

INTEGRATED SAFEGUARDS DATA SHEET

INITIATION/CONCEPT STAGE

Report No.: 95323

Date ISDS Prepared/Updated: 03/02/2015

I. BASIC INFORMATION

A. Basic Project Data

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|---|-----------------------------------|-----------------------|------------------------------------|
| Country: | Guatemala | Project ID: | P152806 |
| Project Name: | GUATEMALA EITI: POST-COMPLIANCE I | | |
| Task Team Leader: | Kristina Svensson | | |
| Estimated Date of Approval: | April 1, 2015 | | |
| Managing Unit: | GEEDR | Lending Instrument: | Project Investment Lending (grant) |
| Sector(s): | Energy and Extractives | | |
| Theme(s): | Transparency and accountability | | |
| Fragile and/or Capacity Constraints [] | | | |
| Financing (in USD Million) | | | |
| Total Project Cost: | USD 0.462 | Total Bank Financing: | USD 0.3 |
| Total Co-financing: | USD 0.162 | Financing Gap: | USD 0.3 |
| EITI MDTF | | | USD 0.3 |
| BORROWER/RECIPIENT | | | USD 0.162 |
| Total | | | USD 0.462 |
| Environmental Category | C | | |
| Is this a Repeater project? | Yes | | |
| Is this a Transferred project? | No | | |

B. Project Objectives

1. The Development Objective is to strengthen the capacity of the EITI Secretariat, the multi-stakeholder group and civil society to implement the Extractive Industry Transparency Initiative (EITI).

C. Project Description

2. The recipient executed grant would be funded through the EITI MDTF (\$300,000). The duration would be an estimated 9 months from the start of effectiveness, but closing date can be no later than December 31st, 2015, since this has to comply with the closing of the EITI MDTF.

Project Components

3. **Component 1 - Production and dissemination of Guatemala EITI Reports (US\$120K):** According to the new EITI Standard, countries need to produce timely (annual) EITI reports (Requirement 2), including contextual information (Requirement 3), that the EITI report is “comprehensible, actively promoted, publicly accessible, and contribute to public debate” (Requirement 6). Specifically, the grant will therefor support: (a) *Hiring of the independent reconciler for the production of the EITI Guatemala report:* (covering fiscal year 2014, to be published before December 31, 2015). The main output will be the reconciliation report, consistent with the EITI Standard, containing clear recommendations of how to enhance transparency and accountability of the extractive industries in Guatemala; and (b) *Communication and dissemination of the Guatemala EITI report covering FY 2012 and 2013:* (produced in 2014). This would include the production of info-graphics, production and printing of a summary report, translation to local Mayan languages of summary report and other materials as needed, and outreach activities in district and municipalities in producing regions.

4. **Component 2 - Supporting civil society to participate effectively in Guatemala EITI (US\$60K):** The new EITI Standard requires that the government works with companies and civil society to implement the EITI, and that these groups are “fully, actively, and effectively engaged” in the initiative (Requirement 1.3). Specifically, civil society has a role to play as an actor on the multi-stakeholder group, as well as in society at large to analyze EITI reports and advocate for enhanced transparency and accountability. The specific activities supported through the grant will include: (a) *Training and engagement with CSOs on EITI, EITI report analysis, and policy advocacy:* This component would support training and practical application regarding report analysis; and policy advocacy; and (b) *Pilot studies and projects to support monitoring of the dissemination and use of revenues at the local level:* With the objective to apply the knowledge acquired through the above trainings, this sub-component will support the production of action research conducted by Guatemalan CSOs regarding the distribution and use of revenues at the local level, or other social audit research and documentation.

5. **Component 3 - Support to the Functioning of the National Secretariat (US\$120K):** While the government counter-funding will cover the operating costs of the National Secretariat, this sub-component will focus on improving the performance and the results of the initiative and training for MSG members. Specifically, this component would support: (a) *Compliance study:* The EITI International Secretariat recommends that countries conduct their own validation study (official validation is every five years) to document progress and compliance with the EITI Standard. The output will be a study that will be discussed with the MSG, and an action plan to improve performance; (b) *Training and capacity building for MSG members:* As the new Standard is being rolled out, and new countries in LAC are joining the initiative (Colombia, Honduras, etc.), there is a lot of room for peer-to-peer learning. This sub-component will support expenses related to attending such training events, as necessary; (c) *Grant Audit:* As required by the World Bank, an audit of Financial Statement of the grant has to take place. Such audit shall cover the entire period during which withdrawals from the Grant Account were made.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

6. Project will provide only TA and there are no physical investments on the ground. Trainings will take place in Guatemala City and mining regions with a broad set of stakeholders, including communities and civil society and community based organizations and mining companies. The project will only support the multi-stakeholder group (civil society, government and companies) to make recommendations related to improving transparency and reporting on financial information and will not make recommendations related to investments for specific sites

E. Borrowers Institutional Capacity for Safeguard Management

7. The EITI is a global coalition of governments, companies and civil society organizations working together to improve openness and accountable management of revenues from natural resources.

8. Guatemala EITI was declared compliant in 2014, however was suspended temporarily in February 2015 due to failure to publish the EITI report for 2012-2013 by 31 December 2014. The expectation is that the suspension will be lifted after the publication of the next EITI report (expected May, 2015). This is the second EITI MDTF grant for Guatemala. The Guatemala EITI Secretariat and COPRET is aware of World Bank safeguards policies.

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered ? | Explanation (Optional) |
|-------------------------------------|--------------------|---|
| Environmental Assessment OP/BP 4.01 | No | This is a technical assistance project focused specifically on improving the institutional management of extractive industries, including some consultations and training. There are no physical investments being supported under the project. Since none of the project activities have any impact on the ground and have zero environmental footprint, the category is proposed to be C. |
| Natural Habitats OP/BP 4.04 | No | This policy is not triggered as project activities are not expected to have any impacts on natural habitats. |
| Forests OP/BP 4.36 | No | This policy is not triggered as project activities are not expected to have any impacts on the management of forest. |

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| Pest Management OP 4.09 | No | This policy is not triggered as the project will not finance the procurement or use of pesticides. |
| Physical Cultural Resources OP/BP 4.11 | No | This policy is not triggered as project activities are not expected to have any impact on physical cultural resources. |
| Indigenous Peoples OP/BP 4.10 | No | <p>This policy is not triggered given that project activities are not expected to cause any impacts on Indigenous Peoples.</p> <p>The team notes that the EITI is inherently a multi-stakeholder initiative with responsibility to increase transparency and accountability of the extractive industries by publishing and disseminating yearly reports. Guatemala EITI is governed by a multi-stakeholder group, which includes representatives of civil society. Three representatives of indigenous organizations are sitting in the multi-stakeholder group, and they in turn represent a “grupo ampliado” of indigenous organizations from all over Guatemala.</p> <p>Furthermore, the EITI Standard EITI requires that the report is “comprehensible, actively promoted, publicly accessible, and contribute to public debate” (Requirement 6). In this regard, the Guatemala EITI has developed a communication strategy with the support of the World Bank EITI MDTF first grant (P125451). This includes consultations and dissemination of material in Mayan languages to indigenous communities in production regions and was implemented during the dissemination of the first EITI report in 2014. The communication strategy is currently being revised with the support of GIZ.</p> <p>Under this Project, the Bank will also support the wide dissemination of the Guatemala EITI report for 2013 (Component 1). This will include the</p> |

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| | | <p>production of info-graphics, production and printing of a summary report, translation to local Mayan languages of summary report and other materials as needed, and outreach activities in district and municipalities in producing regions.</p> <p>The team also notes that a separate Bank-executed project Improving Civil Society Engagement in EITI in Guatemala (P128883) was implemented 2012-14. This had two main components: (1) training and capacity building on extractive industries and EITI for a group of 30 indigenous leaders, with trainings and workshops both in Guatemala City and in the producing regions; and (2) Communication and dissemination in local communities (<i>Comunicacion social</i>) which consisted in production, translation to indigenous people language, and dissemination of EITI materials to local communities; feasibility study for the setting up of a public information center on EITI and extractive industries; and workshops with the <i>grupo ampliado</i>, the CSO coalition mainly with indigenous organizations participating in the EITI (in Quetzaltenango and San Marcos).</p> |
| Involuntary Resettlement OP/BP 4.12 | No | This policy is not triggered given that project activities are not expected to cause any physical or economic displacement, nor any restriction in access to natural resources. |
| Safety of Dams OP/BP 4.37 | No | This policy is not triggered given the project is not financing any dam construction or rehabilitation nor any activities that rely on the operations of existing dams. |
| Projects on International Waterways OP/BP 7.50 | No | This policy is not triggered given the project is not financing any activities in international waterways as defined by the policy. |
| Projects in Disputed Areas OP/BP 7.60 | No | This policy is not triggered given the |

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| | | project is not financing any activities in disputed areas as defined by the policy. |
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III. SAFEGUARD PREPARATION PLAN

A. Will an Appraisal stage ISDS be required? No.

IV. APPROVALS

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| Task Team Leader: | Name: Kristina Svensson | |
| Approved By: | | |
| Regional Safeguards Advisor: | Name: Glenn Morgan | Date: 3/19/15 |
| Practice Manager: | Name: Paulo de Sa | Date: 3/19/15 |

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.