



Ministerio de
**Agricultura,
Ganadería y
Alimentación**



Food and Agriculture
Organization of the
United Nations



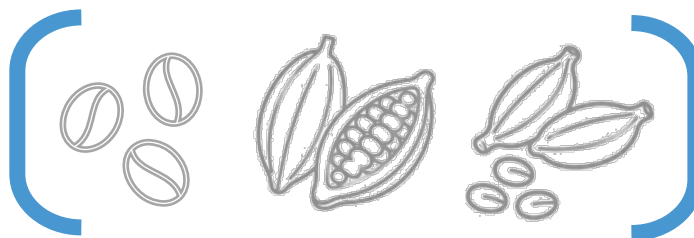
**Hand-in-Hand
Initiative**



Guatemala

Investment Programme:

Comprehensive Rural Development in
Cahabon, Alta Verapaz and Olopa, Chiquimula



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Ministry of Agriculture, Livestock and Food

From 13 to 16 October, 2026

HiH Initiative: progress in Guatemala



MAGA and FAO agree to work together

2021

- A roadmap and timeline of the plan for the prioritization of rural investment is agreed.



Communication with strategic stakeholders

2021- 2025

- Constant meetings with the government with entities such as MAGA, INE, SEGEPLAN, SPP, MARN and SESAN.



Technical analysis

2022

- Identification of strategic interventions in the Polochic Valley and Adjacency Zone through the expanded investment program.



Investment Program Advocacy

2022- 2023

- Consolidation of the investment plan with the components of productive infrastructure. Inclusion of the investment plan in the Cabinet of Rural Comprehensive Development by the presidency.



Investment Program for Access to Irrigation Infrastructure

2024

- SEGEPLAN's National Public Investment System includes the typologies of HiH to focus public investment



Investment Program: Development Routes for Coban, Alta Verapaz

2025

- The focus on strengthening value chains includes the improvement of mobility through road infrastructure, in a prioritized municipality (Coban), to promote economic and social development through the SPP.



Typology of micro-regions

2022-2025

- FAO provides technical assistance to MAGA, MARN, INE, SESAN, SEGEPLAN and SPP for the development of micro-region typologies.



2026

The development of investment notes continues, incorporating for the 2026 Investment Forum a focus on water and soil conservation under the Keyline system together with catalytic investments within the framework of the government Development Routes program.



Negotiated:

- USD 2.31 million (Keyline)
- USD 71.4 million (Routes)

Source: FAO (2026). Programa de inversiones de la Iniciativa Hand in Hand: la experiencia de Guatemala.
FAO: Guatemala.

- Increase of 280% in public Budget for irrigation (2024-2025)
- USD270 thousand for institutional strengthening (Ireland / UE/ FAO Roma) (from 2024 up to date)

- USD400 Million mobilized through reimbursable cooperation (World Bank)
- USD126.1 Million invested in RdD (2025)

General Overview



Global Location

Located in the center of America, the country has coastlines along the Pacific and Atlantic Oceans. It's a bridge between the North and South America. Near and with a free trade agreement with the United States. Gateway to the largest market in Latin America, Mexico.

Territorial area: **108 890 km²**

Water Coverage (area): **1 154 km²**

Population: **18.3 million** (2026, INE)

Rural population: **46.1 %** (2023, INE)

Poverty incidence: **56.0 % national, 66.4% rural poverty** (2023, INE)

Population growth rate (intercensal): **1.8 %** (2026, estimated based on INE)

Current GDP: **USD 112 201.8 Million** (2024, Banguat)



1.3 million households (2018, INE)
Engaged in agricultural activities



1 in 3 Jobs (2018, INE)
Belong to the agricultural sector



8.8 % of GDP (2024, Banguat)
Agricultural contribution



29% of exports
from main agricultural products (2024, MINECO)



Challenge: Strengthen the agricultural sector
As a key driver of integrated rural development

Favorable business climate

Foreign direct investment 2024: **USD 1 694.5 million.**

Macroeconomic stability: **3.6% average growth (2014-2024)**

4.1% GDP growth projected for 2026
(Banguat)

Positive agrifood trade balance

Price stability, inflation averaging below 3,9%
over the **past 12 years.**

Logistics hub



250 miles from coast to coast

Direct access to both the Pacific and Atlantic Coasts



2 international airports

9 airfields
14 commercial airlines
7 cargo airlines in operation



40.4% of maritime freight operations in Central America*

The 2nd higher in the region (*after Panamá)
3 major seaports

Access to major markets

- Gateway to the Central American market:
 - GDP of US\$324.8 billion.
 - 52.8 million of people.
- Customs union between Guatemala, Honduras and El Salvador, facilitating trade among the three countries for more than US\$9 553 million (2022).
- Interoceanic Corridor: a potential alternative to the Panama Canal for maritime trade (2025: more than 3 thousand containers and growing).

Tax incentives for foreign investment

Benefits	Ley de Fomento y Desarrollo de la Actividad Exportadora <i>[Law to promote and development of export activities]</i> (Decreto 29-89)	Ley de Zonas Francas <i>[Free trade zones Law]</i> (Decreto 65-89)	Zona de Desarrollo Económico Especial Público <i>[Public Special Economic Development Zone]</i> (Decreto 22-73)
Income Tax (ISR)	10-year tax exemption (some specific activities)	10-year tax exemption	10-year tax exemption
Value added tax VAT (IVA) and Import tariffs on raw materials or finished products	Suspension of payment of 1 year	Tax-Exempt	Tax-Exempt
Value added tax VAT (IVA) and Import tariffs on Machinery	10-year tax exemption	Tax-Exempt	Tax-exempt
Local Sales	Taxed with DAI (tariffs) and VAT (no Exempt from Income Tax)		

Doing Business

2010



2020



Country Risk Rating: Sustained improvements under the current administration

Rating	2020	2025	
		Previous	Report MINAPA to November
Fitch Ratings	BB- (negative)	February: BB (stable)→ ΔBB (positive)	ΔBB+ (stable)
MOODY'S	Ba1 (negative)		ΔBa1 (stable)
STANDARD & POOR'S	BB- (stable)	May: BB (positive)→ BB+ (stable)	ΔBB+ (stable)

“Thanks to three positive rating actions, Guatemala has achieved its highest rating ever this year, placing it just one notch below investment grade”

[MINAPA Results 2025](#)

Hand-In-Hand tools used to develop policy instruments in Guatemala



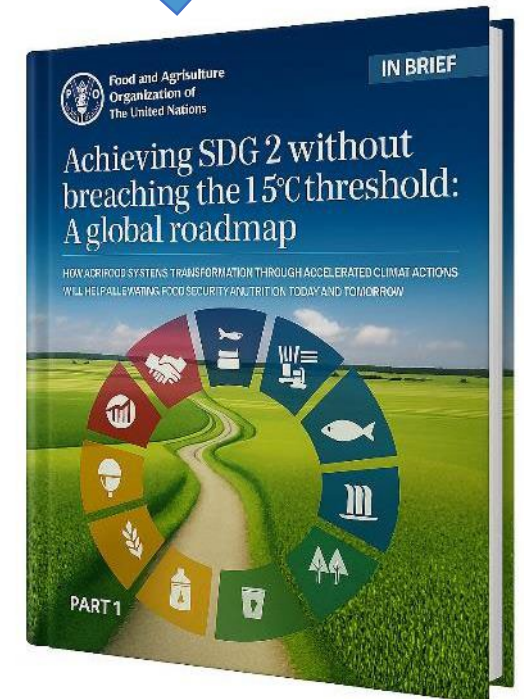
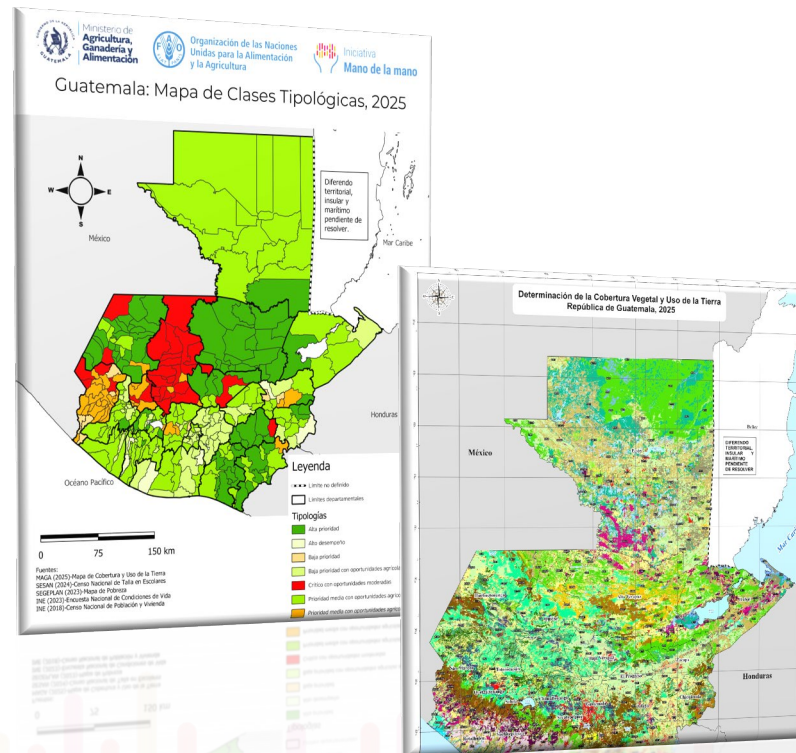
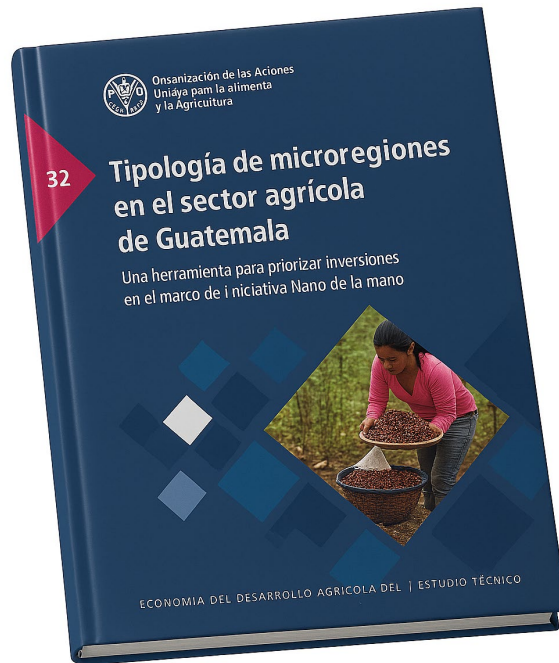
Micro-regions Typology HiH

- Based on statistical evidence: 2018 National Populations Census, 2003 Agricultural Census and 2023 National Survey of Living Conditions (INE).
- Use of recent data from 2025 Land Cover and Land Use Map (MAGA).

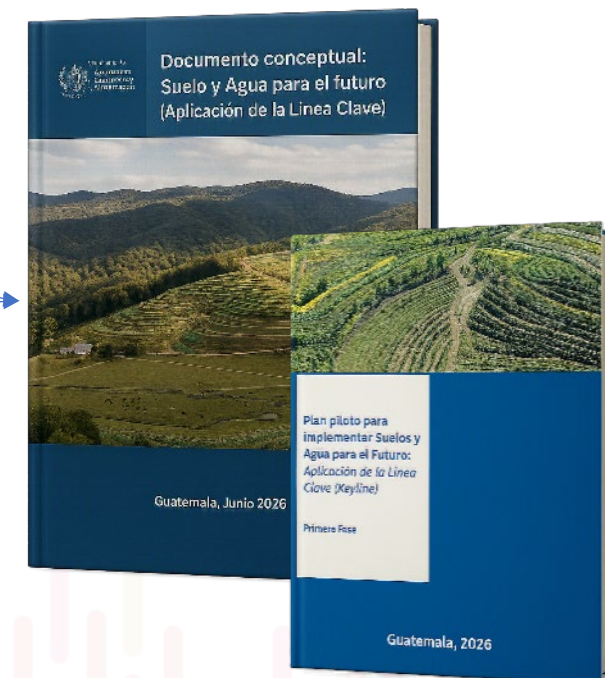
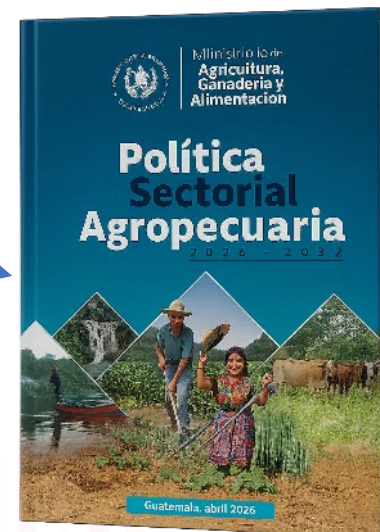
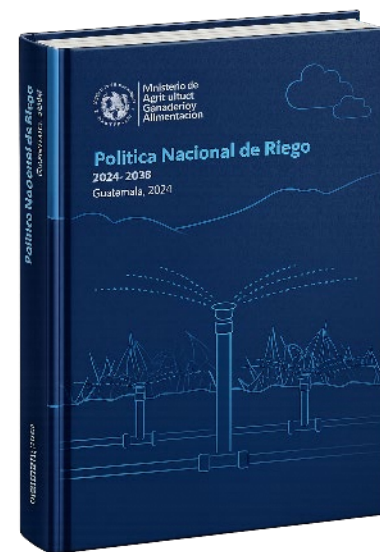
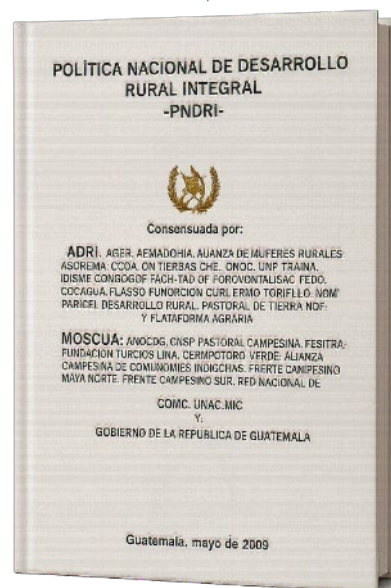
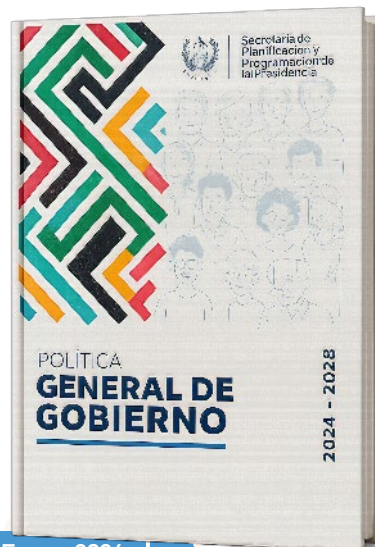
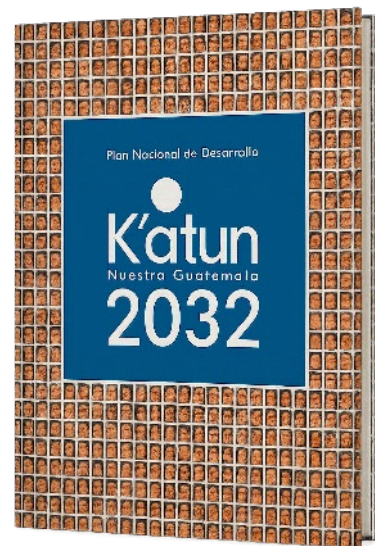
→ Identify regions with high poverty, high agricultural opportunities and low efficiency.

FAO Global Roadmap

Addresses food security and nutrition while facilitating actions aligned with mitigation, adaptation, and resilience objectives within the context of climate action.



Related Strategic Policy Instruments



Government Priorities linked to the Investment Program



Presidential Program “Development Routes”

Objective: Promote endogenous and comprehensive development in Guatemala’s poorest regions by improving mobility and increasing access to, and the quality of services across these territories.



Improved Mobility 2024–2028:
4 820km total

Interventions

- Improved mobility through road infrastructure:
 - *Rehabilitation of rural dirt roads*
 - *Paving of key arterial roads*
- Transformative interventions
 - *Socials: Educational Infrastructure and Health Services, expanded coverage, socials programs, TMC*
 - *Economics: agricultural value chains*

National Irrigation Policy (+ Investment National Plan)

Objective: Gradually and sustainably reduce Guatemalan farmers’ dependence on seasonal rainfall to irrigate their crops, in order to increase productivity and income levels among rural households.



Target 2024–2033
45 000 Hectares

Soils intervention and water for the future (2026–2028)

- **1 500 Hectares**
- **830 thousand m3** of stored water
- **1 950 Integrated projects**
- **3.3 millions m³** of infiltrated water / year (aquifer recharge)
- Pilot farms established in national level
- Participatory territorial and topographic planning
- Installation of infrastructure, irrigation ditches, reservoirs, pressurized and gravity-fed irrigation systems
- Soil regenerations and organizational strengthening

Investment Note: Integrated rural development, focus on two prioritized municipalities (Cahabon and Olopa)

Coffee, cocoa and cardamom:

data from the current market– production, exports, employment



Coffee



Production: +320 thousand tons
(estimated for 2025).



535 736 ha cultivated
(4.92% of territory, 2025).

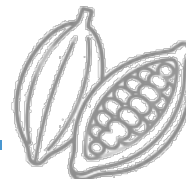


USD 1 234 million of exports (2025).



500 thousand of direct jobs, 125 thousand families (2025).

Cocoa



Production: +20 300 tons
(estimated for 2025).



7 868 ha cultivated
(0.07% of territory, 2025).



USD 3.37 million of exports (2025).



38 thousand of formal jobs, 1 thousand permanent (2025).

Cardamom



Production: +105 thousand tons
(estimated for 2025).



196 388 ha cultivated
(1.80% of territory, 2025).



USD 438.8 million of exports (2025).



350 thousand producers, 25 thousand permanent (2025).

Coffee, cocoa and cardamom :

potential and features



Coffee



29.7 % from the total of agricultural exports (2025).

3~3.5% of GDP.



Recognized in international markets for its specialty coffee



Target area:
7 790 Ha

Cocoa



177.7% Export Growth 2022-2025.

82.6% from the exports is processed (2025).



High potential for fine-flavor cocoa



Target area:
1 635 Ha

Cardamom



9.9 % from the total of agricultural exports (2025).

1% of GDP.



Guatemala is the world's leading exporter.



Target area:
28 034 Ha

Features



Territories with high agricultural potential and high poverty. Synergies with investments in rural roads and pilot farms in 2026.

Guatemala

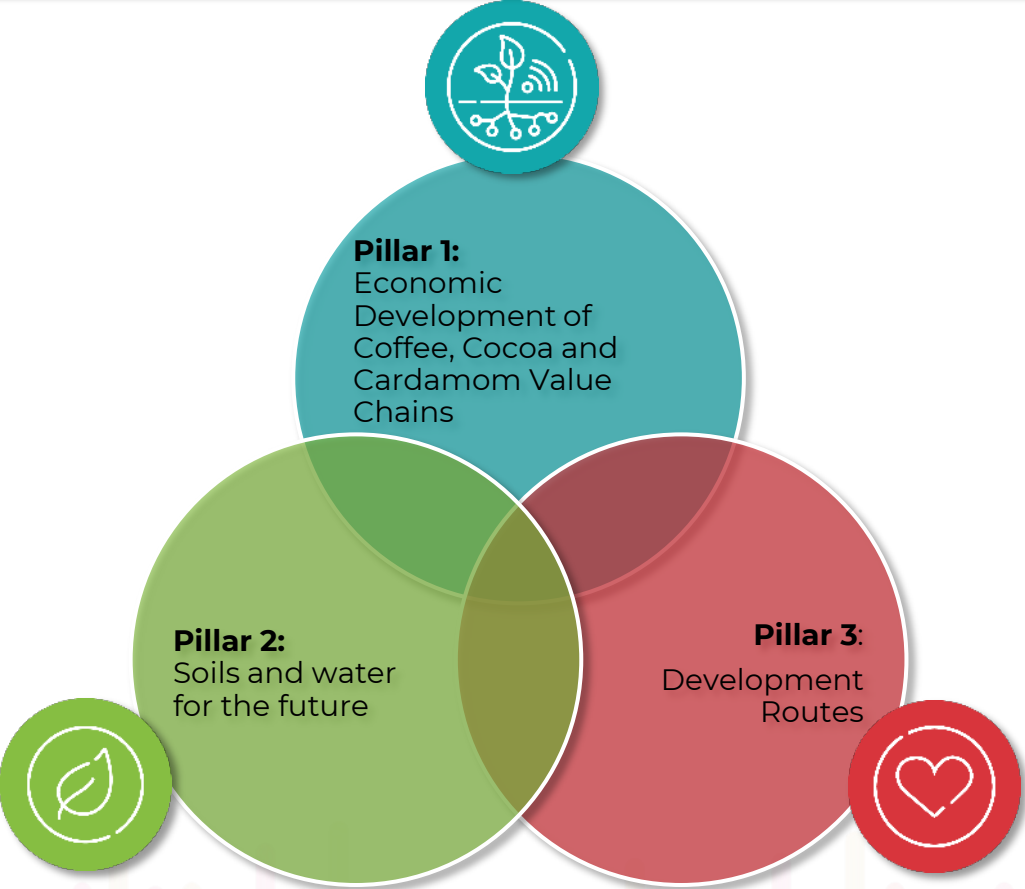


Investment Program

Comprehensive Rural
Development in the municipalities
of Cahabon y Olopa

USD 125.96 Million

Indicators	Cahabón	Olopa
Population (proj. 2026)	75 988	31 995
Population in structural poverty (NBI, 2018)	81.1%	76.3%
Indigenous Population (2018)	98.7%	51.9%
PEA agricultural (2018)	73.5%	72.6%
Smallholder farmers (self-employed/PEA, 2018)	56.2%	22.9%
Vulnerability to climate variability (2026)	High	Very High



Low crop productivity and weak market linkages

01

Inclusive and resilient production, and value addition and association building



Inclusive and Resilient agricultural development

Intervention in **37 458 ha** of coffee, cocoa and cardamom crops in agroforestry systems, along with the establishment of analysis and selection centers for clones and cultivars, and plant nurseries: **USD 47.85 Million**

Agro-industrial Development and Marketing

10 value-addition centers (construction, equipment, improvement, or refurbishment), promotion of producer organizations and entrepreneurship: **USD 4.4 Million**

Climate variability and soil erosion

02

Keyline System establishment



Soils and water for the future: Keyline application*

Establishment of 17 pilot farms with the keyline system, knowledge transfer to 325 farmer groups (40%): **USD 2.31 Million**

Lack of infrastructure in rural areas

03

Enabling Infrastructure for Development



Development Routes

182.9 Km of rural roads + 118.2 Km of paved road: **USD 65.9 Million**
54.78 km of transmission lines for 69kV: **USD 5.5 Million**

***Keyline:** territorial planning to leverage topography to capture, infiltrate, store, and redistribute rainwater. The Keyline system, of Keyline design, proposes working with the natural slope, establishing a management pattern that harmonizes with the contours of the land. (Gras, Eugenio, 2012).

Investment Details



Description	Pillar 1: Economic Development of Coffee, cocoa and cardamom value chains(CCC) 	Pillar 2: Soils and water for the future Keyline System implementation 	Pillar 3: Development Routes: Enabling infrastructure Investments 
<i>Investment Details</i>	• Training to 13,002 producers in best agricultural practices. Crop renovation of CCC. Installation of SAF. • Clone and cultivar Analysis and selection Centers. 10 plants nurseries for plant reproduction. • 10 value-addition centers. Promotion of producer organizations and technical assistance in marketing. 40 new or improved value-addition initiatives.	• Establishment of 17 demonstration farms /plots with the keyline system to promote its implementation across the territories of Cahabón, A. V. and Olopa, Chiquimula. Training of 120 facilitator to replicate knowledge on the implementation of the Keyline System. Knowledge transfer to 13,002 producers.	• 118.2km of paved roads and 182.9km of unpaved roads (rural roads) to improve mobility. Promoting rural electrification, with 54.78km of transmission lines (69kV).
<i>Risks</i>	• Crop losses due to socio-environmental disasters, pest and diseases, and commodity Price fluctuations. • Poor quality control, limited business skills, lack of knowledge of commercial matters.	• Crop losses due to socio-environmental disasters, pest and diseases.	• Inadequate logistics and commercial services and infrastructure.
<i>Mitigation measures</i>	• Implementation of agroforestry systems to help reduce losses from natural disasters; improve agricultural practices toward greater sustainability and resilience; improve yields of subsistence crops; and promote income-generating crops for producers. • Improve the agricultural productivity and the use of digital information. Access to plants with improved characteristics. • Strengthen value chains through collective marketing. Provide technical assistance in marketing. Enable products to be stored with added value, allowing producers to wait for better prices during unfavorable or adverse market conditions through Access to collection and storage centers.		• Identification and improvement of rural roads that connecting population centers prioritized based on poverty levels with trunk roads, facilitating mobility within and beyond the municipalities.



Pillar 1

Development of Coffee, Cocoa and Cardamom value chains

Investment:

USD 52.25 Million

Target population: small and medium -sized farmers of coffee, cocoa and cardamom

64 460 Beneficiaries

13 002

Direct Beneficiaries

22 %

TIR

51 458

Indirect Beneficiaries

USD 22.07 Millions

VAN

USD 5 780.35

Δ Per capita income

37 458.4 Ha

Production of 3 value chains



Development of the value-chains of coffee in Olopa, Chiquimula; and cocoa and cardamom in Cahabón, Alta Verapaz: Location and context



Objective

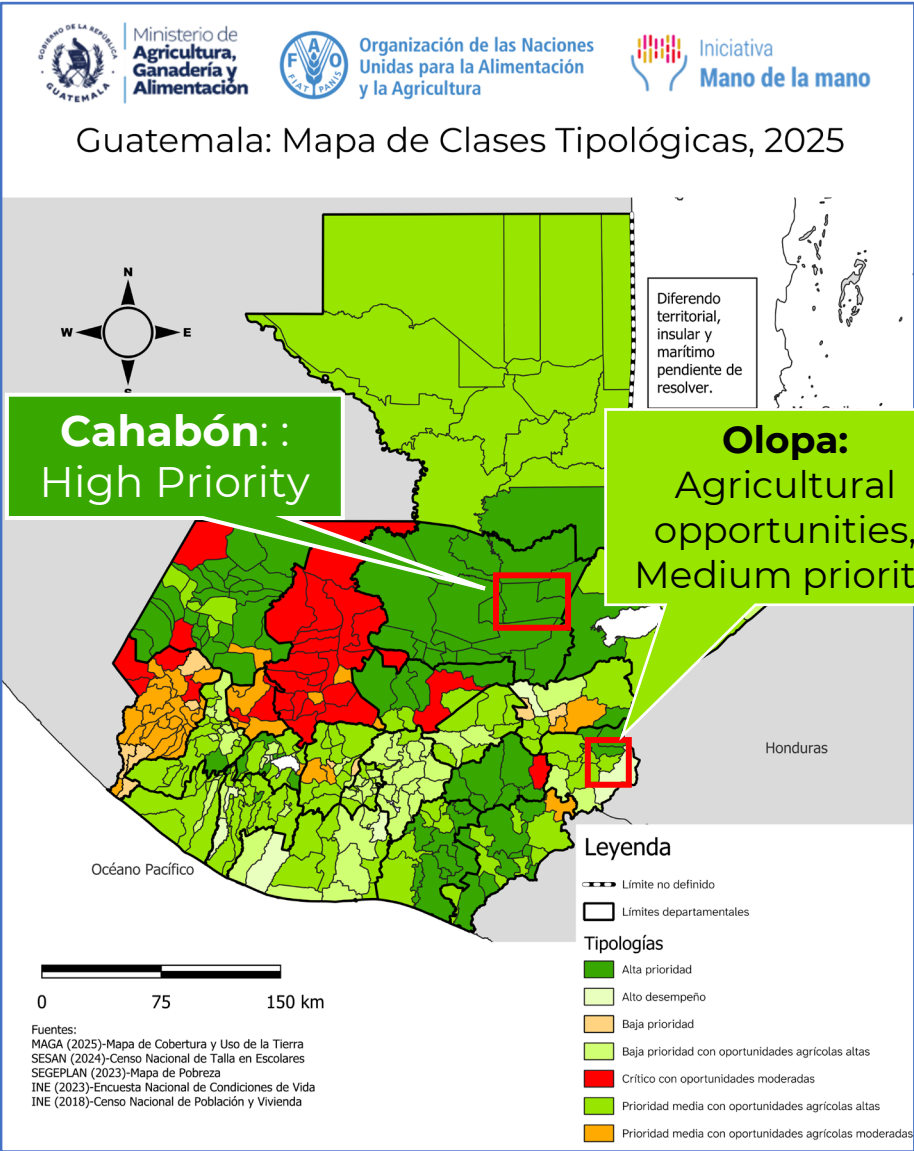
Promote the economic development of the three prioritized value-chains by incorporating innovative technology, infrastructure, and production support services to reduce poverty and food insecurity.

Subcomponents

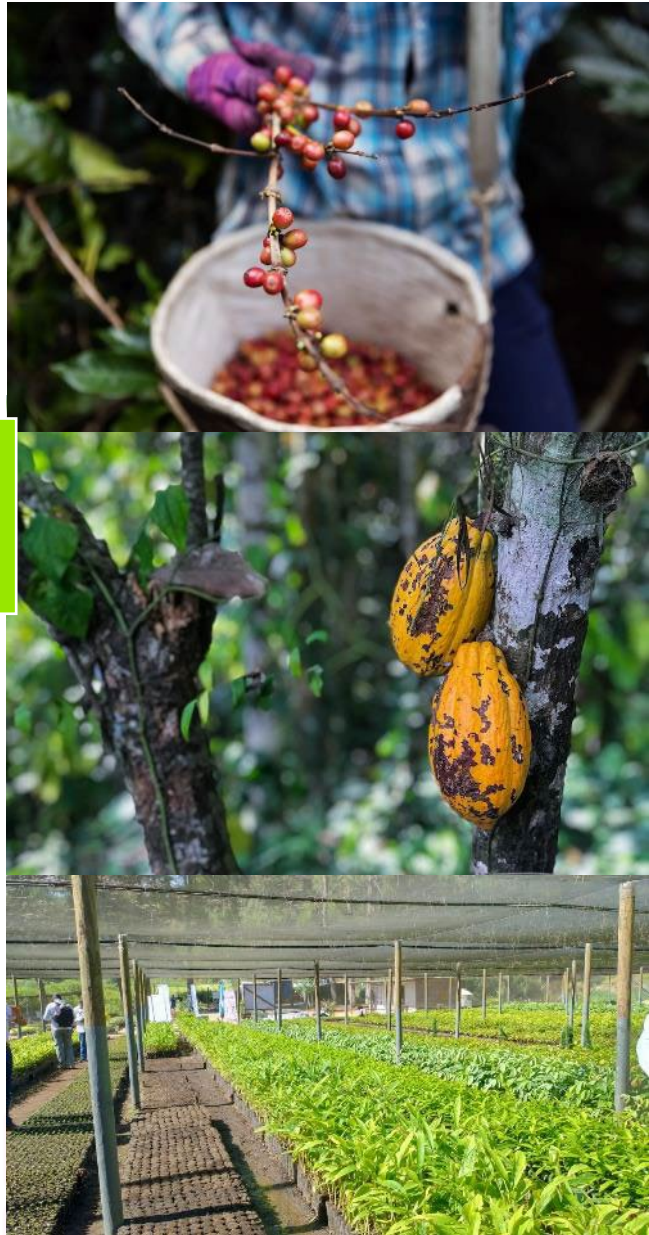
- Inclusive and resilient agricultural development in prioritized value chains.
- Agro-industrial Development and Marketing.

Catalytic investment

- Maintenance and improvement of rural roads



Fuente: FAO (s.f.) Tipología de microrregiones HiH 2025
(Incluye promedios precipitación y temperatura 2000-2025, Encovi 2023 y COVUSOT 2025)





Guatemala



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Iniciativa
Mano de la mano

Pillar 2

Soils and water for the future: Keyline System implementation

Investment:

USD 2.31 Million

- **17 pilot farms:**
 - 9 farms in Cahabon
 - 8 farms in Olopa
- **13 002 trained farmers, in 325 groups**
 - 120 Trained facilitators to replicate the model

Soils and water for the future: Keyline System implementation

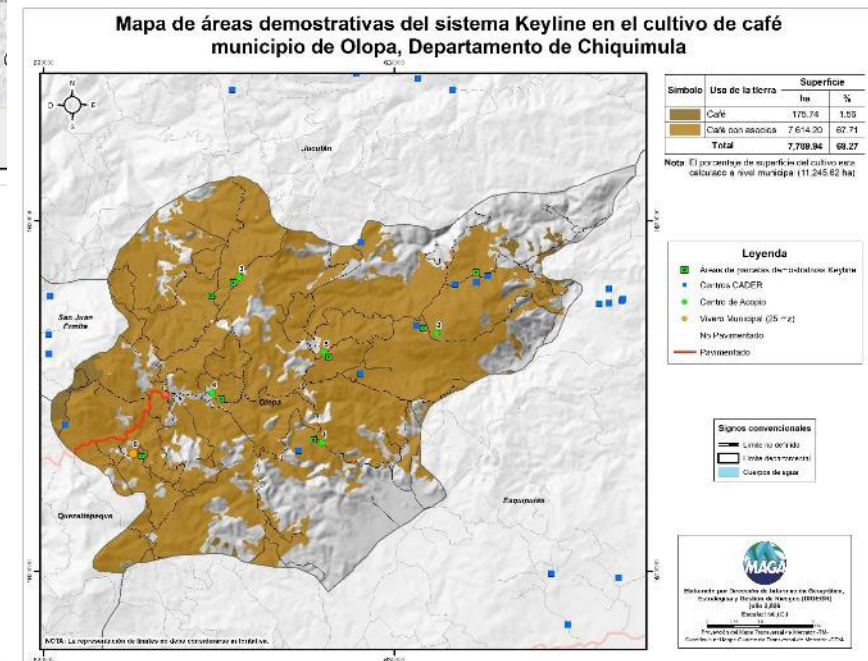
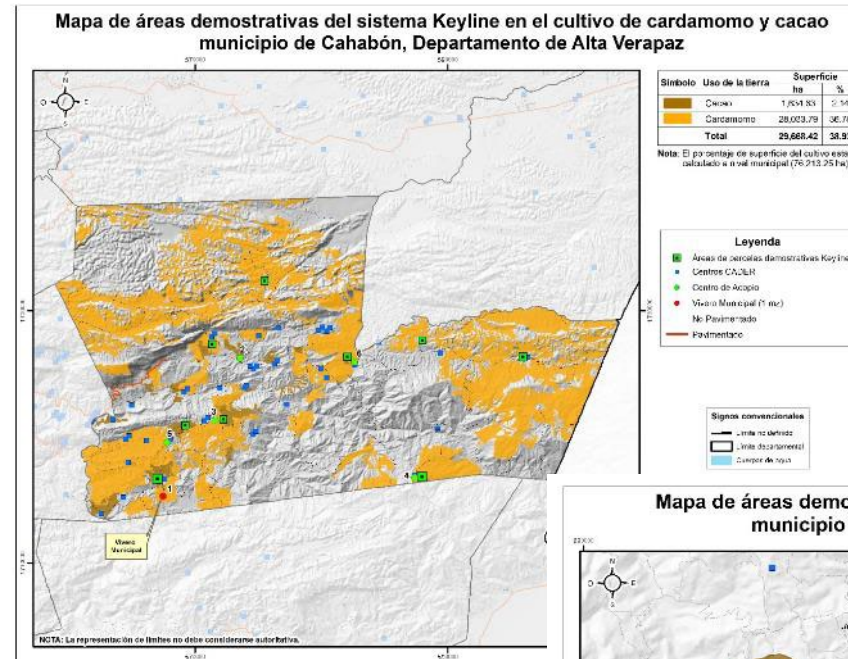


Objective

Strengthen the technical and organizational capacities of agricultural producers to implement the Keyline System, to regenerating soils, increasing resilience to climate change, and sustainably optimizing the productivity of agricultural systems.

Subcomponents

- Capacity transfer to 13 002 farmers, in up to 325 groups, in two municipalities.
- Establishment of 40 facilitator teams to replicate the model across the territories.
- 17 pilot farms implemented.



Investment Program 2026 Guatemala

1 Investment Note 3 Pillars



USD 125.96 Million
Total investment

64 460
Beneficiaries (total)

17.9 %
IRR weighted

USD 5 780.35
Δ Per Capita income

USD 31.27 Million
Total NPV

-1 276 101
tCO₂-e (Ex-ACT)

Pillar 1: **-1 334 290 tCO₂-e (Ex-ACT)**

Development of Value-chains of coffee, cocoa and cardamom

Investment: Funding gap to be
covered, public-private funds

USD 52.25 Million

IRR:
22 %

NPV:
USD 22.07 Million

Direct Beneficiaries:
13 002

Indirect Beneficiaries:
51 458

Total Beneficiaries:
64 460

Increase in per capita income:
5 780.35 USD/Person

Hectares covered:
37 458.4 Ha



1

Public-private Investment

Pillar 2: **-2 030 tCO₂-e (Ex-ACT)**

Soils and water for the future: Keyline System implementation

Investment: public funds

USD 2.31 Million

IRR
12.5 %

NPV
USD 1 200.96 (units)

Collected water
14 110 m³

Direct Beneficiaries:
680 (40 farmers * 17 farms)

Indirect Beneficiaries:
13 002 trained

Installed capacity to continue
replicating the model:
**120 facilitators, in
40 training teams**



2

Public Investment

Pillar 3: **+60 219 tCO₂-e (Ex-ACT)**

Development Routes: Enabling Infrastructure investments

Investment: public funds

USD 71.4 Million

IRR
15 %

NPV
USD 9.2 Million

Direct Beneficiaries:
13 002

Indirect Beneficiaries:
51 458

Total Beneficiaries:
64 460

Impact on mobility improvement:
+ 48.5 km/h velocity

Reduction in travel time:
✓ **-29.4 min, Cahabón**
✓ **-11.4 min, Olopa**
✓ **Reduction of 70.7%**



3

Public Investment