

Strategy for development cooperation with

Guatemala

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Strategy for development cooperation with Guatemala, 2008–2012

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Executive summary

The present strategy, which will govern Swedish development cooperation with Guatemala over the coming strategy period, is based on the Swedish Government's policies on international development cooperation, global development, the Paris Declaration, and EU Code of Conduct for Complementarity and Division of Labour in Development Policy. The 1996 Guatemalan Peace Accords provide the point of departure for the direction, objectives and priorities of Swedish support.

The overall objective of Swedish development cooperation with Guatemala is to create conditions conducive to continued peace and poverty reduction, based on a rights perspective and the perspective of the poor on development.

The strategy's overall process objectives are a Guatemalan ownership of a poverty reduction policy, a more effective donor coordination and greater use of programme-based approaches with a view to ensuring that development cooperation with Guatemala in its totality achieves the desired outcome.

Strategic issues for dialogue include the need for greater political will to implement measures that will ensure tangible progress in the areas of peace, reconciliation, human rights, poverty reduction and inclusion – with particular emphasis on women, children and indigenous people – and ownership of this process by Guatemalan society. The continued relevance of the Peace Accords must be emphasised in the dialogue.

In light of the post-conflict situation in Guatemala, development cooperation must be characterised by a long-term perspective as regards objectives, and by flexibility in terms of forms and methods of cooperation.

Considering the favourable results achieved by Swedish development cooperation programmes and projects in the period 2001–2007 in terms of implementing the provisions of the Peace Accords, the overall direction and objectives for the previous strategy period will remain in place. Development cooperation will be concentrated in three cooperation areas: democratic governance and human rights, sustainable pro-poor economic growth in poor regions, and health. However, continued concentration and changes in forms and methods of

cooperation will be realised by applying a more programme-based approach.

Swedish development cooperation with Guatemala in the period 18 September 2008– 31 December 2012 will amount to approximately SEK 170 million annually.

Part 1. Objectives and direction of cooperation

1.1 Overall objective of cooperation

Swedish development cooperation with Guatemala must promote equitable, sustainable global development in line with the goal of Sweden's Global development policy, and to help create conditions that will enable poor women and men to improve their lives in accordance with the stated goal of Swedish development cooperation.

Guatemala does not have a poverty reduction strategy (PRS). Swedish development cooperation programmes and initiatives will instead be based on the 1996 Peace Accords, recognised as Guatemala's most widely accepted and comprehensive development agenda. The Accords, have been elaborated in a broad national consensus, and are aimed at combating structural inequality by building a new, just, democratic and inclusive Guatemala. Swedish support must be aligned to the plans and priorities of the Guatemalan Government where these concur with the terms of the Peace Accords.

The overall objective of Swedish development cooperation with Guatemala is the creation of conditions conducive to continued peace and poverty reduction based on a rights perspective and the perspective of the poor on development. The focus will be on achieving tangible progress in the areas of peace, reconciliation¹, human rights, poverty reduction, social equality and inclusion², as well as gender equality, with particular emphasis on the situation of women, children and indigenous people.

The strategy's overall process objectives are Guatemalan ownership of a poverty reduction policy, more effective donor coordination through improved operational coordination and greater use of programme-based

¹ Reconciliation in this context refers to a social process involving justice, indemnification and rehabilitation, mutual recognition of past suffering, and a move away from destructive attitudes and behaviours towards constructive relationships aimed at achieving lasting peace.

² Inclusion also embraces the right of previously excluded groups to retain and preserve their unique cultural identity.

approaches, with a view to ensure that development cooperation with Guatemala in its totality achieves the desired outcome.

Strategic issues for dialogue include the need for greater political will to implement policies designed to ensure tangible progress in the areas of peace, reconciliation, human rights, poverty reduction and inclusion – with particular emphasis on women, children and indigenous people. Particular emphasis will be made on ownership of this process by Guatemalan society as a whole. The continued relevance of the Peace Accords will be underlined and prominence given to the need to reform the public administration and tax system, and to the Guatemalan Government's responsibility in this regard. Swedish development cooperation with Guatemala is guided by a rights perspective, the perspective of the poor on development, a child rights perspective, and by the need to safeguard respect for political, civil, economic, social and cultural rights. The following general principles are to be applied in all planning work, implementation and follow-up activities relating to development cooperation:

Swedish development cooperation is directed towards initiatives that focus on the root cause of armed conflict, namely the comprehensive exclusion of large sections of the population, particularly women and indigenous people. Priority will be given to secure women and indigenous people full enjoyment of their human rights and participation in all areas of development cooperation. The Paris Declaration and the EU Code of Conduct on complementarity and division of labour in development policy must guide all Swedish development cooperation. Sweden seeks to ensure harmonisation, coordination and complementarity in relation to other bilateral and multilateral actors. The OECD/DAC principles for good international engagement in fragile states and situations, and the European Council's resolutions on situations of fragility in developing countries are applicable to Guatemala.

Of the Swedish Government's three thematic priorities for development cooperation – democracy and human rights; climate and the environment; the promotion of gender equality and the role of women in development – the first and third constitute the point of departure for the entire development programme. In addition, development cooperation must be designed to contribute to the sustainable and equitable use of natural resources and to reduce the vulnerability of poor people to natural disasters and climate change by

continually ensuring that these aspects are taken into account when planning and implementing the portfolio of contributions.

1.2 Direction and scope

The objectives of the Peace Accords include democratisation of the state by ending the historical discrimination of indigenous people, modernising the judiciary as part of efforts to reduce impunity and ensuring government responsibility for upholding human rights and development for all citizens. The Peace Accords also state that the Government must act to combat corruption, promote citizens' active participation and ecologically sustainable use of natural resources, improve productive capacity and investment in infrastructure and create a modernised, nationally inclusive health system capable of providing preventive healthcare as well as medical care and rehabilitation.

1.2.1 Areas of cooperation

During the strategy period, development cooperation will be concentrated in the following cooperation areas: democratic governance and human rights, sustainable pro-poor economic growth in poor regions, and health. In terms of volume, democratic governance and human rights is the cooperation given most priority.

The choice of cooperation areas is based on the conclusions of the country analysis and the results assessment regarding the need for extensive structural reform and greater public confidence in the state, as well as increasing the Government's ability to pursue an active policy of change in accordance with the commitments stated in the Peace Accords.

Democratic governance and human rights

Sweden's objectives:

- (i) A more representative state with increased capacity and a clearer division of responsibilities between central and local government.
- (ii) Strengthening of women's, indigenous people's and children's full enjoyment of their human rights, and improved mechanisms for democratic participation.
- (iii) Reduced impunity and improved mechanisms for peaceful conflict management.

Support aimed at achieving objective (i) should incorporate contributions to promote public confidence in and strengthen the representativity and legitimacy of the political party system– for example in the form of previously successful measures to increase electoral participation and strengthen civil society. Support should also embrace contributions aimed at strengthening the ability of local and central authorities to perform their basic functions, which *inter alia* include implementation of the Peace Accords.

To achieve objective (ii), support should include contributions that will help guarantee fuller enjoyment by women, indigenous people and children of their human rights in connection with all major policy decisions. Support should also help to ensure that central and local government budget allocations guarantee the rights of these groups. Contributions must help ensure closer compliance with the Convention concerning Indigenous and Tribal Peoples in Independent Countries (ILO No. 169). Support should include contributions, implemented through NGOs and government bodies, aimed at enhancing the participation and influence of women and indigenous people in political decision-making processes at central and local level. Support should additionally include contributions aimed at promoting wider respect for the rights of lesbian, gay, bisexual and transgender (LGBT) persons.

To achieve objective (iii), support should include contributions that have previously proved successful in helping to strengthen the institutional capacity to conduct judicial inquiries and investigate organised crime, including trafficking. Such measures should be implemented *inter alia* through NGOs and the UN sponsored International Commission against Impunity in Guatemala (CICIG). In addition, support should include measures to help ensure that women, men and children who suffered from violence during the armed conflict get access to justice, indemnification and rehabilitation and strengthened capacity of national actors in their work to reduce impunity.

Dialogue issues in this cooperation area relate to the responsibility of the Guatemalan State regarding reconciliation work, efforts to combat historical and currently existing impunity and reforms of the public administration and tax system.

Sweden will actively promote more effective donor coordination in this sector.

*Sustainable pro-poor growth in poor regions**Sweden's objective:*

Increased active economic and social participation on the part of marginalised groups in poor regions, primarily indigenous people and women.

To achieve the objective for this cooperation area, support should include contributions aimed at facilitating for more indigenous people, women and young people living in poor regions to gain access to tools that will enable them to change their situation, e.g. micro credits, which have proved effective in the past. The private sector has an important role to play in the work of promoting sustainable development. Economic growth and increased international trade are key factors in poverty reduction. Measures that strengthen and open up opportunities for the private sector in Guatemala and that help increase international trade can contribute to such development. Support for the development and strengthening of local private sector, focusing particularly on small and medium size enterprise and rural development, will therefore be included in this cooperation area. Support must serve to promote working conditions respecting human dignity as well as contribute to the sustainable utilisation of natural resources, and thereby to the long-term prevention and mitigation of the adverse effects of natural disasters. A conflict prevention perspective is of particular importance in measures addressing land ownership issues.

Dialogue issues pertaining to this cooperation area include the institutionalisation of the national land register, and trade and business climate issues, in particular sustainable agriculture and small and medium size enterprises that include women and indigenous people.

*Health**Sweden's objectives:*

- (i) Increased access to good-quality health and medical care for poor people, with particular emphasis on primary healthcare.
- (ii) Reduced child and maternal mortality and improved sexual and reproductive health and rights (SRHR).

The objectives are in line with the health goals set out in the Peace Accords, namely equal and universal right to the highest attainable standards of healthcare. To achieve objectives (i) and (ii) support should, for example, include inputs implemented through the Ministry

of Health and NGOs aimed at strengthening capacity within the ministry, promoting greater local participation in the design and development of the health system, strengthening local capacity and the ability to make use of traditional medical knowledge and skills, improving nutrition and reducing chronic malnutrition among children under five, and ensuring access to adequate services and care for victims of sex-related violence. In addition, provision should be made for measures that have previously yielded favourable results in terms of reduced child and maternal mortality. It is anticipated that these improvements will help increase public confidence in the state and enhance its legitimacy.

Dialogue issues pertaining to this cooperation area include gender equality with an emphasis on SRHR, gender based violence, and the promotion of universal access to healthcare, including lower maternal mortality rates.

1.2.2 Forms of cooperation

Fulfilment of objectives in the areas of democratic governance and human rights requires financial investment as well as capacity building and changes in public attitudes. Flexibility is vital since strategic processes must be supported as and when the occasion arises.

The development cooperation portfolio must be concentrated in the interests of greater effectiveness and improved complementarity with other donors. Programme-based support must be the preferred option in all cooperation areas. Strategic support aimed at strengthening the capacity of the Guatemalan state will remain an important feature of Swedish cooperation.

The absence of programme-based initiatives and the lack of state capacity to tackle structural problems in society make other non-state cooperation channels necessary. Guatemalan civil society, the UN system and other multilateral organisations, are therefore key actors in development cooperation. Where the implementers are the UN system and other multilateral actors, support will include measures to strengthen the capacity of the state. Dialogue is crucial to achieving results in this area. The possibility of co-funding projects with other donors must always be considered before initiatives are decided on. This approach applies to all cooperation areas.

In the cooperation area sustainable pro-poor growth in poor regions, efforts must be made to implement programme-based initiatives in close coordination with other donors. Anticipated cooperation channels include national public authorities at central, regional and local level, private sector actors, civil society, and, where appropriate, multilateral banks and the UN system.

The health sector is the cooperation area with the most favourable conditions for a sector based programme approach also involving other donors. Sweden will continue to pursue the issue of sector-based programmes. Where they accord with the priorities set out in the Peace Accords, the Guatemalan Government's health plan and health budget will serve as a point of departure. Support is expected to be channelled directly through national public authorities or multilateral organisations.

1.2.3 Dialogue issues

According to the results assessment, a combination of financial support and political dialogue is essential if development cooperation with Guatemala is to achieve results. Sweden pursues political dialogue at a number of levels, both multilaterally and through cooperation-linked bilateral relationships.

Dialogue on the issue of programme-based support and other coordination processes takes place in cooperation with the UN and other multilateral bodies and donors. Specific questions on substantive issues arising in connection with contributions being implemented are also addressed.

Dialogue on implementation of the Paris Declaration for Improving Aid Effectiveness is mainly conducted within the Guatemalan Dialogue Group, composed of the eight biggest bilateral and five largest multilateral donors. Dialogue on the Peace Accords is maintained with UN bodies, initially mainly with the UN Verification Mission in Guatemala (MINUGUA) and, in recent years, with UNDP and the support group led by Norway, which included Sweden and the US. MINUGUA and the support group have now concluded their work. This places new demands on Sweden to play an active role in highlighting the relevance of the Peace Accords, emphasising the dialogue issues identified under each cooperation area.

1.2.4 Scope (volume)

Expenditure on Swedish development cooperation with Guatemala over the coming strategy period will amount to SEK 170 million per year. To this must be added cooperation via special allocations for possible humanitarian interventions and support to NGOs.

1.3 Implementation

A conflict-sensitive approach will be needed in all cooperation areas in order to ensure active conflict prevention and support peaceful conflict resolution. Power and conflict analyses will be conducted on a continuous basis to follow up the impact of the strategy on the conflict. UN Security Council Resolution 1325 lays down guidelines for actors working to promote women's active participation in peace-building and implementation of the Guatemalan Peace Accords.

Synergies between the various components of Swedish aid must be sought in order to achieve the best possible development outcome. Identification of the processes of, and actors for, change – adverse as well as favourable – is crucial to the implementation of the Peace Accords and thus also to achieving the objectives of the Swedish development cooperation programme. Sweden should support endeavours to bring about constructive and closer ties between civil society and government actors as part of the work of implementing the Peace Accords, and seek to broaden support for the reform processes among non-conventional cooperation actors such as the private sector.

The potential risks to a successful strategy implementation coincide with the main obstacles to development: lack of political will and consensus, widespread corruption and organised crime. The current levels of conflict in Guatemala also pose a risk. Risks can be reduced to manageable proportions by combining cooperation and political dialogue and by integrating conflict prevention and a conflict-sensitive approach in Swedish development cooperation programmes and initiatives.

The prevailing situation in Guatemala makes it difficult to predict the development over the next five years. The ongoing power analysis and a conflict analysis focused on the impact of conflict on development cooperation will provide a basis for future interventions. Two possible development scenarios – one positive and one negative – with their

respective consequences for development cooperation with Guatemala are set out below.

In the favourable scenario, the Guatemalan Government pursues a policy designed to reduce poverty and promote the inclusion of indigenous people and women, resulting in a modernised state with greater financial stability, better conflict management and reduced impunity. Sweden would in this case support the government in the reform processes, and act to prevent conflict through dialogue with non-conventional cooperation actors such as the private sector. In this scenario, Swedish support increasingly aligns to the Government's development plans with their more programme-like forms of cooperation.

The adverse scenario projects a weakening of the Government's political will and capacity, increased organised crime and a deteriorating security situation. The likely consequences would be negative economic development, more widespread poverty and migration, in turn creating a breeding ground for revolts and authoritarian solutions. In such a case, cooperation would be focused on relieving acute humanitarian needs, crisis and conflict management and action aimed at promoting more pro-poor oriented policies. The UN system and civil society would in this scenario constitute the main channels for Swedish development cooperation.

1.3.1 Cooperation with other donors, including multilateral actors

Synergies and complementarity, as well as co-funding opportunities, between European Commission and Swedish development cooperation programmes must be sought through intensified dialogue. Coordination efforts and Swedish advocacy work in the EU circle are a significant complement to coordination in the wider donor circle. Sweden's efforts, on both global and bilateral level, to combat corruption and organised crime are important.

National authorities, Swedish and Guatemalan NGOs and the UN system will be Sweden's foremost cooperation partners in development cooperation with Guatemala. In some cases, co-funding and/or delegated development cooperation with other donors may be appropriate.

1.3.2 Coherence, harmonisation and coordination

Sweden will actively work for the implementation of the Paris Declaration and for better donor coordination and harmonisation. Sweden will also seek synergies with other donors, primarily in the democracy/human rights and health cooperation areas.

Where conditions permit, Sweden shall through its development cooperation endeavour to support the desired processes of change through Guatemalan public institutions. This approach will help to strengthen Guatemalan ownership of development efforts.

1.4 Follow-up

In light of the currently prevailing level of conflict and of the fragile situation in Guatemala, a follow-up of the strategy and a review of priorities on the basis of the scenarios outlined above are essential. A power and conflict analysis will be undertaken to analyse key processes of and actors for change, including obstacles to development and approaches by Swedish development cooperation to these issues. A strategic environmental impact assessment (SEA) of the health sector will be conducted during the strategy period with a view to establishing priorities in this area.

The Swedish support to the national statistics authority will be of continued significance in order to strengthen national follow-up systems.

The Millennium Development Goals and the Guatemalan Government's stated poverty reduction goals will be in focus of the international community's monitoring of results. Owing to the post-conflict situation prevailing in Guatemala, a mid-term review of the outcome of cooperation will be conducted in 2010. The review will include an assessment of whether Swedish development cooperation's direction channels are still relevant. To improve results assessment greater emphasis will be placed on better follow up and evaluation mechanisms.

Part 2. Background

2.1 Summary of the country analysis

Guatemala is a multi-ethnic, multicultural and multilingual country. The Peace Accords, signed in 1996 after 36 years of civil war, included reforms aimed at reducing the exclusion of major population groups, in particular indigenous people and women. This exclusion has been identified as the root cause of the conflict. Work on implementing the Peace Accords has made substantial progress in the form of new legislation, the establishment of key institutions, limitations on the formal powers of the military, a strengthened civil society, higher electoral participation and improved conditions for popular participation. The collective rights of the indigenous population have been recognised at law and state-sanctioned human rights violations have decreased.

However, progress has been limited in terms of the reforms necessary for greater inclusion. Issues that remain to be tackled include inequitable land and resource distribution between indigenous people and the rest of the population, a low tax levy which hinders social investment and effective implementation of a distribution policy, and corruption in the government administration. The state's inability to combat illegal security structures and deal with past and present issues of impunity entails a risk of conflict and is an obstacle to democratic development.

Guatemala has enjoyed a high growth rate in recent years thanks to increased exports, emigrants' remittances and foreign investment. However, due to inequitable income and resource distribution this development has not benefited the poor. It is unlikely that the Millennium Development Goals will be achieved without radical policy changes.

Poverty in Guatemala is concentrated in the rural areas. The underlying causes of widespread poverty and of the current level of conflict are the inequitable distribution of land, resources and income opportunities and the absence of measures to rectify the situation. The country's indigenous people, who make up between 40 and 60 per cent of the population, suffer from poverty to a greater extent than the rest of the population. Fifty-one per cent of Guatemalans are poor; of these, 15 per cent live in extreme poverty, according to UN figures published in 2006. The economic gap between men and women is considerable.

Poor Guatemalans have fewer opportunities for participation, less chance of bringing influence to bear on decision-making processes or exercising their rights under the law, and less access to basic social services and legal security. Although participation among women and indigenous people has been strengthened in recent years, these groups are poorly represented in government and parliament by international standards. Political parties have seriously failed in terms of representing the interests of ordinary citizens.

The Guatemalan State's inability to deliver basic protection and social services such as education and health and medical care is a serious problem for the poor and a clear indication of the weakness of the state. Despite a drop in child and maternal mortality rates in recent years, the figures remain comparable to those for Latin America's poorest country, Haiti. The rate of chronic malnourishment among children – 69 per cent among indigenous children – is greater than in most sub-Saharan countries. The prevalence of HIV/AIDS is officially estimated at one per cent. However, the statistical data are incomplete. Sexual and reproductive health and rights are a neglected area.

The land ownership issue is particularly problematic as inequitable distribution leads to over-exploitation of land, further environmental degradation and greater vulnerability to natural disasters. Lack of productive employment, particularly among young people, has led to extensive migration, with adverse consequences in terms of reduced civic engagement, increased vulnerability and more violence among young people.

Guatemala is located in a region vulnerable to natural disasters. The Government's capacity to deal with urgent humanitarian needs is limited. The poor are particularly vulnerable to natural disasters as they often live in high-risk areas in sub-standard housing and with inadequate access to land.

In recent years, the country has experienced escalating levels of violence and growing impunity, accompanied by an annual death toll which is actually higher than in the period of armed conflict. The absence of a functioning judiciary combined with a privatised security industry, in which the rich buy their own security, mean the burden of insecurity falls most heavily on the poor.

The past few years have seen an increase in the incidence of assaults on and threats against human rights activists. The exclusion of large

population groups must also be regarded as a human rights violation. Groups that are particularly stigmatised and subject to discrimination are the disabled, LGBT people and those infected with HIV/AIDS.

The murder rate among women and children is among the highest in the world. The rate is highest in the cities – the richest parts of the country – but the victims are mainly poor city dwellers. Gender-based violence is widespread and largely invisible. Impunity for murder, which currently stands at 98 per cent, can be attributed to several causes: the weakness of the state, widespread corruption and a rise in organised crime. The vast turnovers generated by drug trafficking, human trafficking and illicit adoptions distort resource distribution and further entrench corruption. These forces, frequently operating in collaboration with illegal security organisations, form parallel power structures in relation to a weak state.

The fact that neither the basic needs nor the interests of the poor are met or represented by the established political system further undermines public confidence in the state. This lack of trust is both a major obstacle to development and a potential source of conflict.

The national actors for change can be divided into the poor themselves and their organisations, the state, progressive elements in the private sector and those sections of society actively opposed to changes in existing power relations. To these must be added external agents of change in the form of multinational enterprises, donors and multilateral organisations. Donors have a role as the weak state's dialogue partner. The new Government under Alvaro Colóm, which took office on 1 January 2008, has promised extensive reforms aimed at stimulating economic development, improving security and reducing impunity. However, Government's position in the parliament is already weak, only months into its term of office.

2.2 Summary performance and outcome evaluation

The Peace Accords provided the platform for Swedish development cooperation with Guatemala during the last strategy period (2001–2007). The three priority cooperation areas were i) the rule of law and democracy, ii) discrimination of women and indigenous people and their participation and rights, and iii) structural economic reform aimed at growth and equitable distribution. During the period, SEK 757 million for strategy implementation were channelled to Guatemala, aside from support for humanitarian interventions and Swedish NGOs.

A results assessment conducted in 2006 found that development cooperation fully reflected both the priorities within the strategy and those set out in the Peace Accords, and that relevant forms of cooperation were applied. Although Swedish development cooperation has helped achieve important results in connection with implementation of the Peace Accords, such as support to new institutions established through the Accords, cooperation was hampered by weak national ownership. There was a strong emphasis on the democracy and human right sector (cooperation areas (i) and (ii)) where 80 per cent of the resources were allocated. The UN system was the largest channel for Swedish aid (60 per cent), mainly comprising support for institution building provided for in the Peace Accords. The second largest channel was civil society. A concentration of the embassy's portfolio during the strategy period resulted in a reduction in the number of specific contributions from 34 to 25.

Swedish development cooperation during the period 2001–2007 has contributed to achieve a number of concrete results within the frame of implementing the Guatemalan Peace Accords, including:

- Increased electoral participation among women, indigenous people and the rural population. Voter turnout in the country as a whole rose from 55 per cent in 2003 to 60.5 per cent in 2007. Participation in rural areas showed the biggest increase: 75–80 percent in 2007.
- Firmer government policies on gender equality and anti-discrimination.
- Strengthened human rights legislation, including a new adoption law and more rigorous application of the Integrated Protection of Children and Adolescents Act.
- Improved national statistics enabling more accurate targeting of national measures to promote economic and social development.
- More representative and institutionalised political parties, with more clearly defined party manifestos
- Improved conditions to conduct inquiries on past human rights violations due to the restoration of the national police archives.
- A reduction in child mortality by 20–40 per cent and maternal mortality rates by five per cent respectively in the five poorest regions, and better access to medicines and vaccines for poor people.

- Micro credits have enabled poor people, including indigenous women living in extreme poverty, to make income-generating investments and improve their homes.
- Elaboration at local level of models for the prevention of youth violence.

According to the results assessment, political dialogue was an important element in achieving results in development cooperation, where Sweden has established a profile on issues relating to human rights, gender equality, inclusion and the need for structural reform. Despite the level of coherence between Swedish support via civil society and to government institutions, synergies were limited as relations between the state and civil society were marked by mistrust, which hampered constructive cooperation. Development cooperation was more concerned with political and civil rights and less oriented towards economic, social and cultural rights.

The evaluators' criticisms of Swedish support centred on deficient follow-up and evaluation mechanisms and the absence of a standardised system of indicators, both of which made results assessment more difficult. Moreover, progress in developing programme-based initiatives was slow.

Sweden should continue to support initiatives to effect structural changes aimed at promoting greater inclusion. Poverty reduction policies should be supported using a long-term approach and more programme-oriented cooperation combined with support for building closer, constructive ties between government actors and civil society in an effort to implement the terms of the Peace Accords.

A rights perspective should continue to inform all cooperation areas, with a more pronounced emphasis on economic, social and cultural rights, which will mean orienting projects towards the need for social services and income opportunities. Support should be focused more closely on the poorest regions and the poorest population groups. A combination of development cooperation and political dialogue will remain important in a country where political will for change is a crucial factor. Greater emphasis should be placed on following up development cooperation outcomes.

2.3 Summary analysis of other donors' action and roles in the country, including action by multilateral actors and the European Commission

In 2006, Sweden was the fourth largest bilateral donor after the US, Spain and Japan. Other prominent bilateral donors are the Netherlands, Germany and Canada. Norway is gradually phasing out its development cooperation programmes. All the major UN bodies have a presence in Guatemala, as do the World Bank and the Inter-American Development Bank. The European Commission's programme is approximately the same size as Sweden's. The main pillars of the Commission's 2007–2013 strategy for Guatemala are social cohesion and economic growth through local and rural development. These priorities accord with Sweden's in several respects, namely the need to strengthen state institutions, create employment and focus on the rights and participation of indigenous people. Overall coordination of development cooperation programmes in Guatemala has hitherto been insufficient. Coordination mechanisms have been established by the Donor Coordination Group, which is chaired in rotation by the bilateral donor members. Donor coordination has worked best in sectors with clear policies and national ownership – primarily the education and health sectors. Several major donors have a presence in the education sector. The donor presence is considerably smaller in the health sector, despite the magnitude and urgency of needs in this area. This fact has contributed to the conclusion that Swedish development cooperation should concentrate on this sector. Sweden previously had a long-standing commitment in the field of water and sanitation. However, the presence of Japan, Spain and others has led to the decision not to prioritise this sector.

The cooperation area with the biggest donor presence in Guatemala is democratic governance and human rights. However, this is also the area where coordination has been least effective. This may be attributed to the wide range of implementation channels, the lack of a clear government plan and the absence of broader programme-based approaches. A number of other donors are active in the legal sector. Several other donors support activities aimed at promoting popular participation and democratic institutions, particularly inclusion of indigenous people. In these areas, Sweden actively seeks to promote more effective donor coordination. Favourable opportunities for coordinating activities within the UN system provide the conditions for achieving sustainable results in collaboration with other donors. Donor presence is more limited in the security sector since a condition of donor action in this area is an initiative on sector reform from

Guatemala. A number of donors are also active in the area of pro-poor economic growth. However, Sweden is so far the only bilateral donor to have supported the Government's own rural development policy.

2.4 Summary analysis of Sweden's role in the country

Bilateral relations between Guatemala and Sweden are relatively limited outside the sphere of development cooperation and political dialogue. Thus there are all the more points of contact in other policy areas at regional and global level where Sweden can have an influence on Guatemala's development.

2.4.1 Conclusions on Swedish and EU policy decisions and processes relevant to development cooperation

Negotiations on an agreement of association between the EU and Central America were begun in June 2007 and are expected to be concluded in 2009. The agreement contains three pillars: development cooperation, political dialogue and trade. Sweden is pressing the EU to open its markets to important Guatemalan agricultural products which are not yet covered by the EU's Generalised System of Preferences, e.g. bananas, roasted coffee and sugar.

2.4.2 Policy coherence for development

Sweden's initiatives with regard to migration issues, both in the global arena and in dialogue with the US – the goal of most Guatemalan migrants – should have an impact on Guatemala's situation. In addition, a policy aimed at increasing job opportunities in Guatemala is expected to reduce the negative impacts associated with migration. This is a matter both for development cooperation and other policy areas. Sweden will work actively at both global and bilateral level to combat transnational phenomena such as corruption and organised crime. The secondment of Swedish criminal investigators to the CICIG is a valuable initiative at national level.

Action at global and regional level to promote the sustainable use of natural resources and tackle climate change can have an appreciable impact on Guatemala, which is vulnerable to natural disasters and faces challenges on the environmental front. Protection of water resources and forest areas rich in biodiversity, sustainable land use, the impact of climate change, and the strengthening of public institutions engaged in environmental work are crucial issues for the country. The energy

question is also vital as Guatemala is Central America's biggest consumer and producer of electricity, only a fraction of which comes from renewable energy sources. Similarly, Sweden's efforts in the global arena to promote corporate social responsibility are important to Guatemala's poor as many of the multinational companies in the country are failing to safeguard the interests of this group.

2.4.3 Other relations with Sweden

Although several Swedish NGOs have a presence in Guatemala, the number of Swedish economic actors in the country is very limited, as is trade. An investment protection agreement between Guatemala and Sweden entered into force in 2005.

Given Sweden's limited presence in Guatemala, it is vital that Sweden work through global and regional channels while encouraging future trade growth, for example through trade promotion measures. For instance, the Swedish Trade Council can help promote trade relations with Guatemala and expand exchanges with Swedish enterprises and organisations. The Swedish private sector has considerable expertise in the sustainable processing of natural resources and a long-standing commitment to the principles of corporate social responsibility in the wider sense, in terms of attitudes to corruption, discrimination issues and cooperation with trade unions. Sweden should also actively seek to contribute to sustainable development in Guatemala through the UN in areas such as trade, the environment, migration and security.

2.4.4 Sweden's competitive advantages – conclusions on Sweden's role

Thanks to its long-standing commitment to the peace processes in Central America, Sweden enjoys a high degree of trust among Guatemalan actors. This lends credibility to Sweden's work to promote implementation of the Peace Accords. Actors in civil society and within the government regard Sweden as an important ally in pursuing difficult issues in the Guatemalan context. Sweden also enjoys a comparative advantage in that we have no geopolitical or economic interests in the region. Together these factors contribute to the perception of Sweden as a serious and impartial cooperation partner. In addition, Sweden has long been involved in gender equality work in Guatemala, as well as in national efforts to promote sexual and reproductive health and rights, particularly for young people.

2.5 Considerations regarding objectives and the direction of future cooperation

The conclusion drawn from the results assessment and the country analysis respectively is that the 1996 Peace Accords remain an important basis for Swedish development cooperation. The accords, drawn up on the basis of a broad national consensus, are aimed at combating structural inequality by building a new, just, democratic and inclusive Guatemala.

Cooperation must continue to build on progress already achieved in terms of implementation of the Peace Accords, and focus on outstanding commitments. A significant part of this will involve supporting necessary structural reform measures aimed at reducing political, economic and social gaps, and action to increase inclusion targeted at the poorest regions and focused on indigenous people and women. Support for specific initiatives aimed at enhancing participation within these two groups, strengthening their ability to exercise their rights, and developing their roles as actors for change is of key importance. It is also essential to support initiatives aimed at building trust between citizens and government and enabling the state to discharge its responsibility to implement policies for poverty reduction and conflict prevention.

In light of these basic considerations, Swedish development cooperation will target three sectors crucial to the implementation of the Peace Accords: i) Democratic governance and human rights, ii) Sustainable pro-poor growth in poor areas, and iii) Health.

Sweden will also focus on reducing risks of conflict and achieving concrete results in terms of poverty reduction. Sweden enjoys comparative advantages in these areas and strategic, relevant programmes are already under development. Sweden will actively seek to promote more effective donor coordination, particularly in the democracy and human rights sectors, in line with the strategy's overall process objectives.

At regional and global level, support for natural disaster prevention and sustainable use of the environment and natural resources will be an important issue. Improved donor coordination is essential if development cooperation outcome targets are to be met. The role of the Guatemalan Government and state in achieving the strategy objectives must be clearly emphasised.



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