



Guatemala: Infrastructure SECTOR FICHE

1. Regulatory framework

The quality of infrastructure in Guatemala has deteriorated in recent years, especially roads, ports and airports. Frequent and recent natural disasters have inflicted additional damage to the country's infrastructure.

Guatemala's legal framework has been blamed for holding back several infrastructure projects for more than a decade as all financing and concession contracts must be authorized by congress. The country does not have a national or sub-national infrastructure plan, nor publish an infrastructure pipeline of projects. Public sector opportunities are published as tenders on the government procurement website.¹

Public-Private Partnerships (PPP) in Guatemala are regulated by the Decree No 16-2010 that approves the Ley de Alianzas para el Desarrollo de Infraestructura Economica²- (the "PPP Law") and its Regulation approved by Decree No. 360-2011 (the "PPP Regulations"). In 2013, the government established the National Agency for the Development of Partnerships in Infrastructure (ANADIE) to boost investment levels through PPP infrastructure and transport projects. Health, education and water are excluded from its mandate.

All projects undertaken under the PPP law have to be focused on the creation, construction, development, utilisation, exploitation, maintenance, modernisation and expansion of infrastructure (highways, roads, ports, airports, railways) and projects of generation, transmission and sale of electricity.

In summary, the government identifies a need in the infrastructure sector, ANADIE designs the project and conducts the tender for each stage (for example pre-feasibility studies, pre-qualification of contractors), the Ministry of Finance conducts a study regarding the budgetary and financial impact of the project which has to be approved by the Ministry before the PPP tender

¹ <http://www.guatecompras.gt/>.

² <https://anadie.gob.gt/publicaciones-de-ley/>

is opened. After ANADIE has conducted the tender and an implementer has been granted the PPP contract, the National Congress has to approve such contract.

Nevertheless, since the entry into force of this law (2010), only 1 PPP project has been granted. This is mainly due to political challenges, for example, changes of government officials; lack of skilled labour, and bureaucratic processes.

In 2020, ANADIE proposed several reforms to the PPP Law as a way of speeding project approval by Congress and to include more sectors in the PPP Law: education and water. The Reform to the Law is still being discussed and is pending approval by Congress.

The country's first PPP project was approved by congress in 2021³, three years after being submitted by ANADIE. It involves a 25-year concession for rehabilitating and operating the US\$80mn Escuintla-Puerto Quetzal road link and was awarded in July 2018 to Consorcio Autopistas de Guatemala.

The Foundation for the Development of Guatemala (FUNDESA) published in 2020 a "proposal for economic reactivation in times of crisis"⁴, through prioritized public investment projects. One of these projects consists of reducing the gap in road infrastructure. To achieve this goal, FUNDESA has promoted Law Initiative 5431, which contains the draft of the General Law of Road Infrastructure and aims to establish a proper mechanism for procuring infrastructure projects, currently under discussion in Congress.⁵

The initiative promotes the implementation of a new development system for this type of infrastructure, based on five fundamental axes:

1. Creation of the Superintendence of Road Infrastructure.
2. Procedure for the declaration of public utility and acquisition of the right of way.
3. Creation of the figure of the developer, responsible for the construction, operation, maintenance, and repair of the road section.
4. Guarantee of legal certainty through the Road Infrastructure Contract.
5. Prioritization of public funds, enabling various sources of financing.

2. Business opportunities

Guatemala is the largest economy in Central America, and it is also the most populous in the region - 17.9 million inhabitants with a GDP per capita of USD 5,025.25. It has a major geographical advantage in its access to Mexico and, via North America Free Trade Agreement (NAFTA), the US and Canada. Longer term, Guatemala has the potential to be a major hub of supply chain companies, particularly in light of the Central American Common Market and the customs union between Guatemala, Honduras and El Salvador.

Guatemala infrastructure consists of three main ports (one in the Atlantic and two in the Pacific Ocean), with two international airports (La Aurora airport in the heart of Guatemala City and Flores

³ https://www.minfin.gob.gt/images/archivos/transparencia/2019/trifoliar_anadie_ingles.pdf

⁴ https://www.fundesa.org.gt/content/files/publicaciones/FUNDESA_-_Policy_Brief_INFRAESTRUCTURA_VIAL.pdf

⁵ <https://www.fundesa.org.gt/comisiones/fortalecimiento-institucional/ley-general-de-infraestructura-vial>

in Petén), and a road network for connecting main cities and rural areas. There is a railroad network but is not in operation.

Since the 1990'S, there have been many improvements in logistics infrastructure, but still there are many things to be done. There are considerable restrictions on the quality of transport services and higher rates in comparison with other countries of similar development. Also, Guatemala has serious bottle neck problems, as the regulatory systems in specific transport sectors. Special worries exist in the inland transport, quality of roads and ability of ports to accommodate larger vessels.

Based on the Road Development Plan 2018-2032⁶, Guatemala would have a gap in infrastructures that requires an increase from 17,440.23 kilometers to 37,951.89 kilometers, with 21,165.29 new kilometers and the reclassification of 7,691.67 kilometers of the existing road network. The Road Development Plan lays out the following objectives:

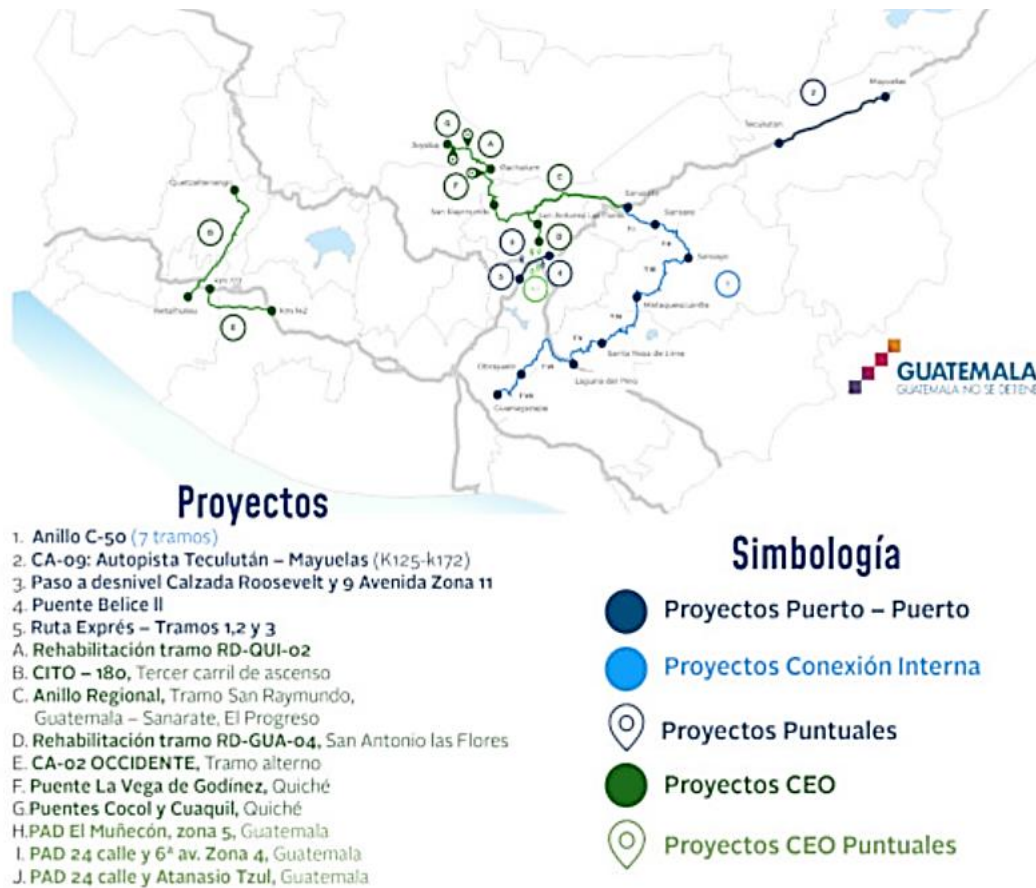
1. Achieve regional and supra-regional integration of the road network.
2. Reduce inequality in the access to the road network and improve its overall accessibility.
3. Modernize and adapt roads to adequate safety and functional conditions.
4. Promote tourism development by improving the road network.
5. Respect the environment and favor the sustainable development of the road network.
6. Adapt Rural Roads to guarantee accessibility to the municipal and departmental capitals.
7. Policy consolidation
8. Maintenance and Conservation of the road network.
9. Encourage the participation of private resources in the construction, conservation and management of road infrastructures.
10. Modernize the management of the road network, providing the managing bodies with the technical means for an adequate follow-up of the planning.

The private sector together with the Government of Guatemala, civil society and academia are working on the "Guatemala No Se Detiene" initiative, where an infrastructure roundtable has identified 52 strategic projects, with an initial investment of more than US\$6.8 billion. These projects underpin the country's challenge of building 20,000 kilometers of highways, which will require the construction of 2,000 kilometers per year over the next 10 years.

An updated review of these projects can be found in FUNDESA's website [https://www.fundesa.org.gt/content/files/c_civica/enade2023/GNSD -
_Comision de Infraestructura \(2023 04 25\).pdf](https://www.fundesa.org.gt/content/files/c_civica/enade2023/GNSD_-_Comision_de_Infraestructura_(2023_04_25).pdf)

⁶ <https://www.minfin.gob.gt/images/archivos/transparencia/2019/pdv18-32.pdf>

Prioritized infrastructure projects⁷



ANADIE has identified 7 PPP infrastructure projects⁸, ranging from USD 80 million to USD 770 million (the links below provide additional information on each project):

- [State Administrative Centre](#)
- [Northeast Highway](#)
- [Intermodal Dry Port](#)
- [Modernisation of La Aurora International Airport](#)
- [City-Rail](#)
- [Highway to South Port](#)
- [Metropolitan Underground](#)

These projects are structured under a design, build, operate and transfer (DBOT) model, with long-term contracting with the state. The model will award the contract to the private entity that demonstrates financial capacity and international experience in PPP's, meets national and international standards, and provides the highest return to the state.

⁷ <https://www.fundesa.org.gt/comisiones/economica/guatemala-no-se-detiene>

⁸ https://www.minfin.gob.gt/images/archivos/transparencia/2019/trifoliar_anadie_ingles.pdf



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