Hand in Hand Initiative: Building Resilience in the Dry Corridor and Arid Zones of the SICA region

October 2026

In coordination with:

An initiative led by:

Section 1: Progress

Investment notes

	Committed resources 35.2 million USD	Resources in negotiation
Agricultural zoning of climate risk (AZCR)	2.4M	
Digital soil mapping	12M	
MSME´s and digital ecosystems	0.4M	15M
Integrated wáter solutions	20.4M	
Strengthening of ARI in R&D	0.003M	
Hub-AgriCER		2M

3 AZCR systems established in the country**, 14 institutions and 100 technicians** trained

2 national **digital soil mapping systems** established**, 14 institutions and 150 technicians** trained

Adapted **seed systems in 3** countries

Characterization of **640 MSMEs in 7 countries**

53,000 farmers benefited from RECLIMA

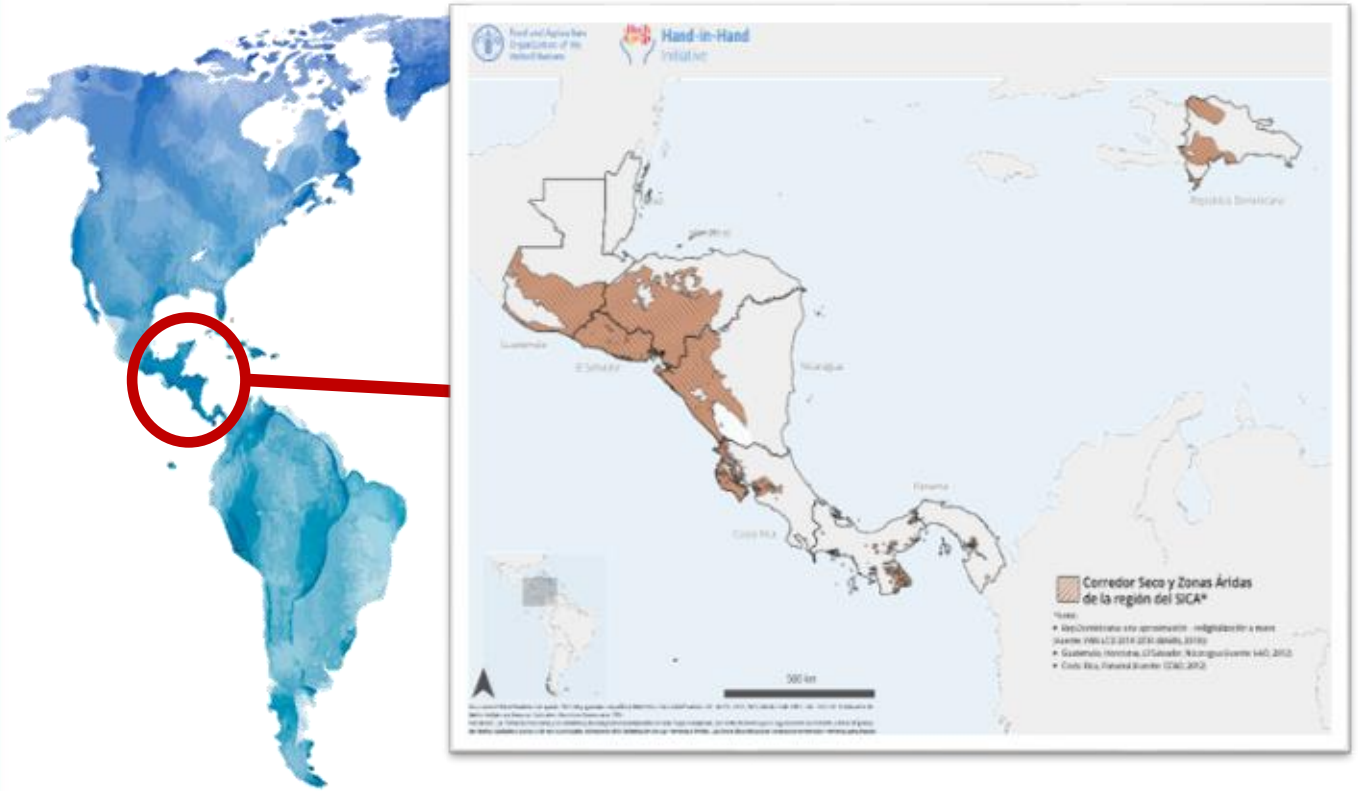
Complementary Resources

469 million USD

Investments	In millions USD
Flagship - Restoration	5
Ecosystem-based adaptation programme for the dry corridor and drylands/CABEI	268
RECLIMA	128
RELIVE	67
Strategic basin capabilities/AECID/CCAD	0.68
Climate Water Security/Korea/CCAD	0.32

Section 2: Overview

Dry Corridor and Arid Zones



Characteristics

- Approximately **23 million people (49% women)** in rural municipalities, including the Dry Corridor and Arid Zones of the SICA region
- Agriculture generates between **23% and 30% of total employment (7% average women)**, with a strong presence of family farming and production of basic grains
- **More than a third of the rural population lives in poverty,** with significant gaps in access to water, services and productive infrastructure
- **Women play a fundamental role** in food production, gardens, conservation and conservationlas

Migration

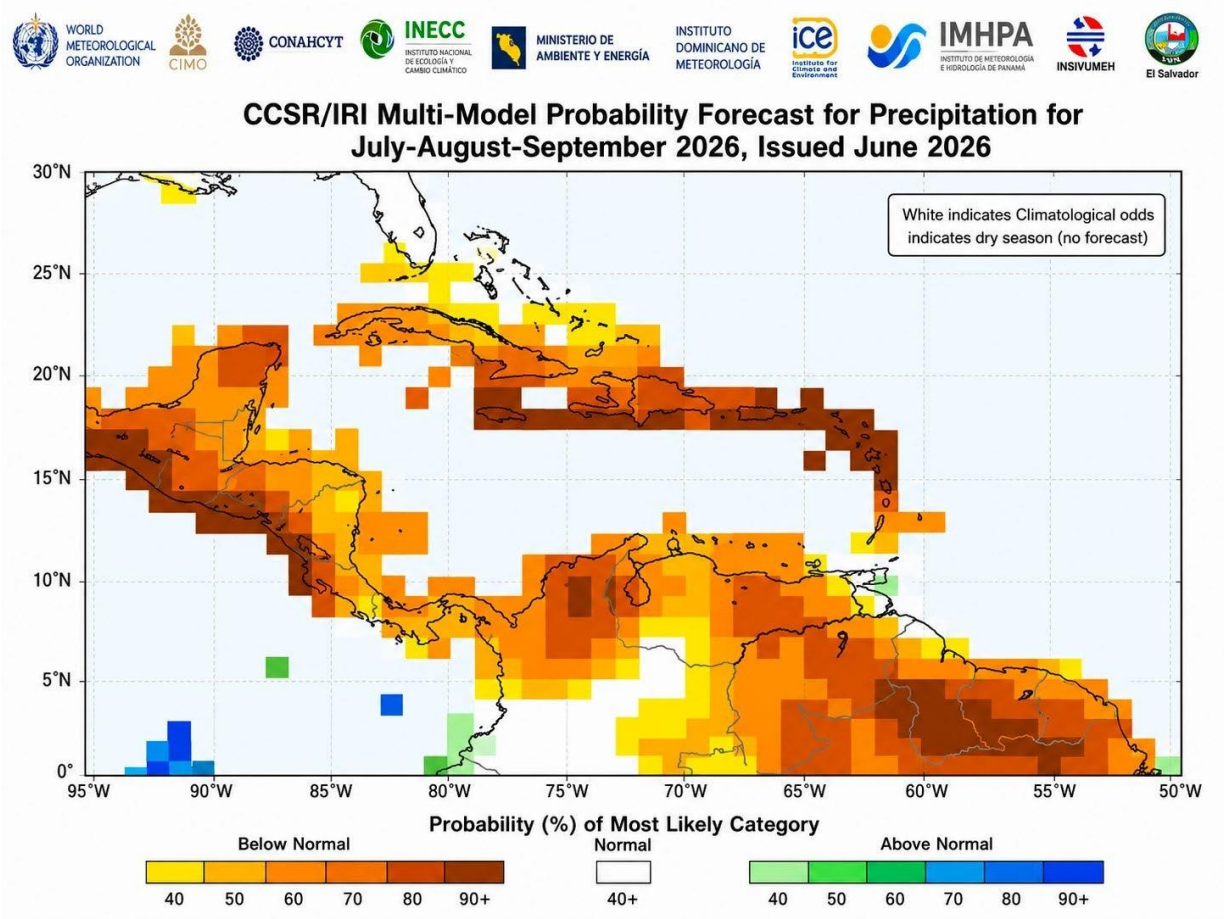
- More than **5.7 million migrants** (49% women) from the SICA region reside in the U.S. (8% of the population).)
- **Emigration of young people, 22% between 20-29 years old**
- Expelling municipalities tend to be poorer, more rural and more agricultural
- The emigration of young people reduces the availability of labor and limits generational renewal in family farming.

Section 2: Overview

Dry Corridor and Arid Zones

Vulnerability to climate risks

- **Extreme weather events:** prolonged droughts followed by heavy rains and floods
- Last decade: **3 severe El Niño episodes**, extreme hurricanes (Eta and Lota) and recurrent tropical storms
- Increasingly variable rainfall and heat wave patterns, **reducing agricultural predictability**
- **Increased risk to rainfed agriculture,** food security and rural livelihoods



Regional programmatic proposal and investments

Integrated water solutions

Anticipatory action, food security and nutrition, and livelihood recovery

Economic development of rural territories

Dry Corridor and Arid Zones Resilient Program

Resilience and adaptation to climate change

Transition to sustainable agricultural systems

MSME´s and digital ecosystems

Digital soil mapping

Agricultural zoning of climate risk

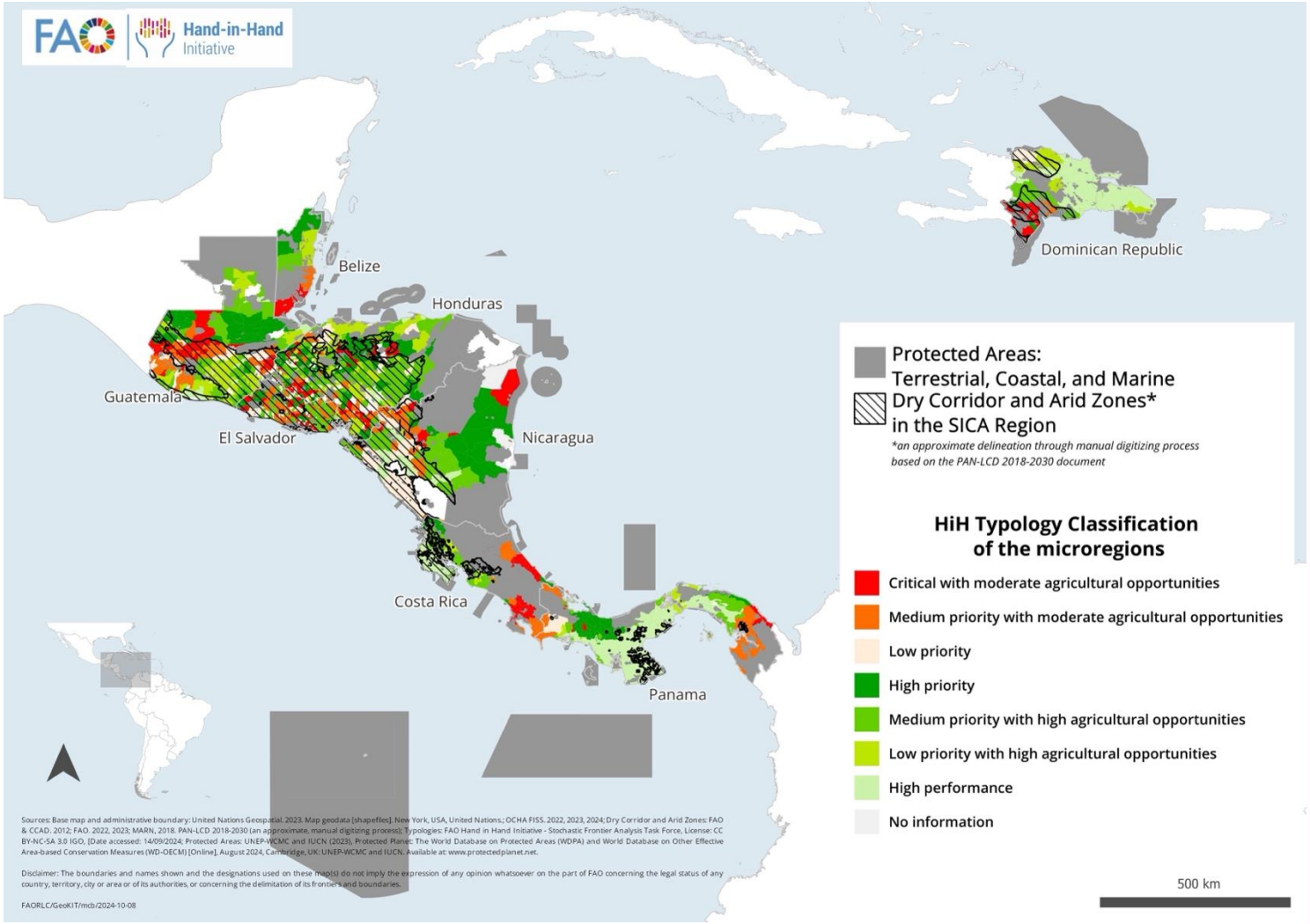
Strengthening of ARI in R&D

Hub Agri-CER

Section 3: Investment climate

Hand in hand: territories of opportunities

- **Strategic natural assets**
- High undeveloped **agricultural potential**
- 44% of **young population**
- **Free trade agreements** within and with other countries
- Favorable **trade balance**: 45% of total exports correspond to food products
- Agriculture **represents** for 7% of regional GDP and one-fifth of employment
- Potential of **remittances** for financial inclusion (12% of GDP on average)
- **36.7% average poverty** incidence rate countries (World Bank, 2023)



Section 3: Investment climate

Partners and strategic allies

Naciones Unidas

Instancias del SICA

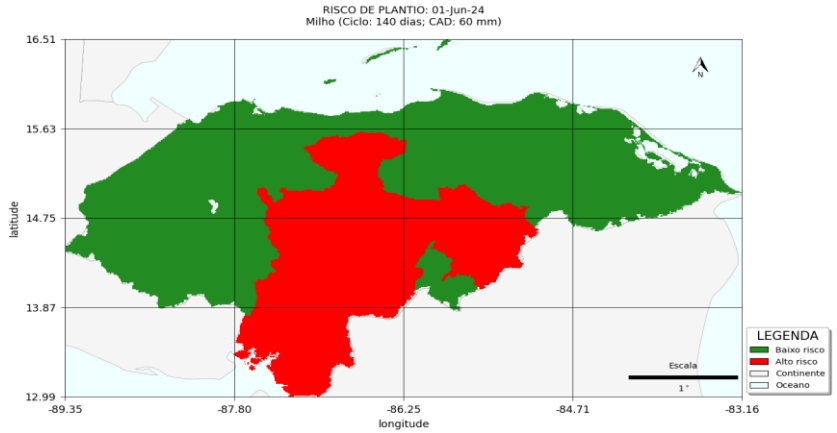
Socios técnicos

Investment Note 1/6
Agricultural Zoning of Climate Risk (AZCR)

OBJECTIVE: Provide the Dry Corridor and Arid Zone countries new innovative tools to plan agriculture in the face of climate change

OPORTUNIDADES Y ALCANCE

- **Avoiding rainfed** crop losses in the face of climate variability and change
- Municipal maps by crop and planting date — **80% success rate**
- **More financing and agricultural insurance** with lower climate risk
- **Technical cooperation** with EMBRAPA and Brazil



Honduras · risk of crop loss >20% (corn 140 days, sowing 1 June)

FROM BOTTLENECKS TO KEY INVESTMENTS

Outdated agroclimatic information	Increasingly variable agricultural calendars	Planting decisions without reliable data
↓	↓	↓
Multi-criteria databases **1.3 M USD**	AZCR systems in 8 countries **11.9 M USD**	Management and maintenance (12 years)) **20.8 M USD**

Investment Note 1/6
Agricultural Zoning of Climate Risk (AZCR)

INVESTMENT ANALYSIS

INVESTMENT
34M USD

NPV
22.3M USD

IRR
28%

92,000 direct + **414,000** indirect basic grains producers in the 7 DCAZ countries

$214 / beneficiary / year

RISKS AND MITIGATION MEASURES

Insufficient climatic, soil and phenological data

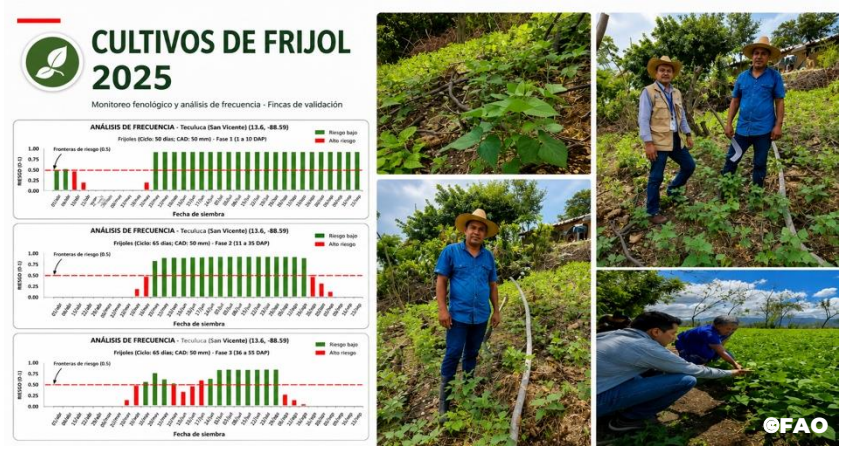
Combined with satellite sources and digital soil mapping

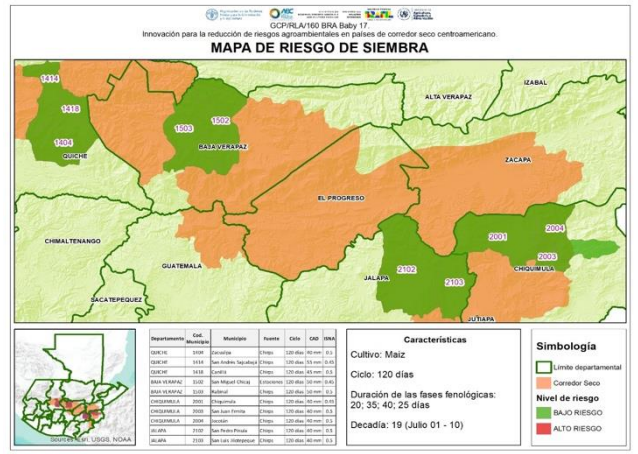
Low adoption by farmers

Training, demonstration and liaison with research institutes

Financial sustainability of the system

Additional public financing and public-private partnerships





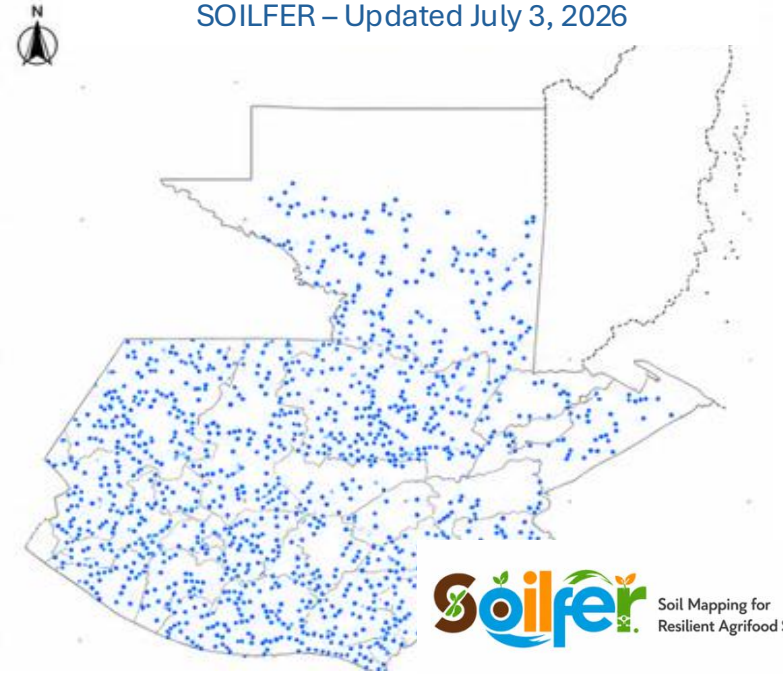
Investment Note 2/6
Digital soil mapping

OBJECTIVE: Provide SICA countries with soil maps and data to improve agricultural nutrient management

OPPORTUNITIES AND REACH

- More sustainable agriculture and soil management through improved nutrient use
- Digital soil maps to support decision-making
- Standardization of soil information between countries
- Technical cooperation with EMBRAPA and Brazil

Soil sampling – Guatemala
SOILFER – Updated July 3, 2026



Soilfer Soil Mapping for Resilient Agrifood Systems

FROM BOTTLENECKS TO KEY INVESTMENTS

Low soil fertility and productivity	Lack of soil information for decisions	Low fertilizer use efficiency
↓	↓	↓
$ Soil Laboratory Sampling and Equipment **27M USD**	$ National databases, maps and information systems **15M USD**	$ Training, Management & Maintenance (11 years) **17M USD**

Investment Note 2/6
Digital soil mapping

INVESTMENT ANALYSIS

INVESTMENT
59M USD

NPV
69M USD

IRR
24%

511,000 direct + **2,3M** indirect basic grains producers in the 7 DCAZ countries

$145 / Beneficiary/Year

RISKS AND MITIGATION MEASURES

Lack of technological infrastructure and starting data

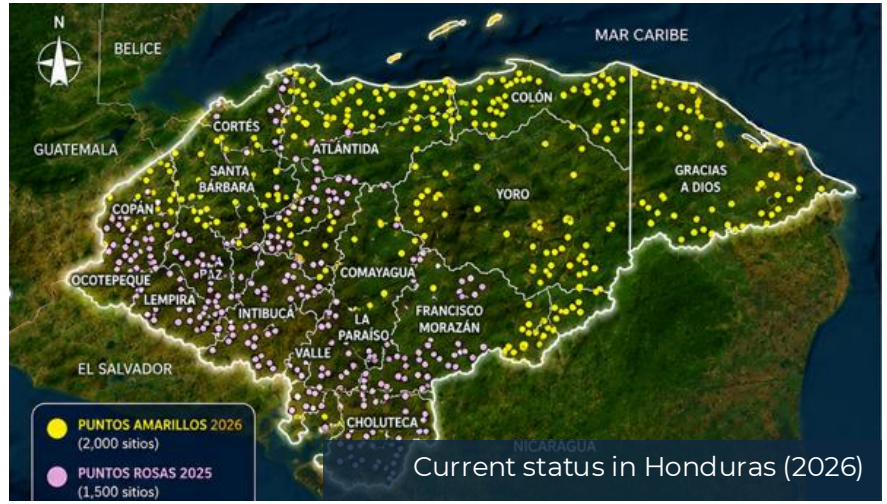
Initial planning and assessment

Resistance to change and insufficient training

Continuous monitoring and training programs

Long-term financial sustainability

Public-private partnerships



Current status in Honduras (2026)

Investment Note 3/6

Strengthening of Agriculture and Research Institutes (ARI)

OBJECTIVE: Strengthen the agricultural and forestry research, development and innovation capacities of SICA countries

OPPORTUNITIES AND REACH

- More investment in agricultural research, development and innovation
- Agile connection between science and the productive sector, with a focus on dry corridor
- Operational CAC technical group, with methodological support from FONTAGRO

FROM BOTTLENECKS TO KEY INVESTMENTS

⚠ Low investment in agricultural R+D+i	⚠ Limited capacities of ARIS to formulate and evaluate projects	⚠ Little funding for regional research
↓	↓	↓
$ ARI Regional Digital Innovation Platform **2.9M USD**	$ ARI Capacity Building **2.1M USD**	$ Fund leverage (FONTAGRO and others) **6.2M USD**

Investment Note 3/6

Strengthening of Agriculture and Research Institutes (ARI)

INVESTMENT ANALYSIS

INVESTMENT
11.2M USD

NPV
2.4M USD

IRR
22%

7 SICA Agricultural and Forestry Research Institutes

RISKS AND MITIGATION MEASURES

Bureaucracy and restrictive regulations

Initial diagnosis and work with ministerial authorities

Lack of collaboration and coordination

Collaborative networking and facilitation of the CAC

Financial sustainability

Partnerships with public and private entities in LAC

Description of the images: FAO and CENTA, through RECLIMA, promoted the use of the CENTA Porrillo 2020 maize variety, developed by CENTA EL SALVADOR. This seed is drought tolerant, improves productivity and has a high nutritional value.

Investment Note 4/6
MSMEs and digital ecosystems

OBJECTIVE: Strengthen business and digital skills of MSMEs, cooperatives and AFs to access markets and generate employment

OPPORTUNITIES AND REACH

- Digital ecosystems for MSMEs' access to markets
- Investment in ICT, applications and digital skills to improve competitiveness

FROM BOTTLENECKS TO KEY INVESTMENTS

⚠ Strong barriers to access to goods and services for the rural business fabric	⚠ Limited capacities in innovation and technology for youth and smallholder agriculture	⚠ Limited capacities in innovation and technology for youth and smallholder agriculture
↓	↓	↓
$ Digital connectivity and public-private partnerships **29M USD**	$ Digital skills development **12.4M USD**	$ Application and content development **0.58M USD**

Investment Note 4/6
MSMEs and digital ecosystems

INVESTMENT ANALYSIS

INVESTMENT
42M USD

NPV
5.2M USD

IRR
24%

22,400 direct + **100,800** indirect MSMEs

$712 / Beneficiary/Year

RISKS AND MITIGATION MEASURES

Lack of digital literacy

Digital Training and Education for End Users

Financial sustainability

Continuous monitoring and training programs

Data security and privacy

Encryption and multi-factor authentication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Investment Note 5/6
Integrated Water Solutions

Management and development of integrated water solutions for agricultural production and human consumption

1. Strengthening the water resources planning framework – public goods

1.1 Scalable information systems and tools for decision-making

1.2 Studies on water management, availability and quality, productive, environmental and social aspects, benefits, climate scenarios and impacts

1.3 Development/updating of national investment plans (up to pre-feasibility projects)

2. Implementing Water Supply Solutions

2.1 Rooftop water collection systems and storage cistern

A. Human consumption (4,000 systems)

B. Human and productive consumption (3,400 systems)

2.2 Artisanal wells: drilling (2,500 systems) and eventual maintenance/deepening

2.3 Comprehensive water supply systems for irrigation and other uses (100 systems)

Investment Note5/6

Integrated Water Solutions

OBJECTIVE: Manage and develop water solutions for agricultural production and human consumption in vulnerable rural territories

OPPORTUNITIES AND REACH

- Pre-investment: information, studies and water management plans
- Investment: Water Supply Technology Solutions

FROM BOTTLENECKS TO KEY INVESTMENTS

- Weak water governance; Lack of updated information for decision-makingsiones
- Lack of policies for decentralized access and efficient use of water

- $ Water resources planning (information, studies, national plans))
  14.2M USD
- $ 10,000 domestic and agricultural water supply solutions
  42.3M USD

Investment Note 5/6

Integrated Water Solutions

INVESTMENT ANALYSIS

INVESTMENT 56.5M USD

NPV 80M USD

IRR 25%

21,900 direct + **98,550** indirect producers in the 7 DCAZ countries

$412 / Beneficiary/Year

RISKS AND MITIGATION MEASURES

Climate variability and overexploitation of water resources

Climate Resilient Water Infrastructure

Pollution and conflicts over access to water

Institutional strengthening and risk identification

Lack of regional coordination

Cooperation among Mesoamerican countries in water management

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Investment Note 6/6

Regional Hub on Responsible Business Conduct (RBC) in Agri-Food Chains
Hub AgriCER

WHY COFFEE AND MEAT:

~64% (~340,000 people) **coffee and livestock** producers in the region are **small-scale** (533,509), a segment with the least capacity to comply with the **EUDR** on their own

- Extra-regional export value: 955.5 M USD **annual average**
- Growth in the value chain to generate **new jobs**
- Renewal of plantations and better practices **increase production per hectare**
- Increased potential for **carbon sequestration**, forest conservation, and reduction of losses from climate events

PANORAMA DRY CORRIDOR AND ARID ZONES

23–30% of total employment comes from agriculture (varies by country)

315k **Family Coffee Farmers**

218k **Meat producers**

SICA´s STRONG INSTITUTIONAL COMMITMENT:

- Approved Environment-Agriculture **Intersectoral Agenda** (2026))
- **SICA EUDR intersectoral plan** approved (2025)
- **National and regional registration systems under development** (ICAFE, IHCAFE, ANACAFE, CSC, MIDA, CNC, DIGEGA, TrazaAgro)

Investment Note 6/6

Regional Hub on Responsible Business Conduct (RBC) in Agri-Food Chains
Hub AgriRBC

OBJECTIVE: Facilitate progressive compliance with sustainability regulations – in particular the EUDR – and Responsible Business Conduct, reducing barriers and risks of market access for small-scale SICA producers

OPPORTUNITIES AND SCOPE:

- Regional AgriCER Hub on Digital Public Infrastructure, with pilots in key chains
- Coffee and meat: high concentration of vulnerable producers, great weight in employment and rural income, high potential for scalability
- Leverages existing registration and traceability systems (ICAFE, IHCAFE, ANACAFE, CSC, MIDA, CNC, DIGEGA, TrazaAgro) without duplicating them
- Validation of scalability and national/regional integration, with financial sustainability

FROM BOTTLENECKS TO KEY INVESTMENTS:

Lack of coordination and regional governance that limits scaling	Fragmentation, cybersecurity risks slow adoption	High costs, uncertain incentives, and low recognition hold back adoption	Insufficient capacities	Regulatory changes faster than the ability to adjust
↓	↓	↓	↓	↓
$ Hub Agricer **1.8M USD**	$ Digital public infrastructure **1.9M USD**	$ Credentials and PilotsN1/N2 **4.8M USD**	$ Capabilities, M&E and communication **4.3M USD**	$ Regional programme management **1.2M USD**

Investment Note 6/6

Regional Hub on Responsible Business Conduct (RBC) in Agri-Food Chains
Hub AgriRBC

INVESTMENT ANALYSIS

INVESTMENT
14M USD

NPV
4.6M USD

IRR
23%

10,000 direct **+30,000** indirect + **24** associations
87,000 ha in coffee and meat ·6 Countries

$456 / Beneficiary/Year

RISKS AND MITIGATION MEASURES

Financial sustainability of the Hub after the initial financing is completed

Quota/service model and public-private partnerships

Low appropriation by national traceability institutions

SICA-FAO shared governance with clear country roles

Changes to EUDR requirements during implementation

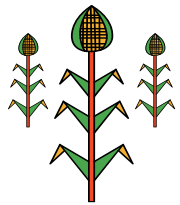
Continuous regulatory monitoring

Dependence on external co-financing (USD 20M) that does not materialize

Phased phasing linked to co-financing milestones

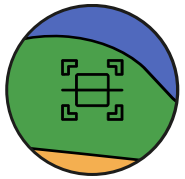
Synthesis of investments in the SICA Dry Corridor and Arid Zones

216.7 M USD Total investment	24.3% Average IRR	183.5 M USD NPV total	3,6 millions of beneficiaries	Δ average Income: 387 USD/year/bnf



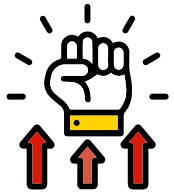
Agricultural Zoning of Climate Risk

- Investment: 34M USD
- IRR: 28%
- NPV: 22.3M USD
- Beneficiaries: 506,000
- Δ Income: 214 USD/year/bnf



Digital soil mapping

- Investment: 59M USD
- IRR: 24%
- NPV: 69MUSD
- Beneficiaries: 2.8M
- Δ Income: 145 USD/year/bnf

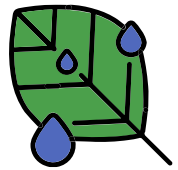


Strengthening of ARI in R&D

- Investment: 11.2M USD
- IRR: 22%
- NPV: 2.4M USD
- Beneficiaries: 7 agricultural and forestry research institutes

MSMEs and digital ecosystems

- Investment: 42M USD
- IRR: 24%
- NPV: 5.2M USD
- Beneficiaries: 123,200
- Δ Income: 712 USD/year/bnf



Integrated Water Solutions

- Investment: 56.5M USD
- IRR: 25%
- NPV: 80M USD
- Beneficiaries: 120,450
- Δ Income: 412 USD/year/bnf

Hub AgriRBC

- Investment: 14M USD
- IRR: 23%
- NPV: 4.6 M USD
- Beneficiaries: 40,000
- Δ average income: 456 USD/year/bnf