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ANNEX 1

of the Commission Implementing Decision on the “Censo de trabajadores del Gobierno de Guatemala”

Action Document for “Censo de trabajadores del Gobierno de Guatemala”

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>“Censo de trabajadores del Gobierno de Guatemala” CRIS number: DCI-ALA/2016/39417 financed under Development Cooperation Instrument</th>
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</thead>
</table>
| 2. Zone benefiting from the action/location | Guatemala
The action shall be carried out at the following location: Guatemala |
| 4. Sector of concentration/thematic area | Competitiveness - Fight against corruption and transparency ❄️ |
| 5. Amounts concerned | Total estimated cost: EUR 5 900 000
Total amount of EU budget contribution EUR 5 300 000 |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality
Direct management:
• procurement of services
Indirect management with the World Bank (WB) |
| 7 a) DAC code(s) | 15110 – Public sector policy and administrative management |
| b) Main Delivery Channel | World Bank – 44001 |

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

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
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<tbody>
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<td>Participation development/good governance</td>
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<td>Aid to environment</td>
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### RIO Convention markers

<table>
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<td>Biological diversity</td>
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<tr>
<td>Combat desertification</td>
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<tr>
<td>Climate change adaptation</td>
<td>X</td>
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### 9. Global Public Goods and Challenges (GPGC) thematic flagships

N/A

### SUMMARY

Guatemala is classified as a country with a medium level of human development. It is a very unequal economy, with high levels of poverty especially in rural areas and among the indigenous population. One of the main obstacles to reducing poverty in developing countries is corruption and unfortunately it is widespread in Guatemala, as evidenced by last year’s corruption cases involving high level Government authorities and the country’s poor performance in related internationally recognized rankings and standards.

Corruption undermines the competitiveness of Guatemalan MSMEs\(^2\) and cooperatives as it takes away from public revenues which could be invested in the improvement of education, health services and infrastructure, all of which influence the country’s competitive conditions for its enterprises. In fact, according to the World Economic Forum's methodology to assess a country's competitiveness\(^3\), corruption is included in the 1st pillar: Institutions. The analysis of this pillar includes Government attitudes toward markets and freedoms and the efficiency of its operations, corruption, lack of transparency and trustworthiness, among others, all of which impose significant economic costs to businesses and slow the process of economic development.

Following the aforementioned scandal and others, the fight against corruption and to enhance transparency in Government activities, became a key issue during the general elections that took place at the end of 2015 in which Mr Jimmy Morales was elected President. Since taking office last January, President Morales has expressed his high commitment and political will to fight corruption and enhance transparency in the Government. In fact, he is actively promoting a comprehensive

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\(^2\) Micro, Small and Medium-sized Enterprises.

reengineering process of the Government for this purpose. In this context, the idea of conducting a census of Government workers to identify corrupt practices (in order to tackle them) is a very important element of this process and has become a priority for President Morales. This situation opens a unique window of opportunity to implement an action that has the potential of having a significant positive effect in the reduction of corruption and to set a precedent for a continued fight against this plague in all areas.

Therefore, the overall objective of the proposed programme is to improve competitiveness by enhancing efficiency and transparency of public expenditure and fight corruption in the Government’s human resources management system. Its specific objective is to support the Government to develop an effective, efficient and transparent human resources management system. The programme is designed so that upon completion of the activities foreseen, the following results will be produced:

Result No 1: A census of Government workers completed.

Result No 2: A reliable database containing standardized and systematized information of Government workers is fully functional on a modern and sustainable human resources management IT system.

For this purpose, technical assistance will be provided to improve and link the GUATENOMINAS (payroll), SIARH (human resources management), GUATECOMPRAS (procurement), the Civil Registry's (RENAP), Social Security's (IGSS) and the Tax Administration's (SAT) IT systems, among others.

Result No 3: Improved monitoring and control mechanisms in the Government’s human resources management system.

The National Institute of Statistics (INE) is the Government institution which will be most involved in the operational execution of the Programme. Specially, it will carry out the census of Government workers. According to the decree 3-85 which created INE, it is the institution that formulates and executes the national statistics policy. As such, it is the only organization in the country that has the technical expertise and capabilities to carry out the proposed census of Government workers with due regard to privacy, data security, staff safety and other internationally recognized standards. A proof of its institutional capacity is that INE successfully carries out periodically, not only the population census, but several specialized surveys as well, such as the survey on employment and income (ENEI) and the survey on life conditions (ENCovi). The proposed programme would provide technical assistance to INE that would further strengthen its capacities to deliver trustworthy and high quality statistical information.

It is important to point out that there is a Law of access to public information (decree 57-2008) in Guatemala to which INE, as any individual or legal person in the country, must abide by. This law regulates the disclosure of public information, such as the information that will be produced by the proposed programme, which would be publicly available. No significant risks are foreseen due to this fact, since this type of information is already openly available, although in a scattered manner, through the Law of access to public information already mentioned.
Other key stakeholders in the Government for the implementation of the proposed programme include: (i) the Presidency, which is the main promoter of the programme and coordinator of the Government institutions involved; (ii) the Ministry of Finance, which manages the Government’s payroll IT system GUATENOMINAS and procurement IT system GUATECOMPRAS, among others. The former contains the database of all workers of the Executive branch of Government; (iii) the Tax Administration (SAT), which manages the tax identification number (NIT) database (of individuals and companies). It is important to note that, gradually, the NIT (and other identification numbers used by other Government institutions) is being replaced by the Single Identification Code (CUI), which is managed by (iii) the National Registry of Persons (RENAP); (iv) the Civil Service National Office (ONSEC), which manages the Government’s human resources related activities, including the human resources management IT system SIARH, and (v) the Ombudsman’s Office, which looks after the respect of human rights in the country and is the regulating authority of the Law of access to public information (decree 57-2008). As such, it is the guarantor of the integrity of the census, so that its implementation process is carried out with due respect of the rights of Government workers. In fact, as the data collected in the census will be disaggregated by sex, age and ethnic origin, among other parameters, it would serve not only as a tool to detect any discriminatory practice against any person or group in the Government’s human resource management system, but also as the scientific base for setting up possible positive discrimination policies in the future.

It is important to underline that this programme would be overseen by the Guatemalan civil society and the international community. These organizations would carry out this function through their participation in the programme’s Steering Committee which would be established to provide general guidance and oversee the action’s implementation. This committee would meet quarterly.

The implementing arrangement of this programme combines indirect management with the World Bank and direct management (procurement of services). Specifically, an Administration Agreement for EUR 5 million, in the context of the Framework Agreement between the World Bank Group and the European Commission would be signed. In addition, one services contract for EUR 300,000 to carry out activities to raise awareness, promote the involvement of key stakeholders and socialize the impact of the action among the Guatemalan society would be signed by the EU Delegation. Therefore, the total EU contribution for this programme would be EUR 5.3 million. The World Bank would contribute EUR 600,000 so the total cost of the action would be EUR 5.9 million.

During the EU Delegation presidency of the G13 in the second semester of 2015, an informal group on Transparency and Anti-corruption was established with the International Monetary Fund (IMF), CAPTAC and the World Bank (WB). The EU Delegation and the WB kept the momentum. In January 2016, once the new Government had taken office, the EU Delegation and the WB met with President Morales and supported the Government idea of a census of public servants. The WB is very well positioned in this field because of its expertise in human resources and public service, as well as in the improvement of public policies and public expenditure in Guatemala. It has also implemented similar interventions to the Census (although less comprehensive) in Central America. The EU would also benefit from the WB’s penetration in key government areas (Finance, Economy, Labour, Presidency), greatly enhancing the EU’s policy dialogue with the Guatemalan Government.
Furthermore, the WB is preparing a complementary loan operation with the Guatemalan Government that has two components: one to strengthen the Tax Administration (SAT) and the other to modernize the Ministry of Finance, by strengthening the Government’s Integrated System of Financial Management (SIAF), which includes the IT accounting system (SICOCIN), the procurement IT system (GUATECOMPRAS) and payroll IT system (GUATENÓMINAS). Activities to be conducted in the proposed programme fall within the World Bank’s forthcoming Systematic Country Diagnostic and engagement strategy for Guatemala. The WB’s contribution to the proposed programme amounts to 10% of the total cost of the action. Other donors which participate in the G13 have shown interest in the programme and may contribute additional funds to the Programme’s pool fund (indicatively, USAID).

The EU Delegation would actively carry out control and monitoring of the action “on the ground” and maintain continued dialogue with the World Bank’s representative in the country and officers involved in the implementation of the action, in order to guarantee high EU visibility.

It is worth mentioning that although other international organisations such as the IMF, through CAPTAC-DR, are present in the country, only the WB has the necessary expertise to implement the proposed programme. In CAPTAC-DR’s case, this type of actions does not fall within its mandate. In fact, CAPTAC-DR’s activities focus on: i) policy, tax and customs administration; ii) topics related to mid-term expenditure frameworks and public financial management; iii) money markets, public debt and Central Banks’ operations; iv) financial sector supervision, and v) macroeconomics statistics.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Guatemala is a multicultural country that has made progress in macroeconomic stability and in the consolidation of democracy, after a long civil war that ended in 1996 with the signature of the Peace Accords.

Despite the political crisis the country endured in 2015 caused by the high level corruption cases that resulted in the resignation and prosecution of the former President and Vice-president of the country, the fundamental pillars of the Guatemalan economy remain stable and the short-term outlook is positive. In 2015 economic growth reached close to 4% and inflation was low (< 3%).

The financial situation of the country remains stable; however, low levels of tax revenues are a cause of concern. In fact, the tax revenues to the gross domestic product (GDP) ratio reached only 10.3% of GDP in 2015. However, since the Government took measures to constrain public expenditure, the fiscal deficit in 2015 remained under control (1.8% of GDP) and the country’s public debt remained almost unchanged at 24.3% of GDP.

Guatemala is part of the global market and the thirteen trade agreements signed by the country prove this fact. On the 1st of December 2013, the provisional application of the trade pillar of the EU-Central America Association Agreement came into force. Guatemala, part of the Central American
Integration System, is the country that has given the greatest political support to the regional integration process.

Guatemala is classified as a country with a medium level of human development and in 2014 it ranked 128th (HDI value 0.627) out of 188 countries in the UNDP’s Human Development Index.[4] It is a very unequal economy, with high levels of poverty especially in rural areas and among the indigenous population. One of the main obstacles to reducing poverty in developing countries is corruption and unfortunately it is widespread in Guatemala, as evidenced by last year’s corruption scandals involving high level Government authorities. Moreover, the country ranks low in the Control of Corruption of the World Bank's Governance Indicators and in the Corruption Perception Index (CPI 2015) by Transparency International.[5]

Corruption undermines the competitiveness of Guatemalan MSMEs and cooperatives as it takes away from public revenues which could be invested in the improvement of education, health services and infrastructure, all of which influence a country’s competitive conditions for its enterprises. In fact, according to the World Economic Forum's methodology to assess a country's competitiveness, corruption is included in the 1st pillar: Institutions. The analysis of this pillar goes beyond the legal framework. It includes Government attitudes toward markets and freedoms and the efficiency of its operations, such as excessive bureaucracy, corruption, lack of transparency and trustworthiness, among others, all of which impose significant economic costs to businesses and slow the process of economic development.

In addition, MSMEs and cooperatives' inclusive growth and long term competitiveness is constrained by low productivity levels and limited capacities to compete in markets. Other obstacles include high transportation costs and poor logistics, low levels of innovation, lack of information on market opportunities, poor management and technical skills; as well as poor compliance with international quality and SPS regulations and standards.

1.1.1 Public Policy Assessment and EU Policy Framework

In 2012 the Guatemalan Government launched a National Competitiveness Agenda (2012-2021) which has six strategic lines of action, aiming to generate sustainable development and tackle structural problems, such as the low level of formal employment, poor household incomes, social gaps and the high level of poverty. The Agenda also promotes special zones of development and identifies sectors with export potential.

In this context, the previous Government submitted several law initiatives that aimed to improve the country’s business climate, among which the “Ley Marco del Sistema Nacional para la Competitividad y Productividad” is one of the most relevant. This new legal framework is pending approval by Congress.

Furthermore, SEGEPLAN (the Presidential Secretariat for Planning and Programming) developed a long term development plan named “K’atun Our Guatemala 2032”. This includes a common vision

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of the country shared by the main actors involved (public, private and civil society organizations, both at the national and departmental level) in terms of goals to be achieved by 2032. This plan emphasizes, among other things: (1) the need to strengthen public institutions; (2) economic growth, competitiveness and employment, territorial development, globalization and regional integration; (3) the trend towards urbanization and the need to generate employment in rural areas, and; (4) the agricultural, forestry and manufacturing sectors.

The proposed programme has been developed within the current EU policy framework, in particular the EU – CELAC Action Plan and the EU Citizen Security strategy for Central America and the Caribbean.

1.1.2 Stakeholder analysis

Newly elected President Morales has expressed his commitment to fight corruption and promote transparency in Government activities. For this reason, under his leadership, the Presidency has been actively promoting a comprehensive reengineering process of the Government, including key institutions such as the Ministry of Finance, the Civil Service National Office (ONSEC) and the Tax Administration (SAT). The implementation of a census of Government workers in order to identify possible “ghost” positions\(^6\), duplication of work and any other corrupt practices in the Government’s payroll system is a very important element of this process.

The census process will be accompanied and overseen by Guatemalan civil society and the international community, through their participation in the programme’s Steering Committee which would be established to provide general guidance and oversee the action’s implementation. This committee would meet quarterly.

Key stakeholders in the implementation of the programme include the following:

Government institutions:
- The Presidency: main promoter and leader of the programme.
- The Ministry of Finance: manages the Government’s payroll IT\(^7\) system GUATENOMINAS\(^8\) and procurement IT system GUATECOMPRAS\(^9\), among others. The former contains the database of all workers of the Executive branch of Government.
- The National Institute of Statistics –INE- (part of the Ministry of Economy): will carry out the census of Government workers. According to the decree 3-85 which created INE, it is the institution that formulates and executes the national statistics policy. As such, it is the only organization in the country that has the technical expertise and capabilities to carry out the proposed census of Government workers with due regard to privacy, data security, staff safety and other internationally recognized standards. A proof of its institutional capacity is that INE

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\(^6\) Commonly refers to job positions which are filled by people who although receive their salary / wages / payments, do not show up to work or do not perform the work assigned to them.  
\(^7\) Information technology.  
\(^8\) [https://nomina.minfin.gob.gt/RHWeb/login/frmlogin.aspx](https://nomina.minfin.gob.gt/RHWeb/login/frmlogin.aspx)  
\(^9\) [http://www.guatecompras.gt/](http://www.guatecompras.gt/)
successfully carries out periodically, not only the population census, but several specialized surveys as well, such as the survey on employment and income (ENEI) and the survey on life conditions (ENCOVI). The proposed programme would provide technical assistance to INE that would further strengthen its capacities to deliver trustworthy and high quality statistical information.

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- The Tax Administration (SAT): manages the tax identification number (NIT\textsuperscript{10}) database (of individuals and companies). It is important to note that, gradually, the NIT (and other identification numbers used by other Government institutions) is being replaced by the Single Identification Code (CUI).

- The National Registry of Persons (RENAP): manages the Single Identification Code (CUI) database of the country’s citizens and produces the personal identification document (DPI\textsuperscript{11}).

- The Civil Service National Office (ONSEC): manages the Government’s human resources related activities, including the human resources management IT system SIARH\textsuperscript{12}.

- The Ombudsman’s Office, which looks after the respect of human rights in the country and is the regulating authority of the Law of access to public information (decree 57-2008). As such, it is the guarantor of the integrity of the census, so that its implementation process is carried out with due respect of the rights of Government workers. In fact, as the data collected in the census would be disaggregated by sex, age and ethnic origin, among other parameters, it would serve not only as a tool to detect any discriminatory practice against any person or group in the Government’s human resource management system, but also as the scientific base for setting up possible positive discrimination policies in the future.

- The National Institute of Public Administration (INAP): responsible for training of civil servants.

- The Supreme Audit Institution (CGC): performs control and monitoring functions.

- The Congress, which is currently analysing possible reforms to the Civil Service Law.

- Other Government institutions, such as the Bank’s Superintendence and the Chief Prosecutor’s Office (MP) will accompany the process.

\textsuperscript{10 Número de Identificación Tributaria.}  
\textsuperscript{11 Documento personal de identificación.}  
\textsuperscript{12 http://guatempleo.siarh.gob.gt/#42}
Civil society organizations: will oversee the census process through their participation in the Steering Committee of the Programme. Particularly, non-governmental organizations and think tanks will play an important audit role.

International community:
- CICIG\textsuperscript{13}: will monitor the entire census process. The information that will be generated by the census will be highly useful for its work in support of the Chief Prosecutor’s Office towards fighting corruption and other tasks under its mandate.
- European Union: it is proposed that it implements this programme through indirect management with the World Bank. The EU will play an actively role in the monitoring and oversight of the programme.
- World Bank: it is the proposed option to implement this programme. It is currently assisting the Government in the planning process of the census.

1.1.3 Priority areas for support/problem analysis

Corruption in Guatemala is widespread. In fact, Guatemala's percentile rank in Control of Corruption of the World Bank's Governance Indicators was 28.4 in 2014 (100 corresponds to the highest rank), lower than in 2012 (30.6). Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the State by elites and private interests. Furthermore, according to the most recent Corruption perception Index (CPI 2015) by Transparency International, Guatemala's ranking fell 8 positions to 123 out of 168 countries, from the previous year’s ranking (115 out of 175 countries). Moreover, in the last PEFA\textsuperscript{14} assessment (2012), indicator PI-18 “Effectiveness of payroll controls” scored “D+” (being “A” the best score), mainly due to the fact that the Government’s payroll IT system, GUATENOMINAS, did not cover all budget lines related to personnel.

It is reckoned that the perception of corruption increased due to the revelation in the second quarter of 2015 of high level corruption cases related to customs fraud detected at the Tax Administration (SAT) that resulted, after several massive social protests, in the resignation and prosecution of the former President of the country Mr. Otto Pérez Molina and Vice-president Mrs. Roxana Baldetti, both of whom are currently in jail, awaiting trial. Following this and other scandals, all allegedly involving high level Government officials, the fight against corruption and to enhance transparency in Government activities, became a key issue during the general elections that took place at the end of 2015 in which Mr. Jimmy Morales was elected President.

\textsuperscript{13} International Comission Against Impunity in Guatemala
\textsuperscript{14} Public Expenditure and Financial Accountability.
Since taking office last January, President Morales has been very outspoken about these issues and has expressed his high commitment and political will to fight corruption and enhance transparency in the Government. In fact, he is actively promoting a comprehensive reengineering process of the Government. In this context, the idea of conducting a census of Government workers to identify corrupt practices (in order to tackle them) is a key element of this process and has become a priority for President Morales. This situation opens a unique window of opportunity to implement an action that has the potential of having a significant positive effect in the reduction of corruption, specifically in the Government’s human resources management system (contracting and payroll), and to set a precedent for a continued fight against this plague in all areas.

In addition to fighting corrupt practices in the Government’s human resources management system and enhancing efficiency of public expenditure, it is foreseen that the proposed programme will have the following benefits:

• Information generated by the census would be useful to the National Institute of Public Administration for developing training profiles for Government workers.
• Real time information on the Government’s human resources.
• Geo-positioning of public buildings.
• The Government would be able to cross check information of its suppliers.
• Cross checking fiscal information with the Tax Administration would also be possible.
• It would support the Supreme Audit Institution’s monitoring and control of the Government’s human resources.
• Valuable tool for managing the Government’s human resources (e.g. budgeting and financial forecasts).

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15 An Executive order that commands the implementation of the census of Government workers is currently being prepared. On May 19th, President Morales had a meeting with the Minister of Finance and the authorities of the other key Government institutions that would be involved in the census in order to give them more details about the programme and inform them about the priority it has in the Executive's agenda. The EUDEL and the WB were present in this meeting.
<table>
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<tr>
<th>Risks</th>
<th>Risk level</th>
<th>Mitigating measures</th>
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| Insufficient political will to carry out the census and the structural reforms needed to improve the Government’s human resources management system. | L          | • There is a very strong commitment at the highest political level (President Morales) for this action.  
• Continued political dialogue at bilateral level.  
• Ensure common political messages through the donor coordination group G13 and through the implementation of the joint programming (within EU). |
| Difficulties in inter-institutional cooperation and coordination between the Presidency, Ministry of Finance, National Institute of Statistics and other main public institutions involved. | M          | • Strong policy dialogue at the formulation phase to ensure the leading institution’s commitment (the Presidency) to the programme and to its coordination role.  
• Set-up of a steering committee and other coordination measures to ensure involvement of main stakeholders. |
| Limited EU visibility as the action is proposed to be implemented through indirect management with the World Bank | L          | • Inclusion in the Administration Agreement to be signed between the EU and the WB, as a key activity under the WB's implementation responsibility: Ensure EU visibility throughout the entire implementation of the programme.  
• Continued dialogue with the World Bank’s representative in the country and officers involved in the implementation of the action.  
• Active participation, control and monitoring of the action “on the ground” by the EU Delegation. |
| Limited capacity of the National Institute of Statistics to carry out the census with due regard to privacy, data security and other international standards | L          | • INE is the only organisation in the country that has the technical expertise and capabilities to carry out the proposed census of Government workers.  
• Close coordination and dialogue with INE from the outset of the programme. In particular, during the design of the methodology. |
| Risks related to Human Rights, particularly related to the ethnic composition of Government workers | M          | • Data collected in the census would be disaggregated by sex, age and ethnic origin, among other parameters.  
• Close coordination and dialogue with the Ombudsman’s Office from the outset of the programme. |
| Risks related to the fact that the information to be generated by the proposed programme would be publicly available | M          | • Close coordination and dialogue with the Ombudsman’s Office, which is the regulating authority of the Law of access to public information (decree 57-2008), so that it is properly implemented. |
Assumptions

- Political and social stability of the country.
- High commitment to the implementation of the programme by the Government and the World Bank.
- Support of the programme by main stakeholders.
- Effective and efficient work by the National Institute of Statistics, which is proposed to carry out the census.

2 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

2.1 Lessons learnt

With the assistance of the bilateral programme “Support to Budget Management (AGEP)”, which is currently in its closing phase, the Guatemalan Government adopted a results-based management approach and improved budget planning of three pilot ministries. This programme was a positive contribution towards improving Public Financial Management. The current proposal is expected to give continuity to this process by supporting the Government to enhance transparency and fight corruption in its human resources management system.

Other main lessons learnt from EU programmes include the importance of: (i) a better coordination with on-going EU regional programmes and projects being implemented by other donors; (v) institutional strengthening; and (vi) a programme design with an integrated approach.

2.2 Complementarity, synergy and donor coordination

For the initial phase of the design of the census of Government workers, technical assistance to the Guatemalan authorities may be required in the short term. For this purpose, it is envisaged that a specialized TA would be contracted through the Public Administration Support Facility (DCI-ALA/2014/034-301). The PASF is highly complementary to the proposed programme as the former is a flexible and demand driven mechanism to respond to specific Government needs within the areas of the Multi-annual Indicative Programme 2014-2020 and the Joint Programming with Member States Strategy for Guatemala. The estimated budget for this TA would be EUR 300,000.

In addition to the G13 donor coordination group, the EU Delegation has had bilateral discussions with the World Bank (with the country representative and specialized Washington-based experts) about the possibility of inter-institutional cooperation for the implementation of the proposed programme. Currently, the WB is assisting the Government in the planning process of the census. Furthermore, the WB is preparing a loan operation with the Guatemalan Government that has two components: one to strengthen the Tax Administration (SAT) and the other to modernize the Ministry of Finance, by strengthening (particularly with hardware and software) the Government's Integrated System of Financial Management (SIAF), which includes the IT accounting system (SICOIN), the procurement IT system (GUATECOMPRAS) and payroll IT system (GUATENÓMINAS).
2.3 Cross-cutting issues

The proposed programme addresses cross-cutting issues, particularly gender equality and rights-based approach concerns since the overall objective of the action is to enhance transparency and fight corruption in the Government’s human resources management system. Corruption is one of the main obstacles to reducing poverty in developing countries. According to the latest national survey on life conditions, 59.3% of the Guatemalan population lives in poverty, of which 23.4% in extreme poverty. Poverty is widespread in rural areas, particularly affecting indigenous peoples and women and girls. By performing a census of Government workers, the programme aims to identify “ghost” positions and other corrupt practices in the Government’s human resources management system and thus reduce corruption. Moreover, the programme’s activities aim to enhance transparency and access to information, which is one of the five guiding working principles of the Rights-Based Approach. In addition, the Ombudsman’s Office, which looks after the respect of human rights in the country and is the regulating authority of the Law of access to public information (decree 57-2008), will be a guarantor that the implementation process of the census is carried out with due respect of the rights of Government workers.

Regarding environmental and climate aspects, due to the nature of the proposed programme, it is not considered that it could have any significant impact on these. Nevertheless, environmental and climate concerns will be taken into account in the operational design of the census (particularly the information collection process) to minimize any possible negative effects.

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

3 DESCRIPTION OF THE ACTION

3.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of the sustainable development goal (SDG) target No 16 “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”, but also promotes progress towards Goals No 17 “Strengthen the means of implementation and revitalize the global partnership for sustainable development” and No 1 “End poverty in all its forms everywhere”. This does not imply a commitment by the country benefiting from this programme.

Overall objective:

- Improve competitiveness by enhancing efficiency and transparency of public expenditure and fight corruption in the Government’s human resources management system\(^17\).

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\(^{16}\) Encuesta Nacional de Condiciones de Vida (ENCOVI) 2014 by the National Institute of Statistics (INE).

\(^{17}\) Including contracting and payroll.
Specific objective:
• Support the Government to develop an effective, efficient and transparent human resources management system.

Expected results:

Result No. 1: A census of Government workers completed.

Result No. 2: A reliable database containing standardized and systematized information of Government workers is fully functional on a modern and sustainable human resources management IT system.

Result No. 3: Improved monitoring and control mechanisms in the Government’s human resources management system.

3.2 Main activities

Result No. 1: A census of Government workers completed.

Related activities include:
• Design of the census (methodology).
• Recruitment and training of personnel who will implement the census.
• Information collection process.
• Tabulation of information.
• Analysis of information.
• Report preparation.
• Implementation of an effective communication campaign.

Result No. 2: A reliable database containing standardized and systematized information of Government workers is fully functional on a modern and sustainable human resources management IT system.

Related activities include:
• Diagnosis of the Government's GUATENOMINAS payroll IT system, the SIARH Human Resources Management IT system and the GUATECOMPRAS procurement IT system, among others.
• Technical assistance to improve and link the GUATENOMINAS, SIARH, GUATECOMPRAS, the Civil Registry's (RENAP), Social Security's (IGSS) and the Tax Administration's IT systems, among others.
• Digitization of information collected in the census.

18 The scope of this programme is the Executive branch of the Guatemalan Government. Nevertheless, the Legislative and Judiciary as well as the decentralized and autonomous public institutions will also be invited to participate in the programme.
19 It refers to civil servants and individuals who are under the Government's payroll or receive wages or payments from public funds.
It is important to note that for the human resources management IT system to be reliable, its use must be mandatory for all contracting processes and payments (salaries, wages, etc.). Furthermore, the system must add value (i.e. it has to build upon existing assets and guarantee communication and compatibility with other Government systems). In addition to being reliable, the data has to be handled in a sensitive manner, with due concern to preventing unauthorized access.

**Result No 3:** Improved monitoring and control mechanisms in the Government’s human resources management system.

Related activities include:
- Analysis of current monitoring and control mechanisms.
- Technical assistance to improve monitoring and control mechanisms and incorporate them into the strengthened human resources management system.

### 3.3 Intervention logic

By achieving the results foreseen, namely (i) a census of Government workers completed, (ii) a reliable database containing standardized and systematized information of Government workers is fully functional on a modern and sustainable human resources management IT system, and (iii) improved monitoring and control mechanisms in the Government’s human resources management system; the specific objective of supporting the Government to develop an effective, efficient and transparent human resources management system will be accomplished. Consequently, efficiency and transparency of public expenditure will be enhanced and the fight against corruption in the Government’s human resources management system will be strengthened.

It is important to underline that this programme will be overseen by Guatemalan civil society and the international community, all of which are highly interested in promoting transparency and fighting corruption in public institutions.

### 4 Implementation

The implementing arrangement of this programme combines **indirect management with the World Bank and direct management (procurement of services)**. Specifically, an Administration Agreement for EUR 5 million, in the context of the Framework Agreement between the World Bank Group and the European Commission would be signed. In addition, one services contract for EUR 300,000 to carry out activities to raise awareness, promote the involvement of key stakeholders and socialize the impact of the action among the Guatemalan society would be signed by the EU Delegation. The total EU contribution for this programme would be EUR 5.3 million. The World Bank would contribute EUR 600,000 so the total cost of the action would be EUR 5.9 million.

During the EU Delegation presidency of the G13 in the second semester of 2015, an informal group on Transparency and Anti-corruption was established with the IMF, CAPTAC and the WB. The EU Delegation and the WB kept the momentum. Then in January 2016, once the new Government had taken office, the EU Delegation and the WB met with President Morales and supported the Government’s idea of a census of public servants.
The WB is very well positioned in this field because of its expertise in human resources and public service, as well as in the improvement of public policies and public expenditure in Guatemala. It has also implemented similar interventions to the Census (although less comprehensive) in Central America. The EU would also benefit from the WB's penetration in key government areas (Finance, Economy, Labour, Presidency), greatly enhancing the EU’s policy dialogue with the Guatemalan Government.

Furthermore, the WB is preparing a complementary loan operation with the Guatemalan Government that has two components: one to strengthen the Tax Administration (SAT) and the other to modernize the Ministry of Finance, by strengthening the Government's Integrated System of Financial Management (SIAF), which includes the IT accounting system (SICOIN), the procurement IT system (GUATECOMPRAS) and payroll IT system (GUATENÓMINAS).

Activities to be conducted in the proposed programme fall within the World Bank’s forthcoming Systematic Country Diagnostic and engagement strategy for Guatemala. The WB’s contribution to the proposed programme amounts to 10% of the total cost of the action. Other donors which participate in the G13 have shown interest in the programme and may contribute additional funds to the Programme’s pool fund.

The EUDEL would actively carry out control and monitoring of the action “on the ground” and maintain continued dialogue with the World Bank’s representative in the country and officers involved in the implementation of the action, in order to guarantee high EU visibility.

It is worth mentioning that although other international organisations such as the IMF, through CAPTAC-DR, are present in the country, only the WB has the necessary expertise to implement the proposed programme. In CAPTAC-DR’s case, this type of actions does not fall within its mandate. In fact, CAPTAC-DR’s activities focus on: i) policy, tax and customs administration; ii) topics related to mid-term expenditure frameworks and public financial management; iii) money markets, public debt and Central Banks’ operations; iv) financial sector supervision, and v) macroeconomics statistics.

4.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments

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20 CENTRO REGIONAL DE ASISTENCIA TÉCNICA DE CENTROAMÉRICA, PANAMÁ Y REPÚBLICA DOMINICANA (CAPTAC-DR).
to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

4.3 Implementation modalities

4.3.1 Procurement (direct management)

<table>
<thead>
<tr>
<th>Subject in generic terms, if possible</th>
<th>Type (works, supplies, services)</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising awareness activities to promote the involvement of key stakeholders and socialize the impact of the action among the Guatemalan society.</td>
<td>Services</td>
<td>1</td>
<td>2\textsuperscript{nd} trimester</td>
</tr>
</tbody>
</table>

4.3.2 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the World Bank in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the design, execution, coordination, control, monitoring and communication of all activities foreseen to achieve the expected objectives and results of the action. This implementation is justified because the WB has thematic expertise in Guatemala in the areas of strengthening human resources management and improving the quality of public spending. Furthermore, the WB team has experience in performing similar activities in Central America in the area of public sector employment. Moreover, activities to be conducted in the proposed programme fall within the World Bank’s forthcoming Systematic Country Diagnostic and engagement strategy for Guatemala.

The entrusted entity would carry out the following budget-implementation tasks: design, execution, coordination, control, monitoring and communication of all of the Programme’s activities.

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission’s authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

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.

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

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

4.5 Indicative budget

<table>
<thead>
<tr>
<th></th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.1 – Procurement (direct management)</td>
<td>300,000</td>
<td>N.A.</td>
</tr>
<tr>
<td>5.3.2 – Indirect management with the World Bank</td>
<td>5,000,000</td>
<td>600,000 EUR*</td>
</tr>
<tr>
<td>5.88 – Evaluation, 5.9 – Audit</td>
<td>will be covered by another decision</td>
<td>N.A.</td>
</tr>
<tr>
<td>Totals</td>
<td>5,300,000</td>
<td>600,000 EUR</td>
</tr>
</tbody>
</table>

* Technical assistance and evaluations. Other activities may be defined in the Administration Agreement to be signed in the context of the Framework Agreement between the World Bank Group and the European Commission.

4.6 Organisational set-up and responsibilities

The World Bank is responsible for the full implementation of the action, although the execution of certain activities may be delegated to other parties (e.g., the National Institute of Statistics) under the close coordination, control and responsibility of the World Bank.

A steering committee will be established with representatives of key stakeholders in order to provide general guidance and oversee the action’s implementation. Key stakeholders include, among others, the European Union, the World Bank, the Presidency, the Ministry of Finance, the Civil Service National Office, the Supreme Audit Institution (CGC), the Ombudsman’s Office, civil society and the international community.

4.7 Performance 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) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

4.8 Evaluation
Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action or its components via an implementing partner.

The mid-term evaluation will be carried out for problem solving in particular with respect to achieving the action’s objectives and expected results.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that knowledge shall be gained on best practices and lessons learnt.

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

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

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

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

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.
In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

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