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## ANNEX II

of the Commission Implementing Decision on the financing of the multi-annual action plan in favour of Guatemala for 2021-2022 – part I

### Action Document for Support to Decent Employment in Guatemala Programme

#### ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans/measures in the sense of Article 23 of NDICI-Global Europe Regulation.

## 1. SYNOPSIS

### 1.1. Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Support to Decent Employment in Guatemala Programme - <i>Programa de apoyo al Empleo Digno en Guatemala</i> <sup>1</sup> CRIS <sup>2</sup> number: NDICI LA/2021/043-178 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes “Alliance for Sustainable Growth and Jobs” Team Europe Initiative in Guatemala
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Guatemala
<b>4. Programming document</b>	Multi-annual Indicative Programme for Guatemala 2021-2027 <sup>3</sup>
<b>5. Link with relevant MIP(s) objectives/expected results</b>	The proposed action will contribute to reaching Specific Objective 2: Guatemala has a conducive business environment that support entrepreneurship and the competitiveness of MSMEs, in particular in the green, blue and circular economies for the generation of decent employment opportunities. Regarding expected results per specific objective, it will contribute to achieving Result 2.3: Labour market access for youth, women, returning migrants, persons with disabilities and indigenous population is improved.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	The proposed action aims to contribute to priority area 2) Sustainable and inclusive growth of the MIP 2021-2027. In particular, to the Industry sector (DAC code 321), which among others seeks to support the integration of youth and women as active participants in the economy. This includes strengthening their capacity as entrepreneurs; improving access to vocational training linked to the labour market's demand; and improving access to affordable financial services to invest, save and manage risks.
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): N° 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

<sup>1</sup> An action under the title ‘Programa de apoyo al Empleo Digno en Guatemala (LA/2018/40889) is already ongoing on the basis of Commission implementing decision C(2018)8694 and financed with the appropriations entered in the budget (2019).

<sup>2</sup> Depending on the availability of OPSYS at the time of encoding, a provisional CRIS number may need to be provided.

<sup>3</sup> Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

	Other significant SDGs (up to 9): and where appropriate, targets: the proposed action also promotes progress towards Goal(s) No 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, No 1 “End poverty in all its forms everywhere” and No 5 “Gender equality”. Furthermore, by targeting underserved populations, such as indigenous people, women, the young and persons with disabilities and paying special attention to the inclusion of the poorest, this action will contribute to the achievement of SDG (10) “Reduce inequality within and among countries”. Particularly target 10.1 “Progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average”.			
<b>8 a) DAC code(s)</b>	16020 - Employment creation- 55%, 16070 - Labour Rights- 20% 11330 - Vocational training- 25%			
<b>8 b) Main Delivery Channel @</b>	12000 - Recipient Government			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <sup>4</sup> <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>

<sup>4</sup> This target is specific to INTPA. If the action is marked as contributing to the Education target, please make sure the target on “Social inclusion and Human Development” is also marked.

Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Connectivity @ Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### BUDGET INFORMATION

<b>12. Amounts concerned</b>	<p>Budget line(s) (article, item): BGUE-B2021-14.020140-C1-INTPA</p> <p>Total estimated cost: EUR 16,704,250</p> <p>Total amount of EU budget contribution EUR 15,000,000</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> <li>- Guatemala for an amount of EUR 1,000,000;</li> <li>- This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 704,250.</li> </ul> <p>The proposed action contributes to the Team Europe Initiative (TEI) “Alliance for Sustainable Growth and Jobs”. This TEI seeks to support Guatemala in its efforts to establish a new sustainable and inclusive economic model that guarantees the protection of workers and mobilises sufficient domestic revenues to finance the country's necessary social investments. This action advances to this purpose by working to improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 (PNED). The implementation of this TEI will be coordinated with Member States, notably Germany, which also supports VET education and employment promotion programmes. The commitment of the EU’s contribution to the Team Europe Initiatives foreseen under this annual action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners’ meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.</p>
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<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>13. Type of financing<sup>5</sup></b>	<b>Direct management</b> through: <ul style="list-style-type: none"> <li>- Grants</li> <li>- Procurement</li> </ul> <b>Indirect management with</b> Guatemala

## 1.2. Summary of the Action

At the outset of the COVID-19 pandemic in 2020, Guatemala faced complex challenges related to the sanitary crisis, which had a negative impact on the living conditions of most citizens, particularly the most vulnerable. This was aggravated late in the year by natural climatic events (i.e., tropical storms ETA and IOTA), which heavily affected rural communities in some of the poorest areas of the country. The government has had difficulties delivering an effective response to the manifold problems and faces significant challenges to deliver on most of the SDGs. Nevertheless, in an international context of high uncertainty, Guatemala's macroeconomic fundamentals remain stable. In addition, Guatemala faces significant employment challenges. As evidenced by the latest National Survey on Employment and Income, the country's main issue is not unemployment (only 2.5%<sup>6</sup>) but rather the high level of informal employment and the poor quality of employment. In fact, 70.2% of people work in the informal sector, particularly in rural areas where 83.7% of the workforce carries out informal productive activities. Moreover, there is a significant gender dimension to employment, with the ratio of female-to-male labour force participation rate standing at 47%.

In order to address this problem, the EU has been actively engaged in employment related projects. In fact, as a result of the successful implementation of previous programmes, notably the "Youth Employment Programme - DCI-ALA/2011/023-514" and the ongoing "Support to Decent Employment in Guatemala Programme - LA/2018/40889" (also known as Decent Employment Programme), which builds upon the achievements of the former, the EU is recognised as a key partner in the promotion of decent employment in Guatemala. Actually, the National Policy for Decent Employment 2017 – 2032 (*Política Nacional de Empleo Digno* – PNED -) that the Youth Employment programme contributed to develop and whose implementation the Decent Employment Programme is currently supporting, has become the public policy that has transcended governments that guides and channels efforts by the main stakeholders aiming to improve employment conditions in the country. Regarding the Decent Employment Programme, it is important to point out that it was financed by the previous MIP for Guatemala (2013-2020) with an EU contribution of € 15 million. The financing agreement was signed by Guatemala on December 12<sup>th</sup> 2019 and came into effect that same day. Its implementation period ends in December 2024.

The EU is committed to supporting Guatemala's efforts to drive an economic recovery and tackle the significant employment challenges the country is facing in a post-COVID context. Specifically, for this purpose, **the EU proposes this action, which is a €15 million top-up to the ongoing "Support to Decent Employment in Guatemala Programme" (LA/2019/040-889).** The proposed action aims to contribute to priority area 2) Sustainable and inclusive growth of the MIP 2021-2027. Specifically, it will contribute to reaching Specific Objective 2: Guatemala has a conducive business environment that support entrepreneurship and the competitiveness of micro, small and medium sized enterprises (MSMEs), in particular in the green, blue and circular economies for the generation of decent employment opportunities. Regarding expected results per specific objective, it will contribute to achieving Result 2.3: Labour market access for youth, women, returning migrants, persons with disabilities and indigenous population is improved. Moreover, the action will continue to support the implementation of the PNED. This policy is aligned with the the National Development Plan "*Plan Nacional de Desarrollo K'atun: Nuestra Guatemala 2032*", the Government's General Policy 2020-2024 and other relevant public policies. Furthermore, it is in line 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. It is also aligned with the EU Gender Action Plan III.

<sup>5</sup> Art. 27 NDICI

<sup>6</sup> in 2019. Source: *Encuesta Nacional de Empleo e Ingresos, Instituto Nacional de Estadística* (INE).

It is also 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", N° 1 "End poverty in all its forms everywhere" and N° 5 "Gender equality". Furthermore, by targeting underserved populations, such as indigenous people, women, the young and persons with disabilities and paying special attention to the inclusion of the poorest, this action will also contribute to the achievement of SDG N° 10 "Reduce inequality within and among countries". In addition, it is in line with Title VIII of Part IV of the EU-Central America Association Agreement, which deals with Trade and Sustainable Development (TSD). With a focus on gender equality, the action contributes towards the priorities of the Gender Action Plan (GAP) III, in particular to the priority of "strengthening economic and social rights and empowering women and girls".

Since the proposed action is a top-up to the ongoing "Support to Decent Employment in Guatemala Programme" (LA/2019/040-889), it has basically the same objectives and results (outputs). Namely, its overall objective (impact) is to reduce poverty in Guatemala. While its specific objective (outcome) is to improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 (PNED). The outputs to be delivered by the action are: 1.1 Institutional capacities for the implementation of the National Policy for Decent Employment have been strengthened; 1.2 Employability of targeted beneficiaries has been improved; and 1.3 Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises (MSMEs) are enhanced.

In the framework of result (R3) of the Decent Employment Programme, the Call for Proposals Ref. EuropeAid/169954/DD/ACT/Multi was launched in Q4. 2020 for awarding grant contracts with the objective of fostering the creation of decent jobs. By March 2021, the 1<sup>st</sup> stage of the evaluation process (concept notes) had concluded. Out of 37 project proposals that were evaluated, 11 were selected to continue to the 2<sup>nd</sup> stage of the evaluation (full proposals). These high quality projects propose innovative methodologies to foster the creation of decent jobs, addressing inclusion and economic recovery (post the COVID-19 pandemic). In particular, targeting indigenous people, women, the young and returning migrants and persons with disabilities and paying special attention to the inclusion of the poorest. The proposed €15 million top-up includes €4.695 million to extend the available resources for this call, allowing doubling the number of projects that can be awarded a grant contract (from an estimated 3 projects to 6 or 7). Specifically, the additional funds of the proposed action will enable signing grant contracts with the consortia led by entrepreneurship development organisations, business membership organisations (BMOs) or NGOs, whose proposals were included in the reserve list as the result of the final evaluation (of full proposals) of the aforementioned Call for Proposals. Thus, maximising its impact in terms of its contribution to the generation of decent employment opportunities, especially for the aforementioned groups of the population. The other €10.305 million of the proposed top-up would be used to extend certain key activities foreseen in results 1 and 2 of the Decent Employment Programme. As well as supporting indicatively some activities under result 3 related to public business development services, business acceleration in MSMEs and innovation for the creation of decent jobs, in particular in the green/circular economy; the technical assistance contract and contingencies.

The transformational impact of this action for Guatemala is that by continuing to foster decent work opportunities, the gradual formalisation of the economy will be promoted, triggering positive effects on social dialogue and workers' conditions. As well as reinforcing domestic revenue mobilisation. Moreover, it contributes to the Team Europe Initiative (TEI) "Alliance for Sustainable Growth and Jobs". This TEI seeks to support Guatemala in its efforts to establish a new sustainable and inclusive economic model that guarantees the protection of workers and mobilises sufficient domestic revenues to finance the country's necessary social investments. This action advances to this purpose by working to improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 (PNED). The implementation of this TEI will be coordinated with Member States, notably Germany, which also supports VET education and employment promotion programmes.

The main stakeholders in the proposed action are the Government of Guatemala (GoG), particularly the Ministries of Economy, Labour and Education as they lead the implementation of the PNED. In addition, social partners (trade unions and employers' organisations), the private sector, academia, the National Training Institute (INTECAP) and

other VET<sup>7</sup> organisations, municipalities, entrepreneurship development organisations and the International Labour Organisation (ILO).

Gender equality is a significant objective of this action contributing towards the priorities of the Gender Action Plan (GAP) III, in particular to the priority of “strengthening economic and social rights and empowering women and girls”<sup>8</sup> and it will be implemented following the human rights-based approach (HRBA)<sup>9</sup>. A special emphasis will be given to promoting inclusiveness and the participation in planned activities of young people, women, returning migrants and persons with disabilities, particularly those who are indigenous and live in rural areas. The action follows the 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 and grants – call for proposal). Relevant civil society organisations and independent organisations that promote human rights, such as the Human Rights Ombudsman’s Office, will be encouraged to participate in this action.

## 2. RATIONALE

At the outset of the COVID-19 pandemic in 2020, Guatemala faced complex challenges related to the sanitary crisis, which had a negative impact on the living conditions of most citizens, particularly the most vulnerable. This was aggravated late in the year by natural climatic events (i.e., tropical storms ETA and IOTA), which heavily affected rural communities in some of the poorest areas of the country. The government has had difficulties delivering an effective response to the manifold problems. Consequently, public disappointment has been growing, public protests have erupted and discrepancies among government members have been revealed. Furthermore, concerns over the independence of the Judiciary, highlighted by a controversial selection of new magistrates to the Constitutional Court, have added complexity to the current political situation.

Nevertheless, in an international context of high uncertainty, Guatemala’s macroeconomic fundamentals remain stable. The economy’s 2% contraction in 2020 fares well in global and regional comparison. Resilient remittances and unprecedented policy support have mitigated the negative impact of the COVID-19 pandemic. Moreover, a 4% rebound in economic growth is projected for 2021. Inflation is under control and public debt remains sustainable at 32.5% of GDP. The fiscal deficit increased in 2020 to 6.1%, but is foreseen to come down to a more manageable 3.1% in 2021 and to decrease further in the medium-term. Regarding tax collection, Guatemala’s tax revenues to GDP ratio declined to 9.8% in 2020. However, for 2021 the forecast is slightly more positive as tax revenues are expected to increase to 10.3% of GDP, which is still extremely low considering Guatemala’s deep social and economic inequalities reflected in high poverty levels (59% and 23% of the population live in poverty and extreme poverty respectively), food insecurity and chronic malnutrition (46.5% of child stunting). The situation is more acute among the indigenous population (79% live in poverty) and women are significantly at higher risk of suffering these inequalities.

Regarding Human Rights, there has been a negative trend in the last year, as the institutional framework has weakened. In fact, the Government of Guatemala closed three key entities related to human rights: 1) the Presidential Commission on Human Rights (COPREDEH); 2) the Secretariat of Peace (SEPAZ); and 3) the Secretariat of Agrarian Affairs (SAA). All of which, were merged into a new Presidential Commission for Peace and Human Rights (COPADEH), whose scope, responsibilities, functioning and budget have not yet been defined.

In addition, Guatemala faces significant employment challenges. As evidenced by the latest National Survey on Employment and Income, the country’s main issue is not unemployment (only 2.1%) but rather 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%). It is also high among young people. Moreover, there is a significant gender dimension to employment, with the ratio of female-to-male labour force participation rate standing at 47%. All of these facts reveal the vulnerability of employment and the lack of decent and productive work opportunities for the majority of Guatemalans.

<sup>7</sup> Vocational Education and Training.

<sup>8</sup> [https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf)

<sup>9</sup> [https://ec.europa.eu/international-partnerships/system/files/swd-2021-human-right-based-approach\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/swd-2021-human-right-based-approach_en.pdf)

In order to address this problem, the EU and other actors, notably GIZ, the ILO and USAID, have been actively engaged in employment related projects. In fact, as a result of the successful implementation of previous programmes, notably the “Youth Employment Programme - DCI-ALA/2011/023-514” and the ongoing “Support to Decent Employment in Guatemala Programme - LA/2018/40889” (also known as Decent Employment Programme), which builds upon the achievements of the former, the EU is recognised as a key partner in the promotion of decent employment in Guatemala. Actually, the National Policy for Decent Employment 2017 – 2032 (*Política Nacional de Empleo Digno* – PNED -) that the Youth Employment programme contributed to develop and whose implementation the Decent Employment Programme is currently supporting, has become the public policy that has transcended governments that guides and channels efforts by the main stakeholders aiming to improve employment conditions in the country.

The Decent Employment Programme was financed by the previous MIP for Guatemala (2013-2020) with an EU contribution of € 15 million. Specifically, this Programme aims to increase decent employment opportunities for all, particularly for young people and women, in line with the PNED. It has three expected results, which are: (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. It is implemented in indirect management with Guatemala (the Ministry of Economy is the lead beneficiary-implementing institution and the Ministry of Labour and the Ministry of Education are co-beneficiaries) and direct management (procurement of services and grants – call for proposals). The financing agreement was signed by Guatemala on December 12<sup>th</sup> 2019 and came into effect that same day. Its implementation period ends in December 2024.

The EU proposes three priority areas for Guatemala to be supported financially by the new Multiannual Indicative Programme (MIP) 2021 - 2027: 1) Green Deal; 2) Sustainable and inclusive growth; 3) Good Governance and Human Development. This proposal is fully consistent with the European Commission’s five strategic priorities on International Partnerships and specifically seeks the involvement of Guatemala in global challenges that require international collaboration such as the fight against climate change, environmental protection, inclusive and sustainable social and economic development and strengthening of public institutions. Furthermore, the EU considers that digitalisation, science, technology and innovation (fourth strategic priority) are essential instruments to achieve the objectives and results of the MIP. They are also fundamental for Guatemala to respond to the challenges it faces in meeting the goals set in its National Development Plan, the K’atun 2032, which together with the current Government’s General Policy 2020-2024 constitute the national long-term development policy. Moreover, the achievement of the objectives set in the MIP is expected to have a positive impact on the EU's fifth strategic priority on migration, by addressing some of its root causes.

## 2.2. Problem Analysis

### Short problem analysis:

The EU is committed to supporting Guatemala’s efforts to drive an economic recovery and tackle the significant employment challenges the country is facing in a post-COVID context. Specifically, for this purpose, **the EU proposes this action, which is a €15 million top-up to the ongoing “Support to Decent Employment in Guatemala Programme” (LA/2019/040-889)**, to maximise its impact on fostering decent work opportunities, notably for the most vulnerable (i.e., indigenous people, women, the young and persons with disabilities and most affected by the informal economy).

The proposed action aims to contribute to priority area 2) Sustainable and inclusive growth of the MIP 2021-2027. In particular, to the Industry sector (DAC code 321), which among others seeks to support the integration of youth and women as active participants in the economy. This includes strengthening their capacity as entrepreneurs; improving access to vocational training linked to the labour market’s demand; and improving access to affordable financial services to invest, save and manage risks. Specifically, the proposed action will contribute to reaching Specific Objective 2: Guatemala has a conducive business environment that support entrepreneurship and the competitiveness of micro, small and medium sized enterprises (MSMEs), in particular in the green, blue and circular economies for the generation of decent employment opportunities. Regarding expected results per specific objective, it will contribute to achieving Result 2.3: Labour market access for youth, women, returning migrants, persons with disabilities and indigenous population is improved.

The action will continue to support the implementation of the PNED. This policy 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 2020-2024 and other relevant public policies such as the National Entrepreneurship Policy, the National Youth Policy, the National Policy for MSMEs development and the National Competitiveness Policy. Furthermore, it is in line 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 and prosperity), are directly linked to employment promotion efforts.

It is also 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”, Goal N° 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, N° 1 “End poverty in all its forms everywhere” and N° 5 “Gender equality”. Furthermore, by targeting underserved populations, such as indigenous people, women, the young and persons with disabilities and paying special attention to the inclusion of the poorest, this action will also contribute to the achievement of SDG N° 10 “Reduce inequality within and among countries”. Particularly target 10.1 “Progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average”. In addition, it is in line with Title VIII of Part IV of the EU-Central America Association Agreement, which deals with Trade and Sustainable Development (TSD).

Since the proposed action is a top-up to the ongoing “Support to Decent Employment in Guatemala Programme” (LA/2019/040-889), it has basically the same objectives and results (outputs). In the framework of result (R3) of the Decent Employment Programme, the Call for Proposals Ref. EuropeAid/169954/DD/ACT/Multi was launched in Q4. 2020 for awarding grant contracts with the objective of fostering the creation of decent jobs. This by either: (i) promoting entrepreneurial ventures (that generate new enterprises and self-employment opportunities); and/or (ii) enhancing productivity through the promotion of innovation in expanding MSMEs. By March 2021, the 1<sup>st</sup> stage of the evaluation process (concept notes) had concluded. Out of 37 project proposals that were evaluated, 11 were selected to continue to the 2<sup>nd</sup> stage of the evaluation (full proposals). These high quality projects propose innovative methodologies to foster the creation of decent jobs, addressing inclusion and economic recovery (post the COVID-19 pandemic). In particular, targeting indigenous people, women, the young, returning migrants and persons with disabilities and paying special attention to the inclusion of the poorest. Namely, the proposed €15 million top-up includes €4.695 million<sup>10</sup> to extend the available resources for this call, allowing doubling the number of projects that can be awarded a grant contract (from an estimated 3 projects to 6 or 7). Specifically, the additional funds of the proposed action will enable signing grant contracts with the consortia led by entrepreneurship development organisations, business membership organisations (BMOs) or NGOs, whose proposals were included in the reserve list as the result of the final evaluation (of full proposals) of the aforementioned Call for Proposals. Thus, maximising its impact in terms of its contribution to the generation of decent employment opportunities, especially for the aforementioned groups of the population. The other €10.305 million of the proposed top-up would be used to extend certain key activities<sup>11</sup> foreseen in results 1 and 2 of the Decent Employment Programme (i.e., the institutional framework for the implementation of the National Policy for Decent Employment has been strengthened; and employability of targeted beneficiaries has been improved, respectively). As well as supporting indicatively some activities under result 3 related to public business development services, business acceleration in MSMEs and innovation for the creation of decent jobs, in particular in the green/circular economy; the technical assistance contract and contingencies.

Therefore, the proposed action will finance more grants to promote entrepreneurship and innovation to create decent jobs in key sectors for the post-pandemic economic recovery, prioritising inclusive and environmentally sustainable projects. It will also further social dialogue and the respect for labour rights by supporting Guatemala to fulfil its commitments in the roadmap on Freedom of Association and Collective bargaining (ILO’s Conventions 87 and 98) and comply with labour provisions under the Trade and Sustainable Development title of the EU-Central America Association Agreement.

The transformational impact of this action for Guatemala is that by continuing to foster decent work opportunities, the gradual formalisation of the economy will be promoted, triggering positive effects on social dialogue and workers’

<sup>10</sup> The approved AAP 2021 for Guatemala included an indicative amount of € 4.5 million for this purpose.

<sup>11</sup> The approved AAP 2021 included indicative activities to be supported.



conditions. As well as reinforcing domestic revenue mobilisation. Moreover, it contributes to the Team Europe Initiative (TEI) “Alliance for Sustainable Growth and Jobs”. This TEI seeks to support Guatemala in its efforts to establish a new sustainable and inclusive economic model that guarantees the protection of workers and mobilises sufficient domestic revenues to finance the country's social development. The implementation of this TEI will be coordinated with Member States, notably Germany, which also supports entrepreneurship, VET education, and employment promotion programmes. In fact, complementary and synergies will be ensured with the following GIZ programmes:

- Bilateral programme with Guatemala “Education for life and work (EDUVIDA II)”, which has provided technical assistance to the Ministry of Education to improve quality of middle school education. In particular, it has worked on capacity development for the labour market, as well as fostering entrepreneurship and active citizen participation.
- Regional programme “Promotion of Youth Employment and Technical and Vocational Education and Training for Young People for the Prevention of Youth Violence (CaPAZ)”, which is implemented with the Secretariat of Central American Social Integration (SISCA). The programme aims to improve the social resilience and employability of young people in selected communities in the Northern Triangle of Central America where violence is prevalent (El Salvador, Guatemala and Honduras).

The EU’s leading position in this sector has benefitted not only policy dialogue on employment related issues, but has also served as leverage to foster overall political dialogue with the Government of Guatemala (GoG) on a wide number of issues ranging from trade and sustainable development to public finances.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The main stakeholders are the Government of Guatemala (GoG), particularly the Ministries of Economy, Labour and Education as they lead the implementation of the PNED (the Ministry for Social Development also contributes to this end). In addition, social partners (trade unions and employers’ organisations), the private sector, academia, the National Training Institute (INTECAP) and other VET<sup>12</sup> organisations, municipalities, entrepreneurship development organisations and the International Labour Organisation (ILO).

- 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. MINECO’s gender unit (*Unidad de Género*) supports gender equality mainstreaming in this Ministry’s programmes. In the past, the Ministry of Economy has implemented (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). In addition, MINECO is a member of the National Commission on Decent Employment (CONED).
- 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 (VUMES<sup>13</sup>) located throughout the country, which provide training on soft skills for employment and job placement services at the local level. MINTRAB was also a co-beneficiary of the EU’s Youth Employment Programme. Moreover, this Ministry was in charge of following up the process related to the complaint under article 26 of the ILO Constitution, concerning non-

<sup>12</sup> Vocational Education and Training.

<sup>13</sup> 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.

observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), which after a long process, was declared closed by the ILO's Governing Body in its 334<sup>th</sup> session (October-November 2018).

- 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 was also a co-beneficiary of the Youth Employment Programme. 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 an apprentice –first job 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 dialogue<sup>14</sup>. The country's compliance with international labour standards is part of this dialogue. In fact, trade unions and employers' organisations actively participated in the process regarding the complaint concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention (No. 87). Trade unions also perform a key role by promoting labour standards and decent employment conditions for workers. They will ensure that the PNED's guiding principles are respected during its implementation. Also, civil society contributes to social dialogue, particularly think tank organisations with expertise on labour related issues such as ASIES<sup>15</sup>, by promoting decent work in the country.
- **Relevant civil society organisations and independent organisations that promote human rights** (such as the Human Rights Ombudsman's Office): will be encouraged to participate in this action.
- **Private sector**: private companies play a key role on the labour market's demand side. In addition, business membership organisations<sup>16</sup> (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.
- **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 implemented 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.

<sup>14</sup> Whenever possible, representatives of membership-based representative organizations of workers and economic units in the informal economy also participate in this dialogue.

<sup>15</sup> The Association for Social Studies and Research (*Asociación de Investigación y Estudios Sociales –ASIES-*), is currently implementing a grant contract titled "Supporting decent employment for all (*Promoviendo el trabajo decente para todos –CSO-LA/2019/411984-*)" under the thematic Civil Society Organisations programme.

<sup>16</sup> 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

- **Entrepreneurship development 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.
- **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 decision by the ILO's Governing Body (see activity 1.1.A6).

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to reduce poverty in Guatemala.

The Specific(s) Objective(s) (Outcomes) of this action is to

1. Improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 (PNED).

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

1.1 contributing to Outcome 1 (or Specific Objective 1): Institutional capacities for the implementation of the National Policy for Decent Employment have been strengthened. This output will directly support strengthening institutional capacities, particularly of the Ministry of Labour, the Ministry of Economy and the Ministry of Education, to better enable them 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 this policy (Transition to formality).

1.2 Employability of targeted beneficiaries has been improved. Output 1.2 is directly linked to supporting vocational education and training and certification of skills for employment activities foreseen in component 2 of the PNED (Development of human capital).

1.3 Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises (MSMEs) are enhanced. This output of the action is focused on supporting component 1 of the PNED (Employment generation) by enhancing entrepreneurship and innovation capacities of new and expanding MSMEs to foster the creation of decent jobs.

#### 3.2. Indicative Activities

Activities related to Output 1.1

1.1.A1 Supporting the functioning and operation of the CONED (*Consejo Nacional de Empleo Digno*) and its Inter-institutional Technical Group for decent work (*Mesa Técnica Interinstitucional – MTI*): this activity foresees supporting (i) the structuring and functioning of an Executive Secretariat; (ii) the organisation of their subcommittees; (iii) fostering the participation of public and private sector institutions, employers' organisations and trade unions (social partners) in these subcommittees; and (iv) the development and implementation of a monitoring and evaluation system for the PNED.

1.1.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).

1.1.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, including the Women Workers section of the General Directorate of Social Security.

1.1.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 indicatively foresees to (i) strengthen the system's governing body (CONAFOL) and its technical secretariat; (ii) create the National Register of Work Certifications<sup>17</sup> (RENACEL), associated to the National Catalogue of Qualifications & Modules; (iii) promote increased inter-institutional 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 Education<sup>18</sup> in the country's departments.

1.1.A5 Strengthening the labour information system and statistical analysis, including improved gender specific information: 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 this Observatory, the National Statistics Institute (INE), and other relevant organisations such as the Employment Observatory of the National Training Institute (INTECAP), academia and think tanks.

1.1.A6 Foster social dialogue and support the implementation of comprehensive technical assistance to assist Guatemala to fulfil its commitments related to the roadmap on Freedom of Association and Collective bargaining (ILO's Conventions 87 and 98). These commitments were made during the procedure initiated in 2012 under article 26 of the ILO Constitution regarding a complaint made by workers' delegates concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). After a long process, this procedure was declared closed by the ILO's Governing Body in its 334<sup>th</sup> session (October-November 2018). A contract with the ILO is envisaged to implement this activity.

1.1.A7 Promote the gradual transition to formality of informal economic units<sup>19</sup> and the progressive extension of social protection coverage to informal workers. This activity would indicatively include (i) carrying out studies to develop policy proposals for the Guatemalan Government in line with ILO's recommendations 202 and 204<sup>20</sup>, 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 stakeholders<sup>21</sup>; (iii) capacity building activities<sup>22</sup>; 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 (ensuring there is representation of women), including whenever possible, representatives of membership-based representative organisations of workers and economic units in the informal economy. The assistance of the SOCIEUX + programme<sup>23</sup> could be requested to support the implementation of this activity.

<sup>17</sup> Work certifications (*certificaciones laborales*) assure that the person has the necessary skills or abilities to perform certain type of work.

<sup>18</sup> Or of other Ministries and institutions, as required

<sup>19</sup> "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.

<sup>20</sup> 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.

<sup>21</sup> Such as the Guatemalan Social Security Institute, the Tax Administration and the Ministry of Labour.

<sup>22</sup> 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)

<sup>23</sup> 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

## Activities related to Output 1.2

1.2.A1 Improving and extending vocational training for decent employment opportunities: this activity is envisaged to develop a service contract with the National Training Institute (INTECAP)<sup>24</sup> and other VET institutions to provide vocational training scholarships and incentives particularly for young people (special attention will be given to women, persons with disabilities and those who are indigenous and live in rural areas). This would indicatively 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 model<sup>25</sup>; (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).

1.2.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.

## Activities related to Output 1.3

1.3.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 centres<sup>26</sup> 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.

1.3.A2 Promoting entrepreneurship and innovation: (see section 4.4.1) this activity entails signing grant contracts with the consortia<sup>27</sup> led<sup>28</sup> by entrepreneurship development organisations<sup>29</sup>, business membership organisations (BMOs)<sup>30</sup> or NGOs, whose proposals were included in the reserve list as the result of the final evaluation of the Call for Proposals ref. EuropeAid/169954/DD/ACT/Multi<sup>31</sup> that was launched as part of the Decent Employment Programme (LA/2019/040-889) 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. In this process, the institutional capacity of the grant beneficiary organisations will be strengthened and particular attention will be given to ensuring the use of the gender equality perspective in the actions' implementation.

Also, activities related to business acceleration in MSMEs and innovation for the creation of decent jobs, in particular in the green/circular economy, would indicatively be supported.

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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).

<sup>24</sup> It is the only institution that has the capacity to deliver vocational training throughout the country.

<sup>25</sup> It would comply with the standards of (or be accredited by) the National Training System for Employment (SINAFOL).

<sup>26</sup> These centres coordinated by the Ministry of Economy provide business development services (i.e. technical assistance, advice and training) to MSMEs.

<sup>27</sup> These consortia could also include other relevant stakeholders like academic institutions, civil society organisations (think tanks), trade unions, employers' organisations, etc.

<sup>28</sup> as lead applicant or co-applicant(s).

<sup>29</sup> 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.

<sup>30</sup> 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.

<sup>31</sup> Ref. Ares (2020) 6519708

### 3.3. Mainstreaming

Mainstreaming in AAP is very general and provided possibly before the mandatory analysis at action level are realised. This sections is based on the mainstreaming annex. We suggest to keep it.

#### **Environmental Protection & Climate Change**

**Outcomes of the SEA screening** (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

**Outcomes of the EIA (Environmental Impact Assessment) screening** (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

**Outcome of the CRA (Climate Risk Assessment) screening** (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is a significant objective of this action. In fact, it directly contributes to achieving the overall thematic objective (impact): “Women, men, girls and boys, in all their diversity, fully enjoy and exercise their equal economic, labour and social rights”, included under the thematic area “Promoting economic and social rights and empowering girls and women” of “Part II Objectives and indicators for GAP III thematic areas of engagement”<sup>32</sup>.

Namely, the proposed action will contribute to attaining the following specific thematic objectives (outcomes):

1. Increased access for women, in all their diversity, to decent work, including women’s transition to the formal economy and coverage by non-discriminatory and inclusive social protection systems.
4. Women in all their diversity have improved access to entrepreneurship opportunities, including social entrepreneurship, alternative livelihoods and strengthened participation in the green and circular economy.
6. Reduction in gender disparities in enrolment, progression and retention at all levels of education and lifelong learning for women, men, girls and boys<sup>33</sup>

In fact, gender sensitive indicators that measure progress to achieving the aforementioned impact and outcomes have been included in the Programme’s logical framework matrix (these are marked with \*\*\*). In addition, data of all final beneficiaries will be disaggregated by sex, age, ethnic group, current household location (municipality) and disability (if existent).

Furthermore, the Guidelines for the Call for Proposals mentioned in activity 1.3.A2 required that proposals include a gender sensitive monitoring and evaluation system. This system would include the establishment of indicators to measure the extent to which gender equality objectives are met, taking into account cultural and social issues. Also, ensuring a broader and equal access to information for women was required. In particular, gender mainstreaming will be targeted through specific awareness-raising campaigns, particularly in training and capacity building activities.

#### **Human Rights**

The proposed action will be implemented following the human rights-based approach (HRBA), encompassing all human rights, with due regard to the working principles of applying all rights, participation and access to the decision

<sup>32</sup> SWD(2020) 284 final “JOINT STAFF WORKING DOCUMENT Objectives and Indicators to frame the implementation of the Gender Action Plan III (2021-25) Accompanying the document Joint Communication to the European Parliament and the Council GENDER ACTION PLAN III: AN AMBITIOUS VISION ON GENDER EQUALITY AND WOMEN’S EMPOWERMENT FOR EU EXTERNAL ACTION {JOIN(2020) 17 final}”, available at: [https://myintracomm.ec.europa.eu/dg/INTPA/thematic-activities/gender-equality/Documents/2\\_GAP\\_III\\_Joint\\_Staff\\_v3\\_rotated.pdf](https://myintracomm.ec.europa.eu/dg/INTPA/thematic-activities/gender-equality/Documents/2_GAP_III_Joint_Staff_v3_rotated.pdf)

<sup>33</sup> This includes access to science, technology, engineering, mathematics (STEM) and digital education and training.

making process, non-discrimination and equal access, accountability and access to the rule of law, and transparency and access to information. It 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 rights<sup>34</sup>.

Guatemala has ratified all relevant international conventions to the action, including the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the eight fundamental labour conventions of the ILO.

In fact the action, by improving the employability of targeted beneficiaries (in particular, young people, women, returning migrants, persons with disabilities and the indigenous population) and enhancing entrepreneurship and innovation capacities of new and expanding MSMEs, focusing on supporting entrepreneurial ventures or MSMEs led by (or with a high participation) of young people and women; will empower rights-holders to claim their rights. In this case, their labour rights, which are a key element of the concept of decent work that this action promotes. In fact, the International Labour Organisation (ILO) defines decent work as productive work for women and men in conditions of freedom, equality, safety and human dignity. Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for workers and their families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all.

Furthermore, by strengthening institutional capacities for the implementation of the National Policy for Decent Employment (PNED), notably of the Ministry of Labour, the Ministry of Economy and the Ministry of Education, the action will build the capacities of these duty-bearers to protect, promote and fulfil the aforementioned human rights.

Organisations representing rights-holders (such as young people, women and indigenous people) and other representatives of civil society were consulted by the government of Guatemala during the development process of the PNED, whose implementation the proposed action will support. In fact, dialogue at both the sector and territorial level were pursued. Regarding the governance structure of the proposed action, representatives of civil society organisations will be invited to participate in the programme's steering committee.

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### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that although disability is not targeted in the principal objective nor it is a significant objective in the action, an special emphasis will be given to promoting inclusiveness and the participation in planned activities of young people, women, returning migrants and persons with disabilities, particularly those who are indigenous and live in rural and poorest areas.

In fact, for indicator 1.2.1 there is a specific share of the goal for participants, of persons with disabilities. Moreover, the Guidelines for grant applicants of the call for proposals mentioned in activity 1.3.A2 included the following priority:

- A. Promote inclusiveness, focusing on supporting entrepreneurial ventures or micro, small and medium sized enterprises (MSMEs) led by (or with a high participation) of young people and women. In particular, those who are indigenous and live in rural areas (specially, where there are high levels of poverty, unemployment and migration -returning migrants are also included), as well as persons with disabilities.

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### **Democracy**

This action aims to reduce poverty in Guatemala, specifically by improving labour market access for all. In particular for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032. By doing so, it will contribute to improving the economic situation of many Guatemalans. This will in turn positively impact the social environment and political stability of the country, supporting democracy.

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### **Conflict sensitivity, peace and resilience**

The proposed action is conflict sensitive and promotes peace and inclusion by fostering social dialogue. In fact, it will support the implementation of comprehensive technical assistance to assist Guatemala to fulfil its commitments related to the roadmap on Freedom of Association and Collective bargaining (ILO's Conventions 87 and 98). These

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<sup>34</sup> [http://www.ec.europa.eu/europeaid/sectors/rights-based-approach-development-cooperation\\_en](http://www.ec.europa.eu/europeaid/sectors/rights-based-approach-development-cooperation_en)

commitments were made during the procedure initiated in 2012 under article 26 of the ILO Constitution regarding a complaint made by workers' delegates concerning non-observance by Guatemala of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). After a long process this procedure was declared closed by the ILO's Governing Body in its 334<sup>th</sup> session (October-November 2018). A contract with the ILO is envisaged to implement this activity.

#### Disaster Risk Reduction

The action is not focused on disaster risk reduction. Nevertheless, it will promote<sup>35</sup> entrepreneurship and innovation to create decent jobs in key sectors for the post-pandemic economic recovery, prioritising inclusive and environmentally sustainable projects. By aiming to improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population, the action will contribute to reducing poverty and improving the socio-economic wellbeing of beneficiaries. This in turn, will help them and consequently their communities, to become more resilient to natural disasters.

#### Other considerations if relevant

N/A

### 3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1	Risk 1 Lack of political will to implement the National Policy for Decent Employment 2017 – 2032 (PNED) by the Government	M	H	<p>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. Furthermore, the current Government is in the process of issuing a Government decree to legally back the implementation of the PNED.</p> <p>Continue political dialogue with key stakeholders of the government, private sector, academia and civil society to promote increased appropriation of the PNED.</p> <p>Ensure common political messages through the donor coordination group G13.</p>
1	Risk 2 Insufficient funds allocated by the Government to implement the PNED	M	H	<p>Increased political dialogue with Government authorities, particularly with (i) the relevant line Ministries; and (ii) the Ministry of Finance and the Tax Administration to support efforts to increase domestic revenue mobilisation (DRM). In fact, the action "Effective domestic revenue mobilisation for</p>

<sup>35</sup> Particularly through the call for proposals foreseen under output 1.3.



				inclusive growth” is being proposed in the AAP 2021 to increase DRM in Guatemala.
2	Risk 3 Deep educational gaps also at TVET level and difficulty of reaching vulnerable beneficiaries	H	M	Develop a custom made incentives system <sup>36</sup> to facilitate the participation of vulnerable beneficiaries (i.e. indigenous young people -men and women- who live in rural areas, returning migrants and persons with disabilities) in the programme’s activities, particularly in vocational education and training activities foreseen for expected output 1.2.
1	Conflict between social partners that could hamper the implementation of the PNED	M	H	The proposed action includes an activity (1.1.A6) to foster social dialogue and support the implementation of the comprehensive technical assistance to assist Guatemala to fulfil its commitments related to the roadmap on Freedom of Association and Collective bargaining (ILO’s Conventions 87 ad 98).
1	The COVID-19 pandemic persists hampering both access to TVET and employment	M	H	Virtual training tools and e-learning systems will be promoted by the action in order to guarantee to final beneficiaries continuous access to TVET despite possible mobility restrictions to fight the pandemic.  Digital entrepreneurship will be fostered as another alternative for employment generation
1	Difficulties in inter-institutional 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	H	Continued political dialogue with Government authorities to support the consolidation of the National Commission on Decent Employment (CONED), which is responsible for the inter-institutional coordination for the implementation of the PNED. As well as of the Inter-institutional 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.
1	Political instability	L	H	Continued dialogue with key stakeholders of the government, private sector, academia and civil society to promote increased appropriation of the PNED.
1	Lack of support of the PNED by the private sector, academia and civil society	L	H	Continued dialogue with key stakeholders of the private sector, academia and civil society to promote increased appropriation of the PNED’s benefits for better matching the labour market’s demand and supply

<sup>36</sup> 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.

				(workers' qualifications and capabilities); 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.
1	Climate change and environmental vulnerability	L	M	The proposed action fosters <sup>37</sup> 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.

### Lessons Learnt:

The proposed action builds on the achievements of the Youth Employment Programme (*Empleo Juvenil* - LA/2011/023514). The conclusions of the final report of the ROM assessment highlight its main achievements:

- Fostered increased dialogue and inter-institutional 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 National Commission on Decent Employment (CONED) and the Inter-institutional Technical Group for decent work (MTI), 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 respond to labour market 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 was a catalyst for improvement in Guatemala's employment policy: a new framework and new fora for inter-institutional coordination were created, new models for public-private cooperation were tested, new technical careers were created and attitudes in education and vocational training became more demand driven.

These achievements reflect the following lessons learnt:

- The importance of (i) enhancing inter-institutional 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.

<sup>37</sup> Particularly, through the grant contracts that will be signed with entrepreneurship and business support organisations resulting from the Call for Proposals launched in the ongoing Decent Employment Programme, which this action tops-up.

### 3.5. The Intervention Logic

The underlying intervention logic for this action is that its overall objective (impact) is to reduce poverty in Guatemala. Specifically, it aims to improve labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 –PNED- (outcome). The following outputs are foreseen:

- 1.1 Institutional capacities for the implementation of the National Policy for Decent Employment have been strengthened;
- 1.2 Employability of targeted beneficiaries has been improved; and
- 1.3 Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced.

If these outputs are delivered, the specific objective (outcome) of improving labour market access will be accomplished and in the long-term, poverty will be reduced (impact).

The action addresses the following DAC codes:

- 16020 - Employment creation;
- 16070 - Labour Rights; and
- 11330 - Vocational training.

### 3.6. Logical Framework Matrix

<p>At action level, the indicative logframe should have a maximum of 10 expected results (Impact/Outcome(s)/Output(s)). It constitutes the basis for the monitoring, reporting and evaluation of the intervention.</p> <p>On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.</p> <ul style="list-style-type: none"><li>- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).</li><li>- Progress reports should provide an updated logframe with current values for each indicator.</li><li>- The final report should enclose the logframe with baseline and final values for each indicator.</li></ul> <p>The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.</p> <p>The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.</p>
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PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (@): Main expected results (maximum 10)	Indicators <sup>38</sup> (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To reduce poverty in Guatemala	1 Population living in poverty** (level 1/1) <sup>39</sup>	1 62.4% (2019) <sup>40</sup>	1 5% decrease (by 2028) <sup>41</sup>	1 UNDP (PNUD) poverty in Guatemala in 2019	Not applicable
Outcome 1	1 Improved labour market access for all, particularly for young people, women, returning migrants, persons with disabilities and the indigenous population in line with the National Policy for Decent Employment 2017 – 2032 (PNED).	<p>1.1 Employed population (<i>Población ocupada</i>) who is employed in the informal sector, disaggregated by sex*** / ****</p> <p>1.2 Employed salaried population (<i>población ocupada asalariada</i>) that is affiliated and contributing to the Guatemalan Social Security Institute (IGSS), disaggregated by sex*** / ****</p> <p>1.3 People who have jobs that meet the characteristics of decent work<sup>42</sup> resulting from the Programme's support<sup>43</sup>, disaggregated by sex, age, ethnic origin, household location (municipality) and disability (if existent)<sup>44</sup> ***</p> <p>1.4 People trained by the Programme that obtain jobs that meet the characteristics of decent work, disaggregated by sex, age, ethnic origin, household location</p>	<p>1.1 63.8% men (ENEI 2019) 68.0% women (ENEI 2019)</p> <p>1.2 1,350,821 (January 2019) 894,362 men and 456,459 women (January 2019)<sup>46</sup></p> <p>1.3 0 (2020)</p> <p>1.4 0 (2020)</p>	<p>1.1 8% decrease for women and men<sup>47</sup> (by 2028)<sup>48</sup></p> <p>1.2 10% increase (by 2028)</p> <p>1.3 3,500 (by 2028)</p> <p>1.4 At least 20% of trained people (1,400 according to the target for</p>	<p>1.1 National survey on employment and income (ENEI)</p> <p>1.2 Guatemalan Social Security Institute (IGSS)</p> <p>1.3 Programme's surveys (baseline and final data collection surveys)</p> <p>1.4 Programme's surveys (baseline and final data</p>	<p>Political and social stability of the country</p> <p>Social, economic and political events that negatively affect the authorities' political commitment to implement the PNED do not occur</p> <p>The favourable context that facilitates the support to the PNED by key stakeholders (private sector, academia and civil society) persists</p>

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<sup>38</sup> Disaggregation by sex, age, household location, ethnic origin and disability (if existent) is indicated on each indicator's fiche.

<sup>39</sup> Indicators in line with the programming document mark with an “\*” and indicators aligned with the EU results framework with an “\*\*”. In addition, indicators that contribute to the “Objectives and Indicators to frame the implementation of the Gender Action Plan III (2021-25)” are marked with an “\*\*\*\*”. Furthermore, indicators marked with \*\*\*\*\* will be disaggregated by sex, age and disability (and other relevant categories, if available).

<sup>40</sup> UNDP (*PNUD*) poverty in Guatemala in 2019.

<sup>41</sup> Decrease as a % of the reference value (baseline), in this case for example, this means that the target is 59.28% [62.4% - (62.4% \* 5%)].

<sup>42</sup> The International Labour Organisation (ILO) defines decent work as productive work for women and men in conditions of freedom, equality, safety and human dignity. Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for workers and their families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all.

<sup>43</sup> Particularly that involve a formal contract, provide access to social protection and pay at least the minimum wage or higher.

<sup>44</sup> There is a direct relationship between indicator 1.1 and 1.3.

<sup>46</sup> Guatemalan Social Security Institute (IGSS), Statistical bulletin of affiliation 2019.

<sup>47</sup> Decrease as a % of the reference value (baseline), in this case for example, this means that the target for women is 62.56% [68% - (68% \* 8%)]

<sup>48</sup> Fostering the formalisation of enterprises / companies enables this decrease.

		(municipality) and disability (if existent)***  1.5 New enterprises and self-employment opportunities (entrepreneurial ventures) created with the Programme's support, disaggregated by the entrepreneur's sex, age, ethnic origin, household location (municipality) and disability (if existent) <sup>45***</sup>	1.5 0 (2020)	indicator 1.2.1.) by 2028  1.5 TBD <sup>49</sup> (by 2028)	collection surveys)  1.5 Grant beneficiaries' reports	
<b>Output 1 related to Outcome 1</b>	1.1 Institutional capacities for the implementation of the National Policy for Decent Employment have been strengthened	<p>1.1.1 Government decree (<i>Acuerdo Gubernativo</i>) of the National Commission of Decent Employment (CONED), which encompasses the MTI and subcommittees<sup>50</sup></p> <p>1.1.2 Municipal Employment Offices (VUMES) in relation to the total number of municipalities<sup>51</sup></p> <p>1.1.3 Proposal of norms for the creation of Guatemala's Employment Training System, agreed with the national sectors involved in training for employment (submitted to the responsible institution)<sup>52</sup></p> <p>1.1.4 Media and sources in which the bulletins of the Labour Market Observatory are published</p>	<p>1.1.1 0 (2020)</p> <p>1.1.2 5.57% (2020)</p> <p>1.1.3 0 (2020)</p> <p>1.1.4 0 (2020)</p>	<p>1.1.1 1 (by 2023)</p> <p>1.1.2 15% (by 2028)</p> <p>1.1.3 1 (by 2028)</p> <p>1.1.4 10 (by 2028)</p>	<p>1.1.1 Publication of the Government decree</p> <p>1.1.2 The Ministry of Labour's national employment service</p> <p>1.1.3 Proposal of norms submitted to the responsible institution</p> <p>1.1.4 Media monitoring</p>	<p>Continuity at work of relevant technical staff in the main ministries involved in the implementation of the PNED</p> <p>Events that hinder adequate inter-institutional coordination between the main ministries involved in the implementation of the PNED, do not occur</p>

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<sup>45</sup> This indicator is related to what the grants may generate. Therefore, it should be indexed to their work.

<sup>49</sup> TBD: to be determined. In this case, the value will be obtained from the goals set by the approved grants.

<sup>50</sup> The Government decree of the CONED, which currently is in the process of being signed, in its article 1 g) determines the creation of the working groups that support the implementation of the objectives of national employment policies.

<sup>51</sup> In the framework of the Network of Employment Services and to be defined by the Ministry of Labour's National Employment Service.

<sup>52</sup> The Ministry of Education coordinates it. The Ministry of Economy will act as a facilitator.



		1.1.5 Report on the technical assistance (TA) provided to assist Guatemala to fulfil its commitments related to the roadmap on Freedom of Association and Collective bargaining (ILO's Conventions 87 and 98)	1.1.5 0 (2020)	1.1.5 1 (by 2028)	1.1.5 Final report of TA provided submitted to the responsible institution	
Output 2 related to Outcome 1	1.2 Employability of targeted beneficiaries has been improved	1.2.1 People that have successfully completed <sup>53</sup> vocational education and technical training courses supported by the Programme, disaggregated by sex, age, ethnic origin, household location (municipality) and disability (if existent) ** (level 2/28), ***	1.2.1 0 (2020)	1.2.1 7,000 (by 2028) <sup>55</sup>	1.2.1 Attendance and successful completion of the course certificate / diploma issued by INTECAP or the responsible training centre. Minutes of the courses with lists of participants disaggregated by sex, age, ethnic origin, household location (municipality) and disability (if existent)	<p>Situations that hamper the willingness of training institutions to adapt their services to match the labour market's demand and supply, do not take place</p> <p>Social, political or economic events that hinder the willingness of the private sector to participate in public private partnerships for training and matching the labour market's demand and supply, do not occur</p>
		1.2.2 People who have successfully completed an apprenticeship programme (apprentices) in a company/organisation with the programme's support disaggregated by sex, age, ethnic origin, household location (municipality) and disability (if existent) ***	1.2.2 0 (2020)	1.2.2 700 (by 2028)	1.2.2 Attendance and successful completion of the programme certificate / diploma.	

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<sup>53</sup> To be attested by a certificate/diploma of attendance and completion.

<sup>55</sup> **The following shares by classification of participants must be respected: by sex (50% women and 50% men), by age (75% young < 35 years old and 25% > 35), by household location (60% rural areas and 40% urban areas), by ethnic origin (at least 25% indigenous) and by disability (at least 5% of participants must have some type of disability).**

		1.2.3 Faculty (teachers, technicians and instructors) trained on selected occupational families (categories) of the Employment training system with the support of the Programme disaggregated by sex <sup>54</sup>	1.2.3 0 (2020)	1.2.3 TBD (by 2028)	Minutes of the apprenticeship programme with lists of participants disaggregated by sex, age, ethnic origin, household location (municipality) or disability (if existent)  1.2.3 Ministry of Education, Ministry of Labour Human Resources Department	
<b>Output 3 related to Outcome 1</b>	1.3 Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises (MSMEs) are enhanced	1.3.1 Micro, small and medium sized enterprises that have been supported by the Programme through the Government's business development services <sup>56</sup> .  1.3.2 Entrepreneurial projects supported by the Programme disaggregated by the entrepreneur's sex, age, ethnic origin, household location (municipality) and disability (if existent) <sup>57</sup> ***	1.3.1 0 (2020)  1.3.2 0 (2020)	1.3.1 1,500 (by 2028)  1.3.2 TBD (by 2028)	1.3.1 Ministry of Economy reports (business development services)  1.3.2 Programme's surveys (baseline and final data collection surveys)	Situations that deter the effective participation of MSMEs in the business development services provided by the Government (e.g., those provided by the PROMIPYME Offices, or by the entrepreneurship promotion centres or the

		1.3.3 Share of entrepreneurial projects supported by the Programme in cleaner production, eco-friendly production systems and circular economy or eco-entrepreneurship projects,	1.3.3. 0 (2020)	1.3.3 TBD % (by 2028)	1.3.3 Grant beneficiaries' reports	OVOP model, etc.), do not take place
		1.3.4 Innovation projects <sup>58</sup> that enhance productivity of expanding micro, small and medium sized enterprises (MSMEs) supported by the Programme	1.3.4 0 (2020)	1.3.4 TBD (by 2028)	1.3.4 Grant beneficiaries' reports	The context that favours the interest and effective participation of Entrepreneurship Development Organisations / Business intermediary organisations in the Call for Proposals persists

<sup>54</sup> Trained within the framework of the Employment Training System that is developed (until now named as SINAFOL). Other means of training to be defined by the institutions will be used.

<sup>56</sup> Such as the services provided by the PROMIPYME Offices, entrepreneurship promotion centres and the OVOP model.

<sup>57</sup> Once the grant contracts are approved, their indicators' goals will be assumed, updating the goals of indicators 1.3.2, 1.3.3 y 1.3.4.

<sup>58</sup> Of processes, products, marketing, management, etc.

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

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

### 4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 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 responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3. Implementation Modalities

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<sup>59</sup>.

#### 4.3.1. Direct Management (Grants)

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

**(a) Purpose of the grant(s)**

Grants are foreseen as part of activity 1.3.A2 under Output 1.3 and will contribute to achieving the action's specific objective (outcome).

In the framework of result 3 of the ongoing “Support to Decent Employment in Guatemala Programme” (LA/2019/040-889) also known as *Empleo Digno*, the Call for Proposals Ref. EuropeAid/169954/DD/ACT/Multi was launched in Q4. 2020 for awarding grant contracts with the objective of fostering the creation of decent jobs. This by either: (i) promoting entrepreneurial ventures (that generate new enterprises and self-employment opportunities); and/or (ii) enhancing productivity through the promotion of innovation in expanding micro, small and medium sized enterprises (MSMEs).

Furthermore, the Guidelines for grant applicants set the following priorities:

- A. Promote inclusiveness, focusing on supporting entrepreneurial ventures or MSMEs led by (or with a high participation) of young people and women. In particular, those who are indigenous and live in rural areas (specially, where there are high levels of poverty, unemployment and migration -returning migrants are also included), as well as persons with disabilities.
- B. Support the economic and employment recovery post the COVID-19 pandemic.

Moreover, the Guidelines highlight that proposals that include the following crosscutting issues would be evaluated positively: rights based approach, gender equality between women and men and gender sensitive monitoring and evaluation. As well as environmentally sustainable development. Specifically, promoting in the supported entrepreneurial ventures / MSMEs, methods such as cleaner production (resources efficiency, clean technologies and energy efficiency) and environmentally friendly production systems and circular economy. In addition, ecological entrepreneurship and those that promote the creation of green jobs. The following types of activities were also

<sup>59</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

promoted in the Guidelines: digitalisation and introduction of new technologies to enhance productivity and access to financial services.

As part of the proposed action, grant contracts will be signed with the consortia led by entrepreneurship development organisations, business membership organisations (BMOs) or NGOs, whose proposals were included in the reserve list as the result of the final evaluation (of full proposals) of the aforementioned Call for Proposals -Ref. EuropeAid/169954/DD/ACT/Multi.

#### **(b) Type of applicants targeted**

The call for proposals is aimed at consortia led (as lead applicant or co-applicant/s) by entrepreneurship development organisations, business membership organisations or NGOs. 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 a business membership organisation or an NGO.

#### 4.3.2. Direct Management (Procurement)

1 technical assistance service contract is foreseen<sup>60</sup>. It will contribute to achieving the action's specific objective (outcome).

#### 4.3.3. Indirect Management with the Partner Country

A part of this action with the objective of contributing to achieve outputs 1.1, 1.2 and 1.3 (partly in the case of the latter) may be implemented in indirect management with Guatemala 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.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the partner country.

<sup>60</sup> In the "Support to Decent Employment in Guatemala Programme" (LA/2019/040-889), the services contract LA/2020/418-814 "Asistencia Técnica al Programa de apoyo al Empleo Digno en Guatemala" has been signed. An extension to this contract is foreseen to be financed by the proposed action.

a) Overview of implementation

Output, location: Guatemala	Type of financing (works, supplies, or service contract, grant, programme estimate)
1.1 The institutional framework for the implementation of the National Policy for Decent Employment has been strengthened	Programme estimate, supplies <sup>61</sup> and service contracts
1.2 Employability of targeted beneficiaries has been improved	Programme estimate, supplies and service contracts
1.3 Entrepreneurship and innovation capacities of new and expanding micro, small and medium sized enterprises are enhanced	Programme estimate, grants and supplies and service contracts

b) Implementation through programme estimates

The contracting authority for these activities shall be the Minister of Economy.

An imprest administrator and an imprest accounting officer, and their deputies, shall be appointed for the management and implementation of the programme estimate by the contracting authority, in agreement with the Head of Delegation.

In accordance with the powers delegated to them by the partner country authority that appointed them, the imprest administrator and the imprest accounting officer shall draw up and implement the programme estimate, award contracts and grants, commit expenditure and make the corresponding payments.

The imprest administrator and the imprest accounting officer shall submit their technical and financial reports to the project steering committee, where applicable, and to the Minister of Economy and a copy to the Head of the EU Delegation.

#### 4.4. 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.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

<sup>61</sup> Such as IT equipment, hardware, software licences, vehicles, etc.

## 4.5. Indicative Budget

Indicative Budget components <sup>62</sup>	EU contribution (amount in EUR)	Third-party contribution, in currency identified
<b>Implementation modalities</b> – cf. section 4.3		
<b>Objective/Outputs</b> 1.1, 1.2 and 1.3 composed of		
Grants (direct management) – cf. section 4.3.1	4,695,000	704,250 EUR*
Procurement (direct management) – cf. section 4.3.2	1,300,000	N/A
Indirect management with Guatemala– cf. section 4.3.3	8,355,000	1,000,000 EUR**
<b>Evaluation</b> – cf. section 5.2	150,000	N.A.
<b>Audit</b> – cf. section 5.3		
<b>Contingencies</b> <sup>63</sup>	500,000	N.A.
<b>Totals</b>	15,000,000	1,704,250 EUR

\* 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.

## 4.6. Organisational Set-up and Responsibilities

The same organisational set up of the ongoing “Support to Decent Employment in Guatemala Programme” (LA/2019/040-889) will apply to the proposed action. The steering committee provides general guidance and oversees the action’s implementation. It is indicatively composed of representatives of the following key stakeholders:

- 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.

<sup>62</sup> N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e. for the conclusion of audit contracts and payments.

<sup>63</sup> Consider that contracts where no financing agreement is concluded, contingencies have to be covered by individual and legal commitments by 31 December of N+1.



As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. Monitoring and Reporting

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) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Roles and responsibilities for data collection, analysis and monitoring:

Progress monitoring will follow EU guidelines and standards and will be based on the logical framework and the established indicators. Several indicators require a baseline survey and a final data collection survey. The implementing partner will be responsible for making sure that these surveys are carried out by contractors in a timely manner (at the beginning of activities in the case of baseline surveys and at the end of them for final data collection surveys). For grant contracts, which are in direct management, the European Union Delegation will ensure grant beneficiaries carry out necessary baseline and final surveys as well.

All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality, based on the logical framework matrix indicators.

Reports 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's implementation

The action will be overseen by the EU Delegation to Guatemala through day to day programme monitoring activities, visits, and its participation in the steering committee and in the events related to planned activities.

### 5.2. Evaluation

Having regard to the nature of the action, a(n) mid-term, final evaluation(s) will not be carried out for this action or its components. Since, evaluations to be carried out for the ongoing "Support to Decent Employment in Guatemala Programme" (LA/2019/040-889) will also cover the proposed action's activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>64</sup>. 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.

### 5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

<sup>64</sup> See best [practice of evaluation dissemination](#)

## 6. COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

## APPENDIX REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention is defined in the related Action Document and it is revisable; it can be a(n) (group of) action(s) or a (group of) contract(s).

Tick in the left side column one of the three possible options for the level of definition of the Primary Intervention(s) identified in this action.

In the case of ‘Group of actions’ level, add references to the present action and other action concerning the same Primary Intervention.

In the case of ‘Contract level’, add the reference to the corresponding budgetary items in point 4.6, Indicative Budget.

<b>Option 1: Action level</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Option 2: Group of actions level</b>		
<input checked="" type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): Present action: Top-up to the ongoing action Support to Decent Employment in Guatemala Programme - <i>Programa de apoyo al Empleo Digno en Guatemala</i> (LA/2018/40889). CRIS number: NDICI LA/2021/043-17 Support to Decent Employment in Guatemala Programme. CRIS number: LA/2019/040-889
<b>Option 3: Contract level</b>		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
<input type="checkbox"/>	Single Contract 3	
	(...)	
<input type="checkbox"/>	Group of contracts 1	