ISF

Argidius Foundation
Food Systems Framework

Guatemala Country Study

June 2023

Purpose and background of this document

- **In January-February 2021, ISF Advisors developed a food systems framework for the Argidius Foundation, to help it better understand food systems and use as a decision-making framework to decide if, where and how to engage with food system SMEs**
  - The food systems framework developed provides an overview of the definition, structure, stages and outcomes associated with food systems, the role and needs of SMEs within those systems, and the types of support available for those agri-SMEs
  - A public version of this food systems framework is available via the Argidius Foundation website

- **This document represents one of three country studies whose primary aim was to test the food systems framework in a particular context in order to validate the framework**
  - Three countries were selected for the country studies, Guatemala, Colombia, and Uganda, representing two priority regions for Argidius Foundation (Latin America and East Africa)
  - While the primary purpose of the country studies was to test the framework, the insights from the country studies may provide value to external audience as well, which is why we have created public versions of these studies
  - All three country studies can also be found on the Argidius Foundation website

Content

The food sector in Guatemala: Summary of key messages

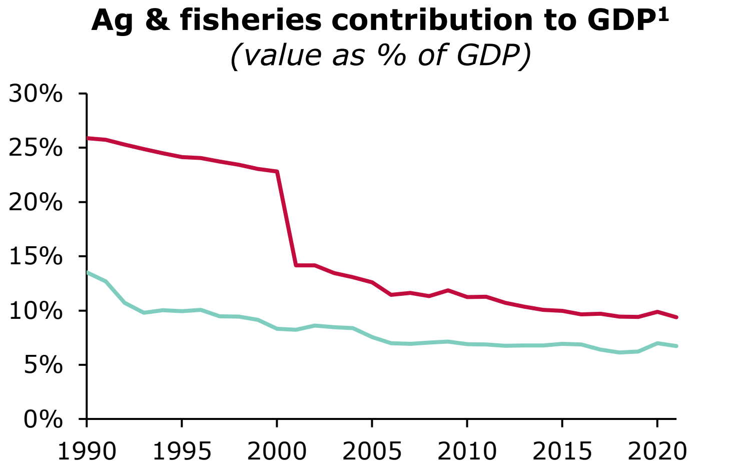
- **Food systems play an important role in Guatemala but are highly consolidated and primarily dominated by large enterprises**
  - Agriculture engages approximately 31% of the population, yet it is predominantly informal and plagued by low productivity, resulting in a contribution of only around 9.4% to the nation's GDP
  - Land consolidation is a key challenge in Guatemala, with about 2% of farms controlling nearly 57% of the country's arable land
  - Similarly, downstream processing, packaging, and exporting are dominated by large companies in key cash crops leaving little room for agri-SMEs

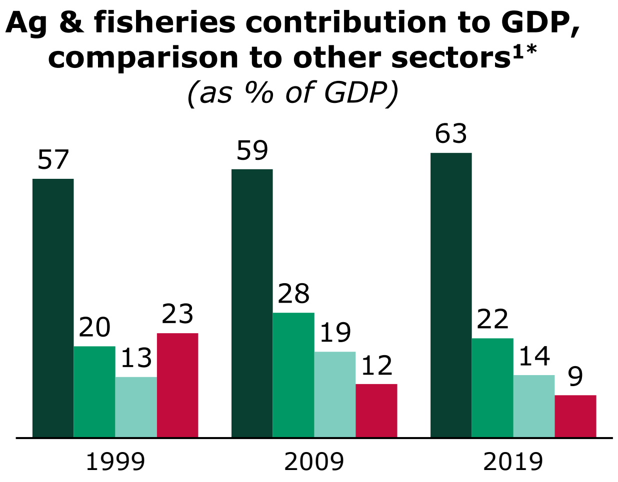
- **Despite steady urbanization, Guatemala remains largely rural, presenting up-and-mid stream opportunities for agri-SMEs**
  - Around half of the country's population (~48%), especially indigenous populations, still live in the countryside, and depend on agriculture for their daily sustenance and livelihoods

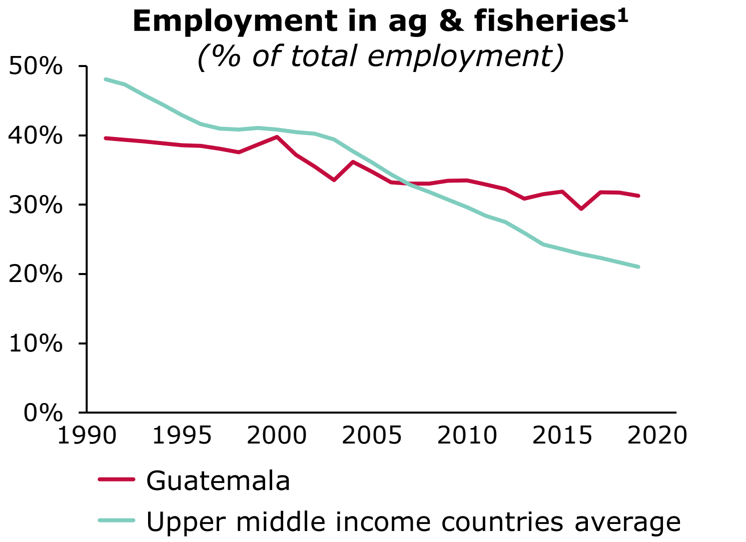
- **Due to inequalities within the food system, agri-SMEs in Guatemala face several key structural challenges that limit their growth**
  - Among others, challenges faced by agri-SMEs include exposure to climate change, poor transportation infrastructure, crime, and a general lack of sustainable agricultural practices

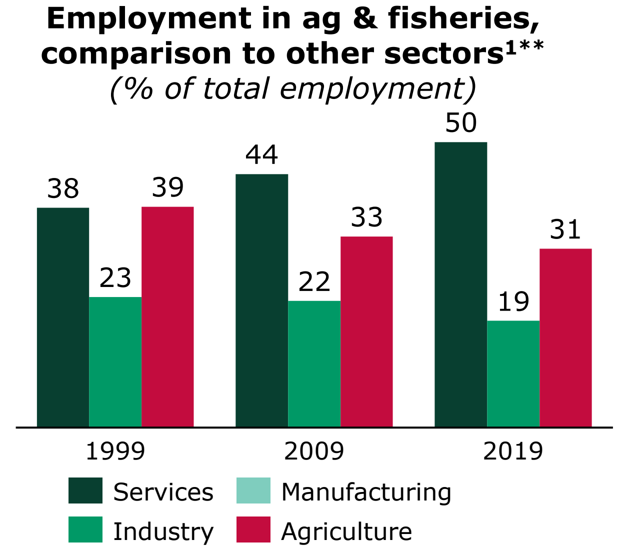
- **Two key food value chains relevant for agri-SMEs have been identified based on their level of maturity**
  - Domestic / regional oriented products such as maize, beans and fruits and vegetables are highly fragmented representing a strong opportunity to formalize and add-value to existing value chains
  - Niche export products such as superfoods, cacao, and avocado, possess a great deal of export potential, are largely produced by smallholder farmers, and represent a large opportunity for agri-SMEs to add value through processing, trading, and retail

The food and agriculture sector is a significant employer in Guatemala despite contributing less to GDP than other sectors









Discussion

- Guatemala is the **largest economy in Central America** with a GDP of ~$86 billion in 2021 and has experienced **stable economic growth of ~3.5% p.a**. from 2010 to 2019[1]
- Despite this economic growth, **Guatemala suffers from high rates of inequality,** with a GINI coefficient of 0.48 (compared to an average ~0.45 for Central America and the Caribbean[2]) and a poverty rate of 54% in 2019[1]
- Additionally, while a large portion of the population works in agriculture, **food security in Guatemala remains a challenge**, with nearly ~50% of children under five suffering from malnutrition[3]
- Lastly, the agricultural sector in Guatemala is **labor-intensive, informal, and plagued by low productivity**. Poor opportunities in rural areas remain a key driver of immigration[4]

Notes: *Agricultural GDP accounts for upstream farming activities only (i.e., excludes mid- and downstream food system activities); **Employment estimations do not distinguish between industry and manufacturing according to ILO calculation methodologies
Sources: 1) World Bank, 2023; 2) CIA World Factbook, 2023; 3) World Food Program, 2023; 4) USAID, 2023

Agricultural production and land use are highly consolidated, with large-scale farms controlling most of the country's arable land

Land distribution and production by farm size

Farm type	Farm size (ha)[1]	% of total farms[1]	% of total available land[1]	% of farm production sold[2]	Poverty rate (%)[2]
Small	< 1.4	67%	8%	29%	75%
Medium	1.4 – 7.1	25%	14%	54%	73%
Large	7.1 – 45.2	6%	22%	NA	NA
	> 45.2	2%	57%		

The most recent data on farm size is from the 2003 Agricultural Survey. Although more recent data is unavailable, feedback from stakeholders indicates that the market remains highly consolidated

Discussion

- **Guatemala's agricultural production is dominated by large producers,** especially in certain value chains such as palm oil, sugar cane, bananas, and rubber[3]
- **Land consolidation in Guatemala has led to small farm plots resulting in largely subsistence farming and persistent rural poverty**
  - In Guatemala, smallholder farmers (< 1.4 ha) make up 67% of all farms and own 0.61 ha of land on average, which is considerably smaller than surrounding countries[2]
  - Additionally, **75% of smallholder farmers are living in poverty**, with only about 24% of their income coming from farming, indicating a dependence on subsistence farming[2]
  - Lastly, the amount of arable land in Guatemala is decreasing due to the effects of climate change, placing increased pressure on smallholder farmers[3]
- **The same consolidation is seen downstream in the value chain,** with large companies dominating agricultural processing, packaging, and exporting for several key agricultural commodities including some that are produced by smallholder farmers such as cardamom

Sources: 1) Lowder, S. K. et al. (2016); 2) FAO Small Family Farms Country Factsheet, 2018; 3) ISF Analysis and Interviews

Additionally, small producers and agri-SMEs in Guatemala face several key structural challenges that inhibit growth

Challenges	Description
Limited land for smallholders	• Due to historically unequal land distribution, the **average smallholder farm size in Guatemala is 0.6 ha**, considerably smaller than neighboring countries.[3] For example, the average smallholder farm in El Salvador and Nicaragua is 2.2 ha and 6.7 ha, respectively[5]
Exposure to climate change shocks	• Due to climate change, **Guatemala has experienced rising temperatures and more variable rainfall,** leading to increased droughts, specifically in the "Dry Corridor" and an overall decrease in the total available arable land
Poverty and informal employment	• Poverty is a significant challenge in Guatemala, with **~75% of smallholder farmers living in poverty[3]** • Additionally, ~**70% of work in Guatemala, especially in agriculture, is informal**, resulting in low productivity, wages, and poor competitiveness[2]
Poor infrastructure & public services	• Investment in public infrastructure in Guatemala (~1% of GDP in 2017) is one of the lowest in Latin America[4]. Especially in rural areas**, poor infrastructure such as roads, water management, and healthcare are key challenges to economic growth**
Crime and security	• Guatemala has one of the highest violent crime rates in Latin America. The prevalence of **organized crime, especially near the Mexican border, makes moving and transporting agricultural goods dangerous and difficult**
Lack of technology and human resources	• **Smallholder farmers and agri-SMEs lack access to value-added technology** such as greenhouses, irrigation, and mechanized processing • **Agri-SMEs have difficulty finding workers in rural areas** due to mass immigration to the United States

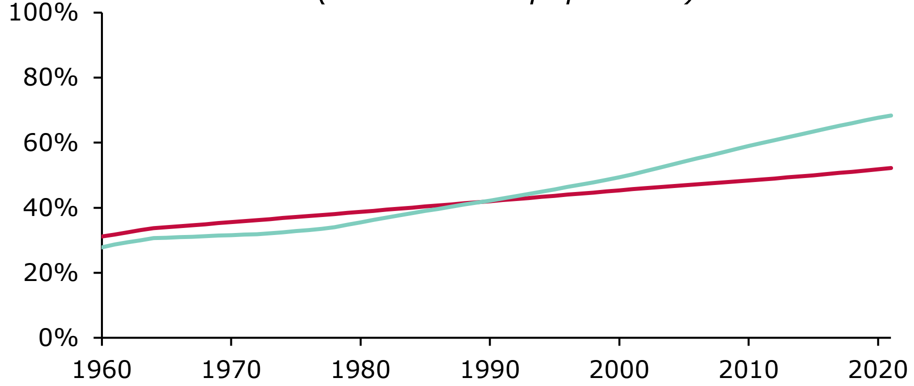
Discussion

- High levels of informal employment, small and unproductive plots, climate change, and a lack of economic opportunities have caused ~**1.9 million Guatemalans to emigrate in the past 20 years[2]**
- Given these challenges, **farmers are generally difficult business partners for more formal parts of the economy,** such as processors and traders
- There is a **resulting opportunity to:**
  - **Formalize and connect farmers to markets in high-potential value chains** such as cacao, coffee, superfoods, avocados, and potatoes
  - **Support value-added processing and retailers/traders in niche markets** to capture a larger share of the value chain that can improve the incomes of farmers and rural workers
  - **Expand access to technology** for farmers and processors to improve productivity, efficiency, and quality

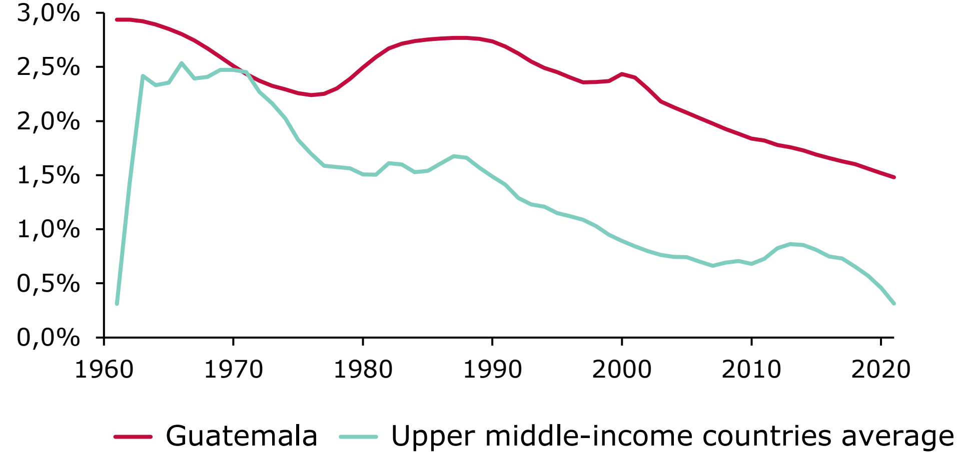
Notes: *For example, the average smallholder farm in El Salvador and Nicaragua is 2.2 ha and 6.7 ha respectively
Sources: 1) IDB, *Landscaping the agritech ecosystem for smallholder farmers in Latin America and the Caribbean, 2021;* 2) USAID, 2023; 3) FAO Small Family Farms Country Factsheet, 2018; 4) IFC, More and Better Infrastructure in Guatemala, 2017; 5) FAOSTAT, 2023; 6) ISF Analysis and Interviews

Despite steady urbanization, Guatemala remains largely rural, presenting up-and-mid-stream opportunities for agri-SMEs

Urban population[1]
(as % of total population)



Population growth[1]
(% p.a.)



Discussion

- While becoming steadily more urbanized, **Guatemala remains less urbanized than the average for upper-middle-income countries**
  - Many Guatemalans (nearly 8.1 million people[1]), specifically indigenous populations, still live in the countryside and depend on agriculture for their daily sustenance and livelihoods
  - Given the large rural population, there is a significant opportunity for addressing the country's poverty rate by focusing development efforts on the country's food systems, primarily upstream and downstream
- Despite slow rates of urbanization, **Guatemala has sustained much higher population growth compared to other upper-middle-income countries since 1961**
  - From 1980 to 2021, Guatemala's population grew at an average rate of 2.2% per year[2*], exacerbating the strain on the country's food system, which is plagued by limited arable land for smallholder farmers and the negative impacts of climate change
- Despite the slow rate of urbanization, feedback from stakeholders indicates a **growing trend for niche and specialty agriculture products, such as coffee and chocolate**, in urban supermarkets in Guatemala City and Quetzaltenango[3]

Notes: *For comparison, the USA grew at a rate of 0.9% per annum over the same time period
Sources: 1) World Bank Indicators, 2023; 2) ISF analysis based on data from the World Bank; 3) ISF Interviews

Literature defines food value chains as broadly falling into three main stages; these can be at different stages within one FVC

TABLE 12.1 Synthesis of features of the food economy for different stages of food value chains (FVC)

Characteristics of the food economy	Traditional FVC	Transitional FVC	Modern FVC
Urban share in food market	Low	Medium	High
Share of grains and staples	High	Medium	Low
Seasonality	High	Medium	Low
Food service sector	Small	Modest	Large
Reach FVC	Local	National	Global
Product cycle	Local niche	National commodity	Differentiated product

Source: Authors.

TABLE 12.2 Synthesis of features of structure and conduct for different stages of food value chain (FVC) transformation

Characteristics of structure and conduct	Traditional FVC	Transitional FVC	Modern FVC
Structure			
Spatial length FVC	Short	Long	Long
Intermediation length FVC	Short	Long	Short
Value-addition	Low	Medium	Large
Concentration	Moderate	Low (parastatals; large number of small and medium-sized enterprises)	High (private large-scale food industry firms)
Conduct			
Quality differentiation	Low	Low	High
Quality and safety standards	Few	Public	Private
Technologies	Labor-intensive	Labor-intensive	Capital-intensive
Contracts	Spot markets only	Spot markets dominate; emergence of contracts	Spot markets small; contracts dominate

Discussion

- Different parts of the same FVC can be in different stages of maturity. For instance, especially for export-oriented cash crops, highly fragmented production (and prevalence of SHFs) often co-exist with highly concentrated mid and downstream markets
- Drivers of transition through the stages include urbanization and diet change downstream (‘pull’); evolution in the systems and business models in the mid-stream or intermediating stage; and transformation of production systems upstream (such as intensification, diversification, etc.)

Source: 1) Reardon, Thomas and Bart Minten, (2021), “Food Value Chain Transformation in Developing Regions,”; 2) Agricultural Development: New Perspectives in a Changing World. Keijiro Otsuka and Shenggen Fan, IFPRI; 3) ISF analysis

The length, size, and complexity of food value chains differ by their relationship with trade and their processing opportunities and needs

Food value chain categorization

Relation with trade	Processing
Domestic The entirety of the value chain from the upstream to the downstream is contained within an economy	**Unprocessed** Food products that require no significant processing and are consumed in their raw state (e.g., potatoes)
Export-oriented Where upstream and/or midstream activities are mainly oriented towards exporting a food product	**Light processing** Refers to food products that undergo processing to be refined/transformed to be fit for consumption (e.g., oil and coffee)
Import-oriented Food products where no significant domestic upstream production is taking place and where local demand is met through imports	**Heavy processing** Food products that require the mixing of inputs to create processed foods (e.g., cookies and sausages)
Mixed Refers to food products where there is an almost even split mix of imported, exported and domestic food products	

Discussion

- Food value chains tend to vary in complexity depending on where specific food products exist along two dimensions, their **relationship with international food value chains** and a product's **processing needs**
- SMEs are best positioned to play a significant role in food value chains where **significant added value** can be created by small and medium-sized (rather than large consolidated) enterprises
  - For export-oriented products with light processing needs, large businesses tend to dominate due to the economies of scale they enjoy
  - On the other hand, food products with mixed and domestic value chains, especially those with opportunities for processing, offer opportunities for SMEs to prosper in a product niche, such as in the case of premium chocolate or coffee

Source: ISF Analysis

Guatemala's food sector is composed of 10 major FVCs, which are focused on domestic/regional consumption or international export

Value chain	Reasons for analysis
Sugar cane Palm oil Bananas	• Sugar cane, palm oil, and bananas are Guatemala's most important agricultural exports, accounting for ~28% (USD 2.14 billion) of total agricultural exports • These crops are controlled by large companies which control all aspects of the supply chain from production to export
Coffee	• Coffee is the second largest agricultural export, accounting for USD 929 billion in trade in 2021[1]
Maize Potatoes Beans	• Maize, potatoes, and beans are key staple foods that are consumed locally in Guatemala • Maize makes up nearly 36% of the harvested land, but due to domestic demand, Guatemala is a net importer of maize[2] • The value chain for potatoes is highly fragmented and has value-added potential as a key regional export
Fruits & Vegetables* Cardamom	• Fruits & vegetables* account for 5.5% of harvested land[2] and are primarily produced for the local/regional market, with some vegetables (e.g., baby broccoli & corn) produced for export • Guatemala is the world's largest producer of cardamom[3]
Niche Exports	• Niche products (avocado, super foods, cacao, tea, etc.) represent a big opportunity for SHFs and agri-SMEs

Type of producers[4]: Large | Small | Mixed

Mapping of prioritized value chains

Relation with trade	Processing: No processing	Processing: Light processing	Processing: Heavy processing
Domestic /regional export oriented	Fruits & Vegetables Beans Potatoes		Maize
Global export oriented	Bananas	Cardamom Sugar cane Coffee Palm oil	
Global export oriented	Niche Exports		

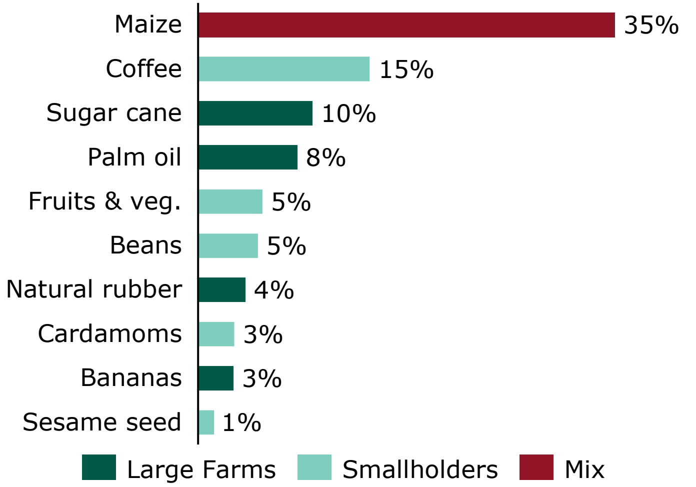
Notes: *Fruits & vegetables includes apples, chilies & peppers, grapes, citrus, lettuce, mangoes, onions, papayas, peaches, pineapples, pumpkins, strawberries, watermelon cabbages, carrots and turnips, cauliflowers and broccoli, green peas and other fresh fruits & vegetables

Sources: 1) World Trade Organization, *"Guatemala Country Profile"*, 2022; 2) FAO STAT, 2023; 3) USAID, 2023; 4) ISF Analysis and Interviews

Despite large corporations dominating several key FVCs, such as palm oil, several crops present opportunities for agri-SMEs

Upstream

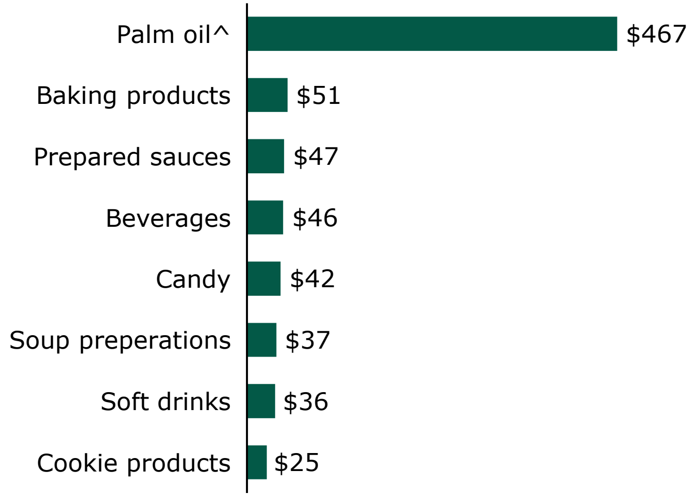
% of total farmland harvested by crop in 2021[1]



- Stakeholder feedback indicates that maize, coffee, fruits & vegetables, beans, and cardamom are key FVCs where smallholders are the primary producers in the market
- Maize, fruits & vegetables, and beans are grown primarily for local consumption
- However, processors for these commodities struggle to source raw materials from SHFs due to many factors, including low quality and unpredictable and sporadic production

Midstream

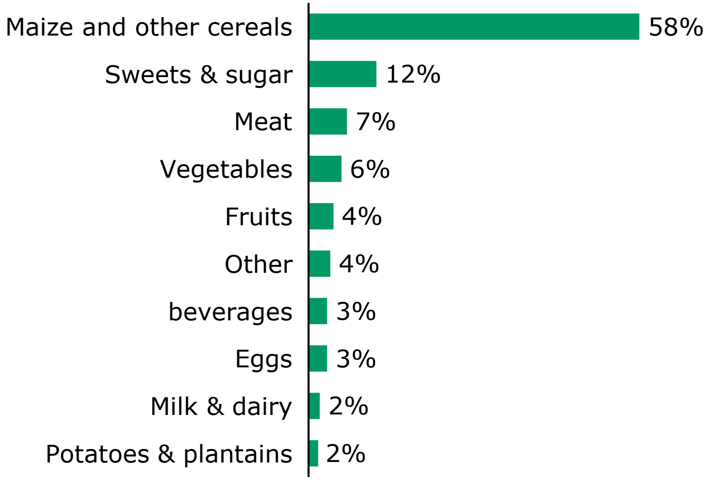
Market value of food processing product exports in 2021[2], USD Millions



- Palm oil, which is controlled by large firms across the value chain, makes up the bulk of Guatemala's exports of processed products
- However, the majority of Guatemala's 1,500+ agri-processors are SMEs with less than 20 FTEs[2]
- A significant amount of the raw materials used in local processing are sourced abroad with, wheat, maize, and rice being the largest imports from the US[2]

Downstream

Percentage of average caloric intake per person by food type[3]*



- The average household diet in Guatemala is heavy on maize products, typically consumed in the form of tortillas
- Additional staples include beans, rice, meat, and potatoes
- There is currently a push for healthier products with a recent increase in demand for foods with seeds, nuts, dried fruits, or less fat, sugar, or additives

Notes: *Based on a survey of 230 rural pregnant women between the ages of 17 and 33 years old; ^Includes palm oil derivatives and related products
Sources: 1) FAOSTAT, 2023; 2) USDA, Food Processing Ingredients Report, 2022; 3) FAO, Women First Dietary Recall Data: Chimaltenango, Guatemala, 2014/2016; 4) ISF Analysis & Interviews

While FVCs remain highly consolidated, opportunities for agri-SMEs exist within coffee, staple crops, fruits & veg., and niche products

<table>
<tr><th></th><th></th><th colspan="2">Upstream</th><th colspan="2">Midstream</th><th colspan="2">Downstream</th></tr>
<tr><th>FVC</th><th>Relation with trade & processing</th><th>Input supply & pre-production</th><th>Production</th><th>Trading and marketing</th><th>Processing</th><th>Retail</th><th>Consumption</th></tr>
<tr><td rowspan="2">Coffee</td><td>Export-oriented</td><td rowspan="2">• Fertilizer and pesticides are largely provided by Guatemala’s National Coffee Federation</td><td rowspan="2">• Due to climate change and labor costs, coffee is primarily produced by smallholder farmers</td><td rowspan="2" colspan="4">• Coffee is typically processed and traded by cooperatives (both large and small), which sell the coffee to roasters in export markets, primarily the US and EU
• Feedback is mixed as to whether roasters and coffee houses in the US and EU are trending towards more specialty coffees or blends, which would impact Guatemalan farmers’ ability to obtain price premiums</td></tr>
<tr><td>Light processing</td></tr>
<tr><td rowspan="2">Maize, Potatoes, & Beans</td><td>Domestic /regional</td><td rowspan="6">• Fertilizers, pesticides, and seeds are primarily provided by small local agriculture shops that source inputs from large corporations</td><td rowspan="2">• Maize is produced both by large and small producers*
• Potatoes and beans are produced by SHFs</td><td rowspan="2" colspan="2">• Trading and processing of staple products are highly fragmented, especially for potatoes
• Most processors are agri-SMEs, but large companies do exist, especially in maize processing</td><td rowspan="2" colspan="2">• Staple products are either sold in local stores or local markets by farmers and are nearly entirely consumed domestically
• However, potatoes specifically have a high potential to be exported regionally in El Salvador and Honduras</td></tr>
<tr><td>Light to heavy processing</td></tr>
<tr><td rowspan="2">Fruits & vegetables</td><td>Domestic /regional</td><td rowspan="2">• Fruits and vegetables are primarily produced by smallholder farmers</td><td rowspan="2" colspan="4">• Most fruits and vegetables are sold by farmers at local markets or to traders with little to no processing
• Specialty fruits and vegetables such as cauliflower and broccoli are packaged and exported by both large companies and SMEs
• There is a significant opportunity in the market to formalize the trading and selling of fruits and vegetables and bring more value-added processes such as washing, sorting, and packaging</td></tr>
<tr><td>No processing</td></tr>
<tr><td rowspan="2">Niche Exports</td><td>Export-oriented</td><td rowspan="2">• Products such as superfoods** ,cacao, and tea are produced by SHFs
• Avocados are produced by both</td><td rowspan="2" colspan="2">• Most trading, processing, and exporting of niche products are done by agri-SMEs
• The amount of processing depends on the specific product but varies from washing and packaging (e.g., avocados) to heavy processing (e.g., cacao)</td><td rowspan="2" colspan="2">• Niche products are primarily exported and sold to retailers for consumption in export markets or are sold in grocery stores in Guatemala City
• Some local processors and cooperatives offer online sales to export markets</td></tr>
<tr><td>Mixed</td></tr>
</table>

Notes: *Estimated that 50% of the maize consumed in Guatemala is imported, **Super foods include acai, amaranth, matcha, okra, agave, etc.
Source: 1) World Bank, World Integrated Trade Solution (WITS), 2023; 2) USDA, Food Processing Ingredients Report, 2022; 3) ISF Analysis and Interviews

Content

SMEs in the food system: Summary of key messages

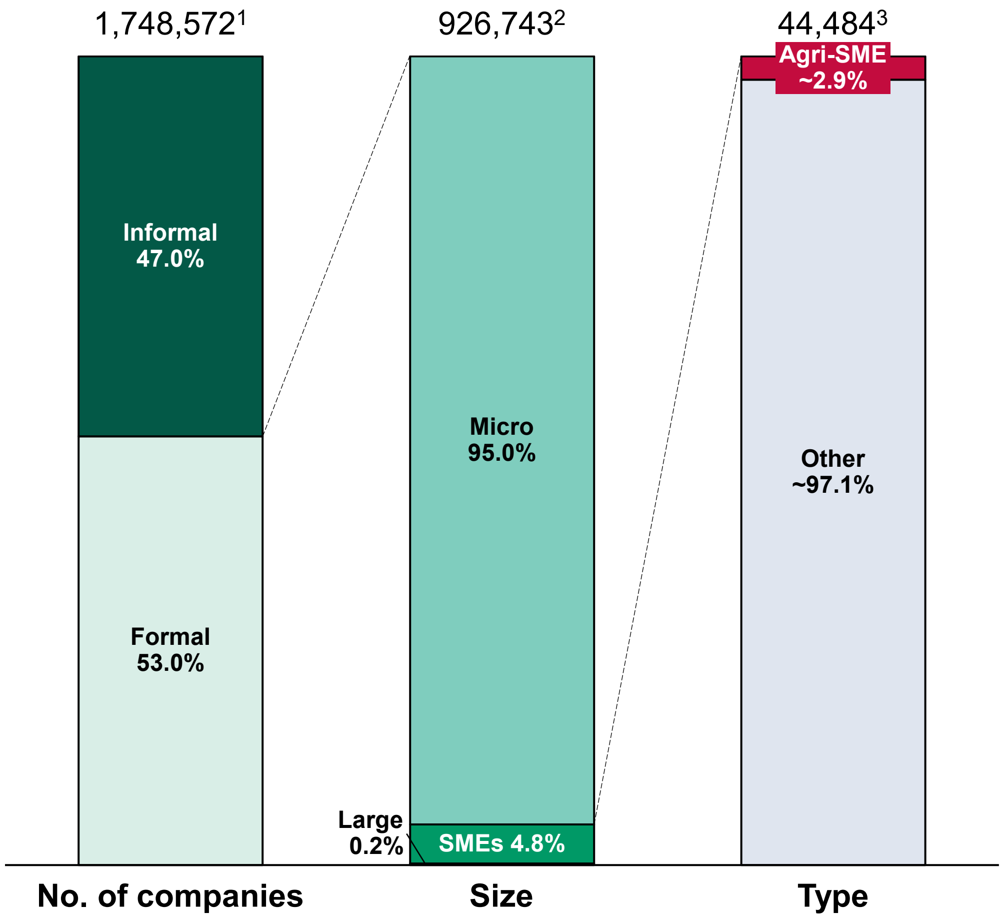
- **MSMEs play a significant role in Guatemala; however, the vast majority are micro-enterprises**
  – Across all industries, MSMEs make up over 99.8% of over 926 thousand registered enterprises in Guatemala, accounting for 60% of total employment
  – The vast majority of these companies (95%) are micro-enterprises, small and often informal firms, with unique and distinct challenges and needs

- **Agri-SMEs make up a relatively small proportion of formal companies in Guatemala and are prevalent only in specific value chains**
  – Agri-SMEs make up only 2.9% of the country's SMEs, with many agri-SMEs remaining informal and unregistered entities
  – Agri-SMEs are mainly present in the upstream part of value chains (producing, trading, and processing), specifically in domestic / regionally oriented products and niche exports
  – A small number of large companies dominate all or part of certain value chains, especially export-oriented cash crops such as banana, sugar cane, palm oil, and downstream activities in cardamom

- **From the seven main agri-SME categories, cooperatives, traders, retailers, and food processors have the most potential to provide a substantial impact on unemployment and poverty reduction at scale**

There are approximately 44,000 formal SMEs in Guatemala, of which only a mere 1,200 are operating in agriculture

Distribution of firms in Guatemala as of 2017



Discussion

- MSMEs are key players in the Guatemalan economy, representing **99.8% of firms**, generating about **60% of employment**[2]
- **The proportion of agri-SMEs is around 2.9% of all SMEs,** according to data from the Banco de Guatemala from 2013[3]
  - This includes only formal enterprises and doesn't include small producers that may be working informally
  - Feedback from interviews indicates that due to the rural nature and small size of agri-SMEs, most tend to be operating informally[5]
- **Large companies play an outsized role in agriculture value chains**
  - Feedback from stakeholders indicates that a small number of large companies dominate all or part of certain FVCs, which is especially true for exporting, where **MSME accounted for only 42% of exports by value,** despite comprising the vast majority of firms[4]

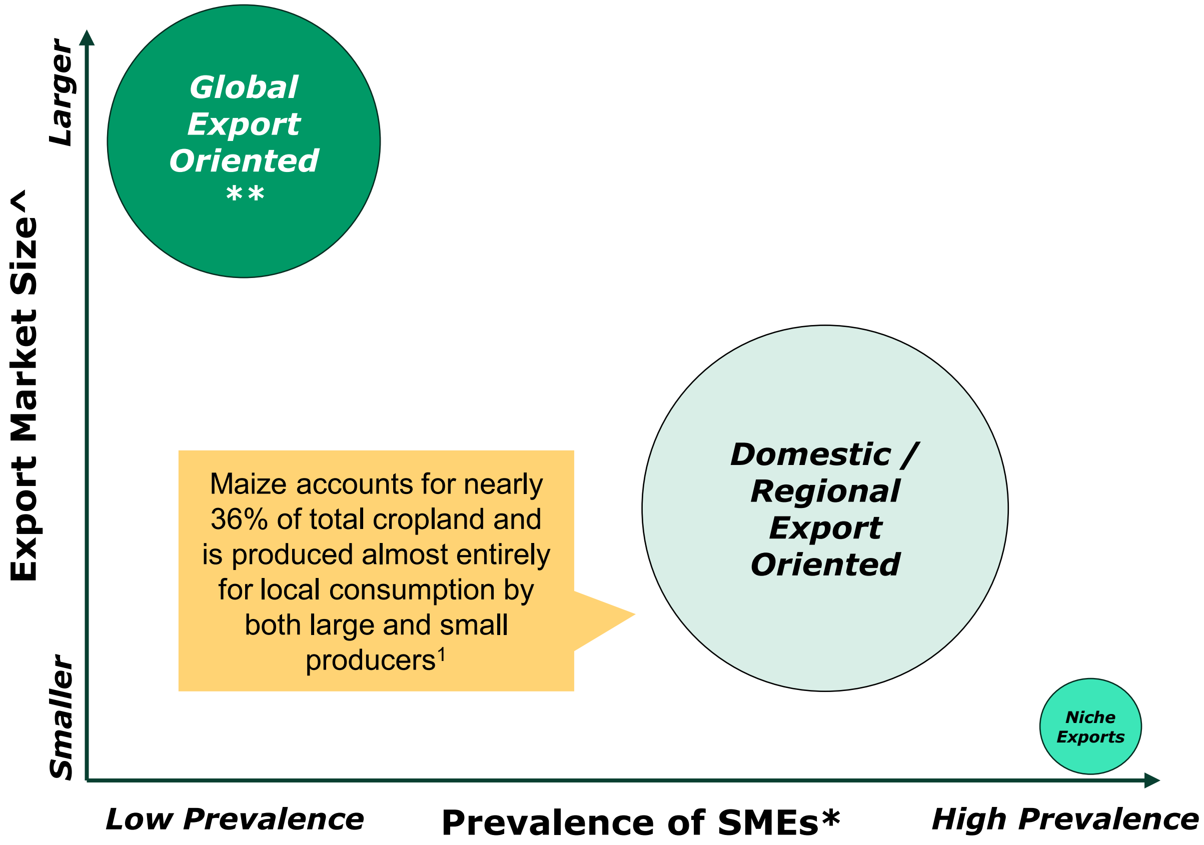
What is considered an SME in Guatemala?

Enterprise size	# of employees[2]	Annual revenues (# of MLMS*)[2]
Microenterprises	<10	<190
Small enterprises	11 to 80	>190; <3,700
Medium enterprises	81 to 200	>3,700; <15,420
Large enterprises	>200	>15,420

Notes: *The MLMS (Minimum Legal Monthly Salary) is a unit of measurement used by the Guatemalan government to measure the revenues of SMEs. Each MLMS is roughly equivalent to around USD $427 (2023), and company revenues are expressed in terms of number of MLMS
Sources: 1) ISF Analysis based on data from Gil-Alaña and Muñoz, 2022; 2) Government of Guatemala, Programa mipymes y cooperativas, 2019; 3) ISF Analysis based on data DINEL 2013; 4) Minesterio de Economia, 2018; 5) ISF Analysis and Interviews

Feedback and data suggest that formal and informal SMEs are most prevalent in domestic, regional, and niche markets

Prevalence of Agri-SMEs[4]* and Size of Export Market[2]^
Illustrative



Discussion

- While limited data exists on value chain-specific SME prevalence within the food system, feedback indicates that **SMEs are most prevalent in transitioning value chains focused on domestically consumed and regionally exported products** (e.g., potatoes and maize) that require value-additive activities beyond the farm and in-country
  - There is a large degree of **overlap between FVCs that are domestically consumed, and regionally traded,** therefore they are considered together in this analysis
  - **Note, that the figure doesn't consider local consumptions and only looks at export values.** Maize alone is expected to generate around $1 billion locally in 2024 (~1/3 of global export-oriented products)[3]
- Niche global export value chains (e.g., avocadoes, cacao, superfoods**) are less modernized and consolidated than typical globally traded cash crops (e.g., banana and sugarcane) and therefore have a higher rate of SME activity**. The smaller size/value of these niche markets reduces the competitive advantage of large consolidated players and creates opportunities for SMEs[4]
- **Globally exported cash crops in Guatemala are heavily consolidated**. Many large farming operations are vertically integrated, reducing opportunities for SMEs to play a significant midstream role in trading and processing

Note: *Prevalence of agri-SMEs reflects illustrative prevalence of SMEs within each value chain segment based on market feedback; ^Size of export market reflects the export value (based on Comtrade data for year 2021) of each value chain segment; **Size of circle represents an illustrative view of cropland dedicated to each crop within the broader segment
Sources: 1) FAOSTAT, 2021; 2) Comtrade, 2021; 3) ISF Analysis based on data from USDA GAIN, 2023; 4) ISF Interviews

SMEs are commonly located in the enterprise segments that fall under the transitioning stages of food value chains

Upstream | **Midstream** | **Downstream**

Input supply & pre-production | **Production** | **Trading and marketing** | **Processing** | **Retail**

Traditional

Local food value chains in rural regions
Small subsistence farms; minimal/local trading; no or household level processing

Transitioning

Farms
SHFs provide most production in transitioning FVCs and tend to be absent from lucrative cash crops such as bananas, sugar cane, and palm oil

SMEs

Food processing
E.g., maize, palm oil, sugar, and coffee - includes those focused on domestic, regional, and niche global FVCs

Retail
Specialty (e.g., cacao and coffee) and general (e.g., grocery stores, local markets)

Cooperatives
Cooperatives play an important role in Guatemala in FVCs that are dominated by smallholders, specifically in coffee and cardamom in recent years

Aggregators
Offtake and bulking activities are crucial, given the predominance of smallholders

Traders
Logistics/trading of agricultural produce, direct to retail or consumers, includes domestic traders, regional exporters, and niche global exporters

Specialized services providers (incl. inputs)
Provide specialized services along food value chains (e.g., weather information, advisory services, financial services)

Modern

Large consolidated plantation-farms
A majority of agricultural land is owned by large consolidated farms and includes bananas, palm oil, sugar, and some maize production

Offtakers, processors, and exporters
Multinational companies leading the globally oriented value chains, such as bananas, almost exclusively conduct these activities

Retail
Most urban retail is in mid-to-large supermarkets active across multiple food and non-food value chains

Discussion

The **challenges and needs** agri-SMEs in Guatemala face vary significantly across these seven main categories

- As a result, the strategy for supporting agri-SMEs will differ depending on **which type(s) of agri-SME are targeted**
- Supporting multiple or all types of SMEs will likely require a **broad range of interventions** to cater to different needs, challenges, and dynamics

On the following pages, we evaluate these SME types by their potential **impact on poverty alleviation, employment generation, and scale**

Source: ISF Analysis

This scoring exercise focuses further analysis on those SME segments that will have the highest impact across key categories

Category	Purpose of evaluation	Scoring rationale
Employment	• Evaluates **the direct impact of supporting** the specific agri-SMEs	• Number of people that are currently or (crucially) could be employed in the future by this kind of agri-SME • Emphasis on generating employment of vulnerable population sub-segments
Poverty reduction	• Evaluates how the support of agri-SMEs **indirectly improves the broader system**	• Degree to which agri-SMEs contribute to poverty reduction through indirect actions such as connecting farmers to markets and improving food security by expanding and making more efficient FVCs • Emphasis on reducing poverty of vulnerable population sub-segments
Prevalence of SMEs	• Measures **the potential macro-level impact**, as a low prevalence rate could lead to low overall impact even if individual agri-SMEs have high employment and poverty reduction potential	• Prevalence of each type of agri-SME and the likelihood for this presence to grow

Discussion

- While valuable to contextualize the different segments of SMEs across Guatemala, **this evaluation is not meant to be a comprehensive scoring of all SME segments**
- Rather, the scoring system **provides a rationale and framework** for narrowing the focus onto a **few key segments in order to understand potential impact across a few key categories**
- Each category of evaluation **measures the support for agri-SME segments at varying levels**, from the **direct impact of support** (employment) to the **macro level of support** implied by the scale of SMEs

Source: ISF Analysis

Agri-SMEs in Guatemala vary in terms of their impact potential

	Employment	Poverty reduction*	Prevalence of agri-SMEs	Learnings / Additionality
Food Processors (Target SMEs)	To meet growing domestic and regional demand, processing can create new jobs	Increases value-add in-country, allowing rural communities to capture more value	Moderate prevalence, with some FVC processing dominated by large companies	Strong additionality, especially for specific niche value chains
Cooperatives (Target SMEs)	Employment growth is not the main focus of cooperatives	Proven effective at connecting farmers to markets and thus increasing incomes	Strong presence with strong opportunities for expansion	High potential for developing critical opportunities for SHFs (e.g., avocado, cacao)
Retailers (Target SMEs)	Growth in domestic consumption creates retail employment opportunities	Can improve market efficiency and provide additional urban and online sales channels	Prevalence of SMEs in rural retail; urban and online retail for niche products	Learnings can be replicated across retailer types, but additionality is limited
Traders (Target SMEs)	Creates formal jobs across value chains and geographies	Highly scalable and can provide access for farmers to niche and growing markets	Moderate prevalence, with several small, medium, and large companies	Impact can be replicated across FVC-agnostic trader segments
Aggregators	Creates incremental job opportunities for those not in existing production roles	Improves access to markets but doesn't always benefit farmers	High prevalence of SMEs but little opportunity for value addition	Valuable learnings (formalization) and replication possibilities in growing segment
Farms	Unlikely to increase employment due to the relatively small size of plots	Limited potential to raise rural wages, but may help farmers earn more per hectare	Majority of farms are small family farms or large plantations rather than SMEs	Vast majority of support ecosystem focuses on farms, limiting additionality
Specialized services providers	Can create new jobs; labor intensity depends on the business model	Effective models can increase yields and income and create new industries	Overall limited scale, with fintech models increasing in recent years	Limited additionality due to existing government and non-government support

Discussion

- Broadly speaking, the prioritized SME categories fall into one of two types: those that **provide farmers with improved access to markets and practices** (cooperatives) and those that provide **value add and grow niche markets** (processors, traders, and retailers)
  - Supporting **cooperatives** typically results in significant indirect poverty alleviation and market growth, mainly through professionalizing informal FVC and improving production quality and yields
  - **Retailers, traders, and processors** in Guatemala are segments where SMEs may be able to compete with large companies, especially in specialty/niche markets such as superfoods, avocados, cacao, and tea
- Most support services across the food system in Guatemala are focused on producers and processors in specific value chains such as coffee – additional support services are needed for more informal markets such as potatoes, fruits & vegetables, maize, and beans

Legend: *level of potential impact*

Low — High

Notes: *Poverty reduction includes both direct and indirect reduction (see previous slide for further explanation)
Source: ISF Analysis & Interviews

SMEs in these categories fall into several segments of agri-SME types that vary depending on their growth potential and ambition

Types of agri-SMEs

Growth ambition ↑ / Growth potential →			
	Diversifying enterprises	Niche ventures	High growth ventures
	Static enterprises	Livelihood sustaining enterprises	Dynamic ventures

Legend: Growing within business as usual | Transforming markets

Growing within business as usual			Transforming markets	
Livelihood sustaining enterprises	Dynamic ventures		Niche ventures	High growth ventures
Cooperative – Copiasuro S.L.	Processor/ Retailer – Frito Maíz	Trader/ Processor – ASFRASA GUATEMALA desde 1,996	Processor/ Retailer – Ruk'u'x Ulew	Processor – NELIXIA
		Trader/ Processor – jaffra		

Cooperatives   Food processors   Retailers   Traders

We provide an overview of illustrative SMEs from the prioritized categories to indicate their impact potential and support needs. While not exhaustive, we believe these profiles are generally representative of the broader market

Sources: 1) SAFIN and ISF Advisors (2021), "Agri-SME Taxonomy: Developing a new framework for considering agri-SMEs"; 2) ISF Analysis & Interviews

Those organizations closely interacting with fragmented smallholder farmers are likely to have the potential for high poverty alleviation

Growing within business as usual

	Company name	Value chains active	Business model	Impact potential	Support needs
Livelihood sustaining enterprises	Copiasuro S.L. (Cooperatives)	• Honey sourced from beekeepers in San Marcos	• Farmer-owned cooperative that aggregates, processes, and markets 100% natural organic honey	• Provides farmers with access to markets and price premiums through organic certification	• Access to finance, specifically for working capital
Dynamic venture	Frito Maíz (Food processors, Retailers, Traders)	• Unprocessed maize and other grains • Sourced from smallholder farmers and imported from abroad	• Process raw maize into corn flour, tortillas, and fried corn snacks • The company sells the products wholesale and through a network of their own stores	• Provides formal employment in rural areas • Provides farmers with stable offtake; however, TA is needed to improve local quality and reliability	• HR support • Access and financing for technology • TA for farmers to improve the local supply of raw materials • Transportation and security infrastructure
Dynamic venture	ASERASA GUATEMALA desde 1,996 (Food processors, Traders)	• Unprocessed beans and grains (e.g., lentils, rice, oats, etc.) • Mostly imported from abroad, beans are 100% sourced from local SHFs	• Process and package beans and grains for wholesale in the local Guatemalan market	• Potential to grow in Guatemala and throughout the region • Provides formal employment • Potential to provide farmers with better prices and more stable offtake	• Support in accessing talent in rural areas • Access to affordable financing for WC • TA for farmers to improve the local supply of raw materials

Cooperatives Food processors Retailers Traders

Source: ISF Analysis & Interviews

Transforming market business models are less common but more likely to have a scalable effect on farmers

		Company name	Value chains active	Business model	Impact potential	Support needs
Growing w. business as usual	Dynamic venture	jaffra	• Fruits & vegetables (including potatoes and plantains)	• Sources fruits and vegetables directly from producers and cooperatives • Processes and packages products that are sold directly to retailers	• Provides SHFs with access to international and regional markets by sourcing directly and through cooperatives	• Access to affordable finance, specifically WC • TA for farmers – there is a lack of technical knowledge, which affects the quality and reliability of the produce
Transforming markets	High growth ventures	NELIXIA	• Raw cardamom and other spices	• Sources cardamom and other spices from smallholder farmers • Processes spices into essential oils, extracts, and spices for cooking and tea	• Works with farmers to provide technical assistance • Promotes regenerative agriculture and agroforestry practices • Strong growth potential in key export markets	• Access to affordable WC finance* • TA for farmers, resulting in a more stable source of raw materials* • Support in accessing and retaining skilled talent*
Transforming markets	Niche ventures	Ruk'u'x Ulew	• Raw and semi-processed cacao from Alta Verapaz	• Sources cacao from indigenous women SHFs • Roast and processes cacao into artisanal ceremonial-grade cacao powder	• Sources and processes cacao from indigenous female farmers • Seeks to create a niche export market for high-quality specialty cacao • Strong growth potential in key export markets	• Sourcing organic cacao is a challenge – training for farmers on sustainable organic practices is needed to improve the supply necessary to meet the company's demand

Cooperatives Food processors Retailers Traders

Notes: *Based on feedback from Pomona Impact and needs to be verified with the company
Source: ISF Analysis & Interviews

Content

Agri-SME needs: Summary of key messages

- **Agri-SMEs in Guatemala, like their global counterparts, face challenges across all five of the major areas used in recent SAFIN research**
  – Agri-SMEs struggle with access to finance, mainly due to insufficient management capabilities and a lack of formal collateral
  – For growth-oriented agri-SMEs, access to skilled and non-skilled talent is often a challenge, given their location outside of urban centers and the high rate of emigration in rural areas
  – Producers tend to lack sustainable farming techniques and irrigation technology, resulting in an unpredictable supply of raw materials for downstream agri-SMEs
  – Export markets are an attractive prospect for SMEs looking to capture more value, but often face difficult and expensive bureaucratic hurdles and staunch competition from large agri-businesses

- **The four specific types of agri-SMEs most relevant have several distinct needs, reflecting their unique positions in the value chain**
  – Cooperatives' main goal is to improve farmers' access to markets, and face key challenges, such as a lack of access to finance, weak governance structures, and a lack of trained and experienced management
  – SME food processors require access to knowledge and finance to improve production efficiency and meet food safety requirements
  – Traders/retailers need access to affordable financing specifically for working capital to meet global demand, specifically in niche export markets, and to ensure a strong downstream demand for locally produced products

The needs of agri-SMEs are mapped against five main categories

Key enablers for agri-SME growth

Access to talent
Attracting and retaining qualified employees

Access to finance
Appropriate and accessible form of finance for the different stage of growth

Ecosystem of support
Support and collaboration between public, private and financial players

Access to markets
Information and connections with suppliers and clients

Access to knowledge
Strategic support for the development of the sector (capacity development) integration of M&E systems

Sources: 1) SAFIN and ISF Advisors (2021), "Agri-SME Taxonomy: Developing a new framework for considering agri-SMEs"; 2) ISF Analysis

In general, agri-SMEs in Guatemala face a range of challenges across these five categories

Area	Challenges	Support needs
Access to finance	• SMEs tend to lack formalized land titles or other assets that can be used as collateral for loans • SMEs have weak administrative, financial, and operational capacities that banks and investors judge as being too risky or unbankable • Lack of affordable capital. Formal agri-SMEs tend to have access to financing through local banks and MFIs, but this capital tends to be too expensive, often an interest rates of +25% per annum	• Investment readiness training • Long term business planning and financial management • Risk-sharing mechanisms (e.g., guarantees)
Access to talent	• There is a general lack of trained and skilled staff for management positions in agri-SMEs. Those with skills and training tend to prefer working in more profitable sectors or closer to urban centers • Recently, Guatemala has also experienced a lack of non-skilled labor due to mass immigration to Mexico, the USA, and Spain, leading to increased wage pressures on farmers and agri-SMEs	• Recruitment support • Staff training • Improve in-house HR capabilities
Ecosystem of support	• TA and interventions focus heavily on cash crops such as coffee and cardamom and don’t address the needs in niche opportunities (e.g., cacao and avocado), or staple products (e.g., potatoes, maize) • Poor transportation infrastructure, and a lack of security in rural areas of Guatemala, make it difficult for agri-SMEs to transport goods and reach domestic, regional, or international markets	• Targeted TA for niche value chains • Work with government to improve local infrastructure
Access to knowledge	• Producers, especially in staple crops, lack critical knowledge of organic farming techniques, resulting in lower quality products that are not well adapted to meet growing export trends in the EU and USA • SMEs lack access to technology, especially for internal quality control, and overall have low levels of mechanization, resulting in increased costs • Food safety (i.e., ISO certification) and sustainability certifications are difficult and expensive to navigate	• Climate adaptation strategies • Training on organic farming • Regulatory compliance support • TA focused on certifications
Access to markets	• Agri-SMEs tend to lack long-term relationships with stable buyers and tend to be highly exposed to market volatility • Mid-stream and downstream activities are dominated by a few large corporations in certain FVCs, specifically cardamom, making it difficult for agri-SMEs and SHFs to reach new markets or capture additional value • Additionally, export processes in Guatemala tend to be bureaucratic and expensive, making it difficult for agri-SMEs to reach lucrative export markets	• Access to industry associations • Support for agri-SMEs in niche fast growing markets • Grants for initial exporting costs and licensing

Sources: ISF Analysis and Interviews

Additionally, there are specific challenges and needs faced by the prioritized types of agri-SMEs

Category	Area	Challenges	Support needs
Cooper-atives	**Access to finance**	• Cooperatives tend not to have collateral (land and real estate) to offer as guarantees or tend to have deficient credit records limiting access to finance	• Risk-reducing instruments such as insurance and factoring
	Ecosystem of support	• Inadequate governance structures inhibit long-term planning, enable internal corruption, and stagnate business growth within farmer cooperatives	• Decision-making frameworks that promote transparent participation
	Access to talent	• The vast majority of Guatemala's educated population resides in cities, leading to a shortage of skilled workers in rural areas where cooperatives operate	• Strategies to attract urban talent to rural areas and the ag-sector
Processors	**Access to knowledge**	• Food processors and the producers they source from must meet specific food safety standards (e.g., ISO and Global G.A.P to access certain export markets • Machinery and technical knowledge are needed to achieve these certifications and improve production efficiency • Additionally, farmers lack sustainable practices, which leads to a low-quality and unstable supply of raw materials for agri-processors	• Access to adequate machinery and facilities that meet minimum standards • Coordinated TA programs between farmers and agri-processors
	Access to finance	• Agri-SMEs tend to have issues accessing affordable working capital financing and CAPEX financing due to the perceived risks of the agriculture sector	• Investment readiness support • Risk-sharing mechanisms (guarantees, etc.)
	Access to talent	• Technical expertise on agroindustrial and food processing is lacking in Guatemala, limiting the ability of food processors to hire experienced employees	• Training programs on food processing and agro-industrial standards
Retailers/ Traders	**Access to finance**	• Access to affordable financing, specifically working capital finance, remains a challenge for retailers and traders in Guatemala, which affects upstream producers who can offtake less product to retailers/traders	• Subsidies and risk-sharing mechanisms (e.g., guarantees) to reduce the cost of capital

Additionally, **security and transportation infrastructure** were consistently cited as important issues faced by prioritized agri-SMEs

Sources: ISF Analysis and Interviews

Content

Agri-SME support ecosystem: Summary of key messages

- **The business environment in Guatemala is mixed when compared to its neighbors in Central America, but it is relatively well-suited for supporting agri-SMEs**
  - Guatemala ranks highly in comparison to its regional peers in important aspects for agri-SMEs, such as starting a business, registering property, accessing electricity, and providing farmers with access to seeds and fertilizers
  - However, Guatemala struggles to provide access to finance, ranking lower than the regional average

- **The government of Guatemala provides a wide range of support services for SMEs, but significant gaps still exist, specifically in access to talent, knowledge, and finance**
  - While several government institutions focus on providing agri-SMEs with access to finance, feedback from stakeholders indicates that this support is insufficient and that finance, specifically working capital, is available but largely unaffordable
  - There is a need for expanded support for mid-and-downstream agri-SMEs, with existing TA support from the Ministry of Agriculture (MAGA) and INACOP focused primarily on upstream producers and cooperatives
  - Additionally, more government support is needed for access to talent, specifically in ensuring that there are trained managers, engineers, and other professionals available in rural areas

- **Foreign aid by national and multilateral organizations provides support to both producers and agri-SMEs with the aim of improving rural livelihoods and employment opportunities**
  - While most foreign direct aid in Guatemala is focused on addressing the country's emigration issues, support for rural enterprises remains highly fragmented and uncoordinated
  - There is an opportunity to work with these organizations to align efforts and emphasize agri-industrialization and value-added activities in staple crops and niche exports as a solution to rural poverty

- **BDS organizations support Guatemalan SMEs across most enterprise needs areas apart from access to talent**
  - While most agri-SME needs are covered, there is an opportunity to increase support for access to talent
  - This relatively broad coverage across SME needs areas indicates a potential opportunity for organizations to support work across the food system in Guatemala

The enabling environment for conducting business in Guatemala is generally mixed compared to its neighbors in Central America

Ease of Doing Business Ranking

96th in the Ease of doing business ranking

- Ease of doing business ranks economies from 1 to 190, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation

Track record of slightly declining performance

- Between 2015 and 2020, Guatemala's Ease of doing business rank fell from 73 to 96
- However, in recent years, Guatemala's rank has remained stable and has changed little since 2018
- In 2020, the government began implementing an economic recovery plan aimed at generating new jobs and attracting investment[2]

Guatemala's macro environment ranks in the middle compared to its neighbors

- Guatemala (96) ranks in the middle compared to its neighbors in Central America but ranks above the regional average for LATAM (116)
- Most notably, it ranks below Mexico (60) and El Salvador (91) but above Belize (135) and Honduras (133)

2019 Ease of doing business index[1]*

< 32 | 64 - 96 | > 128

32 - 64 | 96 - 128

Discussion

- The general ease of doing business environment is important for SMEs across all sectors as **these enterprises are typically heavily impacted by certain aspects of this metric** (e.g., starting a business)
- **Strengths** - Relative to its regional peers, Guatemala performs well in four key areas**:** **i) starting a business** (7.2 pts. above the regional average), **ii) registering property** (10 pts. above the regional average), and **iii) getting electricity** (12.5 pts. above the regional average), and **iv) access to credit**
- **Weaknesses** - Guatemala lags in three areas where it scores near the bottom compared to the region: **i) protecting minority investors** (17.3 pts. Below the regional average), **ii) enforcing contracts** (19 pts. below the regional average), and **iii) resolving insolvency** (11.6 pts. below the regional average)

Notes:*1=most business-friendly regulations

Sources: 1) The World Bank, 2020; 2) US Department of State: Investment Climate Statements, 2022; 3) ISF Analysis

Guatemala's EBA score is aligned with the regional average, with specific strengths in providing farmers with access to inputs

Enabling the Business of Agriculture – The World Bank

WORLD BANK GROUP

- The "2019 Enabling the Business of Agriculture (EBA)" report examines whether government regulations and processes either facilitate or hinder agricultural activities
- The report provides data on eight quantitative indicators: supplying seed, registering fertilizer, securing water, registering machinery, sustaining livestock, protecting plant health, trading food, and accessing finance
- The EBA creates an aggregate score for each country on a scale from 0 to 100, 100 being the best ideal score

Guatemala's performance on the EBA[1]

- Guatemala scored 65 high scores in criteria such as supplying seeds, registering fertilizer, and trading food
- The table below summarizes the relevant scores for those indicators associated with input providing (seeds, fertilizer, and sustaining livestock) and food trading

Indicator	Guatemala Score	Global Average	Regional Average*
Overall score (0-100)	**65**	61	63
Supplying Seed (0-100)	**85**	53	59
Registering fertilizer (0-100)	**79**	55	52
Sustaining livestock (0-100)	**55**	62	62
Trading food (0-100)	**77**	69	72
Access to finance (0-100)	**70**	61	75

Discussion

- Those indicators associated with **input provision**, **food trading, and securing finance** could serve as **indicators of the enabling environment for agri-SMEs** within Guatemala
- Guatemala has a **strong enabling environment for farmers to effectively access seeds and fertilizers,** relative to both global and regional averages
- Importantly, Guatemalan **farmers struggle to secure water and irrigate their fields**, scoring much lower than the regional average
- **Guatemala struggles with providing agri-SMEs with access to finance**, scoring slightly worse than the regional average but better than the global average
- This is consistent with feedback received from stakeholders, that indicated that **affordable working capital and CAPEX loans are often hard to secure** due to a lack of confidence in the agricultural sector and issues with collateral[2]

Note: * Latin America & Caribbean region
Sources: 1) The World Bank, Enabling the Business of Agriculture, 2019; 2) ISF Analysis and Interviews

Guatemala has several government bodies that provide holistic support to agri-SME, but feedback indicates that more is needed

State entity support by SME need

Access to finance	MINISTERIO DE ECONOMÍA; MAGA MINISTERIO DE AGRICULTURA, GANADERÍA Y ALIMENTACIÓN	BANRURAL; BANCO CHN	FONDO DE TIERRAS	PRONACOM
Ecosystem of support		inacop		
Access to knowledge				
Access to markets		PRONACOM		
Access to talent				

Discussion

- Law #4670 of 2013 established the **National Institute of Micro, Small, and Medium Enterprises (CONAMIPYME)** with the aim of coordinating the various government ministries in supporting SMEs as the key driver of employment and economic growth
- While the law provides a framework for collaboration among government entities, **it doesn't outline any specific initiatives for agri-SMEs**
  - **Existing TA support**, specifically from the Ministry of Agriculture (MAGA) and INACOP, **focuses primarily on SHFs and cooperatives**
- **Primarily, the law focuses on access to finance** and sets out various priorities and a dedicated fund for providing expanded financial services to SMEs under the Ministry of Economy
- Even though a range of institutions are focused on finance and TA, **more support is needed for access to talent**, ensuring that there are trained managers, engineers, and other professionals available in rural areas

Sources: 1) Congreso de la República de Guatemala, 2023; 2) ISF Analysis and Interviews

There are several state entities in Guatemala with the mandate of supporting SMEs across a spectrum of needs (1/1)

Entity	Description	SME need areas covered	Support and relevance for agri-SMEs
MINISTERIO DE ECONOMÍA	• Ministry of Economy, part of the executive branch of the government	• Access to finance • Access to talent • Ecosystem of support • Access to knowledge • Access to markets	• Sello Blanco program provides a seal of excellence to high-quality local products providing better access to int. markets • Programs and relationships with local FIS to provide access to credit for SMEs, including a ~$50 million dedicated fund*
MAGA MINISTERIO DE AGRICULTURA, GANADERÍA Y ALIMENTACIÓN	• Ministry of Agriculture, Livestock and Food, part of the executive branch of the government	• Ecosystem of support • Access to knowledge • Access to markets • Access to finance • Access to talent	• Programs to provide technical assistance and inputs to smallholder farmers (e.g., PAFFEC) • Provides guarantees to expand access to finance for farmers (e.g., FONAGRO) • Support agricultural legislation that will create formal market linkages with rural producers within the country (e.g., "Ley de Agricultura Familia," and "Ley de la Alimentación Infantil")
PRONACOM PROGRAMA NACIONAL DE COMPETITIVIDAD DE GUATEMALA	• Created in 1999, PRONACAM is responsible for improving the competitiveness of Guatemala and attracting foreign investment	• Ecosystem of support • Access to finance • Access to markets	• Works in conjunction with other government entities to attract foreign investors into Guatemala, including the agricultural sector • This includes investment in infrastructure and increased trade
BANRURAL El amigo que te ayuda a crecer 25 años	• Partially state-owned (~29%) rural development bank that primarily lends to MSMEs and smallholder farmers	• Access to finance	• Provides a range of financial products for rural MSMEs and smallholder farmers, including credit lines for working capital, term loans, factoring, and insurance • The bank also provides checking and savings accounts geared towards the rural population

Notes: *An exchange rate of USD/GTQ = 7.80 was used in the calculation

Sources: 1) Ministry of Economy, 2023; 2) Ministry of Agriculture, Programa de Agricultura Familiar, 2012; 3) BANRURAL, 2023; 4) PRONACOM, 2023 5) ISF Analysis

There are several state entities in Guatemala with the mandate of supporting SMEs across a spectrum of needs (1/2)

Entity	Description	SME need areas covered	Support and relevance for agri-SMEs
FONDO DE TIERRAS	• National fund for land development, a decentralized part of the Guatemalan government	• Access to finance • Ecosystem of support • Access to knowledge	• Provides subsidized loans for farmers to purchase or lease farmland • Provides technical assistance to farmers to improve production • Provides financial programs to encourage the local production of grains
inacop	• Decentralized and autonomous state entity responsible for supporting and regulating the country's cooperatives	• Ecosystem of support • Access to knowledge	• Provides technical and administrative support to cooperatives and organizations seeking to formalize as a cooperative • Supports legislation that promotes the creation and growth of the country's cooperatives
BANCO CHN CRÉDITO HIPOTECARIO NACIONAL	• National mortgage bank of Guatemala, founded in 1929	• Access to finance	• The bank has a special lending program specifically for growing SMEs • The program offers affordable loans with interest rates equal to the average rate of the Bank of Guatemala

Sources: 1) Fondo de Tierras, 2023; 2) Instituto Nacional de Cooperativas, 2023; 3) ISF Analysis

Foreign development organizations are supporting Guatemala's food system with a particular focus on upstream producers

Top development organizations working in Guatemala with a focus on agriculture or SME support

	Work directly impacts food systems	Work directly impacts SMEs (sector agnostic)
FAO, The World Bank, IFAD, EU, IDB, USAID	✓	✓
Cooperación Española	✓	
CABEI – Central American Bank for Economic Integration		✓

The United States government is Guatemala's largest foreign donor accounting for nearly 40% of direct foreign aid in 2021[1]

Discussion

- Overall, foreign development aid by major multilateral and bilateral institutions is focused on addressing the root cause of emigration in rural Guatemala, specifically **reducing rural poverty, improving food security, and strengthening government institutions and services**
- In doing so, **direct aid into the agricultural sector is primarily focused on farmers and cooperatives**, with relatively less focus on supporting SMEs further down the value chain
- Organizations that do have existing programs focused on working with agri-SMEs across the value chain include **USAID, EU, and IFAD**
- Additionally, several institutions are focused on supporting local intermediaries to provide access to finance, specifically CABEI and IDB
- There is an **opportunity to partner** with these existing organizations to **advance support for downstream agri-SMEs within Guatemala**
  - Specifically, in **coordinating farmer TA programs to meet the needs of agri-processors and traders** in domestic/regional and niche value chains

Sources: 1) OECD, 2023, 2) ISF Analysis

Large development and multilateral organizations typically work across food value chains and often interact with SMEs (1/2)

Entity	Description	Support and relevance for food system / SMEs
FAO (FIAT PANIS)	• The FAO is a specialized agency of the United Nations that works with governments, NGOs, and the private sector in over 130 countries to achieve global food security	• The FAO focuses on three thematic areas within Guatemala, all of which impact the broader food system: 1) reducing poverty in rural areas, 2) reducing malnutrition, especially in children, 3) social and technological innovation for sustainable agri-food systems, 4) family farming and inclusive markets and 5) sustainable management of natural resources and addressing climate and environmental risks
THE WORLD BANK	• The World Bank leverages its financial knowledge and resources to address the specific development needs of Guatemala • Currently, the focus of the World Bank is on addressing the social and economic impacts of the COVID-19 pandemic	• The World Bank, in coordination with the Ministry of Finance and the Ministry of Economy, has provided ~$150 million to reduce food loss, support the adoption of climate-resistant technologies, and support COVID-19 responses in select FVCs • The World Bank has supported several other programs aimed at strengthening FVCs through access to markets and technical assistance
IDB	• The IDB's Guatemala strategy is built upon three strategic pillars: (i) institution-strengthening; (ii) improvement of basic service delivery to vulnerable communities, and (iii) promotion of the private sector for more inclusive and sustainable growth	• Supporting 800 producers in San Mateo Ixtatán with training on sustainable practices and facilitating better access to markets and finance • Provides financing to local finance institutions (e.g., FUNDEA) that will on-lend to farmers for investing in climate-smart technologies • IDB has partnered with the government and local organizations to improve coordination between entities and strengthen the coffee sector
USAID FROM THE AMERICAN PEOPLE	• USAID's approach in Guatemala is aimed at addressing the root causes of immigration in Central America by working with the government of Guatemala to improve prosperity, security, and governance throughout the country	• USAID's Rural Extension Program has partnered with the Ministry of Agriculture to support the training of local farmers and provide local agents with training on how to improve implementation • USAID has partnered with Agropecuaria Popoyán, S.A. to reduce poverty and malnutrition in the Western Highlands by increasing productivity, transforming crops into value-added products, and facilitating market access

Sources: 1) FAO in Guatemala, 2023; 2) USAID, 2023, 3) IDB, 2023; 4) World Bank, 2023; 5) ISF Analysis

Large development and multilateral organizations typically work across food value chains and often interact with SMEs (2/2)

Entity	Description	Support and relevance for food system / SMEs
EU	• THE EU focuses on three main priority areas within Guatemala: 1) fighting against climate change, 2) sustainable and inclusive economic development, and 3) institutional strengthening, good governance, and human development	• The EU supports the "Programa de Agricultura Familiar y Fortalecimiento de la Economía Campesina (PAFFEC)" program in coordination with the Ministry of Agriculture to bring technical assistance to farmers, in addition to supporting SMEs to adopt sustainable and digital technology • The EU is supporting the Guatemalan government to improve its ability to monitor and address malnutrition through the National Information Platforms for Nutrition (NIPN) initiative
IFAD	• IFAD focuses on three main priority areas within Guatemala: 1) promoting market-driven development of rural MSMEs, 2) developing the social and human capital of rural communities, 3) enhancing the government's pro-poor rural policy and planning	• All of IFAD's projects focus on strengthening and improving food and agricultural systems in Guatemala and the region • To date, IFAD has provided ~$126 million in financing across 9 projects impacting ~135k households • IFAD's country strategy for Guatemala 2022-2027 focuses on on-farm / off-farm interventions aimed at specific FVCs such as vegetables, tropical fruits, basic grains, potatoes, cardamom, coffee, and cocoa
CABEI Central American Bank for Economic Integration	• CABEI's mandate is to promote economic integration and social development between Central American states • In Guatemala, CABEI primarily finances infrastructure, health, transportation, business, and MSME projects	• CABEI is providing local and rural financial intermediaries with credit lines to improve access to finance for rural MSMEs, with a large focus on agri-MSMEs • Across these programs, CABEI has provided $316 million in financing for local intermediaries
Cooperación Española	• Spain's Cooperación Española focuses on three main priority areas within Guatemala: 1) food security & nutrition, 2) poverty reduction and social protection, and 3) strengthening security and judicial institutions	• Under the agency's strategic plan 2021-2024, Spain will support the agricultural sector in four ways: 1) promote interventions that reduce food insecurity for at-risk populations, 2) support households in producing food for self-consumption in a sustainable way, 3) support local producers to improve yields, 4) improve water management in the country

Sources: 1) Delegation of the European Union to Guatemala, 2023; 2) IFAD, 2023; 3) IFAD, Republic of Guatemala Country Strategic Opportunities Programme 2022-2027, 2021; 4) CABEI Guatemala, 2023; 5) Cooperación Española, 2023; 6) ISF Analysis

Several foundations are active in Guatemala, primarily supporting upstream producers and children in rural communities

Private foundations supporting food & agriculture

We provide brief profiles of three active organizations on the following slide

Discussion

- In 2018, **U.S. Foundations gave more than $391 million in grant funding to Latin America,** representing nearly 6% of U.S. private foundation grants[1]
- However, only about $15 million in grants were awarded to Central America, with **Guatemala only receiving around $3.4 million[1]**
- Despite this, there is a wide range of private foundations and NGOs in Guatemala, with the majority aiming to address **rural poverty and malnutrition**
- **Large coffee roasters and retailers** such as Starbucks play a large role in **supporting smallholder farmers**
- However, **Guatemala doesn't appear to be a primary focus for several prominent American foundations** such, as the McKnight Foundation, Packard Foundation, or the Kellogg Foundation

Sources: 1) Foundation Center, *U.S. Foundation Funding for Latin America, 2014–2015,* 2018; 2) ISF Analysis

Existing philanthropic organizations in the Guatemalan food systems are a mix of large multinationals and family foundations

Entity	Description	Philanthropic activities in Guatemala relevant to food systems
THE HOWARD G. BUFFETT FOUNDATION	• The foundation's mission is to catalyze transformational change to improve the standard of living and quality of life for the world's most impoverished and marginalized populations by working primarily in food security, conflict mitigation, and public safety	• Guatemala is one of the seven priority countries for the foundation • They work to address the root cause of immigration to the United States by focusing on providing training to smallholder farmers on water-smart agriculture to improve food security and create sustainable economic development
THE STARBUCKS FOUNDATION	• The foundation's mission is to strengthen resilience and prosperity in coffee and tea-growing communities around the world by providing grants related to access to water, sanitation, health, and education	• Supports women entrepreneurs in rural coffee regions in Guatemala to produce high-quality, on-trend products, develop sustainable agricultural practices, and diversify their farm income • Partnered with World Neighbors to support 3,000 rural families in coffee-growing areas by providing training on sustainable practices, water purification, sanitation, financial literacy, and the formation of credit groups
THE Coca-Cola FOUNDATION	• The foundation has invested $1.5 billion in grants to date and globally focuses on the following key areas: 1) sustainable access to water, 2) circular economy, 3) climate resilience and disaster preparedness and response, 4) economic empowerment	• In 2021, the foundation had seven active projects ongoing in Guatemala • Several of these programs centered around providing access to clean drinking water, sanitation, and water management in rural farming communities • Additionally, the foundation provided business support and training to 1,200 SMEs across Guatemala, El Salvador, Costa Rica, and Panama

Sources: Foundation websites accessed May 2023

Support organizations in Guatemala assist agri-SMEs across challenge areas, but more emphasis on access to talent is needed

BDS organizations supporting agri-SMES by SME needs

Access to finance

Ecosystem of support

Access to knowledge

Access to markets

Access to talent

Mercy Corps
TechnoServe – Business Solutions to Poverty
Aspen Network of Development Entrepreneurs – aspen institute

root capital
Palladium – MAKE IT POSSIBLE
REI – Red Global de Empresarios Indígenas
Universidad EARTH
alterna
CRS – Catholic Relief Services
Fundap
Pomona Impact

REI – Red Global de Empresarios Indígenas

Universidad EARTH

MICOOPE
AGORA

HEIFER INTERNATIONAL

AGORA

FUNDEA
KAMPANI – Investing in family farming

WE EFFECT
HEIFER INTERNATIONAL

AGEXPORT GUATEMALA

Discussion

- Most of the support organizations working in Guatemala **provide access to finance** as a core part of their mission
- Beyond access to finance, **the major SME needs areas** of access to markets, ecosystem support, and access to knowledge **are well covered across these organizations**
- There is an **opportunity to increase support for access to talent** since only Mercy Corps has a program directly focused on attracting young people to careers in agriculture
- The relatively broad coverage of most BDS organizations across SME needs areas indicates **there is an opportunity to support work across the food system**

Note: Not an exhaustive description of BDS providers in Guatemala
Sources: ISF Analysis

Support organizations provide agri-SMEs with several different services, with the majority addressing access to finance (1/4)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
AGEXPORT GUATEMALA	• AGEXPORT is a private non-profit organization that supports Guatemalan export companies across all sectors, including agriculture	• Access to markets	• Provides tools and supports legislation for Guatemalan agriculture companies to improve exports and access new international and regional markets
root capital	• Root Capital provides credit and capacity-building support to growing agricultural businesses in emerging markets	• Access to finance • Ecosystem support • Access to knowledge	• Provides loans specially tailored to harvest and sales cycles • Also provides training to strengthen financial management, governance, and agronomic capacity
alterna	• Alterna supports SMEs by providing direct financing and core business and investment readiness support	• Access to finance • Access to knowledge • Ecosystem of support	• Provides general core business and investment readiness support to agri-SMEs which includes registering and formalizing the business in addition to improving accounting and operation capacities
AGORA	• Agora Partnerships supports SMEs in Latin America by providing capacity building, market outreach, and access to finance	• Access to finance • Ecosystem support • Access to markets	• Provides programs focused on supporting SMEs to i) improve operational and financial capacities, ii) access affordable finance, and iii) access new markets through their network of commercial private sector partners
TechnoServe Business Solutions to Poverty	• TechnoServe helps smallholder farmers and promotes sustainable agriculture across Latin America	• Access to finance • Access to markets • Ecosystem support • Access to knowledge • Aces to talent	• TechnoServe helps smallholder farmers improve the quality and quantity of high-value crops to improve farmer income • Delivers training and support to local entrepreneurs to help them achieve their full potential

Notes: Not an exhaustive description of BDS providers in Guatemala
Sources: 1) AGEXPORT, 2023; 2) Alterna, 2023, 3) Agora Partnerships, 2023; 4) ISF Analysis and Interviews

Support organizations provide agri-SMEs with several different services, with the majority addressing access to finance (2/4)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
PomonaImpact	• Pomona Impact invests directly into SMEs, including agri-SMEs in Central America, and runs an AgTech-focused accelerator in Guatemala	• Access to finance • Access to knowledge • Ecosystem of support	• Provides debt financing to agri-SMEs for working capital and CAPEX • Since 2017, over 100 SMEs have participated in their AgTech accelerator and raised over $5 million
FUNDEA	• FUNDEA is a Guatemalan foundation focused on providing micro-finance and business support services to agri-SMEs	• Access to finance	• Provides loans to SHFs and agri-SMEs for working capital, climate adaptation, CAPEX, and other fixed assets • Additionally, they provide micro-insurance and remittances
WE EFFECT	• We Effect works to eliminate poverty by strengthening cooperatives through sustainable rural development and adequate housing	• Access to knowledge • Ecosystem of support	• Provide technical assistance to smallholder farmers and farming cooperatives • Support cooperatives in political advocacy
MICOOPE	• MICOOPE is a credit union composed of 25 different credit unions representing 2+ million members	• Access to finance • Ecosystem of support	• Provides banking products (e.g., loans, savings accounts, remittances, credit cards, etc.) to MSMEs and individuals, including agri-SMEs and smallholder farmers
KAMPANI Investing in family farming	• Kampani invests in agri-SME and cooperatives to increase farmer incomes and strengthen smallholders' position in the value chain	• Access to finance	• Provide equity and quasi-equity to agri-SMEs and cooperatives and targets the missing middle • Invested in FECCEG, a cooperative in the Western Highlands focused on commercializing coffee, honey, and panela

Notes: Not an exhaustive description of BDS providers in Guatemala
Sources: 1) Pomona Impact, 2023; 2) FUNDEA, 2023; 3) We Effect, 2023, 4) MICOOPE, 2023; 5) Kampani, 2023; ISF Analysis and Interviews

Support organizations provide agri-SMEs with several different services, with the majority addressing access to finance (3/4)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
HEIFER INTERNATIONAL	• Heifer's mission is to end hunger and poverty by supporting smallholder farmers and agri-businesses	• Ecosystem of support • Access to knowledge • Access to markets	• Heifer works with local SHFs and coops in Guatemala to adapt climate-smart practices through training and access to markets primarily in cardamom, coffee, and cacao • To date, they have supported 498k+ families
Palladium MAKE IT POSSIBLE	• Palladium works with donors and local governments to develop projects aimed at sustainable economic growth	• Access to finance • Ecosystem support • Access to knowledge	• The CEO project, which works with agro-processors, among others, aims to 1) promote trade and investment, 2) mobilize financial resources for productive infrastructure, and 3) strengthen the private sector
MERCY CORPS	• Mercy Corps focuses on three main priority areas within Guatemala: 1) conflict & governance, 2) agriculture & food security, and 3) health	• Access to finance • Ecosystem support • Access to knowledge • Access to talent • Access to markets	• Provide young farmers with technical assistance on sustainable practices and small loans for purchasing supplies and inputs • Work to connect and train young people for careers in agriculture
CRS CATHOLIC RELIEF SERVICES	• CRS provides support in Guatemala in four main areas: 1) agricultural livelihoods, 2) youth development, 3) emergency response/recovery, and 4) institutional development	• Access to finance • Ecosystem support • Access to knowledge	• Provides smallholder farmers with core business training and technical assistance • Makes direct investments into agri-SMEs, with half of their portfolio in Guatemala
ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS aspen institute	• ANDE supports SME growth in emerging markets by providing entrepreneurs with technical assistance and other crucial services	• Access to finance • Access to markets • Ecosystem support • Access to knowledge • Aces to talent	• Through the GEDI project, ANDE will support entrepreneurs in rural communities (including agri-SMEs) by providing business support services to entrepreneurs and working to facilitate access to capital from the private sector

Notes: Not an exhaustive description of BDS providers in Guatemala
Sources: 1) Heifer International, 2023; 2) Palladium, 2023; 3) Mercy Corps, 2023; 4) Catholic Relief Services, 2023; 5) ANDE, 2023, 6) ISF Analysis and Interviews

Support organizations provide agri-SMEs with several different services, with the majority addressing access to finance (4/4)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
REI – Red Global de Empresarios Indígenas	• REI's Guatemala Chapter is focused on attracting investment and generating development opportunities for rural and indigenous communities throughout Guatemala	• Ecosystem of support • Access to knowledge • Access to markets • Access to finance	• REI operates a training school for rural entrepreneurs and provides SMEs (including agri-SMEs) with access to markets and finance through local community clusters and networks • Additionally, REI works with different levels of government to develop an enabling environment
Fundap	• FUNDAP is focused on eradicating poverty and promoting sustainable development in rural communities through education, health, microcredit, crafts, agriculture, and forestry	• Ecosystem of support • Access to knowledge • Access to finance	• FUNDAP provides SHFs with technical assistance and agricultural infrastructure (e.g., greenhouses) to promote greater diversification, income, and climate resilience • Additionally, FUNDAP provides microcredit to MSMEs, specifically in the agricultural sector
Universidad EARTH	• Earth University provides scientific and technological training to students in Latin America and the Caribbean, with a focus on sustainable development	• Ecosystem of support • Access to knowledge • Access to talent	• Through their Earth Futures program, the university partners with academic institutions, rural communities, and other like-minded partners to develop projects related to transforming rural areas • Additionally, Earth Futures includes a fellowship that trains recent graduates for careers in agriculture

Notes: Not an exhaustive description of BDS providers in Guatemala
Sources: 1) Red Global de Empresarios Indígenas (REI), 2023; 2) FUNDAP, 2023; 3) Universidad Earth, 2023

Actively engaging with impact investors focused on food systems in Guatemala is important to enabling effective BDS delivery

Impact investing landscape in Guatemala

Pitchbook maintains a database of global private equity, impact investing, venture capital, and M&A transactions. While this is considered the **primary way to attain impact investing data** in Guatemala, it is important to understand that the database, and thus the following statistics, **should not be considered comprehensive**

- There are **seven active impact investors** working in agriculture in Guatemala listed in the database
- Amongst those investors listed, there are **nine active investments** in the space
- Top investors in the database (by deal volume) include **Agora Partnerships**, **ImpactAssets**, and **Pomona Impact**
- **Five** of the investors included are based in the U.S., **one** is based in Europe, and **one** is based in Guatemala

Additionally, **several CSAF members are active in Guatemala**, disbursing $34 million to 19 clients in the country in 2021[2]

Discussion

- Understanding the impact investing landscape, and especially the **needs and goals of impact investors**, is crucial to properly support the business development of agri-SMEs, as one of the end goals of BDS is often to obtain financing from these actors
  - Thus, by **understanding the barriers** that typically stop investors from financing an enterprise, organizations can more effectively ensure BDS is impactful

Sources: 1) Pitchbook, 2023; 2) CSAF Open Data Portal, 2023; 3) ISF Analysis and Interviews

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Content

Overview of SME growth profile segments

Classification	Description	Growth ambition (based on risk tolerance, problem solving, mindset)	Growth potential (based on market potential and product innovation)
High growth ventures	Highly innovative business models serving large addressable markets with a rapid growth trajectory, though the pace of growth is impacted by industry, market, and asset intensity. High-growth ventures are expected to scale beyond SME status	High	High
Niche ventures	Business models creating innovative products and services that target niche markets or customer segments, such as high-end premium markets or, conversely, small customer bases at the bottom of the pyramid. Typically have steady growth over time	High	Medium
Diversifying enterprises	Small family run enterprise that have seen minimal growth but are run by an entrepreneur that wants to grow. Unlikely to see desired growth through existing enterprise, so looks to diversify into new business lines to expand growth potential	High	Low
Dynamic ventures	Enterprises in stable ‘bread and butter’ industries deploying established business models for producing goods and services, with moderate growth paths over sustained periods of time	Medium	High
Livelihood sustaining enterprises	Small, family-run enterprises that are opportunity driven and on the path to increased formalization. These enterprises operate to maintain an income for an individual family and have slow and steady growth as they incrementally prove their product or service through traditional models.	Medium	Medium
Static enterprises	Small, family enterprise with no ambition to grow beyond their current status. Looking to maintain current income level for family, but not to grow the business or to innovate. Typically, informal and primarily employ only family members	Low	Low

Source: 1) ISF Analysis; 2) ANDE/Collaborative for Frontier Finance

ISF’s research was informed by feedback provided by a broad range of stakeholders

Organization	Type of organization	Name of contact	Interviewee title
Technoserve	BDS Provider	Eduardo Ruata	Guatemala Country Director
Agora Partnerships	BDS Provider	Cecilia Foxworthy Betsaida Olivares Maria Denise Duarte	CEO Lead Consultant Chief Initiatives and Partnerships Officer
Palladium CEO Program	BDS Provider	Luis Castañeda Amaya Juan Ochaeta	Deputy Chief of Party – CEO Program Director, Private Sector Competitiveness – CEO Program
ANDE LATAM	BDS Provider	Alissa Moen	Program Manager, Guatemala Entrepreneurship Development Initiative (GEDI)
Kampani	Investor	Mauricio Barocio	Investment Manager
FAO Guatemala	Multilateral	Marco Moncayo	Policy Officer
We Effect	BDS Provider	Pia Stavås Meier Ricardo Quiros	Regional Director LATAM Rural Development Program Coordinator
Swiss Contact	BDS Provider	Carlos Morales Cajas	Guatemala Country Director
Pomona Impact	Investor	Richard Ambrose Miguel Sanz-Agero	Managing Partner Investment Associate
Heifer International	BDS Provider / Investor	Gustavo Hernandez Jorge Barrigh	Country Director Regional Director Impact Capital Americas
Alterfin	Investor	Bernard Ornilla	Investment Manager (Africa & LATAM)
Alterna	Investor / BDS Provider	Daniel Buchbinder	Founder & Director
CAPCA	Accelerator	Andrea Mazariegos	Project Manager
CRS Guatemala	BDS Provider / Investor	Daniel McQuillan	Co-Director at Isidro - Agriculture Impact Investment Fund
Frito Maíz S.A.	Agri-SME	Diego Ignacio Zelada González	General Manager
ASFRASA S.A.	Agri-SME	Evelyn Valdez	Legal Representative Administrative Associate
Dentagro S.A. (Jaffra)	Agri-SME	Mariana Valenzuela	Manager

Additional investors on Tracxn who have invested in Guatemala*

Investor	HQ	Description	Website
Pomona Impact	Guatemala	Pomona Impact is an early-stage impact-focused venture capital firm that invests equity and debt into SMEs, including agri-SMEs in Central America and runs an AgTech-focused accelerator in Guatemala. The firm typically invests between $50,000 to $250,000 per company.	pomonaimpact.com
BBVA Momentum	Spain	Momentum is a social impact accelerator program by BBVA that provides support services to social enterprises and non-profits. It offers mentorship, training, coaching, networking opportunities, and grants. The accelerator is primarily active in Colombia, Spain, the United States, Mexico, Peru, and Turkey; however, it has worked with companies from Guatemala.	momentum.bbva.com
Dispact Ventures	USA	American VC firm investing primarily in food & agriculture and consumer goods. The fund typically makes investments in the USA but has made one investment in Guatemala.	dispactventures.com
Praxis	USA	Praxis is a faith-based VC and venture / non-profit accelerator in New York. The company primarily invests in the USA but has made several investments in other countries, including one in Guatemala.	praxislabs.org
Coefficient Capital	USA	Coefficient Capital (f.k.a. Ore Ventures) is a seed-stage focused venture capital firm investing in brands and consumer goods, primarily in the United States. The firm has made one investment in Guatemala.	ore.vc
Cacao Capital	Guatemala	Cacao Capital is a family-owned angel investor and venture capital firm based in Guatemala. They have made over 200 small investments in companies, primarily in the United States and Latin America. The firm has made five investments in Guatemala to date.	cacao-capital.com
OPES-LCEF	Italy, Kenya, United Kingdom	OPES-LCEF is an early-stage impact fund that provides patient capital and technical assistance to social enterprises that improve the lives of low-income communities. The firm has a global mandate and has invested in Kingo and Dona Dora in Guatemala.	opesfund.eu

Note: *The investor list included here has been acquired from Tracxn (www.tracxn.com), and is different from that of Slide 46, which was downloaded from Pitchbook (www.pitchbook.com). These investors are provided strictly for reference and have not been interviewed or vetted by ISF Advisors.
Source: Tracxn (Accessed: 17 July 2023)

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