

**MEMORANDUM TO THE DCI COMMITTEE
CONCERNING THE**

**Annual Action Programme 2019 – part I - in favour of Guatemala to be financed from
the general budget of the Union**

1. Identification

Budget heading	21 02 01
Total cost	EUR 35 million of EU contribution This action is co-financed in joint co-financing by: - Guatemala for an amount of EUR 1 million; - Potential grant beneficiaries for an indicative amount of EUR 0.675 million.
Basic act	Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action ¹ , and in particular Article 2(1)

2. Country background

Guatemala is a border country between Central and North America and sits between the Caribbean Sea and the Pacific Ocean. It is the second largest country in Central America after Nicaragua in terms of area, but has the largest population with 16 million people. Guatemala is extremely vulnerable to natural disasters, including earthquakes and hurricanes. It is amongst the ten most vulnerable countries to climate change in the world and its vulnerability to meteorological hazards is increasing due to climate change. Demographically, Guatemala has the fastest growing population in Latin America, with approximately 70% of the population under 30 years of age, and around 41% of full indigenous, mainly Mayan ancestry. Guatemala has an alarming poverty rate of 59.3% with 23.4% living in extreme poverty, primarily in rural areas inhabited by indigenous populations. Guatemala enjoys stable economic growth of around 3.5% annually although this growth is not closing the gap between rich and poor which reflects extreme levels of inequality. The tax revenue to gross domestic product (GDP) ratio remains at just over 10% making Guatemala the worst performer in the region on this front. The informal sector is vast with little incentive to move toward formalising employment and paying taxes given the untenably low investment in social sectors. Guatemala endured a 36 year long armed conflict and struggles in this transition towards becoming a fully democratic state based on the rule of law. Human security in Guatemala is one of the worst in the region and has one of the highest violent crime rates in Central America. Crime, violence and conflict have greatly destabilised Guatemala's political, social and economic development. The problems surrounding the high poverty index, alarming rates of child chronic malnutrition (46%) and social conflict can be traced back to structural inequalities, which require complete implementation of the Peace Accords. Despite the EUs support to this endeavour,

¹ OJ L 77, 15.3.2014, p. 95.

progress remains limited and forms a central part of challenges to our strategy in this country.

3. Summary of the action programme

Two actions are presented in this action programme: the Action “*Programme on Supporting the Primary Health Care System to Fight Chronic Malnutrition in Guatemala*” that falls under focal sector 1 “food and nutritional security” of the MIP; and the Action “*Programme to support decent employment in Guatemala*” under focal sector 3 “Competiveness” of the Multiannual Indicative Programme (MIP).

1) Background:

Chronic Child Malnutrition (CCM) affects 46.5% of children under 5 years of age, according to Guatemala’s National Maternal and Child Health Survey (ENSMI 2014–2015). It has higher prevalence in rural (53.0%) and indigenous (61.2%) populations. The very high burden of malnutrition in Guatemala is the result of a combination of direct and underlying causes including demand-side factors related to poverty, low educational attainment, behaviour and attitudes, as well as supply-side factors related to food insecurity and limited basic healthcare services. Lack of access to quality primary health care interventions, poor hygiene and sanitation practices, inadequate child feeding and care practices during pregnancy and infancy, as well as high prevalence of infections in children, are an important share of the proximal factors accounting for the high rates of CCM in the country, which the proposed Action will address.

Guatemala also faces serious employment challenges which are reflected in the country’s constantly growing working-age population. The country’s main employment challenge is not unemployment but the high level of informal employment and the poor quality of employment. In fact, 69.7% of people work in the informal sector, only 3 out of 10 persons have access to social protection and their income is low (on average 25.69% lower than the minimum wage). Guatemala also faces the fundamental challenge of strengthening education and vocational training. This is crucial considering that according to the most recent available data only 27.9%, of the population in the 20 – 24 age range have completed secondary school. This lack of academic preparation places young Guatemalans in a very disadvantageous position to access decent work opportunities. However, simply increasing the number of educated and trained young people is not enough. It is extremely important that educational and training curricula match the labour market’s needs so that young people have the skills needed for available jobs and thus increase the probability of being employed. Improving this synergy will close the gap between the demand for qualified workers by enterprises and the supply of workers with specialised technical skills. These facts reveal the vulnerability of employment and the lack of decent and productive work opportunities for the majority of Guatemalans.

2) Cooperation/Neighbourhood related policy of beneficiary country:

Regarding the Health Programme, the Action will be implemented within the framework of the multisectoral National Policy for Food and Nutrition Security (PNSAN) and the National Strategy for Prevention of Chronic Malnutrition (ENPDC). Specifically the Action will focus on the Primary Health Care (PHC) interventions of the Food and Nutrition Security (FNS) policy. Therefore, support will be given to the Ministry of Health (MoH) in view of improving and extending the coverage of the public PHC system to ensure the implementation of promotion,

prevention, monitoring and care interventions in health and nutrition, with emphasis on the “1000 days window of opportunity” nutrition strategy. The MoH has recently adopted a new PHC model with the support of the Pan American Health Organisation (PAHO), and builds on good practices from previous PHC models. Moreover, the Action is related to the MoH’s Institutional Strategic Plan 2018–2032, in particular to its priority “Reducing child mortality by 10 percentage points” where one of the expected results is to “Contribute to reduce the prevalence of CCM under 5 years through specific actions for CCM and seasonal hunger”.

In order to tackle the employment challenges the country faces, the Guatemalan Government officially launched the National Policy for Decent Employment 2017 – 2032 (PNED) in 2017. The objective of the PNED is to extend opportunities so that all Guatemalans have access to decent and productive employment, through an integrated effort of social and economic policies and the public and private sectors, that promotes inclusive and sustainable growth and poverty and inequality reduction, particularly of the indigenous population, people living in rural areas, women and young people. It is aligned with the Peace Agreements and the National Development Plan “Plan Nacional de Desarrollo K’atun: Nuestra Guatemala 2032”, the Government’s General Policy 2016 – 2020 and other relevant public policies including the National Competitiveness Agenda. The guiding principles of this policy are human rights, decent work, tripartite social dialogue, gender equality, inclusiveness, sustainability, shared responsibility and territorialisation. The PNED’s components are: (1) Employment generation; (2) Development of human capital; (3) Favourable environment for the development of enterprises; and (4) Transition to formality. Its legal framework is based on Guatemala’s Constitution, the Organic Law of the Executive (decree 114-97), the Labour Code (decree 1441) and the International Conventions signed and ratified by Guatemala, including the main ILO Conventions.

3) Coherence with the programming documents:

The Health Action is developed in line with the MIP for the period 2014–2020 in Guatemala, which defines as focal sector 1 the “reduction of chronic malnutrition and food and nutritional insecurity”. The Specific Objective that will be targeted under this focal sector is to “Improve the nutritional status of women and children under five by supporting health interventions and food and nutrition education”. The programme is also in line with the European Commission (EC) communication on Enhancing Maternal and Child Nutrition in External Assistance (2013), its subsequent Action Plan on Nutrition (2015) and the EU policy framework on food security (2010). Furthermore, the programme overall contributes to the priorities of the "New European Consensus on Development" and more specifically Section 3.1 People, Human development and Dignity (Paragraphs: 23; 24; 27; 30; and 33). Finally, the Action will directly contribute towards objectives 10, 11 and 12 of the EU Gender Action Plan 2016- 2020.

Concerning the National Policy for Decent Employment 2017 – 2032, its objective and expected results coincide with the New European Consensus on Development (2017), which reiterates the European Union’s commitment to poverty reduction and inclusive and sustainable growth with regard to Agenda 2030, with a strong emphasis on human development and employment policies to achieve this objective. The Consensus stresses four key themes of intervention, two of which, People – Human development and dignity and Prosperity – Inclusive and sustainable growth and jobs, are directly linked to employment promotion efforts. On these topics the EU vows to support several measures reflected particularly in paragraphs 28 and 32 of section 2.1

and paragraphs 47, 48, 49 and 54 of section 2.3. The PNED is also in line with Title VIII of Part IV of the EU-Central America Association Agreement, which deals with Trade and Sustainable Development.

4) Identified actions:

The Health Action's overall objective is to reduce malnutrition among adolescent girls, women of reproductive age, and children under 5 years of age, with emphasis on the first 1000 days, in 22 prioritized municipalities of Huehuetenango, Quiché, Chiquimula and Alta Verapaz Departments, which are part of the prioritized area of intervention of the ENPDC. Specifically, the Action will improve nutrition and hygiene knowledge and behaviour, as well as coverage and quality of health and nutrition interventions in that area. The final beneficiaries of the action are: adolescent girls, pregnant and breastfeeding women, children under 5 years of age, with emphasis on children under 2 years of age, and their communities, mainly rural and indigenous. The main stakeholder targeted by this Action is the MoH (and its decentralized units at Department and Municipal levels, i.e., Health Area Directorates and Health Districts). Indirect management with the Pan American Health Organisation (PAHO) has been proposed as the implementation modality given their 43-year experience of work in Guatemala supporting national efforts to implement policies and programmes aimed at strengthening the capacity and effectiveness of the health system to achieve universal access to health services. PAHO is already working with the Ministry in the elaboration of the new PHC model and this Action is meant to help the MoH in starting its implementation in the above mentioned departments.

Regarding the other Action "Programme to support decent employment in Guatemala" (*Programa de apoyo al Empleo Digno en Guatemala*), it builds upon the achievements of the Youth Employment Programme (*Empleo Juvenil - LA/2011/023514*), which substantially contributed to the development of the National Policy for Decent Employment (PNED). The Programme's overall objective is to reduce poverty in Guatemala particularly for young people and women and its specific objective is "increased decent employment opportunities for all, particularly for young people and women, in line with the National Policy for Decent Employment 2017 - 2032". Key stakeholders include: (i) the Government of Guatemala, particularly, the Ministries of Labour, Economy and Education, which lead the implementation of the PNED; (ii) Social partners, trade unions and employers' organisations together with the Government carry out tripartite social dialogue; (iii) the Private sector (including Business Membership Organisations) plays a key role on the labour market's demand side; (iv) the Academia is extremely important in fostering a good match between the labour market's supply and demand by ensuring that the education curricula adequately prepare workers, particularly younger ones, for employment; (v) the Technical Training Institute (INTECAP), is the leading technical education and vocational training institution in the country; (vi) Municipalities, provide public employment services at the local level; (vii) Entrepreneurship development organisations, provide advice, technical assistance and training services to entrepreneurs to guide and support them in the initial stages of their ventures; and (viii) the International Labour Organisation (ILO), promotes international labour standards, social dialogue and the decent work agenda.

The Programme's aid modality is Project modality and its implementation modality is indirect management with Guatemala (the Ministry of Economy as lead beneficiary-implementing institution and the Ministry of Labour and the Ministry of Education as co-beneficiaries) and direct management (procurement of services and

grants – call for proposal). This is the implementation modality that has proven successful in the Youth Employment Programme.

5) Expected results:

Regarding the Health Action, the expected results are: (R1.) Enhanced MoH's capacity and strengthened systems for the management, implementation, monitoring and scale-up of the Primary Health Care and Management Model; (R2.) Enhanced community participation and knowledge on adequate nutrition and services to prevent malnutrition and; (R3.) Increased access and use of PHC services by the target population in 22 prioritized municipalities. These results are expected to contribute to poverty reduction since the Action will impact outcomes in the context of potential physical growth and development retardation owing to poverty and social disadvantage affecting children in the area of intervention. The Action's results respond to the SDG Agenda 2030: SDGs 2.1 and 2.2-prevention and treatment of undernutrition; SDGs 3.1 and 3.2-prevention of child and maternal mortality; SDG 3.8-improving universal health coverage; and SDG 5-empowering adolescent girls and women and addressing their role within the household and local communities. The proposed intervention is specifically oriented towards increasing women's access to reproductive health care services and nutrition, with special emphasis on indigenous girls, adolescents, pregnant and breast-feeding women in rural areas who primarily suffer from exclusion. It will foster the empowerment of women through improved knowledge and education for better nutrition practices. The integration of all these issues in the Action directly contributes towards objectives 10, 11, and 12 of the EU's Gender Action Plan 2016-2020. In line with the rights-based approach methodology, the Action will maximise impact such as strengthening capacity of the Ministry of Health as "duty bearer" to implement its primary health care system, educating "right holders" on right to health and fostering participation of communities in decisions that can affect their well-being. Also, the Action is anticipated to contribute to addressing gender-biased social norms that discriminate against women, and will address needs of indigenous people that live in very isolated areas, with limited presence of the State, in particular in Huehuetenango, Quiché and Alta Verapaz. Regarding resilience, the promotion of hygiene practices and water quality monitoring will contribute to prevent possible effects of climate change, namely, the progressive rise in temperature that could lead to the increase of vector-borne communicable diseases within the population in the intervention area. Support will be given to the MoH for the use of environmentally-friendly hygiene products and clinic waste management in posts and health centres.

On the other hand, the Programme to support decent employment in Guatemala seeks to attain the following results:

(R1) The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened. It covers actions related to components 3 (Favourable environment for the development of enterprises) and 4 of the PNED (Transition to formality).

(R2) Employability of targeted beneficiaries has been improved. It is directly linked to component 2 of the PNED (Development of human capital), and

(R3) Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced. It encompasses actions related to component 1 of the PNED (Employment generation) and entails launching a call for proposals aimed at consortia led by entrepreneurship development organisations or business membership organisations for the implementation of grant contracts with

the objective of creating decent jobs by (i) promoting entrepreneurial ventures (that generate new enterprises and self-employment opportunities) and (ii) enhancing productivity through the promotion of innovation in expanding MSMEs.

The Programme is also relevant for the Agenda 2030. By achieving the results foreseen, the specific objective of “increased decent employment opportunities for all, particularly for young people and women, in line with the National Policy for Decent Employment 2017 – 2032” will be accomplished and consequently poverty will be reduced. It contributes primarily to the progressive achievement of SDG Goal(s) No 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, but also promotes progress towards Goal(s) No 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” and No 1 “End poverty in all its forms everywhere”.

It will be implemented following a rights-based approach. A special emphasis will be given to promoting inclusiveness and the participation in planned activities of young people, women, and persons with disabilities, particularly those who are indigenous and live in rural areas. In fact, the proposed programme will contribute to objectives 13, 14 and 15 of the EU Gender Action Plan 2016- 2020. Regarding environmental sustainability, the Programme will promote particularly in activities foreseen for Result No 3, cleaner production (resource efficiency, clean technologies and energy efficiency) as well as eco-friendly production systems, circular economy and eco-entrepreneurship (especially eco-innovation and eco-opportunity).

6) Past EU assistance and lessons learnt:

The proposed Action on Health is the first programme under the Focal Sector 1 “food and nutritional security” of the MIP 2014-2020. It builds upon the achievements of previous actions in this sector implemented under the MIP 2007-2013, notably a budget support programme for Family Agriculture (PAFFEC) which is still on-going. The Action will moreover be complemented with interventions in nutrition and local governance to bolster its impact on chronic malnutrition which will be identified before 2020.

Sector 3 “Competiveness” has provided greater opportunity for intervention and has a number of successful past programmes, notably the Youth Employment Programme (*Empleo Juvenil* DCI-ALA/2011/023-514) which is an action of MIP 2007-2013 that is coming to an end in the second semester of 2018. This programme has successfully been implemented by Guatemala’s Ministry of Economy (in close coordination with the Ministry of Labour and the Ministry of Education). The conclusions of the final report of the ROM assessment carried out in early 2017 highlight the Programme’s main achievements: (a) it fostered increased dialogue and interinstitutional coordination between the main Ministries involved in sectoral policies related to employment, which substantially contributed to the development of the National Policy for Decent Employment 2017 – 2032 (PNED); and (b) it encouraged closer cooperation between the public and private sectors to promote employment, particularly for young people. This resulted in (i) the National Training Institute (INTECAP) changing its curriculum to better match it with the labour market’s demand; and (ii) Partnership Agreements being made with business intermediary organisations to promote employment. In fact, in some sectors such as in the call centre service industry case, in which English language skills of students were raised to the industry’s standards through custom-made training, close to 70%

of trainees were hired by call centre companies upon completion of the training under the corresponding Agreement.

In summary, the Youth Employment Programme has been a catalyst for improvement in Guatemala's employment policy: a new framework and new fora for interinstitutional coordination have been created, new models for public-private cooperation have been tested, new technical careers have been created and attitudes in education and vocational training have been changed to a more demand driven approach. These achievements reflect the following lessons learnt: the importance of (i) enhancing interinstitutional dialogue and coordination between key stakeholders, particularly within the public sector and between the public and private sectors; and (ii) promoting private sector involvement in cooperation programmes related to employment and competitiveness.

7) Complementary actions/donor coordination:

The proposed action will be highly complementary and will seek synergy building with EU programmes in the agriculture sector as the Budget support programme on Family Agriculture (PAFFEC LA/2013/024-452), which covers another strategic axis of the ENPDC that aims to improve access to food and income generation for rural families; and the EU-FAO FIRST initiative in Guatemala which aims to reinforce linkages between the Family Agriculture Policy and the ENPDC so that agriculture interventions are more nutrition sensitive. The ongoing EU initiative for National Nutrition Information Platform in Guatemala, together with this Action will be crucial for improving data collection in the health sector and better policy monitoring of the FNS policy. Coordination will be ensured also with regional PROGRESAN-SICA also oriented to the development of information systems in FNS. Regards to other donors, coordination is already being ensured through the Network of International Development Partners in the health sector as well as the Food Security Donors group, and in particular with the Spanish Agency for Development and International Cooperation (AECID) who carries out a specific program for reducing the CCM since 2013, as well as loan operations in the health sector from World Bank (WB) and the Inter-American Development Bank (IDB), still in the pipeline.

In the case of the Programme to support decent employment in Guatemala, complementarity will be ensured with the following EU programmes: (i) EUROSOCIAL +; (ii) LAIF *Iniciativa DINAMICA* (Programme for Entrepreneurial Development and Promotion of MSME in Central America); (iii) SOCIEUX+ (EU Expertise on Social Protection, Labour and Employment); (iv) Promoting Employment and Social Protection under the Comprehensive Refugee Response Framework in Central America and Mexico; (v) Improving the synergies between social protection and PFM; (vi) AL-Invest 5.0 Inclusive growth for social cohesion in Latin America; and (vii) Support to competitiveness enhancement and trade capacity of Micro, Small and medium sized Enterprises Programme (bilateral programme with Guatemala).

In addition, synergy of the Programme will be ensured with actions led by other development partners, notably the International Labour Organisation (ILO), which is currently launching a programme to support the implementation of the PNED. In addition, Guatemala is a target country for the ILO Project STRENGTHEN, which is complementary especially for identifying sectors with potential for making public-private partnerships for training and matching labour supply and demand.

4. Communication and visibility

The “health and nutrition” and “support to decent employment” actions will contain communication and visibility activities which shall be based on specific Communication and Visibility Plans of the Actions, to be prepared with PAHO and Guatemala’s Ministry of Economy respectively, and approved by the Delegation at the start of implementation.

Moreover, communication and visibility measures will be in line with the Delegation’s Communication and Visibility Strategy.

5. Cost and financing

Programme on Supporting the Primary Health Care System to Fight Chronic Malnutrition in Guatemala	EUR 20,000,000
Programme to support decent employment in Guatemala	EUR 15,000,000
Total EU contribution to the measure	EUR 35,000,000

The committee is invited to give its opinion on the attached annual action programme 2019 - part I - in favour of Guatemala.



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ANNEX I

of the Commission Implementing Decision on the financing of the annual action programme 2019 – part I - in favour of Guatemala to be financed from the general budget of the Union

Action Document for “Supporting the Primary Health System to Fight Chronic Malnutrition in Guatemala”

1. Title/basic act/ CRIS number	Supporting the Primary Health System to Fight Chronic Malnutrition in Guatemala CRIS number: LA/2018/39234 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	GUATEMALA The action shall be carried out in selected municipalities of four Departments: Alta Verapaz, Chiquimula, Huehuetenango and Quiché.	
3. Programming document	Multiannual Indicative Programme for Guatemala 2014-2020	
4. Sector of concentration/ thematic area	Sector 1: Food and Nutrition Security	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 20,000,000.00 Total amount of EU budget contribution EUR 20,000,000.00 The contribution is for an amount of EUR 20,000,000 from the general budget of the European Union for 2019, subject to the availability of appropriations following the adoption of the relevant budget.	
6. Aid modality(ies) and implementation modality(ies)	Aid modality: Project Modality Implementation modality: Indirect management with the Pan-American Health Organisation (PAHO)	
7 a) DAC code(s)	12220 - Basic health care 12240 - Basic nutrition 13020 – Reproductive Health	
b) Main Delivery Channel	47083 - PAHO - Pan-American Health Organisation	

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input type="checkbox"/>	x
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not Applicable.			
10. Sustainable Development Goals (SDGs)	Main SDG Goals: SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture SDG 3: Ensure healthy lives and promote well-being for all at all ages Secondary SDG Goal: SDG5- Achieve gender equality			

SUMMARY

While multifactorial in nature, Chronic Child Malnutrition (CMM) is strongly rooted in food and nutrition insecurity, whose levels in Guatemala are alarming. Chronic malnutrition is a leading cause of stunting, which is defined as impaired growth and development and has adverse functional consequences on the child. Among adverse functional consequences are poor cognition and educational performance, low adult wages, lost productivity, and, when accompanied by excessive weight gain later in adulthood, an increased risk of nutrition-related chronic diseases throughout the life cycle. According to Guatemala's National Maternal and Child Health Survey (ENSMI 2014–2015), CCM affects 46.5% of children under 5 years of age, with higher prevalence in rural (53.0%) and indigenous (61.2%) populations, respectively. The very high burden of malnutrition in Guatemala is the result of a combination of direct and underlying causes including demand-side factors related to poverty, low educational attainment, behaviour and attitudes, as well as supply-side factors related to food insecurity and limited basic healthcare services. Lack of access to quality primary health care interventions, poor hygiene and sanitation practices, inadequate child feeding and care practices during pregnancy and infancy, as well as high prevalence of infections in children,

are an important share of the proximal factors accounting for the high rates of CCM in the country, which the proposed Action will address¹.

Since 2004, the Government of Guatemala (GoG) has set up a solid policy, legal and institutional framework for Food and Nutrition Security (FNS), and different programmes have been implemented. Despite efforts made, the rate of CCM was only reduced from 49.8% in 2009 to 46.5% in 2015, and an analysis of the long-term trend reflects an insufficient rate of improvement of 0.28 percentage points per year. According to programme evaluations, a key factor limiting the impact of implemented programmes was the lack of adequate Primary Health Care (PHC) services that ensure the delivery of the full package of “1000 days window of opportunity” interventions. Such intervention package has been widely demonstrated to be fundamental in preventing stunting.

In view of fostering CCM reduction, the Government of Guatemala launched the National Strategy for Prevention of Chronic Malnutrition (ENPDC) in 2016, led by the Presidential Secretariat for Food and Nutritional Security (SESAN), in order to simultaneously concentrate multisector public interventions to prevent CCM in 7 prioritized departments² in the country. The ENPDC aims to reduce stunting among children under 2 years of age by 10 percentage points from 2016 to 2020 and has the following components: (1) Primary Health Care, (2) Behaviour Change, (3) Water and Sanitation and (4) Availability of Food and Household Economy. The proposed Action will focus on the first component of the ENPDC, in complementarity with the Budget Support programme on Family Agriculture-PAFFEC (4th component of the ENPDC), in 4 of the 7 ENPDC-prioritized departments.

The Action aims to improve and extend coverage of the Ministry of Health’s (MoH) public PHC system to ensure the implementation of promotion, prevention, and care interventions, including health and nutrition monitoring actions, with emphasis on the “1000 days window of opportunity” nutrition strategy. Specifically, the Action will support the implementation of a renewed and comprehensive MoH model of primary health care that focuses on individual, family and community health and nutrition services and is based on the principles of the right to health with due regard of cultural norms and practices, gender equality, and respect to the environment. The MoH is currently finishing the drafting of the new PHC model with the support of the Pan American Health Organisation (PAHO), and builds on good practices from previous PHC models as the Inclusive Health Model, supported by the EU in Sololá Department in 2003.

The Overall Objective of the Action is to reduce malnutrition among adolescent girls, women of reproductive age, and children under 5 years of age, with emphasis on the first 1000 days, in 22 prioritized municipalities of Huehuetenango, Quiché, Chiquimula and Alta Verapaz Departments. The specific objective is to improve nutrition and hygiene knowledge and behaviour, as well as coverage and quality of health and nutrition interventions.

The expected results (Outputs) are:

¹ This proposal does not address Food and nutrition security in term of production, availability and access to food, to be addressed by national poverty reduction and agriculture policies as well as other EU programmes (ongoing Family Agriculture budget support programme as well as future programmes to be developed under the 2014-2020 MIP).

² A department is an administrative subdivision in Guatemala. Guatemala is divided into 22 departments (Spanish: departamentos) which are in turn divided into 340 municipalities. The ENPDC targets 7 departments (out of 22) with the highest rates of CCM.

R1. Enhanced MoH's capacity and strengthened systems for the management, implementation, monitoring and scale-up of a comprehensive Primary Health Care and Management Model.

R2. Enhanced community participation and knowledge on adequate nutrition and services to prevent malnutrition.

R3. Increased access and use of PHC services by the target population in 22 prioritized municipalities.

The end-use beneficiaries of the action are: adolescent girls, pregnant and breastfeeding women, children under 5 years of age, with emphasis on children under 2 years of age, and their communities, focusing on the poorest and most vulnerable. In all, the Action is expected to target 1.5 million people and 265.000 children less than 5 years of age. The two-pronged child age bracket targeted in this proposed Action (children aged less than 2 years *and* children aged less than 5 years) is selected to: (1) Be consistent with global indicators and scientific evidence documenting the highest measurable impact of interventions during the first 2 years of life; (2) Align with GoG age targets as outlined in the ENPDC, MoH Institutional Strategic Plan 2018–2032 and the national PHC model; (3) Follow the health outcomes of the ageing birth cohort of children observed at baseline and measured at the Action's end-line. The main stakeholders targeted by this Action include the MoH (and its decentralized units at Department and Municipal levels, i.e., Health Area Directorates and Health Districts) and SESAN.

The proposed aid modality of the Programme is Project modality given that the policy eligibility criteria for a budget support contract not yet met and the national monitoring and evaluation system is still weak. The new PHC model and its implementation plan are still under formulation by the MoH, and external support to move to implementation is crucial. However, it is worth noting that activities proposed under Result 1 (R1) of this programme will contribute to strengthen the policy framework. As such, a Sector Reform Performance Contract could be envisaged in the medium term. In the meantime, indirect management with the Pan American Health Organisation (PAHO) is proposed as the main implementation modality.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Guatemala is politically divided into 22 departments and 340 municipalities, populated by four main ethnic groups: Maya, Xinca, Garífuna and Mestizo. The indigenous population officially comprises 40% of the population, mainly in the departments of Huehuetenango, Sololá, Alta Verapaz and Quiché. The country is extremely vulnerable to natural disasters, including earthquakes, volcanic activity and hurricanes, and is one of the most vulnerable countries to climate change in the world.

Guatemala is classified as a medium-low income country and is the largest economy in the Central American region. Despite the stable economic and financial situation, the combination of limited public spending, the lowest tax revenue ratio in Latin America and high levels of corruption, hinder the Government of Guatemala's ability to increase much needed

investment in social programmes to improve delivery of public services. As a result, Guatemala has a medium level of human development³, whose society is far from being inclusive and equitable⁴. Poverty affects 59.3% of the population, reaching 79% among the indigenous population and 76% among the rural population⁵.

While multifactorial in nature, Chronic Child Malnutrition (CMM) is strongly rooted in food and nutrition insecurity, whose levels in Guatemala are particularly troubling. –According to the country’s National Maternal and Child Health Survey (ENSMI 2014–2015), stunting affects 46.5% of children under 5 years of age. Guatemala was ranked sixth globally and first in the Americas in terms of rate of stunting in 2017. The prevalence of stunting varies across regions within Guatemala, with the highest rates in the North (50%), Southwest (51.9%) and Northwest (68.2%) regions. Stunting is also high in rural (53.0%) and indigenous (61.2%) populations, respectively.

Lack of access to quality primary health care interventions, including safe water and sanitation, and the high incidence of infections affecting children, are an important share of the proximal causes explaining the high rates of CCM in the country. According to the ENSMI, an average of 35 Guatemalan children under age five die each year for every 1,000 live births, this being one of the highest rates of under–5 child mortality (children under five years old) in the region. With only 1% of the national budget being allocated to the MoH (WHO recommends 6%, and the average in the Central American region is 4.7%), the public health care system in Guatemala is still one of the least advanced in the region⁶ with very limited coverage in rural areas. In fact, the public health care system has been weak since the 1996 Peace Agreements. Until 2015, primary health care service delivery was ensured through NGO’s under the Coverage Extension Programme, (PEC), which provided low cost (not free) and only limited health interventions to the rural population with modest results.

1.1.1 Public Policy Assessment and EU Policy Framework

Since 2004, the Government of Guatemala has intensified its efforts to address the problems related to Food and Nutrition Security (FNS) and has set up a solid policy, normative and institutional framework. The multisector National Policy for Food and Nutrition Security (PNSAN) and its strategic plan (PESAN) have been implemented since then through different programmes as the Government’s “Zero Hunger Pact” (2012). Despite those efforts, the rate of CCM was only reduced from 49.8% in 2009 to 46.5% in 2015 and the long-term trend reflects an insufficient rate of improvement of 0.28 percentage points per year. The limited results were in part due to a weak primary health care system and a weak implementation of the “1000 days window of opportunity” interventions. In 2016, the Government of Guatemala launched an ambitious Government’s General Policy 2016-2020 with the “Prevention of Malnutrition, Access to Health Care and Universal Education” as its second top priority. The President appointed a special commissioner to fight CCM and, in order to lead and simultaneously centralize multisector public interventions for CCM prevention in 7 prioritized Departments; an operative National Strategy for Prevention of Chronic Malnutrition (ENPDC) was launched in 2016. The ENPDC aims to reduce chronic malnutrition among children under 2 years of age by 10 percentage points from 2016 to 2020 and has the

³ Guatemala’s ranking: 125 out of 188 countries (UNDP Human Development Report 2016)

⁴ Gini index: 48.3 in 2014 (World Bank)

⁵ National Survey of Living Conditions (ENCOVI 2014),

⁶ Programa Estado de la Nación: Quinto Informe de Estado de la Región en Desarrollo Humano Sostenible 2016, www.estadonacion.or.cr

following programme components: (1) Primary Health Care, (2) Behaviour Change, (3) Water and Sanitation and (4) Availability of Food and Household Economy. The effective implementation of the ENPDC started in 2017 in four Departments. Some advancement was achieved in terms of improving SAN governance at local level with the creation of municipal and community SAN committees (*Comusanes and Cocosanes*) and the identification of the target population of the ENPDC. There are, however, challenges in measuring the results of the sector interventions foreseen in the strategy, for which only operational and financial execution is available without proper results monitoring and follow-up.

Since 2016, the MoH has intended to put in place an inclusive and comprehensive model of Primary Health Care (PHC) as the main implementation instrument of the ENPDC at the sector level, with the aim of progressively narrowing health coverage gaps after the cancellation of the PEC programme. For that purpose, the MoH is currently finalising the new Primary Health Care and Management Model, and a first draft of the document has been presented to international development partners and health sector NGOs. Its objective is “to establish improved health care and management processes that will lead to better organization and functioning of the health services network, to guarantee its compliance with the right to health, ensuring continued access, coverage and quality of comprehensive and integrated care to the individual, the family and the community”. The model is based on the Alma Ata Declaration principles of universality, the right to health, interculturality, gender equality, and respect to the environment. The specific objectives of the model are: 1. Strengthen local management of health services through the definition of strategic and operational processes as well as monitoring and quality assessment systems; 2. Strengthen health promotion and prevention approaches focused on individual, family and the community, with cultural relevance and gender equity; 3. To organize the integrated health service networks in order to ensure comprehensiveness, continuity and complementarity of the health care; 4. Strengthen the actions of health surveillance and control of sanitary regulation and; 5. To promote intersectoral and community participation in the planning, organization, implementation, monitoring and accountability processes.

Moreover, the new Institutional Strategic Plan 2018–2032 of the MoH has identified two main strategic objectives with the following short-term targets: (i) reducing maternal mortality by 20 percentage points in 2019; and (ii) reducing child mortality by 10 percentage points in 2019. To contribute to the reduction of child mortality rates, the Plan expects to “Contribute to reduce the prevalence of CCM under 5 years through specific actions for CCM and seasonal hunger”.

The proposed Action will support the MoH in the implementation of the new Primary Health Care and Management Model, which aims to ensure the coverage of the full “1000 days window of opportunity” implementations package in 22 municipalities of 4 Departments of the ENPDC: Huehuetenango, Quiché, Alta Verapaz and Chiquimula. The selected municipalities were prioritized by the MoH following criteria of poor access to health services, high rates of chronic/acute malnutrition, high child and maternal mortality, extreme poverty and high population dispersion.

The proposed Action is developed in line with the EU Multiannual Indicative Programme for the period 2014–2020 (MIP) in Guatemala, which defines as its first sector of concentration the reduction of chronic malnutrition and food and nutritional insecurity. The Specific Objective that will be targeted under this sector of concentration is to “Improve the nutritional

status of women and children under five by supporting health interventions and food and nutrition education”.

The programme will also be in line with the European Commission (EC) communication on Enhancing Maternal and Child Nutrition in External Assistance (2013), its subsequent Action Plan on Nutrition (2015) and the EU policy framework on food security (2010). It responds to the SDG Agenda 2030: SDGs 2.1 and 2.2 — prevention and treatment of undernutrition; SDGs 3.1 and 3.2 — prevention of child and maternal mortality; SDG 3.8 — improving universal health coverage; and SDG 5 — empowering adolescent girls and women and addressing their role within the household and local communities. Furthermore, the programme overall contributes to the priorities of the "New European Consensus on Development" and more specifically Section 3.1 People, Human development and Dignity (Paragraphs: 23; 24; 27; 30; and 33). Finally, the Action will directly contribute towards objectives 10, 11 and 12 of the EU Gender Action Plan 2016- 2020 as further developed in section 3.3.

1.1.2 Stakeholder analysis

The main stakeholders targeted by this action are briefly described below:

The Ministry of Public Health and Social Assistance (MoH), is responsible for the formulation of public health policies and for the enforcement of the legal framework regarding preventive and curative health. The MoH is part of the National System for Food and Nutritional Security (SINASAN) and is responsible for the implementation of the specific health interventions package of the ENPDC through an improved PHC system with emphasis on the “1000 days window of opportunity” programme. The General Directorate for Integral Health Care (DGSIAS) of the MoH is responsible for guiding and leading the process of organizing and developing health services at the primary level. DGSIAS will be the key actor for the implementation of the Action and has been actively involved in its design. Other departments of the MoH, namely the Strategic Planning Unit, the Health Information System Unit (SIGSA), the Health Promotion Unit (PROEDUSA), the National Nutrition Program (PROSAN), the Gender Unit, and the Water and Sanitation Unit, will be directly involved in the implementation of this programme. The proposed Action will support the MoH to sustainably improve quality and coverage of its primary health care services as well as MoH’s strategic planning and management capacities. Technical support will also be given to improve the MoH information system, aiming to strengthen the collection and processing of the necessary information and data for the epidemiological surveillance and the monitoring of the ENPDC.

The MoH Health Area Directorates and Health Districts: The Health Area Directorates are MoH’s managerial units at department level which are in charge of planning, monitoring and coordinating the intra– and intersectoral implementation of public health action plans. Each Health Area Directorate office is usually located in the departmental hospital. The Health Districts are the administrative health units at the municipal level, and are responsible for allocating resources, logistics, and supervising work of community health centres, health posts and health centres for the provision of health and nutrition services to the population. The Health District offices are usually located within the Health Centres in a given municipality. The Action will support 22 Health Districts under the jurisdiction of 4 Health Area Directorates: Alta Verapaz, Chiquimula, Huehuetenango and Ixil. Each of the prioritized

Health Area Directorates corresponds to a Department of the same name, with the exception of the Ixil Health Area Directorate, located in the northern part of Quiché Department. See list of Health Area Directorates and corresponding Health Districts in Annex 1.

Health Teams working in the Health Districts: These are the health professionals (generally, doctors, nurses, nursing assistants and health information assistants) working in the three operational health units (Community Health Centres, Health Posts and Health Centres). They are responsible for the operational implementation of health and nutrition interventions, both through demand-based consultations and family and community visits. According to the new PHC and Management Model with the objective of increasing service coverage, Health Community Centres should cover one geographic “sector” (2,500 people) with two nursing assistants. Health Posts usually cover two sectors (5,000 people) with one doctor or nurse and four nursing assistants; and the health information assistant who covers two sectors. Health Centres are usually located in the urban centre of the municipality and cover a “territory” (comprising around 4 sectors or 10,000 people) and deliver care for more complex interventions.

The Secretariat for food and nutritional security (SESAN) is the coordinating entity of National System for Food and Nutritional Security (SINASAN) and responsible for monitoring the progress and evaluating the effects of the food and nutrition strategic plans and programmes including the ENPDC, coordinating actors and ministries, building capacity and advocating for continued investment. The SESAN follows the guidelines established by the National Council for Food and Nutritional Security (CONASAN), the governing body of the SINASAN, and the decision-maker of policies and programs that are implemented in the FNS sector in the country. SESAN also conducts regular internal audits to verify the action reported by the MoH, including the quality and timeliness of services delivered. At central, departmental and municipal level, SESAN has the capacity of coordinating and steering the actions of the ENPDC. MSPAS and SESAN coincide on the field with other actors involved in the FNS policy around the municipal Food Security Committees (COMUSANES). The Action will be implemented in close coordination and collaboration with the existing coordination mechanisms at different levels and will complement capacity building support provided by SESAN. SESAN has been actively involved in the design of this Action.

The Ministry of Education (MoE) is part of the CONASAN and implements several actions of the Annual Plans of the PESAN. Strong collaboration and synergy with MoE will be therefore ensured in the framework of the proposed Action in particular regards to activities related to education and improvement of nutrition and hygiene practices.

The end-use beneficiaries of the action are: adolescent girls, pregnant and breastfeeding women, children under 5 years of age, with emphasis on children under 2 years of age, and their communities, focusing on the poorest and most vulnerable. In all, the Action will target 1.5 million people and 265,000 children less than 5 years of age in 22 municipalities of 4 departments (Alta Verapaz, Chiquimula, Huehuetenango and Quiché).

1.1.3 Priority areas for support/problem analysis

As referred in section 1.1, nearly 50% of children under 5 years of age suffer from chronic malnutrition in Guatemala. This situation worsens in the four targeted departments with a

CCM average of 60.7%. The population in the intervention area is predominantly rural and indigenous.

The very high burden of undernutrition in Guatemala, and in particular in the proposed locations of intervention, is caused by a combination of direct and underlying factors on the demand-side such as low educational attainment, behaviour and attitudes, as well as supply-side factors related to food insecurity, limited resources and limited access to quality health care service delivery. The State's limited presence, geographical isolation and structural discrimination and exclusion of indigenous people, in particular women, are part of the root causes of poverty and therefore malnutrition and food insecurity.

Structural discrimination historically experienced by indigenous populations directly contributes to socioeconomic inequalities, thus resulting in sustained vulnerability and social inequity in the selected areas for intervention. Social exclusion of indigenous populations is documented at all levels, including land property, disadvantaged employment conditions and economic development, inequitable participation in decision-making processes and the judicial system, as well as reduced access to basic health services. On the other side social conflicts in the intervention area also increase population's vulnerability to malnutrition and food security. As such, effects of socioeconomic inequality and social conflict must be intervened upon at an early age, particularly in the first 2 years of life, which constitutes a period critical for human development. Prioritizing to intervene in communities who are vulnerable, from a social determinants of health perspective, is thus fundamental to impact outcomes in the context of potential physical growth and development retardation owing to poverty and social disadvantage.

In terms of health conditions, the prevalence of stunting increases in a continuum throughout early childhood, from 28.9% during the first 6 months of age, reaching its highest prevalence, 54.8%, between 18 to 23 months. This trend shows the importance of scaling up nutrition interventions during the first 1000 days, including the period from pregnancy to 23 months of age. In addition to the high rate of CCM, nearly one in three (32.4%) children (6-59 months) and one in four (24.2%) pregnant women (14-60 years) are anaemic in the country. The highest prevalence of anaemia was found in children between 6 and 23 months⁷. High incidence of infectious disease is considered another immediate cause of the rates of CCM in Guatemala. In this sense, health care-seeking for infections including diarrhoea remains inadequate, with only 43.2% of the children under 5 years being taken to consult a health worker for treatment. Among them, 48.8% receive oral rehydration salts (ORS), 24.4% receive appropriate feeding during the diarrheal episodes, and only 1.3% is treated with zinc tablets.

Data from the ENSMI also show that the coverage of basic health and nutrition services for children is still low in Guatemala. Approximately 59% of children age 12-23 months have received all basic vaccinations (boys 59.1% vs girls 58.9%) and data reveal that childhood vaccination is not timely. Vitamin A supplementation coverage for 6-59 months was 49.7% in 2015. The improvement regarding Vitamin A deficiency in Guatemala (15.8% in 1995 to 0.3% in 2010) is evidence that efforts in supplementation can be successful.

⁷ 6-8 months (71.2%), 9-11 months (70.1%), 12-17 (57.8%), 18-23 (40.1%), National Maternal and Child Health Survey (ENSMI 2014–2015).

Poor hygiene and sanitation practices are another contributing factor. According to the ENSMI, only 57.3% of households use safe drinking water sources, and only 40% treat water before drinking (e.g., with chlorine, filters etc). In addition, although most households are equipped with appropriate hand washing facilities, there are still improper hygiene practices. For example: 38% of the population in the four targeted departments does not use soap for hand washing.

Other underlying causes of high prevalence of malnutrition relate to high fertility rate (3.7 in rural areas) and high rate of teenage pregnancies with 1 out of 5 of girls by age 19 already being pregnant or having had at least one child. Unmet need for Family Planning (FP) is high, with 14% of currently married women (15-49 years) wanting to limit their families or delay pregnancy who are not using a contraceptive method. Public health interventions to prevent teenage pregnancy and undernutrition in adolescent girls require a strong collaboration with relevant public sectors, religious and community, and need to be strengthened to reach adolescent girls with age-appropriate messages. The work with “mother to mother” groups and adolescent groups has shown positive results in Guatemala and will be reinforced in the area of intervention of this Action.

Family and nutrition practices for children under 5 years of age are decisive for the achievement and maintenance of an optimum nutritional and health status, especially during pregnancy and for children under 2 years of age. There is a widespread misconception that stunting is genetically determined and, as such, is neither recognised as malnutrition nor understood to have severe consequences for the child’s overall health and development. Low levels of exclusive breastfeeding, continued breastfeeding past six months of age, early and inappropriate weaning, and low dietary diversity have been identified as key constraining factors in achieving acceptable diets for infants and young children in Guatemala. Data reveal that family and caregivers' knowledge and behaviour play a key role in nutrition and feeding practices, resulting in inadequate food and dietary diversification for children and women. For that purpose, the MoH will be supported in the expansion of community outreach to improve nutrition knowledge, address social norms, and improve family nutrition and feeding and child care practices. Participation in health community committees will be fostered as well to strengthen multi-sectoral linkages through existing participatory community platforms.

Both direct and underlying causes of malnutrition are related to the poor sustainability, reach and quality of service provision from the public Primary Health Care System. There are insufficient health posts to ensure basic health care coverage, and those which are in use, suffer from years of underinvestment. They lack proper equipment and adequate human resources to provide continuous and comprehensive health services to the public according to their need, following a life cycle approach, meaning the provision of all necessary curative, preventative and educational services individually and at the family and community level. A deficient logistics system (supply chain management) and low planning capacity causes shortages of some essential medicines and micronutrients, despite procurement of medicines having improved at the central level. According to SESAN’s survey for the monitoring of the 1000 days window (MONIMIL), in 2017, 20% of the visited health posts were closed, 24% did not have Vitamin A and 46% had limited or no stock of supplementary micronutrient powders. In addition, the health information system is predominantly focused on service production and does not provide the necessary inputs to allow analysis and decision-making,

both for management and supervision of health services and epidemiological control (including malnutrition).

Finally, despite advancements in local Food and Nutrition Security (FNS) governance, such as the creation of intersectoral coordination spaces at department, municipal and community levels in the framework of the ENPDC and the SINASAN law, there is limited technical and institutional capacity in the health sector to effectively propose health actions and investments to be included in local planning. Local development plans lack the necessary diagnostic elements from the health sector and nutrition preventive activities are not included in other sector’s local interventions such as education, water and sanitation and livelihoods.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of political commitment to continue the implementation of the ENPDC and the new model of primary health care by the new government after the Presidential elections of 2019.	M	EU policy dialogue with main political parties will be ensured, as well as coordination with the donor coordination group G13 (including health sector sub-group chaired by PAHO) to convey common political messages on the need to continue the implementation of the strategies to reduce chronic malnutrition in the country. Members of the Programme Steering Committee and of the Technical Committee will advocate with political parties and candidates to ensure that the fight against stunting remains high in the policy agenda. With regards to the new Minister of Health to assume the post in January 2020, it is expected that the results of the first year of implementation will show positive changes in the communities covered by the project, which will promote appropriation and continuity by the new authorities.
Social conflict and violence in the intervention areas	M	Violence and social conflict are present in several regions of the country, including proposed communities for the project. PAHO, as part of the United Nations system, maintains constant communication and coordination with the United Nations Department of Safety and Security (UNDSS) office in Guatemala to monitor and assess regularly security for the project team in the field. The project team

		will coordinate with local counterparts to facilitate and to accompany field activities to reduce the risk of security incidents.
Public and private resources constraints	H	<p>Due to low fiscal revenue, Guatemala's public institutions face budget constraints. The project will have a critical role promoting a technically sound budget allocation for participant health districts, in order to ensure the implementation of the health services model, complementing the resources allocated to this project by the donor.</p> <p>Additionally, drought and other climate phenomena, compounded with declining international prices for export commodities, impact a fragile agricultural (e.g., coffee) economy in the country. Decreased agricultural output, further complicated by declining commodity prices in global markets, may impact wages in the country's agricultural sector, and could contribute to reduced incomes, unemployment and limited purchasing power, thus increasing the acute potential for deepening food and nutritional insecurity and acute malnutrition in the short- to medium-term in vulnerable communities prioritized by this Action.</p>
High turnover of health staff	H	The current employment modality based on temporary contracts for several positions, including physicians and nurses, causes a high turnover of staff in the public health system. Both the EU Delegation and PAHO will advocate through political dialogue and through the Steering Committee presided by the Minister of Health to ensure continuity of trained personnel in participant health districts.
Emergencies and natural disasters	M	Eventual natural disasters and man-made emergencies in the same area or other areas of the country could lead into a concentration of budgetary and logistical resources to the response to the emergency at detriment of the project. The EU Delegation, PAHO and the project team will advocate through the Steering Committee to keep providing resources for

		the project's implementation.
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Assumptions

- Political and social stability of the country.
- Commitment to continue ENPDC implementation is maintained.
- GoG's commitment to implement the new model of primary health care.
- Support to the Programme and the new model of PHC by key stakeholders.
- Working continuity of relevant members of technical staff in the national institutions concerned.
- Favourable climate conditions.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

This Programme builds on experiences of various national programmes and international cooperation interventions in the food and nutritional security sector as well as in the health sector.

The Government of Guatemala's "Zero Hunger Pact" (2012) evaluation⁸ recommended reducing the scope of the interventions and the geographical area which were too ambitious and large. This conclusion oriented the EU intervention to separate interventions according to the components of the ENPDC: family agriculture sector and the health sector. Other lessons learnt from this Programme were the need of having a beneficiary census and to deepen the monitoring and evaluation system. It was also mentioned that access to adequate infrastructure and human resources is necessary for the interventions to have an impact in the health sector.

The Inclusive Health Model (IHM) began implementation as of 2003 with two NGO pilot experiences in close coordination with the MoH and with the support of the EU. The model is guided by the values, principles and elements of the Renewed Primary Health Care System and Integrated Health Network Systems formulated by PAHO/WHO: universal and comprehensive understanding of the health-disease process. It incorporates gender approaches, intercultural relevance and harmony with the environment. In areas where the IHM was applied, universal and free coverage was guaranteed in the primary level of care and rates of child and maternal mortality were reduced and detection of malnutrition was improved. In 2016 the MoH decided to institutionalise the inclusive model in view of progressively replacing the privatised system of Programme for coverage extension (PEC). However changes of government and insufficient resources prevented its development country wide. The evaluation of the IHM⁹ gives very valuable inputs and recommendations that the MoH is taking into account in the definition of the renewed model of PHC that will be supported through this Programme. Among the main recommendations for the PHC to be successful and equitable: ensure multicultural and gender approaches, conduct comprehensive staff training process, design a good information system, promote social participation in the design and development of the PHC model, ensure horizontal programmatic interventions

⁸ Informe final de evaluación de impacto del Plan del Pacto Hambre Cero (IFPRI, 2016)

⁹ Informe de Evaluación del Modelo Incluyente en Salud, (O. Feo y K. Tobar, 2013)

according to the life cycle, incorporate other sectors of social life to the health activities, and incorporate a methodology to finance primary health care.

Regarding EU-funded projects, it is important to highlight lessons learnt from the Programme to support the Food Security and Nutrition Policy and Strategic Plan of Guatemala (APSAN), which aimed to support SESAN in the implementation of the PESAN 2009-2012 and had a specific result on “Coverage and Quality of health, water and basic sanitation services are increased, through improvements in access to basic services and to environmental conditions, contributing to the reduction of chronic malnutrition”. According to the final programme report and the Results Oriented Monitoring (ROM) findings, despite the comprehensive and ambitious approach of the APSAN and some improvements in sector coordination from SESAN, efficient planning and prioritisation of the support needed by beneficiary sectorial ministries (including the MoH) were lacking. The report recommended filling the gap in access to healthcare, particularly at the primary level; to develop an information system exclusively for the registration and follow-up of every child; to render a new model of health care operational; and reinforce capacities of the technical staff at grass roots level. The report also recommends reinforcing capacities in development of SAN strategies, planning, monitoring, results-based management and participation of local actors in the different phases of the programme cycle.

Lessons from two United Nations Joint Programmes on FNS¹⁰, co-funded by the Spanish Cooperation through the SDG Fund in the departments of Totonicapán and San Marcos, are also taken into account in the design of this action. Both programmes had a comprehensive approach with a component implemented by PAHO aiming at increasing health services coverage and quality, the implementation of the “1000 days window”, promotion of breastfeeding combined with complementary food intake, and participation of women, communities and health municipal commissions in SAN local governance among others. The projects reduced the rate of, or eliminated, CCM in the areas of intervention. Key factors were: promotion of comprehensive health care; the reinforcement of institutional capacities in the implementation of “1000 days window”; the strong participation of women through the network of “*madres consejeras*” in the adoption of hygiene, nutrition practices and in the more frequent use of the health services for monitoring child growth; the follow-up of the epidemiological situation of the population through the “*salas situacionales*”; and the strengthening of the collaboration with SAN commissions at community, municipal and departmental level.

Different experiences in the country have also shown how local governments committed to FNS were able to make a difference through better use of the financial resources available and especially putting in place an effective dynamic coordination of local development actors and of the work of sectoral institutions (as Ministry of Health) in their territory.

3.2 Complementarity, synergy and donor coordination

Within the health sector, and more specifically with respect to PHC, the key development partners and interventions are:

World Bank (WB): the WB has proposed a loan for USD 100 million for combatting malnutrition. The beneficiaries will be children < 2 years, mothers and their communities in

¹⁰ Proyecto “Alianzas para mejorar la situación de la infancia, la seguridad alimentaria y la nutrición” (2009-2012)
Proyecto “Seguridad Alimentaria y nutrición en municipios priorizados del Departamento de San Marcos” (2015-2017)

the seven departments of the ENPDC. The planned actions include: improving access to drinking water and sanitation, providing nutrition and health packages to mothers and children, improvements in health centres and promoting behavioural changes. This loan is, however, pending Congress' approval and according to the WB, disbursements will start in the second semester of 2020 at the earliest. After the request of the Government of Guatemala, the WB is currently processing the change of the implementing entity from the Ministry of Social Development to the Ministry of Health. Coordination is being ensured with the WB office in Guatemala and a video conference with WB HQ is projected in the forthcoming months.

Inter-American Development Bank (IDB): A credit operation of USD 100 million is currently under preparation with the MoH for (i) the strengthening of the institutional healthcare service network (mainly infrastructure and equipment), including PHC and hospitals in the departments of Huehuetenango and San Marcos, (ii) supporting networks for the health care system, such as regional laboratories, regional blood banks etc.; and (iii) malaria eradication. Close coordination is being ensured in particular for the first component as the improvement of the infrastructure in Huehuetenango will be complementary with the implementation of improved PHC services through the proposed action.

USAID has supported the process leading to the health care sector's general reform proposal tending to the decentralisation of health services. In relation to PHC, the Maternal and Child Survival Project (2016-2018) provides technical assistance to the MoH at the central and local levels to increase their capacity and strengthens MoH interventions for reducing chronic malnutrition and maternal, neonatal, and child mortality in 30 municipalities in San Marcos, Quiché, Huehuetenango, Totonicapán, and Quetzaltenango departments.

Spanish Agency for International Development (AECID) carries out since 2013 a specific program for reducing the CCM (supporting health services and other FNS governance project) through bilateral interventions, UN Agencies and NGO's. A grant with the Inclusive Health Institute (ISIS) is still ongoing and pending activities will focus on providing various studies and capacity building products that will be integrated in this action. Therefore, very close and frequent coordination is being ensured with AECID to maximise synergies.

World Food Programme (WFP) implements a country program with two intervention fields: i) distribution of complementary food for children under 2 years of age; ii) food in exchange of labour for environmental productive actions.

UNICEF: The component of "A healthy start in life" is aimed at reducing chronic malnutrition and expanding access to quality healthcare, as well as supporting the strategy called "A renewed promise" a global initiative through which it is intended to accelerate the reduction of infant and maternal mortality. The aspiration of this component is to formulate a broad set of measures related to health, nutrition and water, sanitation and hygiene for women and children in order to ensure their healthy growth and development, especially during the first 1,000 days, as well as to reduce chronic malnutrition, maternal and infant morbidity and mortality.

EU programmes: The proposed action will be highly complementary and will seek synergy building with EU programmes in the agriculture sector as the Budget support programme on Family Agriculture (PAFFEC LA/2013/024-452), which covers another strategic axis of the

ENPDC that aims to improve access to food and income generation for rural families; and the EU-FAO FIRST initiative in Guatemala which aims to reinforce linkages between the Family Agriculture Policy and the ENPDC so that agriculture interventions are more nutrition sensitive. Another important complementary EU project is the EU initiative for National Nutrition Information Platform in Guatemala, whose main purpose is to support the establishment of a platform to collect and analyse information and existing data from different sectors to support the development of policies and multi-sector programs in nutrition. At regional level coordination will be ensured also with PROGRESAN-SICA also oriented to the development of information systems in FNS.

Since 1994, the European Commission has financed 71.4 million euros in humanitarian aid in Guatemala (ECHO), of which 19.7 million euros have been allocated in response to drought and food security. Particularly, in response to the crisis and the humanitarian needs caused by El Niño (2014-2016), ECHO has financed 10.6 million euros in the dry corridor of Guatemala since 2015. Currently as part of the Humanitarian Implementation Plan (HIP 2018), ECHO is financing 1,000,000 EUR in food security in Guatemala 2018-2019.

The ECHO funded action will provide humanitarian assistance during the Seasonal Hunger (May-July) 2019 and will support the capacity of health posts for the timely detection and appropriate treatment of acute childhood malnutrition. It is focused on the most vulnerable communities of the departments of Chiquimula, Quiché, Huehuetenango and Baja Verapaz during a period of implementation from October 2018 to December 2019.

The proposed action will be complementary to ECHO's humanitarian assistance as it targets the departments where ECHO and implementing partners are focused. Complementarity will be assured to collaboratively support capacity for the detection and treatment of acute child malnutrition.

Donor coordination in the health sector is ensured through the very active Network of International Development Partners in the health sector which is a subgroup of the G13 group of donors. Moreover, almost the same development partners participate in food security and nutrition donors group.

3.3 Cross-cutting issues

The proposed intervention is specifically oriented towards increasing women's access to primary health care services with special emphasis on girls, adolescents, pregnant and indigenous women in rural areas who primarily suffer from exclusion. The action will also tackle the support to reproductive health care services and family planning; it will foster the empowerment of women through improved knowledge and education for better nutrition practices and will eventually help reducing malnutrition of girls, pregnant and breast-feeding women. The activities will involve men as much as possible, thereby contributing to gender balance in health and nutrition responsibility in the families and communities. The integration of all these issues in the Action directly contributes towards objectives 10, 11, and 12 of the EU's Gender Action Plan 2016- 2020¹¹. Most of the indicators of the action's logical framework matrix will specifically target girls and women's health and nutritional situation. More general indicators will be disaggregated by sex.

¹¹ Objective n° 10- "Equal access to quality preventive, curative and rehabilitative physical and mental health care services for girls and women; Objective 11-" and objective n° 12 - "Health and Nutrition Levels for Girls and Women throughout their Life Cycle".

In line with the rights-based approach methodology, the proposed action will abide by the “do no harm principle” to avoid unintended negative impact in terms of human rights. The action will maximise impact such as strengthening capacity of the Ministry of Health as “duty bearer” to implement its primary health care system, educating “right holders” on right to health and fostering participation of communities in decisions that can affect their well-being. The Programme will promote spaces for policy dialogue at the local level, and both the EU Delegation and PAHO will continue their policy dialogue with the MoH in order to monitor progress of the sector reform implementation and to advocate for the necessary resources to the sector in order to comply with Guatemala’s constitutional engagement to universal health. Regarding the principle of non-discrimination, this Action is anticipated to contribute to addressing gender-biased social norms that discriminate against women, and will address needs of indigenous people that live in very isolated areas, with limited presence of the State, in particular in Huehuetenango, Quiché and Alta Verapaz.

Regarding resilience, the promotion of hygiene practices and water quality monitoring will contribute to prevent possible effects of climate change, namely, the progressive rise in temperature that could lead to the increase of vector-borne communicable diseases within the population in the intervention area. Support will be given to the MoH for the use of environmentally-friendly hygiene products and clinic waste management in posts and health centres.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The Overall Objective of the Action is to reduce malnutrition among adolescent girls, women of reproductive age, and children under 5 years of age, with emphasis on the first 1000 days, in 22 prioritized municipalities of Huehuetenango, Quiché, Chiquimula, and Alta Verapaz Department.

The Specific Objective is to improve nutrition and hygiene knowledge and behaviour, as well as coverage and quality of health and nutrition interventions.

The expected results (Outputs) are:

R1. Enhanced MoH’s capacity and strengthened systems for the management, implementation, monitoring and scale-up of a comprehensive Primary Health Care and Management Model at national–, Health Area Directorate–, Health District–, and health facility—level within and beyond the 22 selected municipalities.

Through this result support will be given through four main strategic areas: (i) Strengthen MoH’s capacity for policy planning, financing and monitoring at central level; (ii) Support to the MoH in designing relevant strategies and mechanisms for better management and implementation of the PHC service provision in coherence with the Primary Health Care and Management Model with focus on gender, cultural relevance, and human rights approach, (vi) improve monitoring and feedback to the PHC model’s implementation so that it can be progressively improved and further replicated in other departments (ii) Support MoH’s

capacities in the definition of health and nutrition sector priorities in the multi sectoral development agenda in view of addressing social determinants of health and malnutrition in the public policies, in particular at department and municipal level. This result is expected to help the MoH better fulfilling policy credibility criteria for the eligibility of a future EU Budget Support programme for scaling up the implementation of the PHC model to other departments of the country.

R2. Enhanced community participation and knowledge on adequate nutrition and services to prevent malnutrition.

This result will have special emphasis on the education and health promotion aspects of the comprehensive health care model as well as on civil society participation. On the one hand, Health Area Directorate and Health District personnel will be assisted in the definition and implementation of promotion and education strategies and on the other, support will be given to health professionals in community health centres, health posts and health centres to implement the education and health promotion activities through the individual, family and community programmes. Also, opportunities of collaboration and synergies between MoH and MoE will be seek in view of introducing better nutrition and hygiene habits through the schools.

R3. Increased access and use of PHC services by the target population in 22 prioritized municipalities.

This result aims to specifically support the full operational implementation of the 1,000 days window of opportunity actions within the new PHC model at the three operational levels of the PHC model: individual, family and community. This result will target health professionals of community health centres and health posts where the 1,000 day window of opportunity is at the basis of their health interventions. According to the new PHC model, interventions will be implemented both through demand-based consultations and home and community visits for better identification and control of nutritional deficiencies in adolescents, pregnant women, mothers and children under 2 years of age.

This Programme is relevant for the 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture, and SDG Goal 3: Ensure healthy lives and promote well-being for all at all ages. The Action also promotes progress towards Goal 5: Achieve gender equality and empower all women and girls. This does not imply a commitment by the country benefiting from this programme.

4.2 Main activities

R1. Enhanced MoH capacity and strengthened systems for the management, implementation, monitoring and scale-up of a comprehensive Primary Health Care and Management Model at national-, Health Area Directorate-, Health District-, and health facility—level within and beyond the 22 selected municipalities.

R1.A1 Strengthen MoH's competencies in policy planning, monitoring, and financing through formulation of policies, strategic plans and technical and management capacity-building. Technical assistance will be provided to the MoH for this purpose and specific support areas will be chosen taking into account prior needs assessment and policy credibility key criteria for Budget Support.

R1.A2 Strengthen strategic and operational planning at the Health Area Directorates and the Health District levels. This activity entails the realisation of a diagnosis of the primary health care service network conditions, in particular for maternal, child care and nutrition; the development of the plans to expand the coverage of the health districts involved; and trainings in strategic and operational planning for the Health Area Directorates's and the Health District's teams.

R1.A3 Implement a training program in comprehensive family and community health with emphasis on nutrition for medical and nursing staff of the PHC level. This will include assisting the Health Districts to set-up the health professional teams and plan their activities in health community centres, health posts and health centres to ensure community home visits, which are fundamental for increasing service coverage.

R1.A4 Develop a comprehensive supply chain system for the Health Area Directorates for appropriate distribution of medicines, micronutrients and other supplies to health districts, health community centres and health posts.

R1.A5 Support the MoH in the development of sustainable quality control systems for services included in the primary health care model.

R1.A6 Strengthen the health information and surveillance system in health posts and health centres: this will include the development and implementation of improved data collection tools with emphasis on integral health and nutrition to fully report on coverage of the 1000 days window of opportunity and the key indicators of quality PHC. This activity entails working closely with community members and SESAN's Community food security and nutrition committees (Cocosanes).

R1.A7 Support health teams to better participate in FNS strategic planning at municipal and departmental levels in close collaboration with SESAN: these activities will focus on building capacities of the health teams from Health Districts and Health Area Directorates to better propose and lead processes aiming at increasing investments in the health sector and in other sectors that are also determinants of the health and nutrition of the local communities, such as access to water, sanitation, etc.

R1.A8 Conduct baseline and end line studies study relevant for the measurement of operational results foreseen under this programme.

R1.A9 Consolidate lessons learnt in order to replicate successful practices: this activity will include identifying and analysing good practices during the programme's implementation for their application by the MoH in other priority areas of the country. Peer-to-peer learning and exchange of experiences among Health Districts and Health Area Directorate teams will be also supported.

R2. Enhanced community participation and knowledge on adequate nutrition and services to prevent malnutrition.

R2.A1 Support health district teams in building capacities of women, men, and community leaders to better participate in local governance spaces as Community development committees (COCODES) and Community food security and nutrition committees (COCOSANES) and their health sub-commissions. This activity foresees the production of training materials and methodologies for health teams on nutrition, complementary food, breastfeeding, hygiene and sanitation, and gender.

R2.A2 Support to health teams in the creation, strengthening and follow-up of mother-to-mother support groups for nutrition and child development. This activity foresees to provide capacity building materials and methodologies for health teams to better identify, train and follow mothers in the community that will replicate their knowledge in chronic malnutrition prevention practices to other mothers and families within the community. Mother's workload and the role of fathers will be taken into account in the trainings.

R2.A3 Support to health teams in the organization of adolescent leaders and peer groups, and other key activities with local authorities and social actors for the prevention of teenage pregnancy and early marriage. This activity will entail the production of training materials and methodologies for nurses, social workers and phycologists of the MoH, among others.

R2.A4 Expand Health Districts' programmes for midwives and traditional birth attendants. This activity will entail the inclusion of nutrition practices, breastfeeding and child care and development in the training programmes and training of health teams.

R2.A5 Inclusion of adequate nutrition and hygiene practices in health districts team's home visits. This activity foresees to provide adequate material for nurses to educate and promote adequate nutrition and hygiene practices during the family and community visits. Eco-filters may be distributed among the communities.

R2.A6 Develop social communication competencies for the promotion of family nutrition, feeding and child care practices in the Health Districts. This activity will include the development of information, education and communication plans in the Health Districts with a focus on gender and cultural relevance, the dissemination of campaigns through local radio stations, and the support to the health district teams in the organization of *ferias de salud* (health fairs), in close collaboration with the municipalities and MoE local authorities. These activities have been implemented in similar settings in Guatemala and have demonstrated having a positive impact among the communities.

R3. Increased access and use of PHC services by the target population in 22 prioritized municipalities.

R3.A.1 Provide technical support in order to update the MoH's standards, guidelines and protocols for comprehensive care in reproductive, maternal, new-born, child health. This is intended to align attention standards in the health posts and health centres with the individual, family and community approach of the new PHC model. This activity will involve the assessment and review of current norms and their edition.

R3.A2 Train health staff (centres and posts) in standards, guidelines and protocols in comprehensive care in reproductive, maternal, new-born, and child health. These will include among others, monitoring of child growth and health, breastfeeding practices, maternal nutrition, complementary feeding and micronutrients, immunisations, antenatal care and healthy birth.

R3.A3 Ensure that MoH's adolescent pregnancy prevention plan (PLANEA) is implemented in health posts and health centres. This multisectoral plan led by the MoH has been recently adopted by the Government of Guatemala and its objective is to reduce pregnancies in adolescents-- an important cause of low birth weight babies. Activities will include adapting spaces for adequate, specialised care, as well training of health professionals and social workers.

R3.A4 Equip and renovate health posts and health centres according to the needs of maternal and child care and nutrition, including their access to quality water and waste management. This activity will depend on the results of activity R1.A2.

4.3 Intervention logic

This proposed Action aims to support the implementation of the health sector pillar of the National Strategy for the Prevention of Chronic Malnutrition 2016-2020 (ENPDC) in the municipalities of the four selected departments. Health sector participation in the ENPDC is focused on the provision of a package of services as included in the first 1,000 days window of opportunity within public PHC services. However, the communities in the areas covered by this project have suffered chronic lack of access to basic health care services, including comprehensive integrated PHC services. While stunting has multi-sector structural causes, in the context of Guatemala, the key role that the health sector plays in leading the response is acknowledged to address many of the inequities these communities are suffering and which are at the root cause of stunting among children.

The proposed action will support the MoH in the implementation of a model of health care based on the principles of PHC, which is currently being finalised by the MoH and will allow the MoH to effectively respond to the problem of stunting in those areas.

The implementation of this four-year project will demonstrate that providing access to quality PHC services that are comprehensive, integrated within a network of services, culturally relevant for local communities, with gender and human rights approach, will not only have a decisive impact in preventing and reducing stunting among children but also will have positive impact in other priority public health problems and the general empowerment and well-being of the communities involved—as it has been shown in Guatemala (with the Inclusive Health Model) and elsewhere. An important part of this project includes the active participation and empowerment of communities, especially women, through ensuring their involvement in the implementation and monitoring of the project. The support to the MoH for the implementation of PHC services in this project will build capacity within the health sector to ensure continued and quality child and maternal health interventions and to actively seek participation and local partnerships with communities. Capacity will be enhanced to effectively work with the other components of the ENPDC at local level, for addressing social determinants of health, such as access to water and sanitation and education, as

foreseen in the ENPDC. The support for the improvement of the Health Area Directorates and corresponding Health Districts' management processes and information system will be a catalyst to achieve long-term results in the prioritized municipalities, which promote the institutionalization of good practices thereby ensuring sustainability and expansion to other areas of the approach proposed by this action.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation¹².

5.3.1.1 Indirect management with an international organisation

This action may be implemented in indirect management with the Pan American Health Organisation (PAHO). This implementation entails the support to the Ministry of Health for the implementation of a renewed model for the management and attention of the Primary Health Care (PHC) services in four pilot departments of Guatemala. This will mainly involve technical assistance to the MoH (central level) and its departmental and municipal dependencies, capacity building of health professionals, equipment and refurbishment of the health services at local level.

This implementation is justified because the policy eligibility criterion for a Budget Support contract is not yet met, since the new model on PHC and its implementation plan are still under formulation by the MoH as well as an adequate monitoring and evaluation system to assess its performance. However, it is worth noting that activities of Result 1 of this programme will support the Government of Guatemala to strengthen its policy and monitoring framework so in the medium-term a Sector Reform Performance Contract could be envisaged. In the meantime, indirect management with PAHO is proposed as the main

¹² https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

implementation modality because of their 43-year experience of work in Guatemala supporting national efforts to implement policies and programmes, aimed at strengthening the capacity and effectiveness of the health system to achieve universal access to health services with quality, equity and cultural relevance. PAHO is already working with the Ministry in the finalisation of the new PHC model, and the MoH has expressed its preference for PAHO for supporting its implementation in the four prioritised departments. The Budget support programme could scale up the pilot experience to other areas of the country. Moreover, PAHO has strong experience of working at community level for the implementation of the “1000 days window” through two UN joint programmes in other departments of the country (see section 3.1).

The entrusted entity would carry out the following budget-implementation tasks: according to its own procedures, PAHO will ensure the recruitment of the necessary project team and eventual experts on the different technical aspects of the assistance to the Ministry and capacity building, as well as procurement of material and necessary equipment for the health services. PAHO will carry out payments to contractors and recovery of undue payments. PAHO will ensure proper monitoring of the activities and results as well as the necessary reporting. PAHO will also guarantee that the action is implemented in straight coordination and complementarity of the national efforts as well as donor’s interventions guided by the ENPDC.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Budget Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3.1.1. – Indirect management with PAHO	20 000 000	0
Total	20 000 000	0

5.6 Organisational set-up and responsibilities

The action will be implemented by PAHO, however country ownership and leadership will be a leading principle underpinning the programme. The action will be embedded in the health and FNS national policies, and therefore the Ministry of Health and the SESAN will be the main counterparts of PAHO for the implementation of the action and its monitoring. The EU Delegation in Guatemala will closely follow-up the operational and technical implementation and will be in charge of the administrative management of the Delegation Agreement with PAHO.

The organisational set-up of the action will include: a Steering Committee and a Technical Committee at central level as well as the establishment of project field units that will be integrated in the Health Area Directorates teams.

a- **Steering Committee:** This is the key body within the governance structure, which is responsible for the strategic direction of the programme and the oversight of the processes that are essential to ensuring the delivery of the project outputs and the attainment of the programme outcomes. The Steering Committee will meet twice a year and its functions include approving annual operational plans and budgets to be submitted to the EU, defining and realizing outcomes, monitoring risks and project performance, proposing corrective actions for deviations from plans, and assessing requests for changes to the scope of the project. The membership of the Steering Committee consists of: 1) a delegate of the office of the MoH who will chair the meetings; 2) a delegate of the EU; 3) the PAHO/WHO Representative in Guatemala as the implementing partner; 4) the Secretary of SESAN or delegate; 5) A representative of the civil society; 6) Planning Secretariat (SEGEPLAN). The programme manager will participate as secretary of the Steering Committee, presenting progress reports and address any questions raised by members. Linkages will be ensured with the national coordination mechanism in FNS, CONASAN, where SESAN, MoH, EU and civil society participate along with the other line ministries.

b- **Technical Committee:** The technical committee will meet quarterly and will be responsible for the day-to-day oversight of project implementation and for providing technical assistance to the Steering Committee. The composition of the technical committee is: 1) the project manager who will chair the meetings; 2) a delegate of the PAHO/WHO Country Office; 3) a delegate of the EU; and 4) the directors of the participant Health Areas Directorates and a delegate of the central level of the Ministry of Health.

c- **Field offices:** A project office will be established in every Health Area Directorate of the project. They will be in charge of day-to-day operations of the project in the field and will

closely work with the Health Districts at municipal level. They will participate in the local FNS and development inter-sectoral coordination mechanisms at municipal level.

5.7 Performance monitoring and reporting

Monitoring will be based on the indicators following EU guidelines and standards. Progress monitoring will be based on the logical framework and the established indicators. Some of these indicators require a baseline survey and a final data collection survey. The implementing partner will be responsible for implementing these surveys in coordination with the MoH. Such surveys will be funded by the Action and have been included in activity R1.A8 of the Action

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (per semester) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

In case a mid-term evaluation is foreseen: It will be carried out for problem solving, learning purposes, in particular with respect to the intention to launch a Budget Support programme that will scale-up the pilot intervention.

In case a final or ex-post evaluation is foreseen: It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action will be piloting a new model for primary health care.

Where an evaluation is foreseen and is to be contracted by the Commission: The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹³

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

#REF!	Results chain	Indicators	Baselines (incl. reference year)				Targets	Sources and means of verification	Assumptions
			Year/ref	Huehue	Qui	AV			
Overall objective: Impact	Reduce malnutrition among adolescent girls, women of reproductive age, and children under 5 years of age, with emphasis on the first 1000 days, in prioritized municipalities of Huehuetenango, Quiché, Chiquimula and Alta Verapaz Departments.	% children aged < 5 years with chronic malnutrition**	ENSMI 2014-2015	68%	69%	50%	56%	Decrease of 3 percentage points at end-line	ENSMI 2020
		% children aged < 2 years with chronic malnutrition	ENSMI 2014-2015	63%	58%	37%	45%	Decrease of 3 percentage points at end-line	ENSMI 2021
		Cumulative incidence (per 10,000) of acute malnutrition among children aged < 5 years (cumulative incidence through epidemiologic week 52 per Health Area Directorate)**	SIGSA (2017)	52%	27%	42%	100%	Decrease of 5 percentage points at end-line	SIGSA (Sistema de información Gerencial en salud) of MoH
		% children aged < 2 years classified as having acute malnutrition	ENSMI 2014-2015	1%	1%	1%	1%	Reduce by at least one-third at end-line	ENSMI 2020

¹³ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

		Infant mortality rate* (rate per 1000 live births)	ENSMI 2014-2015	49	25	29	51	Decrease of 3 percentage points at end-line	ENSMI 2020	
		Child mortality rate** (rate per 1000 live births)	ENSMI 2014-2015	62	38	4	67	Decrease of 3 percentage points at end-line	ENSMI 2020	
		% low birthweight (< 2.5Kg) live births	ENSMI 2014-2015	14%	16%	16%	19%	Decrease of 3 percentage points at end-line	ENSMI 2020	
		Prevalence of acute diarrheal diseases in children aged < 5 years	ENSMI 2014-2015	18%	15%	20%	5%	Decrease of 5 percentage points at end-line	ENSMI 2020	
		% women aged 15-49 years classified as having anaemia	ENSMI 2014-2015	11%	12%	17%	16%	Decrease of 5 percentage points at end-line	ENSMI 2020	
		% children aged < 5 years classified as having anaemia	ENSMI 2014-2015	35%	28%	31%	40%	Decrease of 10 percentage points at end-line	ENSMI 2020	
Specific objective(s):		% women of reproductive age (15-49 years) who have their need for family planning met with modern methods	ENSMI 2014-2015	34%	30%	37%	34%	10 point increase at end-line	ENSMI	Political and social stability of the country. Commitment to continue ENPDC implementation is maintained. Favourable climate conditions
		% pregnant women who received Antenatal care by skilled health personnel	ENSMI 2014-2015	79%	91%	94%	90%	Increase 5 percentage points at end-line	ENSMI 2020 SIGSA 3	
		% pregnant women with the first antenatal care visit within the first trimester of pregnancy*	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	80% of pregnant women at end-line	MoH/SIGSA	
		% live births delivered in a health facility	ENSMI 2014-2015	39%	36%	56%	50%	Increase 5 percentage points at end-line	ENSMI 2020 SIGSA 1	

	Among women aged 15-49 years with a live birth in the last 2 years, % women who did <i>not</i> receive postnatal care within 2 days from delivery	ENSMI 2014-2015	27%	33%	26%	45%	Decrease 5 percentage points at end-line	ENSMI 2020	
	Among live births in the last 2 years, % neonates who received postnatal care within 2 days from delivery	ENSMI 2014-2015	12%	10%	6%	9%	Increase 10 percentage points at end-line	ENSMI 2020	
	% children aged < 5 years with ARI in the last 2 weeks for whom advice or treatment was sought from a health care worker or health facility	ENSMI 2014-2015	48%	36%	46%	52%	Increase 5 percentage points at end-line	ENSMI 2020	
	% children aged < 5 years with diarrhoea in the last 2 weeks for whom advice or treatment was sought from a health care worker or health facility	ENSMI 2014-2015	48%	44%	32%	44%	Increase 5 percentage points at end-line	ENSMI 2020	
	% children aged < 5 years with diarrhoea in the last 2 weeks who received ORT (oral rehydration treatment)	ENSMI 2014-2015	63%	52%	47%	59%	Increase 10 percentage points at end-line	ENSMI 2020	
	% women aged 15-49 years with a live birth in the last 5 years who know of ORS (Oral rehydration salts) packs	ENSMI 2014-2015	86%	87%	86%	92%	Increase 5 percentage points at end-line	ENSMI 2020	
	% children born within the last 2 years who initiated breastfeeding within 1 hour of birth	ENSMI 2014-2015	72%	80%	76%	76%	Increase 5 percentage points at end-line	ENSMI 2020	
	% Women who have knowledge of good hand washing practices	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	

		% Women with good knowledge of hygiene practices INSIDE the home	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		% Women with good knowledge of hygiene practices OUTSIDE the home	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		% Women with knowledge of importance of using a latrine or toilet	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		% Women with knowledge of safe water	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		% Homes with safe water	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		% Homes with good use of latrine or toilet	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	Project surveys	
		Rate of exclusive breastfeeding in the first six months*	ENSMI 2014-2015	n.a.	n.a.	n.a.	n.a.	60% at end-line	ENSMI and project monitoring system	
		% children aged 12-23 months with full immunization coverage	SIGSA	44%	70%	49%	70%	95% of children aged 12-23 months in 80% of targeted districts at end-line	SIGSA	
Outputs	R1. Enhanced MoH capacity and strengthened systems for the management, implementation, and scale-up of a comprehensive Primary Health Care and Management Model at national-, Health Area Directorate-, Health District-, and health	Number of health units that implement the Primary Health Care and Management Model	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	Government's commitment to implement the new model of primary health care is maintained. Active participation of municipalities and line ministers at local level
		Number of trained health staff for comprehensive health care	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number of health units with an operating information system	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	

	facility—level within and beyond in the 22 selected municipalities.	Number of health districts with an improved logistics system implemented	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number of health personnel trained on planning and health management at the central MOH level	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number of policies and guidelines formulated and implemented for the organization of integrated health systems	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number municipalities with municipal plans focusing on nutritional health	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	80% of the municipalities at end-line	MoH/Municipalities	
		Number of decision makers per Health Area Directorate with whom evidence based good practices were systematized and socialized	Project baseline in 2019	0	0	0	0	At least 1 systematization per Health Area at the end of the project	PAHO/Project surveys	
		Number of Health Posts and Health Centres who implement MoH clinical history forms and norms	Project baseline in 2021	0	0	0	0	To be defined based on the baseline results	MoH	
R2. Enhanced community participation and knowledge on adequate nutrition and services to prevent malnutrition.		Number of mothers and fathers, of children under the age of 2 who have received information on health promotion and prevention of malnutrition	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH and Project surveys	Active participation of COMUSANES and COCOSANES
		Number of mother-to-mother support groups assisted by the intervention	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH and Project surveys	
		Number of adolescents groups assisted by the intervention	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH and Project surveys	Interest of community members and leaders in the project activities

	Number of community health commissions assisted by the intervention	Project baseline in 2019	n.a	n.a	n.a	n.a	At least one community health commissions in 80% of the health districts at end-line	MoH and Project surveys		
		Project baseline in 2019	n.a	n.a	n.a	n.a	To be defined based on the baseline results	MoH and Project surveys		
		Project baseline in 2019	n.a	n.a	n.a	n.a	80% of the households informed on healthy housing at end-line	MoH and Project surveys		
	R3. Increased access and use of PHC services by the target population in 22 prioritized municipalities.	Number of health posts delivering the full package of 1,000 days window interventions	Project baseline in 2019	n.a.	n.a	n.a.	n.a.	100% at the end of the project		MONIMIL survey (SESAN) and MoH
		Number of children aged 13-24 months who receive 2 multiple micronutrient powder deliveries with the intervention's support	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results		MoH
		Number of children aged < 1 year who receive a dose of vitamin A with intervention support	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results		MoH
		Number of children aged < 5 years with diarrhoea in the previous two weeks who received zinc with the intervention's support	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results		MoH
Number of children aged 1 to 2 years who receive deworming scheme, according to national guideline with the intervention's support	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH			

		Number of pregnant women who receive iron and folic acid supplementation with the intervention's support	SIGSA	76%	83%	89%	87%	To be defined based on the baseline results	SIGSA	
		% children aged < 2 years with growth and infant development checks with the intervention support	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number of health workers applying updated norms and protocols in reproductive, maternal, new-born and child health	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	
		Number of maternal and child health home visits by health workers	Project baseline in 2019	n.a.	n.a.	n.a.	n.a.	To be defined based on the baseline results	MoH	

**ANNEX1: PRIORITIZED MUNICIPALITIES FOR THE PROJECT WITH THE MINISTRY OF HEALTH, EUROPEAN UNION AND PAHO
2019-2022**

No.	DAS	Municipio	Coberturas de SPR 2 (Año 2017)	Población menor de 5 años de Edad	Prevalencia de DC (Año 2015)	Categoría de DC (Año 2015)	Población General (INE)
1	ALTA VERAPAZ	COBÁN	42	54,164	35.7	ALTA	289,421
2	ALTA VERAPAZ	SAN JUAN CHAMELCO	68	12,941	51.9	MUY ALTA	57,905
3	ALTA VERAPAZ	SAN CRISTÓBAL VERAPAZ	77	13,191	60.7	MUY ALTA	60,760
4	ALTA VERAPAZ	TACTIC	81	7,715	54.7	MUY ALTA	35,174
5	ALTA VERAPAZ	TAMAHÚ	82	4,622	57.5	MUY ALTA	20,047
6	ALTA VERAPAZ	SANTA CRUZ VERAPAZ	86	9,407	46.5	ALTA	50,299
7	CHIQUIMULA	JOCOTÁN	73	11,790	67	MUY ALTA	69,519
8	CHIQUIMULA	CHIQUIMULA	85	18,002	42.9	ALTA	106,450
9	CHIQUIMULA	SAN JUAN LA ERMITA	88	2,484	47.6	ALTA	14,342
10	CHIQUIMULA	OLOPA	124	4,935	65.7	MUY ALTA	29,113
11	CHIQUIMULA	CAMOTÁN	133	10,705	55.2	MUY ALTA	63,083
12	HUEHUETENANGO	BARILLAS	45	30,063	64.5	MUY ALTA	185,408
13	HUEHUETENANGO	SAN JUAN IXCOY	66	5,118	63.3	MUY ALTA	31,461
14	HUEHUETENANGO	SAN MATEO IXTATÁN	60	7,199	78.5	MUY ALTA	44,493
15	HUEHUETENANGO	SAN PEDRO SOLOMA	99	9,348	48	ALTA	57,996
16	HUEHUETENANGO	SAN RAFAEL LA INDEPENDENCIA	59	1,980	74	MUY ALTA	12,277
17	HUEHUETENANGO	SAN SEBASTIÁN COATÁN	70	4,545	64	MUY ALTA	28,004
18	HUEHUETENANGO	SANTA EULALIA	57	9,206	71.5	MUY ALTA	57,887
19	HUEHUETENANGO	SAN MIGUEL ACATÁN	109	4,340	76.2	MUY ALTA	26,900
20	IXIL	CHAJUL	97	13,842	72	MUY ALTA	67,936
21	IXIL	NEBAJ	112	21,592	61.9	MUY ALTA	106,236
22	IXIL	SAN JUAN COTZAL	101	6,635	69.1	MUY ALTA	32,587
Promedios y Totales			82	263,825	60	MUY ALTA	1,447,298



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ANNEX II

of the Commission Implementing Decision on the financing of the annual action programme 2019 – part I - in favour of Guatemala to be financed from the general budget of the Union

Action Document for “Programa de apoyo al Empleo Digno en Guatemala”

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 110 (2) of the Financial Regulation in the following sections concerning calls for proposals: 5.3.1.1; and in the following sections concerning grants awarded directly without a call for proposals: n/a.

1. Title/basic act/ CRIS number	“Programa de apoyo al Empleo Digno en Guatemala” (Programme to support decent employment in Guatemala) CRIS number: LA/2018/40889 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	Guatemala The action shall be carried out at the following location: Guatemala	
3. Programming document	Multi-annual Indicative Programme for Guatemala 2014-2020	
4. Sector of concentration/ thematic area	Competitiveness	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 16.675 million ² Total amount of EU budget contribution EUR 15 million This action is co-financed in joint co-financing by:	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

² See section 5.5

	<p>- Guatemala for an amount of EUR 1 million;</p> <p>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 0.675 million.</p> <p>The contribution is for an amount of EUR 15 million from the general budget of the European Union for 2019, subject to the availability of appropriations following the adoption of the relevant budget.</p>			
6. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Indirect management with Guatemala</p> <p>Direct management – procurement of services grants – call for proposal</p>			
7 a) DAC code(s)	16020 - Employment policy and administrative management (100 %)			
b) Main Delivery Channel	Recipient Government – 12000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	■
	Aid to environment	■	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	■	<input type="checkbox"/>
	Trade Development	■	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	■	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	■	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	■	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	■	<input type="checkbox"/>	<input type="checkbox"/>	
9. Global Public Goods and Challenges (GPGC) thematic flagships	n/a			
10. Sustainable Development Goals	<p>Main SDG Goal(s): N° 8</p> <p>Secondary SDG Goal(s): N° 4 and N° 1</p>			

SUMMARY

Guatemala faces serious employment challenges which are reflected in the country's constantly growing working-age population. The country's main employment challenge is not unemployment but the high level of informal employment and the poor quality of employment. In fact, 69.7% of people work in the informal sector, only 3 out of 10 persons have access to social protection and their income is low (on average 25.69% lower than the minimum wage). These facts reveal the vulnerability of employment and the lack of decent and productive work opportunities for the majority of Guatemalans. In order to tackle this problem, the Guatemalan Government officially launched the National Policy for Decent Employment 2017 – 2032 (PNED). The guiding principles of this policy are human rights, decent work, tripartite social dialogue, gender equality, inclusiveness, sustainability, shared responsibility and territorialisation. The PNED's components are: (1) Employment generation; (2) Development of human capital; (3) Favourable environment for the development of enterprises; and (4) Transition to formality. Its legal framework is based on Guatemala's Constitution, the Organic Law of the Executive (decree 114-97), the Labour Code (decree 1441) and the International Conventions signed and ratified by Guatemala, including the main International Labour Organisation (ILO) Conventions. The PNED's objective and expected results coincide with the New European Consensus on Development (2017) and are also in line with Title VIII of Part IV of the EU-Central America Association Agreement, which deals with Trade and Sustainable Development.

The proposed Programme builds upon the achievements of the Youth Employment Programme (*Empleo Juvenil* - LA/2011/023514), which substantially contributed to the development of the PNED. In fact, all four components of the policy will be tackled through the Programme. The proposed Programme's overall objective is to reduce poverty in Guatemala particularly for young people and women and its specific objective is "increased decent employment opportunities for all, particularly for young people and women, in line with the National Policy for Decent Employment 2017 – 2032". Its expected results are: (R1) The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened (covers actions related to components 3 and 4 of the PNED); (R2) Employability of targeted beneficiaries has been improved (related to component 2 of the PNED); and (R3) Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced (encompasses actions related to component 1 of the PNED).

Key stakeholders include: (i) the Government of Guatemala, particularly, the Ministries of Labour, Economy and Education, which lead the implementation of the PNED; (ii) Social partners, trade unions and employers' organisations together with the Government carry out tripartite social dialogue; (iii) the Private sector (including Business Membership Organisations) plays a key role on the labour market's demand side; (iv) the Academia is extremely important in fostering a good match between the labour market's supply and demand by ensuring that the education curricula adequately prepare workers, particularly younger ones, for employment; (v) the Technical Training Institute (INTECAP), is the leading technical education and vocational training institution in the country; (vi) Municipalities, provide public employment services at the local level; (vii) Entrepreneurship development organisations, provide advice, technical assistance and training services to entrepreneurs to guide and support them in the initial stages of their ventures; and (viii) the International Labour Organisation (ILO), promotes international labour standards, social dialogue and the decent work agenda.

The Programme will be implemented following a rights-based approach. A special emphasis will be given to promoting inclusiveness and the participation in planned activities of young people, women, and persons with disabilities, particularly those who are indigenous and live in rural areas. The aid modality of the Programme is Project modality given that the policy eligibility criterion for a Budget Support contract is not yet met, since the (PNED) still lacks a monitoring and evaluation system to assess its performance. However, it is worth noting that activity 1 of Result 1 of this programme will support the Government to develop a policy monitoring framework so in the mid-term a Sector Reform Performance Contract could be envisaged. In the meantime, the implementation modality proposed for this Programme is: indirect management with Guatemala (the Ministry of Economy as lead beneficiary-implementing institution and the Ministry of Labour and the Ministry of Education as co-beneficiaries) and direct management (procurement of services and grants – call for proposal), this is the implementation modality that has proven successful in the Youth Employment Programme³.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Guatemala is the most populated country in Central America and is the largest economy in the region. It is a multicultural country that has a young and fast growing population (around 16 million people), with approximately 70% of inhabitants under 30 years of age, 41% of them being indigenous, mainly of Mayan ancestry. The country is extremely vulnerable to natural disasters, including earthquakes, volcanic activity and hurricanes and is one of the most vulnerable countries to climate change in the world.

Guatemala suffered a 36 year long armed conflict that ended in 1996 with the signature of the Peace Accords and since then struggles to become a democracy fully based on the rule of law. Despite the political instability the country has endured since 2015 caused by the high level corruption cases, that resulted in the resignation and prosecution of the former President and Vice-president of the country, and that continue to be unveiled by the Prosecutors' Office and CICIG⁴, the fundamental pillars of Guatemala's economy remain stable. Nevertheless, economic growth slowed slightly to 2.8% in 2017. Economic uncertainty which negatively impacted investment fuelled by the political instability and limited Government spending contributed to the slowdown. On the positive side, remittances inflows increased significantly in 2017 (currently amounting to 10.9% of GDP) and international trade also gained momentum. For 2018, the

³ The only difference is that the Youth Employment Programme does not include a Call for Proposals. Nevertheless, such a Call has successfully been carried out by the Support to Competitiveness enhancement of MSMEs and Cooperatives Programme (DCI/ALA/2014/034-127), which is also implemented by the Ministry of Economy.

⁴ UN backed International Commission against Impunity in Guatemala.

International Monetary Fund projects growth to pick up to 3.2% mainly due to higher external demand for Guatemalan goods and services.

The financial situation of the country also remains stable. However, low levels of tax revenues continue to be a cause of concern. In fact, the tax revenues to GDP ratio reached only 10.2% of GDP in 2017, the lowest in Latin America. Since the Government took measures to constrain public expenditure during the year, the fiscal deficit remained in check (1.3% of GDP) and the country's public debt remained almost unchanged at 24% of GDP.

In order to significantly raise the tax revenues to GDP ratio to at least 15% as recommended by the IMF in its last Article IV report⁵, a comprehensive tax reform is needed. However, the short-term outlook for the implementation of a fiscal reform to significantly increase tax revenues remains unclear, as the current political situation is not conducive for one: the Executive does not have enough political capital, lacks the necessary support in Congress and elections will take place in mid-2019.

In the meantime, with EU support, the Guatemalan Government is working on strengthening its Public Financial Management system. For this purpose a new Guatemala PEFA evaluation started in the second semester of 2017. The Government is committed to preparing a comprehensive PFM reform plan based upon the results of this assessment. The EU Delegation will take this opportunity to deepen its dialogue with the authorities and support the Ministry of Finance's efforts to implement the upcoming PFM reform strategy. Dialogue will be carried out as much as possible jointly with development partners of the G13 group of donors, notably the World Bank, the Inter-American Development Bank and the International Monetary Fund (IMF) (CAPTAC-DR).

The aforementioned combination of limited tax revenues and low public spending hinders the Government's ability to increase much needed investment in social programmes and to improve delivery of public services. This situation is particularly troubling for Guatemala, which is a very unequal country⁶ with a medium level of human development⁷, a high level of poverty (59.3% of the population in 2014) and facing such social challenges as an extremely high rate of stunting in children under five years old⁸, notably among the indigenous population who predominantly lives in rural areas.

Another challenge to reducing poverty in Guatemala is corruption, which is reflected in the country's low ranking (25 percentile) in the indicator on control of corruption of the most recent (2016) World Bank's Worldwide Governance Indicators and in the 2017 Corruption Perception Index (143 out of 180 countries) by Transparency International. In order to contribute to the fight against corruption, the EU continues to financially support CIGIG and is financing a census of

⁵ <http://www.imf.org/en/Publications/CR/Issues/2018/06/08/Guatemala-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-45955>

⁶ Gini index: 48.3 in 2014 (World Bank).

⁷ Guatemala's ranking: 125 out of 188 countries (UNDP Human Development Report 2016).

⁸ 46.5%.

Government workers that will enhance transparency in the Government's payroll and human resources management system, the latter through an Administration Agreement with the World Bank.

Regarding employment, Guatemala faces serious challenges which will be further analysed in section 1.1.3. The scope of these challenges is reflected in the country's constantly growing working-age population. In fact, in 2017 it reached an estimated 11.5 million people (over 66.9% of the entire population compared to 63.1% in 2012) and by the also growing number of people inside the labour force (Economically Active Population⁹), which increased by 300,000 people in the same year¹⁰.

1.1.1 Public Policy Assessment and EU Policy Framework

In April 2017, the Ministry of Labour (MINTRAB), the Ministry of Economy (MINECO) and the Ministry of Education (MINEDUC), jointly with the Ministry of Social Development (MIDES), officially launched the National Policy for Decent Employment 2017 – 2032 (PNED)¹¹.

The objective of the PNED is to extend opportunities so that all Guatemalans have access to decent and productive employment, through an integrated effort of social and economic policies and the public and private sectors, that promotes inclusive and sustainable growth and poverty and inequality reduction, particularly of the indigenous population, people living in rural areas, women and young people.

It is aligned with the Peace Agreements and the National Development Plan "*Plan Nacional de Desarrollo K'atun: Nuestra Guatemala 2032*", the Government's General Policy 2016 – 2020, the Economic Policy 2016-2021 and other relevant public policies such as the National Entrepreneurship Policy, the National Youth Policy and the National Policy for MSME¹² development. The PNED is also in line with the National Training System for Employment (SINAFOL¹³) and the National Competitiveness Agenda.

The guiding principles of the PNED are human rights, decent work, tripartite social dialogue, gender equality, inclusiveness, sustainability, shared responsibility and territorialisation. The policy's components are:

(1) Employment generation: seeks to promote inclusive and sustainable economic growth that generates new formal enterprises and strengthens the existing ones in order to create decent employment.

⁹ *Población Económicamente Activa (PEA)* in Spanish.

¹⁰ Source: National Survey on Employment and Income, ENEI 3-2017 (<https://www.ine.gob.gt/>).

¹¹ *Política Nacional de Empleo Digno*.

¹² Micro, Small and Medium Sized Enterprises.

¹³ *Sistema Nacional de Formación Laboral*.

(2) Development of human capital: its objective is to promote that the labour force, under equal opportunities, has an adequate level of technical and professional training to obtain the necessary skills to access decent employment opportunities.

(3) Favourable environment for the development of enterprises: fosters a favourable environment for the development of sustainable enterprises, entrepreneurship and the improvement of conditions for small and micro entrepreneurs and own-account workers in order to generate decent employment opportunities, particularly for vulnerable groups of the population.

(4) Transition to formality: aims to facilitate the transition to formality of enterprises and workers that are currently in the informal economy so that workers may access decent employment opportunities and enterprises may increase their profitability and sustainability.

The PNED's legal framework is based on Guatemala's Constitution¹⁴, the Organic Law of the Executive (decree 114-97), the Labour Code (decree 1441) and the International Conventions signed and ratified by Guatemala, including the following ILO Conventions:

- Employment Policy Convention, 1964 (No. 122)
- Minimum Wage Fixing Convention, 1970 (No. 131)
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Equal Remuneration Convention, 1951 (No. 100)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)

The Ministries of Labour, Economy and Education (together with the Ministry of Social Development) make-up the National Commission on Decent Employment (CONED), which is responsible for the interinstitutional coordination for the implementation of the PNED. The CONED is supported by the Interinstitutional Technical Group for decent work known as MTI¹⁵, which is responsible for coordinating the implementation of the activities foreseen in the PNED. The MTI performs its function through subcommittees (at least one for each component of the Policy). The MTI is composed of representatives of the Ministries that make up the CONED and may incorporate representatives of other public and private sector institutions and trade unions

¹⁴ In particular, based on the constitutional principles laid out in the following articles of the Constitution: 100 (social security), 100 (right to work), 102 (minimum social rights of work legislation) and 106 (irrevocability of labour rights)

¹⁵ *Mesa Técnica Interinstitucional para el empleo digno y decente.*

and employers' organisations. Therefore, the MTI and its subcommittees are fora for tripartite social dialogue as well.

The PNED's objective and expected results coincide with the New European Consensus on Development (2017), which reiterates the European Union's commitment to poverty reduction and inclusive and sustainable growth with regard to Agenda 2030¹⁶, with a strong emphasis on human development and employment policies to achieve this objective. The Consensus stresses four key themes of intervention, two of which (people and prosperity), are directly linked to employment promotion efforts. On these topics the EU vows to support several measures, including the following:

- Ensure access to quality education for all as a prerequisite for youth employability and long-lasting development. Specifically, the EU and its Member States will support inclusive life-long learning and equitable quality education at all levels, including technical and vocational training, with special attention to education and training opportunities for girls and women.
- Meet the specific needs of youth, particularly young women and girls, by increasing quality employment and entrepreneurship opportunities, supported by effective policies in education, vocational training, skills development, and access to digital technologies and services.
- Unlock the potential of micro-, small- and medium-sized enterprises by facilitating access to information; fostering integration into value chains; and addressing financing gaps.
- Work with the private sector, including employers' and workers' organisations, to promote responsible and sustainable approaches, including through social dialogue.
- Promote labour standards that ensure decent employment conditions and decent wages for workers, both in the formal and informal sectors.

The PNED is also in line with Title VIII of Part IV of the EU-Central America Association Agreement, which deals with Trade and Sustainable Development. In fact in it, the EU and Central American countries, including Guatemala, reaffirm their commitment to promoting the development of international trade in such a way as to contribute to the objective of sustainable development and to ensuring that this objective is integrated and reflected at every level of their trade relationship. To this end, they recognise the importance of taking into account the economic, social and environmental best interests of not only their respective populations but also of future generations.

¹⁶ In 2011, the EC published its Agenda for Change, with the primary objective of significantly increasing the impact and effectiveness of EU development policy. Against this background, the Agenda calls for stronger emphasis on inclusive growth through the promotion of decent work.

Specifically, in article 286 the Parties recognise that full and productive employment and decent work for all, which encompass social protection, fundamental principles and rights at work and social dialogue, are key elements of sustainable development for all countries, and therefore a priority objective of international cooperation. In this context, the Parties also reaffirm their will to promote the development of macroeconomic policies in a way that is conducive to full and productive employment and decent work for all, including men, women and young people, with full respect for fundamental principles and rights at work under conditions of equity, equality, security and dignity.

In the same article, the EU and Central American countries also reaffirm their commitments to respect, promote, and realise in good faith and in accordance with the ILO Constitution, the principles concerning the fundamental rights which are the subject of the fundamental ILO Conventions, namely: (a) the freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation. Finally, they reaffirm their commitment to effectively implement in their laws and practice the fundamental ILO Conventions contained in the ILO Declaration of Fundamental Principles and Rights at Work of 1998, all of which as indicated earlier have been ratified by Guatemala.

1.1.2 Stakeholder analysis

Key stakeholders include:

- **The Government of Guatemala:**

Particularly, the Ministries of Labour, Economy and Education, which will be the main beneficiaries of the proposed Programme as these Ministries lead the implementation of the National Policy for Decent Employment (PNED):

- The Ministry of Labour (MINTRAB): oversees and promotes effective compliance with regulations, policies and programmes related to employment and social security. As such, it directs and guides the country's labour policy; promotes and guarantees the right to freedom of association; fosters social dialogue, promotes the improvement of occupational health and safety and social security; and vocational education and training. The Ministry of Labour presides over the National Commission on Decent Employment (CONED), which is responsible for the interinstitutional coordination for the implementation of the PNED. It also coordinates and supports the network of Municipal Employment Offices (VUMES¹⁷) located throughout the country, which provide training on soft skills for employment and job placement services at the local level. MINTRAB is also a co-beneficiary of the EU's Youth Employment Programme (*Empleo Juvenil DCI-*

¹⁷ There are also Youth Information Centers (*Centros de Información Juvenil –CIJ*) managed by the Ministry of Economy, which act just like a VUME but are not linked to a specific municipality and have a focus on attending young people.

ALA/2011/023-514). Moreover, this Ministry is in charge of following up the process related to the complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) described in section 1.1.3 of this action document.

- The Ministry of Economy (MINECO): supports the country’s competitiveness enhancement, fosters investment (local and foreign) and promotes MSME development and international trade. It manages the National Competitiveness Programme (PRONACOM) and the PROMIPYME centres, the latter provide business development services (i.e. technical assistance, advice and training) to MSMEs. MINECO also manages Entrepreneurship Promotion Centres and is responsible for the National Statistics Institute, the National Quality System and the Business Register. Currently the Ministry of Economy implements (as the main beneficiary) two EU programmes: the Youth Employment Programme (*Empleo Juvenil* DCI-ALA/2011/023-514) and the Support to MSME and Cooperatives’ competitiveness Programme (*Apoyo a la mejora de la competitividad y capacidad comercial de Mipymes y Cooperativas* LA/2014/34127). The former’s implementation phase ends in November 2018. In addition, MINECO is a member of the National Commission on Decent Employment (CONED).
- The Ministry of Education (MINEDUC): coordinates and implements Guatemala’s education policy including the National Training System for Employment (SINAFOL) and the various programmes related to education foreseen in the PNED. MINEDUC is also a co-beneficiary of the Youth Employment Programme (*Empleo Juvenil* DCI-ALA/2011/023-514). This Ministry is a member of the National Commission on Decent Employment (CONED) as well.
- The Ministry for Social Development (MIDES): manages social programmes especially targeted at vulnerable groups such as a money transfer programme to poor households to support children’s health and education and a vocational training scholarship programme for young people. This Ministry is also a member of the National Commission on Decent Employment (CONED).
- **Social partners**: trade unions and employers’ organisations together with the Government carry out tripartite social dialogue¹⁸. The country’s compliance with international labour standards is part of this dialogue. In fact, trade unions and employers’ organisations oversee and cooperate with the implementation of the latest decision by the ILO’s Governing Body regarding the complaint concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention (No. 87, see section 1.1.3 of this action document). Trade unions also perform a key role by promoting labour standards and decent employment conditions and decent wages for workers. They will ensure that the PNED’s guiding principles are respected during its implementation. Also, civil society

¹⁸ Whenever possible, representatives of membership-based representative organizations of workers and economic units in the informal economy also participate in this dialogue.

contributes to social dialogue, particularly think tank organisations with expertise on labour related issues such as ASIIES, by promoting decent work in the country.

- **Private sector:** private companies play a key role on the labour market's demand side. In addition, business membership organisations¹⁹ (BMOs) provide business development services to MSMEs and may supply valuable information on workers' educational preparation and technical skills needed for employment on growing sectors of the economy. Moreover, these private actors are foreseen to be important allies to the proposed Action as it was the case with the Youth Employment Programme (see section 3.1).
- **Academia:** universities and other academic institutions are extremely important in fostering a good match between the labour market's supply and demand by ensuring that the education curricula adequately prepare workers, particularly younger ones, for employment.
- **Technical training institute (INTECAP):** is the leading technical education and vocational training institution in the country. In fact, it is the only organisation that can deliver technical education and vocational training and certifications all over the country. It is a public decentralized institution with high private sector involvement (representatives of the private sector are members of its board of directors). INTECAP currently implements contract (LA/2015/366-080) of the Youth Employment Programme, to train and certify 9,200 young people in different areas to enhance their skills for employment (i.e. whether to fill an available job position or establish a micro enterprise).
- **Municipalities:** provide public employment services at the local level through the Municipal Employment Offices (*Ventanillas Municipales de Empleo –VUMES-*), specifically job placement services and soft skills training for employment.
- **Entrepreneurship development organisations²⁰:** provide advice, technical assistance and training services to entrepreneurs to guide and support them in the initial stages of their ventures. Some also provide financial services to new enterprises.
- **The International Labour Organisation (ILO):** promotes international labour standards, social dialogue and the decent work agenda. It will also support the Government (e.g. by providing technical assistance) to comply with the latest decision by the ILO's Governing Body (see following section 1.1.3).

¹⁹ Such as cooperatives, business chambers, associations of cooperatives, producers, exporters or service providers, foundations and alike that provide business development services or support to micro, small and medium sized enterprises, cooperatives or groups of producers or service providers, contributing to the development of the economy

²⁰ Such as Alterna, Fundap, TechnoServe, SocialLab and FundaSistemas, among others. Many have executed grants of the LAIF *Iniciativa DINAMICA* Regional Programme described in section 3.2 (Programme for Entrepreneurial Development and Promotion of MSME in Central America - Project ID: LAIF-19).

1.1.3 Priority areas for support/problem analysis

Guatemala's main employment challenge as evidenced by the latest National Survey on Employment and Income (ENEI) is not unemployment (only 2.1%) but the high level of informal employment and the poor quality of employment. In fact, 69.7% of people work in the informal sector, particularly in rural areas where over 80.8% of the workforce carries out informal productive activities. Informal employment is higher among women, reaching 73.4% at the national level and among indigenous people (82.4%). Informal employment is also high (68.4%) among young people (15 – 29 years old).

Furthermore, 68.2% of salaried workers do not have a work contract and only 31.6% have access to social protection (for example, are affiliated with the Guatemalan Social Security Institute) and their income is low, averaging Q. 2,150 per month equivalent to approximately 247 EUR. This is 25.69% lower than the minimum wage and is not enough to cover basic needs. For instance, the cost of the basic food basket for an average household²¹ is Q. 3,552 which is 1.65 times a worker's average monthly income.

Guatemala also faces the fundamental challenge of strengthening education and vocational training. This is crucial considering that according to the most recent available data only 27.9%, of the population in the 20 – 24 age range have completed secondary school²². This lack of academic preparation places young Guatemalans in a very disadvantageous position to access decent work opportunities. The survey also highlights that having limited education and training (technical and soft skills) is the second main difficulty to finding work (second only to the lack of experience) for young people in Guatemala.

However, simply increasing the number of educated and trained young people is not enough. It is extremely important that educational and training curricula match the labour market's needs so that young people have the skills needed for available jobs and thus increase the probability of being employed. Improving this synergy will close the gap between the demand for qualified workers by enterprises and the supply of workers with specialised technical skills.

All of the above reveal the vulnerability of employment and the lack of decent and productive work opportunities for the majority of Guatemalans as most work in the country does not meet the characteristics of decent work, which is defined by the International Labour Organization (ILO) as “productive work for women and men in conditions of freedom, equity, security and human dignity. Decent work involves opportunities for work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers prospects for personal development and encourages social integration; gives people the

²¹ Household: of 4.77 members.

²² *Ciclo diversificado* in Guatemala (10°, 11°, 12° and 13° grades).

freedom to express their concerns, and to organise and to participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all”²³.

Finally, regarding Guatemala’s compliance with international labour standards, in 2012 during the 101st Session of the International Labour Conference, workers’ delegates filed a complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). This process could lead to the appointment of a Commission of Inquiry by the Governing Body of the ILO.

Since then, progress in addressing the causes that led to the complaint has been achieved. Notably, a roadmap to tackle key issues was agreed and in November 2017 a National Tripartite Agreement was made between the country’s social partners. The main points of the roadmap are:

(Point 1) Follow-up of the investigation into the 58 murders of trade union members reported to the ILO;

(Point 2) The timely trial and conviction of the perpetrators and instigators of the crimes in order to ensure intolerance towards impunity;

(Point 3) Strengthen the prevention, protection and response mechanisms in respect of threats and attacks against trade union officials, unionized workers and others seeking to organize themselves in trade unions;

(Point 4) The promotion of the direct participation of victims and trade union organizations throughout the criminal investigation and proceedings;

(Point 5) The Government shall take urgent action, in consultation with the tripartite constituents, to propose amendments to the Labour Code and the other relevant laws, incorporating the amendments which have long been proposed by the ILO supervisory bodies;

(Point 7) In order to strengthen the rule of law in Guatemala, it is important and urgent that the rulings of the labour courts are observed and executed;

(Point 8) It is necessary to take measures to strengthen state institutions, including the Ministry of Labour and Social Welfare, the Public Prosecutor’s Office, the Specialized Human Rights Unit of the Ministry of the Interior, the judiciary, the legislature, the Human Rights Ombudsman, as well as the social partners, in the areas of freedom of association and collective bargaining, and in matters related to social dialogue;

²³ Definition of “decent work” Box 1.1, p.1, Concept Paper No 6 Promoting employment and decent work in development cooperation, Volume 1: concepts and foundations. Directorate-General for International Cooperation and Development European Commission, Brussels • Luxembourg, January 2018.

(Point 9) A major awareness-raising campaign on freedom of association, the right to work and the right of workers and employers to organize should be launched throughout the country

Upon request of the ILO's Governing Body made during its 332nd Session of March 2018, a report on the progress achieved on the implementation of the aforementioned Tripartite Agreement was submitted by the Government and trade unions. It highlighted the following:

- Establishment and functioning on 4 February 2018 by Ministerial Order 45-2018, of the National Tripartite Committee on Labour Relations and Freedom of Association and its three Subcommittees namely on: (i) Implementation of the roadmap; (ii) Mediation and dispute settlement and (iii) Legislation and labour policy.
- Agreements reached in February 2018 regarding legislative reforms, specifically the right to organize of public sector workers who are subject to temporary contracts and special schemes; the definition of the list of essential services in which strikes are prohibited; and the revision of two provisions of the Penal Code so that participation in a legal strike cannot incur penalties.
- The re-examination by the Subcommittee on Legislation and labour policy of the National Tripartite Committee of two pending items on legislative reform, relating to strike ballots and sectoral trade unions.

In June 9th 2018 in its 333rd session, the ILO's Governing Body considering the progress achieved, in particular the establishment and functioning of the National Tripartite Committee on Labour Relations and Freedom of Association, urged the Government and the Guatemalan social partners, with the support of the International Organisation of Employers and the International Trade Union Confederation and the technical assistance of the (ILO) Office and of its representative in Guatemala, to continue the ongoing discussions with a view to submitting to the National Congress for approval a legislative proposal in full compliance with point 5 of the roadmap. In addition, it decided the following:

- Urged the parties involved to continue to devote all the efforts and resources necessary to achieve the complete implementation of the other aspects of the national agreement aimed at settling the unresolved matters in the complaint and the roadmap;
- Requested that a comprehensive technical assistance programme to support the National Tripartite Commission on Labour Relations and Freedom of Association be prepared;
- Welcomed the agreement for a tripartite mission to observe progress and make recommendations with a view to ensuring that the commitment included in the roadmap, particularly the amendments to the labour code, are taken into consideration in accordance with the national tripartite agreement reached in November 2017;

- Encouraged the international community to contribute to the abovementioned technical assistance programme by providing the necessary resources; and
- Declared that it trusts that the required progress in all the areas above will allow closure of the procedure initiated under article 26 of the ILO Constitution at its 334th Session (October–November 2018).

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of political will to implement the National Policy for Decent Employment 2017 – 2032 (PNED) by the next Government (elections will be held in mid-2019)	M	<ul style="list-style-type: none"> • The PNED is legally supported in Guatemala’s Constitution (namely articles: 100 – social security, 101 – right to work, 102 – minimum social rights of labour legislation and 106 – irrevocability of labour rights), the Organic Law of the Executive (decree 114-97) which lays out the responsibilities and obligations of the Ministry of Labour, the Labour Code (decree 1441) and the International Conventions signed and ratified by Guatemala (see section 1.1.1). Furthermore, the current Government is in the process of issuing a Government decree to back the PNED. • Political dialogue with main political parties and continued dialogue with key stakeholders of the private sector, academia and civil society to promote increased appropriation of the PNED. • Ensure common political messages through the donor coordination group G13 and through the implementation of the joint programming (within EU).
Insufficient funds allocated by the Government to implement the PNED	M	<ul style="list-style-type: none"> • Increased political dialogue with Government authorities, particularly with (i) the relevant line Ministries; (ii) the Ministry of Finance within the framework of the support being given

		to this Ministry to strengthen the country's public finance management system based upon the results of the last PEFA assessment ²⁴ ; and with (ii) the Tax Administration (SAT) to support efforts to increase domestic revenue mobilisation.
Difficulty of reaching vulnerable beneficiaries	M	<ul style="list-style-type: none"> Develop a custom made incentives system²⁵ to facilitate the participation of vulnerable beneficiaries (i.e. indigenous young people -men and women- who live in rural areas and persons with disabilities) in the programme's activities, particularly in vocational education and training activities foreseen for expected Result N° 2.
Conflict and violence particularly the one related to trade union activists and the limitation to freedom of association	M	<ul style="list-style-type: none"> The proposed Programme will include an activity (R1.A6) to foster social dialogue and support the implementation of the comprehensive technical assistance programme to be led by the ILO and supported by the International Organisation of Employers and the International Trade Union Confederation to support the National Tripartite Commission on Labour Relations and Freedom of Association and the full implementation of Guatemala's commitments foreseen in the framework of the ongoing negotiations to solve the complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection

²⁴ The PEFA assessment Guatemala 2017 has been financed by the EU. The process has been supported by the PEFA Secretariat, the World Bank and the Inter-American Development Bank. The final report has been submitted to the Guatemalan Government in early June 2018.

²⁵ For example, incentives could involve extending the coverage of scholarships to include financial support for transportation to the regional training centres and meals. In case of persons with disabilities, specific training programmes to meet their needs could be developed.

		of the Right to Organise Convention, 1948 (No. 87).
Difficulties in interinstitutional cooperation and coordination between the Ministry of Labour, the Ministry of Economy and the Ministry of Education, which lead the implementation of the PNED	L	<ul style="list-style-type: none"> Continued political dialogue with Government authorities to support the consolidation of the National Commission on Decent Employment (CONED), which is responsible for the interinstitutional coordination for the implementation of the PNED. As well as of the Interinstitutional Technical Group for decent work (MTI), which supports the CONED by coordinating the implementation of the activities foreseen in the Policy. Set-up of a steering committee and other coordination measures to ensure involvement of key stakeholders.
Political instability	L	<ul style="list-style-type: none"> Continued dialogue with key stakeholders of the private sector, academia and civil society to promote increased appropriation of the PNED.
Lack of support of the PNED by the private sector, academia and civil society	L	<ul style="list-style-type: none"> Continued dialogue with key stakeholders of the private sector, academia and civil society to promote increased appropriation of the PNED and to encourage them to participate in the Technical Group for decent work (MTI). Invite representatives of relevant private sector, academia and civil society organisations to participate in the programme's steering committee.

Climate change and environmental vulnerability	L	<ul style="list-style-type: none"> The proposed programme fosters cleaner production (resource efficiency, clean technologies and energy efficiency), eco-friendly production systems and circular economy or eco-entrepreneurship (especially eco-innovation and eco-opportunity) to minimise any negative impact of the action on the environment.
<p>Assumptions</p> <ul style="list-style-type: none"> Political and social stability of the country. The Government’s continued commitment to implement the PNED. Support of the PNED by key stakeholders (private sector, academia and civil society). Working continuity of relevant members of technical staff in the main national institutions concerned in the implementation of the PNED. Effectiveness of public-private dialogue and partnerships. Favourable climate conditions (no major/disruptive natural disasters). 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Guatemala’s Ministry of Economy (in close coordination with the Ministry of Labour and the Ministry of Education who are co-beneficiaries) is successfully implementing²⁶ the Youth Employment Programme (*Empleo Juvenil* DCI-ALA/2011/023-514). The conclusions of the final report of the ROM assessment carried out in early 2017²⁷ highlight the Programme’s main achievements:

The Programme:

- fostered increased dialogue and interinstitutional coordination between the main Ministries involved in sectoral policies related to employment, which substantially contributed to the development of the National Policy for Decent Employment 2017 – 2032 (PNED). Furthermore, this resulted in the creation of the Interinstitutional Technical Group for decent

²⁶ The Programme’s end date of the operational implementation period (EOI) is November 4th, 2018.

²⁷ ROM Report (04/05/2017) / Project reference: D-23514.

work (MTI) and the National Commission on Decent Employment (CONED), fora that play a key role in the implementation and sustainability of the PNED.

- encouraged closer cooperation between the public and private sectors to promote employment, particularly for young people, which resulted in (i) the National Training Institute (INTECAP) changing its curriculum to better match it with the labour market's demand; and (ii) Partnership Agreements being made with business intermediary organisations to promote employment. In fact, in some sectors such as in the call centre service industry case, in which English language skills of students were raised to the industry's standards through custom-made training, close to 70% of trainees were hired by call centre companies upon completion of the training under the corresponding Agreement.

In summary, the Youth Employment Programme has been a catalyst for improvement in Guatemala's employment policy: a new framework and new fora for interinstitutional coordination have been created, new models for public-private cooperation have been tested, new technical careers have been created and attitudes in education and vocational training have been changed to a more demand driven approach.

These achievements reflect the following lessons learnt:

- The importance of (i) enhancing interinstitutional dialogue and coordination between key stakeholders, particularly within the public sector and between the public and private sectors; and (ii) promoting private sector involvement in cooperation programmes related to employment and competitiveness.

A lesson learnt of the Institutional Strengthening of the Youth Sector in Guatemala Programme (*Programa Juventud* DCI-ALA/2008/020-338), which laid the groundwork for the Youth Employment Programme, is the importance of working with local governments and local partners, when aiming at establishing working mechanisms locally, such as the Municipal Employment Offices (VUMES).

Other main lessons learnt include the importance of: (i) a better coordination with other ongoing EU programmes and projects being implemented by other donors; (ii) institutional strengthening; and (ii) a programme design with an integrated approach.

3.2 Complementarity, synergy and donor coordination

Complementarity of the proposed action will be ensured with the following EU programmes:

- **EUROSOCIAL +:** is supporting the consolidation of work initiated by the Youth Employment Programme related to the National Policy for Decent Employment 2017 – 2032 (PNED). Namely, it is carrying out initial activities to strengthen the interinstitutional management framework of the National Employment System. Specifically, EUROSOCIAL + is working to (i) support the consolidation of the Interinstitutional Technical Group for decent work (MTI); (ii) strengthen the model of the Municipal Employment Offices' (VUMES)

network; and (iii) support the strengthening of the National Training System for Employment (SINAFOL).

- **LAIF *Iniciativa* DINAMICA (Programme for Entrepreneurial Development and Promotion of MSME in Central America - Project ID: LAIF-19):** it aims to promote an entrepreneurial environment to facilitate the creation of new and innovative enterprises and supports the development of the financial sector so that it provides adequate access to finance for MSMEs. It provides grants for technical assistance to entrepreneurial development centres and to new innovative enterprises (provided through development centres for pre-investments and mentoring follow-up). The LAIF contribution also supports financial institutions that offer financing for MSMEs. This regional programme²⁸ is in the final phase of implementation. However, a follow up programme with similar objectives is foreseen in the near future.
- **SOCIEUX+ (EU Expertise on Social Protection, Labour and Employment):** is a technical assistance facility conceived to support partner countries and institutions to better design and manage inclusive, effective, and sustainable employment policies and social protection systems. SOCIEUX+ provides access to short-term high-quality European expertise from peers to peers (provided by experts drawn primarily from the European public administrations and mandated bodies). It also provides triangular cooperation, by relying on international expert teams that combine European and non-European practitioners or by facilitating cooperation between institutions. SOCIEUX+ carries out knowledge development activities as well, in order to capitalise the results of actions carried out in the framework of the facility.
- **Promoting Employment and Social Protection under the Comprehensive Refugee Response Framework in Central America and Mexico (EUR 4 Million):** regional programme for Central America (to be carried out notably in Costa Rica, Honduras and Mexico) currently being formulated. The overall objective of the action is to reduce economic inequality of forcibly displaced persons and their host communities. Its specific objective is access to decent (self-) employment and social protection arrangements of displaced persons and their host communities. The results (outputs) of the action are:
 - Result 1: Improved equal access of forcibly displaced women and men and their host communities to public and private employment-related services, such as job matching, technical and vocational education and training, and skill recognition, as well as promotion of self-employment, including through entrepreneurial training and advice, access to financial services.
 - Result 2: Improved equal access to social protection programmes and services, notably related to employment, basic income and protection against existential life-cycle risks such as accidents or ill-health.

²⁸ The programme's beneficiary countries are: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama.

- **Improving the synergies between social protection and PFM (EUR 23.2 million):** global programme currently being formulated (Guatemala might be considered as one pilot country). The programme's general objective is to increase the population's universal social protection coverage in partner countries preferably but not limited to those benefiting from EU funded budget support operations. Its specific objectives are: (1) to improve partner countries' design and financing of social protection systems in support of their efforts towards SDGs 1 and 10; (2) support governments in implementing and monitoring effective gender-sensitive and disability-inclusive social protection systems and programmes for all while ensuring financial sustainability and macroeconomic stability; and (3) assisting partner countries in developing and applying shock-sensitive social protection programmes and systems adapted to the needs of those living in protracted fragility and crises, including forcibly displaced persons.
- **AL-Invest 5.0 Inclusive growth for social cohesion in Latin America:** focuses on closing the productivity and competitiveness gap of MSMEs as key engines for inclusive and sustainable economic development. Its support model includes the creation of business linkages among companies, improving their managerial, productive, marketing and environmental capacities. It also includes the strengthening of business support organizations (BSO) to provide better services to MSMEs, boosting the business services market and promoting the creation and growth of impact ventures. More than 27 thousand MSME are being supported, in 18 countries of Latin America through 59 projects, involving more than 120 intermediary organizations from Latin America and the European Union, in a network for know-how and best practices transfer. The programme is implemented by a consortium of BSO of which AGEXPORT (Guatemala's Exporters Association) is a member. As a complement, the project **EuroMiPYME**, implemented by the United Nations Economic Commission for Latin America and the Caribbean ((indirect management contract), focuses on how to improve the business environment for MSMEs, developing industrial policies conducive to sustainable and inclusive growth at national, regional and sub-regional level.
- **Support to competitiveness enhancement and trade capacity of Micro, Small and medium sized Enterprises Programme (LA/2014/034127):** this bilateral programme with Guatemala focuses on promoting quality improvement and compliance with Sanitary and Phytosanitary standards and enhancing access of existing Micro, Small and Medium sized Enterprises to formal markets (local, national or international) and link to value chains. It includes grant contracts with business intermediary organisations to support MSMEs and cooperatives' growth and job creation. This programme is also working to strengthen the model of the PROMIPYMES centres to expand their business development services to cooperatives. Furthermore, it is working to update regulations in order to promote entrepreneurship and facilitate business operations (e.g. reducing costs and streamlining the process of opening or formalizing a business).

In addition, synergy of the proposed action will be ensured with the following programmes of other donors who are working on subjects related to the implementation of the PNED:

- **International Labour Organisation (ILO):** is currently launching a programme (EUR 300,000) to support the implementation of the PNED. It will provide technical assistance to the MINTRAB to develop implementation plans for each component of the PNED and to design the policy's monitoring system. The programme will also provide training to trade unions and employers' organisations in order to enhance their abilities to participate in the policy's implementation and it will support social dialogue (particularly collective bargaining). In addition, Guatemala is a target country for the **ILO Project STRENGTHEN**, which has 2 components. (A) "Employment Impact Assessment (EmpIA) of Public Policies in Selected Sectors"; and (B) "Assessing and Addressing the Effects of Trade on Employment – Phase 2 (ETE II)". Under this project an employment impact assessment has been undertaken at the country level, as well as sectoral studies to assess the employment potential. It is complementary particularly to activities foreseen in the proposed action concerning strengthening the labour information system and statistical analysis; and making public-private partnerships for training and matching labour supply and demand (i.e., for identifying sectors with potential). See section 4.2, R1.A5 and R2.A2 respectively.
- **Millenium Challenge Corporation (MCC) - Threshold Program:** this foreign aid agency of the United States Government is supporting the strengthening of the National Training System for Employment (SINAFOL²⁹) in some areas complementary to the work done by the EU's Youth Employment Programme.
- **Puentes project (USAID):** supports entrepreneurship and vocational training and education for young people (15 – 24 years old) in the Western highlands (departments of Huehuetenango, San Marcos, Quiché, Quetzaltenango and Totonicapán).

3.3 Cross-cutting issues

The proposed Programme will be implemented following a rights-based approach, encompassing all human rights, with due regard to the working principles of applying all rights, participation and access to the decision making process, non-discrimination and equal access, accountability and access to the rule of law, and transparency and access to information. The proposed action will develop the capacities of 'rights-holders' to claim their rights and 'duty-bearers' to meet their obligations. In line with the rights-based approach methodology, the proposed action will abide by the 'do no harm principle' to avoid unintended negative impact in terms of human rights³⁰.

²⁹ The Organisation for Ibero-American States and SWISSCONTACT also carry out some activities to strengthen the SINAFOL. The proposed Programme will also seek complementarity with these actions.

³⁰ http://www.ec.europa.eu/europeaid/sectors/rights-based-approach-development-cooperation_en

A special emphasis will be given to promoting inclusiveness and the participation in planned activities of young people, women, and persons with disabilities, particularly those who are indigenous and live in rural areas.

The proposed programme will contribute to the following objectives of the EU Gender Action Plan 2016- 2020: (13) Equal access for girls and women to all levels of quality education and vocational education and training (VET) free from discrimination; (14) Access to decent work for women of all ages; and (15) Equal access by women to financial services, productive resources including land, trade and entrepreneurship. Specific gender sensitive indicators will be included in the Programme's logical framework matrix. Moreover, data of all final beneficiaries of the programme will be disaggregated by sex, age, ethnic group, current household location (municipality) and disability (if existent / type).

Regarding environmental sustainability, the proposed Programme will promote particularly in activities foreseen for Result N° 3, cleaner production (resource efficiency, clean technologies and energy efficiency) as well as eco-friendly production systems and circular economy. Moreover, it will promote eco-entrepreneurship (especially eco-innovation and eco-opportunity), particularly among young people and women in order to reinforce their long term eco-commitment and economic sustainability.

In addition, planned mid-term and final evaluations will include information on the Programme's contribution to promote the aforementioned cross-cutting issues. These concerns will also inform the dialogue with the implementing partner.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The proposed Action “Programme to support decent employment in Guatemala” (*Programa de apoyo al Empleo Digno en Guatemala*) builds upon the achievements of the Youth Employment Programme (*Empleo Juvenil - LA/2011/023514*), which substantially contributed to the development of the National Policy for Decent Employment (PNED). In fact, all four components of the policy will be tackled through this Programme.

The proposed Programme's:

Overall objective:

To reduce poverty in Guatemala particularly for young people and women.

Specific objective:

Increased decent employment opportunities for all, particularly for young people and women, in line with the National Policy for Decent Employment 2017 - 2032 (*Política Nacional de Empleo Digno – PNED -*)

Expected results:

(R1) The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened.

R1 of the Action will directly support the strengthening of the institutional framework, particularly of the Ministry of Labour, the Ministry of Economy and the Ministry of Education, which is needed to implement the four components of the PNED, especially the activities foreseen in components 3 (Favourable environment for the development of enterprises) and 4 of the Policy (Transition to formality).

(R2) Employability of targeted beneficiaries has been improved.

R2 is directly linked to support vocational education and training and certification of skills for employment activities foreseen in component 2 of the PNED (Development of human capital).

(R3) Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced.

R3 of the Action is focused on supporting component 1 of the Policy (Employment generation) by enhancing entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises to foster the creation of decent jobs.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal(s) N° 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", but also promotes progress towards Goal(s) N° 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" and N° 1 "End poverty in all its forms everywhere". This does not imply a commitment by the country benefiting from this programme.

4.2 Main activities

The following are the proposed main activities for each expected result:

(R1) The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened:

R1.A1 Supporting the functioning and operation of the Interinstitutional Technical Group for decent work (*Mesa Técnica Interinstitucional – MTI*): this activity foresees supporting (i) the structuring and functioning of an Executive Secretariat for the MTI; (ii) the organisation of the MTI and its subcommittees; (iii) the participation of public and private sector institutions, employers' organisations and trade unions (social partners) in the MTI; and (iv) the development and implementation of a monitoring and evaluation system for the PNED.

R1.A2 Consolidating active employment services in the country's departments: this activity is envisaged to support the network of Municipal Employment Offices (VUMES) located throughout Guatemala, which provide training on soft skills for employment and job placement services at the local level. This activity entails (i) strengthening operation of the current network of VUMES; (ii) design and implementation of new employment services at the local level; (iii) functioning and optimisation of the IT platform for employment; and (iv) training of VUMES' operators (i.e. employment agents and work advisors).

R1.A3 Strengthening of the Employment Directorates and Units of the Ministry of Labour: this activity would support the National Employment Service (SNE), the General Directorate for Employment (DGE), the Labour Mobility Department, the General Labour Inspectorate, the National Commission for the Prevention and Eradication of Child Labour (CONAPETI), the Unit for the Protection of Adolescent Workers (UPAT) and other relevant units.

R1.A4 Supporting the consolidation of the National Training System for Employment (SINAFOL), which is led by the Ministry of Education in coordination with the Ministry of Labour. This activity foresees to (i) strengthen the system's governing body (CONAFOL) and its technical secretariat; (ii) create the National Register of Work Certifications³¹ (RENACEL), associated to the National Catalogue of Qualifications & Modules; (iii) promote increased interinstitutional coordination and integration in the SINAFOL, particularly of the Ministry of Labour; (iv) develop a nationwide model for obtaining work certifications; (v) implement the general plan for learning contracts (dependent on a work certification); (vi) formulate an employment training centre model with a particular emphasis on level II and III training for employment curriculum; (vii) train faculty on selected occupational families (categories); (viii) design pending subsector qualifications and modules, (ix) prepare teaching and study resources, (x) plan a network of pilot centres at the local and department level; (xi) prepare a proposal to integrate components of basic training for employment and level 1 modules for qualification, in the general education system for adult students that face difficulties to conclude mandatory education; and (xii) implement the SINAFOL's employment information points in the 26 Education Directorates and other centres of the Ministry of Education³² in the country's departments.

R1.A5 Strengthening the labour information system and statistical analysis: this activity would support capabilities' enhancement of the Ministry of Labour's Observatory of the Labour Market and the production of labour information in an integrated manner between

³¹ Work certifications (*certificaciones laborales*) assure that the person has the necessary skills or abilities to perform certain type of work.

³² Or of other Ministries and institutions, as required

this Observatory, the National Statistics Institute (INE), and the Employment Observatory of the National Training Institute (INTECAP), academia and think tanks.

R1.A6 Foster social dialogue and support the implementation of the comprehensive technical assistance programme to be led by the ILO and supported by the International Organisation of Employers and the International Trade Union Confederation to support the National Tripartite Commission on Labour Relations and Freedom of Association and the full implementation of Guatemala's commitments foreseen in the framework of the ongoing negotiations to solve the complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). It is envisaged to develop a service contract with the ILO to implement this activity R1.A6³³.

R1.A7 Promote the gradual transition to formality of informal economic units³⁴ and the progressive extension of social protection coverage to informal workers. This activity would include (i) carrying out studies to develop policy proposals for the Guatemalan Government in line with ILO's recommendations 202 and 204³⁵, including an analysis of possible incentives and compliance measures, to foster the transition to formality of economic units and to extend social protection coverage to informal workers; (ii) technical assistance to improve coordination between relevant stakeholders³⁶; (iii) capacity building activities³⁷; and (iv) awareness raising activities. It shall be undertaken in the framework of promoting decent employment through social dialogue, in consultation with the most representative employers' and workers' organisations, including whenever possible, representatives of membership-based representative organisations of workers and economic units in the informal economy. The assistance of the SOCIEUX + programme mentioned in section 3.2 could be requested to support the implementation of this activity R1.A7.

(R2) Employability of targeted beneficiaries has been improved:

R2.A1 Improving and extending vocational training for decent employment opportunities: this activity is envisaged to develop a service contract with the National Training Institute

³³ This service contract would also include supporting the implementation of sub-activity (iv) of activity R1.A1 concerning the development and implementation of a monitoring and evaluation system for the PNED.

³⁴ "economic units" in the informal economy refers to: (a) units that employ hired labour; (b) units that are owned by individuals working on their own account, either alone or with the help of contributing family workers; and (c) cooperatives and social and solidarity economy units.

³⁵ International Labour Conference's Recommendation 202 concerning National Floors of Social Protection and Recommendation 204 concerning the transition from the informal to the formal economy.

³⁶ Such as the Guatemalan Social Security Institute, the Tax Administration and the Ministry of Labour.

³⁷ Aimed at relevant stakeholders, including on topics such as decent work standards, social protection and gender equality (in case of the latter, particularly to fight against sexual harassment and violence against women in the workplace)

(INTECAP)³⁸ to provide vocational training scholarships and incentives particularly for young people (special attention will be given to women, the disabled and those who are indigenous and live in rural areas). This would entail (i) designing new training products according to the labour market's demand; (ii) creating a new career on entrepreneurship and innovation; (iii) structuring of a work certification model³⁹; (iv) delivering training for employment within the framework of the SINAFOL; (v) capacity building activities for trainers/teachers (led by INTECAP or by the Ministry of Education or other institutions deemed appropriate); and (vi) cooperating with the training process of VUMES' operators (i.e. employment agents and work advisors) .

R2.A2 Making public-private partnerships for training and matching labour supply and demand: this activity would involve making partnerships with specific sectors of the economy and business community to develop ad hoc training programmes in exchange for the organisations/companies' commitment to hire trained individuals who meet the necessary requirements. Possible sectors with potential for these arrangements include tourism, IT, internet related services, business process outsourcing, agro-industry, light manufacturing, banking and other services. In-company/organisation apprenticeship programmes could also be developed. These arrangements would promote inclusiveness and the participation of young people, women, and persons with disabilities, particularly those who are indigenous and live in rural areas.

(R3) Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced.

R3.A1 Strengthening public business development services for micro, small and medium sized enterprises: this activity foresees (i) supporting the institutional strengthening and structuring of the business development services provided by the Vice-ministry of SME development of the Ministry of Economy; (ii) consolidating the network of PROMIPYME centres⁴⁰ and of the Entrepreneurship Promotion Centres coordinated by the Ministry of Economy; and (ii) strengthening the one village-one product (OVOP) model for local development.

R3.A2 Promoting entrepreneurship and innovation: under (see section 5) this activity entails launching a call for proposals aimed at consortia⁴¹ led⁴² by entrepreneurship development organisations⁴³ or business membership organisations (BMOs)⁴⁴ for the

³⁸ It is the only institution that has the capacity to deliver vocational training throughout the country.

³⁹ To be accredited by the National Training System for Employment (SINAFOL).

⁴⁰ These centres coordinated by the Ministry of Economy provide business development services (i.e. technical assistance, advice and training) to MSMEs.

⁴¹ These consortia could also include other relevant stakeholders like academic institutions, civil society organisations (think tanks), trade unions, the ILO, etc.

⁴² as lead applicant or co-applicant(s).

⁴³ These organisations provide advice, technical assistance and training services to entrepreneurs to guide and support them in the initial stages of their ventures. Some also provide financial services to new enterprises.

implementation of grant contracts with the following objective: to create decent jobs by (i) promoting entrepreneurial ventures (that generate new enterprises and self-employment opportunities) and (ii) enhancing productivity through the promotion of innovation in expanding micro, small and medium sized enterprises (MSMEs). In this process, the institutional capacity of participating entrepreneurship development organisations and business membership organisations will be strengthened.

4.3 Intervention logic

By achieving the results foreseen, namely (R1) the institutional framework for the implementation of the National Policy for Decent Employment has been strengthened; (R2) employability of targeted beneficiaries has been improved; and (R3) entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced; the specific objective of “increased decent employment opportunities for all, particularly for young people and women, in line with the National Policy for Decent Employment 2017 – 2032” will be accomplished. Consequently, poverty will be reduced.

It is important to underline that Guatemala’s private sector, academia and civil society will play an important role in the implementation and oversight of the programme, fostering its sustainability and maximising its impact.

5 IMPLEMENTATION

The Project modality is the most appropriate aid modality given that the policy eligibility criterion for a Budget Support contract is not yet met, since the (PNED) still lacks a monitoring and evaluation system to assess its performance. However, it is worth noting that activity 1 of Result 1 of this programme will support the Government to develop a policy monitoring framework so in the mid-term a Sector Reform Performance Contract could be envisaged. In the meantime, the implementation modality proposed for this Programme is:

Indirect management with Guatemala (the Ministry of Economy as lead beneficiary-implementing institution and the Ministry of Labour and the Ministry of Education as co-beneficiaries) and direct management (procurement of services and grants – call for proposal). This is the implementation modality that has proven to be successful in the Youth Employment Programme (LA/2011/023514). The only difference is that the Youth Employment Programme does not include a call for proposals. Nevertheless, such a call has successfully been carried out by the Support to Competitiveness enhancement of MSMEs and Cooperatives Programme (DCI/ALA/2014/034-127), which is also implemented by the Ministry of Economy. This implementation modality has the following advantages:

⁴⁴ Such as cooperatives, business chambers, associations of cooperatives, producers, exporters or service providers, foundations and alike that provide business development services or support to micro, small and medium sized enterprises, cooperatives or groups of producers or service providers, contributing to the development of the economy.

- The Ministry of Economy has solid experience in the implementation of EU Programmes. In fact, in the last few years it has implemented 4 major EU programmes⁴⁵. This institutional experience is also reflected in the high degree of knowledge of EU processes and procedures by several members of the Ministry's staff, which facilitates the implementation of programmes. This Ministry has officially expressed to this Delegation its willingness to lead the implementation of the proposed Programme.
- The Ministry of Economy has a good working relationship with the Ministry of Labour and the Ministry of Education, which are the other leading institutions in the implementation of the PNED. In fact, through the Youth Employment Programme this interinstitutional coordination has been intensified and it substantially contributed to the development of the PNED and to the creation of the National Commission on Decent Employment (CONED) and the Interinstitutional Technical Group for decent work (MTI). The latter is responsible for coordinating the implementation of the activities foreseen in the PNED.
- Having indirect management with Guatemala supports the EU's political dialogue with the Government and thus enables the EU to have more influence in policy making (as it has been demonstrated by the Youth Employment Programme, which substantially contributed to the development of the PNED).
- This implementation modality allows for better EU visibility.
- This modality would allow greater involvement by non-Government stakeholders as it foresees to launch a call for proposals aimed at consortia led (as lead applicant or co-applicant/s) by entrepreneurship development organisations or business membership organisations for the implementation of grant contracts with the following objective: to create decent jobs by (i) promoting entrepreneurial ventures (that generate new enterprises and self-employment opportunities) and (ii) enhancing productivity through the promotion of innovation in expanding MSMEs. It is worth pointing out that a lesson learnt of other programmes is the importance of promoting private sector involvement in cooperation programmes related to employment and competitiveness, something this call seeks to address.

The main disadvantages of this implementation modality are: (i) it takes longer for the Programme's implementation to start as a Financing Agreement with Guatemala needs to be signed; and (ii) in order to implement the Programme, an allocation of the National Budget (*espacio presupuestario*) is needed and to obtain it a cumbersome process is often required, which generally causes delays.

⁴⁵ *Promoción de inversiones e intercambios comerciales - Apoyo al sector de la micro y pequeña empresa en Guatemala - ALA/2001/2393, Fortalecimiento de la Posición de Guatemala en los Mercados Internacionales - ALA/2006/18401, Programa de Generación de Empleo y Educación Vocacional para Jóvenes en Guatemala - Empleo Juvenil LA/2011/023514 and Apoyo a la mejora de la competitividad y capacidad comercial de Mipymes y Cooperativas - LA/2014/34127.*

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁴⁶.

5.3.1.1 Grants: call for proposals “Promoting decent employment through entrepreneurship and innovation” (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objective of the grant is to create decent jobs by (i) promoting entrepreneurial ventures (that generate new enterprises⁴⁷ and self-employment opportunities) and (ii) enhancing productivity through the promotion of innovation in expanding micro, small and medium sized enterprises (MSMEs). In this process, the institutional capacity of participating entrepreneurship development organisations and business membership organisations will be strengthened.

The expected result is that by the end of the Programme, new decent jobs will have been created by the supported beneficiaries. For this purpose, activities that foster business linkages of MSMEs (e.g., business networks, clusters and value chains) will be encouraged. For further details, the European Union Delegation will prepare "Guidelines" for the call.

⁴⁶ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

⁴⁷ For this Programme, the term “Enterprises” also includes other economic units such as cooperatives and groups of producers or service providers.

Activities will include, among others: (1) advice, technical assistance and training services to entrepreneurs to guide and support them in the initial stages of their ventures and to establish their enterprises or self-employment opportunities; (2) advice, technical assistance and training services to MSMEs to foster innovation (processes, products, marketing, management, etc.) to enhance their productivity. Topics for these services could include for example: (i) business planning and management; (ii) legal and fiscal issues; (iii) labour issues; (iv) technology transfer and innovation; (v) technical, quality and environmental standards and certifications; (vi) sanitary and phytosanitary measures; (vii) marketing; (viii) exporting; (ix) information technologies; (x) design; (xi) intellectual property; (xii) trade promotion; and (xiii) cleaner production (resource efficiency, clean technologies and energy efficiency), eco-friendly production systems, circular economy and eco-entrepreneurship (eco-innovation and eco-opportunity).

Specific studies such as market research (including research of new markets), feasibility studies of productive investments and environmental impact studies, among others, may also be foreseen. In addition, exchanges of experiences, training activities, business promotion activities (e.g., participation in trade shows, international fairs and organisation of trade missions), purchases of supplies (e.g., IT equipment, hardware, software, vehicles, equipment for production, commercialization and export), financing of necessary small productive infrastructure (e.g., collection centres, cold-storage rooms, small irrigation systems, greenhouses, etc.) and financial support to third parties may also be included.

In the Guidelines, particular attention will be given to proposals that promote inclusiveness and focus on supporting entrepreneurial projects or MSMEs led by young people, women, and persons with disabilities, particularly those who are indigenous and live in rural areas.

In addition, the Guidelines would require that proposals include a gender sensitive monitoring and evaluation system. This system would include the establishment of specific indicators to measure the extent to which gender equality objectives are met, taking into account cultural and social issues. Also, it would require ensuring a broader and equal access to information for women. In particular, gender mainstreaming would have to be targeted through specific awareness-raising campaigns, particularly in training and capacity building activities.

Furthermore, in order to customize activities to better address the beneficiaries' needs and the labour market's demand, setting up a clear mechanism of consultation particularly with young people, women and indigenous people from rural areas, should be foreseen.

Finally, particular attention will be paid to respect the guiding principle of engagement with the private sector, as adopted by the Communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"⁴⁸.

⁴⁸ COM(2014) 263 final (13.5.2014)

(b) Eligibility conditions

The call for proposals is aimed at consortia led (as lead applicant or co-applicant/s) by entrepreneurship development organisations or business membership organisations. These consortia could also include as co-applicant(s) or affiliated entities or associates or contractors, other relevant stakeholders like academic institutions, civil society organisations (think tanks), trade unions, the ILO, etc.

Lead applicant

(1) In order to be eligible for a grant, the lead applicant must:

- be a legal person
- be non-profit-making and
- be established in a Member State of the European Union or in Guatemala. This obligation does not apply to international organisations and
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary and be an entrepreneurship development organisation or business membership organisation.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 750,000 – 1,500,000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 36 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 85%.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

The call is foreseen to be launched in the 1st Quarter of the second year of implementation.

5.3.1.2 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance	Services	2	For the long-term TA, if possible it will be launched with a suspension clause before the signature of the Financing Agreement
Evaluation and audit	Services	7	Refer to sections 5.8 and 5.9

5.3.1.3 Indirect management with the partner country

A part of this action with the objective of reinforcing public institutions may be implemented in indirect management with Guatemala (the Ministry of Economy as lead beneficiary-implementing institution and the Ministry of Labour and the Ministry of Education as co-beneficiaries) according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100,000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300,000 for procurement and for grants.

The financial contribution does not cover the ordinary operating costs incurred under the programme estimates.

Where managing the imprest component of the programme estimate, the partner country shall apply the positively assessed procurement rules of its own implementing body. These rules will be laid down in the financing agreement concluded with the partner country. In case the outcome of the assessment is negative, the partner country shall apply the Commission's procurement rules.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

In accordance with Budget Article 9(2)(a) of Regulation (EU) No 236/2014; the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: Mexico. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Budget Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified (EUR)
5.3.1.1 – Call for proposals “Promoting decent employment through entrepreneurship and innovation” (direct management)	4,500,000	675,000*
5.3.1.2 – Procurement (direct management)	2,500,000	N/A
5.3.1.3 - Indirect management with the partner country	7,000,000	1,000,000**
5.8 – Evaluation, 5.9 - Audit	250,000	N.A.
5.10 – Communication and visibility	250,000	N.A.
Contingencies	500,000	N.A.
Totals	15,000,000	1,675,000

* Minimum contribution by beneficiaries is fixed at 15%; the exact amount will be determined at the end of the call process

** The exact amount of the Government contribution will be determined during the preparation of the Financing Agreement

5.6 Organisational set-up and responsibilities

A steering committee will be established with representatives of key stakeholders in order to provide general guidance and oversee the action's implementation. The steering committee will be made up indicatively by representatives of the following organisations:

- Ministry of Economy (Minister or Vice minister or the person appointed by them), who will preside over the committee.
- Ministry of Labour (Minister or Vice minister or the person appointed by them).
- Ministry of Education.
- Interinstitutional Technical Group for decent work (MTI).
- Planning Secretariat (SEGEPLAN).
- EU Delegation to Guatemala (as an observer).
- Technical training institute (INTECAP).
- National Competitiveness Programme (PRONACOM).
- Trade Unions.
- Employers' Organisations (private sector).
- Civil Society (think tanks that specialise on labour related issues).
- International Labour Organisation (ILO).

The imprest administrator, imprest accounting officer and appointed members of the programme's implementing unit and of the technical assistance team may also attend as observers. The steering committee will meet at least once a year during the implementation phase of the Programme.

5.7 Performance monitoring and reporting

Monitoring will be based on the indicators following EU guidelines and standards. Progress monitoring will be based on the logical framework and the established indicators. Some of these indicators require a baseline survey and a final data collection survey. The Programme (i.e., the Programme's implementing unit by the Ministry of Economy as lead beneficiary and the grantees foreseen in activity R3.A2) will be responsible for implementing these surveys (including their funding) in a timely manner (at the beginning of the Programme in the case of baseline surveys and at the end of it for final data collection surveys).

A steering committee will be established by the implementing partner with relevant stakeholders involved, in order to provide general guidance and strengthen the monitoring and follow-up of the Programme's activities.

The Programme will be overseen by the European Union Delegation in Guatemala through visits, its participation in the steering committee and in the events related to the planned activities. The Programme may be subject to external monitoring missions of the European Commission's services.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a(n) mid-term, final evaluation(s) will be carried out for this action or its components contracted by the Commission.

It will be carried out for problem solving and to monitor the programme's progress and results.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it is a Programme that is intended to support a strategic public policy.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities].

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, 2 contracts for evaluation services shall be concluded under a framework contract in the year following the n+3 deadline in the case of the midterm evaluation and in the final year of the implementation phase in the case of the final evaluation.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, 5 contracts for audit services shall be concluded under a framework contract in the second quarter after the completion of every year.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁴⁹

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	1) To reduce poverty in Guatemala particularly for young people and women.	1) Share (%) of the population living in poverty***(level I/1)	1) 59.3% (2014)	1) Decrease 10 % (by 2026)	1) National Survey on Living Conditions (<i>Encuesta Nacional de Condiciones de Vida – ENCOVI-</i>) prepared by the National Statistics Institute (INE)	
Specific objective(s): Outcome(s)	1.1) Increased decent employment opportunities for all, particularly for young people and women, in line with, the National Policy for Decent Employment 2017 - 2032 (<i>Política Nacional de Empleo Digno – PNED -</i>)	1.1) Share (%) of the working population (<i>población ocupada</i>) who is employed in the informal sector, disaggregated by sex	1.1) 67.9% - men (3 rd ENEI 2017) 73.4% - women (3 rd ENEI 2017)	1.1) Decrease 10% - men (by 2026) ⁵⁰ Decrease 10 % - women (by 2026)	1.1) National Survey on Employment and Income (<i>Encuesta Nacional de Empleo e Ingresos –ENEI-</i>)	Political and social stability of the country

⁴⁹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

⁵⁰ Decrease expressed in % of the baseline value, in this case for example this means that the target for men by 2026 is 61.11% [67.9% - (67.9% * 10%)].

	<p>1.2) Share (%) of salaried workers (<i>población ocupada asalariada</i>) who are affiliated to the Guatemalan Social Security Institute (IGSS)</p> <p>1.3) Share (%) of the working population (<i>población ocupada</i>) <u>in the age range 18 - 29 years old</u> who is employed in the informal sector, disaggregated by sex</p> <p>1.4) Share (%) of working population (<i>Población ocupada</i>) <u>in the age range 18 - 29 years old</u> with access to social security disaggregated by sex</p>	<p>1.2) 31.6% (3rd ENEI 2017)</p> <p>1.3) 67.6% - men (3rd ENEI 2017, Youth module) 70.2% - women (3rd ENEI 2017, Youth module)</p> <p>1.4) 17.6% - men (3rd ENEI -, 2017, Youth module) 19.3% - women (3rd ENEI -, 2017, Youth module)</p>	<p>1.2) Increase 20% (by 2026)</p> <p>1.3) Decrease 10% - men (by 2026) Decrease 10% - women (by 2026)</p> <p>1.4) Increase 20% - men (by 2026) Increase 20% - women (by 2026)</p>	<p>1.2) National Survey on Employment and Income (<i>Encuesta Nacional de Empleo e Ingresos –ENEI-</i>)</p> <p>1.3) National Survey on Employment and Income – Youth module (<i>Encuesta Nacional de Empleo e Ingresos –ENEI-, Modulo de Juventud</i>)</p> <p>1.4) National Survey on Employment and Income – Youth module (<i>Encuesta Nacional de Empleo e Ingresos –ENEI-, Modulo de Juventud</i>)</p>	<p>The Government's continued commitment to implement the PNED</p>
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		<p>1.5) Number of people who have jobs that meet the characteristics of decent work⁵¹ (particularly that involve a formal contract, provide access to social protection and pay at least the minimum wage or higher) resulting of the Programme's support, disaggregated by sex, age, ethnic group, household location (municipality) and disability (if existent / type).</p> <p>1.6) Status of institutionalization of the Inter-institutional Technical Group for decent work (<i>Mesa Técnica Interinstitucional</i> – MTI-)</p>	<p>1.5) To be determined (at the beginning of the programme)</p> <p>1.6) The MTI is not institutionalized (2018)</p>	<p>1.5) To be determined (at the beginning of the programme)</p> <p>1.6) The MTI and its Executive Secretariat is fully financed⁵², structured and operational (by 2026)</p>	<p>1.5) Programme surveys (baseline survey at the beginning of the programme and final data collection survey at the end)</p> <p>1.6) MTI reports</p>	
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⁵¹ The International Labour Organization (ILO) defines decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity. Decent work involves opportunities for work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers prospects for personal development and encourages social integration; gives people the freedom to express their concerns, and to organise and to participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all

⁵² Included in the National Budget

		<p>1.7) Level of implementation of the technical assistance programme to support the National Tripartite Commission on Labour Relations and Freedom of Association and the full implementation of Guatemala's commitments foreseen in the framework of the ongoing negotiations to solve the complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).</p> <p>1.8) Share (%) of people trained by the Programme that obtain jobs that meet the characteristics of decent work⁵³ within a period of 12 months after completion of their training, disaggregated by sex, age, ethnic group, household location (municipality) and disability (if existent /</p>	<p>1.7) The technical assistance programme has not been implemented and not all of Guatemala's commitments have been fulfilled (2018)</p> <p>1.8) To be determined (at the beginning of the programme)</p>	<p>1.7) The technical assistance programme and all of Guatemala's commitments is fully implemented (by 2026)</p> <p>1.8) At least 20% of people trained by the Programme obtain jobs that meet the characteristics of decent work, disaggregated by sex, age, ethnic group,</p>	<p>1.7) ILO reports and Ministry of Labour reports</p> <p>1.8) Reports by INTECAP / training institutions based on Programme surveys (baseline survey at the beginning of the programme and final data collection survey at the end)</p>	<p>Continued commitment by the Guatemalan Government to solve the complaint under article 26 of the ILO Constitution, concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).</p> <p>Support of the PNED by key stakeholders (private sector,</p>
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⁵³ see footnote 53.

		type). 1.9) Number of new enterprises and self-employment opportunities created with the Programme's support through Entrepreneurship Development Organisations / Business membership organisations, disaggregated by the entrepreneur's sex, age, ethnic group, household location (municipality) and disability (if existent / type).	1.9) To be determined (at the beginning of the programme)	household location (municipality) and disability (if existent / type) - within a period of 12 months after completion of their training 1.9) To be determined (at the beginning of the programme)	1.9) reports by grantees	academia and civil society) Favourable climate conditions (no major/disruptive natural disasters).
OutputsO	1.1.1) (R1) The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened.	1.1.1) Status of development of monitoring and evaluation system for the PNED	1.1.) The PNED does not have a monitoring and evaluation system (2018)	1.1.1) A monitoring and evaluation system for the PNED is fully operational (by 2026)	1.1.1) Ministry of Labour reports on the implementation of the PNED	Working continuity of relevant members of technical staff in the main national institutions concerned in the

		<p>1.1.2) Number of new employment services of the Municipal Employment Offices (VUMES) designed with the support of the Programme</p>	<p>1.1.2) To be determined (at the beginning of the programme)</p>	<p>1.1.2) To be determined (at the beginning of the programme)</p>	<p>1.1.2) Ministry of Labour reports on VUMES' work</p>	<p>implementation of the PNED</p>
		<p>1.1.3) Number of trained faculty (teachers) on selected occupational families (categories) of the SINAFOL with the support of the Programme, disaggregated by the person's sex, age, ethnic group, household location (municipality) and disability (if existent / type)</p>	<p>1.1.3) To be determined (at the beginning of the programme)</p>	<p>1.1.3) To be determined (at the beginning of the programme)</p>	<p>1.1.3) Ministry of Education reports on SINAFOL</p>	<p>Adequate interinstitutional coordination between the main Ministries involved in the implementation of the PNED</p>
		<p>1.1.4) Number of people the dissemination of publications/studies on labour related topics, produced by the labour information system with the support of the Programme, has reached.⁵⁴</p>	<p>1.1.4) To be determined (at the beginning of the programme)</p>	<p>1.1.4) To be determined (at the beginning of the programme)</p>	<p>1.1.4) Ministry of Labour reports on the labour information system's work</p>	

⁵⁴ involving public, private, civil society and academic institutions

	<p>1.2.1) (R2) Employability of targeted beneficiaries has been improved.</p>	<p>1.2.1) Number of people⁵⁵ that has completed⁵⁶ vocational education and training courses supported by the Programme⁵⁷, disaggregated by sex, age, ethnic group, household location (municipality) and disability (if existent / type). **^(level 2/28)</p> <p>1.2.2) Number of people that has completed an ad hoc training programme or an in-company/organisation apprenticeship programme</p>	<p>1.2.1) 0 with the support of this Action</p> <p>1.2.2) To be determined (at the beginning of the programme)</p>	<p>1.2.1) At least 10,000 people have completed vocational education and training courses supported by the Programme, disaggregated by sex, age, ethnic group, household location (municipality) and disability (if existent / type) – by 2026⁶⁰</p> <p>1.2.2) To be determined (at the beginning of the programme)</p>	<p>1.2.1) INTECAP / training institutions reports based on Programme surveys (baseline survey at the beginning of the programme and final data collection survey at the end)</p> <p>1.2.2) Programme surveys (baseline survey at the beginning of the programme and</p>	<p>INTECAP / training institutions are willing to adapt their services to better match the labour market's demand</p> <p>Willingness of the private sector in developing public-private</p>
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⁵⁵ For this activity, particular attention will be given to the participation of young people, women, as well as of those who are indigenous and live in rural areas and the disabled.

⁵⁶ To be attested by a certificate of attendance or diploma.

⁵⁷ Mainly through the Training Technical Institute (INTECAP)

⁶⁰ Of this target: (i) at least 75% must be in the 14-29 years old age range; (ii) at least 60% must live in rural areas (any municipality in the country except those of Guatemala, Mixco, Villanueva, San Miguel Petapa and Santa Catarina Pinula); (iii) at least 50% must be women; (iv) at least 25% must be indigenous; and (v) at least 5% must be disabled.

		made within the framework of public-private partnerships supported by the Programme , disaggregated by the person's sex, age, ethnic group, household location (municipality) and disability (if existent / type).			final data collection survey at the end)	partnerships for training and matching labour supply and demand
	1.3.1) (R3) Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced.	1.3.1) Number of micro, small and medium sized enterprises that have been supported by the Programme through the Government's business development services ⁵⁸ supported by this intervention, disaggregated by the leader's sex, age, ethnic group, household location (municipality) and disability (if existent / type).	1.3.1) To be determined (at the beginning of the programme)	1.3.1) To be determined (at the beginning of the programme)	1.3.1) Ministry of Economy reports on PROMIPYME / Entrepreneurship Promotion Centres / OVOP	Effective involvement and interest of MSMEs in the business development services provided by Government (for example through the PROMIPYME centres, the Entrepreneurship Promotion Centres and the OVOP model, etc.)
		1.3.2) Number of	1.3.2) To be	1.3.2) To be	1.3.2) Programme	Sufficient

⁵⁸ Such as the services provided by the PROMIPYME centres, the Entrepreneurship Promotion Centres and the OVOP model

		<p>entrepreneurial projects supported by the Programme through Entrepreneurship Development Organisations / Business membership organisations, disaggregated by the entrepreneur's sex, age, ethnic group, household location (municipality) and disability (if existent / type).</p>	<p>determined (at the beginning of the programme)</p>	<p>determined (at the beginning of the programme)</p>	<p>surveys (baseline survey at the beginning of the programme and final data collection survey at the end)</p>	<p>interest and effective involvement of entrepreneurship development organisations / Business membership organisations in the Call for Proposals</p>
		<p>1.3.3) % of entrepreneurial projects supported by the Programme through Entrepreneurship Development Organisations / Business membership organisations, that are related to cleaner production (resource efficiency, clean technologies and energy efficiency), eco-friendly production systems and circular economy or eco-entrepreneurship (especially eco-innovation and eco-opportunity) disaggregated by the entrepreneur's sex, age, ethnic group, household location (municipality) and</p>	<p>1.3.3) To be determined (at the beginning of the programme)</p>	<p>1.3.3) To be determined (at the beginning of the programme)</p>	<p>1.3.3) Reports by grantees</p>	

		<p>disability (if existent / type).</p> <p>1.3.4) Number of innovation projects⁵⁹ that enhance productivity of expanding micro, small and medium sized enterprises (MSMEs) supported by the Programme through Entrepreneurship Development Organisations / Business membership organisations, disaggregated by the leader's sex, age, ethnic group, household location (municipality) and disability (if existent / type).</p>	1.3.4) To be determined (at the beginning of the programme)	1.3.4) To be determined (at the beginning of the programme)	1.3.4) Reports by grantees	
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⁵⁹ Of processes, products, marketing, management, etc.