final agreement was not reached. A professional management consulting firm was the second option. In this case, it was difficult to get an agreement between Abt Associates lawyers and P.W.C. lawyers. Finally, we turned to Deloitte and were satisfied that they were willing to undertake the work. As the project ended, they were completing the assignment as well.

With TCAP help, a market survey company, Kitelab, was retained to carry out a survey to determine interest in potentially taking courses at a higher level in an AGEXPORT Instituto de Comercio Exterior. The survey was conducted and the results turned in to AGEXPORT showing what age and education best described the likely market for the proposed courses.

To build on the survey, a visit by ADEX, ISCE, and ECE leaders was arranged. The representatives of ADEX were the individuals that originally designed the highly commerce school model. They came to Guatemala in October 2010 to provide direction on potential follow-on actions.

A return visit from Daniel Yoffe was arranged. He came to discuss concrete plans with AGEXPORT, and fundraising for an independent private sector research institution that is being incubated in AGEXPORT.





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Sanitary Phytosanitary Systems (SPS) and Agricultural Research

SPS. During the last two quarters of TCAP implementation, important work was carried out in the area of Sanitary and Phytosanitary Systems (SPS). Guatemala has no civil service law which protects technical personnel from removal from office when a new party comes to power. Salaries are low, and most technical people work on 4-month contracts. You cannot have a functioning SPS system with this modus operandi. Without a recognized and reliable system, a country cannot trade in fresh agricultural products.

TCAP conducted an in-depth assessment of the SPS situation in Guatemala. Working with users and providers of services, the project concluded that there is a need for an autonomous institute which can control its own personnel and budget. This would be an official entity to which the Ministry of Agriculture would delegate its authority.

As a follow-up to the question of structuring a viable SPS Institute, TCAP hired a lawyer and a government accounting expert to examine the legal options under Guatemalan law, and to propose financial mechanisms for running such an institution while ensuring that the fees it generated would be kept in-house. In the absence of Civil Service reform, an independent SPS authority structured along the lines of the Portuaria system seems to be the way to solve the problem.

Agricultural Research. Under the aegis of AGEXPORT, a one day meeting was held to examine private sector options for agricultural research. The volume of Guatemala's horticultural exports and the problems which constrain yields are important enough to warrant research services. State provision of these services is unlikely, as the ICTA, which is a corn-rice-beans-sorghum outfit in the first place has no funding, and enduring labor problems as well.

TCAP has dealt with the question of agricultural research throughout the life of the project. In any analysis, the need to rescue ICTA kept coming up. This is an intractable issue. It was only this year that a sufficient consensus emerged to the effect that a new approach was needed, and that ICTA should not be a vehicle for achieving this.

In August of 2010, TCAP and AGEXPORT sponsored a research symposium which was well attended. Successful models were presented to the attendees for their review. FHIA (Honduras Agricultural Research Foundation) Director Adolfo Martinez was a speaker. Jorge Restrepo from CENIFLORES in Colombia presented their model which was developed around the flower industry. Ricardo Santacruz presented the ARF (Agricultural Research Fund) model which was USAID-funded and enjoyed a successful run in the 1990s, until its funds ran out. A lively discussion followed, with a consensus to move forward on this subject.

TCAP hired Carlos Anzueto to conduct a short-term assignment in follow-up to the research symposium, working on draft bylaws for the organization. Daniel Yoffe offered advice on fundraising for the proposed research institute during his second visit in October.

Chris Doswell, a former associate of Norman Borlaugh of CIMMYT came to Guatemala to discuss public research and extension options. ICTA was in attendance.

TCAP looked at ANACAFE. A review was carried out of the ANACAFE small farmer program. This is a worthwhile program that needs some corrections and fine-tuning. TCAP found that the greatest impact of the program was in the area of processing wet mill overhaul and

re-design. This gives the group control over their own coffee and enables them to generate income for supporting other group activities. It also serves to improve uniformity and quality of the coffee beans. From 40% defects, it is possible to reduce the level of defects to 5%, with a big rise in price paid for this coffee.

Consultant Enrique Abril visited 6 ANACAFE beneficiary groups and reported the findings which were incorporated into the assessment. The production component of the program was found to be weak. Activities are limited to bush pruning and re-planting. Because of credit unavailability many of the farmers do not invest in fertilizer which is what would be the most effective way of raising yield.

Impact of the Project is hard to measure in some areas, because many of the FEDECOCAGUA and FEDECOVERA cooperatives also buy coffee from unaffiliated farmers. Yield figures are therefore not accurate. More attention needs to be given to development of the cooperatives. Leadership transparency is a key issue. Personnel is limited in their ability to deal in depth with the issues of individual cooperatives

Certification of coffee (as sustainable, organic, fair trade, bird-friendly) is an activity which needs greater attention, since it is a key to better sales income. ANACAFE does not engage in marketing activities because membership also includes coffee buyers and traders. It would be logical to help farmers with market linkage, but this cannot be done by ANACAFE.

Overall assistance in the definition and assessment of crucial areas for food security within an approach of rural economic development in Guatemala (February to October, 2010).

The U.S. Government's Feed the Future Initiative (FtF) is concerned with all aspects of food security, including availability, access, utility, and stability. In Guatemala, food availability is not a constraint, either because sufficient food is produced locally or imported from more efficient producers, given Guatemala's relatively open trading regime. However, access to food is a fundamental and current constraint, as poverty limits the ability of many Guatemalans to purchase food, leading to one of the worst rates of chronic malnutrition and child stunting in the world. Adequate utilization of the food consumed is also an important issue in Guatemala, although not as severe as the limited access caused by poverty.

The ability to absorb the nutrients in the food is impeded in people suffering from diarrhea and other health problems, and there are anecdotal reports of very poor people using their scarce resources (particularly remittances) for conspicuous consumption of junk food, thus worsening their nutritional status. Stability means that "the ability to access and utilize food must remain stable and sustained over time." There is concern within Guatemala about the long-term stability of the food supply as domestic production is affected by deforestation and other environmental degradation. International supplies are expected to eventually be affected by climate change. To better understand these issues and their current and potential effect, Stephen Wingert of Wingerts Consulting, under subcontract to Abt Associates, for TCAP, prepared six analyses related to food security in Guatemala.





These analyses are the following:

- Analysis of Rural Income Sources and Potential Geographic Focus;
- Institutional Options for Sanitary and Phytosanitary Regulation;
- Access to Water and Irrigation;
- Analysis of the Basic Grain Sector;
- Analysis of Access to Agricultural Technology Issues; and,
- Analysis of Access to Rural Finance Issues

However, the conclusion of this assessment is that a large portion of the Guatemalan population suffers from extreme poverty, chronic malnutrition, and food insecurity and these problems particularly affect the rural population, especially in the Western Highlands (altiplano) region. While some improvement in the incomes and living standards of this population could be achieved by increasing the productivity and production of basic grains, this would have very limited impact given their small landholdings and other assets, and the relatively inelastic demand for these crops. In order to address the food insecurity of this population, increased wage employment is needed as well as a shift in production to higher value horticulture and specialty coffee products. The market for these diversified crops is very large and Guatemala is recognized as a reliable quality producer country. However, as discussed earlier, the institutional capacity to assure that worldwide sanitary and phytosanitary standards are met must be improved, or Guatemala risks exclusion from these markets. In addition, attention must be given to improving the access of small and medium producers to irrigation, appropriate agricultural technology, and finance, if Guatemala is to expand the production of these crops sufficiently to raise its malnourished population out of extreme poverty.

Assistance to the implementation of MAGA's Strategic Plan (2006 – 2007).

During 2003, USAID financed an administrative audit of the Ministry of Agriculture (MAGA). This evaluation showed a series of transactional deficiencies within MAGA, which made difficult the internal operation, administration, and control of the institutional activities. This weakness makes it difficult for MAGA to design, implement, support, and provide follow-up to national agricultural development policies, and represents an obstruction to an open relationship with the private sector due to the perceived lack of transparency in its regular transactions. This deficiency was pointed out formally by the General Comptroller Office of the GOG (Contraloría General de la Nación or CGN) as well.

Nevertheless, MAGA designed and started the implementation of its Strategic Plan 2005-2007. This Plan involved a series of internal adjustments and administrative reforms to overcome the main weaknesses identified in the 2003 evaluation. The greater part of this task was the clear definition of internal rules and regulations, which were to be defined by a series of operational manuals. Part of those manuals was drafted internally by MAGA staff. However, the manuals for the more technical areas demanded much more work. As a result, TCAP was

required to finish and validate this documentation. Fifteen manuals were completed and validated for MAGA, which cover all the institution's technical and operational divisions. These manuals fully responded to the requirements of the external audits, as well as to the CGN's legal requirements.

Assistance to MAGA in the improvement of its support to small scale irrigation development and water resources management (July 2009 to September 2010).

Irrigation is one of the main initiatives needed to improve commercial agriculture among small and medium size farmers, and to stimulate rural and community economies. Guatemala has longstanding experience in irrigation, especially working with organized farmers. In the 1980s and 1990s, with the technical and financial support from USAID, MAGA had a highly successful program called "small scale irrigation." The institutional structure where this program functioned was reformed in the late 1990s. Since that restructuring, the GOG's division in charge of irrigation within the Ministry of Agriculture is PLAMAR (Plan de Modernización de la Agricultura bajo Riego). However, this organization is technically weak, under-budgeted, under-staffed, and its main financial mechanism for investing in irrigation equipment and infrastructure (a trust fund with BANRURAL) is not adequate to respond to small farmer needs. As a result, TCAP was very active in providing the technical services that PLAMAR was expected to deliver (this specific activity will be described below under the "Infrastructure" section). Aligned to these technical services, TCAP was required to provide strategic assistance to MAGA/ PLAMAR in three more areas:

A national assessment of ground water availability. A hydrogeological evaluation for the whole country was carried out by TCAP. This assessment included the following nation-wide information: 1) the ground water availability for the whole country (water-table level); 2) the ground water quality; and, 3) an extensive list of the proximity of all small communities, as registered in the official census, to ground water sources. This was the first time that such an effort was made in the country for gathering and publicizing this information, which is essential for public, private, and international investments in agricultural and rural development programs.

Revision of the credit regulations of the trust fund for irrigation investments in the Rural Development Bank (BANRURAL). This is the formal financial mechanism in PLAMAR for funding the irrigation systems for the small farmers. This included the overall analysis of the trust fund regulations and legal rearrangements for their utilization in financing these projects, and for proposing and designing the amendments that are required to fit the financial needs of the irrigation systems.

Technical training. Based on the wide scope of technical activities TCAP was carrying out in connection with irrigated agriculture, it was requested to provide comprehensive training to PLAMAR's technical staff on development projects design, based on irrigation. This training included the procurement and installation in PLAMAR's computers of a software package that allows them to optimize irrigation system design.



Strategic Food Security Plan for the Western Highlands (August – October, 2010).

TCAP was requested to develop and validate a proposal for Food and Nutrition Security (FNS) Strategic Plan for the Guatemalan Western Highlands, covering portions of the departments of Quiché, Huehuetenango, Quetzaltenango, Totonicapán, and San Marcos. This exercise had to be based on food and nutrition security strategic plans that have previously been developed by the country's Food Security Secretariat, SESAN.

This task included a review of the food and nutrition security strategic plans that have previously been developed by SESAN and the current strategic Plan for Food and Nutrition Security, PESAN. Based on this review, the TCAP consultant team prepared a proposal for PESAN, specifically for the Western Highlands, which contained the following elements:

- a diagnosis;
- a conceptual framework;
- a new, vision statement;
- revised strategic objectives;
- strategies to be implemented;
- a definition of target populations;
- a list of priority programs;
- a list of essential elements for implementation; and,
- a definition of the roles corresponding to the various components of the national food and nutrition security system.

Gender, inter-cultural and climate-change were also considered as crosscutting issues. With this information, the team prepared a methodological description of a process to validate the proposal for a Strategic Plan for the Western Highlands of Guatemala.

TCAP organized and conducted a consultation workshop with the sectors that are co-responsible for FNS issues in the area to validate the proposed PESAN for the Western Highlands region.

Agricultural vulnerability assessment and recommendations for mitigating natural disasters caused by tropical storms (June to October, 2010).

During the recent years, tropical storms and hurricanes have created huge losses in Guatemala. Each year during the rainy season and aggravated by global warming, tropical storms produce disasters such as landslides and flooding in Guatemala. These events affect infrastructure (roads, bridges, dams, and irrigation canals) and destroy urban and rural communities and agricultural production. As a result, the food security and economic growth in the rural areas is seriously affected, mostly harming small farmers and the landless poor.

Based on that, and given the fact that these atmospheric phenomena will continue, it is important to determine the level of vulnerability for small farmers and rural communities. In addition, the deforestation and the expansion of the agricultural frontier have added to this vulnerability, which has to be measured and mapped in order to design strategies and policies for mitigating its effects.

Based on that, TCAP was requested to conduct a vulnerability assessment for the agricultural sector in Guatemala for natural disasters resulting from tropical storms and hurricanes, and to define mitigating measures and risk management strategies to reduce negative impacts on rural incomes and food security, using as a model an area of the Western Highlands with intensive commercial and subsistence agriculture, specifically within the highland area of Quetzaltenango, San Marcos, Huehuetenango, Quiché and Totonicapán.

Rural Development Law/Policy process update (May to June/2010).

One of the most anticipated outcomes of the rural development policy was the formal approval of the law that provides legal support and long-term sustainability to the institutional framework involved. Based on that, TCAP was required to determine the status of the process of approving the RD law and analyzing the draft version that most likely would be passed by the congress.

This necessitated a technical evaluation of the draft law under discussion to identify its strengths and weaknesses, as well as to provide consultations with the following sectors; governmental institutions and ministries, the Congress of Guatemala and political parties participating in the process, and civil society, especially the peasant organizations and the private sector. The resulting report of this analysis includes the findings, conclusion, and recommendations of the process; the potential effects of the process/law in the short, mid and long-term in the economic growth of the rural sector; the potential effects of the process/law in the private sector and the peasant organizations; and, an executive summary with a slide show presentation.

However, given the fact that it is very unlikely that the process of approving the law by the National Congress will be completed during this presidential term, this analysis will be extremely useful to understand and design the policy dialogue with the new government, which begins in January 2012.



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Infrastructure

Guidance in the design and planning of a priority rural roads construction system in support of the rural development approach (March to August, 2006).

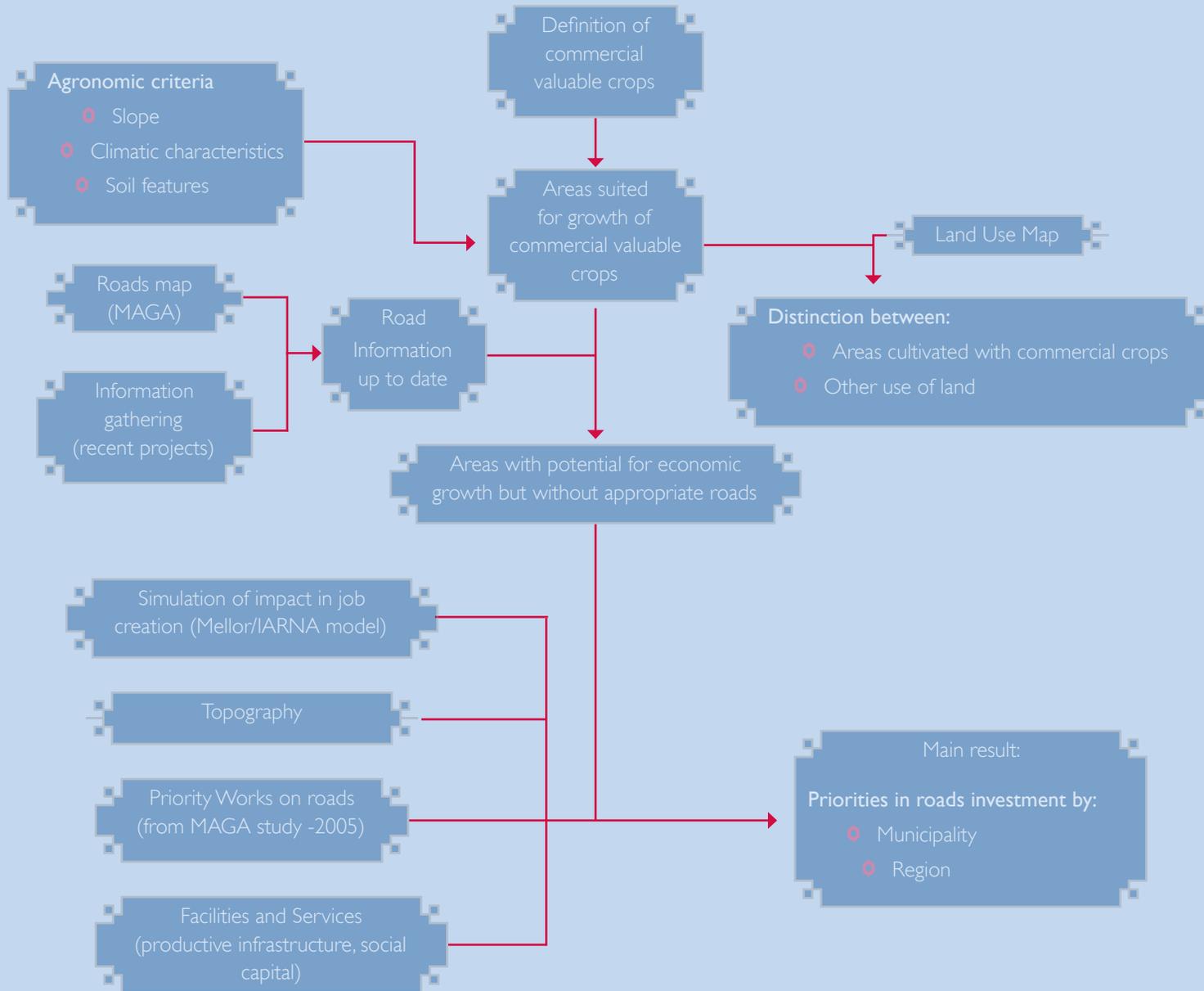
As defined by the Mellor/IARNA employment generation model, one of the key elements for promoting a consistent and sustainable rural development process in Guatemala is infrastructure. Within the infrastructure, communication routes are essential. As can be understood from experiences in other countries, the better quality of the roads, the larger and more continued the economic development effect in the area of influence. However, the quality of the road is directly proportional to the cost. Therefore, given the scarcity of public resources available in Guatemala vis-à-vis the relatively large amounts of money required, it is essential to prioritize investments in infrastructure, balancing individual investment sums (road quality) with their location and length. According to preliminary evaluations performed by various institutions before 2006, the road network in Guatemala is sufficiently expanded. However, the quality and the passable condition of these roads are extremely low. Consequently, investment should be aimed at rehabilitating and improving existing communication routes to promote economic development, and these individual investments need to be evaluated and prioritized.

Based on these premises, TCAP was requested to provide assistance to the GOG, through SEGEPLAN in the design, organization, and development of a system to evaluate and prioritize investments in construction/rehabilitation of rural roads. The first criterion for prioritization was the overall country potential in terms of rural development, as resulting from the model. As mentioned before, the Western and Central Highlands (W&CH) provided the optimal conditions for initiating the rural development process proposed. In addition, the commitments from the 1996 Peace Accords targeted the poorest population in the rural and indigenous areas of the Country, which coincide precisely with the W&CH area. Therefore, the first geographic, anthropological, and socioeconomic exercise was the definition of the limits of the W&CH. Based on that, an extensive geographic work continued, overlaying thematic maps with agricultural, agronomic, demographic, and economic information.

The purpose of these geographic exercises was to identify the municipalities in the Highlands where an investment in rural roads is more likely to yield social and economic revenues in the form of economic growth, job creation, and poverty alleviation, and, at the same time, to identify the civil works in rural roads required to boost the performance of economic activities in these areas.



The steps followed to set priorities for investments in rural roads in the C&WH are shown in the graphic below:



In 2007, The President's office authorized SEGEPLAN to initiate the negotiations with the IDB for a \$350 million loan to construct the priority roads identified by this TCAP assessment. Unfortunately, the UNE's Government has not implemented this initiative.

Assistance in the comprehensive design of 22 small scale irrigation projects covering more than 800 farmers on 800 Has. (June 2008 to November 2010).

Guatemala has considerable potential for agricultural development, and AGEXPORT, the Guatemalan Private Exporters Association, has been actively promoting local products around the world. As a result of increased external demand from abroad, production has been exceeded beyond its capacity. This increasing demand on one side, and the great capacity to produce all year by the small farmers on the other, opens the opportunity for the private and public sectors to work jointly in expanding the production area with emphasis on small farmers. This initiative is designed to improve local economies and increase job opportunities in the rural areas, as recommended by the IARNA/Mellor Employment Generation model. In addition, AGEXPORT has a social project in support of small farmers, working with cooperatives and small producers associations. Based on that, AGEXPORT, in coordination and cooperation with the GOG's Ministry of Agriculture, requested assistance from USAID/TCAP to design a program to expand the area under irrigation and to increase the agricultural exports with small farmers.

Accordingly, irrigated agriculture is essential in order to take full advantage of these commercial opportunities. The past governments in Guatemala have invested great amounts of resources in irrigated agriculture development. However, the lack of experience and training of the managers of irrigated agriculture, inefficient farmer organization models, and market uncertainty have resulted in the failure of many of those units. Moreover, the pressure on the communities for diverting water for home consumption together with industrial and human contamination has hindered the utilization of surface water sources. In addition, deforestation and the expansion of the urban areas have decreased the amounts of water available in these surface sources.

Irrigated agriculture, apart from the export opportunities, would allow doubling and, in some cases, tripling of production throughout the year, increasing productivity and making the investments more profitable. This would increase demand for labor, which would contribute to reducing unemployment and underemployment rates in the rural areas. The areas that can be irrigated and incorporated into this high-value crop production chain, with the participation of small farmers, have to be identified and characterized for planning collective irrigation systems. However, given the serious limitation of surface sources, the use of ground water is often mandatory; which demands a more accurate and careful evaluation of the proposed areas for irrigated agricultural development.

More recently, the GOG has been trying to initiate a rural development policy based on the economic strengthening of small rural communities, utilizing agricultural development as the core engine of economic growth. This initiative is oriented to both basic food staples in subsistence agriculture and commercial crops. Irrigation expansion fits in perfectly with this proposed rural development approach and with its commercial perspective. This compatibility allowed for a coordinated and cooperative program between the government and the organized private sector to promote better living conditions in rural areas.

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Since the second half of 2008, USAID/Guatemala has provided assistance to the GOG in the development of this public-private partnership model for increasing the supply of agricultural products for export. As mentioned before, USAID financed a TCAP managed nation-wide evaluation of the potential use of ground water for irrigation in order to identify the areas where it is economically feasible, given that surface water sources are either scarce and/or contaminated. This approach allows small farmers to group together around the irrigation system, which is to be financed by the GOG. They will receive technical assistance and guidance in achieving and maintaining export quality production from AGEXPORT. The participating small farmers will substantially increase their incomes through these operations. This ground water evaluation effort covers the whole country, and has initially identified 100 sites where the conditions are favorable. From these, 25 specific areas with the highest potential were selected for implementation. 22 of those systems have been designed and are ready to be built and begin operations. These 22 systems add up to about 800 hectares (close to 2000 acres) and will directly benefit over 800 families, creating more than 1,800 new jobs in the C&WH region.

Small Scale Irrigation Projects Evaluation (August to October, 2010).

During the 1980s and 1990s, USAID financed various development projects designed to diversify agricultural production in the Western and Center Highlands in Guatemala. This agricultural program was intended to increase the incomes for the small farmers participating, through crop diversification from basic grains to vegetables. An essential element of this effort was irrigation, which required the organization of small farmers around the water sources, enabling them to produce high value crops all year, taking advantage of profitable marketing niches. This trend fostered the creation of what was called the “small scale irrigation” approach, which was refined and aggressively expanded during those two decades. Ultimately, this approach, which was strongly supported by USAID, was instrumental for increasing the non-traditional exports from Guatemala over the last 25 years.

However, since the development and expansion of this approach, no systematic or comprehensive evaluation of these systems has been performed. The evaluation of the status of these small scale irrigation systems would provide considerable information on the appropriate technologies to be supported and the economic impact of such investments.

Based on that, TCAP conducted an evaluation of the general condition, benefits, expansion/failure trends, and lessons learned from a survey of the small scale irrigation systems constructed by the GOG, with the technical and financial support from USAID during the 1980s and 1990s. This assessment covered the Western Highlands, specifically the highland area of San Marcos, Huehuetenango, Quiche, Totonicapan and Quetzaltenango. The results of this assessment will be very useful as the GOG begins to implement the new rural development strategy.



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Technology

Assistance to MAGA in the design and planning of a national policy for technological innovation (June 2006 to October 2007).

In late 1999, the Guatemalan Ministry of Agriculture was restructured as a result of recommendations made by the World Bank and the International Monetary Fund to reduce the size of the public bureaucracy. This restructuring and downsizing dissolved the agricultural extension services agencies and, as a consequence, the public research system was weakened significantly. However, given the new commercial context provided by DR-CAFTA, the GOG recognized the urgent need to take a more active role in defining a national policy on agricultural research and involving the country's Agricultural Science and Technology Institute (ICTA). ICTA had been undergoing a reengineering process as well, in connection with private sector producers, AGEXPORT, and several national and international PVO's and donors. Under the new commercial and institutional context, a redefined system for providing agricultural extension services had to be developed.

TCAP was requested to provide assistance to the Ministry of Agriculture in the design and definition of a modern national policy on agricultural research and extension. This request also included the definition of doable actions and strategies in the short and mid-term to improve MAGA's leadership in the prioritization and promotion of the agricultural research in Guatemala, as well as to find models to convey the results of these research efforts to improve the technological level of the small and mid-size farmers facing the DR-CAFTA challenges. A series of workshops and public presentations were carried out in connection with this assistance. In addition, the main recommendations and consensus reached during these public events were included in the transition agendas for the new government starting on January 2008. However, little attention was paid to technology by the UNE's Government. Given the strong interest and understanding of the importance of technology for rural and agricultural/export development, a new effort was lead by the TCAP, but this last one was strongly oriented to the private sector, utilizing the organizational platform of AGEXPORT. The details of this initiative are described below.

Reengineering of the Agricultural Science and Technology Institute (ICTA) (October 2006 - December 2007).

During 2006, the Board of Directors of ICTA approved and started a process for the institutional renovation of ICTA, with the aim of recapitalizing the Institute's capability to provide an adequate and opportune response to the new challenges posed by modern agriculture, the country's food needs, and the DR-CAFTA. In support of that effort, a team of specialists from the Inter-American Institute for Agriculture Development (IICA) carried out a comprehensive study of ICTA. This team produced a proposal for restructuring ICTA with scenarios: one that recommends specific internal administrative and operational changes within the current legal framework; and, a second one, describing a reform in accord with Decree 68-72 (ICTA's Organic Law), for which the formal approval from the National Congress was required.

MAGA took the decision of starting with the reengineering recommended under the first scenario, and required USAID assistance for that purpose. This effort required a series of complex internal adjustments, since ICTA suffered a severe reduction of its professional and technical

resources over the past 20 years. An internal Implementation Committee was established to carry out the required changes. MAGA authorities planned to continue with the restructuring. However, such action was not feasible that year nor the following, due to the proximity to the general elections and the transition process within the Congress of Guatemala. Therefore, TCAP provided expert technical assistance for the reengineering process. In addition, TCAP assisted ICTA in the preparation and implementation of its national strategic plan. This included a series of regional workshops in Chimaltenango, Quetzaltenango, South Coast Mazatenango, Alta Verapaz, Coban, Peten, Zacapa and Guatemala City.

Unfortunately, most of the progress realized by these efforts has been stalled with the change of the Government in 2008.

Evaluation of the performance of the Watershed Management Unit within MAGA (October to December, 2007)

In 2006, MAGA created a special unit for the Promotion of the Comprehensive Development of Watersheds (Unidad Especial de Ejecución de Desarrollo Integral de Cuencas Hidrográficas – UEEDICH). The main purpose of this unit was to introduce the watershed management approach as a transversal strategy to all the MAGA specific activities at the field level. This management approach was intended to establish the utilization of watershed and micro-watersheds as the focus unit for planning, designing, and concentrating the agricultural development programs of the GOG. When fully implemented, this will facilitate an effective mechanism of coordination with the environmental management and protection efforts of the Ministry of Environment and Natural Resources, as well as improving the effectiveness of activities that promote conservation and protection of soils and water. This is a long-term strategy and needs the progressive expansion of the concept within the MAGA first, but simultaneously to all the GOG agencies working in rural development programs. At the same time, this effort would benefit urban areas, decreasing the environmental related risks, such as floods and landslides, improving quality and quantity of water available, and protecting the natural surroundings.

Within a year of implementing activities in late 2007 and trying to define strategies to work with the field units of MAGA in a coordinated manner, UEEDICH was still in the process of consolidation. However, given the fact that this was considered the most technically appropriated management concept for public institutions dealing with agriculture and natural resources, MAGA's interest was to continue with the process to set up the watershed management approach on a national and long-term basis. Therefore, for the MAGA authorities at the end of the presidential period, this was a key transitional issue to be presented and discussed with the new government. TCAP provided assistance to MAGA in the evaluation of the watershed management unit for designing a strategy for using this approach in the design and implementation of the MAGA's field activities as part of the transition agenda for the new government. This report was presented to the new authorities in MAGA, and many of the recommendations have been implemented.

Overall and strategic support to the development of commercial agriculture research processes with emphasis in the private sector (June to October, 2010).

USAID/TCAP sponsored a symposium to explore the feasibility of creating a privately led and funded agricultural research system in July, 2010. The event generated far more interest than anticipated, with the active participation of more than 70 individuals, 50 of whom were leading Guatemalan agricultural producers and business people. At the end of the symposium, all of the participants concurred with one of the main

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recommendations that resulted from the discussions. This recommendation was to define a specific and practical strategy for the creation of a privately led research entity. This strategy should include a detailed description of the scope, purpose, structure, estimated investments and operational cost, and sources of funding for the proposed entity. Consensus was reached on four guiding principals for this effort:

- ❖ improve productivity;
- ❖ increase competitiveness;
- ❖ create added value for the products; and,
- ❖ to be sustainable from environmental, sanitary, and financial perspectives.

It was clearly stated that the creation of such an institution or foundation would require financial support from the private sector, and to some extent, financial support from international donors. Therefore, a specific proposal needed to be developed, including identification of possible sources of financial support.

The institutional platform for this development was AGEXPORT, which would be responsible for providing support and follow-up to the resulting initiatives. TCAP provided assistance for an expert to lead this process and to foster the participation of private sector organizations. The results of this assistance were provided to AGEXPORT to complete the process in the short-term, and to continue to develop the concept of a private agricultural research institution.

Cooperative model, MAGA/PIPAA - AGEXPORT, alternatives and adjustments for defining and designing an effective, internationally recognized and sustainable SPS system in Guatemala (August – October 2010).

The total value of Guatemalan horticulture and shrimp exports in 2009 was \$1,049,000,000. The full-time equivalent number of jobs in these sectors is approximately 109,000, which is more than the employment in the sectors of either the coffee or sugar cane. Growth of employment in agriculture has a strong multiplier effect on employment in the non-agricultural sector, so the overall risk to employment in Guatemala if market access is reduced or eliminated due to poor sanitary and phytosanitary management could be as much as three times this figure.

USDA/APHIS is very concerned about the status of Guatemala's SPS capacity. The number of interceptions, (i.e. products found to contain pests or in other ways unfit for entry into the US market) increased from about 1,100 in 2007 to over 1,300 in 2008, and over 1,900 in 2009. This deteriorating performance has caused APHIS to consider imposing a 100% inspection requirement on Guatemalan fresh fruits and vegetables. Such a measure would effectively destroy Guatemala's ability to export these commodities, as the delays it would cause would seriously increase costs and shorten shelf-life. It would, in effect, take away Guatemala's competitive advantage.

Therefore, a specific assistance program to improve these services in the short and long-term must be developed, including identification of possible sources of financial support. The institutional platform for this development was again AGEXPORT, which will be responsible for

providing support and follow-up to the initiative as proposed. TCAP provided the assistance needed to outline, strategize, define, and promote the formation of an institutional framework for the short, mid and long-term to define and design an effective and sustainable SPS system in Guatemala, as well as for providing some short-term solutions to the current institutional problems with PIPAA. The recommendations and final reports from this assistance have been delivered to AGEXPORT for follow-up to the consolidation of these institutional rearrangements.

Assessment of the competitiveness capacity of the small farmers' organization and assistance models, for USAID assisted programs: IMARE/Wall-Mart-Mercy Corps, AGIL and AGEXPORT (September - October, 2010).

TCAP carried out an investigation that assessed the competitiveness of small farmer enterprises in the production of high-quality horticultural crops. A sample from the universe of producer groups participating in three USAID-supported projects was chosen as a surrogate for the subclass of small horticultural producers. This exercise was not an evaluation of the degree to which each project or group reached project targets. Rather, its purpose was to provide a glimpse of small producer groups' positioning for successfully competition in local, regional and international horticultural product markets. The competitiveness status of the three producer groups selected from each of the USAID-supported projects was examined from the standpoint of: production management, markets and marketing, financial management and enterprise management and entrepreneurship.

The results of this competitiveness assessment were intended to identify the generic strengths and weaknesses of small producer groups from the standpoint of their level of competitiveness and sustainability, the functional areas in which small enterprises require attention, and considerations for increasing small horticultural producers' competitiveness in high-quality markets.

The final report of this investigation includes: (a) a summary and comparative analysis of the AGIL, AGEXPORT and IMARE projects as alternative strategies and design for integrating small farmers into commercial agriculture; and, (b) an examination of the returns to scale for small producer groups through association. This examination and analysis indicate principal deficiencies in the organizational structure of selected groups that impede their progress in achieving competitiveness and viability; identify mechanisms through which small producer groups can sustainably increase access to financial and technical services; identify specific options for groups, on an illustrative basis, to improve long term prospects for sustainability through access to markets and financial and technical services.

Analysis of production and competitiveness of selected Guatemalan crops (October, 2010).

In preparation for a new Feed the Future program to address food security issues, USAID/Guatemala requested an analysis of Guatemala's production, productivity, consumption, and net imports/exports of selected agricultural and forestry products, as well as a benchmarking comparison of this information with that available for other Central American countries. Where found, time series data for these products was presented to show changes in trends over time.



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Finance

Assessment of rural financial markets (June to September, 2010).

Credit and rural financial markets is another essential factor for effectively implementing the rural development policy, as designed by the Mellor/IARNA employment generation model. Consequently, TCAP was required to carry out an assessment of this area as well. However, the great diversity of actors and activities within the universe of Guatemalan small producers precludes a one-size-fits-all analysis. Therefore TCAP's examination focused on commercial small farmers, for whom adequate financial services would significantly contribute to their profitability and competitiveness. In addressing the needs of the commercial small farmer, the findings of this study are applicable for perhaps no more than 20% of small farmers. Nonetheless, this is the group which most needs and could most effectively utilize a comprehensive package of financial services. This minority of small producers is an important supplier to global and regional export markets, as well as to high quality internal markets. Given appropriate support, the profitability in these markets would enable the small producer to afford additional costs associated with expanded financial and technical services.

The objectives of this investigation were three-fold:

- ❖ appraise the availability, accessibility and efficacy of financial services which impact on small farmer entry and competitiveness in commercial agriculture in Guatemala;
- ❖ analyze the effective demand for credit;
- ❖ identify options and alternatives for improving access to financial services supporting commercial small farmers.

c. Component Two – DR-CAFTA Implementation Support

Summary/Matrix on DR-CAFTA requirements accomplishment by the GOG (September 2008 to April 2009).

The DR-CAFTA was ratified in Guatemala in 2006. The agreement includes 22 chapters, for which there are many actions required from and commitments for the GOG. The GOG entity responsible for complying and/or leading the process to comply with these actions and commitments is the Ministry of Economy (MINECO), and within MINECO, the Vice-ministry for External Trade is the technical office responsible. This is a multisectoral task, involving many institutions, public and private, as well as the National Congress. Consequently, the GOG needs to understand and have a clear definition of the commitments included in this agreement. However, given the wide range of actions required and the complexity of this effort, it is necessary to strategize and prioritize the GOG interventions in this area. Thus, the Vice Minister of Economy required technical support from USAID in order to have a better understanding of the technical and policy requirements to meet the terms of these commitments; this assessment was provided by TCAP.

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In continuation of the “commitments matrix”, TCAP was asked to provide assistance in the evaluation of actions, measures, and strategies MINECO has taken to promote the implementation of the DR-CAFTA. This evaluation was designed to draw lessons learned from the recent experience of MINECO and to develop specific actions, strategies, and measures to expand the benefits of the agreement to the Guatemalan economy.

Evaluation of the first, second, and fourth years of DR-CAFTA, including recommendations and strategies for improvement (2007, 2008 and 2010).

TCAP provided assistance to MINECO, specifically to the Foreign Trade Vice-Ministry, in order to adequately implement the country’s Foreign-Trade Integrated Policy. Specifically, the project identified, characterized, and recorded businesses in which DR-CAFTA’s progress, achievements, and challenges can be documented. This assistance was provided for three years: 2007, 2008, and 2010. For each one of those years, TCAP conducted public presentations of the evaluation results, where the individual entrepreneurs participated, explaining the improvements, lessons learned, and obstacles found in their sales to the U.S. market, using the DR-CAFTA. In addition, TCAP provided assistance to evaluate the Trade-Promotion Program of MINECO and proposed policies and actions to make better use of the financial resources to promote DR-CAFTA, focusing on Guatemalan micro-, small- and medium-sized export businesses.

Assistance in the design of the regulatory framework within the telecommunication sector as part of DR-CAFTA commitments (January to June, 2008).

The General Telecommunications Law was approved in 1996. This law allowed open competition in the telecommunication market in Guatemala, established its regulatory framework, created the Telecommunications Superintendence, and promoted the development of rural telecommunications through creation of a fund for subsidizing the expansion of telephone services in rural and low income urban areas. DR-CAFTA includes international commitments in the area of telecommunications for Guatemala, which are expected to allow the international consolidation of the sector’s openness to competitiveness.

As a result, during 2006 and 2007, PRONACOM was leading the contracting of specialized technical assistance for the evaluation of the telecommunication sector, which involved the identification of regulatory weaknesses and the identification of options and recommendations to overcome these weaknesses. This assistance included a strategic plan to allow Guatemala to comply with the commitments coming from the DR-CAFTA.

GOG Decree 11-2006 (DR-CAFTA Law of Implementation), passed by the Congress of Guatemala in 2006, included reforms to the General Telecommunications Law defining special requirements for operators in the commercial network that were classified as “important suppliers.” These reforms called for many other technical appraisals for improving the regulation of communications in Guatemala, and to fully comply with the commitment provisions within the DR-CAFTA. The cost for these studies is very high; therefore, PRONACOM and SIT arranged a combination of sources of funds to cover these consulting services, utilizing resources directly from PRONACOM, USAID, and the Telecommunications Superintendence/National Unit for Development Program (UNDP).



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In the case of the study for Market Regulations and Identification of Dominant Position for the Communication Sector, PRONACOM/SIT divided the cost in two parts. The first part for \$25,000 was financed by the UNDP. For these technical services, the UNDP identified a short list of nine candidates, making a detailed evaluation of their background, including a phone interview. Out of this process, UNDP/SIT hired a Spanish consultant, Mr. Jose Monedero-Bustamante. Due to the nature of this activity, the second phase, with a cost of \$50,000 (approved to be covered by USAID's funds through TCAP), was required to hire the same consultant, given the fact that the technical information and the findings coming from the first phase were closely related to the second. The first phase included a benchmarking analysis of international best practices in the definition of relevant markets and in the identification of dominant position operators. In addition, the consultant evaluated the Guatemalan market to improve and refine the description of the relevant markets classification already prepared by the SIT and the Ministry of Economy. Continuing with this assistance and in order to assemble the complete results from this study, SIT/ UNDP required USAID to go forward with financing the contract with Mr. Monedero-Bustamante for the second phase.

This second phase included an analysis of the current telecommunication regulations in Guatemala - mainly the General Telecommunications Law, reforms, regulations, standards, and commitments acquired by the Government of Guatemala that have been endorsed by the National Congress, and to draw a proposal including the criteria and methodology to determine the quantitative parameters that allow the GOG/SIT to classify important suppliers in each relevant market. The suggested methodology had to be done according to Guatemalan legislation, and a formal implementation handbook for the local market was included as well. In addition, a dry run was carried out, evaluating the structure of the two relevant markets which were identified by the Telecommunications Superintendence based on the criteria and methodology proposed, utilizing the implementation handbook, to verify for each the applicability of the methodology, the level of openness/efficiency of the market, and defining for each its degree of competitiveness and identifying important suppliers.

Fair Trade policy certification and implementation assistance to MINECO (August to October 2010).

Fair Trade is an organized social movement and market-based approach that aims to help producers in developing countries obtain better trading conditions and promote sustainability. The movement advocates the payment of a higher price to producers as well as adherence to defined social and environmental standards. It focuses in particular on exports from developing countries to developed countries, the most frequent products are handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate, and flowers.

Fair-trade certified sales in 2008 amounted to approximately US\$4.08 billion worldwide, a 22% year-to-year increase. While this represents a small fraction of world trade in physical sales, some fair trade products account for 20-50% of all sales in their product categories. In June 2008, Fair-Trade Labeling Organizations International estimated that over 7.5 million producers and their families were benefiting from Fair Trade-funded infrastructure, technical assistance, and community development projects. In 2007, the GOG, established an Inter-institutional Commission for Fair Trade, with the purpose of unifying the governmental and non-governmental institutional efforts in support, promotion,

expansion, and development of the Fair Trade activities in Guatemala. The SME sector has had ample opportunities to participate in these markets, but consequently needs to receive specific technical assistance and institutional support. As a result, the Ministry of Economy requested USAID's assistance to evaluate its internal capacity and institutional framework to improve its support to the development of the Fair Trade initiatives for the benefit of the SME sector. TCAP was asked to design policies, strategies, mechanisms, and measures to increase the development of the SME sector working with Fair Trade markets.

Institutional strengthening of MINECO and training for project and program management (Microsoft Project Management software – May to October 2010).

MINECO, in order to become more efficient in managing the different projects and programs for economic development in Guatemala, required assistance for the procurement of specialized software and training for technical staff responsible for those activities. As a result, the TCAP bought the server and individual licenses for this software and arranged the training for MINECO.

Assistance in the design of innovative financial services to promote exports (October 2010).

In support of the export sector and in connection with the DR-CAFTA expansion, TCAP was asked to carry out an appraisal of the needs and demand for financial and credit services that exporting companies, especially small and medium enterprises (SMEs), have in Guatemala. This assessment concentrated on an evaluation of the funding mechanisms that MINECO has available for this sector, in order to identify potential innovations in these mechanisms to become more effective in satisfying these needs, resulting in increased Guatemalan exports.

d. Component Three – Key Clusters Competitiveness (Horticulture, Forestry and Tourism)

Assistance in the design of policies and strategies for tourism development (institutional strengthening of the Guatemalan Institute for Tourism), tourism development transition agenda, and community tourism support and development (2007 and 2010).

The GANA Government gave high priority to the development of the tourism sector. At that time, a national tourism policy was being implemented and many institutions, public and private, were providing support to consolidate this policy. Many tourism alternatives were promoted, such as community tourism, eco-tourism, cultural/adventure tourism, and many others, with the effective and potential involvement of various institutions, national and international. The main leading organization for this process was INGUAT. In 2005, INGUAT, jointly with the Guatemalan Tourism Chamber (CAMTUR), prepared a development plan which produced poor results. Those results were not congruent with the importance and the expectations the GOG had for tourism development. As a result, INGUAT needed to focus its efforts in a more orderly and planned fashion, for which strategic planning was indispensable. TCAP provided support to this strategic planning process.



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In addition, PRONACOM included tourism within its National Competitiveness Agenda. As a result, both organizations, INGUAT and PRONACOM, were advocating different activities, and there not an agreed upon overall tourism policy and strategy at the national level. Both organizations had interest in designing tourism development plans for specific in-country locations. However, these plans had to be linked to a nationwide and coherent tourism development policy. TCAP provided support to design this policy. However, when the policy was about to be completed, the legislative period was ending and there was not enough time to implement most of the recommended actions. Thus, TCAP was requested to prepare the tourism agenda as a transitional guide for the new government. This transition proposal was completed and submitted to the new authorities. Unfortunately, the UNE's Government had little interest in tourism and took no action. The agenda, however, will serve as a useful tool for the new government when it assumes power in early 2012.

With the UNE government however, community tourism received more attention. This approach was formalized in Guatemala in 2005, through the development of the Community Tourism Alliance. This effort was an attempt to coordinate support for community-based tourism enterprises in rural areas in Guatemala. The community tourism approach attempts to enhance the capacity of local communities to co-manage and conserve natural and cultural resources through tourism. At the same time, Counterpart International was implementing a project in support to community-based tourism through a Cooperative Agreement with USAID.

More recently, the portfolio of small and medium size tourism projects requiring financial and technical assistance was growing within INGUAT. Many of these projects coincided with community tourism approaches. Therefore, INGUAT requested USAID's assistance to structure and prioritize a tourism projects portfolio, as well as to identify the strategies and mechanisms to respond to their needs and requirements.

TCAP was asked to provide this assistance to the Guatemalan Tourism Institute (INGUAT) to increase its support to priority initiatives on community tourism and to develop a small projects portfolio, in coordination and cooperation with Counterpart International. This assistance was provided through an internal institutional strengthening approach, which helped INGUAT's mid-level leaders improve their mutual cooperation and recover an organizational motivation, which was lost due to the lack of support of the UNE government. This strengthening effort is expected to be sustained in the future, given the importance of tourism as a component of Guatemalan economic growth.

Assistance in strategic planning and related support to the Guatemalan Transport Council (September 2007 - February 2008).

The Shippers Council of Guatemala (CUTRIGUA, the Consejo de Usuarios del Transporte Internacional de Guatemala), is a non-profit organization committed to improving the competitiveness of the commercial freight transportation service by ground, air, and sea. CUTRIGUA is a lobbying organization acting as an interface between the users (organized private sector), the shipping service suppliers, and GOG institutions to facilitate and improve cost efficiency of transportation in the different business clusters. This council deals with many key issues related to government regulations which affect commercial and operational relationships with international organizations

as well, both public and private. Based on these efforts, the productive and commercial private sector in Guatemala was looking to increase its overall competitiveness, in relation to the transportation component of their businesses. The private sector organizations that are members of CUTRIGUA are the National Chamber of Commerce, the National Chamber of Industry, the National Coffee Association (ANACAFE), the Non-Traditional Export Association (AGEXPORT), the Coffee Exporters' Association and ASAZGUA (the Sugar Industry Association).

Based on the importance of this council in increasing national competitiveness, PRONACOM required USAID technical and logistic support for the preparation of a Five-Year Strategic Plan for 2007-2012. This exercise would allow CUTRIGUA to improve the orientation of its interventions and lobbying efforts towards priority goals, maximizing their impact on national competitiveness. In addition, CUTRIGUA and PRONACOM were interested in utilizing this plan as a transition document to discuss with GOG authorities in early 2008.

TCAP provided this support, but in preparation, a transportation context evaluation and analysis was required. The assessment included the following activities:

- ❖ a general ports and infrastructure evaluation;
- ❖ an assessment of the existing infrastructure development plans;
- ❖ analysis of transportation's tariffs, taxes, and customs;
- ❖ an appraisal of the transportation sector organization and policies; and,
- ❖ an assessment of the relationships between the transportation private sector organizations and the GOG, as well as the regional organization COCATRAM (Central American Commission for Sea Transport, which is part of the Central American Integration System - SICA).

This assessment produced a report and a power-point presentation with the main findings and conclusions of this overall assessment for improving the guidance of the strategic planning exercise. Also of importance, this involved the identification and compilation of reference documents, definition of the participants' profile, coordination of the agendas of attendees, identification of additional inputs, information required, and any other preparation action for organizing and producing CUTRIGUA's Strategic Plan.

Support for the design of a policy proposal to provide assistance to reduce informal labor and migration (MINTRAB – May to December, 2007).

The GANA Ministry of Labor had an interest to define a project for providing better development opportunities and assistance to the informal labor sector and to illegal emigrant laborers. It was found that, given the poor income generation opportunities within the informal economy, many of these laborers tend to be involved in the illegal emigration movement. In order to have the best possible project design, the ministry required updated and accurate information on the motivation and behavior of the informal labor market, and its connection with the emigration movement. This better understanding was to allow the GOG to design and undertake complementary support policies for improving the competitiveness of the informal sector and, at the same time, discouraging illegal emigration.



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This activity was carried out through the design and implementation of a sampling and surveying methodology using 1,800 individual interviews. These results included:

- a report which included the identification of the socio-demographic characteristics of the informal laborers involved in the internal and external migratory movements;
- the definition of the national labor profile of the economically active population, which is forced to participate in the informal sector;
- an evaluation of the mechanisms that transform the laborers into national and international migratory laborers;
- the identification of the geographic areas with major incidence to encourage the national and international laborers migration; and,
- an evaluation of potential strategies for reincorporating the emigrant laborers in productive and decent economic activities.

e. Component Four – Environment

Assistance to MARN/MINECO for the reinforcement of the Waste Water and Sludge Regulations in Guatemala/DR-CAFTA, Chapter 17, 2006 and 2007.

This assistance was required by the Ministries of Environment and Economy as part of its institutional strengthening strategy for being more effective in the implementation and reinforcement of the environmental regulations in Guatemala during late 2006 and early 2007. These regulations were closely related to the requirements of the Environmental Chapter (No.17) of the DR-CAFTA. This assistance dealt specifically with the Waste Water and Sludge Management regulations, approved Governmental Accord 236-2006 (Reglamento de Descargas y Reuso de Aguas Residuales y Disposición de Lodos), for three industry sectors which are very sensitive to the DR-CAFTA regulations: melons, highlands' fruit and vegetables and textile maquilas. These three sectors have been growing very rapidly in their contribution to the Guatemalan exports to the US. Therefore, MARN and MINECO needed to define a joint strategy to evaluate their technical status for fulfilling the environmental standards that allow them to continue growing, while complying with the regulations of this agreement.

In addition, MINECO had embarked on the evaluation and promotion of new options for diversifying Guatemalan exports to the US, taking advantage of the DR-CAFTA. As a result, they identified bio-commerce as an opportunity with great potential for Guatemala. Therefore, MINECO was expected to provide guidance to entrepreneurs included within the bio-commerce sector, who must comply with the DR-CAFTA regulations related to the environmental standards.

Therefore, TCAP was required to provide assistance to the Ministries of Environment and Economy in the design and evaluation of a strategy to assure the reinforcement of the waste water and sludge management regulations within the industry sectors most sensitive to the DR-CAFTA Chapter 17, Environmental Regulations, as well as, to assist MINECO in the export promotion for the bio-commerce sector within the environmental standards provided by the DR-CAFTA.

The activity with MARN started with a diagnostic to define the typical waste water management profile for the three exporting industries. This exercise was expected to produce the basis for training local judges:

- ❖ to support the GOG to enforce this specific set of regulations and
- ❖ to enable them to enter into international litigations related to DR-CAFTA Chapter 17.

However, the Ministry of Environment was replaced with the government change and the new minister decided to revise the waste water and sludge regulations approved by the previous government, and, consequently restrained any dissemination or training related to them. Therefore, 30% of the technical activities were not completed and the remaining funds have not been disbursed.

The reaction of the ministry to this condition was to ask USAID to change the scope and technical orientation of this assistance to comply with other more urgent needs of the new government, within the environmental sector and always related to DR-CAFTA, Chapter 17. USAID approved the request and the discussion and negotiations to restate that this assistance started around March, 2008. After these discussions and considerations, the MARN finally agreed on a proposal for structuring and strengthening a section dedicated to environmental issues within the National Justice Board. This National Justice Board was a result of the Peace Accords and had the mandate of having a specific section related to environment.

Therefore, TCAP was asked to provide assistance to the Ministry of Environment (MARN) to design, establish and define specific tasks, scope and operations for the National Environmental Justice Board, within the official National Commission for Justice Strengthening and Follow-up (Comisión Nacional para el seguimiento y Apoyo al Fortalecimiento de la Justicia), from the 1996 Peace Accords.

Government Structure. The Ministry of the Environment and Natural Resources, MARN, is the governmental institution responsible for ensuring the ecological balance and the quality of the environment in Guatemala. It is in charge of developing and executing environmental policies, and of observing and enforcing the set of norms relating to conservation, protection, sustainability, and improvement of the environment and natural resources. Specific MARN objectives include:

- ❖ strengthening environmental-quality management;
- ❖ promoting economic growth, social welfare, and competitiveness at a national, regional, and global scale;
- ❖ incorporating the concept of clean production into productive processes; and,
- ❖ promoting the use of innovative environmental-management practices to prevent and minimize impacts and risks to human beings and the environment.



MARN is a recently-created ministry (2000), with limited institutional, technical, and financial capabilities to achieve effective and efficient environmental management. Notwithstanding certain progress in regard to implementing policies and developing some instruments to minimize or mitigate environmental impacts, there are still normative and regulatory gaps, as well as weaknesses in control, follow-up, and legal observance, due to the lack of resources, technical training, and definition of clear criteria and procedures.

TCAP activities under this component were aimed at supporting three main topics: (1) complying with CAFTA-DR environmental commitments; (2) conserving biodiversity; and, (3) climate change.

The objective of this component was to strengthen MARN's capabilities to effectively implement and enforce environmental laws and policies.

i. DR-CAFTA

Institutional strengthening for effective implementation and enforcement of environmental laws (life of project).

The Central American, Dominican Republic, and United States Free Trade Agreement –CAFTA-DR– contains a specific chapter on the environment. This chapter, Chapter 17, establishes that each party to the Agreement guarantees that its laws and policies provide and stimulate high levels of environmental protection, and endeavor to improve said laws and policies. Even though it is expected that DR-CAFTA will provide new investment and trade opportunities, the Agreement also requires that trade partners control and oversee compliance with Guatemala's environmental laws. In this sense, it is necessary for the country to strengthen its capabilities and develop environmental policy instruments and guidelines that will help producers and business people to observe established regulations.

It is under this framework that TCAP technical assistance and support was provided to MARN by means of training its technical personnel, both at the central, departmental and municipal levels. Similarly, environmental regulations and norms were developed, standardized procedures and protocols to implement environmental-impact studies were designed and implemented, and a model was designed to control and follow up productive activities, in order to prevent, reduce, and mitigate environmental impacts.

Solid waste regulation (January – June 2010).

This activity consisted of assisting MARN in developing the Solid Waste Integral Management Regulation. The law for the management and regulation of wastes, including solids and other wastes, was designed in a participatory process by the National Commission for Solid Wastes Management (CONADES) and presented to the Congress of Guatemala for approval. However, since the Law is very broad and general, it needs to be specific at the regulatory level in order to be effective.

The objective of this TCAP activity was to support MARN in elaborating a Solid Waste Integral Management Regulation proposal. During the process, the technical aspects in the law that needed to be regulated were identified, as well as technical gaps that needed to be specified. Other laws were revised, especially the Municipal Law, in order to avoid conflicts.

The Regulation for the Integral Management of Solid Wastes proposal was prepared jointly with MARN and CONADES, and is expected to be approved after the approval of the law by the Congress. However, it is important to mention that there have been several other efforts in the country to have a Law for the Management of Solids Wastes in place and different proposals have been discussed in the Congress without any resolution. The current Solid Waste Law is being discussed in the Congress of the Republic and is still pending for approval.

The regulation defines the institutional competences, classification of solid wastes, provisions for hazardous wastes, the role of municipalities and mancommunities, prohibitions, and administrative measures and sanctions. One of the main obstacles the Ministry of the Environment and Natural Resources faces is the lack of social and political support for environment and natural resources conservation initiatives. Evidence of the latter can be seen in the national budget, where the percentage allocated to the ministry is only 0.24%. Moreover, there are 15 different Law Initiatives in congress pending approval.

Waste water regulation (May – July 2010).

MARN requested technical assistance in socializing the revised wastewater regulation and designing a waste water technical manual. The revised version was modified in 2008, and according to experts, it contained gaps in its application. The “new” waste water regulation followed the regional model for Central America, and defined permissible contamination levels differentiated by economic sector; and therefore, needed to be socialized with municipalities, government agencies, and the private sector; among others. However, the private sector appealed for leaving the “new” Wastewater Regulation on stand by for revision, and it hasn’t been approved as yet.

In October 2009, a cyanobacteria blooming in Lake Atitlan attracted attention of authorities, civil society, and the international community about the problem of contamination Lake Atitlan was facing. Cyanobacteria blooming is the result of cumulative impacts over years caused by point and nonpoint source of pollutants which will lead to an inevitable eutrophication of the lake. Given the importance of Lake Atitlan to the tourism sector and its contribution to the local and national economy, a waste water regulation for Atitlan was created immediately by Governmental Agreement 51-2010. The purpose of this regulation was to set maximum permissible levels of contamination in Lake Atitlan in order to restore, protect, and prevent contamination. MARN eventually requested support in redirecting technical assistance for the effective application of Government Agreement 51-2010.

The objective of the TCAP technical assistance was to inform the contamination generating entities about the regulation and the steps that need to be followed in order to comply with it. In light of this, TCAP assistance consisted of conducting a training workshop for the main contamination sources (municipalities, agro-industry, and hotels/restaurants) in the area, and the design of a guideline for the application of the waste water regulation in Atitlan Lake, and the production of printed material to disseminate the content of the regulation with stakeholders.



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The training workshop was conducted in San Pedro La Laguna, where 34 participants from hotels, restaurants, coffee mills, development NGO's, and staff from MARN assisted. In the workshop, participants learned about the objectives of the regulation, to what and to whom the regulation applies, the maximum levels of contamination permitted, and who is responsible for monitoring and the steps for developing a technical study for wastewater discharges. Participants learned also about the importance of reducing/avoiding contamination in the lake. The guideline and content of the printed material were designed for use of the Ministry of the Environment. The materials are highly valuable for the staff of MARN and stakeholders in the area as it describes briefly and simply the content of the regulation and the steps for complying with it.

However, stakeholders continued to be concerned about the cost of developing a technical study, especially for small and medium-size businesses, and implementing the adequate technology accordingly. Weeks after the regulation went into effect, and considering the constrains that the majority of stakeholders are facing, MARN is analyzing the possibility of reducing the permissible maximum levels of contamination, due to the characteristics, especially the size, of the business in this area.

Strengthening of the Environmental Impact Assessment Evaluation System.

An environmental impact assessment (EIA) is a legal-administrative procedure with the objective of identifying, preventing, and interpreting the impacts that a project will have on the environment, in the event it is executed. All of this, with the aim that the competent public entity, MARN in the case of Guatemala, can accept, reject, or modify the final assessment.

The Guatemalan Environmental Impact Assessment System started in 1986, with the approval of Legislative Decree 68-86: Law on Protecting and Improving the Environment. Although the country was the first country in Central American to require environmental impact assessments for works and projects, it did not have a specific set of regulations for a full 17 years. In 2002, a diagnosis of the national EIA system was performed, and an action plan to strengthen the system was developed. This latter established the basis to achieve progress and to implement the Environmental Management System in the country. Currently, there is legal and institutional support to implement environmental impact studies, and progress has been attained in training, decentralizing the decision-making and resolution-implementing procedures. Also, follow-up systems have been developed, and some standardized sectoral guides to develop and evaluate environmental-impact studies have been designed. Notwithstanding this progress, there are still gaps and legal voids in the set of regulations for environmental evaluation and the system is slow and inefficient.

1. Design of terms of reference for the Environmental Impact Assessment Studies of high impact projects (March – October 2010).

The Environmental Evaluation, Control, and Follow up Regulation defines the need to have different environmental evaluation instruments, depending on the potential impacts of each project listed and approved by MARN. According to this, MARN is obligated by law to develop an instrument to evaluate accumulative effects. However, after several years, this instrument was never developed.

Currently, environmental impacts of a project are analyzed in an isolated manner, without considering other projects in the same area, which together could impact the social and environmental carrying capacity of the area. The accumulative effects evaluation guideline will help MARN

in evaluating the impacts of a proposed project and its context. On the other hand, the guideline is a practical instrument about the information that needs to be assessed for project proponents, making the process of approval more efficient, and therefore, an improvement in legal enforcement.

On the other hand in Guatemala, the development of an Environmental Impact Assessment is guided by a generic Terms of Reference (ToR's), meaning that the same ToR's apply to any project, no matter its size, type, or economic sector. The information usually presented in the EIA document depends on the proponent's criteria or judgment, lacking in many cases, the information required by MARN, which often results in delays in approval of the project.

Recognizing that there is a gap for specified Terms of Reference for the development of Environmental Impact Assessments, especially for high impact projects, MARN has recently begun to develop ToR's for assessments of high impact tourism development projects, hydroelectric generation projects, and mining projects. In 2010, the Ministry of Energy and Mines (MEM) announced the interest of the government in exploiting oil in the country. Given the projects for the exploration and exploitation of oil are high impact projects and will require EIAs, MARN requested TCAP technical support in developing specific Terms of Reference for the development of EIA's for the oil exploration and exploitation Projects.

The technical support provided by TCAP involved the design of a guideline for the analyses and systematic evaluation of combined environmental changes, originated by the sum of effects of projects, facilities, industries, or activities in a geographic area. The guideline helps project proponents to identify corrective actions, mitigation, sanitation, and/or rehabilitation measures. Technical support included also the design of EIA's terms of reference for oil exploration and exploitation projects.

For the elaboration of the ToR, technical staff from MEM and MARN was consulted in order to identify the activities and facilities involved before, during, and after the exploration and exploitation. The document follows the logical sequence activities, impact identification, and establishment of prevention and environmental control. An innovative addition to the document is the incorporation of 3 different methodologies for the impact identification, and a methodology for describing and valuating environmental impacts.

After the ToR was approved by MARN, the Ministry of Energy and Mines announced an invitation to oil companies in and outside the country to present bids for the exploration and exploitation of six (out of twelve) new areas. Having specific ToRs for this activity is highly valuable, not only for MARN, but also for the oil companies themselves as the process for preparing and approving an EIA will be not only easier and more efficient, but clearer as well.



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2. Strengthening the local capacity in EIA's (September 2009 = January 2010).

Environmental Impact Assessment's approval is one of the main activities in MARN, and also one of the main demands. Even though the General Direction for Environmental Management (Dirección General de Gestión Ambiental) is the biggest Department within the Ministry, demands for approvals of EIA's exceeds the capacity of the Ministry to respond. According to previous evaluations of the system there are inadequate personnel in terms of number, ability, and knowledge.

The Ministry of the Environment, aiming to facilitate and improve legal enforcement and reduce the environmental impacts caused by the different economic activities, is in the process of decentralizing most of their responsibilities, including the approval of EIA's. However, there is little or no capacity in the departmental offices for evaluation, control, and follow up of projects. This has resulted in a slow process, as most of the work is done at the central level.

In light of this, TCAP conducted four regional training workshops where more than 150 technicians from departmental offices of MARN, CONAP, INAB, IDAEH and Municipalities participated. It is important to mention that even though MARN is the responsible institution for approving EIA's, municipalities, and CONAP and in some cases, IDAEH and INAB, have also an important role in the process. Objectives of the training were to improve the technical and analytical capacity of participants by increasing their knowledge for identifying, mitigating, and supervising environmental impacts from development projects under the EIA format. Participants were trained in basic concepts and application of EIA's, as well as in the use of tools and methodologies for the identification of potential impacts, mitigation measures, and monitoring of environmental impacts. The high participation to the workshops, which exceeded expectations, is a sign of the importance, relevance, and need for additional dissemination of information on this topic, especially among staff from the municipalities, CONAP, and other governmental institutions.

3. Strengthening of the environmental information system for EIA's (January – October 2010).

The Environmental Management and Natural Resource General Direction (DIGGARN) and the Departmental Delegations are in charge of receiving, classifying, analyzing, inspecting, ruling, and resolving Environmental Impact Assessments that project developers submit to MARN for approval.

When analyzing EIAs, MARN's environmental advisors frequently need geographic information to support them when visualizing relations and impacts of the activity being assessed, in regard to its environmental, natural-resource, population, vulnerability, risk, and infrastructure characteristics. This information has been provided by MARN's Environmental Information System (SIA), by way of maps and descriptive information. This entity has the geographic information system and the qualified personnel it needs to undertake these tasks. However, DIGGARN's growing demand for geographical analyses, and the limited number of SIA technicians, increases the need for a streamlined and efficient information system to be used in decision making, in order to enhance and improve the assessment processes used for Environmental Impact Studies.

The purpose of this TCAP assistance was to support MARN in strengthening and improving its Environmental Information System, seeking to enhance and maximize its use in the EIA evaluation process, and to train DIGGARN's personnel on using the system for decision-making purposes.

Support consisted of conceptualizing, designing, developing, and implementing an information system on geographic-territorial analysis to strengthen MARN's capacity to fulfill its mandate. A number of work meetings and interviews were held with personnel from the Environmental Management and Natural Resource General Direction, the Environmental Information System, and the Ministry's Information Technology Direction in order to determine their specific information requirements as well as the characteristics of the system that would be developed.

MARN was interested in using the NEPAssist system created by the United States Environmental Protection Agency (EPA) as the platform for geographic analysis to perform EIAs. However, after reviewing technical documentation, performing consultations, and reviewing the experiences of other countries in the region that have adopted this system under the CAFTA-DR framework, it was concluded that it was better to develop a tailored system for MARN, since in order to use and adapt NEPAssist, a cooperation agreement with EPA would have to be executed, and the term of said agreement would go beyond the term of the Trade and Competitiveness Program.

Based on the above, TCAP developed a system using the ARCGIS SERVER platform. This system provides the geographic layers considered as the minimum ones required for the analysis, such as departmental and municipal boundaries, population centers, protected areas, biological corridors, watersheds and water recharge areas, contour lines, a topographic raster model, disaster prone areas (floods, landslides), water resources, and road infrastructure, among others. Lastly, the minimum operating requirements were defined. That is, its outputs, which include functions such as entering geographic coordinates to locate the project that is being assessed and other geographic elements; turning on or turning off the various geographic layers incorporated into the system; measuring the distance between the project being assessed and other geographic elements, and generating and printing maps, among others. After the system was validated, personnel from the Environmental Management and Natural Resource General Direction were trained.

It is expected that this system will not only improve the time of response in the assessment processes of the EIAs, but also provide further technical elements to engage in a more effective and efficient evaluation of the potential impacts of the projects submitted to MARN.

Improving environmental audits (June – October 2010).

MARN is the highest authority in charge of overseeing, studying, analyzing, evaluating, and monitoring environmental impact studies for productive activities in Guatemala. As in the rest of the countries in the region, in Guatemala all of the attention and most of the resources have concentrated on environmental impact studies. That is, on analyzing and evaluating impacts before the projects are executed. Control and follow-up to evaluate project implementers' degree of compliance with the environmental commitments they acquire have been practically nonexistent, so that the environmental impact studies submitted to the Ministry have become only a formality to ensure the State's issuing the required permit or license for the project.



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In view of the above, MARN requested TCAP support to create an environmental audit system with control mechanisms and tools to evaluate the degree of compliance with the environmental commitments stemming from environmental impact studies. To that end, and taking into account the limitations of time and resources, support was provided to the Ministry designing a Model to Certify, Register, and Accredite Environmental Auditors and to develop the contents for a training program aimed at said auditors.

1. Model for a System to Certify and Register Environmental Auditors (October 2010).

The Central American Commission on Environment and Development (CCAD) decided to implement a regional and harmonized model to register environmental service providers and obligatory and voluntary environmental audit programs. In 2007, after performing an assessment on the current situation in the region with regard to a registry of environmental consultants and audits, a general model was proposed. The model could be adapted by MARN, taking into account its legal framework and its institutional vision.

The establishment and implementation of the environmental audit system is, however, a process that will require time and resources. In order to have a clear vision of the scope, objectives, and model to be implemented for the Ministry, it was necessary to develop a guiding document specifying the various components of the system adapted to the national legislation, as well as the critical path for all the activities that would be undertaken, the most suitable institutions to integrate it, and the actions that MARN would have to execute in order to achieve its implementation.

The objective of this TCAP technical assistance was to provide support to MARN in designing a System to Certify and Register Environmental Service Providers. The activity involved designing a detailed guiding and explanatory model with the various steps and activities that MARN must undertake in order to implement this registry. Designing the model was a process in which personnel from the Environmental Audit Unit participated, so that it would not only respond to MARN's needs, but also generate ownership within the ministry.

The model defines three types of environmental service providers:

- ❖ environmental consultants;
- ❖ environmental auditors; and,
- ❖ environmental analysis laboratories.

Environmental consultants and environmental auditors must undergo a tailored training process to be certified and then registered.

This certification process guarantees that environmental consultants and auditors have the skills they need to develop instruments for environmental assessment and control. This certification must be performed by a certified agency, accredited in the ISO/IEC 17025 standard existing in the country, such as the Instituto Técnico de Capacitación y Productividad (Technical Training and Productivity Institute—INTECAP). In accordance with the model, it is not recommended that a MARN entity or unit be certified, since accrediting processes are very costly, complex, and lengthy. It is better to seek an entity that is already accredited in the country. Certified consultants and auditors will then be registered in a Ministry database.

It is expected that, with this model, MARN may clearly and simply implement a certification system and a registry of environmental consultants and auditors, as well as laboratories to undertake environmental audits in order to seek compliance with the environmental commitments established by the EIAs.

2. Training program in environmental audit: A diploma program (October 2010).

In view of the recent creation of the Ministry of the Environment and Natural Resources' Environmental-Audit Unit and the future creation and implementation of a System to Certify and Register Environmental Service Providers, which includes environmental auditors, MARN considered that one of its highest priorities was the need to train human resources on the technical scientific knowledge needed to apply efficient environmental control tools, by implementing a diploma course on environmental audits.

Within that framework, TCAP provided technical assistance to MARN so that the contents for a training program for environmental auditors could be developed at the level of a diploma course. This activity included a review of secondary information, an analysis and a review of experiences and similar training programs in other countries, and working meetings with MARN personnel and academic/professional entities linked to the academic community. The program has been designed as a course that will be taught by university-level academic institutions.

The vision of the training program for environmental auditors is to train professionals on environmental audits, so that they can apply efficient and professional environmental control tools aimed at protecting the environment. It also seeks to provide training on how to interpret and apply a set of national environmental standards based on international norms, with guidelines, rules, and formats that are clearly established to gather data, perform inspection field visits, investigate deficiencies, propose recommendations, and verify what measures have been adopted in order to ensure that companies comply with the environmental commitments of MARN.

The program will require a total of 140 hours, and it will be divided into 4 training modules:

- ❁ a basic knowledge area;
- ❁ a specialized knowledge area;
- ❁ a practical area, by groups; and,
- ❁ an individual study – a requisite to receive the diploma.

It further defines the methodologies and learning strategies that must be used, as well as the means to evaluate students. It is expected that MARN will be able to present this diploma course for environmental auditors to universities and other high level learning institutions to have them teach it.



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Improving public awareness and public participation.

Education is critical for promoting sustainable development and improving the capacity of the people to address environment and development issues. Both, formal and non-formal education is indispensable to changing people's attitudes so that they have the capacity to assess and address their sustainable development concerns. It is also critical for achieving environmental and ethical awareness, values and attitudes, skills and behavior consistent with sustainable development and for effective public participation in decision-making.

The objectives of this activity were to improve public awareness and participation by designing and developing educational materials, improving access to environmental information, and ensuring the active participation of the indigenous population so that they can solve their own environmental problems.

1. Support for the Dissemination of the National Report of the Environment (April 2010).

The 2009 Environmental Report of the State of Guatemala was an effort that lasted more than a year. It was undertaken within the framework developed by the United Nations Environment Program (UNEP), and is commonly known as the GEO Report. Financial support for this was provided by UNEP, the Royal Netherlands Embassy, USAID, the Nature Conservancy, and the Instituto de Incidencia Ambiental (Environmental Impact Institute), and technical assistance was provided by IARNA. The report analyzes the links between environmental conditions and human welfare, and thus presents the current status of environmental systems, trends, human dimensions that generate changes in them, future perspectives and policy options to protect and improve its condition. The aim of the report is to present precise and objective information that is easily accessible to the public in general, that improves the understanding of environmental problems, and that is a useful tool for decision makers.

Aiming to improve access to technical information and to disseminate the condition of the environment in the country, thus creating and raising awareness within Guatemalan society, MARN was provided TCAP support to publish this report and to present it publicly.

This presentation was made at a public event held in the Presidential Residence on International Earth Day, and it was presided over by the Vice-President of the Republic and the Ministry of the Environment and Natural Resources. There were more than 300 attendees, among them, Governmental authorities, members of the academic community, international cooperation agencies, and the media.

2. Socio-environmental agenda from the indigenous people's point of view (July –October 2010).

CAFTA-DR's Chapter Seventeen establishes the obligation to create opportunities for public participation, with the aim of allowing the population to express its point of view in regard to issues connected with Chapter 17 implementation. It also establishes a commitment to heed all peoples' petitions regarding environmental protection and conservation under the Treaty, with equity and transparency.

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To that end, and acknowledging that Guatemala is a multi-lingual and multi-cultural country, MARN established spaces in which the indigenous population could participate and be consulted on social-environmental problems. Thus, it could incorporate contributions on environmental and natural-resources management and conservation, from the viewpoint of indigenous peoples, into its public policies. Consequently, in 2009, with support from USAID and other donors and by means of a participative process, the first draft of the social-environmental agenda from the viewpoint of indigenous peoples was developed.

With the purpose of implementing natural resource conservation and management policies and programs that are culturally relevant and that respect the opinions of the indigenous population, support was provided to MARN in order to present and receive feedback on the social-environmental agenda from the viewpoint of indigenous peoples in the 24 linguistic communities. To that end, workshops were held in Jalapa, Quetzaltenango, Chimaltenango and Izabal, in which leaders from the 24 linguistic communities participated. The work that had previously been undertaken on environmental problems faced by the indigenous populations in their communities was validated and reinforced in the workshops. As a result, lines of action and recommendations to overcome these problems were identified and defined. Lastly, the final version of a national workshop for indigenous leaders of the three main ethnic groups in the country –Mayas, Xincas, and Garifunas– was presented.

It is expected that this agenda will constitute input for the Ministry's plans, programs and strategies, as well as policies, in such a way that it includes the perceptions and points of view of indigenous peoples.

3. Environmental Education Materials (October 2010).

The Law for the Promotion of Environmental Education, Decree 74-96, was established in 1996 with the aim of promoting environmental education in the various levels and cycles of the school system. Subsequently, the National Environmental Education Policy was created, with the purpose of promoting an environmental culture by transmitting and applying knowledge, and by instilling values and attitudes that lead to the country's sustainable development. In 2005, MARN and MINEDUC signed an agreement to implement the policy through the cooperation of both entities.

MARN, as the governing body for environmental goods and services, acknowledges the importance of positioning environmental education in the classroom. With the main purpose of developing an environmental culture to deal with environmental problems and threats, including climate change, the ministry developed Environmental Education Curriculum Guides with emphasis in climate change, for teachers and workbooks for pre-school, grammar, and secondary levels. A total of 25 documents requiring pedagogical mediation have been developed in order to reach 150,095 teachers and 3,768,545 students nationwide.

This activity was oriented to provide technical assistance for the pedagogic mediation, design, and editing of the teacher books for 4th, 5th and 6th grade. As a result of this, MARN achieved approval from congress of a specific budget for environmental education. It is expected that these educational books can now be printed and given to teachers and students.



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Improve the private sector's environmental performance.

DR-CAFTA promotes voluntary mechanisms to enhance environmental performance from private sector, recognizing that incentives and other flexible and voluntary mechanisms can contribute to the achievement and maintenance of environmental protection.

Implementation of cleaner production has been recognized as a preventive, company-specific environmental protection initiative. It is intended to minimize waste and emissions and maximize product output. Clean production is the result of the continue application of a preventive and integrated environmental strategy applied to processes, products and services in order to increase eco – efficiency and reduce risks to human beings and the environment. With this new approach the business management incorporates environmental parameters as a competitiveness factor by saving energy, maximizing the use of resources, recycling and reusing inputs and minimizing wastes.

In Guatemala, cleaner production (P+L) issues have been led by Centro Guatemalteco de Producción más Limpia (Guatemalan Center for Cleaner Production) since 1999. It has played a significant role in promoting environmentally-friendly technologies in the productive sector. Notwithstanding the progress achieved in over a decade, it is necessary to promote these types of approaches so that more companies participate and incorporate P+L practices and technologies. TCAP was requested to provide assistance that would promote good practices of cleaner production in priority sectors.

1. Study about transference and benefits of clean production to the private sector (November 2009 – September 2010).

Companies implementing a cleaner production strategy in their production processes obtain significant economic benefits, and they also improve their public image, and comply with the national environmental regulations and international market standards. In Guatemala, the Cleaner Production Center has lead and promoted this approach with the private sector since 1997. Recently, MARN has formulated the National Clean Production Policy, which aims to foster the adoption of clean practices and technologies by the private sector in their production processes. Despite all these advances, more efforts are needed in order to increase the number of industries implementing clean production practices. In this sense, there was the need to analyze the degree or level of adoption made by the private sector implementing clean production and to demonstrate the advantages and tangible benefits that this represents to their companies.

The general objective of the study was to demonstrate the economic and non-economic benefits obtained by the enterprises when adopting cleaner production practices in order to foster its adoption with a broader number of enterprises in Guatemala. Specific objectives of this activity aimed to:

- ❁ design a strategy for the promotion of transfer and assimilation of clean technologies of the private sector in order to improve environmental performance;

- ❖ assess the assimilation and adoption level of clean technologies implemented by the private sector;
- ❖ identify the level of impact (benefits) in terms of competitiveness in the private sector resulting from the implementation of clean technologies; and,
- ❖ identify opportunities for improving the process of transfer and assimilation of clean production technologies in the Guatemalan private sector.

In order to perform the study, work was undertaken in close coordination with MARN counterparts with the purpose of ensuring that the results achieved respond and comply with MARN expectations. The sectors that would be the subject of the study were evaluated and defined, and a sample of 18 firms in which interviews would be conducted was established. From that sample, 14 firms from the poultry, dairy, fruit and vegetable, hotel, food and drink, pork, metal-mechanic and chemical sectors responded.

The study analyzed:

- ❖ the main clean technologies used by these firms;
- ❖ their motivation to incorporate cleaner-production practices;
- ❖ the financial and non-financial benefits attained; and,
- ❖ the barriers they found to acquiring, transferring and assimilating technologies.

One of the main results of the study was establishing the fact that most companies have implemented equipment technologies, while very few have implemented product technologies. Their main incentives have been cost reduction and waste utilization, as well as access to markets, especially for those companies aimed at United States and European markets. An important finding from the study is that some firms increased their sales, since there is a positive outlook for environmentally-responsible behaviors within their markets. Among the main barriers found are the investment costs required to implement solutions, technical-assistance and training costs, and also the availability of proper technologies. The document also presents a series of recommendations, both for the Government and for the private sector.

2. Strengthening MARN Capabilities to Implement the Cleaner-Production Policy (October 2009 – October 2010).

MARN, together with the Guatemalan Clean Production Center and other actors from civil society in the country, designed the Cleaner Production National Policy, which has recently been approved by the GOG. The policy, which has a long-term vision, is a proposal to solve the environmental problems of productive sectors, and a mechanism for preventing pollution at its origins, instead of remedying it after it has already been generated. This approach seeks to ensure concrete and significant results as to sustainability, competitiveness, and environmental performance.

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Through a participative process with MARN and the CGP+L, working meetings were held, interviews were performed, and literature was reviewed in order to develop a diagnosis on MARN's current capabilities in regard to the P+L policy and to identify the main capability gaps to implementing that policy. The diagnosis also identified MARN's strengths and the progress it has achieved in regard to these issues in recent years, among them:

- approving the policy itself;
- creating the Inter-Governmental Committee on Cleaner Production;
- creating the National P+L Prize, led by MARN; and,
- the first steps to establishing Voluntary Agreements, especially with the poultry sector.

Notwithstanding this progress, the study found that one of the main weaknesses of the Ministry is the lack of the human resources properly trained to provide strong leadership in these issues. The document proposes an action plan with short-term and medium-term actions aimed at implementing the P+L policy.

3. Support for the National Clean Production Award launching and diffusion of results (February – October).

The framework for the national P+L policy includes strategies that should be implemented to promote P+L. One is creating incentives to promote P+L implementation in the country. Thus, in 2010, MARN, with support from USAID, CCAD/CAFTA-DR regional programs, and the Environmental and Labor Excellence Program (ELE), established the first edition of the national P+L prize, aimed at stimulating those firms that have successfully implemented P+L activities.

Within this framework, MARN requested TCAP support to promote prize and to present and disseminate its results. To that end, workshops to present it were held with companies, trade groups, and the media. Support was also provided by means of workshops and working meetings held with the technical evaluation committee in order to evaluate the proposals submitted by the firms competing for the prize, and in the national event to grant the prize. Support was also given to disseminate information on the prize in the written press, calling on private enterprises to participate. International cooperation agencies, the media, the private and academic sectors, and other government institutions were invited to the event. 12 proposals from 8 companies were received, and four companies received prizes - and one received an honorary mention. Prizes were granted to Industrias del Atlántico, S.A. Henkel, La Luz, S.A., Acumuladores Iberia –which received 2 prizes–, and Industria Licorera, S.A. Industria Licorera also received an honorary mention for its environmental management.

ii. Biodiversity

Guatemala's geographic position between two large areas of land and between two oceans and the many microclimates that originate from having many altitudes in small areas, combined with an average temperature of 24°C and an annual precipitation of 500 mm to 6,000 mm, all contribute to the richness of the country -- in terms of biodiversity.

Despite the country's biodiversity and biological richness, Guatemala faces significant threats to the conservation of its biodiversity and tropical forests. The most significant threats include:

- ❖ direct and indirect impacts from climate change;
- ❖ the illegal trade in wildlife, timber and non-timber forest resources;
- ❖ habitat loss, degradation, and fragmentation – specifically resulting from unmanaged fires;
- ❖ land conversion for agriculture and cattle;
- ❖ over-exploitation of natural resources; and,
- ❖ environmental contamination from poorly managed liquid, solid, and atmospheric wastes and agricultural runoff.

Activities implemented under biodiversity aimed to contribute to biodiversity conservation in important areas for its biodiversity, and to reduce or abate threats to biodiversity and tropical forests in the country.

Biodiversity and Tropical Forests (FAA 118 and 119) analyses (September 2009 – May 2010).

The Biodiversity and Tropical Forest Assessment of 2010 has been prepared to assist USAID/Guatemala Mission to respond to the requirements included in Sections 118 and 119 of the Foreign Assistance Act (FAA).

In addition to supporting the mission in fulfilling the legal requirements under of the FAA, the report alerts the mission to possible environmental compliance needs that may emerge under USAID's environmental assessment and compliance regulation 22 CFR 216, for activities that could either directly or indirectly threaten biodiversity or tropical forests. The report also supports the mission in identifying opportunities for using funds earmarked by congress for biodiversity or tropical forest conservation, as well as opportunities for increasing the sustainability across all development sectors, including democracy and governance, economic growth, health, disaster preparedness, and conflict mitigation and management. It is important to mention that this report needs to be updated approximately every five years approximately, or before a new country strategy is designed. The last biodiversity and tropical forest assessment in Guatemala was prepared for USAID in 2003.





For its preparation, an exhaustive compilation of the literature pertaining to Guatemalan biodiversity and tropical forests was revised. Additional information was obtained from specialists, government authorities, non-governmental organizations (NGOs), bilateral and multilateral donors, private business, and rural communities. The report presents biological diversity and tropical forests characteristics and features, biodiversity conservations efforts and mechanisms that have take place in the country, as well as the different actors involved in these efforts, threats, and opportunities to reduce or mitigate them, and opportunities to USAID to strengthen the conservation of biodiversity and tropical forests in Guatemala.

Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) (September 2009 – October 2010).

The Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) was developed to help further fill the information and knowledge gaps where pesticides are concerned on USAID/Guatemala agriculture development projects, and ensure compliance with USAID's environmental regulations (Title 22 of the Code of Federal Regulations (CFR), part 216, or Regulation 216). The last PERSUAP that covered economic growth programs in Guatemala was written in 2001, and thus it needed to be updated.

The purpose of the study was to develop the Pesticide Evaluation Report section addressing the 12 informational elements required in the Agency's Pesticide Procedures, present the Safer Use Action, and present a mitigation plan to reduce/avoid potential impacts. The analysis covered pesticides registered by USEPA for the same or similar uses without restrictions; registered by the Government of Guatemala and pesticides available in the country.

The report presents Integrated Pest Management (IPM) practices and discusses Good Agricultural Practices (GAP) and IPM tools, including commercialized natural pesticides containing Active Ingredients (AIs) extracted from plants, microbes, marine organisms, spices, and minerals, as well as cultural practices and synthetic pesticides available in Guatemala and used in the United States.

The most valuable and useful part of the report is related to all the crops grown or likely to be grown by projects, all of the major pests and diseases impacting each of these crops, and all of the IPM tactics (including recommended pesticides) that can be used for these specific crop pests and diseases. It presents the GAP/IPM practices used in Guatemala for each crop pest combination anticipated to be found on EGP beneficiary farms, as well as additional GAP/IPM practices used elsewhere for the same pests.

This GAP/IPM/pesticide information is meant to provide EGP implementing partners and beneficiary farmers with a solid starting point for developing their own locally-adapted Pest Management Plans (PMPs) for each crop-pest combination. It is expected that the implementing partners will work with farmers and farm managers to prepare PMPs for their clients.

Support Conservation of biodiversity in Lake Atitlan Watershed Multiple Use Reserve.

Lake Atitlán is located in the Western Highlands and it is Guatemala's third largest lake. It is volcanic in origin, and it covers 130 square kilometers. The lake is surrounded by three volcanoes -Atitlán, Tolimán and San Pedro, whose peaks are covered with cloud forests and are, according to experts, a conservation priority. This area is rich in unique flora and fauna species and it is the habitat for a good portion of Guatemala's biodiversity, including populations of endemic species with restricted distribution. It is also home of the horned guan (*Oreophasis dervianus*), an endemic and rare species that is only found in Chiapas and Guatemala. The area was declared a National Park in 1995 as a result of its exceptional scenic beauty, and subsequently, in 1997, it was re-classified as the Lake Atitlán Watershed Multiple-Use Reserve, through Legislative Decree 64-97 of the Guatemalan congress. The conservation objectives for this protected area are to conserve forest ecosystems, the watershed's hydrological functions, the area's cultural heritage, and its scenic beauty.

Conservation and management of the natural resources in Atitlán are highly important, since the maintenance of important water, energy, food, and medicinal resources depend on them. These are essential, in turn, to guarantee a good quality of life of increasingly populated communities. Most of the population (approximately 190,000 inhabitants) live in poverty and extreme poverty and depend on agriculture and natural resources for their livelihoods. Tourism, trade and textile manufacturing are also important economic activities in the area.

1. Expansion of the Municipal Regional Parks System in Lake Atitlan Watershed Multiple Use Reserve (July – October 2010).

Although the importance of Lake Atitlan due to its natural and cultural richness, as well as its contribution to the national economy, the natural resources, in general, and biodiversity, in particular, face considerable threats in this area. At the end of 2009, cyanobacteria blooms became visible and evidenced the dire environmental conditions of Lake Atitlán, which caught the attention of local authorities, international cooperation, and the whole of Guatemalan society. These blooms resulted from the cumulative impact from direct and indirect environmental pollution, which combined with increases in the water temperatures due to climate change, contributed to environmental degradation. Some of the direct and indirect pollution sources are solid waste and sewage from households and economic activities in the area, the advance of the agricultural frontier -which causes deforestation and thus, erosion- and excessive use of agrochemical products. If these conditions persist, the eutrophication of Lake Atitlán will be inevitable.

In the light of this, it was needed to support conservation efforts as well as efforts to manage the remaining natural forests surrounding the lake, in order to prevent the advancement of the agricultural frontier and, consequently, prevent environmental degradation. In Solola, the main department within the Atitlan area, there are still communal or municipal, which are geographic spaces with significant forests and natural resources that are under jurisdiction of a municipality. They are municipal property and are managed by the municipality.



Since 2000, an initiative to establish and consolidate Solola's Regional Municipal Park System (PRM in Spanish) has been supported by promoting conservation and sustainable management of communal-municipal forests, ecotourism, and agro-forestry systems. With this effort a protected area network of PRM's has been established protecting around 7,000 hectares of priority conservation areas considered within the Master Plan for the Lake Atitlán Watershed Multiple-Use Reserve (RUMCLA in Spanish). However the National Protected-Area Council (CONAP in Spanish), with the support of the Nature Conservancy and other local NGO's, had plans to expand this PRM system to 1,500 hectares within the Lake Atitlan watershed in the 2010-2012 period.

Therefore technical assistance was provided to CONAP and local municipalities in order to create three new Regional Municipal Parks. This activity was a priority in the Lake Atitlán Watershed Multiple Use Reserve (RUMCLA in Spanish), making up a corridor of natural areas that favors connectivity and improves the resilience of these important ecosystems.

The three areas to be declared were selected jointly between CONAP and the municipalities of Solola using as criteria the conditions of the natural forest and viability for the declaration (especially through the support of the municipality and the communities). The areas selected were: Atitlan Toliman Volcanoes in Santiago Atitlan, Atitlan Toliman Volcanoes in San Lucas Toliman and Xolmanzan in Nahuala.

In a highly participative process and deep consultation with communities surrounding and using natural resources in these three areas, as well as the local authorities and technical staff of CONAP, 3 technical studies were developed. The technical studies characterized the natural and social features of these areas and establishes boundaries and is the instrument used for the declaration of the areas. After presenting the technical studies to the three municipal councils of Santiago Atitlan, San Lucas Toliman and Nahuala the three areas were declared as Regional Municipal Areas by a municipal agreement.

In addition, a master plan was developed for each area defining conservation objectives, conservation elements, threats to conservation elements, zoning of the area and strategies of its management, as well as an action plan and budget. Workshops and consultation meetings with municipal authorities, communities, and local leaders were carried out in the entire process.

Finally, a conservation and management plan was developed and presented to the National Forestry Incentives Program (PINFOR) in order to obtain from this Program, financial resources for protecting these areas. It is expected that these funds will contribute with financial sustainability of the areas for the first five years.

2. Abating threats to the conservation elements in Lake Atitlan and its surroundings (July – October 2010).

Conservation objectives in Lake Atitlan Watershed Multiple Use Reserve are to conserve forest ecosystems, the watershed's hydrological functions, the area's cultural heritage, and its scenic beauty. As mentioned, this area is rich in unique flora and fauna species and it is the habitat for a good portion of Guatemala's biodiversity, including populations of endemic species with restricted distribution. The lake together with the Atitlán, Tolimán, and San Pedro volcanoes provide for exceptional scenic views. Thus, the area is a prime tourist attraction and the second most important destination site in Guatemala. In addition, it is one of the main economic drivers in the area, and the main income source for a significant portion of the population in the watershed.

Notwithstanding its legal status as a protected area since it was declared a national park in 1955, it has been degrading at an alarming and accelerated pace. Among the main threats to biodiversity in Lake Atitlán and its surroundings are deforestation, non-sustainable agricultural practices, and pollution. The latter mainly refers to the discharges and sewage dumped directly into the lake by households and the main economic activities, such as agro-industries and tourism, impacting not only the ecological integrity of the area, but also causing economic losses for the local population.

Municipal governments, hotels, restaurants, and coffee wet-processing mills located on the lakeshore are the main entities contributing to pollution. Thus, this TCAP activity aimed to address these problems by implementing better management practices in these industries in order to prevent or minimize pollution as one of the main threats to conservation elements in the Lake Atitlan.

The main objective was to support MARN in developing a pilot model for reducing pollution, one of the main threats to conservation elements in the Lake Atitlán watershed, by incorporating cleaner production practices in the San Pedro La Laguna. Specific objectives were to:

- ❖ promote implementation of better practices and cleaner production practices in the tourist and agro industrial sectors in the San Pedro La Laguna;
- ❖ to strengthen capabilities and knowledge by incorporating environmental improvement and biodiversity conservation practices in the tourist and agro-industrial sector; and,
- ❖ design a promotion mechanism to give recognition to those businesses that have contributed to local environmental performance and to promote a public-private strategic-alliance to guide efforts in order to establish voluntary and effective environment management.

In a process lead by the departmental office of MARN in Solola, meetings with municipal and government authorities in San Pedro La Laguna were held, in order to present the activity and the cleaner-production concept to the tourist and agro-industrial sectors. A local committee integrated by the municipality, MARN, a representative of the Federation of Maya people in San Pedro la Laguna, and a representative of the private sector (tourism and coffee) was formed and trained in cleaner production aspects. This committee will be responsible for supervising the advances in this area.



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A workshop with representatives from restaurants, hotels, and coffee mills was held and 17 representatives participated. The purpose of this workshop was to present general concepts of clean production, the objectives of the activity, and to identify enterprises interested in implementing cleaner production strategies in their business. After the workshop, 10 commitment letters were signed with hotels, restaurants, and coffee mills. Staff from these businesses was trained by TCAP in a three day training workshop. Members of the Clean Production Committee and MARN participated also in the training workshop. Participants were trained in cleaner production strategy, evaluation, application and implementation of cleaner production options, energy efficiency, solid waste management, water wastes, and also legal instruments.

After this training, a plant evaluation was elaborated for each enterprise in order to identify areas where clean production options can take place. This evaluation helped to design a Clean Production Plan for each enterprise which will be implemented by them with the technical assistance of the Guatemalan Clean Production Center and under the supervision of the Clean Production Committee created in San Pedro La Laguna.

iii. Climate Change

It is widely recognized that climate change and biodiversity are interconnected. Biodiversity is affected by climate change, with negative consequences for human well-being. But biodiversity, through the ecosystem services it supports, also makes an important contribution to both climate-change mitigation and adaptation. Consequently, conserving and sustainably managing biodiversity is critical to addressing climate change.

Potential changes resulting from GHG emissions into the atmosphere may represent some of the most severe and enduring threats to biodiversity and tropical forests in Guatemala. Some of the predicted consequences of increased GHG emissions include significant variations in precipitation and temperature patterns, accompanied by changes in soil moisture, chemistry, and plant community composition and structure. In Guatemala, because of increasing habitat fragmentation and a poor ecological integrity of some ecosystems/areas in the country, the resilience of biodiversity and tropical forests to mitigate or avoid possible climate change impacts may be severely compromised.

Thus, the TCAP activities implemented under Climate Change were aimed to strengthen the institutional capacity to implement the National Policy on Climate Change, provide specialists with technical information about the impacts of climate change on biodiversity and the linkages that exist between both topics, and to analyze the institutional capacity in the country to manage potential impacts of climate change through mitigation and/or adaptation strategies.

Socializing the National Policy on Climate Change (July – September 2010).

Tropical forests cover nearly 15% of the earth's surface, and they contain nearly 25% of the carbon present in the planet's biosphere. However, tropical forests are quickly being degraded and deforested, which has resulted in carbon dioxide being released into the atmosphere. This loss contributes to 20% of greenhouse gas emissions worldwide, and makes land change the second leading activity contributing to global warming. In the case of Guatemala, it is estimated that the country produces less than 0.04% of the planet's carbon. However, it is among the ten most vulnerable countries to climate change, according to the 2009 Global Assessment Report on Disaster Risk Reduction.

As a result of the above, MARN developed the Climate Change Policy. The scope of this policy includes reducing the vulnerability to extreme meteorological events, reinforcing adaptation capabilities, and taking advantage of the opportunities to reduce greenhouse gas emissions.

However, there was still much disinformation about climate change, its impacts and its effects, and about the adaptation and mitigation measures that can be implemented and that are proposed for implementation. MARN hasn't been able to publicize the content of the climate change policy broadly in Guatemala. Therefore, the purpose of this technical assistance was to provide support to the Ministry of the Environment and Natural Resources by introducing the climate change policy with key actors in strategic departments of the country. Specific objectives were to provide and share information among members of community organizations about the climate change policy and on reducing emissions caused by forest deforestation and degradation, within the framework on the Convention of Climate Change. The activity aimed also to incorporate climate change objectives as well as the thematic of REDD (Reduction of Emissions from Deforestation and Degradation) into the National Forestry Agenda of Guatemala and community stakeholders, especially the members of the Alianza de Organizaciones Forestales Comunitarias (Alliance of Community Forest Organizations).

In order to reach the objectives, 4 workshops on Climate Change, Impacts and Challenges in Guatemala were organized in a close relationship with the Climate Change Unit, and the National Coordination Direction of MARN. The workshops took place in the Western Highlands, Southern Coast and the Caribbean Coast covering 10 departments (Quetzaltenango, Solola, Quiche, San Marcos, Huehuetenango, Totonicapan, Retalhuleu, Suchitepequez, Escuintla and Izabal) of the country. Around 130 participants were trained with basic information about climate change, potential impacts and adaptation and mitigation strategies to reduce vulnerability. In these workshops, MARN presented the National Policy of Climate Change and the efforts in the country for reducing the impacts of climate change. Participants discussed how climate change was and is impacting at the local level and presented recommendations on how to reduce or adapt to extreme events caused by climate change, such as strengthening capacities of decision makers in climate change and promoting public awareness in order to change consumption patterns and behavior.



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Support for COP - 16 on the Convention of Climate Change (August – October 2010).

Guatemala is one of the countries that will be greatly affected by the effects of the climate change phenomenon, not only because of its geographic location, but also as a result of its structural socio-economic deficiencies. To that end, Guatemala must exert significant efforts to increasingly reduce its vulnerability to the effects of climate change. Among these efforts are re-orienting the Guatemalan State's capability to address the challenges, the country's effective participation in the global solution and its effective search for international technical and financial support to reduce vulnerability and increase its capability to adapt to climate change.

As a result of the above, the effective participation of Guatemala in the Conference of the Parties to the Framework Convention of the United Nations on Climate Change, to be held in Cancun, Mexico in November 2010, is especially important.

The Conferences of the Parties –COPs– on climate change are one of the most important spaces in which Guatemala can actively participate in designing global solutions and achieving its adequate position among the international community. Thus, the TCAP assistance provided to MARN consisted of supporting Guatemala's position before the international community during the Conference of the Parties on Climate Change, held in Cancun, Mexico. During this conference, TCAP helped identify Guatemala's main needs in regard to reducing vulnerability and improving its capability to adapt to climate change effects and the conservation of biodiversity, with the aim of securing the international technical and financial support that the country requires to cope with its needs to reduce vulnerability, and to increase its capabilities to adapt to the effects of climate change.

To that end, working meetings were held with MARN in order to develop a base document for discussion and consultation with some sectors of society, seeking to develop a document that reflects the country's vision. The document was then presented and discussed during three different workshops held with representatives from the National Climate-Change Group, representatives from the Indigenous Peoples and Climate Change Group, and representatives from the private sector. In addition, consultations were held with the Superior Office of the Oxlajuj Ajpop organization, which gathers together Mayan spiritual leaders with the purpose of receiving their guidance to develop the country's position before COPI6. In each one of these workshops, valuable contributions and input were put forward, and they were all incorporated into the document titled "Alliance for Our Common Future", which will be presented in Cancun, Mexico. Another meeting was held with international cooperation agencies in order to open up dialogue and to strategically present the stance of the country before the COPI6 for Climate Change.

Policy, Institutional and Legal framework analyses and proposal for the implementation of the climate change strategy (August – October 2010).

In the last two years MARN has made important progress, such as the approval of the National Climate Change Policy, creation of the Inter institutional Committee of Climate Change, and presentation to the Congress of the proposed Law for Climate Change. However, there is still the need to analyze the policy, legal, and institutional framework for the implementation of the climate change policy in order to identify

gaps and propose strategies, mechanism, and/or tools needed to fill those gaps. This technical assistance supported the Ministry of the Environment and the Inter Institutional Committee of Climate Change. The areas/topics defined for the analysis included:

- ❖ construction and infrastructure;
- ❖ human health;
- ❖ conservation and management of ecosystems; and,
- ❖ agriculture, food security and nutrition where the policy, legal and institutional framework pertaining climate change were evaluated and analyzed.

An objective situation was also constructed for each topic, by defining ideal goals or desired situation. For the analysis, the “red light” methodology of was used in order to identify strengths, weaknesses and gaps. One of the most important findings of the study points out that Guatemala doesn't have the legal capacity to face climate change, and therefore the approval of the Climate Change Law by the National Congress should be a high priority. There is also low institutional capacity in those agencies closely related to climate change (MARN, MAGA, CONAP, INAB).

Climate Change Impacts on Biodiversity and Tropical Forests Evaluation (August – October 2010).

The process of developing this report used climate data and high-resolution scenarios developed by SERVIR, PRECIS and WorldClim as input to develop future climate change scenarios, which were used to identify the severity of climate change and critical ecosystems and areas. The analysis also evaluated the role of the Guatemala Protected Area System in regard to its resilience capabilities and its contribution mitigating climate change. Finally, a number of recommendations and viable options pertaining to climate change adaptation and mitigation policies and territorial-planning instruments were developed. The main recommendations point towards the development of new protected areas and the redesign of the proposed National Ecological Corridors, halting deforestation, developing financial mechanisms for biodiversity management and adaptation to climate change, increased investment in traditional knowledge and technological development, reengineering of the Institutional Environment Sector, and increased information dissemination activities and awareness. Increase resilience and adaptation to climate change.

Socioeconomic and institutional dynamic analyses in the main deforestation frontier (August – October 2010).

Significant incentives must be implemented in order to compensate forest countries, especially those in the tropics, for their valuable climatic services to the rest of the world, thus helping to prevent deforestation. If these incentives do not exist, global climate change goals will be virtually impossible to achieve.

During the past few years, significant progress has been achieved, working with “Reducing Emissions from Degradation and Deforestation” (REDD) as a mechanism to reduce emissions caused by deforestation and degradation. However, there are still challenges that must be met in order for REDD to become a successful mechanism. To this end, incentives must reach the level needed to solve the problem. If they are insufficient,

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they will not be able to compete with income from other legitimate economic activities that cause deforestation. In addition, the population, especially those depending on forests for their survival, must be active participants in designing solutions.

In Guatemala, a high percentage of forest certifications and their acceptance, especially in Mayan Biosphere Reserve, make it possible for the country to position itself for funds from carbon credits, especially REDD funds. The protected area in the Bioitzá Biosphere Reserve, located in the San José Petén municipality, has an area of 4,000 hectares of natural forests, as well as 9,000 hectares of municipal common lands, and 2,600 hectares of natural forests with a high potential for a REDD project. It has also been estimated that a REDD project in this area could contribute to reduce between 1.2 and 1.5 million CO₂ units. Thus, the basic information for a Project Design Document (PDD), according to CCB (Climate, Community and Biodiversity) standards was prepared in order to initiate a REDD project in this area. Objectives of the activity were to undertake an analysis of the socio-economic and institutional dynamics in the Bioitzá Biosphere Reserve as one of the main deforestation fronts in the Mayan Biosphere Reserve and to develop the basic information that will be needed for a Project Design Document on Preventing Deforestation in the Bioitzá Biosphere Reserve in Petén and to secure its validation by the CCB standards.

The study was developed for the San Jose Municipal Forest in El Peten with a total extension of 11,534 ha where 3,600 ha belong to the Bio-Itza Indigenous Community Reserve. For the elaboration of the document, information regarding biophysical, socioeconomic and institutional characteristics was gathered and presented to the local authorities. The potential REDD project was also presented and discussed with the local stakeholders, such as the Municipality of San Jose, Bio Itza Association, community leaders and farmers. The current carbon contained in the forest was estimated and the activities and measures that the community will implement in order to preserve the forest and avoid carbon emissions from deforestation were discussed. The basic information generated for a Project Design Document, was pre-validated. The pre-validation determined that the information and all the evidence needed for a PDD meets the standards. This effort led to identify a potential buyer of the REDD project in San Jose Municipal Forest as well as additional funds from other donors in order to complete the studies needed for the PDD.

Other activities

Additional activities were implemented with the support of the USAID Mission in Guatemala were implemented within the Environment Component of TCAP. These activities included the elaboration of the Scope of Work for the Vulnerability and Adaptation to Climate Change Assessment, a study that the mission needs in order to allocate climate change funds in the country. For the preparation of the scope of work, meetings and interviews with the different projects and areas/offices in the mission were held. A workshop with stakeholders, especially with personnel from the different projects of USAID in the country also took a place in order to present basic information and concepts of climate change, vulnerability and adaptation measures.

The mission was also supported with the translation of the "Forestry Concessions Evaluation in the Maya Biosphere Reserve, Petén, Guatemala", a document that needs to be approved by USAID in Washington.

4

Conclusion

a. Overall Analysis of Objectives and Targets Contained in the Work Plan (Achievements)

The core mandate of this project, as originally designed in connection with the settings within USAID's operational structure, is the support and achievement of Intermediate Result 2.1—"Laws, Policies, and Regulations that Promote Trade and Investment"—under USAID/Guatemala's Strategic Objective 2—"Open, Diversified, Expanding Economies."

As previously stated, the main results or products of TCAP must effect the national business environment through its strategic assistance. This includes fostering national and international competitiveness by providing technical guidance and analysis for the design, revision, reorientation, reformulation, lobbying, strengthening, and implementation of laws, regulations, policies, and institutional support. As such, the public institutions primarily responsible for the orientation of the national economy are the principal advisors and partners of USAID for this activity. TCAP has to help USAID to coordinate with Government of Guatemala (GOG) ministries and government entities in identifying and executing specific activities. As defined by the Paris Accords for International Cooperation, the GOG sets its own national plans and priorities. Later on, based on the policy dialogue between USAID and the main public sector leaders, the direction of TCAP strategic assistance has been defined directly to support the official GOG plans.

Abt Associates (through the Raise Plus IQC) had available an outstanding cadre of first class advisors and consultants, both national and international. From the beginning, we recognized that this, as a demand-driven activity, was a rapid response project for which we must have available the personnel and procedures in place for quick mobilization of the best possible individuals and teams to conduct the work as outlined in Task Orders Work Assignments. Abt Associates has led many of the worldwide initiatives for USAID in agriculture policy and strategies, agricultural marketing and production, and enterprise development over the past 30 years. For 18 years, through four successive bid competitions, Abt Associates was USAID's prime provider for worldwide agricultural policy assistance through three successive contracts to implement the Agricultural Policy Analysis Project (APAP). For four years following that, we were the



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sole prime contractor for the Agricultural Policy Development (APD) IQC, and for eight years, through two successive contracts, Abt Associates was the prime contractor on the Agricultural Marketing Improvement Strategies project (AMIS). Also, for five years, Abt Associates was a prime contractor for the SEGIR-Privatization IQC. In addition, Abt Associates played a significant role as subcontractor on an original RAISE consortium. All of these projects placed heavy demands on Abt Associates to respond quickly to technical requests for short-term assistance activities in every region of the world. In all of these activities, and in each and every individual task order, Abt Associates sought successfully to maximize participation of local and regional experts.

As designed, the TCAP required clear results in more open economic, trade, and investment policies that enhance competitiveness in regional and global markets; increased economic opportunities, especially for low-income rural populations in focus areas; increased sales of goods and services, including sustainable tourism, from accessing higher-value markets and increased job opportunities; more sustainable use of and incomes from natural resources and biodiversity, through local management, niche exports, organic products, certification, ecotourism, etc.; and, broader micro- and small enterprise access to financial and business development services in rural areas, which provide entrepreneurs with the basic tools to manage their businesses and competitively respond to emerging market opportunities and dynamics.

In sum, we received a very aggressive and ambitious project design and integrated a highly competent and experienced technical team with a strong administrative and logistic capability for implementation. However, the ultimate implementers of concrete actions to benefit the Guatemalan economy and the local economic actors were, necessarily, public Guatemalan institutions. Our task was to produce the best and most viable recommendations, but really represented was an intermediate point in the policy formulation process, that had to be legitimized by Guatemalan Government leaders and institutions. In addition, since most of the areas of assistance represented areas of strategic importance, the final effect had to be the result of a mutual cooperation between public and private stakeholders over the long-term. The final benefit could not be an immediate benefit, but rather, a part of a long-term and sustained process to which the local institutions had to be committed. TCAP was not to create implementing units, nor to provide direct inputs to final beneficiaries. Rather, TCAP was meant to act as catalyst for the successful voyage into the economic development processes in Guatemala. We were responsible for designing policies, regulations, and strategies, but the final effect and implementation of those actions were not in our hands, nor in USAID's. That fell squarely onto Guatemalan institutions.

b. Significant Implementation Problems

Government in turmoil. Given the framework around TCAP, and USAID and GOG expectations, the project was correctly required to interact with whatever government was in power at the time, and to produce measurable results. The main implementation problems encountered were concentrated in the structural weaknesses within the Guatemalan public system. TCAP, by design, was required to work

with GOG institutions to identify solutions to problems that confronted national development initiatives. There was an internal and on-going struggle within the government between the Ministry of Agriculture and the Director of the President's Rural Development program, Pro-Rural. That clash obstructed the planning, coordination, and implementation of a national multi-institutional approach for rural development – one of the principal activities of TCAP. Another of the President's new programs, Cohesion Social, was in conflict with the Ministry of Economy over funds, which led to the resignation of the Minister, significantly weakening its ability to perform. Also, the Ministry of Environment is one of the government's weakest institutions in terms of budget, staff and political support despite the importance of the environment on economic growth. Thus, TCAP was in the middle of government disarray and confusion while, at the same time, it was mandated to work within the government structures.

Based on the above, the specific difficulties encountered during TCAP implementation included:

- ❖ Lack of long term, well-conceived, and sustained public policies for economic development;
- ❖ Lack of commitment among the GOG officials for the implementation of field support programs;
- ❖ Institutional overlaps and technical and administrative gaps in the field implementation of economic and entrepreneurial development programs and activities
- ❖ Lack of leadership and technical weakness in the GOG entities, as well as lack of resources and inadequate distribution of financial, human, and administrative resources for implementation at the field level;
- ❖ Lack of political will to undertake the long-term rural development policy as designed and recommended, based on the analysis of updated information by professional and recognized specialists;
- ❖ Difficulty of working with two Government administrations with very different and, at times, contradictory approaches; and,
- ❖ Frequent changes in the Government officials in charge of the economic development programs

c. Actions Taken to Solve Problems

TCAP was forced to identify ways to function within this context of weak government institutions and unorganized and often under-staffed technical programs. We had to (1) prioritize efforts to define actions at the policy level that could produce results in the short-term, (2) try to identify the public institutions with the strongest capacity to implement our assessments and recommendations; and, (3) attempt to strengthen the organized private sector institutions with the highest level of stability and lobbying capacity for the near future. Fortunately in Guatemala, there was at the start of TCAP, a strong and fairly well organized private sector, with enough lobbying capacity to introduce, to some extent, policy changes. (i.e. This organized private sector well understood the Mellor/IARNA model, and lobbied for its implementation in the short-term).





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We had to identify the most promising Guatemalan institutions with which we could work and assist to fulfill our mandate and bring about the expected results. In summary we:

- ❖ Continuously engaged every new government official in the key public entities in technical discussions to promote our core initiatives (rural development, TCAP support, key clusters development and environmental protection/management);
- ❖ Attempted to identify and engage also with mid-level authorities within the public entities, and to engage even more intensively with the most stable of those authorities to attain some level of continuity;
- ❖ Tried to understand and open a technical dialogue with every new GOG officer to determine the most convenient actions and activities within his/her personal approach to determine which one was the most convenient to support, according to the TCAP mandate and USAID's priorities;
 - ❖ Strengthened the technical dialogue with the country's most vibrant sector entities to identify and prioritize the most strategic actions to receive support for the mid and long-term; and,
 - ❖ Coordinated and defined synergies with other international donors to strengthen on-going policy dialogue activities and leveraged structural changes in several government economic development initiatives.

d. Lessons Learned

After five years of implementation, sometimes facing difficult and inefficient GOG institutions and bureaucracy while at the same time, attempting to provide quick response to USAID requirements and pressure for concrete results, we learned the following lessons:

- ❖ TCAP represents a second generation of USAID development assistance programs, working at a more strategic, nationwide and long-term effort with the Government and the private sector in Guatemala. This is a more consistent initiative, providing broader benefits. However, this second generation should be followed by a third generation of activities, which will build upon the first two and take advantage of concrete results of the policy dialogue and modifications carried out during our second generation.
- ❖ Agricultural development should continue to be the main engine for promoting rural development and growth and, consequently, should represent the core of economic development activities for the entire country for the foreseeable future;
- ❖ Guatemala requires a more effective and consistent civil service law in order to fully implement and sustain effective development policies;
- ❖ For even more effective rural development efforts, the Government of Guatemala must concentrate development efforts in the one geographic region at a time. The most appropriate geographic area for the coming years is the Center and Western Highlands;

- ❖ Public-private alliances are highly effective and beneficiary initiatives, but need to be institutionalized and fully supported by public policies;
- ❖ The international donor community needs to improve coordination and synergies for producing better, more sustained, and more consistent results in their economic development programs. The Paris Accord for International Cooperation is counterproductive when the Governments are incapable to define correctly their own priorities. Corruption, paternalism, and technical weakness seriously affect Government performance in designing and planning development policies, programs, and strategies. As a result, the public entities and Government leaders tend to improvise, which is obviously ineffective.

e. Observations and Recommendations to Improve Future Implementation

In order to improve implementation of projects like TCAP and beyond, USAID should:

- ❖ Continue with the third generation of economic development programs;
- ❖ Continue coordinating projects and programs with the international donor community;
- ❖ Insist that agriculture continue to be the core of any agricultural or rural development effort based upon the Mellor/ IARNA employment generation model. This approach has to be expanded and disseminated to other donors working in rural economic growth initiatives;
- ❖ Insist, jointly with other donors, in the improvement and consolidation of a coherent civil service law;
- ❖ Insist, jointly with other donors, in the investment in research and technology development, and revitalizing an extension service, using PVO's with local government resources and support;
- ❖ Strengthen the capacity of local governments (municipalities) to implement and support economic growth programs, in both urban and rural areas; and,
- ❖ Continue providing support to community and eco-tourism approaches as the best strategy for protecting the natural and cultural resources in the country.



Annex I. TCAP Deliverables List

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
RURAL DEVELOPMENT			
1	Assistance to the formulation of the Rural Development Law	Armonización de la política marco de desarrollo rural y las iniciativas de ley de desarrollo rural integral gestionadas en el Congreso de la República.	Jaime Carrera and Otto Navarro
2	Rural Roads Prioritization System	Sistema de priorización estratégico de mejoramiento de la red vial para impulsar el desarrollo rural.	Nari Castro, Hans Thiel, and Carlos Lemmerhofer
3	Priorities for Investment in Rural Road in the Guatemalan Highlands	Establecimiento de prioridades de inversión en infraestructura vial para la promoción del crecimiento agrícola en el altiplano de Guatemala.	Instituto de Agricultura, Recursos Naturales y Ambiente - IARNA
4	Support the Agrarian/Land Tenure Policy	Programa de acceso de tierra para vivienda, PATV.	Secretariat of Agrarian Affairs, SAA
5	Assistance to the consolidation of the reengineering process of ICTA, Phase I and Phase II	Asistencia para la consolidación del proceso de reestructura del ICTA.	Horacio Juarez
6	Assistance to the implementation of the MAGA's Strategic Plan	Asistencia para la Implementación del Plan Estratégico del MAGA.	Eberto De Leon
7	Design of a National Policy and Strategy for Agricultural Research and Extension	Propuesta de Política para la Innovación Tecnológica Agroalimentaria y Forestal (ITAF).	Byron Contreras, Cesar Azurdia, Carlos De Leon Prera, Steve Wingert
8	Start-up the Implementation of the National Policy of Agricultural Technologic Innovation	El Sistema Nacional de Innovación, Investigación, Transferencia y Asistencia Técnica de la Agricultura Ampliada-SINTAGRO.	Jaime Carrera, Carlos Echeverría, Carlos Rodríguez Chang, and Francisco Olivet
9	Assist. Preparation of the Strategic Agenda Action Plan for Rural Development	Agenda Estratégica de Desarrollo Rural Integral.	Jaime Carrera, Ariel Ortiz, Rolando Quiñonez, Mamerto Reyes, Jose Miguel Barrios, and John Mellor
10	Strategic Planning Exercise for ICTA	Plan Estratégico 2007-2017 para el Instituto de Ciencia y Tecnología Agrícolas, ICTA.	Byron Contreras

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
11	Provide assistance to MAGA in the evaluation of the watershed management.	Unidad Especial de Ejecución de Desarrollo Integral de Cuencias Hidrográficas.	Rudy Cabrera
12	Review of current USAID/G Economic Growth Objective with Recommendations for the Future	Assessment of Current USAID/Guatemala Economic Growth Strategic Objective.	Steve Wingert
13	Design of a Strategy for Irrigation Development, MAGA-AGEXPORT	Proyecto de Desarrollo Agrícola Fundamentado en el Riego para Generar Oferta Hortofrutícola.	Byron Contreras, César Gómez, Víctor Aragon, Carlos Chacon, Rudy Machorro, Julio Juárez
14	Assistance to the Preparation of the Rural Development Policy/Strategic	Análisis de los Recursos Físicos, Humanos y Financieros para implementar una Estrategia de Desarrollo Rural / Propuesta de Plan de Acción y Programa de Inversiones para el Desarrollo Rural / Análisis de las iniciativas de Desarrollo Rural de Plan Visión de País, Mesa de Diálogo, Modelo Mellor y PRORURAL / Plan Estrategia y Acciones Necesarias para Involucrar a Organizaciones que Trabajan con Agricultores de Subsistencia y Productores Rurales como una Red no Gubernamental.	Instituto de Agricultura, Recursos Naturales y Ambiente - IARNA
15	To describe the present status of the food security in Guatemala as resulting from the Government intervention (policy and leadership)	Evaluación rápida de la seguridad alimentaria en Guatemala.	Instituto de Agricultura, Recursos Naturales y Ambiente - IARNA
16	Strategic, Administrative, and operational assessment of PRORURAL	Estudio para el Plan de Fortalecimiento Comisión Presidencial para el Desarrollo Rural, PRORURAL.	Centro de Investigaciones Económicas Nacionales - CIEN
17	Rapid Appraisal on the GOG's capacity for the design and implementation of economic growth policies	Evaluación Rápida de la Capacidad del Gobierno de Guatemala para el Diseño y Ejecución de Políticas de Crecimiento Económico.	Eberto De Leon
18	Administrative/Operational Assessment of AGEXPORT	Evaluación Administrativa y Operacional de AGEXPORT.	Steve Wingert
19	Informe sobre el impacto del Programa USAID/ANACAFE Competitividad y Fortalecimiento Empresarial	Informe sobre el impacto del Programa USAID/ANACAFE Competitividad y Fortalecimiento Empresarial.	Enrique Abril
20	Seguridad Alimentaria y Agricultura en Guatemala	Evaluación rápida del sector agrícola guatemalteco y su estado para abordar los retos de seguridad alimentaria del país.	Carrera J., Monterroso O., Jimenez J.
21	Rapid Appraisal on IMARE: WALMART, MERCY CORPS FOUNDATION-USAID ALLIANCE	Rapid Appraisal on IMARE: WALMART, MERCY CORPS FOUNDATION-USAID ALLIANCE.	Rural Development Expert

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
22	Rapid appraisal on Small Scale Irrigation systems in Guatemala	Rapid appraisal on Small Scale Irrigation systems in Guatemala.	Rural Development Expert
23	Rapid Appraisal on ANACAFE	Rapid Appraisal on ANACAFE.	Rural Development Expert
24	Fundraising Initial Training and Strategic Orientation - AGEXPORT	Reflexiones y Sugerencias para la construcción de una estrategia de Fundraising.	Daniel Yoffe
25	Evaluation of the Process to Approve the Rural Development Law and Policy	Evaluación del Proceso de Aprobación de la Política y la Ley de Desarrollo Rural Integral.	Eberto De Leon
26	Strategic Planning for the AGEXPORT's Division for International Cooperation and Consulting Services	1. Desarrollo de Plan Estratégico División de Cooperación Externa y Consultorías 2010-2014 2. DESARROLLO DE PLAN ESTRATÉGICO ESCUELA DE COMERCIO EXTERIOR 2010-2015 ASOCIACIÓN GUATEMALTECA DE EXPORTADORES	EUROCOMER
27	Food Security Analyses Phase I and II	Feed the Future Initiative - Achieving Food Security in Guatemala: Opportunities and Challenges.	Steve Wingert
28	Demand Assessment for the International Trade School in AGEXPORT	Estudio de Factibilidad - Instituto Superior de Comercio Exterior (ISCE)	Kitelab
29	Assessment on rural credit for the small farm coffee and horticultural sectors	Financial Services: Availability and Access for Guatemalan Small Coffee And Horticultural Producers.	Mike Schwartz and Enrique Abril
30	Cooperative Model MAGA/PIPAA - AGEXPORT, alternatives and adjustments for defining and designing an effective and sustainable SPS system in Guatemala		Mariano Gonzalez/ Jean Maurice Hermann
31	Small Scale Irrigation Projects Evaluation	Evaluación de los sistemas de miniriego implementados por el Gobierno y la Cooperación Internacional.	Eberto De Leon, Brenda Ubieto, Rolando Sanchez
32	Assessment to the National Food and Nutrition Security Strategic Plan for selected areas	Plan Estratégico de seguridad alimentaria y nutricional de la región occidente de Guatemala.	Jaime Carrera, Beatriz Villeda, Jose Luis Jimenez, Pedro Pineda
33	Economies of Scale and Scope for Small Horticultural Producers	Small producer horticulture in Guatemala: competitiveness, sustainability and scale.	Mike Schwartz
34	Commercial Agricultural Research Development	Propuesta Fundación de Innovación e Investigación Agroalimentaria.	Carlos Anzueto

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
35	Analysis of Production and Competitiveness of Selected Guatemalan Crops	Análisis de producción y competitividad de productos guatemaltecos seleccionados.	Kenneth Weiss & Carlos Rodriguez Chang
36	Agricultural Vulnerability Assessment for the Guatemalan Western Highland	Evaluación de la vulnerabilidad agrícola por inundaciones en Almolonga y el Altiplano.	Cordillera, S.A.
37	Strengthening of the Organizational Structure and the Financial Administration Systems in AGEXPORT	Análisis de sistemas administrativos de AGEXPORT.	Deloitte
38	Detailed Design of the International Trade School for AGEXPORT	Informe final Proyecto Centro de Estudios en Comercio Exterior - CESCE - GEXPORT.	Asociación de Exportadores de Perú - ADEX
39	Coordination and cooperation among international donors implementing rural development programs	Copies of agendas, meeting reports, presentations, etc.	
40	Evaluation groundwater potential in 12 Guatemalan department and in the whole country	Evaluación del potencial de aguas subterráneas de la República de Guatemala.	Cordillera, S.A.
DR-CAFTA			
41	Design the Assistance to the DR-CAFTA Implementation	Compromisos asumidos por el gobierno de Guatemala por capítulos dentro del DR-CAFTA.	Rubén Mendoza
42	Impact Evaluation of the first year of the DR-CAFTA implementation	DR CAFTA un año después, su impacto y recomendaciones para Guatemala.	Centro de Investigaciones Económicas Nacionales - CIEN
43	Assistance to MARN/MINECO for the reinforcement of the Waste Water and Sludge Regulation in Guatemala/DR CAFTA Chapter 17th	<ol style="list-style-type: none"> 1. Recomendaciones - Aplicación del Reglamento de Descargas y Reuso de Aguas Residuales y Disposición de Lodos, Acuerdo Gubernativo 236-2006 del MARN 2. Implementación de la Estrategia de Aplicación del Reglamento de Descargas y Reuso de Aguas Residuales y Disposición de Lodos -Acuerdo Gubernativo 236-2006 del MARN 	Rodolfo Camacho and IRG
44	National Environmental Justice Board	Desarrollo y Fortalecimiento de la Mesa de Justicia Ambiental.	International Resources Group - IRG
45	Evaluation of the 4th Year DR-CAFTA - Success Stories: nontraditional exports	Casos de Éxito del Tratado de Libre Comercio entre Centroamérica, Estados Unidos y República Dominicana.	Miguel Gutierrez

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
46	Design of Markets Regulations and Identification of Dominant Position for the Telecommunication Sector in Guatemala	Diseño de Regulación de Mercados e Identificación de Posición dominante en el Sector de las Telecomunicaciones de Guat.- Mercado Mayorista de Acceso de Banda Ancha - Mercados de Terminación de Llamadas en las Redes Públicas Individuales - Descripción de la Metodología para el Análisis y Definición de Mercados en el Sector de Telecomunicaciones y Designación de Proveedores Importantes.	José Monedero
47	Support the Ministry of Economy on DR-CAFTA Implementation Policies in Guatemala	Ejecución de las Políticas de Aprovechamiento del DR-CAFTA - Estudio de Casos Exitosos / Diagnóstico y Propuesta de Política de Promoción Comercial.	Inversiones y Desarrollos de Centroamérica, S. A. - IDC
48	Overall Technical Support to the assistance to MINECO	Overall Technical Support to the Assistance to MINECO.	Carlos Chacon
49	Assistance to MINECO to improve the support to the implementation of the DR-CAFTA	Asistencia al Ministerio de Economía para mejorar el apoyo a la implementación del DR-CAFTA.	Rubén Mendoza
50	DR-CAFTA commitments update	Compromisos por Institución DR-CAFTA.	Rubén Mendoza
51	Financial Services for Micro, Small and Medium Enterprises Exports	Análisis de los productos financieros para MIPYMES -MINECO.	Paulo de Leon
52	Fair trade policy	Comercio justo y solidario en Guatemala: Hacia una definición de políticas públicas.	Maynor Cabrera
53	MFEWS assistance in printing the document "Guatemala: Perfiles de medios de vida"	Guatemala: Perfiles de medios de vida.	Mesoamerican Food Security Warning System - MFEWS
KEY CLUSTERS			
54	Strategic Planning Exercise for INGUAT	<ol style="list-style-type: none"> Ejercicio de alineación de acciones entre el plan estratégico 2007-2011 y el plan operativo anual 2007 para el INGUAT Acompañamiento al proceso de implementación del plan estratégico 2007-2011 del INGUAT Plan estratégico 2008-2011 para el INGUAT 	JC Fenix Consultores
55	Survey on Informal Labor and Migration	Encuesta de trabajo informal, movimiento migratorio laboral interno y migración laboral internacional.	JM Market Index
56	Policy Proposal on Informal Labor and Migration	Seminario Taller "Elaboración de Políticas Públicas para la atención a trabajadores de la Economía Informal y Trabajadores Migrantes de Guatemala" - "Propuesta de Política Pública para la Atención de Trabajadores de la Economía Informal y Trabajadores Migrantes de Guatemala".	Salomón Cohen

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
57	Assist.To GOG in the design of Tech./Strat. Agenda for Tourism	Asistencia de USAID en el Diseño de la Agenda Técnico/Estratégica de Turismo para Guatemala Transición Política 07-08 Sector Turismo. 2. Initiatives to define a National Tourism Development Policy with related strategies for Guatemala: Report on field visits and meetings with public and private sector tourism clusters.	Tatiana Ramos & Chris Inman
58	Strategic Planning Exercise for CUTRIGUA	Plan Estratégico 2008-2012 Consejo de Usuarios del Transporte Int. de Guatemala.	Guillermo Calzia and Byron Contreras
59	Assistance to INGUAT on the development of small and rural community projects	Asistencia al INGUAT para el Desarrollo de Pequeños Proyectos en Comunidades Rurales.	Salomón Cohen
ENVIRONMENT			
DR-CAFTA			
60	Solid waste regulation	Reglamento de desechos solidos.	IRG-Jorge Cabrera/Cesar Barrientos
61	Waste water regulation	1. Taller de socializacion y capacitacion del reglamento de vertidos para cuerpo receptores de la cuenca del lago de Atitlan y su entorno; 2. Formulario para la aplicacion del reglamento de aguas en Atitlan: brochure para la socializacion del reglamento de aguas residuales en Atitlán.	IRG - Carlos Cobos, Atilio Garcia
62	Design of a guideline for accumulative effects evaluation	Términos de referencia para la elaboración de estudios de evaluación de efectos acumulativos.	IRG - Nelson Trejo
63	EIA's terms of reference for oil exploration and exploitation projects	Términos de referencia para elaboración de EIAs de proyectos de exploración y explotación petrolera.	IRG - Nelson Trejo
64	Strengthening the local capacity in EIA's	Taller de Capacitación en Manejo Ambiental de los Proyectos de Desarrollo Socioeconómico: Evaluación de Impacto Ambiental.	IRG - Scott Solberg/Nelson Trejo
65	Strengthening of the environmental information system for EIA's	Sistema de información integrado para la evaluación de estudios de impacto ambiental.	IRG - Carlos Duarte
66	Model for a System to Certify and Register Environmental Auditors	Modelo del sistema de certificación y registro de proveedores de servicios ambientales del MARN.	IRG - Nelson Trejo
67	Training Program in Environmental Audit: Diploma	Programa de formación teórico - práctico para auditores ambientales.	IRG - Nelson Trejo

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
68	Support for the Dissemination of the National Report of the Environment	1. Impresión del Informe Nacional del Estado del Ambiente. 2. Presentación pública del Informe del Estado del Ambiente.	IRG - Christa Bollmann
69	Developing and Validating the Social-Environmental Agenda Based on the point of view of the Indigenous Population	Agenda Socioambiental, desde el pensamiento de los Pueblos Indígenas de Guatemala, por los derechos de la Madre Tierra.	IRG - Irma Alicia Velasquez/Felipe Gomez
70	Designing Environmental-Education Materials Emphasizing Climate Change	Layout and illustration (graphic design) of the workbooks on environmental education for fourth-, fifth-, and sixth-grade teachers, including cover designs for each workbook.	Olmedo España
71	Study about transference and benefits of Clean Production to the private sector	Estudio sobre la promoción de la transferencia y asimilación de tecnología de producción más limpia en el sector productivo del país: estudio de casos y su presentación.	Centro Guatemalteco de Producción Más Limpia
72	Strengthening of MARN's capacity for the implementation of the Clean Production policy	Diagnóstico de capacidades y necesidades actuales del MARN para la implementación de la política de producción más limpia y plan de acción.	Jaime Rosales, Estuarrdo Monroy
73	Support for the National Clean Production Award launching and diffusion of results	1. Talleres de presentación del premio con prensa, empresarios, comité técnico, 2. Acto de premiación.	
Biodiversity			
74	Abating threats to the conservation elements in Lake Atitlan and its surroundings	Reducción de amenazas a los elementos de conservación de la Reserva de Usos Múltiples de la Cuenca del Lago de Atitlán, Municipio de San Pedro La Laguna, Sololá.	Centro de Producción Más Limpia
75	Expanding the Regional and Municipal-Park System in the Lake Atitlán Watershed Multiple-Use Reserve	1. 3 technical reports in identified areas 2. 3 municipal agreements to declare conservation areas 3. 3 dockets submitted to CONAP to secure declarations as Regional Municipal Parks. 4. 3 participative management plans developed and validated by the pertinent Municipal Council.	Asociación Vivamos Mejor
76	Guatemala Biodiversity and Tropical Forest Assessment (FAA 118 & 119)	Guatemala Biodiversity and Tropical Forest Assessment.	James Tolisano, María Mercedes López, IRG
77	Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP)	Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP).	IRG - Alan Schroeder, Manfredo López

No.	Name of Technical Activity	Title of Deliverable	Deliverable by
	Climate change		
78	Socializing the National Policy on Climate Change	Apoyo al Ministerio de Ambiente y Recursos Naturales - MARN - en Talleres de Cambio Climático, Impactos y Desafíos en Guatemala.	Hilda Rivera & Stuardo Garcia
79	Support to the High-Level Participation of the Government of Guatemala in COP XVI of the United Nations Framework Convention on Climate Change	Propuesta para posicionar a Guatemala Frente a la Comunidad Internacional Reunida en la Reunión de la Convención Marco de Naciones Unidas sobre Cambio Climático y del Protocolo de Kioto (COP16/CMP6).	Alejandra Sobenes
80	Policy, Institutional and Legal framework analyses and proposal for the implemation of the climate change strategy	Identificación de Brechas y Capacidades para el cumplimiento de la Política Nacional de Cambio Climático de Guatemala.	Instituto de Derecho Ambiental y Desarrollo Sostenible (IDEADS)
81	Evaluation of Impacts of Climate Change on Biodiversity and Tropical Forests, and Recommendations for Mitigation and Adaptation	Evaluación de los impactos del Cambio Climático sobre la Biodiversidad y Bosques de Guatemala; recomendaciones para la Mitigación y la Adaptación.	The Nature Conservancy
82	Analysis of the Socio-Economic and Institutional Dynamics in the Reserva de la Biosfera Bioitzá: One of the Main Deforestation Fronts in the Reserva de la Biosfera Maya	<ol style="list-style-type: none"> 1. Reporte de las condiciones originales en el área del proyecto. 2. Base document for the project design document that complies with the CCB standard). 3. Preliminary consultations with key actors (municipality, Asociación Bioitzá). 4. Informe de Pre-validación Componente GI, Condiciones Originales en el Área del Proyecto según el Estándar CCBA. 	Geotecnológica de Centroamérica, S.A.
83	Vulnerability and Adaptation to Climate Change Assessment	Scope of Work for the Vulnerability and Adaptation to Climate Change.	Abt Associates, Inc.
84	Forestry Concessions Evaluation in the Maya Biosphere Reserve, Petén, Guatemala	Translation of the document "Forestry Concessions Evaluation in the Maya Biosphere Reserve, Petén, Guatemala".	Robert Dix

U.S. Agency for International Development
Office of Enterprise, Trade and Environment
Km. 6.5 Final Boulevard Los Próceres
Santa Catarina Pinula, Guatemala
Tel: (502) 2422-4000
www.usaid.gov/gt