

# GUATEMALA - EU-Guatemala Alliance for Sustainable Growth and Jobs

#GLOBALGATEWAY

#TEAMEUROPE

## TEAM EUROPE PROPOSAL



### Full use of the opportunities offered by the EU-CA Association Agreement:

- Increasing trade relations with EU.
- Attracting more investments from EU companies

### Improving the competitiveness of micro, small and medium-sized enterprises (MSMEs):

- Innovation and applied research.
- New technologies use and digitalisation.
- Support for start-ups.
- Youth and women's financial inclusion.
- Better access to finance for MSMEs

### Design joint strategies to attract private investments (EFSD+ guarantee, blending with IFIs, TA):

- Customs infrastructures modernisation.
- Digitalisation of customs procedures

### EU private investments (EFSD+, EIB-EU blending operation):

- Regional integration.
  - Fostering exports to the EU.
  - Feasibility and environmental studies, co-finance construction of the Southern coast highway
- Improving knowledge and legal framework on PPP (TA, FR).

### Clean and sustainable technologies and innovation mechanisms to value chains with high potential for job creation (WB-IFAD-EU blending operation):

- Agri-food industry

### Institutional capacity building (Twinning).

Promote the trade opportunities (FPI contract, partnership with SIECA).

TA to legal framework governing private investments update (i.e. Free Zones Law).

### Promote and support small-scale start-up projects (innovation and job creation):

- Grants (self-employment, improve productivity).
- TA and financial assistance (DINAMICA, EFSD+ blending and guarantees)
- Private sector partnerships (business angels' approach)

### Economic empowerment of women and girls (FI 2-year project - 2021).

Implementation of the country's financial inclusion strategy (TA).

Increase trade and business between Central America and EU (FR, DE, IT, ES).

### Reduce social and environmental conflict (FPI project): FDI and employment creation

Strengthening cooperation between academia, research centres and private sector, and alliances with EU partners (Horizon 2020, TA).

## MODALITIES/TOOLS

Centralised management

Grants

Management delegated to a MS

Twinning

Indirect management with the government

TAIEX

Budget support

Blending with loan programmes through the EFSD+

Technical assistance

## KEY DELIVERABLES

### Sustainable and inclusive:

- Transition from informal to formal economy.
- Public investments

### Employment:

Women and youth integration in the labour market.

- Poor people financial inclusion
- Labour rights protection

### Competitiveness improvement:

- Innovative sectors and start-ups.
- Design of institutional frameworks

## TRANSFORMATIONAL POTENTIAL

### Creating decent employment:

- Decent jobs for women
- Women's economic empowerment

Encourage the creation of new businesses and self-employment opportunities as well as maximise MSMEs potential

Promote economic development beyond the capital or urban areas and greater equity in the distribution of economic growth

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## NATIONAL CONTEXT

### Guatemala's economy challenges:

- Low levels of public and private investment.
- Low levels of productivity.
- High degree of informality.
- Lowest participation of women in the labour market.
- Weak governance.
- High levels of corruption and clientelism.
- Migration, particularly to the US

### 69.7% of workers are in the informal sector:

73.4 % of female workforce

Limited access to social safety net programmes.

Sustainable Debt levels and stable macroeconomic outlook.

### National policy:

- National Emergency and Economic Recovery Plan
- Strategic Plan for Scientific and Technological Development 2018-2025
- Financial inclusion strategy
- Regional Promotion strategy
- Free Zones Law, Regulations for the establishment of Special Public Economic Development Zones

## GEOPOLITICAL CONTEXT AND RELEVANT SDGs



### Agenda 2030

#### EU-CA Association Agreement

EU MSMEs Competitiveness bilateral programme.

EU Decent Employment bilateral programme.

Finland's 2-year project (launched in 2021).

DINAMICA regional programme (managed by BCIE)

### COVID-19 pandemic

\*\*SDGs included based on a new JRC electronic text mining tool, which identifies SDGs (targets)