



EUROPEAN EXTERNAL ACTION SERVICE



EUROPEAN COMMISSION - DIRECTORATE GENERAL FOR
DEVELOPMENT AND COOPERATION - EUROPEAID

EN

MULTIANNUAL INDICATIVE PROGRAMME 2014-2020

GUATEMALA

MULTIANNUAL INDICATIVE PROGRAMME FOR GUATEMALA 2014-2020

1. THE OVERALL LINES FOR THE EU RESPONSE

1.1. STRATEGIC OBJECTIVES OF THE EU'S RELATIONSHIP WITH GUATEMALA

Historically, the EU has been the main contributor to Guatemala in the implement the Peace Accords. Since 1984 the country is part of the inter-ministerial San José Dialogue. The EU is perceived as a credible partner and a force for good with experience in accompanying helping with democratic transitions and regional integration processes in order to promote peace, stability and sustainable development. The entry into force of the Association Agreement between the EU and Central America will reinforce the ties that have traditionally existed between the EU and Guatemala.

Guatemala is a multi-ethnic, multicultural and multilingual country with considerable economic potential. However, it is still in post-conflict transition towards a fully democratic state based on the rule of law. The transition to democracy only started 17 years ago following the end of a 36-year long internal armed conflict.

Although the country has made progress since signing the Peace Accords in December 1996, it still has to tackle some major problems. Although considered a lower middle-income country, there are dramatic differences in income distribution between rural and urban areas. Implementation of the Peace Accords has been limited, the country has not yet overcome its history of structural exclusion and there are major institutional, social and economic difficulties, hampering Guatemala to become a more equitable and inclusive society.

The key development challenges are:

- A) ensuring human security, defending and developing the rule of law and ending impunity, including in transitional justice;
- B) fighting against structural economic and social inequality and discrimination;
- C) guaranteeing respect for human rights, in particular those of indigenous people, women and children;
- D) combating widespread poverty and malnutrition, in particular in rural areas.

There is also a need to strengthen the state's legal and institutional capacity and to put effective mechanisms in place for peaceful conflict resolution.

Guatemala is extremely vulnerable to natural disasters, including earthquakes and hurricanes. It is amongst the ten most vulnerable countries to climate change in the world¹ and its vulnerability to meteorological hazards is increasing due to climate change. The high levels of environmental degradation, such as land degradation and deforestation, make the country more vulnerable to natural disasters and exacerbate and perpetuate poverty levels.

All this is compounded by low levels of revenue mobilisation and structural institutional weaknesses that hamper the implementation of state policies. In 2012, Guatemala's tax burden was 10.9% of its GDP, one of the lowest levels in the world. In addition to improving national resource mobilisation, the main institutional challenges are related to: strengthening the civil service, improving the effectiveness of Congress, improving transparency and tackling corruption, as well as strengthening the linkage between central policy setting and local service delivery.

¹ Gobierno de Guatemala (2012) Posición de Guatemala Rio+20 Hacia el Desarrollo Sostenible.

The current government has said that reform is required and has followed through on this statement with an agenda for change. *Strategic Priorities 2012–16* identifies five priorities:

- 1) democratic security and justice;
- 2) competitive economic development;
- 3) productive and social infrastructure;
- 4) social development;
- 5) sustainable rural development.

These priorities are set out in greater detail in three pacts. **The Security, Justice and Peace Pact** aims to tackle the high levels of violence and crime. The **Zero Hunger Pact** is the bedrock of the government's social policy for combating chronic child malnutrition. With the **Fiscal and Competitiveness Pact**, Congress has approved limited fiscal reform, including a law on fiscal modernisation and tax -evasion. The government also recently launched a national competitiveness agenda (2012–21). Guatemala is also among the economies that improved the most in the World Bank's Doing Business 2013/2014 Report, moving up in rank from 93 to 79.

Conscious of the major effort required to succeed in its reform process, the government has asked for help implementing reform, in particular with efforts to create state rather than government policies. The EU will assist the current government follow through on its priorities listed in *Strategic Priorities 2012–16* and set out in greater detail in the three pacts.

The EU and Guatemala are committed to working together to eradicate poverty and foster environmentally sustainable social and economic development, thus contributing to state-building. Building on its wealth of experience and its "comparative advantage", the EU's strategic relationship with Guatemala focuses on helping it consolidate progress in the transition towards a more democratic and inclusive society based on the rule of law and respect for human rights.

1.2. CHOICE OF SECTORS

Taking into account the problems identified, the government's national development agenda — the three pacts and relevant national policies — and the work of other development partners in the country, the EU and its Member States propose to focus their support over the 2014–20 period on the following eight strategic priorities:

- reducing food insecurity, with an emphasis on tackling chronic malnutrition and promoting integrated rural development;
- improving human security by strengthening the justice and security system and supporting violence prevention policies, with an emphasis on upholding human rights and reducing impunity;
- preventing and reducing violent social conflict and contributing to its peaceful resolution of violent social conflicts;
- promoting economic development and fiscal reform, improving trade and competitiveness with an emphasis on pro-poor growth and job creation, and creating a fair, transparent and predictable environment for doing business;
- improving access to high quality social services for all, with an emphasis on health and education;
- ensuring that the natural environment is protected and that a sustainable, fair policy on using natural resources and adapting to climate change is enforced;

- strengthening the state's central and local institutional capacities to make and implement policy and raise revenue;
- promoting gender equality and reducing gender-based violence.

These strategic priorities can be grouped into the following **three sectors of intervention**:

1) food and nutritional security

2) conflict resolution, peace and security

3) competitiveness.

They coincide with the **three multi-donor areas** identified and agreed on in the joint programming exercise.

The proposed intervention builds on the lessons learnt from the evaluation of the EU's cooperation with Guatemala from 2007 to 2013. It entails the programming for the period from January 2014 to December 2020 with a mid-term review in 2016. This would make it possible to align programming with the government budget cycle; to ensure continuity over two government terms; to ensure that current actions continue to be carried out and to synchronise as much as possible with Member States' programming.

Bilateral interventions will be complemented by activities financed under thematic budget lines (in particular those funded by the European Instrument for Democracy and Human Rights (EIDHR) and those under the thematic line Local Authorities and Non-State Actors), as well as Latin America regional and sub-regional (Central American) programmes, in particular those relating to security (support for the Central America Security Strategy) and regional integration, including the programmes accompanying the regional implementation of the Association Agreement.

1. Food security and nutrition

Guatemala's levels of food and nutritional insecurity are among the highest in the world. The chronic malnutrition rate for children under five is 43.4%, the highest in the region and the fourth highest in the world. Guatemala is one of the 36 countries which account for 90% of stunting in the world. The most vulnerable groups are indigenous women, girls and boys living in rural areas (which represent more than 90% in rural areas in the western highlands).

The main problems are access to and the availability of food. There are many structural reasons for this (e.g. land ownership concentration resulting in inadequate land use by the poor, lack of access to capital, education and healthcare, lack of clean water and poor sanitation and deficiencies in maternal and childcare). More than half of the farmer population is poor and subsistence agriculture is the predominant agricultural system. Only 56% of land is adequate for agriculture and 24% of this has severe deficiencies, which is further negatively affected by demographic pressure. This means that the poor cultivate land with low productivity and high exposure to environmental hazards such as erosion and mudslides. Poor domestic hygiene and unhealthy nutritional habits, compounded by limited access to safe water, frequently cause diarrhoea in children, causing a deterioration in their nutritional status.

Food insecurity in Guatemala is much more a poverty, distribution and income problem than a production problem. However, it is not enough to increase the incomes of poor people. The consumption and correct use of food are also a crucial part of the solution to this problem. Health and nutrition programmes are essential to enable vulnerable households to get the most out of whatever food they have access to.

The legal basis of Guatemala's national food and nutritional security policy lies in the Law and Regulation of the National System for Food Security and Nutrition (SINASAN). This provides a permanent strategic framework for coordination among different state actors, civil society and international cooperation donors. Under it were set up the National Council for Food and Nutritional Security, the Secretariat for Food and Nutritional Security, which acts as the coordinating institution, and specific bodies to facilitate consultation with and the participation of civil society (the National Food Working Group and the Instance for Consultation and Social Participation, INCOPAS). A working group made up of selected cooperation agencies (GIA) was also set up. A strategic plan has been drawn up to achieve the policy's objectives.

In 2012, the President said that one of his main goals was to reduce chronic malnutrition by 10% over the next four years. To do this, the government started implementing the zero hunger plan. It focuses on 166 municipalities with the highest rates of malnutrition and has six main aims: to improve basic healthcare and promote breastfeeding and supplementary nutrition, including the Scaling up Nutrition (SUN) initiative; to educate people about food security and make schools healthy places (especially in rural areas); to provide support for income-generating activities, especially those of small farmers; to improve water and sanitation conditions; to promote good local governance; and to promote literacy programmes.

The EU has been supporting measures to improve food security and nutrition in Guatemala since 2000. Since 2009 it has been doing so through a budget support programme. So far, the programme has helped achieve the following results: 1 122 935 m² of school and family gardens created; 330 local offices for agricultural extension opened; 401 Metric Tonnes of maize and bean seeds produced; over 9 000 women trained in labour legislation; 225 223 people literate; more than 1.3 million children supplied with vitamins and micronutrient supplements. The programme has also improved inter-institutional coordination and planning and implementing capacity.

EU support for the agricultural sector will aim to make livelihoods sustainable and improve the welfare of family farming households. It will tackle the impact of farming methods on environmental degradation and promote sustainable practices, including adaptation to climate change. It will also aim to improve the nutritional status of children under five. In all its interventions the EU intends in particular to improve gender equality by supporting actions that empower women. Natural disasters, in particular drought, can also have a serious impact on food security. Support will therefore also focus on reducing the risk of disasters, including best practices in drought resilience.

Under joint programming for Guatemala, the aim of the EU's support is in line with that of the government and the national plan (the zero hunger plan), which aims to reduce maternal and child mortality (Millennium Development Goals 4 and 5) and improve family incomes overall on the basis of two specific objectives. Under the first specific objective, the EU proposes to support interventions for the Scaling Up Nutrition initiative²/1000-day window (*Ventana de 1000 días*) which focuses on primary healthcare and nutrition targeting pregnant women, breastfeeding mothers and children 0-24 months old. Under the second specific objective, it will support smallholder agriculture, soil conservation and forest and water management³ and strengthen local governance on food security. The EU also intends to tackle horizontal⁴ issues such as planning (results-based management), budget execution and its quality, performance monitoring and evaluation systems, inter-institutional

² The EU is actively involved in developing the Scaling Up Nutrition programme (Ref. DEVCO FFD dated 16.9.2011).

³ According to the instruction note Ref. DEVCO/C1/PYB/sgd ARES(2013) 3633701 dated 25.11.2013.

⁴ The EU has been supporting better budget management (results-based management) and actions aimed at strengthening the government's monitoring capacities.

coordination and the relationship between central and local government. Its aim is to increase access to food. This is closely related to the root causes of hunger (food insecurity caused by social conflict for example) and to the lack of access to justice.

The main donors are USAID, the Spanish Agency for International Cooperation and Development (AECID), the World Food Programme (WFP) and UNICEF. They support food aid (SUN interventions), subsidiary programmes and water and sanitation programmes. The main rural development donors are USAID, Agricultural Cooperative Development International (ACDI), the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD). They implement actions in favour of rural extension, making vulnerable rural communities resilient and private sector engagement. With regard to strengthening institutional capacity, the Pan American Health Organisation, the WHO and UNICEF are working on health, the FAO and the WFP on agriculture and the AECID and USAID on monitoring systems, while several donors are working at municipal level. The AECID has identified reducing child malnutrition as a key objective in its new strategy, which aims to address maternal and child health and access to water and sanitation and to help increase family incomes. Close coordination with EU programmes (bilateral or sub-regional) such as the Food Security Regional Programme (PRESANCA II and PRESISAN) will be ensured, in particular with regard to helping strengthen institutional capacity, improving the national information system and improving analytical capacity.

2. Conflict resolution, peace and security

Crime, violence and conflict have greatly destabilised Guatemala's political, social and economic development. It has one of the highest violent crime rates in Central America. More than 57 000 people were murdered between 2001 and 2011, with the homicide rate climbing from 28 out of 100 000 in 2001 to a peak of 46 out of 100 000 in 2009. Although figures at the end of 2012 showed a decrease for the third year in a row (from 38.5 in 2011 to 34.5 in 2012), statistics remain worrying, with the homicide rate even seeming to increase significantly in 2013. Violent deaths are mainly attributed to drug-related violent activities, gang-related violence, the widespread possession of firearms (nearly 60 % of the population possesses a firearm) and a weak police and judicial institutional framework.

Although there was a significant decrease in femicides in 2012 (from 631 in 2011 to 573 in 2012), there were 577 cases of femicides between January and September 2013. There are few rehabilitation and reinsertion programmes for young offenders and the ones that are in place have limited coverage. They have not been very effective so far, mainly due to the weak implementation capacity and limited resources of the Social Welfare Secretariat. To prevent recidivism, more must be done to support those in conflict with the law, focusing on vulnerable groups such as women and young people. No substantial donor support has been offered in this sector. Through the regional programme Eurosocal and the bilateral project SEJUST, the EU has made a start.

Social conflict also increased in 2013, creating social and economic instability. Data from the National Civilian Police (PNC) show an increase of approximately 20% in reported social conflict in the first half of 2013 compared to the first half of 2012. Around half of the incidents were classified as peaceful, while the rest resulted in temporary disruptions — mainly road blocks — or more prolonged disruptions, including clashes with security forces and sometimes even deaths. While land tenure issues — often historical — play a major part in conflict, in the last few years there has been a marked increase in conflict related to the management of natural resources and investment policies in mainly rural and indigenous areas. The lack of effective mechanisms for informing and consulting the affected population and of the implementation of good corporate social responsibility practices has made matters worse.

To tackle these problems, the government has promoted a Security, Justice and Peace Pact. It is a comprehensive plan to tackle crime, improve security and the administration of justice and promote peace. Preventing violence, which has a prominent place under the security part of the pact, is the focus of a national policy prioritising violence against women, youth violence, armed violence and road safety. The part of the pact dealing with peace includes setting up an early warning system for conflict and strengthening the institutional human rights framework and the national system for dialogue.

Through its support for the government's security and peace agenda, the EU aims to help foster a culture of peace and dialogue and to tackle a number of structural governance deficiencies. Interventions in this area will help many of those involved at national and local level, with particular emphasis on the situation of groups at risk — women, children and young people — and on ensuring that indigenous peoples' rights are fully respected.

This line of action would build on EU cooperation in the area of security and justice under its Country Strategy Paper 2007–13. The planned interventions are also in line with two strategic priorities of the Joint EU-Member State Strategy, namely to improve human security by strengthening the justice and security system and supporting violence prevention policies, and to prevent and reduce violent social conflict and contribute to its peaceful resolution.

The main donors in this sector are USAID, focusing on violence and crime prevention; GIZ, with a programme on citizen security and conflict transformation; and the AECID, which focuses on domestic violence and violence against women. Given its highly political nature, donor coordination will be complemented by a strong political dialogue with all those involved (government, civil society, the private sector and Congress).

3. Competitiveness

As in most Latin American countries, micro-, small and medium-sized enterprises (MSMEs) in Guatemala account for the vast majority of employment. The Guatemalan Federation of Small and Medium-sized Enterprises (SMEs) estimates that SMEs account for 40% of GDP and 85% of employment (2010).⁵ Despite their importance in the national economy, various constraints hamper the growth and long-term competitiveness of MSMEs and cooperatives, such as poor transport, logistics, innovation and quality, limited access to finance and complex business regulations.

The Guatemalan authorities know how important it is to improve the business environment and the conditions for boosting the performance of MSMEs and to increase their participation in local and global markets to generate employment, raise incomes and reduce poverty.

At the beginning of 2012, the Guatemalan Government launched a Fiscal Reform and Competitiveness Pact aimed at increasing state revenues and implementing key reforms to strengthen long-term competitiveness, improve the business environment, increase the number of job opportunities and attract foreign investment. This became a National Competitiveness Agenda with six strategic lines of action aimed at promoting special development zones, identifying sectors with growth possibilities and exploring export potential. It also seeks to strengthen productive infrastructure for MSMEs and cooperatives, improve the national quality system and better facilitate trade. It is also planned to support the creation of new businesses and improve the investment climate.

⁵ World Bank report on SME development in Guatemala (2010).

The government is aiming to increase economic growth by 6% over the next five years in order to tackle poverty and create employment, with a special emphasis on the sectors that are lagging behind. It has requested EU support to complement the interventions of other donors. Given the entry into force of the EU-Central America (EU-CA) Association Agreement, there is a need to enhance the capacity of national institutions and the private sector (MSMEs and cooperatives) to comply with EU requirements and international standards. It is also important to help them integrate into the international economy, to increase their trade with the EU and to improve the investment and business environment. This would require a lot of work to enable economic operators to fully benefit from the opportunities the Agreement provides, enhance Guatemala's integration into the regional and global markets and attract foreign investment.

The EU would mainly intervene in the introduction of new processes, capacity building, the strengthening of the regulatory framework and the improvement of quality systems and productive capacities. It would provide support for actions to improve the competitiveness and trade capacity of Guatemalan MSMEs and cooperatives, productive infrastructure and the implementation of innovation systems in order to integrate them into national, regional or international value chains. It would also cover public and private partnerships and trade facilitation.

This would complement the work of other donors that support the implementation of the National Competitiveness Agenda, such as the World Bank (the Value Chains Programme), Inter-American Development Bank (the Productive Transformation Programme), USAID (productive value chains) and current and planned EU bilateral and regional programmes to support regional integration (i.e. PRACAMS, PRAIAA and ADESEP). This intervention would also promote green jobs, cleaner production and greater energy efficiency amongst MSMEs and cooperatives.

These actions are also in line with the priorities set out in the joint programming and complement the work of EU Member States on rural and local development.

Implementation modalities, yet to be determined, could include direct management based on projects and/or budget support, if conditions allow; indirect management with Member State agencies, international organisations or Latin American countries.

The EU response may be complemented by operations financed by the European Investment Bank (EIB).

2. FINANCIAL OVERVIEW

The indicative allocation for Guatemala is EUR 186.8 million.

<i>Sector</i>	<i>Indicative amount</i>	<i>%</i>
Food security	EUR 80 million	43
Conflict resolution, peace and security	EUR 37 million	20
Competitiveness	EUR 64.8 million	35
Support measures	EUR 5 million	2

3. EU SUPPORT PER SECTOR

3.1 FOOD SECURITY AND NUTRITION (INDICATIVE AMOUNT EUR 80 MILLION)

3.1.1 The following overall and specific **objectives** will be pursued.

Overall: Help reduce chronic malnutrition and food and nutritional insecurity by supporting the national policy for food and nutritional security and the accompanying strategic plan.

Specific 1: Improve the nutritional status of women and children under five by supporting health interventions and food and nutrition education.

Specific 2: Sustainably improve rural families' production capabilities by strengthening the National System of Food Security and Nutrition.

3.1.2 For each of the specific objectives the main expected **results** are as follows.

Specific objective 1

Result 1.1: Better primary healthcare⁶ for children and women.

Result 1.2: Adequate food intake practices.

Specific objective 2

Result 2.1: Higher family incomes and the adoption of environmentally sustainable and climate-resilient method for producing food (farm level).

Result 2.2: The effects of soil, forest and water degradation caused by climate change mitigated and implementation capacity at municipal level is reinforced.

3.1.3 Main indicators

The sectoral intervention framework in Annex 2 contains the main indicators for measuring the results listed above.

3.1.4 Donor coordination and policy dialogue

Under the leadership of the International Cooperation Council and the Presidency's Planning Secretariat and with the support of the group of main international bilateral and multilateral donors (G-13), Guatemala has made some progress towards harmonising and aligning aid.⁷ Together they discuss issues related to food security and nutrition, in particular government planning for rural development, healthcare, education and social development under the Zero Hunger Pact. The SINASAN Law also provides that the GIA be set up as a forum for political dialogue on and coordination of food and nutritional security interventions between donors and government. Under the aegis of the G-13 and the

⁶ Coverage, scope and nutritional monitoring.

⁷ The G-13 is a coordination group facilitating the exchange of information between donors and the government and among donors. It coordinates its work at three levels: political, technical/political and subject-specific. Along with the EU, it brings together the main nine donor countries (Canada, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden and the United States) and five multilateral organisations (the Inter-American Development Bank (IADB), the World Bank (WB), the International Monetary Fund (IMF), the United Nations Development Programme (UNDP) and the Organisation of American States (OAS)).

GIA, the food security and nutrition donor group was set up in May 2009. Since 2012 it includes a sub-group on rural development.⁸ Donors have also participated in meetings of the National Council for Food and Nutritional Security. The EU holds policy dialogue and transmits technical messages through the food security donors group and the GIA and at bilateral level. It also organises ad hoc meetings with other important stakeholders such as Congress.

3.1.5 Government **financial and policy commitments**

The legal framework, policy and institutional structure provide a stable framework for interventions in this sector. The National Food and Nutritional Security System Law states that for the implementation of the national food and nutrition security policy, Guatemala must allocate 0.5 % of VAT proceeds to programmes and projects for people living in poverty and extreme poverty. These funds are channelled through institutions that the National Council for Food and Nutritional Security, designates in its strategic plan. The budget allocation for food and nutrition security shows a positive trend, having increased from 0.66% of GDP in 2007 to 1.37% in 2012⁹ (1.18% in 2011).¹⁰ The current administration has set the reduction of malnutrition by 10% by the end of 2015 as one of its main goals.

The beneficiary institutions will help provide human resources, pay operating costs and provide the physical space needed to properly implement the projects identified under the Zero Hunger Pact. The government will keep prioritising food security and nutrition as a public policy and coordinate the use of available internal and external resources.

3.1.6 **Environmental assessment**

Guatemala, rated the fifth most vulnerable country to natural disasters in the world,¹¹ suffers from frequent natural disasters and is extremely vulnerable to climate change, which has a significant impact on rural livelihoods. Natural disasters exacerbate social and food vulnerability, deteriorating the livelihoods and living conditions of poor households and making it necessary to develop a disaster risk management strategy. Disaster risk reduction and resilience-building measures are key aspects of such a strategy. Given malnutrition mostly affects subsistence farmers, food security is closely related to the management of natural resources and climate change. One of the first steps in reducing malnutrition is to allow subsistence farmers build more resilient and diversified livelihoods. This involves adopting agricultural practices that restore soil fertility and reduce erosion, including agro-forestry systems. It also involves seeking to reduce deforestation by providing incentives to reforest. An environmental assessment will be carried out before any programme is approved. It will cover the environmental vulnerability and the need to provide protection and to promote sustainable, resilient agricultural and forestry practices. It will also cover disaster risk reduction.

Under objective 2, a strategic environmental assessment of the food security strategy will be considered during the programme identification phase. Its purpose would be to identify and analyse the links between the environment, climate change, disaster risk reduction and sector performance in order to improve the government's strategy and the EU's support programme.

⁸ In line with rural development policy approved in 2012 and to strengthen the link between family agriculture/smallholders' economy and food security and nutrition.

⁹ GDP 2011: Q 371 300 000 000. GDP 2012: Q 394 600 000 000 00.

¹⁰ IMF, Article IV Consultation, Staff Report, August 2013 (<http://www.imf.org/external/pubs/cat/longres.aspx?sk=40850.0>).

¹¹ World Risk Index 2011.

3.1.7 Overall **risk assessment** of the sectoral intervention

The main risks are the following.

- **Economic risks.** External factors could have an impact on growth and macroeconomic stability, jeopardising the reduction of poverty. On the other hand, the current macroeconomic and financial policy, combined with public debt and low fiscal mobilisation, hamper progress on and discourage investment in social policies.
- **Institutional weaknesses.** There has been limited progress on the regulatory framework for the civil service, there are no clear rules or criteria for the promotion and appraisal of permanent staff and fiscal revenues are low. This makes it difficult to continue implementing policies and leads to a high staff turnover, especially during changes of government. It weakens inter-institutional coordination and adversely affects the state's capacity to implement policies. Especially with regard to food security, improved inter-institutional coordination is crucial for the efficiency of public spending and the achievement of results.
- **Governance-related risks.** Continually gridlocked relations between the executive and legislative powers and a changeable party system make it difficult to reach a consensus and undermine long-term political commitment to priority policies. It continues to be very difficult to increase national and local transparency and accountability, making it harder to fight corruption.
- **Political risks.** Current income inequality in the rural population may affect the implementation of actions in favour of family agricultural production and the improvement of basic services. The effect on small farmers' land of the presence of groups acting outside the law (including those involved in organised crime) should be taken into account because such groups can distort land tenure and use.
- **Sector-specific risks.** The complexity and extent of food insecurity makes it difficult to coordinate activities at central and local level. This may have a negative effect on delivery on the ground. Guatemala remains vulnerable to natural disasters (earthquakes, hurricanes and floods). This may seriously affect food security and nutritional interventions.

Mitigation measures could include the following.

- Sustained political and policy dialogue with all key actors (government, civil society, the private sector and Congress) and all institutions connected with the sector in question.
- Building flexibility into interventions in order to respond to political and social changes.
- Strengthening inter-institutional coordination, including coordination between local and central level, in terms of programming and planning, results-based management and disaster reduction through the bilateral and regional programmes.
- Promoting mechanisms that enable staff to learn from best practices and improve information, monitoring and performance systems.
- Promoting environmentally friendly agricultural practices that are resilient to climate change, thus helping to minimise the environmental and climate change risks.

3.2 CONFLICT RESOLUTION, PEACE AND SECURITY (INDICATIVE AMOUNT EUR 37 MILLION)

3.2.1 The following overall and specific **objectives** will be pursued.

Overall: Promote peaceful co-existence through a culture of dialogue and by preventing violence.

Specific 1: Strengthen the country's capacity to reduce the levels of violence, with an emphasis on groups at risk.

Specific 2: Strengthen the country's mechanisms for preventing and transforming social conflict.

3.2.2. For each of the specific objectives the main expected **results** are as follows.

Specific objective 1

Result 1.1: Effective social and judicial response mechanisms are in place, helping to prevent violence and crime against vulnerable groups such as women and children.

Result 1.2: An integrated national system for rehabilitation and reinsertion, focusing on women and young people, is in place and working properly.

Specific objective 2

Result 2.1: Key local and national actors are better able to prevent social conflict and make it non-violent.

Result 2.2: Mechanisms for the analysis, monitoring and non-violent transformation of social conflict are in place.

3.2.3. **Main indicators**

The sectoral intervention framework in Annex 2 contains the main indicators for measuring the results listed above.

3.2.4. **Donor coordination and policy dialogue**

Under the leadership of the International Cooperation Council and the Presidency's Planning Secretariat and with the support of the group of main international bilateral and multilateral donors (G-13), in which overall donor coordination and policy dialogue takes place, Guatemala has made some progress towards harmonising and aligning aid.

There is no specific formal sectoral dialogue between the government and donors in this sector, but monthly donor meetings on justice and security do take place. In this context, there is specific donor coordination on violence prevention through a working group presided over by the EU Delegation. Under the Security, Justice and Peace Pact, a permanent forum offers a platform for open dialogue between the government, civil society and international donors.

As part of the joint programming, the EU and its Member States plan to carry out a joint analysis of this sector.

3.2.5. **Government financial and policy commitments**

The government has committed itself to implementing policies under the Security, Justice and Peace Pact (e.g. the latest draft national policy on violence and crime prevention, citizen security and peaceful co-existence). It will decide the budgetary allocations for the institutions and activities related to the policy in 2015.

The beneficiary institutions will help provide human resources, pay operating costs and provide the physical space needed to properly implement the actions identified in this multi-annual indicative programme.

3.2.6. Environmental assessment

If necessary, the appropriate type of **environmental assessment** (strategic environmental assessment or environmental impact assessment) will be carried out. There is a clear link between social conflict and the environment. As stated in the EU environmental profile, the high dependency of rural households on forest products and agricultural production results in land occupation for farming. This reduces the forest coverage to make more space for human settlements. Another major source of conflict is the use of non-renewable and renewable natural resources. If necessary, the EU might carry out environmental assessments during the planning of its interventions. If relevant, these assessments will take disaster risk reduction into account.

3.2.7. Overall risk assessment of the sectoral intervention

The main risks are the following.

- **Institutional weaknesses.** There has been limited progress on the regulatory framework for the civil service, there are no clear rules or criteria for the promotion and appraisal of permanent staff and fiscal revenues are low. This makes it difficult to continue implementing policies and leads to a high staff turnover, especially during changes of government. It weakens inter-institutional coordination and adversely affects the state's capacity to implement policies. Especially with regard to food security, improved inter-institutional coordination is crucial for the efficiency of public spending and the achievement of results.
- **Governance-related risks.** Continually gridlocked relations between the executive and legislative powers and a changeable party system make it difficult to reach a consensus and undermine long-term political commitment to priority policies. It continues to be very difficult to increase national and local transparency and accountability, making it harder to fight corruption.
- **Political risks.** Inherent difficulties in the dialogue processes can affect the progress and the possibilities of positive influence of interventions related to social conflict. Political priorities or the mandate of key actors change as a result of elections (e.g. of the National Dialogue System). The effect of organised groups acting outside the law (including those involved in organised crime) also needs to be taken into account.
- **Sector-specific risks.** A special effort must be made to dispel confused perceptions of the role of international cooperation organisations as neutral participants in conflict prevention, making it clear that they are not part of the problem.

Mitigation measures could include the following.

- Sustained political and policy dialogue with all key actors (government, civil society, the private sector and Congress) and all institutions connected with the sector in question.
- Building flexibility into interventions in order to respond to political and social changes.
- Building consensus and improving cooperation among Member States in order to increase political leverage and the legitimacy and effectiveness of future support.
- Strengthen capacity on the basis of the current bilateral and regional programmes.

3.3 COMPETITIVENESS (INDICATIVE AMOUNT EUR 64.8 MILLION)

3.3.1. The following overall and specific **objectives** will be pursued.

Overall: Promote inclusive and sustainable economic growth and contribute to social cohesion in order to reduce poverty

Specific 1: Improve the competitiveness and trade capacity of MSMEs and cooperatives.

Specific 2: Strengthen the capacities of national institutions, MSMEs and cooperatives so that they comply with international standards and the requirements of the EU-CA Association Agreement.

3.3.2. For each of the specific objectives the main expected **results** are as follows.

Specific objective 1

Result 1.1: MSMEs and cooperatives better at fostering income generation and creating formal job opportunities.

Specific objective 2

Result 2.1: Improved national quality system.

Result 2.2: Business regulatory framework and trade facilitation improved.

3.3.3. **Main indicators**

The sectoral intervention framework in Annex 2 contains the main indicators for measuring the results listed above.

3.3.4 **Donor coordination and policy dialogue**

There is currently no specific donor coordination in this sector. However, in the mid-term national authorities are expected to put in place a system for coordinating the work of the public and private sectors, including donors, to monitor and follow up interventions. In the meantime, the EU is holding a policy dialogue with the Ministry of Economy, particularly with those responsible for the national competitiveness programme (PRONACOM), to launch a dialogue on planning and coordinating technical and financial actions.

In some areas of the country departmental mechanisms are in place for coordinating the work of national and local authorities and private sector representatives. They play an important role in deciding priorities and in developing, implementing and following up of competitiveness plans.

As part of the joint programming, the EU and its Member States plan to carry out a joint analysis of this sector.

3.3.5 **Government financial and policy commitments**

The government has committed itself to approving and implementing a new legal framework containing several closely related draft laws to promote competitiveness, (awaiting Congress' approval). If approved, it would create an institutional structure that would coordinate actions to help improve the business and investment climate and strengthen MSMEs' and cooperatives' capacities. The government's aim is to strengthen inter-institutional coordination, deepen dialogue with civil society organisations and promote donor alignment and harmonisation.

Regarding the government's financial commitments for this sector, PRONACOM's budgetary allocation for 2013 is only 31.5 million quetzales (approximately EUR 3.0 million). Once the new legal and institutional framework is approved, the budgetary allocation for the sector is expected to increase significantly. The government is managing two loans from the World Bank (32.0 million USD) and the IADB (20 million USD) to help MSMEs develop and integrate them into value chains.

3.3.6 Environmental assessment

If necessary, the appropriate type of **environmental assessment** (strategic environmental assessment or environmental impact assessment) will be carried out. Whenever possible, green growth approaches will be applied and green jobs promoted.

3.3.7 Overall **risk assessment** of the sectoral intervention

The main sectoral risks are the following.

- Competitiveness and local development policies are not sustained over time due to changes in public administration.
- Climate-related factors and natural disasters that could have a negative impact on the local economic situation. Environmental degradation, especially land degradation and deforestation, make natural hazards worse and climate change is expected to exacerbate associated risks.
- Land tenure issues and conflict related to them.
- The risk of insecurity and conflict in rural areas affecting the activities of MSMEs and cooperatives.
- Poor central and local coordination among different actors could limit the effectiveness of the intervention.

Mitigation measures could include the following

- Strengthening policy dialogue with the public and private sectors on matters related to competitiveness.
- Promoting the implementation of public policies to reduce environmental vulnerability in rural areas.
- Setting up and maintaining local forums for dialogue and coordination.
- Strengthening strategic public-private partnerships.

4. SUPPORT MEASURES

The main aim of such measures is to build capacity and provide technical assistance in a more efficient and structured manner. These resources are intended to support communication on and activities to raise awareness of EU aid. They can also be used for thematic studies and impact assessments of projects, to provide support for developing public policies and policy dialogue, to provide short-term

technical assistance and to support aid efficiency initiatives such as donor coordination and labour division.

Attachments

1. Country at a glance
2. Joint European Union — Member States Strategy for Guatemala 2014 –2020
3. Sectoral intervention framework and performance indicators
4. Indicative timetable for the commitment of funds
5. Donor matrix
6. Baselines
7. List of acronyms

Annex 1: Guatemala — Country at a glance

12



Statistics Division

Millennium Development Goals: Country Profiles



Guatemala

Official Name	República de Guatemala
Capital City	Guatemala
National Currency	Quetzal
Area	108,890 km²
Population (thousand)	14,688 (2011)
% of urban population	57.2% (2010)
Life expectancy	71.3 years (2011)
GDP per capita (annual dollars)	3,193 (2011)
National Statistical Office	Instituto Nacional de Estadística (INE)
Institution in charge of the production of the National MDG Report	Secretaría de Planificación y Programación de la Presidencia (SEGEPLAN)

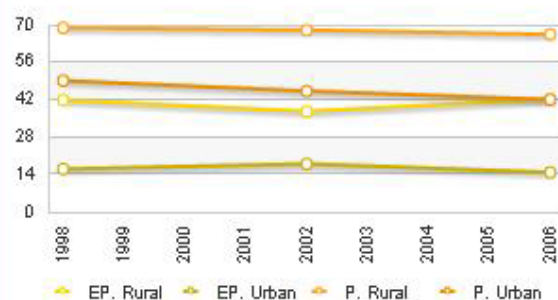


The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.



Goal 1 Eradicate extreme poverty and hunger

Proportion of population living in poverty and extreme poverty by geographical area



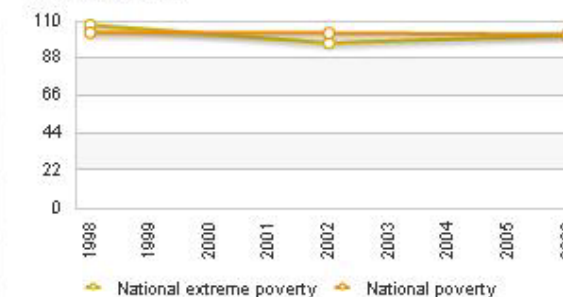
Source: ECLAC on the basis of special tabulations of data from household surveys.

MDG1 Selected Indicators

Indicator	1990	2000	2008
Proportion of population below 1 dolar (PPP) per day (%)/a	39.1 (1989)	11.9	13.5
Proportion of population living in extreme poverty (based on national poverty lines comparable at Regional level) (%)/b	42.0 (1989)	30.9 (2002)	29.1
Indigence gap ratio (based on national poverty lines comparable at Regional level) (%)/b	18.5 (1989)	10.7 (2002)	11.3
Share of poorest quintile in national income (%)/b	2.6 (1989)	3.8 (2002)	2.8
Employment-to-population ratio(%)/a	...	64.2	61.2 (2004)

Source: ECLAC on the basis of /a World Bank and United Nations MDG indicators Database. b/ Special tabulations of data from household surveys.

Number of poor women for every 100 poor men (Poverty Femininity Index)



Source: ECLAC on the basis of special tabulations of data from household surveys.

¹² World Bank, Report No 69229-GT, Guatemala, 17 August 2012, pp. 77-78;

CEPAL, MDG Country Profile, 24 Oct 2012, http://interwd.cepal.org/perfil_ODM/perfil_pais.asp?pais=GTM&id_idioma=2.



Goal 2 Achieve universal primary education

MDG2 Selected Indicators

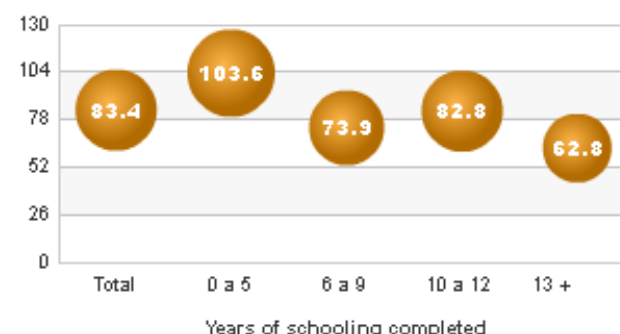
	1990	2000	2010
Adjusted net enrolment ratio in primary education (%) /a	...	86.7	98.6
Percentage of population aged 15-19 who completed primary education (%) /b	40.5 (1989)	60.8 (2002)	62.6 (2006)
Percentage of population aged 20-24 who completed secondary education (%) /b	13.6 (1989)	23.9 (2002)	25.6 (2006)
Literacy rate of 15-24 year-olds, women and men (%) /a	76.0 (1994)	82.2 (2002)	87.0
Public expenditure on education (%) /a	1.7 (1993)	1.6 (1996)	3.2 (2008)

Source: ECLAC on the basis of: a/ UNESCO-IUIS Institute for Statistics /b Special tabulations of data from household surveys.



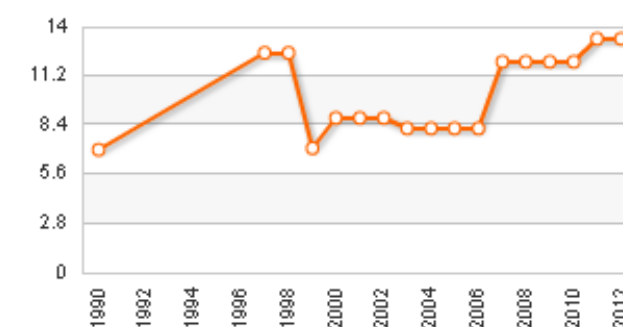
Goal 3 Promote gender equality and empower women

USD earned by a woman for every 100USD earned by a man, by years of schooling completed(2006)



Source: ECLAC on the basis of special tabulations of data from household surveys.

Proportion of seats held by women in national parliament

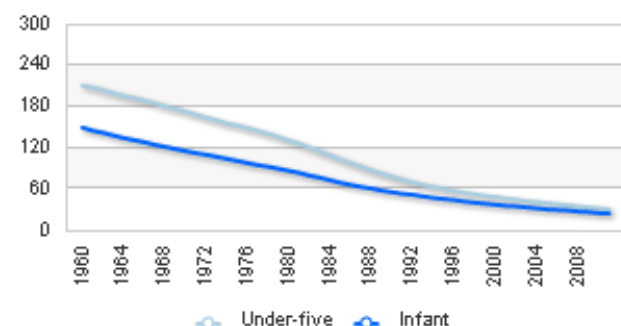


Source: ECLAC on the basis of United Nations. MDG Indicators Database.



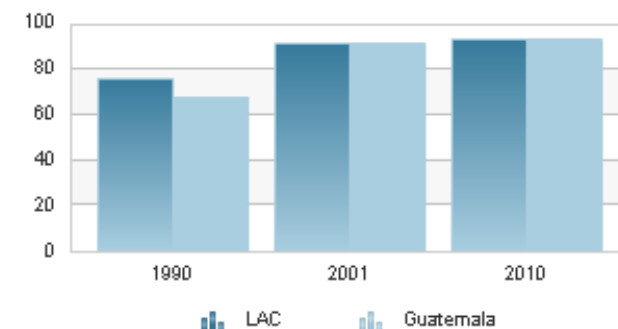
Goal 4 Reduce child mortality

Infant mortality rate and Under-five mortality rate (per 1,000 live births)



Source: ECLAC on the basis of United Nations Children's Fund - UNICEF.

Proportion of 1 year-old children immunised against measles



Source: ECLAC on the basis of United Nations. MDG Indicators Database.

In September 2000, the largest-ever gathering of world leaders ushered in the new millennium by adopting the Millennium Declaration. The Declaration, endorsed by 189 countries, was then translated into a roadmap setting out goals to be reached by 2015.

The eight Millennium Development Goals (MDGs) build on agreements made at United Nations conferences in the 1990s and represent commitments by all countries to reduce poverty and hunger, and to tackle ill-health, gender inequality, lack of education, lack of access to clean water and environmental degradation.

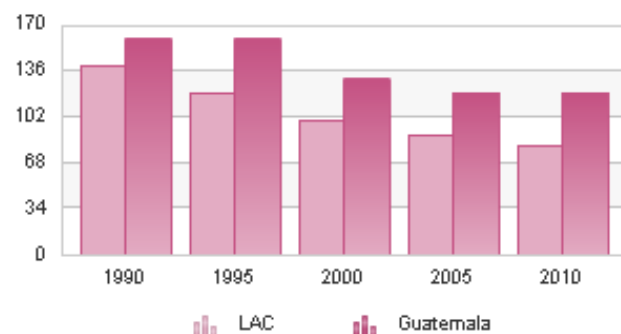
ECLAC as part of the United Nations System contributes to monitoring the countries progress towards the fulfillment of the MDGs.





Goal 5 Improve maternal health

Maternal mortality ratio (per 100,000 live births)



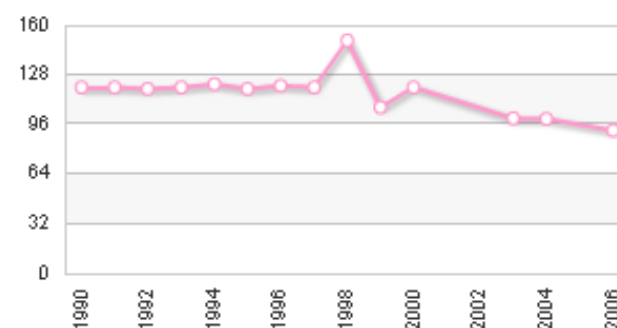
Source: ECLAC on the basis of United Nations Children's Fund - UNICEF.

MDG5 Selected Indicators

	1990	2000	2009
Proportion of births attended by skilled health personnel (%)	...	41.4 (2002)	51.4 (2008)
Contraceptive prevalence rate (%)	...	38.2 (1999)	43.3 (2002)
Antenatal care coverage (n)			
(at least one visit)	...	59.6 (1999)	93.2
(at least four visits)	...	...	...
Unmet need for family planning (%)	...	28.8 (1999)	27.6 (2002)

Source: ECLAC on the basis of United Nations, MDG Indicators Database.

Adolescent birth rate (per 1,000 women)

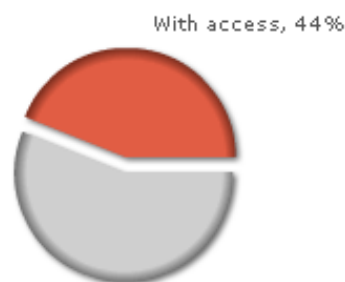


Source: ECLAC on the basis of United Nations, MDG Indicators Database.



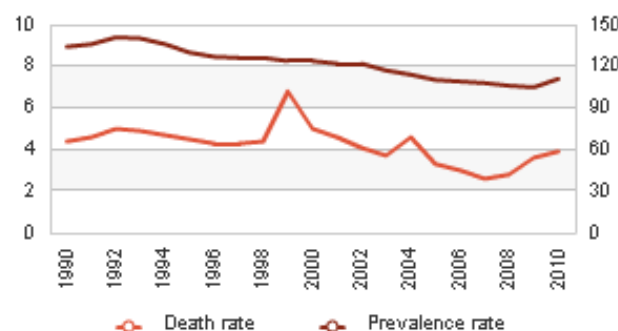
Goal 6 Combat HIV/AIDS, malaria and other diseases

Proportion of population with advanced HIV infection with access to antiretroviral drugs (2009)



Source: ECLAC on the basis of United Nations, MDG Indicators Database

Prevalence and death rates associated with tuberculosis (per 100,000 population)



Source: ECLAC on the basis of United Nations, MDG Indicators Database



Goal 7 Ensure environmental sustainability

MDG7 Selected Indicators

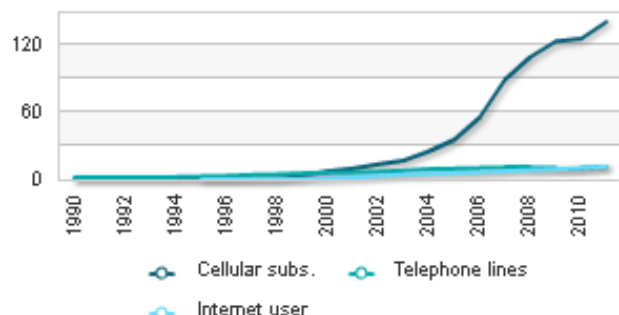
	1990	2000	2010
Proportion of land area covered by forest (%)	43.8	38.8	33.7
CO2 emissions per capita (metric tonnes of CO2)	0.6	0.9	0.9 (2008)
Consumption of ozone-depleting substances (ODP metric tonnes)	380.9	891.1	258.2
Proportion of terrestrial and marine areas protected (%)	24.4	27.3	29.5 (2009)
Proportion of urban population living in slums (%)	58.6	48.1	38.7 (2009)

Source: ECLAC on the basis of United Nations, MDG Indicators Database



Goal 8 Develop a global partnership for development

Telephone lines, Cellular subscribers and Internet users (per 100 population)



Source: ECLAC on the basis of United Nations, MDG Indicators Database

Targets and Indicators used to measure the degree of compliance with the Goals

Target 1A, Indicator 1.1: Proportion of population living in extreme poverty.

Target 1B, Indicator 1.8: Proportion of employed people living in extreme poverty.

Target 1C, Indicator 1.9: Proportion of population below minimum level of dietary energy consumption.

Target 2A, Indicator 2.1: Adjusted net enrolment ratio in primary education.

Target 3A, Indicator 3.1: Ratios of girls to boys in primary, secondary and tertiary education.

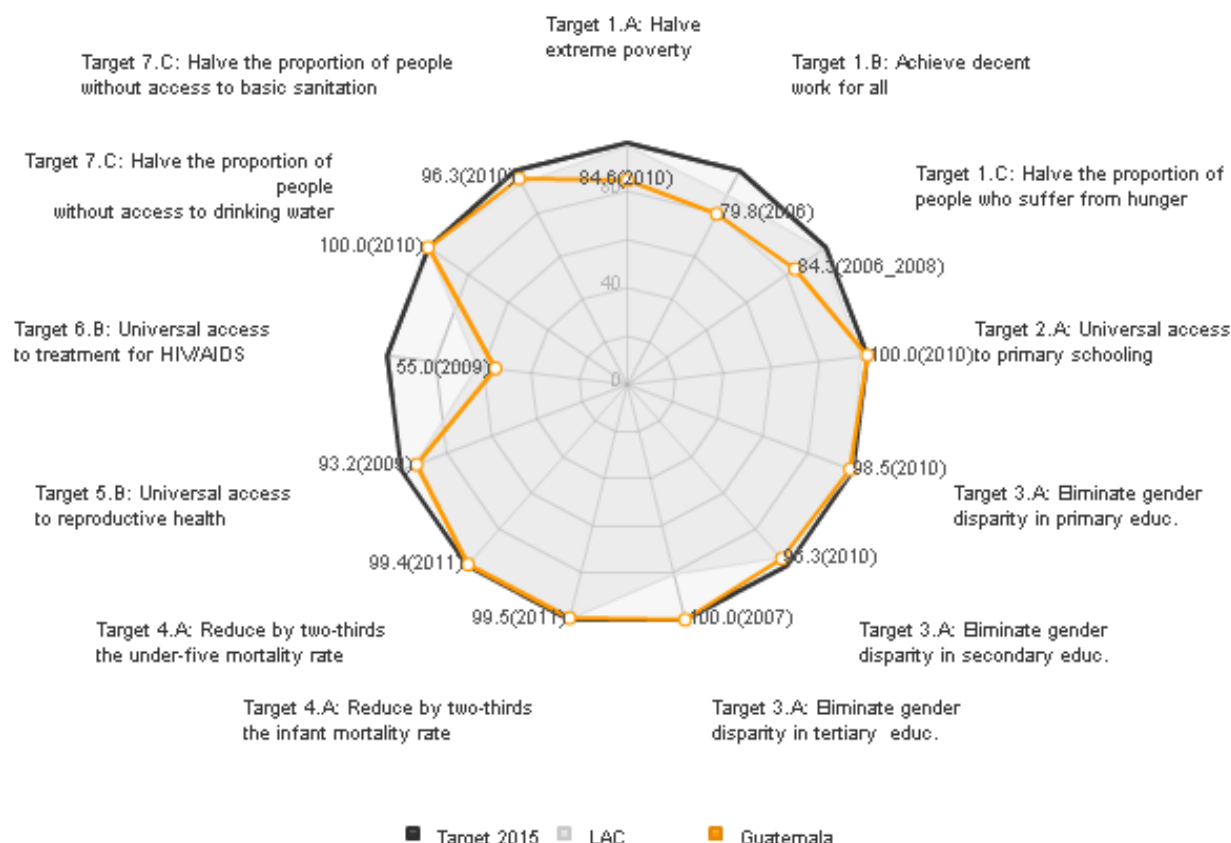
Target 4A, Indicator 4.1: Under-five mortality rate; **Indicator 4.2:** Infant mortality rate.

Target 5B, Indicator 5.2: Proportion of births attended by skilled health personnel.

Target 6B, Indicator 6.5: Proportion of population with advanced HIV infection with access to antiretroviral drugs.

Target 7C, Indicator 7.8: Proportion of population using an improved drinking water source; **Indicator 7.9:** Proportion of population using an improved sanitation facility.

Guatemala : Degree of compliance with 2015 Targets of the Millennium Development Goals



Note: The number of indicators (13) can be less if statistical data is not available for the country. For this country 13 indicators are being displayed.

Source: ECLAC, on the basis of different sources (see Technical Notes).

POVERTY and SOCIAL

2010

Population, mid-year (millions)	14.4	583	2,519
GNI per capita (Atlas method, US\$)	2,740	7,733	1,619
GNI (Atlas method, US\$ billions)	39.4	4,505	4,078

Average annual growth, 2004-10

Population (%)	2.5	1.2	1.6
Labor force (%)	4.1	2.0	1.4

Most recent estimate (latest year available, 2004-10)

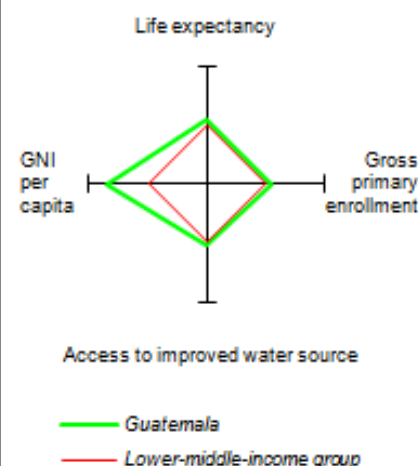
Poverty (% of population below national poverty line)	51	..	..
Urban population (% of total population)	50	79	39
Life expectancy at birth (years)	71	74	65
Infant mortality (per 1,000 live births)	25	18	50
Child malnutrition (% of children under 5)	13	3	25
Access to an improved water source (% of population)	92	94	87
Literacy (% of population age 15+)	74	91	71
Gross primary enrollment (% of school-age population)	116	117	107
Male	119	119	110
Female	114	115	104

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

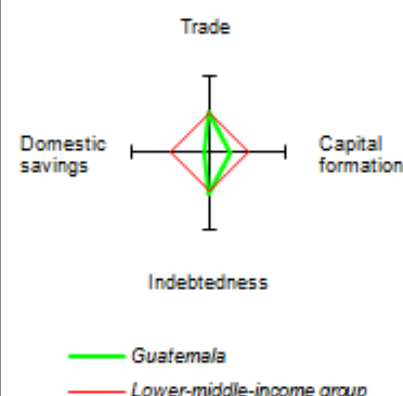
	1990	2000	2009	2010
GDP (US\$ billions)	7.7	19.3	37.7	41.2
Gross capital formation/GDP	13.6	17.8	12.9	14.7
Exports of goods and services/GDP	21.0	20.2	24.0	25.1
Gross domestic savings/GDP	9.8	9.1	3.8	3.8
Gross national savings/GDP	10.7	12.4	13.1	12.9
Current account balance/GDP	-3.9	-5.4	0.0	-2.0
Interest payments/GDP	1.5	1.0	1.8	1.6
Total debt/GDP	37.2	20.0	36.5	34.8
Total debt service/exports	13.8	8.4	13.2	11.3
Present value of debt/GDP	..	..	..	29.4
Present value of debt/exports	..	..	..	86.5

	1990-00	2000-10	2009	2010	2010-14
(average annual growth)					
GDP	4.2	3.6	0.5	2.8	3.2
GDP per capita	1.8	1.1	-1.9	0.2	0.7
Exports of goods and services	6.1	2.3	-2.5	4.4	12.9

Development diamond*



Economic ratios*

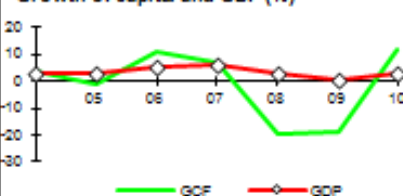


STRUCTURE of the ECONOMY

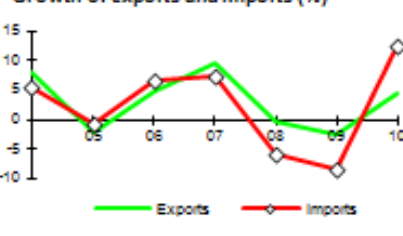
	1990	2000	2009	2010
(% of GDP)				
Agriculture	..	..	12.5	12.9
Industry	..	..	19.9	19.5
Manufacturing	..	..	19.9	19.5
Services	..	..	67.7	67.6
Household final consumption expenditure	83.6	83.9	86.1	85.9
General gov't final consumption expenditure	6.6	7.0	10.2	10.3
Imports of goods and services	24.8	29.0	33.2	36.0

	1990-00	2000-10	2009	2010
(average annual growth)				
Agriculture	2.8	2.9	3.8	0.6
Industry	4.3	2.5	-2.1	0.7
Manufacturing	2.8	2.6	-0.9	3.3
Services	4.7	4.4	1.6	3.9
Household final consumption expenditure	4.2	4.0	-0.1	4.1
General gov't final consumption expenditure	5.1	3.9	14.3	7.8
Gross capital formation	6.1	-0.1	-19.1	12.1
Imports of goods and services	9.2	2.1	-8.2	12.4

Growth of capital and GDP (%)



Growth of exports and imports (%)



Note: 2010 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Annex 2: Joint European Union — Member States Strategy for Guatemala 2014 –2020

CONTENTS

1. Overall objectives of the EU-Member States joint programme with Guatemala	1
2. Country overview	1
3. EU and Member State strategic priorities for Guatemala	4
4. Priority areas of intervention and in-country coordination of labour	5
4.1 Current areas of intervention	5
4.2 In-country coordination of labour for the 2014-2020 joint strategy	6
4.3 Provisional amounts	8
5. Coordination with other donors	8
6. Political dialogue	9
7. Development effectiveness	10
8. Monitoring and reporting	12

1. Overall objectives of the EU-Member States joint programming with Guatemala

Joint programming is based on the commitments agreed with the wider donor community in 2011 under the Busan partnership for effective development cooperation,¹ and on the EU agenda for change that European ministers signed in 2012.² It can be defined as a ‘process whereby the EU takes strategic decisions based on a comprehensive view of European and other donors’ support to a given partner country’.³ The joint programming process requires a different approach to planning and cooperating between the host country and the EU and its Member States, building on the complementarity of strengths and based on national strategic priorities.

This joint EU and Member States strategy for Guatemala is the result of a joint multi-annual programming exercise between the EU and Member States present in Guatemala.⁴ With the strategy, the EU confirms its commitment to supporting ownership and partnership, and aims to better coordinate and synchronise EU and Member States bilateral cooperation with Guatemala’s programming cycle. The strategy makes it possible to have a long-term EU perspective, as it has been designed to cover two periods of government in Guatemala.

Following the 2016 government elections, a mid-term review of the strategy will be carried out in order to allow adjustments in programming for 2017–20 and to give the government time to get settled before designing new EU support programmes.

By providing a single strategy for all EU and Member States support for Guatemala and basing this on Guatemala’s development priorities, the EU aims to improve the **effectiveness, impact and coherence** of its aid. By acting together under a single framework and eliminating gaps and overlaps, the EU and its Member States will reduce the fragmentation and increase the transparency, predictability and accountability of their support.

Joint programming will also strengthen the EU’s ability to work with the Guatemalan Government on matters of common concern, helping it to fully meet international commitments such as the Millennium Development Goals and promoting the core guiding principles and values of EU cooperation, such as democracy, good governance and full respect for human rights.

The strategy has been jointly drafted with Member States, following consultation with the Guatemalan Government and a wide range of stakeholders, including the Guatemalan Congress, other donors, civil society and representative bodies of the private sector.

Since the strategy respects Member States’ sovereign decisions on their cooperation strategies, it does not cover bilateral implementation plans.

2. Country overview

Guatemala is a multi-ethnic, multicultural and multilingual country with considerable economic potential. It experienced a 36-year long internal armed conflict which ended 17 years ago.

It has made progress since the signing of the Peace Accords in 1996. Economic growth has been stable at aggregate level, with an average of 1.2% in GDP growth per capita, and prudent macroeconomic policies have kept public debt and fiscal deficit manageable. It has also made progress on the transition towards a more developed democracy, with free elections and democratic handovers of power. It has also gradually increased its social expenditure over the last decade, leading to progress

¹ http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf.

² http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130243.pdf.

³ Annex II of the Council Conclusions on the ‘EU Common Position for the Fourth High Level Forum on Aid Effectiveness’.

⁴ Member States present in Guatemala: France, Germany, Italy, the Netherlands, Spain, Sweden and the United Kingdom.

towards reaching the Millennium Development Goals on indicators such as primary education coverage. It has also reduced extreme poverty and made some progress on reducing overall poverty.

Nevertheless, significant challenges remain. Several of the Peace Accords still need to be fully implemented. The 2005 law on the Peace Accords (Decree 52-2005) raises them to the level of state commitments.

Although considered a middle-income country, there are dramatic differences in income distribution between rural and urban areas. Taking into account its history, including that of structural exclusion, the country still has major institutional, social and economic difficulties with making society equitable and inclusive.

The country ranks 133rd out of 187 countries on the 2012 Human Development Index and over half of the population (53.7%) live below the poverty threshold.⁵ Compared to the rest of the population, indigenous peoples score significantly lower on social indicators. To ensure universal access, programmes to improve the provision of healthcare and education services need to be properly implemented, especially in rural and indigenous areas. There is an urgent need to create more income-generating opportunities, especially for poorer people, women and young people.

The country's levels of food insecurity are amongst the highest in the world, with a chronic malnutrition rate for children under five of almost 50% and chronic malnutrition rates reaching over 90% in certain areas in the western highlands.

Guatemala also has poor environmental protection, suffers from frequent natural disasters and is extremely vulnerable to the effects of climate change. It is the fifth most vulnerable country in the world to natural disasters.⁶ This is mainly due to poor planning of land use for agricultural activities and urban construction. Population growth and development inequalities have also put pressure on natural resources and contributed to soil degradation.

Guatemala's justice and security system continues to face serious challenges, with organised crime and violence posing a complex threat. National homicide rates have dropped slightly since November 2009, but Guatemala still has the seventh highest homicide rate in the world. The high femicide rate is particularly worrying. However, the number of homicide cases successfully brought to justice has increased in recent years, and the level of impunity has fallen from an estimated 92% to 70%. To cut crime rates and address the prevailing culture of impunity, plans to prevent violence and crime and improve the reach, professionalism and independence of both the police force and the judiciary must be properly implemented. The UN-backed International Commission against Impunity in Guatemala (CICIG) remains key for addressing the prevailing culture of impunity.

Social conflict is frequent. The government has identified approximately 2000 current cases of unrest. Almost 80 of these are considered of high intensity. The Secretariat of Agrarian Affairs (SAA) has identified almost 1500 agrarian conflicts, affecting mainly rural and indigenous areas. Violent protests and a number of high-impact conflicts have further increased pressure on the government to ensure that effective consultation and mediation mechanisms are set up to manage and resolve social conflict at local level.

All this is compounded by low levels of revenue mobilisation and structural institutional weaknesses that hamper the implementation of state policies. In 2011, Guatemala's tax burden was 10.9% of its GDP, one of the lowest levels in the world. In addition to improving national resource mobilisation, the main institutional challenges are

- strengthening the civil service;
- making Congress more effective;

⁵ ENCOVI 2011.

⁶ World Risk Index 2011.

- increasing transparency and tackling corruption;
- strengthening the link between central policy-making and local service delivery.

Improving the state's ability to set and measure relevant social and economic indicators will be instrumental in improving policy-making and implementation and in bringing in a results-based management approach in the public sector.

In sum, key challenges to development in Guatemala today are:

- A) ensuring human security, including defending and developing the rule of law and ending impunity;
- B) fighting against structural economic and social inequality and discrimination;
- C) guaranteeing respect of human rights, in particular for the indigenous people, women and children;
- D) combating widespread poverty and malnutrition, in particular in rural areas.

There is also a need to strengthen the state's legal and institutional capacity and to put effective mechanisms in place for peaceful dispute resolution.

The current government has said that reform is required and has followed through on this statement with an agenda for change. *Strategic Priorities 2012–16* identifies five priorities:

- 1) democratic security and justice;
- 2) competitive economic development;
- 3) productive and social infrastructure;
- 4) social development;
- 5) sustainable rural development.

These priorities are set out in greater detail in three pacts. The Security, Justice and Peace Pact aims to tackle the high levels of violence and crime. Some initial measures include setting up joint police and military task forces to tackle crime, and obtaining the Directorate-General of Criminal Investigation's approval for creating a specialised, scientific investigative police unit.

The Zero Hunger Pact is the focal point of the government's social policy for combating chronic child malnutrition. The government recently approved an operational plan and protocol for impact assessments. The new Social Development Ministry and the creation of a tri-partite Social and Economic Council to improve multi-sectoral discussion — the result of sustained efforts in different sectors in recent years — are laudable advances in social development.

With the Fiscal and Competitiveness Pact, Congress has approved limited fiscal reform, including a law on fiscal modernisation and tax-evasion. The government also recently launched a national competitiveness agenda, covering 2012-21. Two major state policies on education and environmental protection are being implemented in addition to the pacts.

The government has also pushed for and achieved the ratification of the International Criminal Court's Rome Statute, as a clear sign of the importance of respect for human rights. The government has also requested and received an extension of the CICIG's mandate to support its fight against impunity and organised crime, and has created a series of institutions to tackle social exclusion and discrimination. These include a Presidential Commissioner for national dialogue, a Presidential Commissioner for rural development and an inter-institutional Cabinet on indigenous peoples and inter-culturalism.

At a more operational level, the government has introduced a series of measures to improve the planning and monitoring of its policy implementation and impact. These include results-based management, setting indicative targets and providing specific budget allocations to reach these targets.

Conscious of the major effort required to succeed in its reform process, the government has asked for help implementing reform. As a result, the EU and its Member States have committed themselves to

supporting the government's efforts to refine and provide adequate funding to their policies and plans, enabling a more effective implementation of Guatemala's priorities over the coming years, and to helping Guatemala achieve its vision of the future. To this end, the EU will hold regular discussions with Guatemala's government and civil society actors, and will support the reform process through bilateral and regional cooperation projects and direct cooperation with organised civil society, in collaboration with other donors.

3. EU and Member States strategic priorities for Guatemala

The EU and its Member States are committed to supporting the current government's priorities as set out in *Strategic Priorities 2012–16*.⁷ They are the three pacts on justice, security and peace, zero hunger and fiscal and competitiveness issues and national policies on education and the environment.

These priorities are in line with the EU agenda for change, which has at its core the objective of eradicating poverty and achieving the Millennium Development Goals. The agenda emphasises two broad areas, 'governance, democracy and human rights' and 'inclusive and sustainable growth for human development', which are reflected in the government's policies.

The **overall objective** of the joint EU-Member States strategy is to 'support Guatemala's efforts to create the necessary conditions for sustainable poverty reduction, good governance and pro-poor growth for the benefit of poorer people'.

Taking into account the problems identified in the country analysis, the government's national development agenda — the three pacts and relevant national policies — and the work of other development partners in the country, the EU and its Member States propose to focus their support over the 2014–20 period on the following **eight strategic priorities**:

- reducing food insecurity, with an emphasis on tackling chronic malnutrition and promoting integrated rural development;
- improving human security by strengthening the justice and security system and supporting violence prevention policies, with an emphasis on upholding human rights and reducing impunity;
- preventing and reducing violent social conflict and contributing to its peaceful resolution;
- promoting economic development and fiscal reform, improving trade and competitiveness with an emphasis on pro-poor economic growth and job creation to benefit poorer people, and creating a fair, transparent and predictable environment for doing business;
- improving access to high quality social services for all, with an emphasis on health and education;
- ensuring that the natural environment is protected and that a sustainable, fair policy on using natural resources and adapting to climate change is enforced;
- strengthening the state's central and local institutional capacities to make and implement policy and raise revenue;
- promoting gender equality and reducing gender-based violence.

These strategic priorities can be divided into five areas of intervention which the EU and its Member States have identified as priority areas for EU and Member States bilateral cooperation over the period of this strategy (see chapter 4, below).

In all areas of work, the EU will aim to ensure the following principles are followed:

- a **holistic** approach, involving a variety of partners in planning and implementation;
- a focus on the situation of **women, indigenous peoples and young people**;

⁷ 1) Democratic security and justice; 2) competitive economic development; 3) productive and social infrastructure; 4) social development and 5) sustainable rural development.

- the development of skills
- the use of **country systems** and untied aid wherever possible;
- **transparency** and accountability.

In delivering their support, the EU and its Member States will work with and encourage regular discussions with all **national stakeholders**, including Congress and the judiciary, local governments, civil society actors and the private sector.

4. Priority areas of intervention and in-country coordination of labour

4.1 Current areas of intervention

Currently Germany, Spain, Sweden and the EU Delegation run bilateral programmes supporting Guatemala.

Germany held intergovernmental negotiations with Guatemala in November 2012, with commitments for 2012–13. German cooperation will continue to focus on three main areas: a) education (with a particular focus on secondary education and vocational training); b) democratic governance and equality (including decentralisation, fiscal reform and security and conflict prevention programmes) and c) the environment and climate change. Bilateral consultations took place at the end of 2013.

Sweden's current strategy covers a) human rights and democratic governance; b) sustainable pro-poor growth in poorer regions and c) health, primary healthcare and sexual and reproductive health and rights. Its cooperation is planned on a multi-annual basis covering 2008–14. A new strategy, covering 2014–20, will be produced in 2014 and is expected to be in line with this joint programming strategy.

Spain's bilateral cooperation for 2013–17 focuses on two areas: a) social cohesion (working on health, education and water and sanitation); and b) governance (with a focus on reducing impunity, gender-based violence and discrimination against indigenous peoples).

The **EU Delegation's** 2007–13 country strategy focused on two broad areas: a) social cohesion and human security and b) economic growth and trade. Programmes under the current EU strategy focus on food security (budget support), strengthening the justice and security system, public finance management, strengthening the youth sector and regional integration.

In addition to these four main EU donors, France and the UK provide smaller amounts of funding. **France** focuses on supporting good governance and justice and the rights of women and children. **UK** funding supports efforts to strengthen human rights, reform the justice and security sector, resolve and prevent conflict, empower the next generation of young leaders, incentivise commercial ties and corporate responsibility as well as to improve health and reduce poverty.

Italy and the Netherlands also provide support to the region. **Italy** currently provides support for small producers in the interests of sustainable rural development, activities in favour of youth employment and university training on protection against natural disasters. It is currently concluding its bilateral cooperation programme (which covered 2011–14) and intends to continue providing support through regional projects. The **Netherlands** ended its direct bilateral assistance programme but will continue to provide support to Guatemala under its regional programme focusing on human rights, good governance and democratisation.

4.2 In-country coordination of labour for the 2014–20 joint strategy

In line with the government's pacts and national policies and with the above strategic priorities, EU and Member State bilateral cooperation will take place in five main areas of intervention. Three areas correspond to the pacts and two to key national policies.

Three of these areas have been identified as multi-donor areas: food security; justice, security and peace and economic development and fiscal reform. Consequently, in order to minimise overlap, further coordination of labour will take place in those sectors at a later stage, in particular when bilateral implementation plans from the various EU donors are being drawn up.

Each intervention area can also be further broken down to match the results sought under each pact and major national policy. Monitoring of progress towards these results will be based as far as possible on progress reports for the pacts (see chapter 8, below).

The five main areas for EU-Member States intervention are the following:

4.2.1. Food security

Support to the implementation of the government's policy to combat malnutrition will be based on the Zero Hunger Pact, the plan to implement it and the strategic plan for food security and nutrition (PESAN⁸), which will prioritise action in 166 municipalities. By implementing these policies, the government aims to reduce malnutrition by 10% by the end of 2015. In order to reach this target, it has identified a number of results that need to be achieved e.g. a 10% reduction in maternal and child mortality (Millennium Development Goals 4 and 5) by the end of 2015, an increase in high-calorie protein consumption in families, improved access to safe water and sanitation and higher family incomes. Measures to combat malnutrition also include rural development strategies.

Particular attention is being given to interventions supporting the Scaling Up Nutrition initiative/1000-day window (*ventana de 1000 días*) campaign, with a strong focus on primary healthcare and nutrition for pregnant women, breastfeeding mothers and children aged 0-24 months. The other part of the plan is multi-sectoral and includes support for smallholder farming, soil conservation, forest management, water and sanitation and waste management.

At least four EU donors will take part in initiatives in this area: Sweden, Spain, Germany and the EU Delegation. Objectives, which will be aligned to the Zero Hunger Pact, include:

- reduced chronic malnutrition;
- reduced maternal and infant mortality;
- increased family calorie consumption;
- increased family incomes.

4.2.2. Justice, security and peace

The interinstitutional Security, Justice and Peace Pact provides a comprehensive plan for fighting crime and improving security and the administration of justice at central and local level. By adopting an integrated approach, tackling areas such as citizens' security and social and economic development and aiming to make the justice system more inclusive and effective, the pact aims to lay the foundations of a long-term state policy that transcends individual government manifestos.

The pact, drawn up by the Interior Ministry, has three parts:

- security (all aspects: citizens' security, democratic security, community security, road security, violence prevention);
- justice (focused on institutional strengthening, better interinstitutional coordination and a single IT platform);
- peace (including setting up an early warning system for conflict, strengthening the institutional set-up for human rights and improving the national system for holding continuous discussions).

⁸ *Plan estratégico de seguridad alimentaria y nutricional.*

EU partners recognise the importance of strengthening the justice and security system and of supporting a culture of peace in Guatemala. EU donors (France, Germany, Spain, Sweden and the EU) will therefore intervene in this area. The objectives of these interventions will be aligned with the government's strategic priorities and include: a decrease in homicides, a reduction in overall delinquency, particularly youth delinquency; improved access to justice with a special emphasis on women in rural areas; a reduction in corruption. EU partners will also aim to reduce the amount of violent social conflict and domestic violence.

4.2.3. Economic development and fiscal reform

The third government pact relates to fiscal and competitiveness reform. This forms the basis of a competitiveness agenda covering 2012–21 that aims to improve Guatemala's human capital, infrastructure, governance and institutions. In the short term, it focuses on measures to improve the business environment, including measures to simplify and reduce processes required to start a business and the costs of trading across borders.

Fiscal reform took place at the beginning of 2012, with Congress approving tax reforms and an anti-evasion law. Both aimed to increase revenue collection. The government has expressed its commitment to strengthening the transparency and efficiency and has submitted a package of new and updated laws to Congress. Support will be required to implement these measures if they are approved.

Three EU donors (Germany, Sweden and the EU Delegation) will work in this area, with an emphasis on pro-poor growth. Objectives will include increasing formal employment and fiscal revenues, improving competitiveness, including trade promotion, and increasing productivity in the poorest departments.

4.2.4. Education

The current government considers the education sector to be highly relevant and important for fully developing the potential of a population with a high number of young people and reducing social, ethnic and gender discrimination. It is encouraging comprehensive reform of secondary education and exploring better ways to improve young people's access to the formal labour market.

Germany, the main European partner in this area, will continue its cooperation with Guatemala in the education sector, with a special focus on secondary education and vocational training, especially on civic education and improving secondary school students' access to the formal labour market.

4.2.5. Environment and adaptation to climate change

Guatemala is one of the most vulnerable countries in the world to the negative effects of climate change. Population growth and development inequalities have put pressure on natural resources and led to serious adverse effects such as soil degradation and the pollution of water resources.

The main European partner in this area will be Germany. Its work will focus on supporting Guatemalan climate change policies, including efforts to consolidate the national system of protected areas, and on promoting sustainable, environmentally friendly ways of generating income for people living in regions with endangered ecosystems.

The EU will seek to **strengthen the state's institutional capacity**. As part of this work, the EU and its Member States will aim to improve transparency, tackle corruption and build the government's long-term planning and implementation capacities by providing technical assistance through various bilateral cooperation programmes and projects.

They will continue their regional programmes and their work with civil society and local government, ensuring that the regional programmes do not overlap with bilateral cooperation strategies.

Spain took the draft of this joint strategy into account when drawing up its country strategy for 2013–17. Sweden will take it into account when holding its dialogue and bilateral negotiations in 2014.

Other European donors who help Guatemala through regional initiatives (i.e. Denmark, Finland and the Netherlands) will be invited to sign up to the strategy and to refer to it when planning their programmes.

4.3 Provisional amounts

The EU and its Member States expect to commit the following amounts under this strategy.

- **EU:** EUR 186.8 million until 2020.
- **Germany:** between EUR 15 million and EUR 20 million annually, subject to approval by the German Parliament.
- **Spain:** EUR 6.3 million annually until 2017. In addition to these new funds, Spain has already committed approximately EUR 82 million, but this amount has not yet been allocated.
- **Sweden:** pending a decision by the Swedish Government on a new allocation for Guatemala, tentatively EUR 22 million annually.

Table 1. Indicative Expected amounts (millions of EUR)

	2014	2015	2016	2017	2018	2019	2020
EU	35	40		70		15.8	26
Germany	15-20	15-20	15-20	15-20	15-20	15-20	15-20
Sweden	22	22	22	22	22	22	22
Spain	6.3	6.3	6.3	6.3			

5. Coordination with other donors

In 2000, after hurricane Mitch, a dialogue group called the G-6 was created, following the Stockholm Declaration on reconstruction, to support Guatemala in its development efforts. The G-6 became the G-13, a coordination group facilitating the exchange of information between donors and the government and among donors. The G-13 coordinates its efforts at three levels: political, technical/political and subject-specific. Along with the EU, it brings together the main nine donor countries and five multilateral organisations.⁹

However, the government has not yet taken action on sectoral donor coordination. Some of the methods introduced to improve coordination between the government and donors have not functioned since 2011. After discussions with the G-13, the government proposed setting up three new working groups on the basis of the three pacts. It will start to lead these working groups in 2014 with the aim of improving development effectiveness (see also chapter 7).

6. Political dialogue

In addition to the projects and programmes the EU and its Member States will implement as set out above, EU partners will seek to make progress on their shared priorities by establishing common political positions. The EU will seek to agree on unified European positions on a number of issues relating to state-building, human rights and regional integration, tying them in with the positions of

⁹ Canada, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden and the United States and the (the Inter-American Development Bank (IADB), the World Bank (WB), International Monetary Fund (IMF), the United Nations Development Programme (UNDP) and the Organisation of American States (OAS)).

other development partners wherever possible. The EU and its Member States will further discuss their priorities and draw up a work plan for political discussions in 2014.

With regard to **modernising/strengthening the state**, the EU and its Member States will encourage political discussion on the following priorities.

- **Reform of the electoral and political parties law:** In line with the recommendations of the EU election observation missions deployed in 2003 and 2007 and the election expert mission in 2011, the EU believes that substantial changes to the current electoral and political parties law are needed to strengthen Guatemala's political and electoral system and its democratic governance.
- **Fiscal reform and transparency:** The EU strongly supports the government's emphasis on fiscal reform. It believes that a substantial increase in income tax is needed to finance an increase in social spending which continues to be among the lowest in Latin America. While acknowledging that the first stage of fiscal reform was successful, the EU encourages Guatemala to continue its efforts to close remaining legal and factual loopholes, fight tax evasion, increase transparency, including by complying with internationally accepted standards (i.e. those set by the OECD), and improve tax collection. It also encourages Guatemala to improve the effectiveness and efficiency of its public spending, by fighting against corruption and improving transparency and accountability within the public sector.
- **Capacity-building and professionalisation of the civil service:** The EU believes that ensuring that the civil service is robust, stable, professional and apolitical is an important part of Guatemala's state-building and social and economic development. A professional civil service is necessary to build the government's capacity to implement national policies and build international cooperation. The EU therefore sees the passing of pending legislation for reform of the civil service as a necessary first step and will continue its efforts to build civil service capacity and support greater professionalisation of the civil service.

With regard to **human rights and justice and security**, the EU and its Member States will engage in regular political discussion to promote full respect for human rights. In particular, the EU will prioritise the following.

- **Women's rights and gender equality:** The EU expresses its concern about the high levels of femicide and other forms of violence against women in Guatemala. It is also concerned about women's limited access to justice, basic services and the labour market and their limited political participation. The EU encourages Guatemala to fully implement UN Security Council resolution 1325, which confirms the important role women play in preventing and resolving conflicts, peace negotiations, peacebuilding, peacekeeping, humanitarian responses and post-conflict reconstruction.
- **The rights of indigenous peoples:** The EU expresses its concern about the social, economic and political disadvantages of indigenous peoples in Guatemala, and the discrimination and high levels of social conflict that affect them, mainly regarding land ownership and natural resources management. The EU encourages Guatemala to respect and implement ILO Convention no. 169. It will continue to support government efforts to fully implement the Peace Accords, in particular the sections that set out indigenous peoples' rights.
- **The death penalty:** Guatemala has not yet abolished the death penalty. The EU welcomes its ad hoc moratorium, but believes that efforts should continue to fully abolish capital punishment and guarantee the protection of human dignity.
- **Justice and security:** The EU welcomes Guatemala's accession to the Rome Statute of the

International Criminal Court. It will support Guatemala's efforts and capacity-building measures to ensure its full implementation. It will also continue to provide its full support for structural reform of the security institutions and the justice system. Given the clear and urgent need to combat impunity and improve access to justice, the EU continues to support the CICIG's work.

- **Social injustice:** The EU encourages Guatemala to combat social injustice and strive for a more balanced distribution of wealth. It therefore welcomes the government's stated intention to promote rural development and improve the living conditions of the rural poor. It is prepared to support the government in this endeavour. It also welcomes the government's efforts to improve the private sector's record of compliance with current legislation on minimum salaries in rural and urban areas.
- **Peaceful resolution of social conflict:** The EU and its Member States emphasise the importance of the state in creating mechanisms to peacefully resolve social conflict and ensuring that all sectors have an equal opportunity to participate and be included in discussions, negotiations and settlements. To this end, the EU and its Member States will provide support at different levels for mechanisms to peacefully resolve conflict. This will include support for reforming state structures and mechanisms and for improving cooperation between governmental and non-governmental actors.

The EU-Central America Association Agreement is the first region-to-region agreement the EU has concluded. Its implementation will contribute substantially to Central America's integration process and to sustainable development in both the EU and Central America, as well as increasing the commercial ties between Guatemala and the EU. Its implementation also provides an opportunity to further encourage agreement and cooperation on internationally recognised standards and instruments. This is because it commits both regions to ensuring high levels of labour protection and environmental protection and cooperating on security issues. It also contains a human rights clause and a method for ensuring government accountability to European and Central American citizens, with regular open meetings between government representatives, citizens and civil society organisations.

7. Development effectiveness

Donor support has undoubtedly helped to consolidate Guatemala's democracy and improve its social and economic development. Donor aid could be more effective however. In addition to improving delivery and coordination among donors, which is the aim of this document, all parties recognise that national capacity to make and implement policy must also be improved at central and local level.

Official development aid to Guatemala provides around EUR 200 million each year, supplied by more than 40 different donors and delivered through a variety of channels including public institutions, non-governmental organisations and the private sector. This is equivalent to approximately 1 % of GDP and about 5 % of the state budget.¹⁰ As in many middle-income countries, there is an increasing trend for donors to provide loans rather than grants and the loans-to-grants ratio has changed from 1:1 to 2:1 in the last two years. Some donors, such as the Netherlands, have decided to withdraw bilateral support from Guatemala. This is part of an overall restructuring and rationalisation of the donors' global aid programmes.

The government-donor agreements known as **Antigua I**¹¹ and **Antigua II**¹² were signed in May and November 2008 respectively. They aimed to bring about progress on putting the principles of the Paris Declaration into practice, namely ownership, alignment, harmonisation, results-based management

¹⁰ Primer Informe nacional sobre Cooperación Internacional para el Desarrollo y Eficacia de la Ayuda en Guatemala, 2008-2010. SEGEPLAN.

¹¹ <http://www.segeplan.gob.gt/downloads/DeclaracionAntiguaI.pdf>.

¹² <http://www.segeplan.gob.gt/downloads/DeclaracionAntiguaII.pdf>.

and mutual accountability. They set out general intentions to create sector-specific plans, increase alignment, decrease fragmentation and improve evaluation. Several government-donor working groups were set up to help achieve these objectives.

In 2009, the G-13 adopted a **code of conduct**,¹³ pledging to:

- focus its members' support on national priorities;
- use national procedures;
- develop a common vision;
- improve cooperation;
- increase the amount of joint work it does.

A mid-level meeting in 2010 repeated the call to develop sector-specific plans and standardise the work of the working groups. It also emphasised that better use should be made of the **development assistance database**, an online aid information management system for which all donors are supposed to provide information.¹⁴

To date, the G-13, the working groups and the agreements reached between them have tended to **focus more on processes** and less on actions and measurable results. Work has often focused on stating intentions, planning, or mapping, stopping short of making changes on the ground or setting out quantitative indicators that could be used to track progress on commitments. The OECD's 2011 survey on monitoring the implementation of the Paris Declaration¹⁵ reflects these conclusions, highlighting that

- only 35% of aid is considered to be in line with national priorities, compared to the international community's agreed target of 85%;
- less than 5% of support is delivered through joint donor initiatives;
- aid is fragmented, with an average of 12 donors working in each sector;
- only 45% of missions and 23% of analysis is carried out jointly;
- there is a lack of effective mechanisms for ensuring mutual accountability and managing on the basis of results.

Further improvements and progress are needed to implement the principles enshrined in Antigua I, Antigua II and the code of conduct.

During the Spanish EU presidency, the way the G-13 performs was evaluated. The current Guatemalan government has committed itself to improving development effectiveness, including the behaviour of donors and its own performance in planning programmes and disbursing funds. Discussions on how to improve coordination and development effectiveness have begun between the G-13 and the government. From 2013 on, the government will focus on donor coordination through three working groups centred around the three pacts. Several sector-specific coordination groups between donors exist and are functioning well.

This joint strategy itself represents a key contribution to development effectiveness, by bringing European partners into line with Guatemalan timetables and ensuring that they plan their support in a coordinated manner. In the future, European partners will aim to develop cooperation plans at the same time and for the same period, based on the same overall agreed objectives.

The lessons on bilateral cooperation learnt from the current strategy should be taken into account to ensure better aid effectiveness and implementation of activities. These lessons include the need to

- improve policy dialogue with all national stakeholders;
- improve alignment and coherence with national priorities and policies;

¹³ <http://www.g13.org.gt/content/codigo-de-conducta-g13>.

¹⁴ <http://dad.segeplan.gob.gt/dad/>.

¹⁵ <http://www.oecd.org/dac/aideffectiveness/Guatemala%202.pdf>.

- improve alignment with the Guatemalan budget cycle, to better address the lack of budget allocations and counterpart funds;
- request that permanent staff be assigned to supervise project implementation in order to avoid constant changes of staff;
- fully integrate cross-cutting issues (e.g. gender, the environment, children's rights and indigenous people's rights) into projects and programmes;
- concentrate on fewer projects and programmes.

8. Monitoring and reporting

To monitor the effect of the strategy on Guatemala's overall development, **two levels of indicators** will be tracked.

Firstly, the EU will monitor **nationally generated indicators** through the Secretary of Planning. The pacts set out a number of results which will allow EU partners to monitor progress towards achieving the government's priorities. The main indicators relating to EU intervention areas are summarised in the table below. These will be refined for multi-donor intervention areas as part of work to implement the EU-Member State roadmap on joint programming.

Secondly, long-term progress will be tracked through **internationally widely used indicators** including

- the Millennium Development Goals;
- the human development index;
- Gross national income per capita;
- the tax-to-GDP ratio;
- the Gini index;
- the poverty rate;
- life expectancy;
- public expenditure and financial accountability (PEFA) assessments;
- the World Bank's country policy and institutional assessment (CPIA);
- the World Bank's Doing Business Report;
- Transparency International's corruption perception index (CPI).

The Global Partnership for Effective Development Cooperation will also provide relevant aid effectiveness indicators (once these have been agreed internationally).

European partners will support the creation of an effective monitoring framework to track government results via the National Institute for Statistics and the development assistance database (or equivalent) in delivering the data required.

Table 2. Indicators for following up on progress in EU multi-donor intervention areas¹⁶

EU strategic priority	Intervention area	Pact or policy	Main indicators
Reduce food insecurity, with an emphasis on tackling chronic malnutrition	Food security	Zero Hunger Pact	Infant and maternal mortality rates
			Chronic malnutrition rates
			Caloric consumption figures
			Family incomes
Improve human security by strengthening the justice and security system and supporting violence prevention policies, with an emphasis on upholding human rights	Security, justice and peace	Security, Justice and Peace Pact	Number of homicides
			Number of delinquent acts
			Number of delinquent acts carried out by young people
			Number of cases brought to court involving women in rural areas
			Number of cases of domestic violence*
Prevent and reduce violent social conflict and contribute to its peaceful resolution			Number of cases of violent conflict*
Improve trade and competitiveness, with an emphasis on economic growth and job creation to particularly benefit poorer people, and create a fair, transparent and predictable environment for doing business	Economic development and fiscal reform	Fiscal and Competitiveness Pact	Percentage of informal employment
			Fiscal revenues as a percentage of GDP
			GDP in poorest areas*
Improve access to and the successful completion of quality formal and non-formal secondary education by Guatemalan young people, particularly those in rural and indigenous areas.	Education	Education policies	Creation of a national unit at the Ministry of Education responsible for comprehensive reform of secondary education.
			Creation of a national flexible curriculum for upper secondary schooling (grades 10, 11 and 12) that includes a technical-vocational strand and citizenship education.
			Creation of a new pre-employment and in-service teacher training strategy that takes into account the changes needed.
Provide a sustainable basis for rural development and improve the capacity of the rural population to adapt to the challenges of climate change	Environment and adaptation to climate change	Environmental policies	Level of contamination of surface water resources.
			Level of agricultural production resilient to climate change.
			Number and quality of ecosystem services available.

¹⁶ The indicators marked with * are indicators that EU partners will use to monitor progress but which are not specifically mentioned in the government's strategic priorities for 2012–16.

Annex 3: Sector intervention framework

The results, indicators and means of verification specified in this annex may need to be adjusted in order to take changes during the programming period into account.

Baselines for the indicators below will be introduced in Action Fiche documents at the latest.

Sector 1: Food security. <i>Impact indicator: prevalence of underweight children under five years of age.¹</i>		
Specific objective 1: Improve the nutritional status of women and children under five by providing support for health interventions and food and nutrition education.		
<u>Expected results</u>	<u>Indicators*</u>	<u>Means of verification</u>
1.1 Better primary healthcare ² for women and children	1.1.1 Infant mortality rate (per 1 000 live births) ³ 1.1.2 Prenatal care in the first trimester (%)	National Survey of Maternal and Child Health 2008/09 (done every five years)
1.2 Reinforced adequate food intake practices	1.2.1 Percentage of children under six months who are exclusively breastfed	National Survey of Maternal and Child Health 2008/09
Specific objective 2: Sustainably improve rural families' capabilities by strengthening the national system of food security and nutrition.		
<u>Expected results</u>	<u>Indicators*</u>	<u>Means of verification</u>
2.1 Higher family incomes and greater prevalence of sustainable livelihoods for food production	2.1.1 Diet diversification index (national average)	FAO food security statistics
2.2 Effects of soil, forestry and water degradation due to climate change mitigated, including the improvement of municipal implementation capacity.	2.2.1 Hectares of forest under sustainable management	National Forest Institute of Guatemala/Ministry of Agriculture

* The baseline is in Annex 6.

¹ Indicator for the Zero Hunger Pact and the MDG (Guatemala section).

² Wider coverage and scope and better nutritional monitoring.

³ MDG.

Sector 2: Conflict resolution, peace and security.		
Specific objective 1: Strengthen the country's capacity to reduce its levels of violence, with an emphasis on groups at risk.		
<u>Expected results</u>	<u>Indicators</u>	<u>Means of verification</u>
1.1 Effective social and judicial response mechanisms are in place, helping to prevent violence and crime against women and children	1.1.1 The number of self-reported cases of violence, including domestic violence	National Civilian Police (PNC) Attorney General's Office (MP)
	1.1.2 The number of community networks set up and prevention plans put in place by municipal authorities focusing on violence against women and children every year	Unit for community violence prevention
1.2 An integrated national rehabilitation and reinsertion system — focusing on women and young people — is in place and working properly	1.2.1 The number of ex-inmates who participate in active labour market programmes/projects a year	Ministry of Labour and Social Prevision (Database National Employment System); Ministry of Economy; Unit for community violence prevention)
	1.2.2 The number of beneficiaries of in-jail rehabilitation programmes per year	SICOIN is a database system of the Ministry of Finance
Specific objective 2: Strengthen the country's mechanisms for preventing and transforming social conflict.		
Output indicator: the number of people benefiting from EU-supported programmes that aim to support post-conflict peacebuilding and/or conflict prevention.		
2.1 Key local and national actors better able to prevent social conflict and make it non-violent	2.1.1. The number of beneficiaries of the peaceful resolution of registered cases of conflict by the competent state bodies	Database of the Secretariat Agrarian Affairs for agrarian conflicts There are no baseline data for conflict related to natural resources**
	2.1.2 The number of cases of social conflict the national dialogue system formally deals with every year	National dialogue system; Ministry of Energy and Mines (Vice-Ministry of Sustainable Development)

2.2 Mechanisms for the analysis, monitoring and non-violent transformation of social conflict are in place	2.2.1. The number of people affected by conflict that are satisfied with the intervention of state bodies.	Perceptions survey
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* A national victimisation survey which can be used as an indicator from 2015 onwards is being developed.

** The National Institute for Statistics is considering including this information in its surveys from 2014 onwards. Other inter-institutional coordination measures are being implemented with a view to harmonising all data related to social conflict indicators. Future cooperation in this sector can strengthen the collection and analysis of data related to social conflict.

Sector 3: Competitiveness		
Specific objective 1: Improve the competitiveness and trade capacity of MSMEs and cooperatives.		
<u>Expected results</u>	<u>Indicators</u>	<u>Means of verification</u>
MSMEs and cooperatives better at fostering income generation and creating formal job opportunities	Formal employment created by MSMEs and cooperatives supported by the EU	Project’s survey system (at the start and the end of the project)
	The number of MSMEs and cooperatives that sell to the formal market as a result of EU support	
	Additional sales (volume) of MSMEs and cooperatives supported by the EU	
Specific objective 2: Strengthen the capacities of national institutions, MSMEs and cooperatives to comply with international standards and the requirements of the EU-CA Association Agreement.		
<u>Expected results</u>	<u>Indicators</u>	<u>Means of verification</u>
Better national quality system	The number of internationally recognised competent institutions of the national quality system [including OGA *, COGUANOR and CENAME]	ILAC, BIPM, ISO
	The number of MSMEs and cooperatives that have implemented quality management systems which are accredited/certified according to ISO standards	National registry of certified/accredited enterprises (regulated by the Directorate of the national quality system)
	The number of MSMEs and cooperatives offering products certified according to ISO standards (quality, food safety and	National registry of certified products (regulated by the Directorate of the national quality

	environmental standards)	system)
Business regulatory framework and trade facilitation improved	Ranking of the ease of doing business	Doing Business (World Bank)

* OGA is the only internationally recognised institution of the national quality system.

The results, indicators and means of verification specified in this annex may need to be adapted to take changes made during the programming period into account.

Annex 4: Indicative timetable for commitments

	Indicative allocation	2014	2015	2016*	2017	2018	2019	2020*
SECTOR 1 — Food security	EUR 80 million		32		32			16
SECTOR 2 — Conflict resolution, peace and security	EUR 37 million	10	7		10			10
SECTOR 3 — Competitiveness	EUR 64.8 million	25			24		15.8	
SUPPORT MEASURES	EUR 5 million	5						
Total commitments	EUR 186.8 million	40	39		66		15.8	26

** Year in which a new government takes office*

As agreed in the roadmap on joint programming the EU Heads of Mission adopted in November 2013, the mid-term review of the Joint EU-Member State Strategy will take place in 2016.

Annex 5: Donor Matrix

CURRENT AND FUTURE INDICATIVE DONOR INTERVENTIONS RELATED TO THE THREE PRIORITY SECTORS OF EU MIP 2014–20				
Sector	Donor	Project/Programme	Duration	Contribution in USD
Water and sanitation	FAO	Fortalecimiento de la seguridad alimentaria mediante la mejora en la gestión del agua para la agricultura y mitigación de riesgos agroclimáticos	Two years	70 000.00
	IADB	Plan Estratégico Sectorial de Residuos Sólidos para Guatemala	20.3.2014	300 000.00
Support for SMEs	USAID	Desarrollo de cadenas de valor y encadenamientos productivos	2013–17	23 000 000.00
	ITALY	Improving export processes for SMEs in Guatemala-FINPYME	2011–14	280 000.00
	WB	Mejoramiento de la Productividad de las MIPYMES	2012–17	32 000 000.00
Doing business and investments/trade	IADB	Programa de apoyo a Inversiones estrategicas y transformación productiva	2012–17	29 000 000.00
		Diseño e Instalación de un Registro Electrónico de Propiedad Móvil	15.2.2014	495 000.00
Human rights	ITALY	Programa de Apoyo a la Gobernabilidad Democrática, al Desarrollo Territorial y Económico Local en los Departamentos de Quiché y Huehuetenango (PRODEL).	2011–14	3 750 000
		CAFE' Y CAFE' II		1 030 000.00
		Agrocadenas		2 300 000.00
	SWEDEN	Civil society programme Diakonia	2012–14	4 180 000.00
		Support for the Guatemalan Ombudsman HR (PDH)	2013–14	2 089 000.00
		Indigenous Fund-CATIEII	2009–13	7 200 000.00
		Women's Human Rights/DEMI	2009–15	2 985 000.00
		Women's Fund II UNFPA	2009–14	6 940 000.00
		Indigenous Fund III-New Initiative	2014–16	7 313 000.00
	GERMANY	Servicio Civil para la Paz de GIZ	2013–15	2 040 000.00
Rural development	IADB	Adaptación al Cambio Climático con Enfoque en Pueblos Indígenas	25.7.2014	400 000.00
		Proyecto de Turismo Regional Maya	4.10.2017	870 000.00
	IFAD	Desarrollo Rural		89 100 000.00
	USAID	Crecimiento económico de base amplia y seguridad alimentaria mejorados (Competitividad)	1.10.2012 – 30.9.2016 Five years	24 100 000.00
	CANADA	Project for Rural Economic Development in Solola (PROSOL)	2008–15	10 600 000.00
	GERMANY	Desarrollo Rural y Adaptación al Cambio Climático de GIZ	2013–15	6 100 000.00
	SWEDEN	Economic Rural Development Swedish Cooperative Centre	2012–14	6 700 000.00

		Helvetas Rural Economic Development M4P	2013–14	1 490 000.00
		Oxfam market access for women and food security	2013–15	5 970 000.00
		FLACSO Research and Master's Programme	2013–15	2 270 000.00
		Joint programme FAO-UNDP-OPS integrated rural development	2010–14	7 313 000.00
		FDLG II, Microcredits	2005–15	18 463 000.00
	FAO	Estrategias De Reformas Institucionales e Inversiones para los Sistemas de Extensión en America Latina y El Caribe.	One year	50 000.00
		Asistencia para el diseño e implementación del Programa de Agricultura Familiar para el Fortalecimiento de la Economía Campesina (PAFFECC) del MAGA.	One year	42 000.00
		Apoyo al proceso de readecuación Académica y Administrativa de la Facultad de Agronomía de la Universidad de San Carlos de Guatemala para el impulso de la Agricultura Familiar en el marco del Desarrollo Rural Integral.	One year	35 400.00
		Asistencia para fortalecer institucionalmente al Ministerio de Agricultura, Ganadería y Alimentación (MAGA) en el marco de la PNDRI.	Seven months	53 000.00
		Proyecto Piloto para la implementación del programa Comunidades Agrarias Sostenibles del Fondo de Tierras	One year	100 000.00
	WFP	Apoyo para la formación de empresas semilleristas para la producción de semillas de maíces criollo.	Two years (pipeline)	1 000 000.00
		Asistencia técnica para la implementación de la política agraria	Two years (pipeline)	300 000.00
		Asistencia para la elaboración del Censo Agropecuario	Two years (pipeline)	300 000.00
Governance/state strengthening/decentralisation	IADB	Estrategias para Mejorar la Gestión del Recurso Humano en Salud en Zonas Rurales	20.9.2014	638 000.00
		Apoyo a la Preparación de las Actividades Censales 2012-2013	14.9.2014	717 700.00
		Sistema de Notificación Electrónico para la Corte de Constitucionalidad	23.4.2014	80 000.00
		Transferencia de Conocimiento Judicial entre Guatemala y Colima, México	16.4.2014	10 000.00
		Programa de Apoyo al Fortalecimiento Institucional del Ministerio de Finanzas Públicas	7.5.2015	500 000.00
	USAID	Herramientas de Información para Mejorar la Capacidad de Prevención de Lavado	1.10.2015	120 000.00
		Mayor seguridad y justicia para los ciudadanos (CARSI funds)	1.10.2012 – 30.9.2016 Five years	72 340 000.00
	SWEDEN	ICEFI Fiscal policies and social expenditure	2011–13	1 119 000.00
		GIZ PROMUDEL II	2009–13	5 970 000.00
	CANADA	Sectoral Support Fund	2009–15	500 000.00
	Fondo de Seguridad Humana	Inseguridad alimentaria: Amenaza a la seguridad humana de la población Poqomam asentada en el Corredor Seco	Two years	700 000.00
	WFP	Diseño de Proyecto sobre gobernabilidad en torno a la Leña en Guatemala.	Five years (pipeline)	2 500 000.00
Justice and security	USAID	Mayor seguridad y justicia para los ciudadanos (CARSI funds)	1.10.2012 – 30.9.2016 Five years	60 580 000.00
	UNDP	Peace-Building Fund		10 000 000.00

	SWEDEN	Attorney General's Office 2012–13	2012–13	836 000.00
		UNDP Transitional Justice PAJUST 2013–14	2013–14	8 358 000.00
		UNDP Trust Fund CICIG 2013–15	2013–15	9 254 000.00
	GERMANY	'Fomento a la Seguridad Ciudadana Integral y Transformación de conflictos Sociales (FOSIT) de GIZ	2013–15	5 450 000.00
	ITALY	Apoyo al Sistema de Justicia Penal Juvenil	2014	69 000.00
	CANADA	Support for CICIG	2008–16	14 000 000.00
	OAS	Programa Interamericano de Facilitadores Judiciales	2010–14	3 617 000.00
		Programa de Asistencia para el control de armas, destrucción de municiones y precursores químicos en Centroamérica	2010–14	500 000.00
Young people and children	ITALY	'MUNIJOVEN'. Fortalecimiento de las capacidades municipales para el desarrollo de políticas sociales locales con énfasis en juventud	2011–14	2 447 000.00
	SWEDEN	Political participaton of young people in Guatemala, through INGEP	2010–13	4 477 000.00
		UNICEF Child Protection 2014–17	2013–17	7 164 000.00
		UNICEF 2009–12	2009–14	10 687 000.00
Environment	IADB	Apoyo al Programa Nacional de Cambio Climático	24.10.2014	1 000 000.00
		Vulnerabilidad al Cambio Climático de Hidroeléctricas en Centroamérica	17.6.2014	760 000.00
	USAID	Manejo mejorado de los recursos naturales para mitigar los impactos del Cambio Climático Global	1.10.2012 – 30.9.2016 Five years	47 590 000.00
	WFP	La gestión sostenible de los recursos naturales para la adaptación al cambio climático mediante el fortalecimiento de la gobernanza participativa y la seguridad alimentaria en el corredor seco del departamento de Baja Verapaz	Three years (pipeline)	2 000 000.00
	ITALY	Proyecto de red interuniversitaria regional Italo-Centroamericana en analisis de los fenomenos naturales para la evaluacion de la peligrosidad en Centro América	2011–14	1 284 000.00
Crime and violence prevention	USAID	Against violence and impunity		
		Crime Prevention	2012–14	
	GERMANY	PREVENIR (Regional)	2009–18	15 670 000.00
		EDUVIDA	2013–16	6 800 000.00
	SWEDEN	IBIS and IW/Prevention of Gender-Based Violence	2013–16	1 343 000.00
Health	IADB	Control de las Enfermedades Desatendidas en Guatemala	14.10.2014	480 000.00
	SWEDEN	Health support MSPAS	2011–13	11 200 000.00
		Technical health support PAHO	2011–13	1 940 000.00
		Technical health support UNFPA	2011–13	895 000.00
		ENSMI 2013	2012–14	1 343 000.00
	USAID	Expansión del acceso a y uso de los servicios sostenibles de atención en salud y nutrición de calidad	1.10.2012 – 30.9.2016 Five years	81 590 000.00

Food security and nutrition	AECID	Asistencia primaria: Alimentos, Salud, Agua y Saneamiento		57 500 000.00
		Programa Especial para la Seguridad Alimentaria (PESA 3) incluye violencia contra mujer	Three years	437 000 000.00
	IADB	Asistencia primaria: Alimentos, Salud, Agua y Saneamiento		71 660 000.00
		Apoyo al Abordaje de la Desnutrición Aguda en Guatemala	31.3.2014	1 200 000.00
		Mejoramiento, Nutrición y Seguridad Alimentaria en 5 municipios del departamento de Baja Verapaz	1.8.2017	1 499 500.00
		Apoyo al Plan Hambre Cero y al Sector de Protección Social	1.7.2015	280 000.00
	WB	Asistencia primaria: Alimentos, Salud, Agua y Saneamiento		49 000 000.00
	USAID	Crecimiento económico de base amplia y seguridad alimentaria mejorados (Agricultura y Alimentos)	1.10.2012 – 30.9.2016 Five years	167 425 000.00
	FAO	Asistencia para implementar el Programa de Investigación en el Cultivo de Maíz del Instituto de Ciencia y Tecnología ICTA, Guatemala.	Nine months	28 000.00
		‘Implementación de la experiencia de huertos escolares pedagógicos sostenibles en escuelas de los cinco primeros municipios prioritarios del Plan Hambre Cero en Huehuetenango para la definición de la estrategia de ampliación a escala nacional’	Two years	222 000.00
		Fortalecimiento de capacidades de los países centroamericanos y México para responder a la crisis del sector cafetalero causada por la roya del cafeto (Hemileia vastatrix) y prevenir epidemias futuras.	Two years	70 000.00
	CANADA	World Food Programme (WFP) Purchase for Progress Guatemala	2010–14	7 500 000.00
		World Food Programme (WFP) Purchase for Progress Guatemala — SUN	2013–16	10 000 000.00
	BELGIUM	Rural communities in the south of Honduras and Guatemala are better prepared to break the vicious cycle of poverty and hunger through disaster risk management and innovative livelihood protection	Eight months	728 000.00
	WFP	Iniciativa regional piloto OE 5: Contribución a la construcción de resiliencia en el corredor seco centroamericano: Agenda para fortalecer la SAN, la adaptación al cambio climático y la reducción de riesgo	Sixteen months (pipeline)	200 000.00
		Programa apoyo desnutrición crónica y fortalecimiento Ventana 1 000 días (programa conjunto)	Five years (pipeline)	2 000 000.00
		Diseño, formulación y funcionamineto del programa de Agricultura urbana y periurbana del MAGA’	One and a half years	200 000.00
TOTAL				1 499 519 600.00

Donors

US/USAID, Canada
 Germany/GIZ, IMF
 Italy, Norway, OAS
 Spain/AECID,

Sweden, UNDP
 WB, IADB, Belgium
 WFP, FAO, IFAD

Annex 6: Baseline available for food security sector.

Indicators	Baseline (year)	Source of verification
Prevalence of underweight children under five ¹	49.6% (2008/2009) ²	National Survey of Maternal and Child Health (ENSMI 2008/09)
Infant mortality rate (per 1 000 live births) ³	30 (2009)	National Survey of Maternal and Child Health (ENSMI 2008/09)
Percentage of children under six months who are exclusively breastfed	49.60 (2009)	National Survey of Maternal and Child Health (ENSMI 2008/09)
Percentage of pregnant women who receive prenatal care in the first trimester ⁴	60.30 (2009)	National Survey of Maternal and Child Health (ENSMI 2008/09)
Diet diversification index (national average)	0.47 (2010)	FAO food security statistics
Number of hectares of forest under sustainable management	321 599 (2010)	National Forest Institute of Guatemala/Ministry of Agriculture

¹ Indicator for the Zero Hunger Pact and the MDG (Guatemala section).

² The ENSMI 2013/2014 is ongoing, with a new value planned for 2015.

³ MDG.

⁴ Idem.

Annex 7: List of acronyms

CA	Centro América	Central America
CABEI		Central American Bank for Economic Integration
EC	Comisión Europea	European Commission
EU	Unión Europea	European Union
FAO		Food and Agricultural Organisation
FLEGT		Forest Law Enforcement, Governance and Trade
G-13 — Grupo de Dialogo		Group of donors in Guatemala
GIZ	Gesellschaft für Internationale Zusammenarbeit	Society for International Cooperation
IADB		Inter-American Development Bank
IFAD		International Fund for Agricultural Development
ILO	Organización Internacional del Trabajo (OIT)	International Labour Organisation
INE	Instituto Nacional de Estadísticas	National Statistical Institute
MAGA	Ministerio de Agricultura y Ganadería	Ministry of Agriculture and Cattle-Raising
MDG		Millennium Development Goal
MIP		Multi-annual Indicative Programme
MINGOB	Ministerio de Gobernación	Interior Ministry
SEGEPLAN	Secretaria de Planificación	Secretariat for Planning
SME		Small and Medium-sized Enterprise
SESAN	Secretaria de Seguridad Alimentaria y Nutricional	Secretariat for Food and Nutritional Security
UN	Naciones Unidas	United Nations
UNDP		United Nations Development Programme
USAID		United States Agency for International Development
WFP	Programa Mundial de Alimentos	World Food Programme