



Food and Agriculture Organization  
of the United Nations



Agricultura  
y Ganadería  
Ministerio de la Producción



WORLD  
FOOD  
FORUM

FAO  
HAND-IN-HAND  
INVESTMENT

# Investment Forum Honduras

BEAN SEEDS, COFFEE, COCOA and HONEY



# GENERAL OVERVIEW



## Population Estimates p/2022

9,628,433 Inhabitants  
 47.7% Male, 52.3% Female  
 44.6% Rural, 55.4% Urban  
 0.1% Rural Population Growth  
 65% Population 15 to 64 years old

Source: EPHM, INE 2022



## Agricultural Trade / Total Trade (2021)

Exports: 54.4%  
 Imports: 29.8%

## Non-Oil (2021)

Imports: 86.7%



## Sector Relevance (2020)

12.1% of GDP  
 3.4% average growth in the last 15 years  
 US\$ 2.0 billion in agricultural exports  
 US\$ 1.7 billion in agricultural imports



## Labor Market (2021)

35% Employed in Agriculture  
 71% Family Farming (<5 ha)  
 38.37% Rural/National EAP  
 23.4% Employed in the agricultural sector vs total employed



## Land Area(INE/ICF. 2019)

47.9% Forestry  
 30% Agricultural  
 18.4% Other Uses  
 2.2% Agroforestry  
 1.6% Water Body

# INVESTMENT CLIMATE

Located in the heart of the Americas, it can connect in a short time with key markets, facilitating the movement of people, products and services nationally and internationally.



### 4 Ports:

3 in the Caribbean and 1 in the Pacific

**Puerto Cortes** is the largest and most efficient port in Central America, with a customs office of the United States of America

### 4 international airports:

Comayagua, San Pedro Sula, La Ceiba and Roatan

- 13 international airlines
- 5 cargo airlines

### Road Network (16,893 Km)

(19.6% Primary, 17.6% Secondary and 62.8% Neighborhood)

Transfer of goods and merchandise from north to south, in a time span of 6 to 8 hours.



**Commercial Agreements**



**Legal Security**



**Tax Benefits**



**Qualified Workforce**



**Consolidated Financial System**



**Institutionality SDE-SAG-SENPRENDE**



# INVESTMENT NOTE

## STRENGTHENING **BEAN** SEED PRODUCTION

### Starting Point

#### Bean

- 158,000 Ha planted
- 114,000 producers for market sale
- 220,000 producers for own consumption

#### Seeds

- Demand (Tn/year): 6,124
- Seed Availability (Tn): 986
- Use of certified seed: 12%
- Average Yield: 0.9 Tn/Ha
- Yield increase by improved seed: 1.36 Tn/Ha

### Business Vision

Satisfy 84% of the bean seed production deficit in the domestic market (high dependence on imports)

### Objective

Increase bean seed availability at the national level by increasing production, productivity and implementation of processing centers

### Incentives

- Captive market; including public network supply (e.g. IHMA, Banasupro, Bono Tecnológico...)
- High quality validated genetic material in the bean chain



# INVESTMENT NOTE

## STRENGTHENING BEAN SEED PRODUCTION

### Investment Plan

Total Investment: US\$ 8.9 M

Government Investment: US\$ 4.2M

External Financing: US\$ 4.7 M

IRR (%): 39.3%

NPV (12%): US\$ 5.8 M

B/C Ratio: 1.10

### Sustainable Benefits

- 110,000 hectares
- 110,000 families benefited
- 50% increase in bean yields
- Annual income increase US\$ 431/ha
- Creation of 12,000 permanent jobs

### Description

#### Opportunity 1: Processing

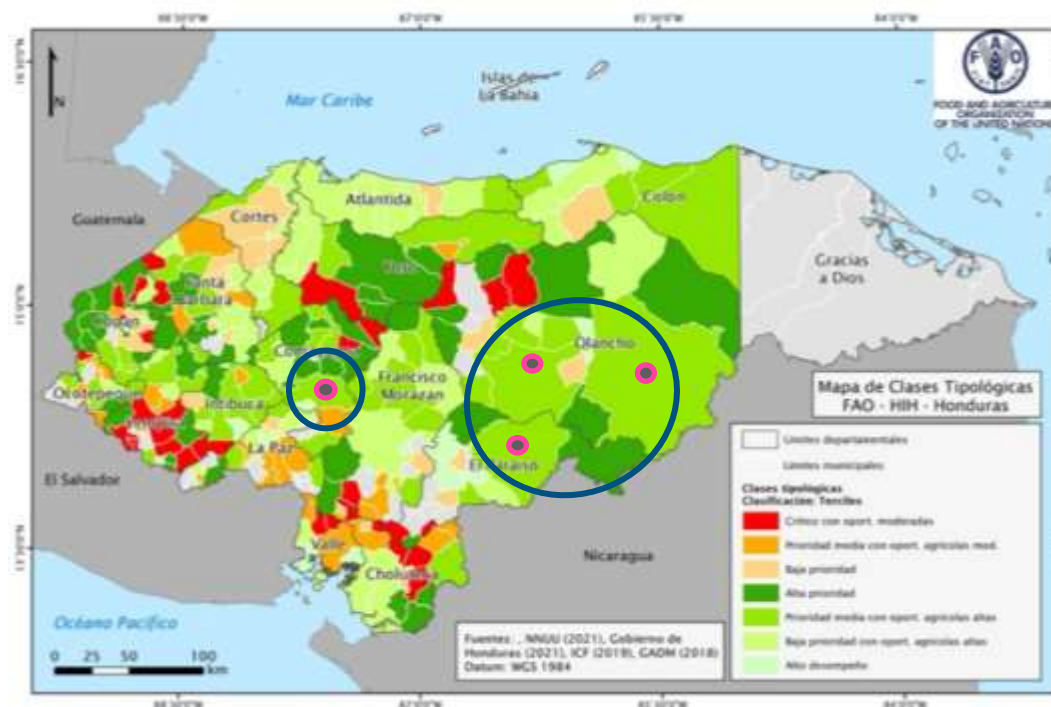
##### Destination of the Investment

- Design, construction, operation and maintenance of 3 bean seed processing plants (5,000 ton/year capacity)
- Strengthening of the processing center's technical management capabilities

#### Opportunity 2: Technical Assistance and Training

##### Destination of the Investment

- Technical assistance to seed producers and support to become government-sponsored seeds producer



### Potential Sources of Financing

- Secretariat of Agriculture and Livestock (SAG) and the Directorate of Agricultural Science and Technology (SAG-DICTA).
- Loans through domestic banks
- Multilateral Development Banks
- External Cooperation
- Investors



# INVESTMENT NOTE

## STRENGTHENING THE **COFFEE** VALUE CHAIN

### Starting Point

5% of GDP ; 35% of Agricultural GDP  
 US 1,500 M  
 Production (92% small, 7% medium, 1% large)  
 > 120,00 producer families  
 ± 1 Million jobs

309 associations ↔ 682 intermediaries ↔ 59 exporters  
 380,442 mz production  
 43,276 mz of seedlings  
 7,6 millions qq produced  
 21 qq /mz yield  
 > 92% under shade

### Business Vision

- Increase productivity and technology adoption
- Improve quality standards and impacts on sales price
- Strengthen associativity

### Objective

Strengthen the coffee value chain, implementing a climate-inclusive production and transformation model that includes mitigation actions throughout the chain.

### Incentives

- Expanding market (e.g. China, US, Europe)
- Niche market in specialty coffee
- Farms under agroforestry systems facilitating due diligence
- Developed Export Agro-logistics
- High quality validated genetic material in the coffee chain



# INVESTMENT NOTE

## STRENGTHENING THE COFFEE VALUE CHAIN

### Investment Plan

Total Investment: US\$ 20.8 M  
Government Investment : US\$ 2.2 M  
Private Investment: US\$ 2.1 M  
External Financing: US\$ 16.6 M

IRR (%) : 20.1%

NPV (12%) : US\$ 16.1 M

B/C Ratio: 3.5

### Sustainability Benefits

- Beneficiaries: 2,110 producers managing agroforestry systems to diversify their income
- 4,230 ha of coffee renewed
- 50 improved processing facilities
- 1,200 producer members of the cooperatives gaining access to market benefits
- 5,000 quintals of organic fertilizers from by-products
- Net increment of anual income of US\$ 1,231/household
- 2,110 new permanent jobs
- Potential Mitigation: -184,657 tn CO2e

### Description

#### Opportunity 1: Environmental Sustainability in Coffee Farms

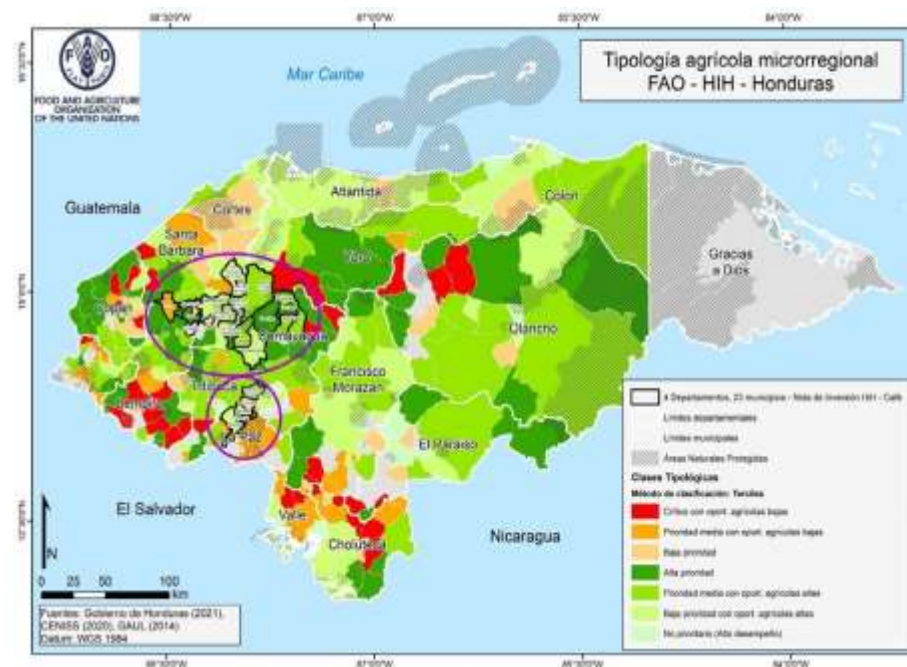
##### Destination of the Investment

- Renovation of coffee plots with agroforestry systems to achieve environmental sustainability.
- Diversification of the income of coffee growing families through wood and fruit production.

#### Opportunity 2: Efficient and Sustainable Processes in Coffee Processing

##### Destination of the Investment

- Improvement of the infrastructure of the processing plants
- More eco-efficient equipment
- Efficient treatment systems for the management of coffee by-products.
- Centers for the production and elaboration of organic fertilizers using coffee by-products





# INVESTMENT NOTE

## STRENGTHENING THE **COCOA** VALUE CHAIN

### Starting Point

6000 hectares of cocoa  
 Annual production in MT: 2,100 (2020), 1,700 (2021), 2,300 (2022, projected)  
 40% of farms under development  
 Average Yield: 310-495 kg/ha

#### Certification:

- 12 organizations
- 1087 producers
- 2091 hectares
- 1132 MT

#### Genetic Material :

- 35 clones registered at SENASA
- 15 clonal gardens
- 25 nurseries to produce between 300,000 to 1M plants

#### Capacity

28 collection centers(2019)  
 2682 MT fermented  
 899 MT natural drying and 881 MT artificial drying

### Business Vision

- Positioning the country brand as a producer of fine cocoa and exquisite aroma
- Strengthen associativity

### Incentives

- High quality validated genetic material in the cocoa chain
- Enabling policy environment (e.g. agri-food sector)

### Objective

Development and establishment of agroforestry systems with high productivity genetics, disease resistance and high sensory quality.





# INVESTMENT NOTE

## STRENGTHENING THE **COCOA** VALUE CHAIN

### Investment Plan

Total Investment: US\$ 12.2 M  
 Government Investment : US\$ 0.6 M  
 Private Investment: US\$ 2.3 M  
 External Financing: US\$ 9.3 M

IRR (%): 20.9%  
 NPV (12%): US\$ 3.8 M  
 B/C Ratio: 2.4

### Sustainability Benefits

1,000 hectares  
 2,000 direct beneficiaries and 8,000 indirect beneficiaries  
 Annual increment of net income US\$ 1651/household  
 188 direct permanent jobs created

### Description

#### Opportunity 1: Technological Innovation

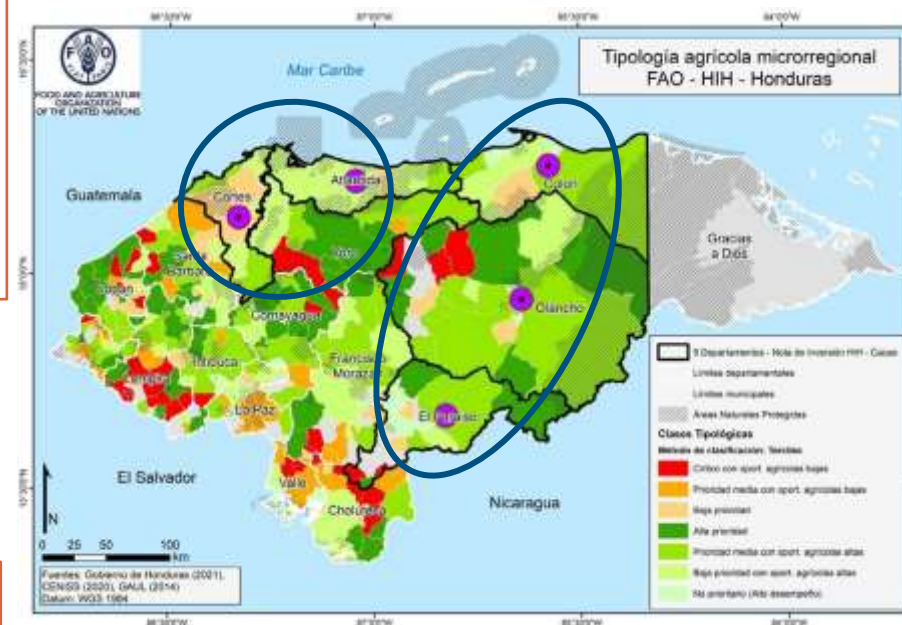
##### Destination of the Investment

- Development of 18 superior cocoa clones with high productivity and organoleptic quality (genetic mapping).
- Establishment of new areas, technical assistance and training for cocoa producers.

#### Opportunity 2: Strengthening production and productivity

##### Destination of the Investment

- Strengthening of organic and fair-trade certification processes





# INVESTMENT NOTE

## IMPROVING THE COMPETITIVENESS OF THE **HONEY** VALUE CHAIN

### Starting Point

- 3,835 beekeepers
- 80,000 hives in production
- Annual production 1356 MT
- Estimated demand of 1752 MT
- Yield of 17 kilos per hive
- 21 hives per production unit
- 1 kilo of honey consumption per household
- 32 collection centers, 3 certified processing plants; there is no traceability system.
- Imports from El Salvador, Guatemala (95%) valued at US\$1 M.

### Business Vision

Satisfy 100% of the national demand for honey in the country.

### Objective

Improve the competitiveness of the honey value chain by increasing production and productivity

### Incentives

- Exploitation of growing niche market
- Unmet domestic demand (23% imported)
- Enabling policy environment (e.g., agri-food sector)



# INVESTMENT NOTE

## IMPROVING THE COMPETITIVENESS OF THE **HONEY** VALUE CHAIN

### Investment Plan

Total Investment: US\$ 7.3 M  
 Government Investment: US\$ 0.56 M  
 Private Investment: US\$ 1.1 M  
 External Financing: US\$ 5.6 M  
 IRR (%): 24%  
 NPV (12%): US\$ 10.3 M  
 B/C Ratio: 1.19

### Sustainability Benefits

- 2,000 beekeepers benefited
- 10 Associations
- > Productivity of 47% (from 17 to 25 Kilos per hive, minimum)
- > 500 MT of honey at the end of the 5th year
- > Increase in family income by US 686/household

### Description

#### Opportunity 1: Strengthening entrepreneurship and production

##### Destination of the Investment

- 2,000 beekeepers receiving technical assistance and knowledge transfer
- 4,000 beekeepers registered in traceability system
- 10 Associations strengthened through technical assistance and training
- 20 Beekeeping Farmer Field Schools (FFS)

#### Opportunity 2: Financial access

##### Destination of the Investment

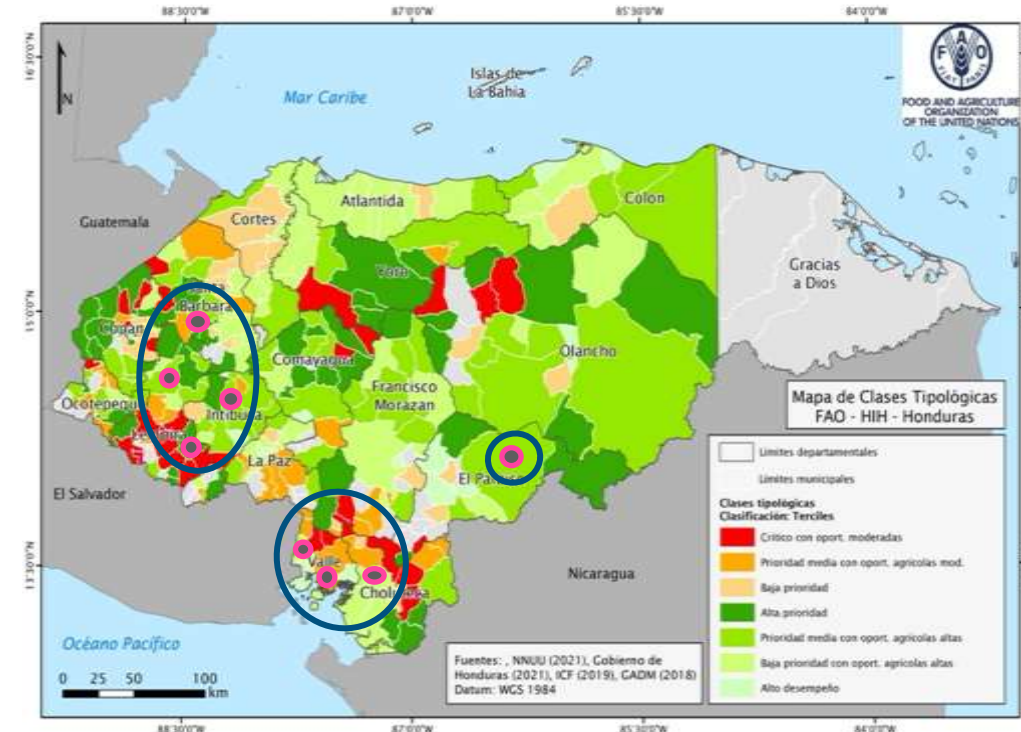
- 2 Funds for 2000 beekeepers

#### Opportunity 3: Improved infrastructure

##### Destination of the Investment



- 10 improved collection centers
- 20,000 new hives



# ENABLING ENVIRONMENT AND ADVANCES

## Institutional Ownership

Leadership and coordination of the Government of Honduras through PRONAGRO and AGRONEGOCIOS of SAG; support from CNI.

[Eventos Nacionales exitosos de fomento a la inversión para el sector agrícola](#)

## National Forums

- Support through constant dialogue with the GoH, the Ministry of Foreign Affairs and the **FAO Investment Center**.
- Successful forum in Santa Barbara, with purchases and negotiations established for the German market.

## Value Chains and Priorized Territories

- Alignment of chains prioritized by HIH in Honduras with items under flagship programs (COMRURAL/WB, PRO-OCCIDENTE/IDB).
- Potential for national synergies with international cooperation agencies such as AECID, Swisscontact, Heifer, Ayuda en Acción, IICA, etc.

## Dynamic and interactive Process

- The investment notes have been updated to 2023 and formulated with the support of the main national counterparts: SAG, IHCAFE, FHIA, DICTA/SAG; PRONAGRO/SAG, CNI, Chambers of Commerce.

# HONDURAS INVESTMENT SUMMARY

## SUMMARY

**US\$49.2 M**  
Total Investment

**US\$8.0 M**  
Government Investment

**US\$5.1 M**  
Private Total Investment

**US\$36.2 M**  
External Total Investment

**24.4%**  
Average IRR

**600,000**  
116,000 direct  
464,000 indirect

**US\$1,000**  
Income increase  
per direct  
beneficiary

**2.7tCO<sub>2</sub>eq**  
Emissions reduction per  
capita

## BEAN SEEDS



### Investments (USD)

Total Investment: US\$ 8.9 M  
Government Investment: US\$ 4.2 M  
External Financing: US\$ 4.7 M

**IRR (%) : 39.3%**  
**NPV : US\$ 5.8 M**

### Sustainability Benefits

- Beneficiaries: direct 110,000; indirect 440,000
- 110,000 ha
- 100 ha planted with certified seed production
- Annual income increase of US\$431/direct beneficiary
- 12,000 new jobs
- Public-Private Partnerships for the establishment of Processing Centers

## COFFEE



### Investments (USD)

Total Investment: US\$ 20.8 M  
Government Investment: US\$ 2.2 M  
Private Investment: US\$ 2.1 M  
External Financing: US\$ 16.6 M

**IRR (%) : 20.1%**  
**NPV : US\$ 16.1 M**

### Sustainability Benefits

- Beneficiaries: direct 2,110 ; indirect 8,440
- 4,230 ha
- 50 improved processing facilities
- 1,200 producer cooperative members accessing market benefits
- 5,000 quintals of organic fertilizer from by-products
- Annual income increase of US\$1,231/direct beneficiary
- 2,110 new permanent jobs

## COCOA



### Investments (USD)

Total Investment: US\$ 12.2 M  
Government Investment: US\$ 0.6 M  
Private Investment: US\$ 2.3 M  
External Financing: US\$ 9.3 M

**IRR (%) : 20.9 %**  
**NPV : US\$ 3.8 M**

### Sustainability Benefits

- Beneficiaries: direct 2,000 ; indirect 8,000
- 1,000 ha
  - annual income increase of US\$ 1651/direct beneficiary
  - 188 new permanent jobs

## HONEY



### Investments (USD)

Total Investment: US\$ 7.3 M  
Government Investment: US\$ 0.6 M  
Private Investment: US\$ 1.1 M  
External Financing: US\$ 5.6 M

**IRR (%) : 24 %**  
**NPV : US\$ 10.25 M**

### Sustainability Benefits

- Beneficiaries: direct 2,000; indirect 8,000
- 20,000 new hives with yields from 17 to 25 kilos per hive
- 300 MT of honey
- Annual income increase of US\$ 686/direct beneficiary
- 10 collection centers with production infrastructure