



WAVES  
Country Brief  
Guatemala  
May 2015



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# Country Brief: Guatemala

**Region:** Latin America and the Caribbean

**Natural Capital:** With its mountainous territory, Guatemala has an abundance of biodiversity and natural resources such as water from rivers and lakes, minerals, tropical forests, and fertile soil for agriculture. The economy - particularly the agriculture, tourism, manufacture and construction sectors - relies heavily on the environment. Water, for example, is an essential resource in the many economic activities that generate 30 per cent of GDP.

**Critical Decision:** The country also has a rich background in natural capital accounting. And with accounts showing that Guatemala has been reducing and depleting its resources over the years with inadequate public expenditure and planning to counter the trend, it is now critical that an environmental management system is included in the national plans for development and competitiveness for the next two decades.

**How will WAVES help?** Despite the progress made in developing methodologies for natural capital accounting

## Rich background in natural capital accounts

Guatemala has a rich background in constructing natural capital accounts. In 2006, a public-private-academic partnership funded by the Dutch Government and facilitated by Rafael Landívar University used the United Nation's System of Environmental-Economic Accounting (SEEA) methodology to construct accounts for forests, water, energy and emissions, subsoil assets, fisheries, land and ecosystems, and environmental expenditure.

The effort showed that 95 per cent of forest flows are happening outside the control of the authorities. This finding led the government to propose a law (PROBOSQUE) to counter illegal logging and to begin the restructuring of the National Forest Institute, with a subsequent 20 per cent increase in the institution's budget

Water accounting revealed the situation at the national level and inspired analysis for specific regions. For the metropolitan

area of Guatemala City the account provided the elements to create the model for accounting for household use of water.

The Land and Ecosystems Account gave information about the relationship between land use, income production and food and contributed to the 'Initiative for Integral Rural Development Act', one of the most important bills designed to achieve sustainable development over the next decade.

Regarding public expenditure on the environment, the accounts showed that the figure varied significantly over the period 2006-2010, ranging from US\$176.5 million to US\$256.5 million. The money was spent mostly on natural resource management and as a result, environmental protection expenditure was reduced.

## Making waves in Guatemala

The WAVES initiative is helping the government take natural capital accounting to the next



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(NCA) and the results from substantial work already completed in Guatemala, the country still faces challenges in making institutions and influential stakeholders aware of the value that accounts can add to decision making and, therefore, the importance of using accounts on an ongoing basis. WAVES will help understand better the links between environment and the economy, bring the relevant institutions together and encourage evidence-based decision-making.

**Accounts already developed:**

Forest, water, energy and emissions, subsoil assets, waste, land and ecosystem accounts, and public environmental income and expenditure accounts.

**Accounts being developed and updated:**

All the accounts mentioned above will be updated. New accounts to be developed are the agriculture accounts and the development of a set of macroeconomic accounts including wealth accounts. Ecosystem accounts will be done for selected regions. Policy analysis will be done for key accounts.

**WAVES lead government agency:** Planning Secretariat

**Country steering committee:**

The WAVES-Guatemala Steering Committee is composed of representatives from the Planning Secretariat (SEGEPLAN) Central Bank (BANGUAT) National Institute of Statistics (INE) Ministry of Finance (MINFIN) and Ministry of Environment (MARN).

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level by mainstreaming and integrating the data from the natural capital accounts into development planning and environment, economic and social policies.

Natural capital accounts can help the country to:

- Identify opportunities for innovation and promote policies that could lead to inclusive green growth
- Inform issues of food security and food sovereignty as these are vital for future development and poverty reduction and are a primary concern of the National Development Plan
- Meet economic and social policy responses to climate change threats
- Enhance the potential value of tourism to the economy.

## The story since 2013

Guatemala joined WAVES as a core implementing country in 2013 and the project was launched officially at a public ceremony in March 2014. Key stakeholders attended the event, including the Secretary of Planning.

A scoping study has been shared with stakeholders and the national steering committee on natural capital accounting. It

reveals the general understanding of natural capital accounting in the country and lays out the work plan for Guatemala. In November 2014, WAVES hired a local communication consultant to help build awareness and engagement around the topic.

Food security is a critical development challenge. In June 2014, work began on piloting agriculture and environmental accounts in Guatemala, making it the first WAVES country to undertake agriculture accounts to inform decisions on how to address pressing food security issues.

2015 marked the beginning of the ecosystem accounts update, which aims to provide insight into the social, economic, environmental and strategic relevance of Guatemala's many different ecosystems to strategic policy making in sustainable development.

The process will involve two governmental institutions: the National Forest Institute and the National Commission of Protected Areas, which is leading on the project. This governmental engagement is important to achieve natural capital accounting institutionalization in the country.

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