



The Entrepreneurship and Enterprise Growth Landscape & Ecosystem: 2018

Guatemala



Table of Contents

Introduction.....	3
Entrepreneurial & SME Ecosystem Design.....	4
Overview of Guatemala.....	5
Relevant History.....	5
Population, Poverty & Human Development.....	5
Economy.....	7
Key Economic Sectors.....	8
Key Factors for Doing Business.....	9
Development Issues.....	12
Sustainable Development Goals.....	12
Gender.....	12
Youth.....	13
Environment.....	14
Conditions for Micro, Small & Medium Sized Enterprises.....	14
Policy Frameworks.....	15
Institutional Support.....	16
Private Sector Support & Associations.....	17
International Sector Support.....	19
SMEs in Guatemala.....	21
Entrepreneurship Attitudes & Activity.....	22
Human Capital.....	23
Access to Finance.....	24
Guatemala’s Position in the Central American Region.....	26
Successful Social Enterprises.....	26
Organizational Inventory.....	29
Education Programs.....	29
Platforms.....	30
Work & Event Spaces.....	30
Events & Convenings.....	31
Delivery Organizations.....	32
Financiers.....	40
Foundations.....	40
Corporates.....	42
Analysis.....	43
Ecosystem Mapping.....	43
SWOT Analysis.....	44
Conclusions.....	45

Introduction

In 2014, Argidius Foundation commissioned a study to inventory different organizations in Guatemala that could help build local capacity, catalyze and accelerate entrepreneurship and SME development and growth. The study outlined specific activities, programs, and services offered by these organizations and, where possible, demonstrated their interconnectivity. The organizations inventoried offered specific services (i.e. technical assistance programs) to assist entrepreneurial growth and enterprise development in Guatemala. Those included were believed to have some type of sustained institutional capacity to maintain and/or grow their services as evidenced by a fulltime presence in Guatemala, permanent staff, institutional longevity and/or fee-for-service programs. The information was collected primarily via desk research from resources available in the public domain.

More than three years later Argidius Foundation commissioned this current study, which was researched during April to June 2018, with the intention to update the inventory of organizations and reflect on changes that have taken place in the ecosystem of support. This study is not only intended to assess the current landscape, but also to identify any shifts that have happened over three years and attempt to understand the drivers and consequences of such shifts. This work will help Argidius and others identify current and future opportunities in Guatemala to grow and ensure a thriving ecosystem of support for entrepreneurs and SMEs. It should also serve as a resource to understand more broadly how changes occur in the landscape.

This report has primarily relied on desk research, but has been complemented by phone and in-person interviews during a weeklong visit to Guatemala City and Antigua in May 2018. A list of interviewees and contributors can be located in Annex 2.

The report considers the context of Guatemala—it's history and current state. It also relies upon a consideration of the different actors that would be present and active in a functioning entrepreneurial & SME ecosystem.

Entrepreneurial & SME Ecosystem Design

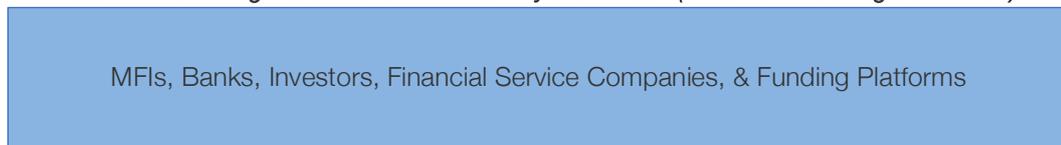
The following schematic serves as the architecture of actors that are needed for a functioning entrepreneurial and SME ecosystem that supports startup and growth of businesses. The ecosystem is heavily influenced by the country context in terms of history, socio and economic conditions, resources, and demographics.

Support for Entrepreneurs & SMEs

Direct support for entrepreneurs and SMEs to learn, grow and scale their businesses



Direct financing and technical advisory for SMEs (from idea through to scale)



Convening people and ideas to advance the ecosystem



Policy, advocacy and infrastructure to enable the ecosystem



Thought leadership and subsidized capital to enable the ecosystem



Overview of Guatemala

Relevant History

Guatemala is a democracy at peace today; however the country suffers from security issues, instability, and corruption.

Guatemala is a constitutional democratic republic in Central America. The pivotal event in Guatemala's modern history is a 36-year guerrilla war that ended in 1996 that left more than 200,000 people dead and created about 1 million refugees.¹ In 1996, the government signed a peace agreement formally ending the internal conflict.



Since the peace accords, Guatemala has had successive democratic elections and experienced economic growth. However, high poverty rates, crime, drug trade and corruption contribute to an overall state of instability.² This instability is palpable today in Guatemala.

In 2015, following an investigation conducted by the United Nations Anti-Corruption agency (CECIG), a corruption scheme involving the President, Vice President and leading government officials was made public. Pressure for the government to step down came through peaceful rallies, social media activism, statements from leading business associations, and a general national strike. The pressure resulted in actions, including resignations, impeachments and legal actions against public servants, including the President and the Vice President.³ There have been recent allegations of suspected financing irregularities and corruption against the current president, Jimmy Morales, but he and his administration remain in power.⁴

Population, Poverty & Human Development

Guatemala is a highly populous, rapidly growing and urbanizing country, but leaving indigenous and poor people behind in its growth.

Population

¹ U.S. Central Intelligence Agency (CIA). *World Factbook*. Accessed August 1, 2018.

² ICCO *Guatemala Country Overview*. Accessed August 1, 2018.

³ Ibid.

⁴ Reuters. "Guatemala president retains immunity from prosecution in graft probe." September 11, 2017. Accessed August 1, 2018.

Guatemala's population count was 16,582,469⁵ in 2016 and is on the rise (the population has increased by nearly one million people since 2013)⁶. Guatemala is the most populous country in Central America and has the highest fertility rate in Latin America.⁷ Almost half of Guatemala's population is under age 19, making it the youngest population in Latin America.⁸ The urban population represents 51% of total population with 2.8 million residing in Guatemala City.⁹ The second largest city is Quetzaltenango, which is considered the gateway to the Western Highlands, where the majority of the population is indigenous, the poverty rate reaches 76%, and extreme poverty is at 27%.¹⁰

The 2010 census found that 41% of Guatemalans are Mestizo (Ladino), which means they have mixed European and indigenous ancestry.¹¹ About 39% of Guatemalans are full Amerindian, which is a higher percentage than any other nation in the Western Hemisphere.¹² The majority of indigenous people in Guatemala are of the Maya people: K'iche' (11%), Q'eqchi (8%), Kaqchikel (8%), Mam (5%), and other Mayan (7.5%).¹³ Whites of European descent, or Criollo, account for 18.5% of Guatemala's population.¹⁴ While 93% of the population speaks Spanish, there are also 21 Mayan languages spoken in Guatemala as well as two non-Mayan Amerindian languages.¹⁵

Poverty & Human Development

A World Bank study on poverty reported that the country reduced its poverty rate from 56 percent to 51 percent between 2000 and 2006; however, official figures indicate that poverty rose to 59.3 percent in 2014.¹⁶ Of all people living in poverty in the country, 52 percent are indigenous.¹⁷

The country struggles in several areas of health and development, with the country's indigenous population disproportionately affected.¹⁸ Despite significant improvements in the health of the general Guatemalan population over the past decades, the health status of poor and indigenous Guatemalans, who comprise close to half of the total

⁵ World Bank. Accessed August 1, 2018.

⁶ Ibid.

⁷ U.S. Central Intelligence Agency (CIA). World Factbook. Accessed August 1, 2018.

⁸ Ibid.

⁹ Ibid.

¹⁰ USAID. Guatemala Agriculture Situation Analysis. Accessed August 1, 2018.

¹¹ World Population Review. Guatemala Population 2018. Accessed August 1, 2018.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ World Bank. Guatemala Overview. Accessed August 1, 2018.

¹⁷ Ibid.

¹⁸ U.S. Central Intelligence Agency (CIA). World Factbook. Accessed August 1, 2018.

population, continues to be among the worst in the Western Hemisphere.¹⁹ Guatemala's high maternal and infant mortality and stunting rates are concentrated primarily among the poor and indigenous in the rural areas of Guatemala's Western Highlands.²⁰

Poverty and Development Indicators

Human Development Index 2015²¹ rankings (per the UNDP 2016 Human Development Report):

125/188 Human Development Index Ranking (medium human development)

79.3% literacy rate

Gender Inequality Index Ranking: 113/159²²

Poverty Rate Headcount Ratio (% of population) 2014: 8.7%²³

Global Food Security Index 2017 ranking: 73/113²⁴

Access to electricity (2016): 91.8%²⁵

People using safely managed drinking water services (2015): 61%²⁶

Access to improved sanitation facilities (2015): 63.9%²⁷

Economy

Guatemala's economy is growing; however it is also fueling inequality.

Guatemala is classified as a lower middle-income country by the World Bank.²⁸ Its GDP was \$68.76 billion USD in 2016 up from \$53.8 billion USD in 2013²⁹, with GDP increases estimated at 3.4% in 2017 and predictions of 3.8% growth in 2018³⁰. The GNI per capita is \$3,790 (2016).

It is classified as an efficiency driven economy by the World Economic Forum.

¹⁹ USAID. [Guatemala. Sector Brief. Health & Nutrition. August 2017.](#) Accessed August 1, 2018.

²⁰ Ibid.

²¹ UNDP. [Human Development Report 2016.](#) Accessed August 1, 2018. (Note: the 2016 report contains the 2015 rankings.)

²² Ibid.

²³ World Bank Data. [Poverty Headcount Ratio.](#) Accessed August 1, 2018.

²⁴ Global Food Security Index. [Country Rankings 2017.](#) Accessed August 1, 2018.

²⁵ Access to Electricity. World Bank, Sustainable Energy for All (SE4ALL) Database. Accessed August 1, 2018.

²⁶ WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply, Sanitation and Hygiene ([washdata.org](#)). Accessed August 1, 2018.

²⁷ Land Portal. Accessed August 1, 2018.

²⁸ World Bank Data Guatemala. Accessed August 1, 2018.

²⁹ Ibid.

³⁰ World Bank. [Guatemala Overview.](#) Accessed August 1, 2018.

Global Competitiveness

*World Economic Forum Global Competitiveness Index (GCI)*³¹

The World Economic Forum's Global Competitiveness Index (GCI) characterizes Guatemala as an **efficiency-driven** economy.

The GCI identifies three specific stages, each implying a growing degree of complexity in the operation of the economy:

Stage 1: Factor-driven (based primarily on unskilled labor and natural resources). Companies compete on the basis of prices and sell basic products or commodities, with their low productivity reflected in low wages.

Stage 2: Efficiency-driven. As wages rise with advancing development, countries move into the efficiency-driven stage, when they must begin to develop more efficient production processes and increase product quality. At this point, competitiveness becomes increasingly driven by higher education and training, efficient goods markets, efficient labor markets, developed financial markets, the ability to harness the benefits of existing technologies, and market size (both domestic and international).

Stage 3: Innovation-driven. Countries are only able to sustain higher wages and a higher standard of living if their businesses are able to compete by providing new or unique products. At this stage, companies must compete by producing new and different goods using the most sophisticated production processes and through innovation.

Despite the growing economy, there is concern about economic inequality. Guatemala's GINI coefficient in 2014 (a measure of inequality between 0 where everyone has the same income and 100 where the richest person has all the income) was 48.3.³² Different sources assess Guatemala's inequality differently, but consistently cite Guatemala as having extreme inequality that threatens the economy and social stability of the country.

Key Economic Sectors

The country depends on agriculture, manufacturing and services, with a high potential to grow its tourism industry.

According to the Guatemalan Economic Outline presented by Santander Trade.³³

³¹ World Economic Forum. *The Global Competitiveness Report 2016-2017*. Accessed August 1, 2018.

³² GINI index (World Bank estimate). World Bank, Development Research Group. Accessed August 1, 2018.

³³ Santander Trade Portal. Guatemalan Economic Outline. Accessed August 1, 2018.

The agricultural sector accounted for 13.2% of GDP in 2017 and employed 30.5% of the active population in 2016. It also accounted for over 70% of the country's exports. The country produces and exports mainly coffee, sugar, bananas, cotton, rubber, cardamom and a variety of precious woods and exotic fruits. The country, which has a small mining industry extracts copper, zinc, iron and nickel, and has a strong potential in the geothermic and hydroelectric sectors. The industry sector accounted for 23.6% of GDP in 2017 and 13.7% of employment in 2016. It is mainly based on textiles, paper industries, pharmaceutical products, as well as rubber processing. The service sector represented the largest share of GDP (63.2% in 2017) and employed 55.8% of the population in 2016. The tourism industry is very dynamic and continues to grow.

The sectors mentioned on the Invest in Guatemala website³⁴ which are looking to attract foreign investment are: BPO (Business Process Outsourcing), the food industry, forestry, infrastructure, light manufacturing, mining, garments and textiles, energy and oil, and tourism.

Of note is the growth of Business Process Outsourcing (BPO). Between 2009-2013 the BPO (Business Process Outsourcing) industry in Guatemala experienced income growth of 300%, reaching \$650 million in total revenues by the end of that period.³⁵ Focusing mostly on customer service and financial operations, Guatemala is becoming a destination for outsourced call centers employing around 35,000 agents.³⁶

Key Factors for Doing Business

Despite the growing economy, the ranking for doing business has been on the decline (in comparison with other countries). Corruption remains a barrier and security issues are an impediment to doing business as well as growing the economy at a more rapid pace.

Ease of Doing Business

The World Bank's Ease of Doing Business Ranking³⁷

Guatemala ranks 97 out of 190 economies for doing business in the World Bank's 2018 ranking. (For this ranking, the easiest place to do business is ranked #1).

2017 Ranking: 88

2016 Ranking: 81

³⁴ Invest in Guatemala. Accessed August 1, 2018.

³⁵ The International Business Academy. "The Call Center Industry: The Next Big Thing For Economic Development?" Accessed August 1, 2018.

³⁶ Ibid.

³⁷ World Bank. Doing Business Rankings. Accessed August 1, 2018.

2015 Ranking: 73

2014 Ranking: 79

In 2017 (after the World Bank ranking for 2018 was calculated) procedures for registering a company were simplified. Among the most important changes is the reduction of initial capital for the creation of a company, going down from Q5 thousand (\$681) to Q200 (\$28).³⁸

The Ministry of Economy (MINECO) also amended procedures in 2018 in regards to rules around guarantees in order for businesses to get quicker access to credit. The hope is that MSMEs will access credit through the registration of their personal property or possessions. There is also hope that a more efficient credit market will be generated through some of the procedural changes.³⁹

Corruption

Guatemala ranks 143 out of 180 in terms of perceived corruption according to Transparency International's Corruption Perception Index 2017.⁴⁰ According to the index, Guatemala's perception of corruption has been worsening: the country was ranked 115 in 2014 and the rank has steadily been getting worse on an annual basis.⁴¹

Corruption represents a major obstacle for businesses operating in Guatemala. Businesses must contend with high risks in almost all sectors.⁴² The penal code criminalizes passive and active bribery, the bribery of foreign officials, embezzlement, and extortion.⁴³ Bribery and gifts are a widespread practice in Guatemala.⁴⁴ Government officials engage in corruption with impunity, and recent years have witnessed several corruption cases, the biggest of which ended in the impeachment and imprisonment of former President Otto Pérez Molina and current investigations of politicians and businessmen for cases of corruption, including illegal funding by current President Jimmy Morales.⁴⁵

³⁸ [Central American Data. Procedures for Registering Companies Simplified.](#) January 29, 2018. Accessed August 1, 2018.

³⁹ [Agexport. "Cómo beneficia a las mipymes las reformas a Ley de Garantías Mobiliarias?"](#) Accessed August 1, 2018. [Central American Data. "Guarantees and SMEs."](#) February 12, 2018. Accessed August 1, 2018.

⁴⁰ [Transparency International. Corruption Perceptions Index. 2017.](#) Accessed August 1, 2018.

⁴¹ [GAN Integrity. Guatemala Corruption Report.](#) Accessed August 1, 2018.

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ [Transparency International. Perceptions Remain Unchanged Despite Progress in the Americas.](#) Accessed August 1, 2018.

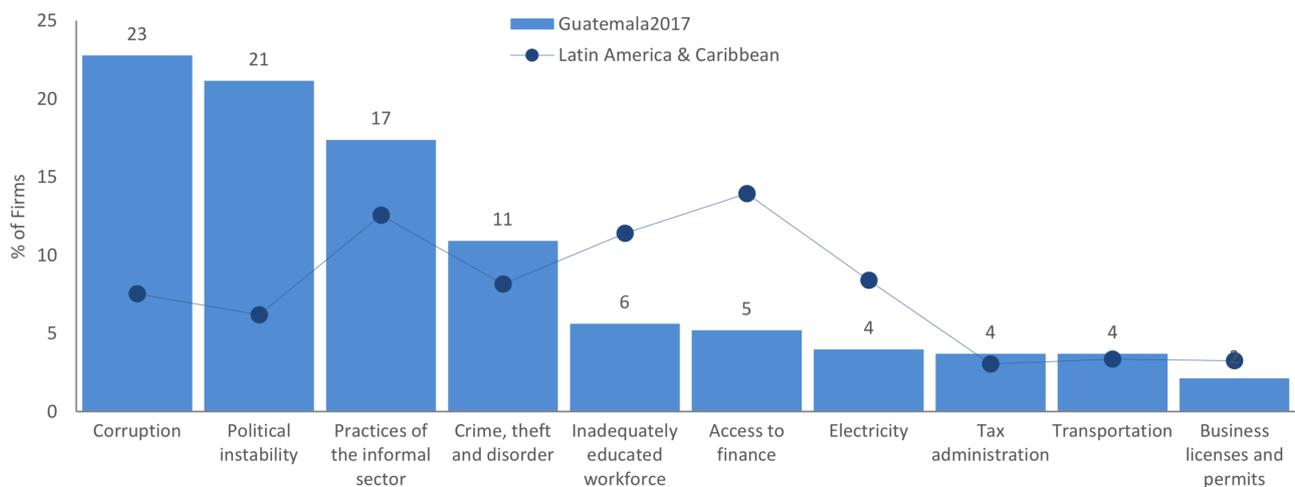
Security & Safety

Guatemala has one of the highest violent crime rates in Latin America; there were 5,384 violent deaths in 2017.⁴⁶ Guatemala is consistently ranked by commercial security sources as one of the 25 most dangerous countries in the world.⁴⁷ Violent crime is attributed to endemic poverty, an abundance of weapons, a legacy of societal violence, and the presence of organized criminal gangs.⁴⁸ The U.S. government recommends as of 2018 to reconsider travel to certain areas in Guatemala due to crime.⁴⁹

As a result of corruption and crime, it is no surprise that the country has been declining in its ranking on The Fragile State Index since 2014 and now occupies the ranking of 59⁵⁰ (where #1 is the least fragile state).

Corruption and political instability are affecting the business environment as well. The World Bank Enterprise surveys for 2017⁵¹ substantiate these risks to the business environment as seen in the graphs below.

Figure 21: Top ten business environment constraints



⁴⁶ UK Government. Foreign Travel Advice. Guatemala. Accessed August 1, 2018.

⁴⁷ The U.S. Department of State's Bureau of Diplomatic Security. Overseas Security Advisory Council. Guatemala 2017 Crime & Safety Report. Accessed August 1, 2018.

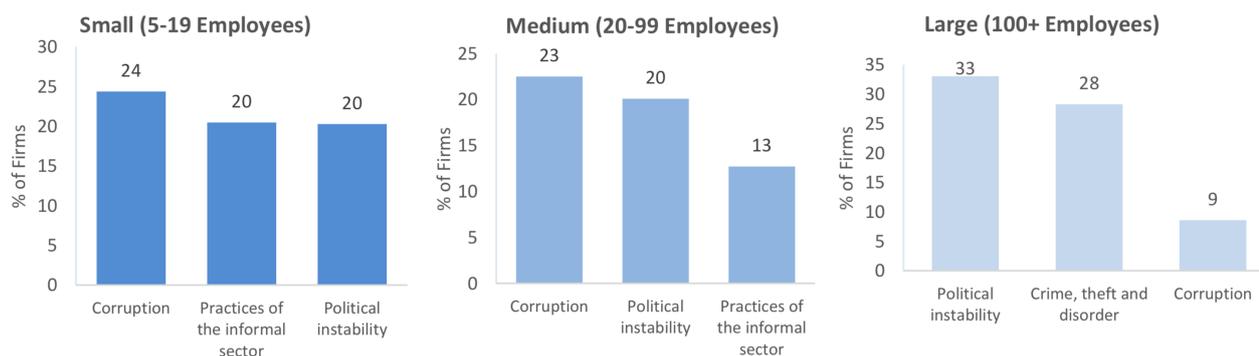
⁴⁸ Ibid.

⁴⁹ <https://gt.usembassy.gov/travel-advisory-for-guatemala/>. Accessed August 1, 2018.

⁵⁰ The Fund for Peace. Fragile States Index. Accessed August 1, 2018.

⁵¹ World Bank. Enterprise Surveys. Guatemala 2017 Country Profile. Accessed August 1, 2018.

Figure 22: Top three business environment constraints by size



Development Issues

Due to the high rates of poverty, the growing youth population, gender disparity, and environmental threats, addressing development is paramount to the future social and economic security and stability of the country.

Sustainable Development Goals

The Guatemalan government has aligned the 2030 Agenda for Sustainable Development (Sustainable Development Goals known as the “SDGs”) via the [National Plan and Policy of Development K'atun Our Guatemala 2032](#), which was launched in 2014. The aim of the plan is to halve poverty over two decades.⁵² The plan was formulated within the National Urban and Rural Development Council (CONADUR), an entity that coordinates public administration across the country through the formulation of development policies, budget plans, and programs, and promotes inter-agency, public and private coordination. The plan has five pillars⁵³:

1. Urban and rural Guatemala
2. Human welfare
3. Wealth for all
4. Natural resources for today and the future
5. State protection of human rights

Gender

Guatemala’s 2015 Gender Inequality Index (GII) value was 0.494, ranking it 113 out of

⁵² [Panam Post. Guatemala’s K’atun Initiative Seeks to Halve Poverty within Two Decades. August 24, 2015. Accessed August 1, 2018.](#)

⁵³ [UNDP and UN Environment Poverty-Environment Initiative. "Guatemala launches National Development Plan mainstreaming poverty-environment." Accessed August 1, 2018.](#)

159 countries⁵⁴. The country ranks among the highest rate of violent deaths among women.⁵⁵

According to USAID:

“Guatemala is characterized as a male-dominated or “machista” society, in both the Ladino and indigenous populations. Women make up 51% of the population of Guatemala and 52% of the rural population. Nevertheless, decision-making and political, social, and economic resources historically have been controlled by men. This control is reflected in low levels of educational achievement and literacy for women, few women holding political offices, low earnings for women in formal sector employment and less property ownership, and high levels of gender-based violence and maternal mortality. Dependency on men, especially economic dependence, results in low levels of self-esteem, lack of understanding of rights and resources, and reluctance or inability to act independently. The dependence is reinforced by high levels and general acceptance of violence against women.”⁵⁶

Female Entrepreneurship

According to the latest Global Entrepreneurship Monitor for Guatemala (2016-2017) 45% of survey respondents that identified as entrepreneurs were women.⁵⁷ In the 2013 GEM Report “Emprendimiento y la Mujer” which focused on women entrepreneurs in Guatemala, the study found barriers such as services to care for children and lack of connectivity to markets as challenges for women entrepreneurs.⁵⁸ The Female Entrepreneurship Index 2015 published by the Global Entrepreneurship Development Institute ranked Guatemala 71 out of 77 countries with respect to the conditions present that will fuel high potential female entrepreneurship development.⁵⁹

Youth

In Guatemala, more than two million out-of-school youth between the ages of 15 and 24, including 600,000 in the Western Highlands, do not have basic life or vocational skills to enter the workforce.⁶⁰ A number of programs are specifically looking at how to

⁵⁴ UNDP. *Human Development Report 2016*. Accessed August 1, 2018. (Note: the 2016 report contains the 2015 rankings.)

⁵⁵ UN Women. *Americas & the Caribbean. Guatemala*. Accessed August 1, 2018.

⁵⁶ USAID. *Guatemala Country Development Cooperation Strategy 2012-2016*. Accessed August 1, 2018.

⁵⁷ Facultad de Ciencias Economicas, Universidad Francisco Marroquin. *Global Entrepreneurship Monitor (GEM) Guatemala: Reporte Nacional 2016-2017*. Accessed August 1, 2018.

⁵⁸ ⁵⁸ Facultad de Ciencias Economicas, Universidad Francisco Marroquin. *Global Entrepreneurship Monitor. Emprendimiento y la Mujer. Guatemala 2013*. Accessed August 1, 2018.

⁵⁹ Global Entrepreneurship and Development Institute. *Female Entrepreneurship Index 2015 Report*. Accessed August 1, 2018.

⁶⁰ USAID. *Guatemala. Education. Situation Analysis*. Accessed August 1, 2018.

get youth employed or into entrepreneurship to keep them from joining gangs or migrating.

Environment

Guatemala is one of the most ecologically diverse nations on the planet and one of the top 10 countries most affected by climate change.⁶¹ It has 14 different eco-regions and immense biological and cultural diversity.⁶² Over-exploitation, trafficking of flora and fauna, agricultural encroachment, climate change, weak governance and narco-trafficking threaten natural resources throughout the country.⁶³ Current environmental issues include deforestation in the Petén rainforest, soil erosion and water pollution.⁶⁴

Conditions for Micro, Small & Medium Sized Enterprises

The Guatemalan government has raised the profile of Micro, Small & Medium size enterprise development since 2014. This includes policy development, research and initiatives to promote entrepreneurship and enterprise growth and innovation.

The government (MINECO) set in motion a new definition for Micro, Small & Medium Size enterprises in 2015.

Acuerdo Gubernativo 211-2015⁶⁵

Category	# of Employees	Annual Sales Expressed in Monthly Minimum (Non-Agriculture) Wage Units
Micro	1-10	1-190
Small	5 - 49	191-3,700
Medium	81-200	3,701 to 15,420

In 2015, with the launch of the new definitions, MINECO put together a database and published the results: **Sistema Nacional de Información MIPYME Guatemala Año Base 2015**. The following graphic is the distribution of the number of companies in the country.⁶⁶

⁶¹ Germanwatch. Global Climate Risk Index 2017. Accessed August 1, 2018.

⁶² USAID. Guatemala Sector Brief. Environment. August 2017. Accessed August 1, 2018.

⁶³ Ibid.

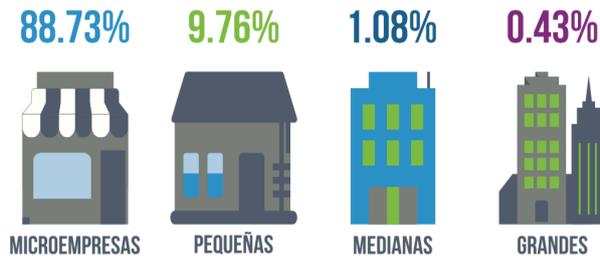
⁶⁴ U.S. Central Intelligence Agency (CIA). World Factbook. Accessed August 1, 2018.

⁶⁵ Ministerio de Economía. Acuerdo Gubernativo Numero 211-2015. Accessed August 1, 2018

⁶⁶ Ministerio de Economía. Sistema Nacional de Información MIPYME Guatemala Año Base 2015. Accessed August 1, 2018.

GRÁFICA 2: PORCENTAJE DE EMPRESAS POR TAMAÑO 2015

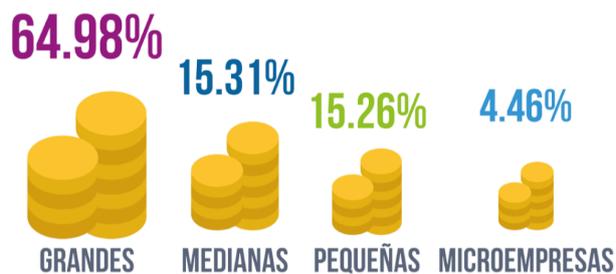
Fuente: Elaboración propia con información de la OCSE-MIPYME



Despite the number of micro and small businesses, large businesses are still the economic driver of the economy in terms of sales as demonstrated in the graph below.⁶⁷

GRÁFICA 6: PORCENTAJE DE VENTAS ANUALES 2015

Fuente: Elaboración propia con información de la OCSE-MIPYME



This database breaks down MSMEs on a number of factors including geographic distribution, sector, economic activity, imports and exports.

Policy Frameworks

The National Policy on Entrepreneurship

Guatemala Emprende 2015-2030

The development of this policy in 2014 (launched in 2015) is under the auspices of the Ministry of the Economy (MINECO) and the Vice Ministry of MSME Development. Its development was in part driven and supported by [CENPROMYPE](#)—the coordinating body for integration and SME development across Central America. The policy is intended to create favorable conditions and support programs for entrepreneurs: stimulating innovation, creativity, networks, and competitiveness as well as taking advantage of the opportunities of both national and international markets.

It is built on the following five strategic pillars:

⁶⁷ Ibid.

- I. Ecosystem of Support: Developing a relevant, accessible and inclusive ecosystem of support, with the aim of strengthening incubators, accelerators, programs, projects and institutions that make up the support industry for entrepreneurs in Guatemala.
- II. Financing: Having differentiated, accessible and adequate sources and instruments of funding for entrepreneurs.
- III. Ecosystem Linkages: Mechanisms, processes and instances that make the national ecosystem of entrepreneurship dynamic: promoting effective linkages between the different actors of the ecosystem through dialogues, participation, agreements, alliances, shared resources, and knowledge transfer.
- IV. Entrepreneurial Spirit and Culture: fostering a society that values entrepreneurship and encourages, applauds and recognizes entrepreneurs and the entrepreneurial process.
- V. Education: An educational system that promotes entrepreneurship and allows students to experience the importance and advantages of generating new business.

Institutional Support

MINECO (El Ministerio de Economía de la República de Guatemala) has the primary responsibility for MSME development and support with an appointed Vice Minister to oversee the function. Much of the work supporting entrepreneurship and the implementation of the policy has been outsourced to PRONACOM.

<http://www.mineco.gob.gt>

PRONACOM is a quasi-governmental organization tasked with coordinating the competitiveness of human and business capital to generate investment, development and employment. The National Competitiveness Policy governs the activities coordinated by PRONACOM, with the objective to improve the productivity levels of the country's economy, knocking down barriers that limit business development and investment.

Through a loan from the Inter-American Development Bank (which is now coming to an end) PRONACOM has been pursuing an entrepreneurship and SME development strategy promoting productivity, entrepreneurship and innovation primarily consisting of training programs and technical assistance.

<https://www.pronacom.gt>

PRONACOM

PRONACOM Entrepreneurship & SME Support Activities under the Inter-American Development Bank Loan

Emprendamos Guate is a program to support selected early stage entrepreneurs (ideation and early business model phases) through support from 50 trained advisors throughout the country. The program lasts for seven months and consists of workshops and support from advisors.

<https://www.emprendamosguate.com>

PROMIPYME is a program focused on the creation of centers based on the U.S. Small Business Development Center (SBDC) model. The plan is to have 10 centers throughout the country by end of 2018. The services at the centers include personalized coaching, training, and technical assistance. There are currently centers in Quetzaltenango, Chiquimula, San Marcos, Alta Verapaz and the Metropolitan Region.

<https://www.facebook.com/PromipymeGT>

Innovemos Guate ('The Innovation Support Program') is focused on providing technical advice and innovation training to companies in Guatemala. These consultancies and trainings are intended to disseminate and internalize a culture of innovation, raise the enterprises' potential to adapt and continually develop, and bring to the market new or significantly improved products (goods or services) that improve competitiveness and growth. The program is designed for three levels of SMEs: initial, intermediate and advanced. Advisors and certified mentors provide support to participating SMEs.

<http://www.innovemosguate.com>

There is a recognition that PRONACOM's work has helped heighten the awareness and acceptance of entrepreneurship. It also helped entrepreneurs access to programs and build skills. However, stakeholders expressed concerns about the sustainability of the programs for the long-term, and the potential damage that it could have to entrepreneurial support activities if there is no way to sustain the programs.

Private Sector Support & Associations

Private sector support and promotion is critical to the profile of the entrepreneurship and the enterprise growth ecosystem.

AGEXPORT (The Guatemalan Association of Exporters) is a private, non-profit institution with more than 30 years of supporting Guatemalan exports through processes and initiatives designed for exporting entrepreneurs to have tools, specialized training, and facilitated access to new markets. AGEXPORT also works to strengthen sustainable rural development, through value chains that increase the exportable supply and build local capacity with work that is coordinated out of their development division.

<http://export.com.gt>

Asociación de Gerentes de Guatemala (AGG) promotes leadership development and

management principles. They host El Centro de Desarrollo Empresarial (CEDE) which is affiliated with Empretec, the capacity-building program of the United Nations Conference on Trade and Development (UNCTAD) for the promotion of entrepreneurship and SMEs. CEDE promotes entrepreneurship and strengthens micro, small and medium enterprises in their development, expansion, and growth process through workshops and other activities.

<http://www.agg.org.gt>

Asociación de la Pequeña y Mediana Empresa de Guatemala (ASOPYME) brings together entrepreneurs from the micro, small and medium enterprises sector in Guatemala. They facilitate collaboration and support the business development of associates through business training programs and carry out events and promotional activities.

<http://asopyme.org>

El Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (CACIF) is an organization that brings together the trade associations in Guatemala and coordinate efforts to improve the country based on productivity and citizen participation. CACIF conducts research, runs programs, engages in advocacy and works to influence policy. One of their current programs is Generando Futuro, focused on youth in the Western Highlands region around Quetzaltenango.

<https://www.cacif.org.gt>

Cámara de Comercio de Guatemala is another important organization in the Guatemalan landscape and a long established chamber of commerce. They promote activities to promote enterprise in the country. They run the Center for the Promotion of Micro, Small and Medium Enterprises (PROMIPYME). They recently held the first MIPYME Innovation Congress with more than 350 representatives of Small and Medium Enterprises in attendance.

<http://ccg.com.gt>

Cámara de Industria de Guatemala is the Guatemalan chamber of industry. They promote the idea that industry has the potential to generate development and wealth for a country. They promote the concept of formal industry with good labor, environmental and production practices. They promote the industrial sector through various advocacy activities and initiatives. Guatemala Emprende is a program of the Chamber of Industry for Guatemalans who want to create their own business with sustained profitability through training, support and recognition. They run fee-for-service light touch and more advanced programs offering courses, workshops and mentoring.

<http://cig.industriaguatemala.com>

Federación de la Pequeña y Mediana Empresa Guatemalteca (FEPYME) is the federation of MSMEs. They work to support micro, small and medium-sized

Guatemalan companies, providing training and advice directly and indirectly through different programs.

<http://www.fepyme.org.gt>

La Fundación para el Desarrollo de Guatemala (FUNDESA) is a private, non-profit organization created by entrepreneurs to develop and implement programs and projects that boost the country's economic and social development. They seek to be a source of information and relevant technical knowledge about Guatemala, serve as the aggregator for key projects in long-term economic and social transformation, and to work with international organizations to innovate and introduce new ideas and concepts to Guatemala.

<http://fundesa.org.gt>

International Sector Support

USAID and the Inter-American Development Bank are the significant players offering support to Guatemala, with a particular focus on addressing economic development opportunities.

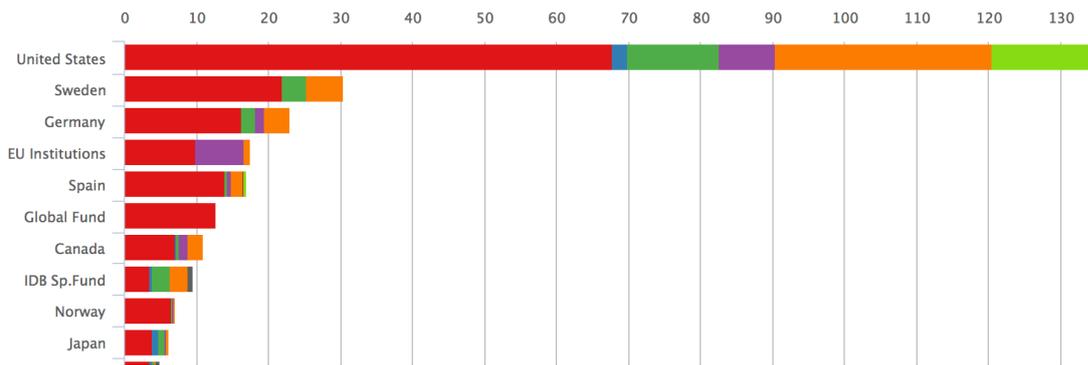
Guatemala benefits from international development support, but lags behind others in the region, as demonstrated in the table below ranking overseas development assistance by country in 2016.⁶⁸

3.1.1. Top 10 ODA receipts by recipient			
<i>USD million, net disbursements in 2016</i>			
1	Cuba	2 678	24%
2	Colombia	1 107	10%
3	Haiti	1 074	10%
4	Mexico	809	7%
5	Bolivia	696	6%
6	Brazil	675	6%
7	Nicaragua	431	4%
8	Honduras	412	4%
9	Peru	320	3%
10	Guatemala	266	2%
	Other recipients	2 817	25%
	Total	11 284	100%

The United States is far and away the largest donor to Guatemala as evidenced by the gross disbursements of Official Development Assistance (ODA) in 2016.⁶⁹

⁶⁸ OECD. *Development Aid at a Glance Statistics by Region. America. 2018 Edition.* Accessed August 1, 2018.

⁶⁹ OECD. *Gross disbursements of Official Development Assistance (ODA) in 2016.* Accessed August 1, 2018.



USAID

Guatemala is a part of USAID’s Northern Triangle Countries’ Alliance for Prosperity Plan. USAID seeks to address the drivers of irregular migration to the United States, including high levels of violence and insecurity, pervasive poverty, and chronic malnutrition.⁷⁰ This includes support for a number of programs with an SME development component including Feed the Future, as well as a program with Banco de Desarrollo Rural to support access to services and financial markets for forestry companies. The largest and newest program is the Creating Economic Opportunities Program featured below.

USAID’s Creating Economic Opportunities (CEO) Program (Implemented by Palladium)

Reacting to Guatemala’s rates of illegal migration to the US, USAID has just launched a five-year, \$70 million flagship economic growth program: Creating Economic Opportunities (CEO). The program is designed to create local economic opportunities with the goal of reducing irregular outward migration from the Western Highlands region and Guatemala City.

The program aims to promote investment, mobilize finance, support infrastructure development, workforce solutions, and SME growth to create jobs and economic opportunities for Guatemalans. The goal is to create 50,000 jobs and improve the livelihoods of at least 300,000 Guatemalans—especially in the Western Highlands—by stimulating the growth of SMEs and catalysing \$75 million in investment and \$60 million in financing to SMEs.

Another interesting USAID-supported program is the Sustainable Economic Observatory (SEOP) of the Universidad del Valle de Guatemala. The goal is to foster participatory, evidence-based dialogue on salient, rural development needs in Guatemala and develop solutions that will benefit all sectors equitably, especially vulnerable populations. The project will establish a Sustainable Economic Observatory,

⁷⁰ USAID. [Guatemala Country Fact Sheet](#). November 2017. Accessed August 1, 2018.

which will be an independent research center/think tank to strengthen the participation and contribution of civil society, the public and private sectors, and other stakeholders in dialogue, analysis, design, and implementation of effective policies and programs at the national and local levels. The project focuses on rural development and food security; agricultural sector growth; environment, including climate change resilience and biodiversity conservation; and competitiveness and the business enabling environment.

The World Bank

The World Bank's Enhancing Micro, Small and Medium Enterprise (MSME) Productivity Project for Guatemala ran through 2016. It was designed to stimulate the growth of MSMEs in selected value chains. There were three components to the project: improving and promoting business development services, creating productive value chains, and project management and monitoring.

The project did not deliver its intended outcomes.⁷¹ As per the project evaluation:

The project spanned three administrations each of which needed time to understand the project, and each of which had its own development rural development philosophy and advanced its own development priority (i.e., support MSMEs in rural areas versus support large firms and let the economic rewards trickle down to the rest of the economy). Each Vice Minister of the Economy of the three administrations also had their own preferences of which value chain to support. The Government appeared to have firmed up its commitment to the project by the mid-term review in 2015. Implementation capacity remained a nagging issue throughout project implementation.⁷²

The Inter-American Development Bank (IDB)

The IDB has been instrumental in supporting Guatemala as the leading source of development financing: providing loans, grants, and technical assistance to the government, banks, NGOs and private sector initiatives, including the work that PRONACOM has executed. The IDB Guatemala strategy for 2017-2020 states that the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF) will promote value chains, access to credit, entrepreneurship, and productivity initiatives.⁷³

SMEs in Guatemala

Entrepreneurship is more necessity-based than opportunity-based in Guatemala, and

⁷¹ World Bank. Independent Evaluation Group. Implementation Completion Report (ICR) Review. GT Enhancing MSME Productivity Project (P11 2011). Accessed August 1, 2018.

⁷² Ibid.

⁷³ Inter-American Development Bank and the Inter-American Investment Corporation. Guatemala IDB Group Country Strategy 2017-2020. August 2017. Accessed August 1, 2018.

SMEs still face challenging conditions in which to grow their businesses (particularly around access to finance).

Entrepreneurship Attitudes & Activity

Global Entrepreneurship Monitor (GEM): Guatemala benefits from a longitudinal set of data on entrepreneurial activity through The Global Entrepreneurship Monitor, which is executed by Universidad Francisco Marroquín. In 2016-2017 entrepreneurship is cited as a source of income for more than 2 million households in Guatemala.⁷⁴ The data that is collected through the Adult Population Survey reflects that Guatemala is a country where the population has a positive perception of entrepreneurship. Out of 60 countries that participated in the study, Guatemala holds the first position in the appreciation of entrepreneurship as a good career option (but is also tempered by the fact that there are few opportunities for formal employment in the country).⁷⁵ There are high levels of entrepreneurship, especially in the initial phases. Out of 60 countries, Guatemala ranks 10th in terms of potential entrepreneurship and ranks 14th in terms of early entrepreneurship.⁷⁶

However, most of the businesses that are developed in Guatemala have low levels of capitalization, are concentrated in economic activities where they do not add much value and have a limited capacity to generate employment.⁷⁷ The study concludes these characteristics are strongly linked to the socio-demographic characteristics of the entrepreneurs: little experience, low levels of education, and urgency of generating income.⁷⁸ The general conclusion of experts consulted via the study is that the institutional and economic environment for entrepreneurs in Guatemala is not very favorable.⁷⁹

<https://gem.ufm.edu>

GEDI Ranking: The Global Entrepreneurship and Development Institute ranks countries by their levels of entrepreneurship. GEDI's methodology is to collect data on the entrepreneurial attitudes, abilities and aspirations of the local population, then weigh these against the prevailing social and economic "infrastructure", including factors such as broadband connectivity and transport links to external markets. GEDI distills this information into 14 "pillars" to measure the health of the regional ecosystem. Guatemala ranks 108 of 137 countries globally in their 2018 Global Entrepreneurship

⁷⁴ Facultad de Ciencias Economicas, Universidad Francisco Marroquin. [Global Entrepreneurship Monitor \(GEM\) Guatemala: Reporte Nacional 2016-2017](#). Accessed August 1, 2018.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid.

Index.⁸⁰

Guatemala

Global Rank:
108 of 137

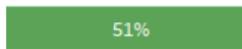
Strongest area:
Product Innovation

Weakest area:
Internationalization

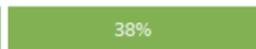
Overall GEI score:



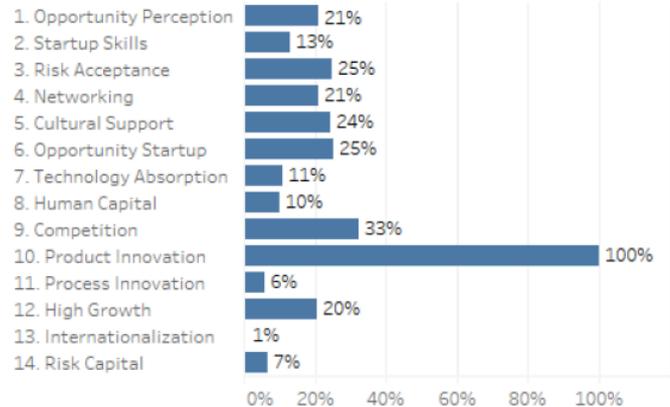
Individual score:
entrepreneurial qualities of
the people in the ecosystem



Institutional score:
quality of the institutions
that support
entrepreneurship



Component scores



Today in Guatemala there is a sense of hope and excitement about entrepreneurship that wasn't there a few years ago. When discussing this with interviewees there was a consensus that millennials and subsequent generations are driving this shift (which is visible when visiting CampusTec in Guatemala City—a hub for technology start-ups). There is also a sense that technology and social media is helping to transform the society for the better and making it a more open culture. There is also a renewed sense of civic duty and opportunity—recognizing that the government might not solve the problems of the country—and thus it is up to committed entrepreneurs and businesses to address the poverty that plagues the country.

Human Capital

One of the major challenges facing Guatemala is that of human capital. Guatemala ranks 94 out of 130 countries in the World Economic Forum's Human Capital Index (2016).⁸¹ The Human Capital Index takes a life-course approach to human capital, evaluating the levels of education, skills and employment available to people in five distinct age groups, ranging from under 15 to over 65 years old. The aim is to assess the outcomes of past and present investments in human capital and offer insight into what a country's talent base will look like in the future.⁸²

As a part of the Mejoremos Guate initiative, which is championed by FUNDESA and CACIF as an inclusive process to influence public policies in favor of the country's development, an annual Talent Gaps Study is produced. It is designed to foster cooperation between private sector companies and academia noting a lack of a

⁸⁰ Global Entrepreneurship and Development Institute. *Global Entrepreneurship Index 2018*. Accessed August 1, 2018.

⁸¹ World Economic Forum. *Human Capital Report 2016*. Accessed August 1, 2018.

⁸² Ibid.

qualified labor pool and insufficient or poor quality training. Information is generated to align the needs of the productive sector with technical and university training programs, with the aim of better preparing the people who will enter the labor market.⁸³

INTECAP is the Guatemalan Institution for professional training of workers and human resources to join the world of work. For more than 45 years, it has been promoting, by delegation of the state and with the contribution of the private sector, the development of human talent and national productivity.

<http://www.intecap.edu.gt>

Access to Finance

According to the Inter-American Development Bank, although MSMEs represent more than 90% of the country's companies, they face serious problems in access to credit.⁸⁴ Only 12% of Guatemalan MSMEs have access to financing.⁸⁵ When they do obtain financing, it covers only between 15% and 25% of the total investment, one of the lowest coverages in Latin America.⁸⁶ Banks and microfinance institutions are not meeting the demand.

SME Banking Offer

InterBanco and Financiera de Occidente (Fidosa) both received loans in 2014 from The Inter-American Investment Corporation (IIC) to support SME financing in Guatemala.⁸⁷ Banco G&T Continental, Banco Industrial and BAC have also benefited from development finance assistance in the past.⁸⁸ Promerica GT received support from FMO in 2017 to expand their SME lending.⁸⁹ Through an Inter-American Development Bank trust, BanRural has been administering lending to with the intent to expand and improve the coverage of formal credit services to the micro and small business sector. This program expired in June 2018.⁹⁰

MiCoope is an umbrella of cooperative savings and loan organizations in Guatemala and is often cited as the financial institution most supportive of MSMEs. In January 2018, the Guatemalan congress passed the Factoring or Discount Law, which

⁸³ [Mejoremos Guate. Estudio Brechas de Talento 2017](#). Accessed August 1, 2018.

⁸⁴ [Inter-American Development Bank and the Inter-American Investment Corporation. Guatemala IDB Group Country Strategy 2017-2020](#). August 2017. Accessed August 1, 2018.

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ [Inter-American Investment Corporation. "IIC Approves Loan to InterBanco for Financing Guatemalan SMEs"](#). September 9, 2015. Accessed August 1, 2018.

[GU3764A-02: Financiera de Occidente S.A.](#) Accessed August 1, 2018.

⁸⁸ [Enabling Outcomes. Enabling Small Enterprise Development: Identifying Service Providers Guatemala](#). January 15, 2015. Accessed August 1, 2018.

⁸⁹ <https://www.fmo.nl/project-detail/51733>. Accessed August 1, 2018.

⁹⁰ [Ministerio de Economía. Programa Global de Crédito](#). Accessed August 1, 2018.

authorizes the issuance of loans with guarantees in the form of sales by instalments or collateral goods, which is intended to improve access to credit and liquidity.⁹¹ Financiera SUMMA is a leading factoring company for SMEs in Guatemala, offering factoring and leasing solutions.

Interviewees concur that the banking sector in the country is very conservative and not interested in going out of their way to service the SME segment.

Microfinance

A new microfinance act was passed in 2016 to try to better regulate the microfinance sector. Currently, there are 24 microfinance institutions.⁹² The top five microfinance institutions in Guatemala are:⁹³

Institution	Clients Served
Genesis Empresarial	1,451,931
Compartamos- GTM	71,399
FONDESOL	71,380
FINCA – GTM	40,995
FUNDEA	30,213

Genesis Empresarial offers training and advice through a range of courses on credit management, financial management, and personal development.

Impact Investment

There is not much evidence of impact investment. There are only two impact investors based in Guatemala that are featured in this report. In the report “Key Facts and Figures from the Impact Investing Landscape in Latin America Trends 2014 & 2015” the researchers through their interviews identified 5 deals in Guatemala in 2014-2015 for a total investment of \$1,700,000 USD with an average deal size of \$300,000 USD.⁹⁴ This study showed Guatemala lagging behind Costa Rica, Nicaragua and Honduras in the Central American region in terms of total invested in 2014 and 2015.⁹⁵

There is appetite to invest. The Overseas Private Investment Corporation (OPIC) is prioritizing investments in the Northern Triangle, a region including El Salvador,

⁹¹ Central American Data. New Factoring Law in Guatemala. January 18, 2018. Accessed August 1, 2018.

⁹² Center for International Private Enterprise & International Real Property Foundation. International Property Markets Scorecard. Guatemala. Accessed August 1, 2018.

⁹³ Ibid.

⁹⁴ ANDE, LAVCA and LGT Impact Ventures. The Impact Investing Landscape in Latin America. Trends 2014 & 2015. August 2016. Accessed August 1, 2018.

⁹⁵ Ibid.

Guatemala, and Honduras (aligning with U.S. policy priorities).⁹⁶ OPIC's 2X Women's Initiative, which will mobilize \$1 billion in capital to invest in the world's women,⁹⁷ is also looking to deploy funds in the region.

Interviewees spoke of the large number of family offices in Guatemala and the start of angel networks. Whether those efforts will focus on impact opportunities in the country is yet to be understood. There is hope that the younger generation of wealthy families in Guatemala will begin to deploy capital in the country to solve problems while achieving market or near-market rates. Invariantes, Guatemala's first early-stage venture capital firm (investing in the Americas in companies that leverage software as infrastructure for scale) is creating excitement that Guatemala is a place for early-stage investors.

Guatemala's Position in the Central American Region

Guatemala believes it is in the best position to be the leader in Central America in entrepreneurship and SME growth.

Interviewees were keen and quick to comment about Guatemala's unique position in the region. Guatemala's expansive and growing internal market, export linkages, and geographic and ethnic diversity are seen by many as reasons why Guatemala is and should continue to be the hub of the Central American entrepreneurship and SME ecosystem. Interviewees felt that Costa Rica is too small, Honduras too dangerous, Nicaragua too socialist, and Panama too much of an outlier for any of those countries to be a hub. El Salvador was the market that was seen as similar, but with a less developed ecosystem of support. Interviewees were convinced that ideas that work in Guatemala have application not only in Latin America but also all over the world, especially when addressing poverty, rural development, and diverse ethnic populations.

Successful Social Enterprises

Guatemala has high-profile successful social entrepreneurs that are inspiring others to use the power of business to address social and environmental challenges, reach underserved populations and lift people out of poverty.

Successful Guatemalan social enterprises are gaining traction in terms of press, and in the case of Ecofiltro and Kingo are attracting local customers. These companies are proving that social enterprises can work in Guatemala: they can make money and a difference to local communities. Their demonstration effect is important to the

⁹⁶ <https://www.opic.gov/opic-action/regional-priorities/northern-triangle> Accessed August 1, 2018.

⁹⁷ <https://www.opic.gov/press-releases/2018/opic-unveils-2x-womens-initiative-mobilize-more-1-billion-invest-worlds-women> Accessed August 1, 2018.

ecosystem. These are just a sample of a few of the most mentioned enterprises.

Ecofiltro works to prevent illness due to water contamination and reduce deforestation in Guatemala. Through the use of water filters that remove 99.99% of bacteria, Ecofiltro delivers clean water without needing to boil it and reduces deforestation as well as harmful carbon emissions. While Ecofiltro's focus is on rural communities, its products are also available to the urban population. Last year the company sold 20-25,000 filters to rural people and 10,000 to urban residents who wanted a cheaper, more ecological alternative to bottled water.

Ecofiltro welcomes aspiring entrepreneurs and interested parties to its production facilities in Antigua to see the process, learn from their experience, and to be inspired.

FairFruit is an integrated producer-exporter-importer of fresh fruit and vegetables with a supply base of beans and peas from Guatemala. These are attractive cash crops for small-scale farmers because there is a strong demand in high-end markets in Europe and the USA. Through the business, farmers get good prices from contract farming combined with technical assistance and certification. In Guatemala they have 8 years' experience in trimmed and washed peas and beans from 995 smallholders for high-end markets.

Kingo is a conscious company that aims to bring progress to off-grid communities through decentralized clean energy. Kingo's smart energy systems provide access to lighting and electronic appliances. Users pay for daily, weekly, or monthly codes, and can request free system installs and upgrades. Kingo has recently received investment from the American actor and environmental activist Leonardo DiCaprio.

Wakami is a system that empowers underprivileged communities and connects them to markets around the world. Women in rural villages of Guatemala craft the products. They are structured via two organisations that work hand in hand: a foundation that gives professional training to rural groups of women and a social business that designs and exports the products for the global market.

What's Changed Since 2014 in the Macro-Level Overview

- The peaceful ousting of a corrupt presidential regime, demonstrating civil society's power to address ills as well as the support of the business community to take a stance on what they viewed as blatant and dangerous corruption on the part of the government.
- A slow but steadily increasing GDP, but with concerns about how the growth might be leaving the poorest in the country behind.
- A deteriorating security situation that will have grave economic consequences

if not addressed.

- A policy for development (linked to the SDGs) and a policy for entrepreneurship supported with a set of baseline data about MSMEs in the country.
- Promotion of entrepreneurship and SME development throughout the country delivered via PRONACOM through an IDB loan.
- A new expansive initiative by USAID to promote economic development in the country.
- A growing excitement about entrepreneurship driven by a younger population, a more open society, technology advancements, and a desire to address Guatemala's problems.
- High-profile social enterprises that are proving the importance and validity of entrepreneurship to address challenges and opportunities in Guatemala for Guatemalans.

The one notable area that hasn't changed is financing for SMEs. The banks are still not interested and the access to finance and impact investment is still a great concern.

Organizational Inventory

Note that an ecosystem mapping exercise has been commissioned by MINECO and executed by Socialab. It was driven by surveys and validation workshops and is intended to show connectivity in the ecosystem. The report is not yet public.

Education Programs

The following are universities that focus on developing entrepreneurship skills and/or offer entrepreneurship programs. It should be noted that they all engage in programming to support the ecosystem.

Kirzner Entrepreneurship Center – Universidad Francisco Marroquín

The Kirzner Entrepreneurship Center cultivates knowledge and promotes entrepreneurship through education, research, service and support to the community. Housed within Francisco Marroquín University, it was created by the Faculty of Economic Sciences to deepen the study of entrepreneurship within the university and in Guatemala. There is a specialty in entrepreneurship. The center also integrates entrepreneurship into interdisciplinary studies, activities, and special programs. The university produces the Global Entrepreneurship Monitor, manages the First Tuesday chapter for Guatemala, is active with the Global Entrepreneurship Network, and hosts Global Entrepreneurship week in Guatemala.

<https://fce.ufm.edu/kec/centro-de-emprendimiento-kirzner/>

Universidad Rafael Landívar

The Universidad Rafael Landívar offers courses through its program “Emprendedores URL” housed in the business school. The university also hosts conferences, workshops and activities that promote entrepreneurship to its students, alumni and the broader community. The university hosted TechStars’ Startup Weekend in 2016.

<https://emprendedoresurl.wordpress.com>

Universidad del Valle de Guatemala

This university (with multiple campuses around the country) offers specialized entrepreneurship programming. This includes a program in the Altiplano--the SEAL Entrepreneurship Program— to support entrepreneurs in Sololá to develop their own business ideas. In Guatemala City, the new Centro de Innovación y Tecnología will promote entrepreneurship.

<http://uvg.edu.gt>

Platforms

Platforms bring members of the ecosystem together to coordinate and collaborate. There is only one platform in Guatemala, and thus its importance is heightened, as it is the one point of interconnectivity across multiple organizations.

ANDE Central America Chapter

The ANDE Chapter in Central America & Mexico (CAM) works to create a thriving entrepreneurial ecosystem in the region. The chapter leverages ANDE's global connections to strengthen the local network, foster stronger relationships, and encourage collaboration between members which include investment funds, accelerators, incubators, foundations, universities, researchers, government agencies and corporations supporting Small and Growing Businesses (SGBs). ANDE focuses on knowledge creation and sharing, networking, collaboration opportunities, and training workshops. The CAM Chapter operates in Mexico, Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama. In 2018 the chapter extended its resources beyond Mexico: there is now a Guatemalan office with a coordinator that has responsibilities for focusing more on Central America.

<https://www.andeglobal.org/page/CAM>

Work & Event Spaces

Interviewees mentioned work and event spaces as an important development in the ecosystem: a place to create community and connectivity amongst entrepreneurs and a place to convene current and future entrepreneurs is a safe space. There are many shared workspaces for small businesses opening up, particularly in Guatemala City. The ones listed below are the most significant spaces in terms of their reputation and their offering in terms of events, workshops and collaboration.

Campus Tec

El Campus Tecnológico – TEC or “Campus Tec”—is a series of buildings for start-ups focused on technology. The campus includes offices, co-working, hardware lab space, and event spaces. They host programs, demo days and pitch days.

<https://tec.gt>

Centro de Emprendimiento de la Ciudad de Guatemala

The Centro de Emprendimiento de la Ciudad de Guatemala promotes entrepreneurship in Guatemala City by strengthening high-impact ventures, advising recently created MSMEs, and offering a physical workspace where entrepreneurs can share their ideas and experiences. They provide workspace and mentors as well as host conferences and workshops.

<https://www.facebook.com/emprendedoresguatemala/>

Chamba

Chamba is a co-working space in Guatemala City that provides office space to entrepreneurs, startups, and small businesses. They host events and work to connect the Chamba community. Pomona Impact was an early backer of Chamba.

<http://chamba.com.gt>

Collision Factory

Collision Factory is an office and meeting space for entrepreneurs meet and work linked to Telefonica's Open Future program. It is also home to the Multiverse program, which offers two-month mentoring, scaling and investment readiness programs.

<https://www.multiverse.vc>

Impact Hub Antigua - Guatemala

The Guatemala-based Impact Hub, connected to the global Impact Hub network, is a co-working center based in Antigua that opened in 2014. They provide offices, events space and create community for socially-minded businesses.

<https://antigua.impacthub.net>

Events & Convenings

Foro Latinoamericano de Inversión de Impacto (FLII)

El Foro Latinoamericano de Inversión de Impacto (Latin American Impact Investment Forum) in Central America and the Caribbean is an initiative of New Ventures. The forum aims to advance impact investing and social entrepreneurship in the region and to strengthen the ecosystem. 2018 will be the fifth year that the FLII has been held in Central America. Alterna is the host. The forum unites investors, social entrepreneurs, corporations, capacity developers, NGOs and government institutions amongst others, providing collaborative spaces to facilitate connections and broaden the scope around the sector trends and innovative solutions for the region.

<http://www.inversiondeimpacto-ca.org>

Global Entrepreneurship Week

Global Entrepreneurship Week (GEW) is an initiative of the Global Entrepreneurship Network (GEN) sponsored by Kaufmann Foundation. Every year in November, local actors in participating countries organize events to encourage entrepreneurship and networking. GEW is orchestrated in Guatemala by the likes of the Kirzner Center and ASEGUA.

<https://genglobal.org/gew>

The following are one-off events focused on innovation and entrepreneurship that happened in 2017 and 2018:

Guatemala Innovation Forum (2017) was event led by PRONACOM and the Ministry of Economy. The event brought together businesses, entrepreneurs, and investors alongside of innovation experts to catalyze innovation.

The Volcano Innovation Summit (2018) was a global conference organized by Claro (the telecom company) to connect entrepreneurs, corporations, creative and social leaders, opinion formers and investors for conversation and inspiration around innovation.

Delivery Organizations

The following organizations provide some offer of incubation, acceleration, business development services, training, consulting, and/or mentoring. This includes fixed-term cohort-style accelerators as well as individual business development service providers.

Alterna

Alterna is committed to developing the next generation of dynamic social entrepreneurs in Guatemala and the region. Their work is focused on three distinct areas, all of which are mutually reinforcing: cultivating local social entrepreneurs, incubating social ventures, and fostering and strengthening the social entrepreneurship ecosystem. They are also a PROMIPYME center and support the Unilever Solà initiative in addition to hosting the Latin American Impact Investment Forum. They have a small investment fund to offer early stage catalytic capital. They are based in both Guatemala City and Quetzaltenango.

<http://alternaimpact.org>

ASEGUA

Asociación de Emprendedores de Guatemala (ASEGUA) promotes entrepreneurship and supports entrepreneurs. They do this through networking between entrepreneurs, mentors and investors. They host workshops and facilitate safe spaces for entrepreneurs. Their membership also supports entrepreneurs (in a pay-it-forward model) working with them through a human-centered design and development process to test and prototype business ideas. The association is also involved with the Global Entrepreneurship Network, helping organize events in Guatemala and the region.

<https://www.facebook.com/asegua/>

Association of Agricultural and Microenterprise Development (ADAM)

The Association of Agricultural and Microenterprise Development (ADAM) is a non-profit institution founded in 1998. It specializes in agricultural value chain development and strengthening small-scale rural productive organizations. The organization facilitates international market linkages. It is based in Quetzaltenango.

<http://adam.org.gt>

B-PEACE

The Business Council for Peace (B-PEACE) advises local entrepreneurs on how to scale their business to create employment and expand the economic power of women. They reach out to entrepreneurs running small and growing businesses and connect them to business volunteers who offer guidance geared to foster expansion. Through long-distance mentoring or in-country visits, volunteers share their expertise in HR, finance, strategy, marketing and manufacturing, and provide technical advice for industries ranging from food processing to technology to professional services.

<https://www.bpeace.org>

Center for International Private Enterprise (CIPE)

CIPE is a U.S.-based organization that works with local business leaders to expand the opportunity for inclusive growth through market-led solutions. In Guatemala CIPE works with the Red Nacional de Grupos Gestores (RNGG), a national network of community development groups that work toward stimulating a democratic culture in Quetzaltenango based on private initiative and innovation. This project seeks to motivate youth to explore economic opportunities centered on their creative talents. The CIPE-RNGG partnership is intended to strengthen citizens' civic-mindedness and engagement in locally driven economic development through: building a consortium of entrepreneurship ecosystem actors including private and public sector leaders of the community; implementing a series of entrepreneurship educational programs for more than 400 youth; and raising awareness of the power of entrepreneurship through person-to-person exchanges and creative media.

<https://www.cipe.org/projects/guatemala/>

CRECER

CRECER is a Guatemalan-based organization that works to contribute to the improvement of the economic and social situation of organized small producers, as well as small and medium enterprises, supporting them in a sustainable and structured manner in strengthening their capacity economic and business. CRECER offers business consulting in different functional areas (organization, finance, marketing, production, human resources) as well as supports market studies, industry analysis, and marketing strategies. They also offer workshops, courses and seminars aimed at strengthening the managerial, organizational, technical and commercial capacity. The organization is based in Guatemala City.

<http://www.crecer.org.gt/>

Empresarios Juveniles

Empresarios Juveniles de Guatemala (EJ) is the subsidiary that represents Junior Achievement in the country and is dedicated to teaching business and business educational programs, and developing and promoting entrepreneurship in children and young people in a range of ages of 6 to 23 years old.

<http://jaguatemala.org>

Enactus

Enactus Guatemala focuses on young people (primarily university students) to take entrepreneurial action through the creation of new companies with the aim of contributing to the personal, economic and professional growth of Guatemalans. Students develop social entrepreneurship projects and participate in boot camps, academies and a social enterprise summit in which they develop their skills and business plans.

<https://www.enactusguatemala.org.gt>

Friendship Bridge

Friendship Bridge is a microcredit organization from the U.S. focused solely on Guatemala. Friendship Bridge's Artisan Market Access Program provides artisans with trainings designed to ready them to access new markets – in particular, the global market. Trainings focus on topics such as quality of raw materials, buyer expectations, and tastes and preferences of the North American market. Clients are also trained about product pricing to ensure they receive a fair wage for their work. They also have a program for agriculture, helping clients access to new markets through specially designed credit products, technical training, risk mitigation services, business assistance, and access to value chain participants.

<https://www.friendshipbridge.org>

FUNDAP

FUNDAP is a non-profit organization that aims to promote support activities for people and communities with limited economic resources, especially the inhabitants of the rural areas of the Central highlands. They work on programs focused on education, health, microcredit, crafts, cattle, and forestry. They support the development of producer organizations through advice, productive technical assistance, business and commercial assistance, design and development of new products, strengthening of social organizations, development of capacity, and business training. FUNDAP is based in Quetzaltenango.

<https://www.fundap.com.gt>

FundaSistemas

FundaSistemas has been working in Guatemala for 11 years supporting the development of MSMEs. Working in various sectors and value chains (particularly in rural communities and agriculture) and often in partnership or collaboration with others, FundaSistemas provides technical assistance and business skills development to support entrepreneurship and business growth.

<http://fundasistemas.org>

FUNDES

FUNDES promotes and catalyzes competitive development of MSMEs in Latin America. They have been working in Guatemala since 1988. They work to develop networks of MSMEs in

various segments and sectors and regions, which allow access to information, visibility, and the possibility of executing different improvement programs. They also work with corporates to develop value chain programs.

<http://fundes.org>

The Global Alliance for Clean Cookstoves

The Global Alliance for Clean Cookstoves is a public-private partnership that seeks to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient household cooking solutions. There is a component of their work that focuses on enterprise development. Guatemala is a focus country. The Guatemala program has been coordinating with PRONACOM, the Guatemalan Ministry of Environment, and the Inter-American Development Bank to generate microcredit options for clean cookstoves and fuels, support stove testing, and conduct market research.

<https://cleancookstoves.org>

Heurística

Heurística is a project of the University Francisco Marroquín offering entrepreneurs the opportunity to refine and implement a business idea through a process of trial and error. They offer a boot camp lasting 12 weeks with a hands-on approach to create and validate a business model, and focus on how to take ideas from concept to the real world. They also offer a teen focused camp as well as offer this program as a bespoke service to organizations.

<https://heuristica.ufm.edu>

IUCN

The International Union for Conservation of Nature (IUCN) is a membership union composed of both government and civil society organizations. It provides public, private and non-governmental organizations with the knowledge and tools that enable human progress, economic development and nature conservation to take place together. In Guatemala they work on forest landscape restoration and ecosystem services projects to boost tourism and sustainable agriculture value chains, creating jobs and protecting or improving the environment.

<https://www.iucn.org>

MicroMentor

MicroMentor, a social enterprise of Mercy Corps, is a social network that allows entrepreneurs and volunteer business mentors to connect so they can solve problems and build businesses together. It provides an online mentoring solution designed to help organizations make an impact in the lives of entrepreneurs and nonprofit founders. They help government economic development agencies and business development service providers help entrepreneurs and small business owners by leveraging the technology and community of volunteer business experts. MicroMentor has programming specifically targeting Guatemala and provide their

services to the likes of Voces Vitales and El Centro Municipal de Empredemiento.

<https://www.micromentor.org>

Namaste Direct

Namaste Direct provides business development programs that increase the business cash flow of low-income women. Each Namaste client is assigned a professional business advisor for the duration of their loan cycle. Business advisors are local community leaders, well versed in the local economy and also the indigenous language of the region. Together, client and advisor go through the details of the business, focusing on cash-flow analysis, detailed record keeping, and strategic planning. A Canadian NGO provides a substantial portion of the capital needed to fund small business loans to entry level clients and program graduates. They also work with local banks to finance the businesses of larger and high growth clients with the goal of helping clients enter the mainstream economy.

<https://namastedirect.org>

Red Global de Empresarios Indígenas / Escuela Maya de Negocios

The Guatemala chapter of the Red Global de Empresarios Indígenas aims to integrate, strengthen and promote sustainable development and use entrepreneurship as a mechanism for peace and poverty reduction. They currently are working to catalyze entrepreneurship for the economic empowerment of women in the Central Highlands of the Altiplano (supported by the Hanns Seidel Foundation) and generating opportunities and empowerment of women and youth with support from the Canada Fund for Local Initiatives. Their Escuela Maya de Negocios (Mayan Business School) builds capacity with a focus on the regions of Sacatepéquez, Chimaltenango, Sololá, Quiché and Totonicapán to improve conditions and economic development. The school focuses on improving the skills, and knowledge of business management principles of the participants so that they can have opportunities for the creation and strengthening of their productive and business activities.

<https://www.rgeigt.org>

Socialab

Socialab supports sustainable and scalable ideas of entrepreneurship to address social problems. They investigate and visualize problems that affect a community, a region or the world, and then, with the help of organizations, turn them into 'Challenges'. They mobilize people with good ideas that have the potential to solve these problems through business solutions and support them through various methods from ideation to scale. They have offices in Argentina, Chile, Colombia, Mexico, Uruguay and Guatemala. In Guatemala Socialab was contracted by PRONACOM to survey and map the entrepreneurial ecosystem.

<http://gt.socialab.com>

Soluciones Comunitarias

Soluciones Comunitarias (SolCom) is a social enterprise established in Guatemala to address

the challenges that people are facing in rural communities and to solve those problems by providing, through a network of trained social entrepreneurs, dignified solutions that would improve the quality of their lives and empower all involved in making choices that would impact positively their families and their communities. Launched in Guatemala, SolCom has expanded to Ecuador, Nicaragua, the Dominican Republic and Haiti. It is a part of the [New Development Solutions Group](#).

<https://www.solucionescomunitarias.com>

Starfish

Starfish is a U.S.-based but Guatemalan-led organization that promotes gender equity and girls' education by unlocking and maximizing the potential of young women to lead change. They provide access to high-quality education, support from peers and mentors, and financial assistance for higher education and entrepreneurship opportunities. Through their New Horizons program, Starfish graduates who wish to launch their own businesses have access to trainings and guidance from a full-time small business consultant. The Starfish consultant guides graduates through a process and connects them with opportunities for seed funding. To date, Starfish graduates have opened and continue to operate seven small businesses, several of which focus primarily on social entrepreneurship.

<http://starfish-impact.org>

Swisscontact

Swisscontact is a business-oriented independent foundation for international development cooperation. It works in 36 countries and promotes economic, social and environmental development. It has a longstanding presence in the region with an office in Guatemala. The work of Swisscontact is focused on creating opportunities for vulnerable groups, particularly at-risk youth and rural communities, through professional training, the fostering of entrepreneurship, financial inclusion and local economic development, the development of value chains, and increasing resilience to climate change. The Skills Development for Employability initiative is designing a new entrepreneurial / business training curriculum to be applied at the same time as technical training for young people in public and private colleges. In cooperation with financial services organizations it is creating a new supply of seed capital for young people who have decided to create their own companies or businesses. There is also a component of coaching. Swiss Development Corporation, Argidius Foundation, and Medicor Foundation fund the initiative.

<https://www.swisscontact.org>

Teach a Man to Fish

Teach a Man to Fish enables schools to provide a relevant and inspiring education through enterprise with the intent to empower young people to succeed in work and life. They provide step-by-step guides, training, weekly support and peer networks for teacher and student school business teams to plan and run a school business. In Guatemala they work closely with the Sub-Directorate of the Ministry of Education (DIGEEX). They aim to work with teams

in 50 schools in their School Enterprise Challenge Latin America program 2017-2019.

<https://www.teachamantofish.org.uk>

TechnoServe

TechnoServe is an NGO working in 29 countries in the developing world to build competitive farms, businesses, and industries. TechnoServe runs Impulsa Tu Empresa: a business accelerator program that aims to help small and growing businesses fast-track their growth in Guatemala, Honduras, El Salvador and Nicaragua. TechnoServe provides mentoring, connections to higher value markets, and access to capital to help high-potential SGBs develop, fund and implement business plans. The program also promotes gender equality through training in good gender practices such as building gender-balanced teams, offering family leave for employees, and creating gender-aware marketing and communications. SGBs selected for support receive specialized training, followed by 10 months of mentoring and business development services. The program has been supported by the Arigidius Foundation, as well as received support over the years from the Multilateral Investment Fund, Walmart Foundation, Citi Foundation, and PIMCO Foundation. In addition to this program, TechnoServe supports a variety of activities to support coffee value chain development in Guatemala.

<http://www.technoserve.org>

Thrive

Thrive focuses on vulnerable communities across Central America, Southeast Asia, and East Africa. They inspire philanthropy in challenged communities and offer a sustainable way out of poverty by helping to create new jobs. They provide equipment loans and support to small business entrepreneurs, which must be repaid with donations of job training and in-kind goods to community members through a pay it forward concept for the most vulnerable in their communities. Thrive has been active in Nicaragua and has recently started operations in Guatemala (based in Quetzaltenango). Thrive also has a program-related investment (PRI) fund to make debt, equity, and convertible investments at manageable, below-market interest rates to finance growing small businesses committed to social and environmental responsibility.

<http://thrive.org>

Truvalu (ICCO AgriBooster)

Truvalu (an ICCO company and the spinoff of the ICCO AgriBooster) supports small and growing businesses in developing countries through capital investments and business development services. The aim is to help companies mature and ensure they overcome the gap that occurs when they are too large for seed funding but too small and considered too immature for impact investing. They focus on agri-food companies close to the production site of the value chains, and work with local offices of ICCO to scout and assess the companies. They provide technical assistance and at the same time offer investment, usually equity between 100,000 – 250,000 Euros. For technical assistance, they help the company effectively run their business, identify and work towards their strategic growth opportunities, and facilitate market access.

<https://www.icco-cooperation.org/en/Expertise/Truvalu>

Voces Vitales

Voces Vitales (Vital Voices) is a global organization promoting women's leadership. This includes support for women entrepreneurs through mentoring and acceleration programs. The Guatemalan chapter founded in 2008 is run locally and promotes events and mentoring.

<https://www.vitalvoices.org>

Young Americas Business Trust (YABT)

The Young Americas Business Trust (YABT) is a non-profit organization that works in cooperation with the Organization of American States (OAS) to promote social and economic development of young people around the world. YABT focuses on building entrepreneurial capacity and creating opportunities for future business leaders to advance the global goals and strengthen youth-led initiatives for sustainable development. They connect young entrepreneurs and national associations in a regional network and training, with opportunities to form a new generation of responsible business leaders. They host events in Guatemala.

<http://yabt.net>

There are a number of traditional development organizations that have a strong local presence in Guatemala. These include Catholic Relief Services, Heifer International, Helvetas, Hivos, Mercy Corps, and World Vision. These organizations and others are also supporting value chain improvements and market access work in agriculture. There is a strong focus on coffee as an export crop, along with high-value crops such as cardamom and fine-flavor cocoa. This work is also supported by alternative lending organizations such as Root Capital, and Oiko Credit and facilitation work provided by organizations such as the Finance Alliance for Sustainable Trade (FAST).

Financiers

The organizations featured in this section have a local presence in Guatemala and offer specialized services for financing SMEs in the country alongside of technical assistance.

Pomona Impact

Pomona Impact is an impact investment fund based in Antigua investing in Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Colombia, and Ecuador. Their investment strategy focuses on agriculture, agtech, health, education, water and renewable energy. They prefer to make growth capital investments but will also consider start-up funding and working capital financing. In addition to investing, Pomona Impact also runs an agtech accelerator with the aim of supporting the entrepreneurial and agtech ecosystem in the Central America region. They aspire to find and invest in the best entrepreneurs focused on agriculture and work to scale technologies that will help large farms and smallholders.

<http://www.pomonaimpact.com>

E 10

E 10 is a boutique venture capital firm based in Guatemala City addressing emerging market energy challenges. They are focused on conscious, high-impact, triple-bottom-line clean energy and energy-related technology investments. They help companies develop and integrate clean technologies and later co-invest, including supporting building and operating to scale. They take a hands-on approach and provide engineering, operational, financing and commercial expertise and infrastructure to help technologies reach markets and scale rapidly. Their program includes access to an entrepreneurial/venture capital ecosystem, office spaces, community, mentorship, and capital.

<http://www.e10.rocks>

Foundations

The following foundations are highlighted for their commitment to economic development in Guatemala and their funding of organizations and projects featured in this report.

Argidius Foundation

Argidius aims to help entrepreneurs to build profitable businesses and contribute to the sustainable development of their communities by improving the effectiveness and reach of small and medium enterprise capacity development services. They support organizations that deliver sustainable tailored capacity development services that enable entrepreneurs to meet the challenges of growth, such as incubation, acceleration, training, coaching, mentoring and networking. Argidius has chosen Guatemala as a target country and has been supporting organizations and efforts to deliver high quality capacity development services, address access to finance, and build the ecosystem.

<http://www.argidius.com>

Fundación Avina

Fundación Avina is a Latin American foundation created in 1994 and focused on producing the large-scale changes necessary for sustainable development by fostering collaborative processes among leaders from different sectors, thereby contributing toward the UN Sustainable Development Goals (SDG). Fundación Avina has identified, incubated, and supported collaborative alliances, institutions, and endeavors centered around opportunities for systemic change, state-of-the-art technology, innovative social initiatives, and new business models. With presence in 20 countries and operations in 9 program areas, Fundación Avina coordinates the Platform for Innovation with Purpose, an alliance to accelerate high-impact solutions and large-scale transformations in favor of sustainable development in Latin America by bringing together social innovation with innovation in technology and business. Although Avina does not specifically have programming for entrepreneurship and SME growth, some of its programming links to inclusive growth strategies.

<http://www.avina.net>

Linked Foundation

The Linked Foundation invests technical and financial resources to develop and scale social enterprises that improve the health of communities throughout Latin America with a focus on women. They invest in scalable, market-based solutions, with the aspiration to create strong cross-sector partnerships and ensure long-term, sustained impact. They provide debt financing, innovation grants, and mission-related investments.

<http://linkedfoundation.org>

Corporates

Interviewees in Guatemala mentioned that there is corporate interest in entrepreneurship and SME development. While there are only a few specific formal initiatives, there seems to be greater discussion around the role and interest in corporates. It was speculated that motivations were: interest in strengthening SMEs in their supply chains and promoting inclusive business solutions; improving community relations; and looking for ventures that might enhance their business. Stakeholders cited local and multinational FMCG (Fast Moving Consumer Goods) companies and mobile telecom companies as having a particular interest in the entrepreneurship and SME segment. The following are two public examples of corporate programs focused on entrepreneurship and small business support.

Unilever is looking to spur entrepreneurship in the Central American region through its Solá competition: an innovation challenge to find sustainable solutions to management and protection of resources, platforms and technologies to do business, and economic development for populations at risk. Unilever is working with Alterna to support the identified entrepreneurs with the aim of helping them improve through innovative business models. The scope includes Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. They are attempting to identify 20 disruptive initiatives, which will participate in a workshop where they will receive specialized advice, mentoring with industry experts, seed capital and the possibility of integrating into the Unilever value chain.

<http://alternaimpact.org/retounilever2018/>

Walmart's Adopt a Pyme initiative aims to improve the commercial conditions of SME suppliers so that they develop their operational, financial and logistical capacities through sponsorship and mentoring via company associates over three years. In Central America, 146 SMEs are sponsored by this program (48 in Guatemala of which 33% are led by women). As part of the Adopta Una Pyme initiative, SMES participate in Una Mano para Crecer, which is a shared value program of Walmart Mexico and Central America. This program seeks to help Guatemalan SMEs to strengthen themselves as value chain providers through training and mentoring. They also have a program in Guatemala focused on developing women entrepreneurs in rural areas.

<https://www.walmartcentroamerica.com/responsabilidad-social/oportunidad>

Analysis

Ecosystem Mapping

FORMALIZING	DYNAMIC	VENTURE
<ul style="list-style-type: none"> - Growth trajectory - Typically sub \$50k - Opportunity driven rather than subsistence - In the process of formalizing processes, accounts, sales - Financed through savings/ friends/ family/ upper end of microfinance 	<ul style="list-style-type: none"> - Incremental growth trajectory - Formalized - Typically financed internally or debt finance through financial institutions - Require a range of services 	<ul style="list-style-type: none"> - Ambition for/ actively seeking equity/ impact investors - High growth trajectory - Scalable business model - Typically participate in high-touch programs
DELIVERY ORGANIZATIONS		
ADAM Alterna ASEGUA CIPE* Empresarios Juveniles* Enactus* Escuela Maya de Negocios** Friendship Bridge Global Alliance for Clean Cookstoves** Fundap FundaSistemas FUNDES Heurfstica* Namaste Direct** SolCom Starfish** Swisscontact Teach a Man to Fish* Voces Vitales** YABT*	Centro de Emprendimiento CRECER IUCN TechnoServe B-Peace** Micromentor Socialab Thrive Truvulu	CampusTec Impact Hub E 10 Pomona Impact
ECOSYSTEM ORGANIZATIONS		
ANDE		
EDUCATIONAL INSTITUTIONS		
Kirzner Center (Marroquín) - Universidad del Valle – Universidad Rafael Landovar		
COLLABORATION SPACES		
Chamba - Collision Factory		
PRIVATE SECTOR SUPPORT - ASSOCIATIONS		
AGEXPORT - AGG – ASOPYME - CACIF - Cámara de Comercio – Cámara de Industria FEPYME – FUNDESA		
GOVERNMENT/QUASI-GOVERNMENTAL		
MINECO - PRONACOM		
INTERNATIONAL DEVELOPMENT SUPPORT & FUNDERS		
Inter-American Development Bank – USAID – World Bank Argidius Foundation – Fundación Avina - Linked Foundation**		

-Some delivery organizations offer services across multiple stages of support. For the purpose of this mapping, one stage of support was selected.

-Those organizations highlighted in blue offer financing (micro-finance, debt, or equity)

-*Organizations with youth-focused programming; **Organizations targeting women

SWOT Analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Growing interest in entrepreneurship/ positive shift in attitude towards entrepreneurship • Growing interest from educated youth in being entrepreneurs • Good examples of successful social enterprises • High quality organizations in the ecosystem • Emerging coordination amongst ecosystem players • A strong base in Central America with the opportunity to export products and ideas 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Economic insecurity due to political uncertainty and alleged government corruption • Violence and security threats that destabilize the economy and communities • An indigenous population that is still at risk for being left behind in the country's economic growth • Lack of local sources of finance and a conservative banking sector • Lack of funders interested in the country • Too few impact investors
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Supporting ANDE's new local presence to further strengthen the ecosystem • Leveraging the USAID programs and interest in economic development • Further ecosystem building potentially with Guatemala City and Quetzaltenango as hubs • Greater showcasing of successful startups, growing SMEs, and social enterprises 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Security, violence and civil unrest could destabilize the economy or the country • Lack of funding for the government to continue to support activities • Continued growing inequality further isolating and affecting indigenous and rural populations • Lack of financing (local or international) for entrepreneurs /SMEs thwarting the growth opportunity

Conclusions

The conditions for entrepreneurship and SME development are improving in Guatemala. The desire to be an entrepreneur is growing. Some of the basic foundations of infrastructure (such as having a policy) are small but fundamental steps. The promotional efforts of PRONACOM have put entrepreneurship and SME development on the map. However, the ability for the macroeconomic conditions to be sustained and for the government to continue the momentum is in question. Fears about the political and economic stability and the security in the country might thwart momentum; however there is an attitude from many to keep moving forward and not hesitate because of uncertainty.

There are a number of strong support organizations in the ecosystem working at different stages of enterprise development and using a variety of approaches. The ecosystem has a strong level of diversity and good local presence. Many of the organizations have been around for over a decade, and the newer organizations are demonstrating their credibility as well.

There is still not enough connectivity and coordination amongst the different players. This may change with the ANDE Central America chapter now having a staff member based in Guatemala. The diversity of organizations keeps everyone working in their own silos instead of cross-pollinating ideas, learning and scaling.

The situation of finance for all stages of enterprise development is still a major challenge. The banks are not supporting the sector and there are far too few local impact investors. There needs to be a greater focus on this issue. Access to finance is an understated challenge in the ecosystem.

There are also far too few funders supporting the capacity development organizations. Argidius is an important funder. USAID is driving funds as well (with political motivations to curb migration). IDB continues to be an important financier in the country. However, there need to be more funders supporting the ecosystem and individual organizations.

In summary, Guatemala's ecosystem has shifted positively. This can be attributed to a generational shift in attitudes, government policy and promotion, successful social enterprises, and the hard work of many organizations profiled in this report. The test will be whether these shifts will be enough to develop the next generation of entrepreneurs and successful SMEs.

Annex 1: Organizations Profiled

ANDE Central America Chapter
Alterna
Argidius Foundation
ASEGUA
AGEXPORT
Asociación de Gerentes de Guatemala
Asopyme
Association of Agricultural and Microenterprise Development (ADAM)
B-PEACE
CACIF
Cámara de Comercio
Cámara de Industria
Campus Tec
Centro de Emprendimiento de la Ciudad de Guatemala
Chamba
Collision Factory
Center for International Private Enterprise (CIPE)
CRECER
E 10
Empresarios Juveniles
Enactus
FEPYME
Foro Latinoamericano de Inversión de Impacto (FLII)
Friendship Bridge
Fundación Avina
Fundap

FundaSistemas
FUNDES
FUNDESA
The Global Alliance for Clean Cookstoves
Heurística
IUCN
Impact Hub Antigua -Guatemala
Kirzner Entrepreneurship Center – Universidad Francisco Marroquín
Linked Foundation
MicroMentor
MINECO
Namaste Direct
Pomona Impact
PRONACOM
Red Global de Empresarios Indigenas / Esceula Maya de Negocios
Socialab
Soluciones Comunitarias
Swisscontact
Teach a Man to Fish
TechnoServe
Thrive
Truvalu (ICCO AgriBooster)
Universidad del Valle de Guatemala
Universidad Rafael Landivar
Vital Voices
Young Americas Business Trust (YABT)

Annex 2: Interviewees

The author would like to thank the following people for sharing their insights with the author to contribute to this report:

Individual	Organization
Alejandro Estrada	E 10
Andrés Carranza and Hugo Gómez	PRONACOM
Andrés Rubio and Nobu Otsuka	Multilateral Investment Fund / Inter-American Development Bank
Boris Lemu	ASEGUA
Carolina Uribe, David Casasola, Maria Monge, Mónica de Zelaya	Kirzner Entrepreneurship Center, Universidad Francisco Marroquín
Daniel Buchbinder	Alternativa
Iván Buitrón	AGEXPORT
Jamie Vargas	Socialab
Karen Mazariegos	FUNDES
Katia Dumont	Independent
Maria Zaghi	Independent
Oscar Artiga	TechnoServe
Philip Wilson	Ecofiltro
Richard Ambrose	Pomona Impact
Rodolfo Sagahón	ANDE
Stephany de Gonzalez	B-PEACE

