



WE3A – Improving Access to Value Chains for Women Entrepreneurs

Deliverable: Activity 1.1 Ecosystem and Stakeholder Mapping-Guatemala

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Table of Contents

Executive Summary	1
Purpose of the Deliverable.....	2
Profile of Guatemala	2
Guatemala’s Economy at a Glance.....	3
Female Participation in the Economy at a Glance.....	4
WSMEs Entrepreneurial Ecosystem.....	6
WSMEs Profile	6
Figure 1. WSMEs mapped by sector/industry.....	7
Figure 2. WSMEs surveyed by sector/industry	8
Figure 3. WSMEs number of full-time employees	9
Figure 4. WSMEs average annual revenue.....	10
Figure 5. WSMEs composition of customers/client base.....	11
Figure 6. WSMEs sales channels	12
Figure 7. WSMEs online presence.....	13
Figure 8. WSMEs years in business operations	14
Figure 9. WSMEs stage of development	15
Figure 10. WSMEs age group of women owners/leaders.....	16
Figure 11. WSMEs registration.....	17
Figure 12. WSMEs registration type.....	17
Figure 13. WSMEs not formally registered	18
Figure 14. WSMEs women-owned certification.....	19
Figure 15. WSMEs participation in global supply chains.....	20
Figure 16. WSMEs participation in export	20
Location of WSMEs	21
Figure 17. WSMEs mapped location	22
Figure 18. WSMEs surveyed location.....	22
WSMEs Business Challenges.....	23
Figure 19. WSMEs operational challenges.....	23
Figure 20. WSMEs support needed to operate.....	25
Buyers Profile in the Ecosystem for WSMEs.....	25
Figure 21. Buyers mapped	26
Figure 22. Buyers surveyed	27
Figure 23. Buyers number of full-time employees.....	27
Figure 24. Buyers mapped by sector/industry	28
Figure 25. Buyers surveyed by sector/industry.....	29
Buyers’ Purchase Patterns.....	29
Figure 26. Buyers spending in procurement	30
Figure 27. Buyers number of local suppliers	31
Figure 28. Buyers most frequent purchases by product/services.....	32
Figure 29. Buyers criteria to evaluate potential suppliers	33
Figure 30. Buyers participation in supplier diversity policies and/or practices	34
Location of the Buyers	34
Figure 31. Buyers’ location.....	35

Business Support Organizations in the Ecosystem	35
Figure 32. BSOs mapped by type	36
Figure 33. BSOs representation by location.....	37
Figure 34. BSOs representation by sector.....	38
Figure 35. BSOs services and program offerings.....	39
Figure 36. BSOs perspective on COVID-19 related challenges of the local businesses.....	40
Figure 37. BSOs programming in post COVID-19	41
<i>The Effects of the COVID-19 Pandemic</i>	42
Figure 38. COVID-19 Containment and Health Index.....	42
COVID-19 Impact on WSMEs	43
Figure 39. WSMEs COVID-19 impact.....	43
Figure 40. WSMEs COVID-19 related challenges	44
Figure 41. BSOs perspective on WSMEs COVID-19 related challenges.....	45
Figure 42. WSMEs sales impact 2020-2021	46
Figure 43. WSMEs sales impact 2021-2022	46
Figure 44. WSMEs COVID-19 related opportunities	47
Figure 45. BSOs perspective on COVID-19 opportunities for local businesses	48
Figure 47. WSMEs post COVID-19 support	49
Figure 48. BSOs perspective on most needed post COVID-19 support for local businesses	50
<i>SWOT Analysis on the Business Ecosystem in Guatemala</i>	51
Strengths	51
Weaknesses.....	51
Opportunities	52
Threats	52
<i>Key Insight and Recommendations</i>	53
<i>Appendix I Research Methodology.....</i>	55
<i>Appendix II Key BSOs and Programs.....</i>	56
<i>References.....</i>	59

Executive Summary



The WE3A Project objective is to build a stronger and more resilient entrepreneurial ecosystem for women-owned/led small and medium-size enterprises (WSMEs).

This research provides an analysis from the “ecosystem” perspective in Guatemala in which economic factors and conditions of key actors are explored.

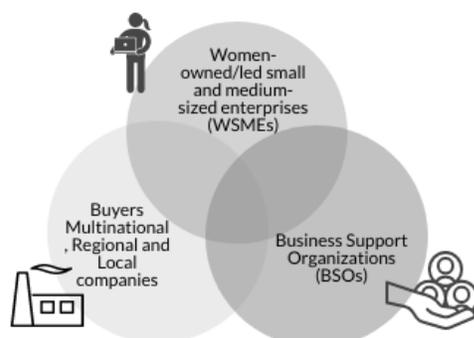
The data from this report will provide the WE3A partners with insightful information for the execution of Project activities to support WSMEs.

Guatemala

Population: 17,109,746 (2021) with 36% in age group 25-54
 Area: 108,889 sq km (42,042 sq miles)
 Major languages: Spanish and indigenous languages (official)
 Government: Presidential republic
 Currency: Guatemalan Quetzal Q
 GDP per capita \$4,603 (2020)
 Inflation: 4.17% (March 2022)
 Foreign Direct Investment Inflow: \$853M (2020)
 Unemployment: 2.2% (2021)
 Key economic sectors: services, industry, agriculture



Entrepreneurial Ecosystem



COVID-19 Impact on WSMEs

- 54% of the WSMEs stated that the pandemic negatively impacted them; 32% stated that COVID-19 positively impacted them; and 14% stated that the pandemic had no impact.
- The top 3 COVID-19 related challenges were: decreased demand for products, productivity decreased due to restrictions, and increased cost of production.
- The top 3 COVID-19 related opportunities were: increased digital presence, found new business opportunities, and identified and cut unnecessary expenses.
- WSMEs indicated that the most needed support in post COVID-19 recovery phase is finding new clients, assistance liaising with purchase leads in large organizations, and networking with the entrepreneurial ecosystem to identify new markets.

Key Findings from WSMEs

- Top industry/sector representation: manufacturing, wholesale and retail trade, and professional activities.
- 76% WSMEs are micro-business (less than 10 employees).
- Customer/Client base composition: 47% businesses, 36% final consumers, 9% government entities, and 8% other.
- Online presence: 95% Facebook, 82% Instagram, 71% WhatsApp, and 63% company website.
- 48% of the WSMEs are in growing stage of development and 21% in mature stage.
- 13% of the WSMEs surveyed have not formally registered their business and 18% have a women-owned business certification.
- 29% of WSMEs surveyed are part of global supply chains and 38% export.
- Main operational challenges are access to formal financial products and cost of operations.

Key Findings from Buyers

- 41% of the buyers surveyed were local companies, 29% regional corporations, and 23% multinationals.
- Top industry/sector representation: service activities, wholesale and retail trade, manufacturing, and agriculture.
- Top local spending: logistics, direct raw material, office administrative supplies and facilities.
- The criteria to evaluate potential suppliers is based on price, quality, and production/service capacity.
- 26% of the buyers have supplier diversity and inclusion policies and practices.

Key Finding from BSOs

- Robust network of BSOs with capacity building and business development programs.

Purpose of the Deliverable

The immediate objective of this research is to provide a better understanding of the entrepreneurial ecosystem in Guatemala as it relates to women-owned and/or women-led small and medium enterprises (WSMEs) with a view to guiding the activities of the “Women Entrepreneurs Aspire, Activate and Accelerate (WE3A)” project (the Project). The objective of the Project is to build a stronger and more resilient entrepreneurial ecosystem for WSMEs. The Project is implemented by Thunderbird School of Global Management in collaboration with WEConnect International, and CECI-Guatemala, a local entity that executes key activities in Guatemala. The Project is supported by the Women Entrepreneurs Finance Initiative (We-Fi) and the Inter-American Development Bank (IDB Lab).

This research assesses the state of the Guatemalan market and identifies the challenges and opportunities for WSMEs, especially related to local value chains and their connection to the global economy. The research provides an analysis from an “ecosystem” perspective, in which economic factors and variables such as size, maturity and capacity of the WSMEs, as well as the impact of the global COVID-19 pandemic are explored. Thus, the analysis of the WSMEs ecosystem includes sector representation, size of business, maturity of a business, market access and support systems. This data will provide the WE3A partners with insightful information for the execution of activities related to the Project to further support women-owned businesses.

This report begins by providing a general profile of Guatemala, followed by a snapshot of the Guatemalan economy and women’s participation. The report proceeds to describe each of the ecosystem areas, starting with the profile of WSMEs, descriptions of buyers in the ecosystem, and the status and existing initiatives, challenges, and opportunities through the perspective of business support organizations (BSOs). The next section includes a summary of the effects of COVID-19 on the Guatemalan market, as well as its effects on the WSMEs ecosystem.

To finalize the report, a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis provides a compilation of findings and recommendations to be considered, implemented, and/or further researched to address the most pressing challenges women business owners and female entrepreneurs in Guatemala currently face.

The research was conducted by utilizing existing secondary and primary data sources to analyze the business ecosystem of Guatemala as it relates to women-owned businesses. The methodology of the data collection is outlined in Appendix I.

Profile of Guatemala

Guatemala is in Central America bordered by El Salvador and Honduras to the south, Belize to the east and Mexico to the north. With an area of 42,042 sq miles, population of 17,109,746 (WB Data Population Guatemala, 2021), and access to both the Atlantic and Pacific Ocean, Guatemala is the biggest economy in Central America and acts as a gateway to both North and Central America.

Guatemala's 2019 Human Development Index (HDI) is 0.663, which places the country in the medium human development category, positioning it at 127 among 189 countries (HDI - Guatemala, 2020). An HDI of 0.663 is above the average of 0.61 for the medium human development group, although it is well below the 0.766 HDI average for countries in Latin America and the Caribbean.

Guatemala is the most populous country in Central America and has the highest rate of population growth. Regrettably, poverty levels are also high in Guatemala, especially among its large indigenous population. (The World Factbook - Guatemala, 2022). Furthermore, while the country performs well at macroeconomic levels and has a large young population, the poverty levels hinder an enabling environment that supports inclusive and sustainable growth (Guatemala - IDB Group Country Strategy 2021-2024, 2021).

Limited economic growth and inequalities has led to an exodus of Guatemalan immigrants to North America. As a result, Guatemala is one of the top remittance recipients in Central America. In 2020, Guatemala received US\$11.41B in remittances, which accounted for 14.7% of its gross domestic product (GDP) (WB Data Personal Remittances Guatemala, 2020).

Guatemala is also extremely vulnerable to natural disasters and climate change. The country ranks in the top five countries in the world that is most affected by floods, hurricanes, and earthquakes (WB Climate Change Knowledge Portal, 2022). Furthermore, the World Risk Index report for 2020 ranks Guatemala in 10th position in terms of countries with the highest risk of disasters, based on exposure, susceptibility, response capacity and adaptation capacity (CONRED, 2021).

Guatemala's Economy at a Glance

Guatemala is the largest economy in the Central America region. According to World Bank data from 2020, the GDP in Guatemala was US\$77.6B with a per capita GDP of US\$4,603 (WB Data GDP Guatemala, 2020). The main sectoral contribution to the GDP comes from services (61.84%), followed by industry (22.08%) and agricultural (10.24%) (O'Neill, Guatemala: Distribution of GDP across economic sectors from 2010 to 2020, 2022) (WB Data GDP per capita Guatemala, 2020).

In 2020, the net inflows of foreign direct investment were US\$853.4 million, a sharp decline from US\$1.17B in the previous year (2019) (WB Data Foreign Direct Investment Guatemala, 2020).

Guatemala ranks 69th among 184 countries in the 2022 Index of Economic Freedom. With a score of 63.2, Guatemala's index has remained mostly unchanged in the past five years, sitting in the "Moderately Free" category, due for the most part to current property rights, government integrity and labor freedom (Index - Guatemala, 2022).

Trade data indicates that in 2020, Guatemala exported a total of US\$12.2B and imported US\$17.9B in goods, resulting in a US\$5.7B trade deficit (OEC Guatemala, 2020). Agriculture (bananas, nutmeg, coffee, raw sugar and palm oil) is the country's main export. The main imports are refined petroleum, broadcasting equipment, packaged medications, cars, and trucks.

Guatemala's main trade partner for both exports (US\$3.87B) and imports (US\$6.01B) is the United States (US). Other trading partners include El Salvador, Honduras, Nicaragua, Mexico, and China.

Guatemala exported US\$2.98B worth of services. The top services exported by Guatemala in 2019 were personal travel (US\$989M), computer and information services (US\$645M) and transportation (\$479M). The service sector is the main source of employment in Guatemala, representing 49.98% in 2019 (O'Neill, Guatemala: Distribution of employment by economic sector from 2009 to 2019, 2022). According to AGEXPORT (Guatemala's export promotion agency), the sector is made up of more than 250 leading and innovative companies that contribute to the economic development of the country. Within the service sector, tourism is an important sub-sector, as it generates an average of 500,000 direct and indirect jobs per year. Contact centers and business process outsourcing (BPO) are also important sub-sectors. In 2019, this sector employed 42,000 people. The contact centers and BPOs offer customer service, finance, logistics, human resources, and knowledge services for a variety of sectors, such as: banking, finance, insurance, telecommunications, manufacturing-distribution and retail, public and construction services, media and entertainment (AGEXPORT Servicios, 2022).

The manufacturing sector accounts for 18.73% of all employment in Guatemala (O'Neill, Guatemala: Distribution of employment by economic sector from 2009 to 2019, 2022). Food processing is the main sub-sector of the manufacturing industry. Food processing is divided into non-alcoholic beverages, preserved foods, and baked goods. The first two represent 40% of total national production, followed by baked goods, which accounts for 15% of total processed product exports (Guatemala Country Profile, 2022).

Another important sub-sector is apparel and textiles. This is one of the most dynamic sectors in the national economy, representing 8.9% of the GDP. The industry contributes to the creation of 180,000 direct and indirect jobs in apparel companies, and 46% of employees are women (VESTEX, 2022).

As mentioned, the agriculture sector plays an important role in Guatemala. Data from 2019 shows that this sector accounts for 31.3% of total employment (O'Neill, Guatemala: Distribution of employment by economic sector from 2009 to 2019, 2022). In the last three decades, Guatemala has become an important supplier of top-tier fruits and vegetables to markets including the US, the European Union, Asia, and Latin America. In fact, agricultural products account for 60% of the country's total exports. The main crops are bananas, coffee, sugarcane, palm tree, nutmeg, and cardamon, among others (AGEXPORT Agricola, 2022).

Female Participation in the Economy at a Glance

In terms of women's economic empowerment, indicators show that the female labor force participation rate is 38%, a considerably lower level than the equivalent national male rate of 84% (ILOSTAT, 2020). The participation share by gender differs widely by sector, for example: the share of agriculture labor is 11% female and 41% male; the share of industry labor is 16% female and 21% male; and the share of service labor is 72% female and 38% male. Adding to gender

inequalities, on average, women spend 19.5% of their day on unpaid domestic care work and men 2.6% of their day (WB Gender Data, 2022).

Another economic empowerment indicator is the engagement in the monetary economy. Data from 2017 indicates that the percentage of the female population aged 15 and older with a bank account at a financial institution is 42%, compared to 46% for the same male age group, representing a 4% gap (WB Gender Data, 2022).

There is no official/government sex disaggregated data for business ownership in Guatemala. However, data from GEM (Global Entrepreneurship Monitor for Guatemala) indicates that most entrepreneurs in Guatemala are male. It is estimated in the GEM report that the level of women entrepreneurship is around 33% (Facultad de Ciencias Económicas Universidad Francisco Marroquín Centro de Emprendimiento Kirzner, 2020). In addition, a 2017 dataset from the World Bank Enterprise Survey shows that the percentage of firms with female participation in ownership is 31.5% and the proportion of firms with majority female ownership in Guatemala is 18.4% (Enterprise Surveys, 2017).

WSMEs Entrepreneurial Ecosystem

Women-owned/led small and medium-sized enterprises (WSMEs) were targeted in the ecosystem mapping conducted for this research. The criteria for including enterprises were based on percentage of ownership, as well as control and size, as demonstrated in the methodology.

Mix-method research using both secondary data sources, as well as primary research, targeting WSMEs, buyers and business support organizations (BSOs), was used in the development of this section.

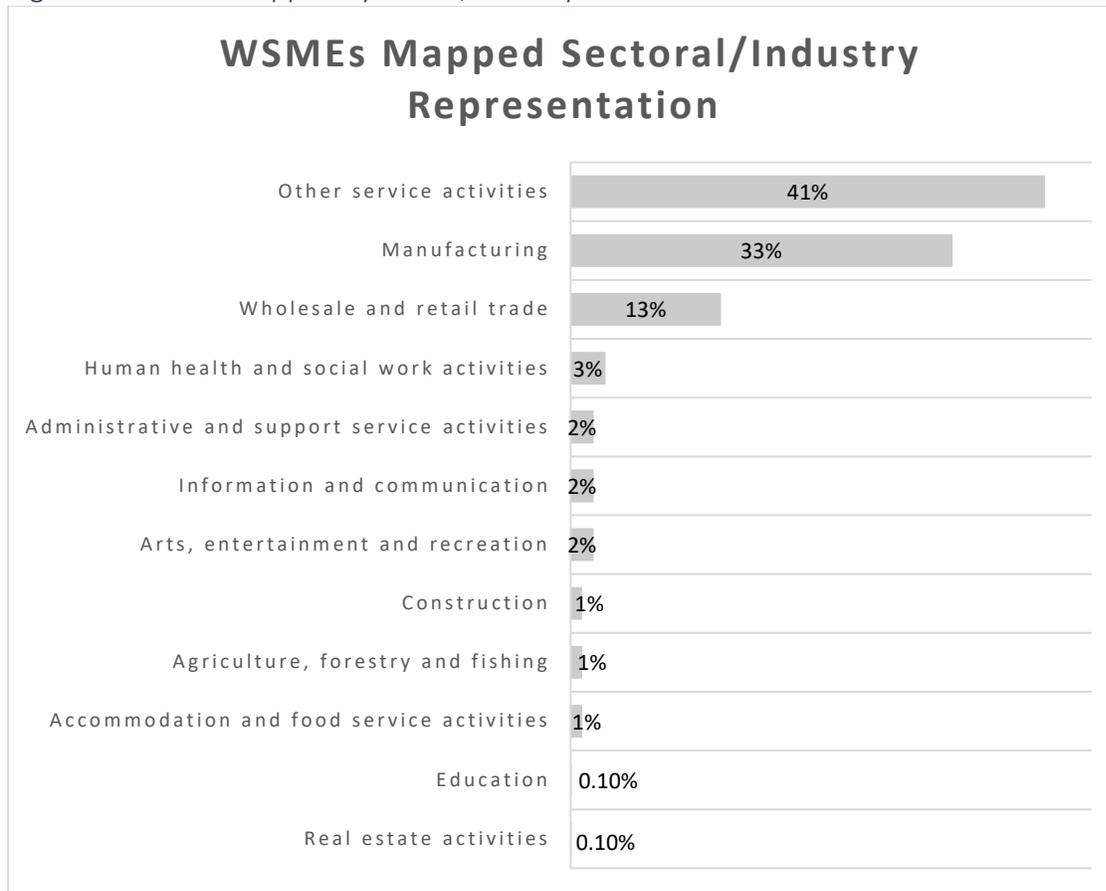
At the initial stage of the research, secondary data (databases, market analysis, and studies) was used to map the stakeholders. At the consultation stage, the stakeholders were consulted using an online survey as detailed in the research methodology. In the following section, the distinction between “mapped” and “surveyed” is clearly stated in the data presented.

WSMEs Profile¹

Based on the WSMEs sampled, the mapping of the WSMEs shows that the overwhelming majority (by number of companies) are involved in other service activities (41%), followed by manufacturing (33%), wholesale and retail trade (13%) and human health and social work (3%), as outline in Figure 1. It is understood, based on the secondary research, that the bulk of WSMEs participate in the service and manufacturing sectors, which makes up two of the three key economic sectors in Guatemala.

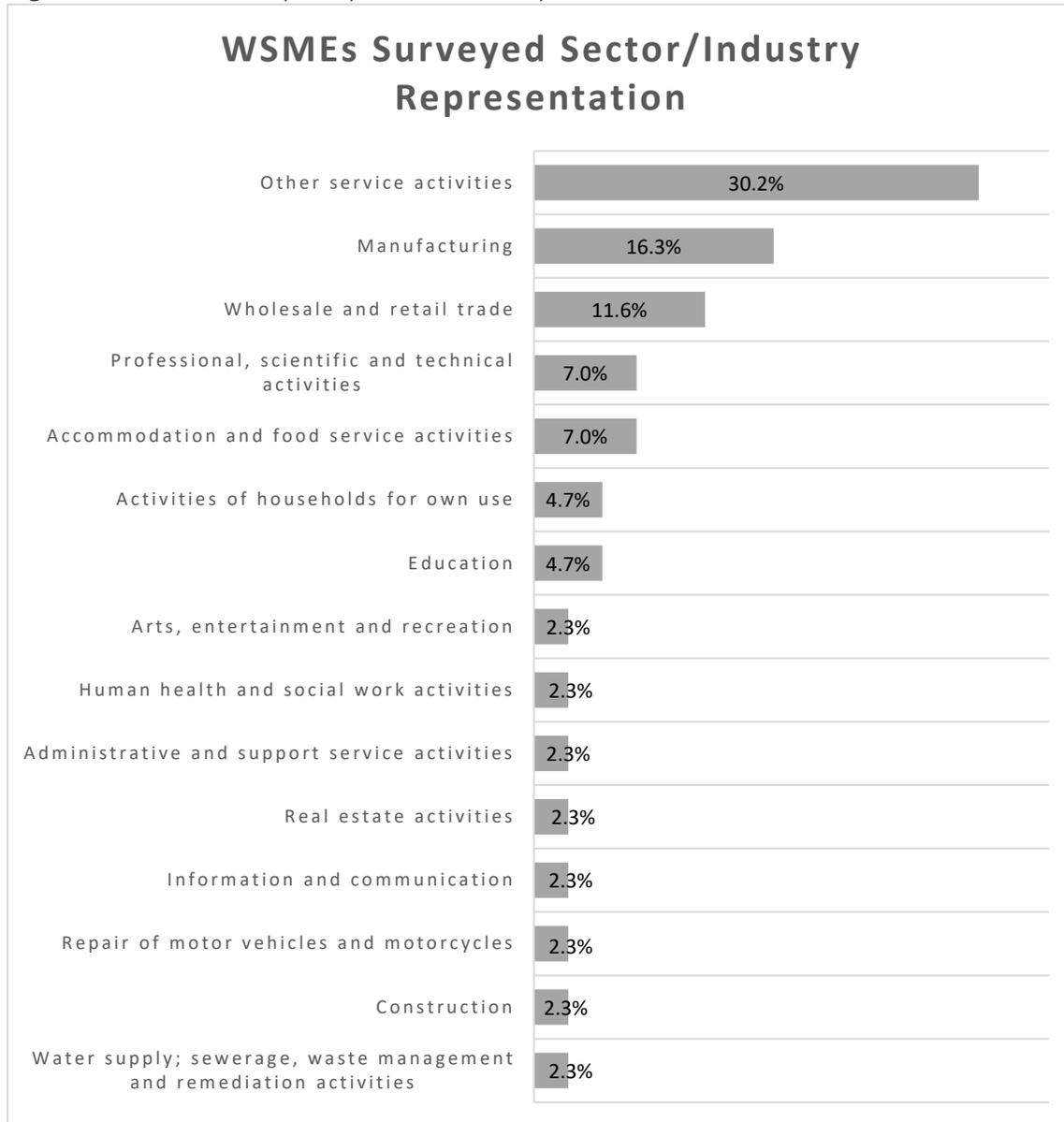
¹ For this section, 232 WSMEs were mapped and a total of 55 WSMEs responded to the survey.

Figure 1. WSMEs mapped by sector/industry



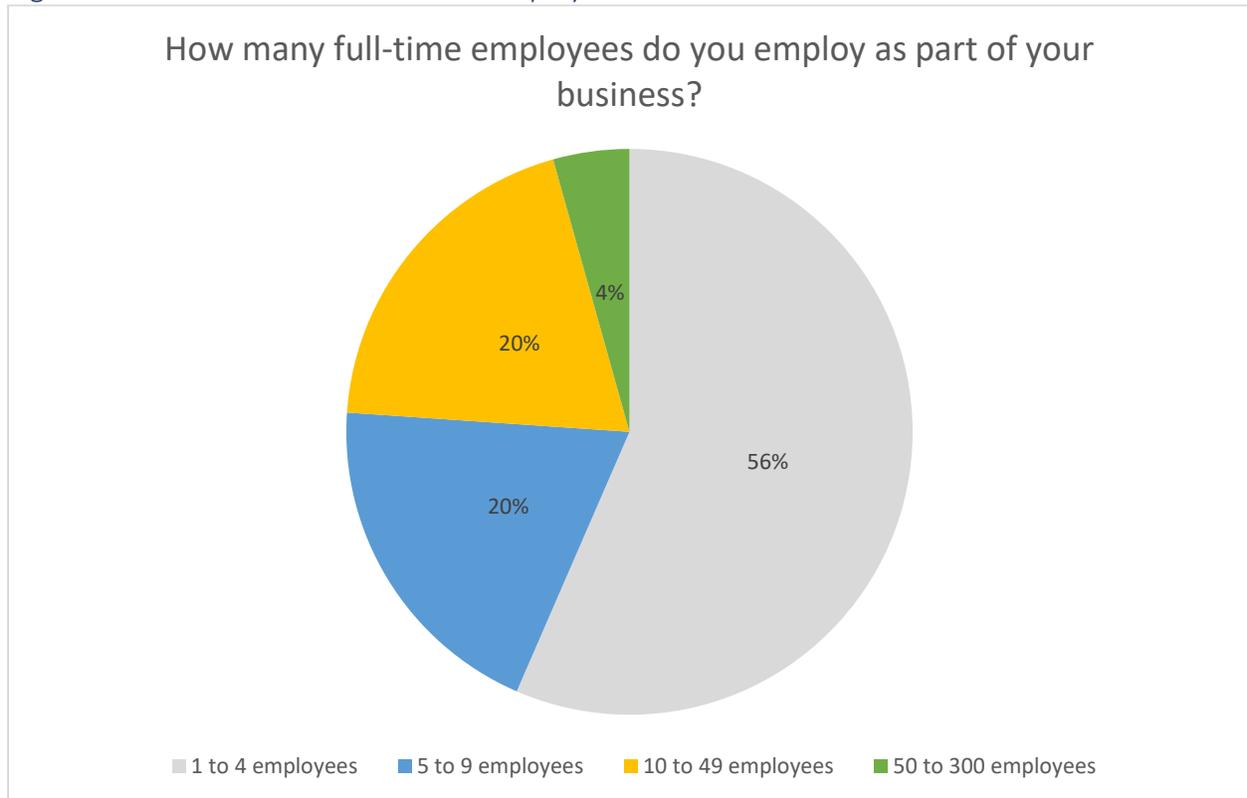
The WSMEs that participated in the survey are engaged in manufacturing (16%), wholesale and retail trade (12%), professional, scientific, and technical activities (7%); and accommodations and food services (7%), as shown in Figure 2.

Figure 2. WSMEs surveyed by sector/industry



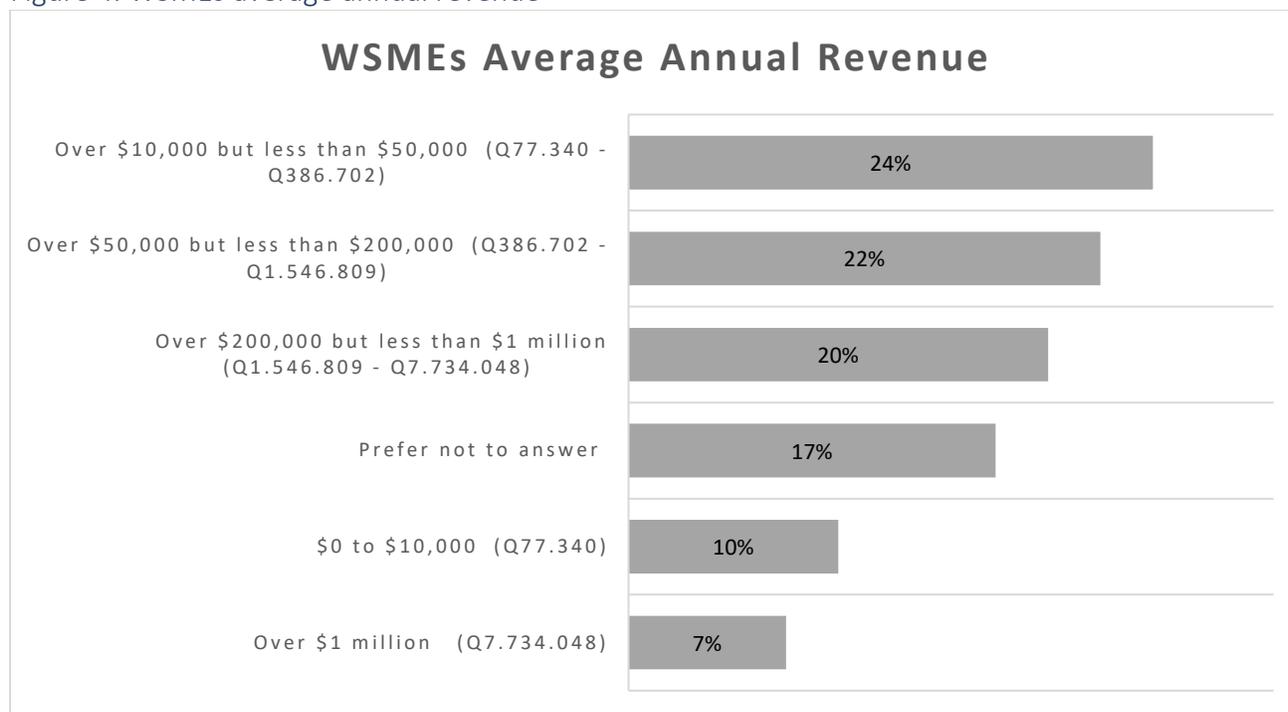
In terms of the number of full-time employees, 76% of the WSMEs that participated in the survey identified as micro businesses and are employing less than 10 people (see Figure 3). Nonetheless, on average, the workforce of WSMEs is 73% female. This result indicates that the businesses' role in women's inclusion and economic empowerment is significant.

Figure 3. WSMEs number of full-time employees



As shown in Figure 4 below, the majority of participating WSMEs (24%) have average annual revenue of between US\$10,000 and US\$50,000, and a portion of the WSMEs (22%) reported revenues of over US\$50,000, but less than US\$200,000; and a smaller portion of WSMEs (20%) reported revenues over US\$200,000, but less than US\$1M. Only 10% of the respondents have revenue of less than US\$10,000. There is a group of respondents (17%) who opted out of answering this question, which is aligned within the normal response rate in terms of revenue questions.

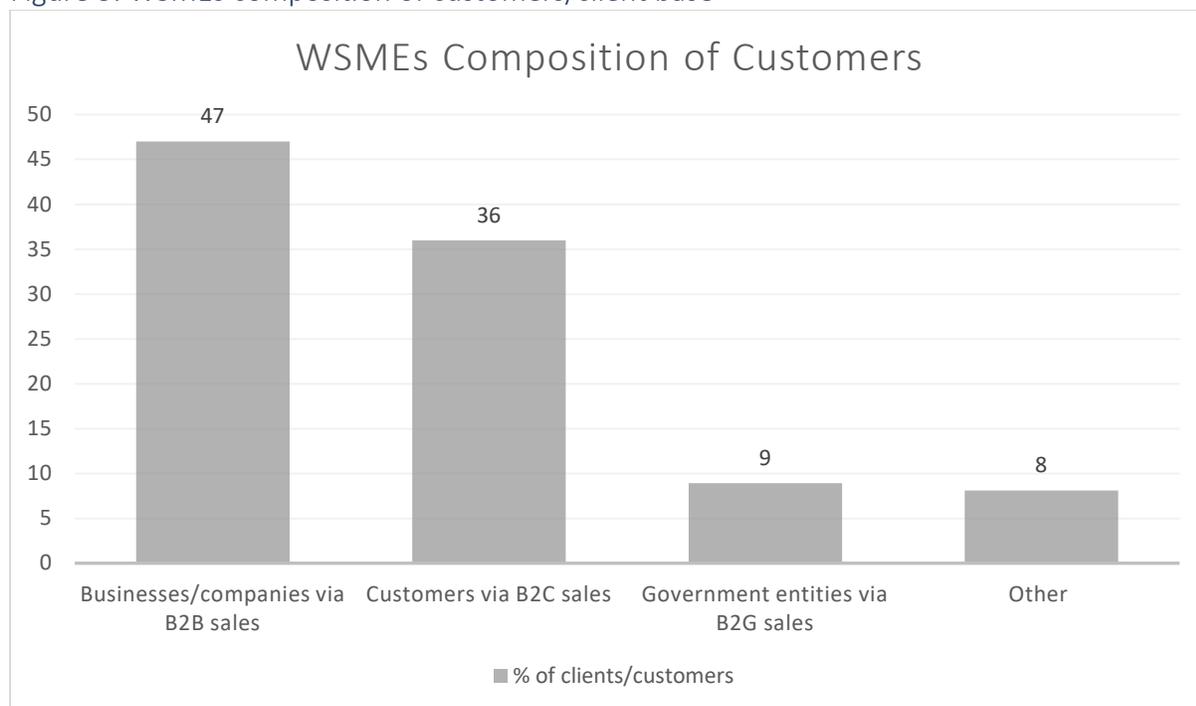
Figure 4. WSMEs average annual revenue



Survey respondents were asked to indicate the composition of their client base. WSMEs had the option to indicate the percentage per group based on business to business (B2B), business to consumer (B2C), and business to government (B2G) transactions. Figure 5 below indicates the average percentage composition of the customers/clients based on all the responses received from the WSMEs.

The main source of clients for the participating WSMEs is corporate clients through B2B sales (47%), followed by B2C sales (36%), a smaller portion of government clients B2G sales (9%), and other (8%) as shown in Figure 5.

Figure 5. WSMEs composition of customers/client base



The data indicates that WSMEs surveyed are selling to government entities, which is a favorable sign even though it is on a smaller scale representing a small portion of their customer/client composition (9% on average). These B2G sales could be performed through traditional retail, wholesale, and online sales channels and/or some of them through formal participation in government procurement tendering.

Government procurement is a sales channel traditionally untapped by WSMEs due to its complexity. Guatemala's public procurement system has a regulatory framework to promote the participation of local micro, small, and medium-sized enterprises (MSMEs) that includes a framework for set-aside procurement programs (Acuerdo Gubernativo No. 211-2015, 2015). In Guatemala, the set-aside program is not gender responsive. This means it does not have a special set-aside for women-owned businesses, however any MSME can qualify.

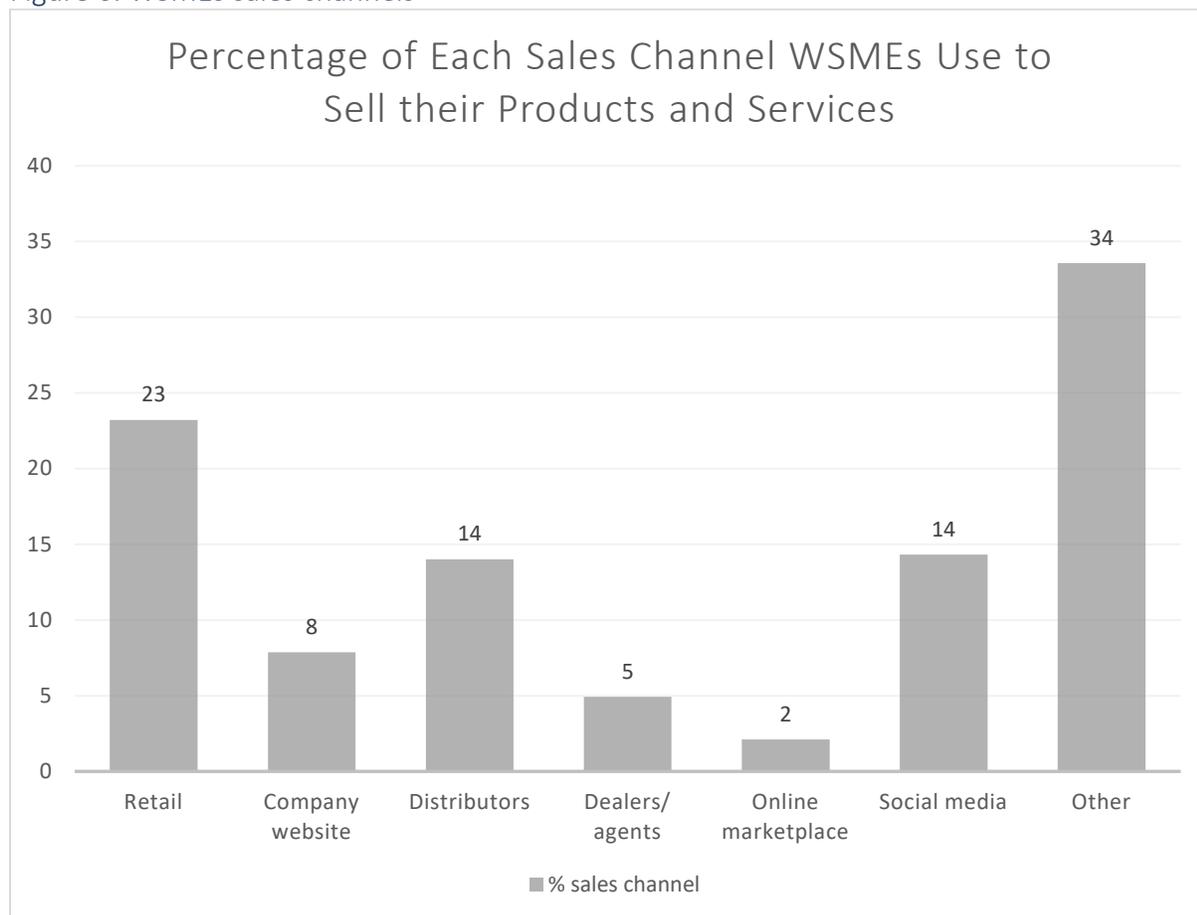
In the Guatemalan public procurement portal called "*Sistema de Información de Contrataciones y Adquisiciones del Estado – GUATECOMPRAS.gt*", there is a dedicated section for procurement opportunities for MSMEs.² In addition, MSMEs can register in a central directory of government suppliers, where government entities can search for qualified suppliers.

As shown in Figure 6, WSMEs were also asked to identify to what extent they use different sales channels. In-person retail is the main sales channel used (23%), with the online channel via social

² For more information visit GUATECOMPRAS.gt "Oportunidades de Negocio para las MIPYMES": <https://www.guatecompras.gt/MiPymes/frmBusquedaMiPyme.aspx>.

media and distributors sales channel each being used by 14% of respondents. This was followed by an online channel via company website being used by 8% of respondent WSMEs.³ Under “Other” (34%), WSMEs identified direct wholesale and online channels, such as email or WhatsApp orders.

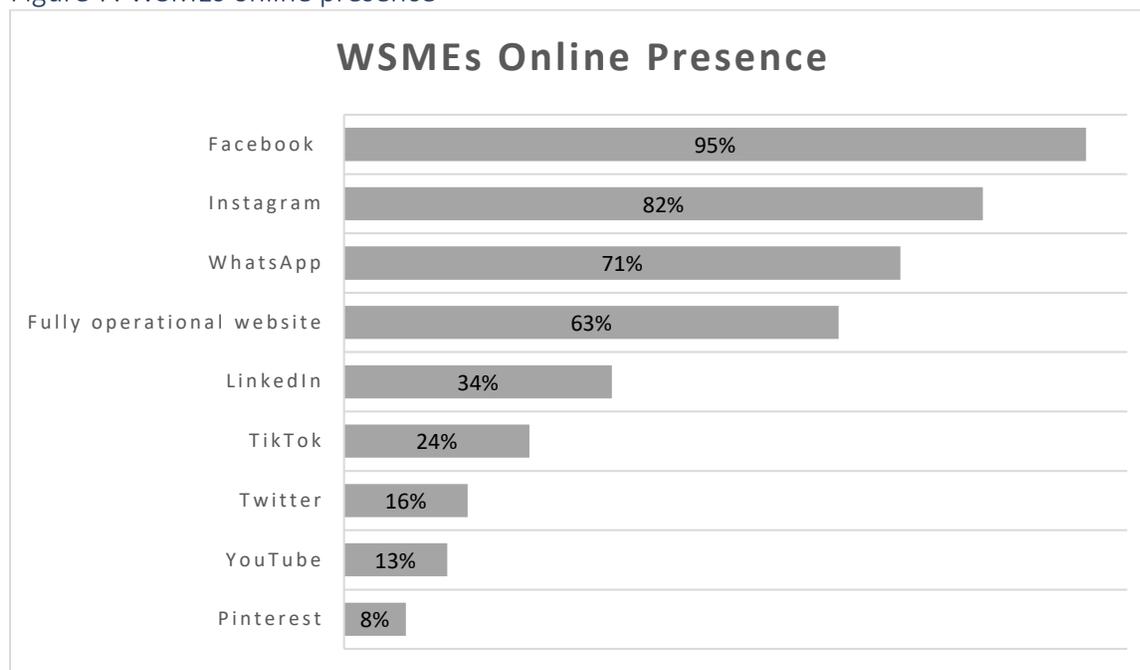
Figure 6. WSMEs sales channels



WSMEs were asked to indicate the extent of their online presence. The overwhelming majority use Facebook (95%), followed by Instagram (82%), and WhatsApp (71%). A significant portion of the WSMEs surveyed have a fully operating company website (63%), as shown in Figure 7. Having a fully operating company website is important as it helps to increase business credibility and creates an avenue for new customers to find WSMEs, to get to know their products and services; and to be able to utilize purchase options if the website has e-commerce features. For those WSMEs that do not have a fully operating company website, inputs into activities that assist them with the development of their website and potential e-commerce gateway will very likely be positive for the ecosystem in Guatemala, especially for those enterprises that want to be part of global supply chains and/or export their goods and services.

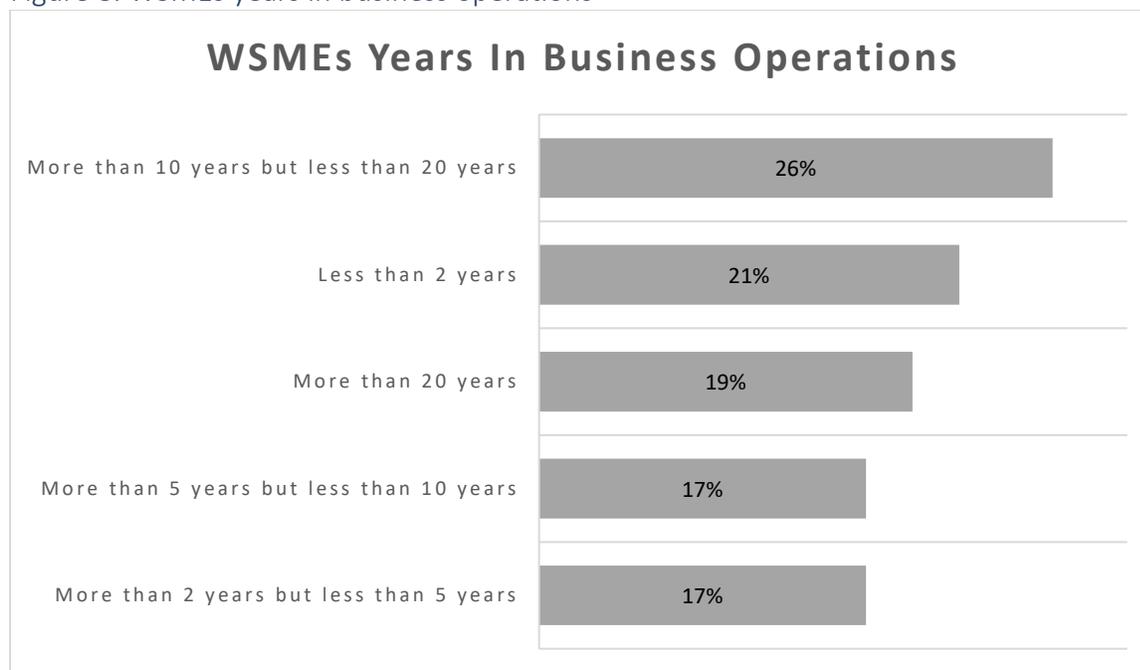
³ Social media platforms have integrated commerce directly into their platforms, making easier for business to offer their products and for customers to buy products they discover in the platforms, without leaving the platforms.

Figure 7. WSMEs online presence



The research also found that most of the participating WSMEs are enterprises with more than 10 years of operating experience (27%), follow by those with less than 2 years in operation (21%), which puts them within the COVID-19 pandemic timeframe, and most likely as a result of necessity entrepreneurship (Acs, 2006). A significant number of WSMEs (19%) have over 20 years of business experience. A number of WMSEs (17%) have more than 5 years but less than 10 years of experience and a group of WSMEs (17%) has more than 2 years but less than 5 years of experience, as illustrated in Figure 8.

Figure 8. WSMEs years in business operations



In terms of level of development, Figure 9 below shows that the largest proportion of WSMEs (48%) are in the growing stage, where they have some documented processes and more trained staff than WSMEs in the developing stage. Those WSMEs in the developing stage (19%) are in the very early stages of development with limited production processes, utilizing basic technologies, and employing individuals with limited training. A representation of the WSMEs in mature stage (21%) and optimization stage (12%) are on the other end of the development spectrum, at a stage where they possess well-documented processes and sufficient resources to maintain operations.⁴

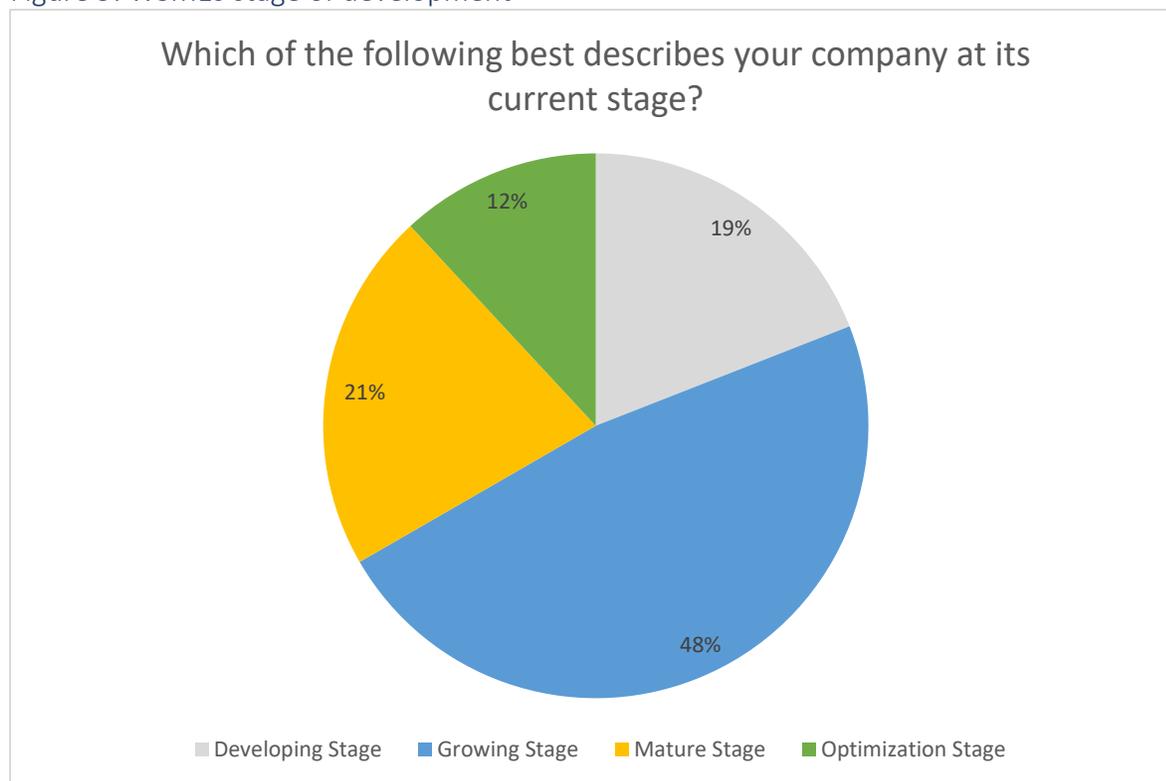
⁴ **Developing Stage:** Limited operational and production processes, basic technology, limited employee training available, WSMEs are in their early days.

Growing Stage: Started to document processes, some technology in place to support the business, a few employees are formally trained in their role.

Mature Stage: Most processes are documented, relevant technology in place to support the organization and implementing training for all employees.

Optimizing Stage: WSMEs have fully documented processes, the right technology platforms for their business, employees have been trained and it continues to work on opportunities for improvement.

Figure 9. WSMEs stage of development



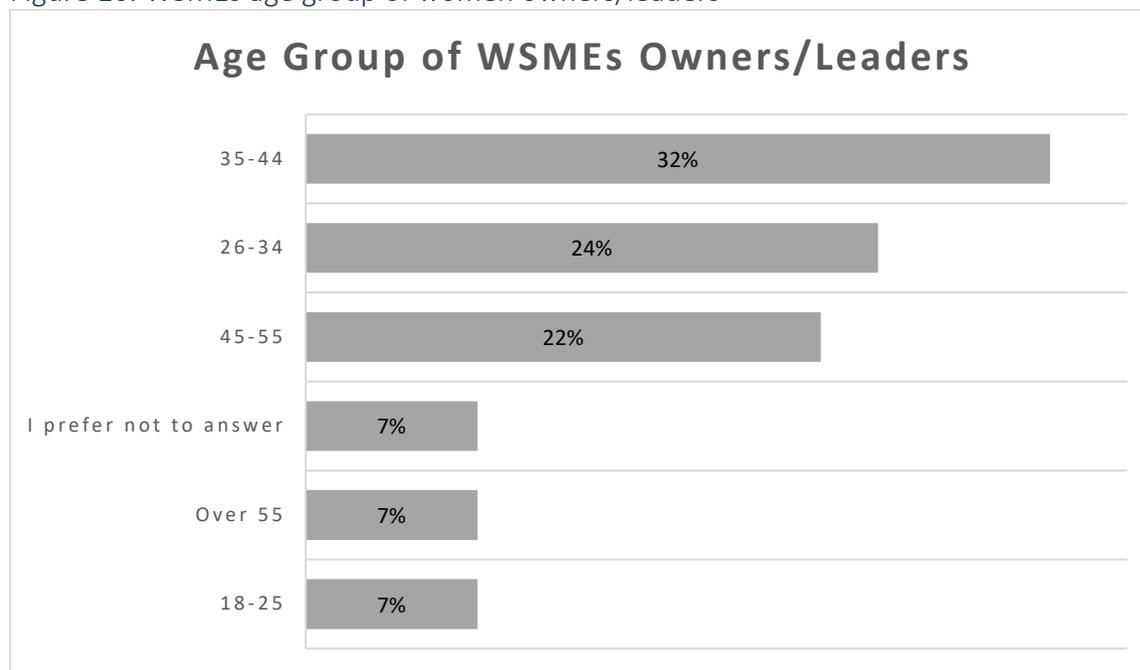
The fact that a large percentage of WSMEs reported being in the growing and developing stages (67%) indicates that basic entrepreneurial and product development training could be valuable for their future growth. Furthermore, for those that are at mature and optimization stages (33%) and have been in operation for more years, there are greater opportunities to prepare them for participation in global supply chains and/or to further explore export markets.⁵

In addition, when the owners/leaders of the WSMEs were asked to identify themselves within an age group, most respondents indicated that they are young or middle-aged (see Figure 10). Generally, at this stage in life, many women are juggling the multiple responsibilities of running a business, being mothers, taking care of aging parents and performing household responsibilities. It is essential that potential future project activities factor in this reality and strike a balance when suggesting capacity building activities and B2B events. To substantiate this, data

⁵ The WE3A project has a three-tiered approach based on three stages: Aspire, Activate and Accelerate. Aspire is the phase that the project addresses biases and roadblocks that the women face and discuss how to create the environment that allows them to succeed. In the Activate phase women will be given access to webinars and workshops designed to help them build business skills, resiliency and digital expertise. The last phase, Accelerate is designed for businesses and enterprises that are more established. In this phase women will receive advanced education and build a network of important people from the business ecosystem and potential customers. For more information see: <https://we3a.org>.

shows that in Guatemala, on average, women spend 20% of their day performing unpaid domestic and care work (WB Gender Data, 2022).

Figure 10. WSMEs age group of women owners/leaders



In terms of formality, 87% of the WSMEs reported that their businesses are formally registered (see Figure 11) with 54% as partnerships, 36% as a sole proprietorship, 8% as corporations and, very few as limited liability partnerships (3%), as shown in Figure 12. A small number of WSMEs (13%) stated that their businesses are not formally registered (see Figure 11). The main reason for not doing so is the bureaucracy involved (as stated under the “Other” category), as well as the cost associated with the registration process (see Figure 13).

For this small portion of WSMEs, the lack of formal business structures may be hindering their access to, among other things, financial services, credit, global supply chains, government procurement, and the opportunity to attain a women-owned enterprise certification. All these factors require a level of competency in accounting, record keeping, and financial reporting, which informal businesses may not be able to comply with, or which may not be worthwhile to pursue for those micro-businesses that do not have a formulated growth strategy.

Figure 11. WSMEs registration



Figure 12. WSMEs registration type

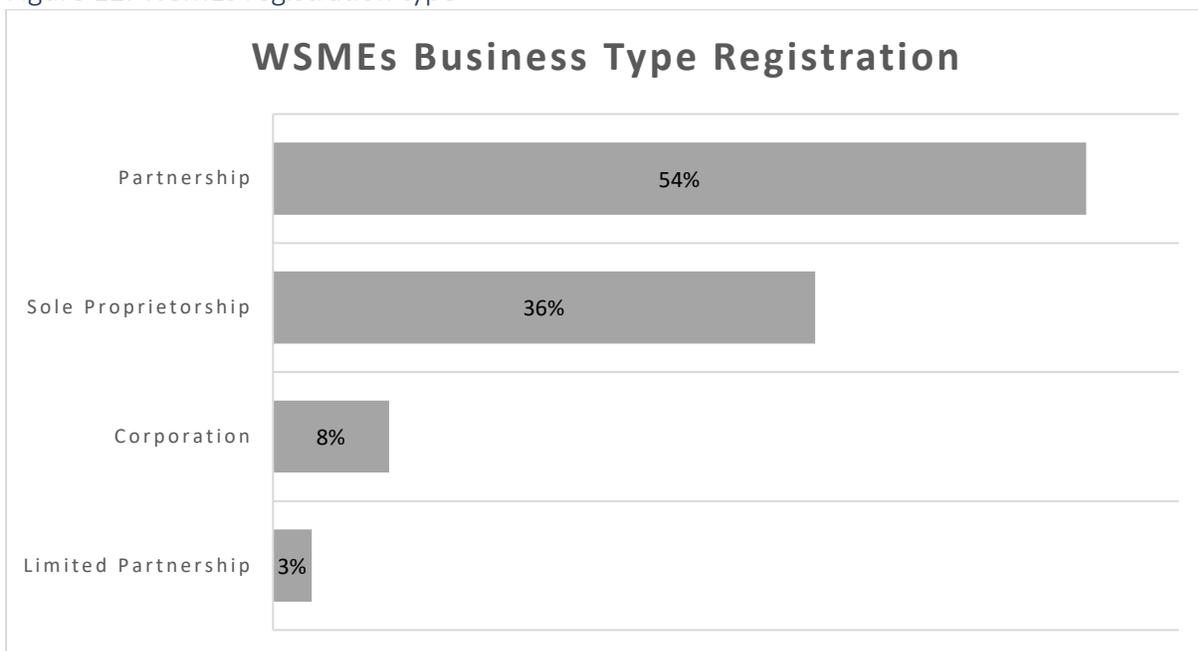
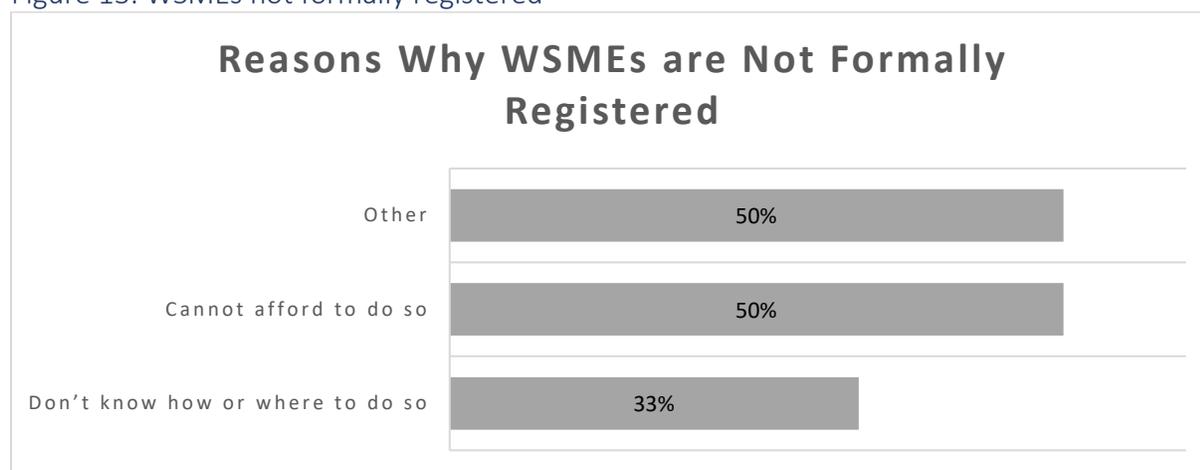


Figure 13. WSMEs not formally registered



In Guatemala, the formal registration process of a business can be onerous. Registration entails six (6) steps, beginning with checking availability of company name to obtaining a business license by a notary public. On average, it takes 15 days for processing, not including the time that the business owners spend gathering necessary information. The cost of obtaining the required licenses is US\$790 on average (Guatemala Doing Business, 2020),⁶ approximately twice the country's official minimum wage (Government of Guatemala, 2021).⁷ This cost does not include any professional fees paid to lawyers assisting with obtaining the name reservation, drafting, and filing of the articles of incorporation, partnership documents, or any related documents. It also does not include any assistance obtaining related fiscal and labor risk insurance, and other permits.

In short, the registration process can be expensive, hindering the possibility of WSMEs capitalizing on the opportunities of a formally registered business, some of which are detailed above. Formalization of WSMEs could be part of a sustainable growth strategy. This is an area where the Project can help the WSMEs through the establishment of a well-constructed business support program.

WSMEs were asked if they are a certified women-owned business. The majority are not, as shown in Figure 14. Being a certified women-owned business can bring benefits to WSMEs, for example, they have access to:

- global buyers through inclusive sourcing programs,
- supplier diversity events and programs,

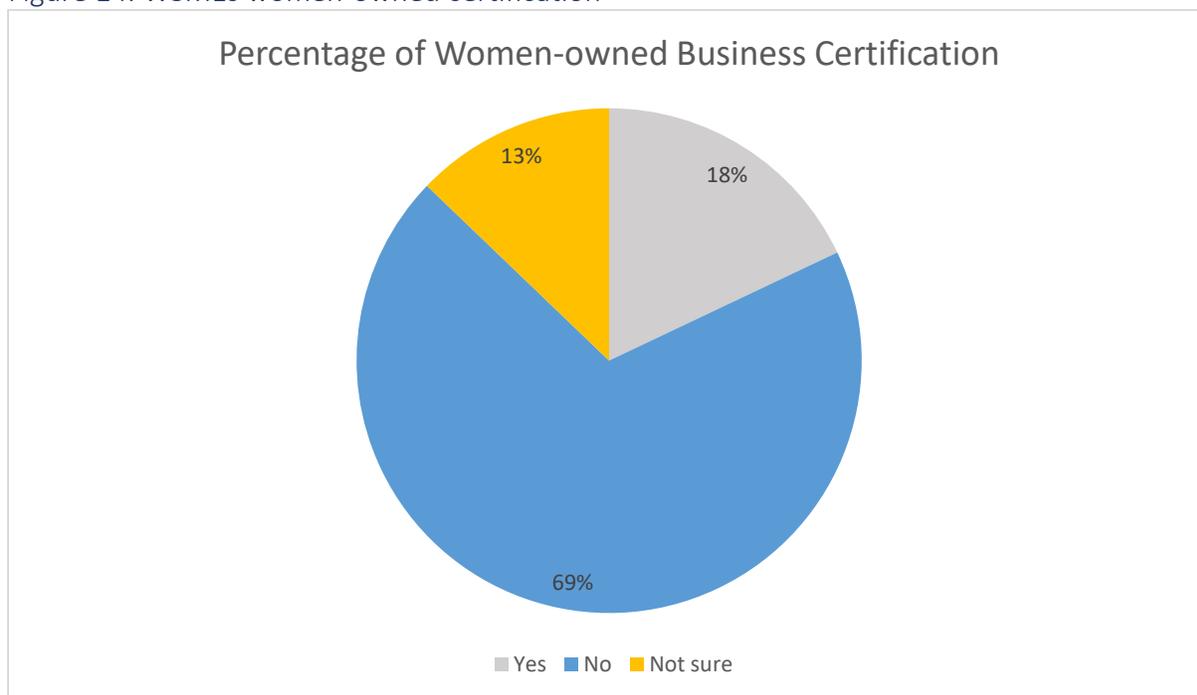
⁶ The last edition to the World Bank Doing Business 2020 measured the complexity of the procedure, time and, cost of started a business. The Doing Business has been discontinued as of September 9, 2021. Data and methodology to assess starting a business in Guatemala still acceptable to use as a reference for procedure, cost and time.

⁷ The official minimum wage in Guatemala for the year 2020 ranges from US\$380 to US\$400 per month.

- International Financial Institution (IFI) donor programs, training and procurement opportunities, and
- networks of women-owned business.

This is an area where the certification partner can play an important role by communicating to Guatemalan WSMEs the benefits of being formally certified as women-owned business.

Figure 14. WSMEs women-owned certification



WSMEs were also asked if they were part of global supply chains and if they export their products and services. The majority are *not* as it is illustrated in Figures 15 and 16.

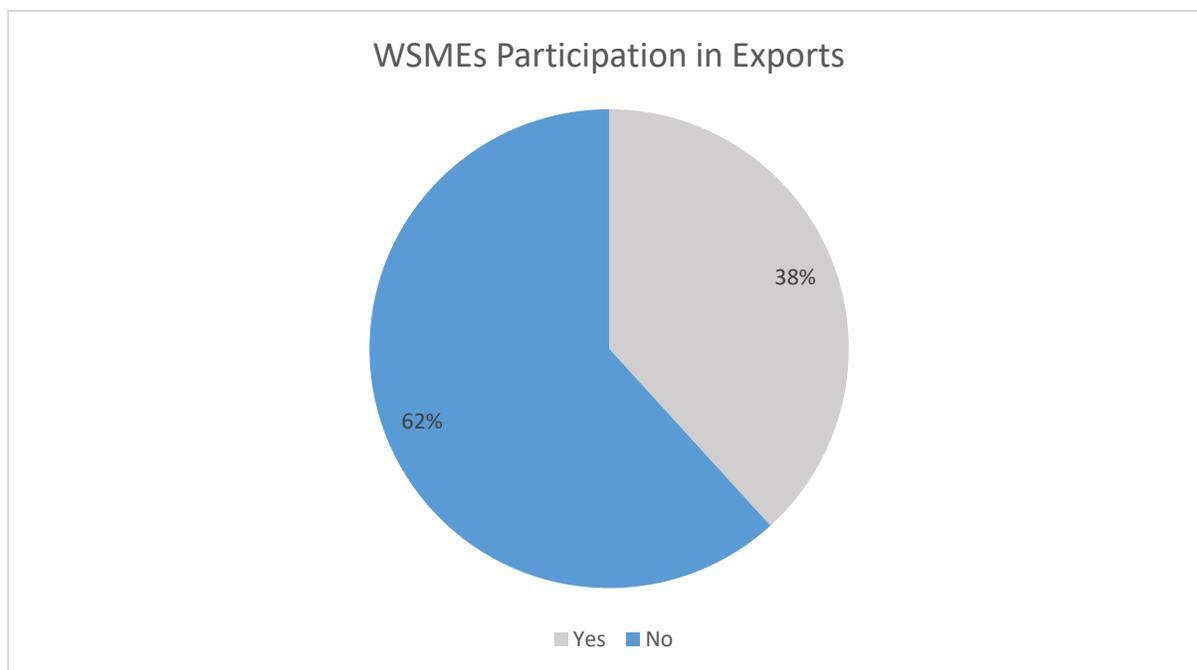
Figure 15. WSMEs participation in global supply chains



The reason for low participation in global value chains and export could be attributed to the fact that the majority of the WSMEs in the survey sample are in early stages of development and most of them are micro businesses with limited production capacity.

Undertaking international business development, exporting, or selling into global value chains is complex, but often yields benefits for companies, from establishing new revenue streams and gaining competitive advantages to accessing specific government incentives for global companies. Specialized business development training and participation in export promotion events, such as trade fairs and missions under a cluster approach, could be incorporated into the Activate and Accelerate stages of the Project. The cluster approach can leverage the co-location or proximity of participating WSMEs (Central America and South America). Inputs into export promotion activities can be planned around facilitating networking and cooperation among the WE3A participants. As a result, in the long term, expected outcomes can include building bridges across the different ecosystems, enabling innovation, cross-promotion, access to global value chains, increase of exports and an increase of sustainable companies.

Figure 16. WSMEs participation in export



Those WSMEs that do export their goods and services reported that their destination markets are focused on Central America, followed by the US, South America, and one company exporting to Japan.

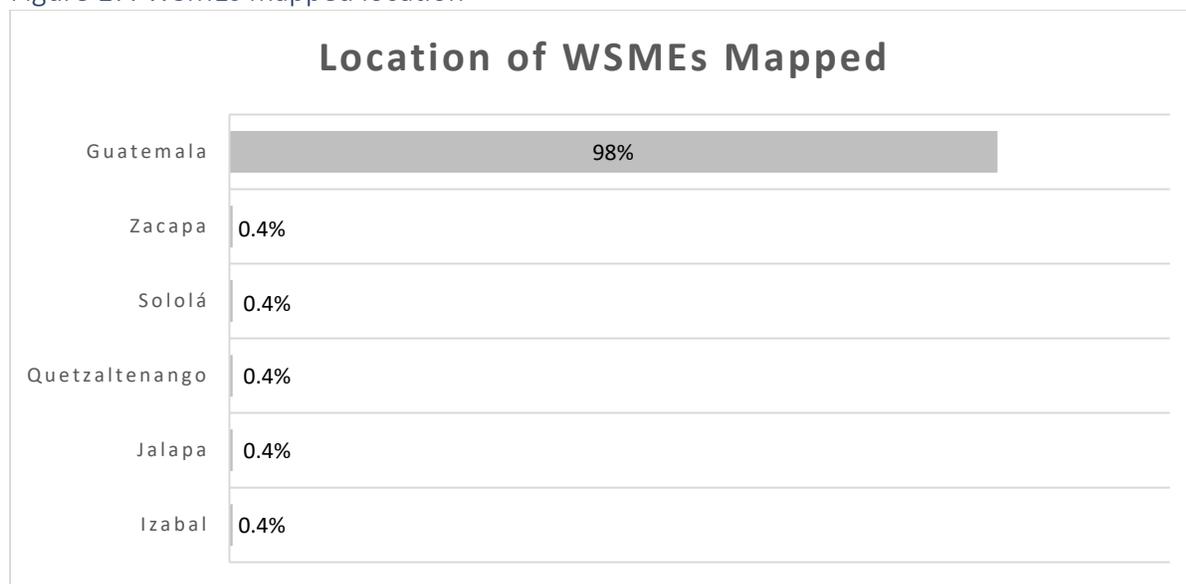
In conclusion, increased exports and participation in global supply chains are key objectives of the Project. The WE3A will undertake specific events and activities to further develop and achieve those objectives.

Location of WSMEs

The sample mapped indicates that the level of women entrepreneurship is higher in the urban region of the department of Guatemala.⁸ The correlation can be explained by the fact that there is greater access to capital, education, and other services, including business support organizations in the country's most populated urban area (see Figure 17).

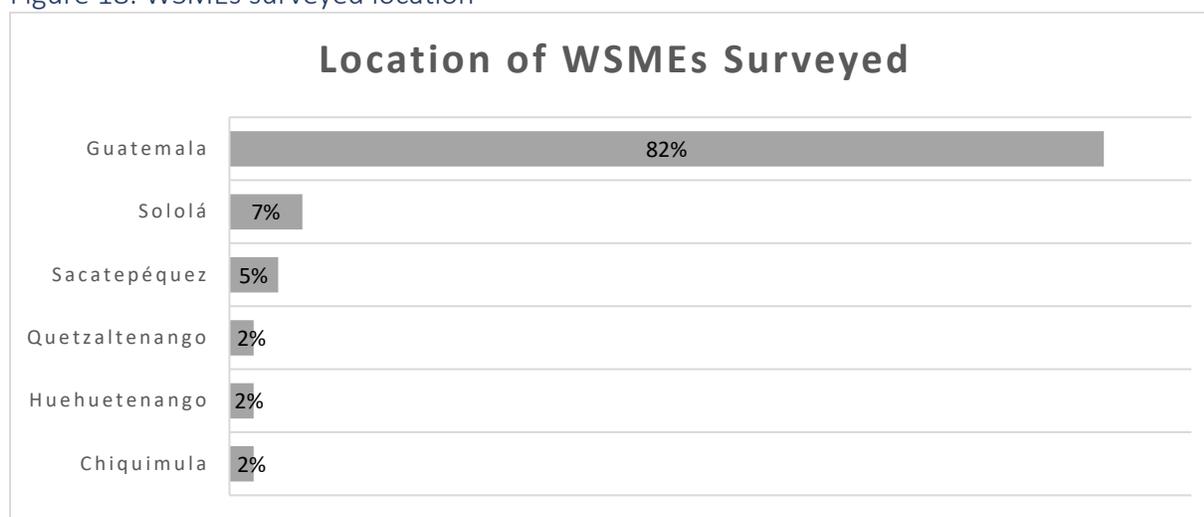
⁸ Guatemala is divided into 22 administrative departments: 1 Alta Verapaz, 2 Baja Verapaz, 3 Chimaltenango, 4 Chiquimula, 5 Petén, 6 El Progreso, 7 El Quiché, 8 Escuintla, 9 Guatemala, 10 Huehuetenango, 11 Izabal, 12 Jalapa, 13 Jutiapa, 14 Quetzaltenango, 15 Retalhuleu, 16 Sacatepéquez, 17 San Marcos, 18 Santa Rosa, 19 Sololá, 20 Suchitepéquez, 21 Totonicapán, 22 Zacapa.

Figure 17. WSMEs mapped location



Likewise, participation in the survey was higher in the department of Guatemala (82%), as shown in Figure 18. Nonetheless, there was some representation from other areas outside of the department of Guatemala that were not previously identified in the mapping. This is a positive sign that there is female entrepreneurship in other regions. It is important to note that data from the consultation, which was conducted through an online survey, shows that only half of the population in Guatemala uses the Internet (WB Data Individuals using Internet - Guatemala, 2020). The lack of Internet access could have been a contributing factor in the low participation rate in the consultations in other regions of the country and highlights a gap that may be important to take into account when planning online training.

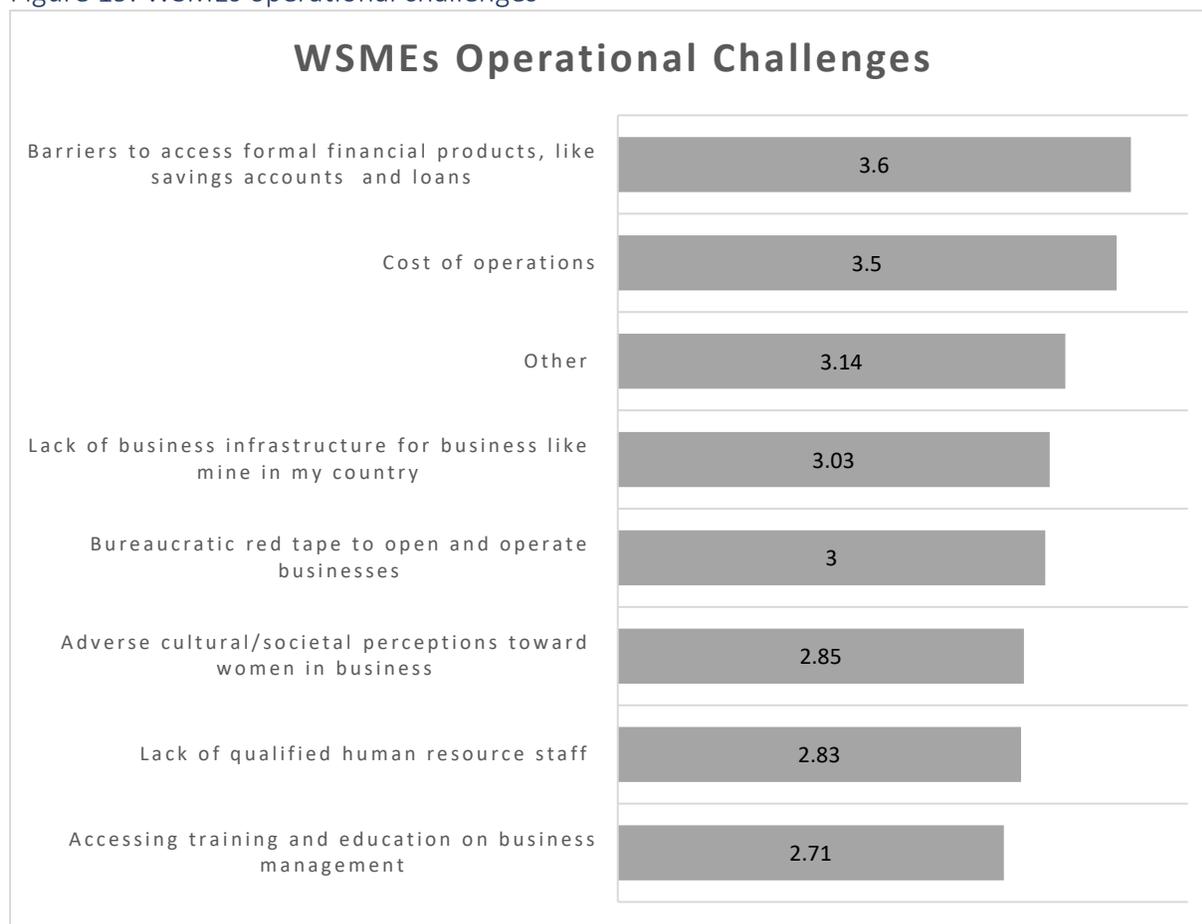
Figure 18. WSMEs surveyed location



WSMEs Business Challenges

To assess the operational challenges that women entrepreneurs encounter in Guatemala, WSMEs were asked to rate their challenges on a scale from 1 to 5 with 5 being the highest impact of the challenge. The results are set out in Figure 19 below.

Figure 19. WSMEs operational challenges



As Figure 19 shows, the greatest reported challenge is lack of access to formal financial products. This is a difficulty experienced by women-owned enterprises around the globe. Most studies in this area agree that the struggle to access financing can be associated with WSMEs operating in highly competitive and low-growth sectors, as well as gender-biased credit scoring (Entrepreneurship at a Glance, 2016). In some countries, women have less access to basic financial services, such as a checking and/or savings account, which can have an impact on their credit/banking history. For example, data from the World Bank Gender Data Portal shows that in Guatemala, 42% of women aged 15 and over have an account at a bank or other financial institution (WB Gender Data, 2022).

Cost of operations is the second most challenging barrier, followed by “Other”. WSMEs had the option to provide a detailed written explanation of the impact of the barriers they submitted under “Other”. Thus, under “Other”, WSMEs indicated several difficulties, including excessive

taxes, bureaucratic red tape to operate their businesses, and the stress of dealing with cultural barriers (in terms of gender roles for women in Guatemala), as significant obstacles to successfully operating their business.

A study carried out by CECI-Guatemala in 2020 on the Entrepreneurial Ecosystem of Women in Guatemala found that the most critical challenges that Guatemalan women face in their day to day is *machismo*,⁹ inequality, and lack of inclusion for women (León, 2021).

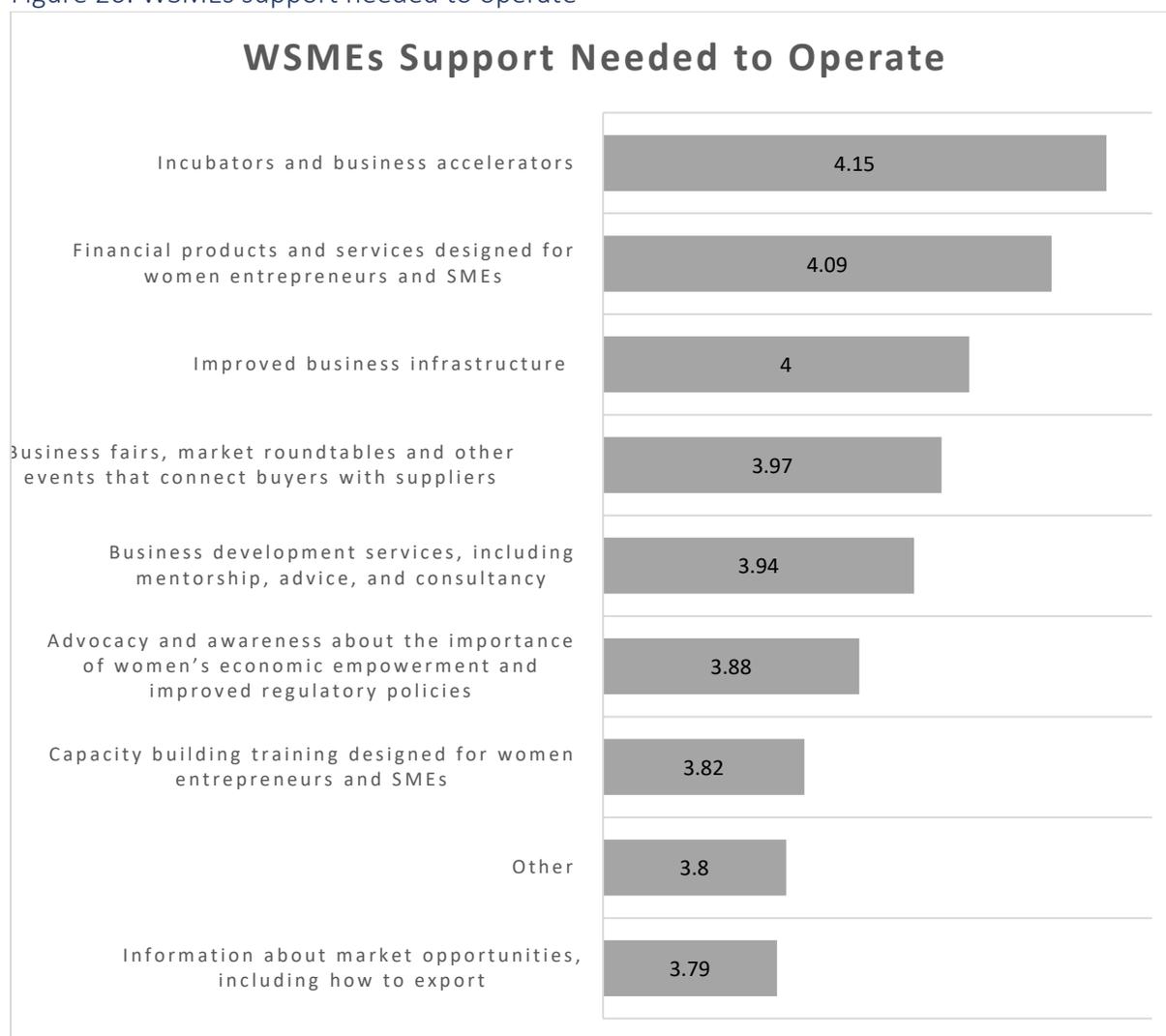
In fact, Guatemala is ranked second in Latin America and the Caribbean with the greatest gender inequalities (Human Development Reports GDI, 2019). The exclusion of women in various aspects of society is a systemic issue in the country. Since childhood, girls are more likely to drop out of school to undertake unpaid household-related work, and women have less active participation in the formal economy, earning much less than men. It is estimated that for each dollar that men earn, women will earn 56 cents (Babio, 2021). Furthermore, gender-based violence levels are extremely high (SERniña Guatemala, 2022). Gender issues need immediate attention to fully enable an inclusive and sustainable entrepreneurship ecosystem.

When asked what kind of support WSMEs need to operate their business, most respondents identified the need for incubators and business accelerator support.¹⁰ The need for financial products to secure capital to carry on their business was ranked second, followed by improved business infrastructure, as shown in the Figure 20 below.

⁹ *Machismo* is a particular type of patriarchy rooted in the Latin American culture as a kind of male domination, which dictates that a man's responsibility is to provide, protect and defend his family, and a woman's responsibility is to take care of him, the family, and from home. *Machismo* has also been defined as “Exaggerated pride in masculinity, perceived as power, often coupled with a minimal sense of responsibility and disregard of consequences. In machismo there is supreme valuation of characteristics culturally associated with the masculine and a denigration of characteristics associated with the feminine. It has for centuries been a strong current in Latin American politics and society”. Britannica dictionary: <https://www.britannica.com/topic/machismo>.

¹⁰ Based on a scale from 1 (not needed) to 5 (most needed).

Figure 20. WSMEs support needed to operate



It is important to highlight that a great number of WSMEs are in the growing stage of development (48%), where they require technical support, as well as capital to accelerate their growth. Accordingly, business accelerator programs will be a key market intervention. It will be important that accelerator programs take into consideration the struggles WSMEs face when coping with the global COVID-19 pandemic. This will be further explained in the section related to the effect of COVID-19 on the ecosystem.

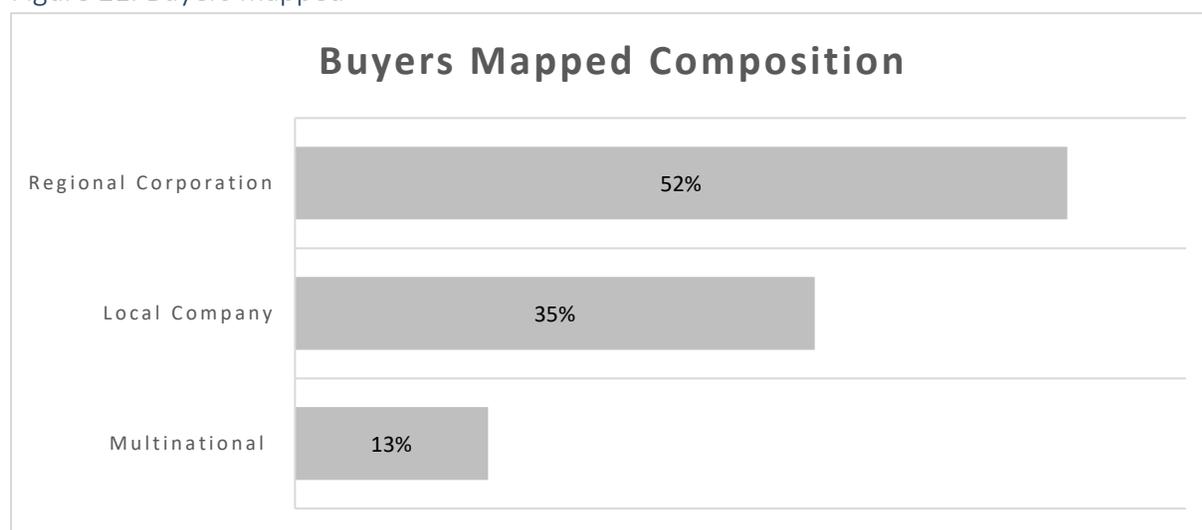
Buyers Profile in the Ecosystem for WSMEs¹¹

A sample of companies with local presence was researched as potential buyers of the services and products offered by WSMEs. These are companies that have significant purchasing power in Guatemala.

¹¹ For this section 55 buyers were mapped and 22 buyers responded to the survey.

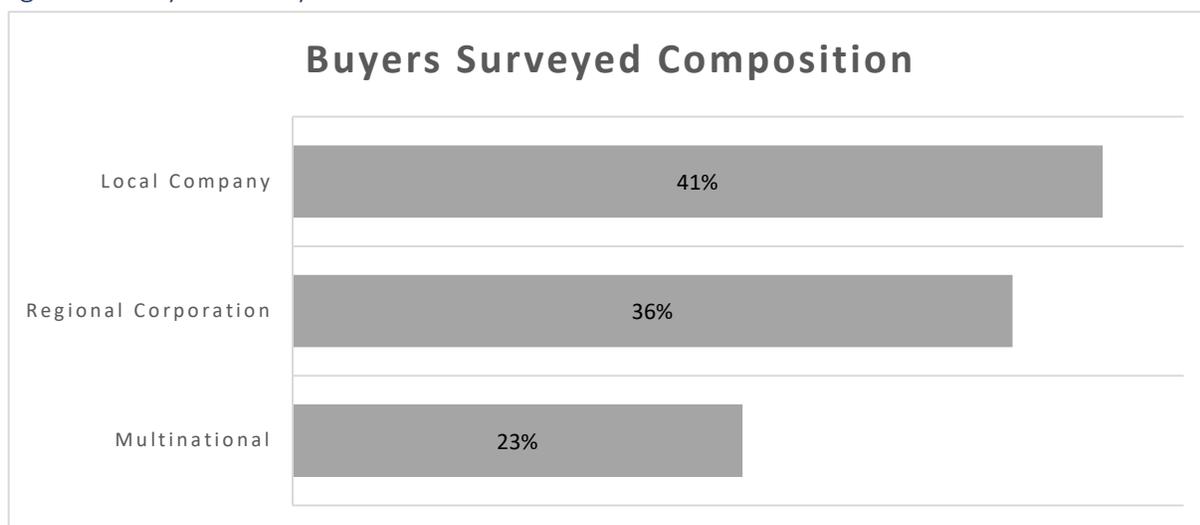
The buyers' mapping sample was composed of multinational corporations, regional corporations, as well as local companies, as shown in Figure 21. Having the ability to target international companies that are established in Guatemala, in addition to local companies, will be of value to the Project activities in terms of further building and expanding a resilient ecosystem for WSMEs. This will result in an ecosystem that is less volatile to global recessions, such as the financial effects caused by the COVID-19 pandemic. For the buyers, adding local WSMEs to their supply chain brings the benefit of a more resilient and diversified supplier base with new talent and perspectives for services, as well as opportunities for economic in-market growth, and potentially reduced transportation and logistics costs. For WSMEs, being able to sell to key companies in the market could enable and support their sustainable growth.

Figure 21. Buyers mapped



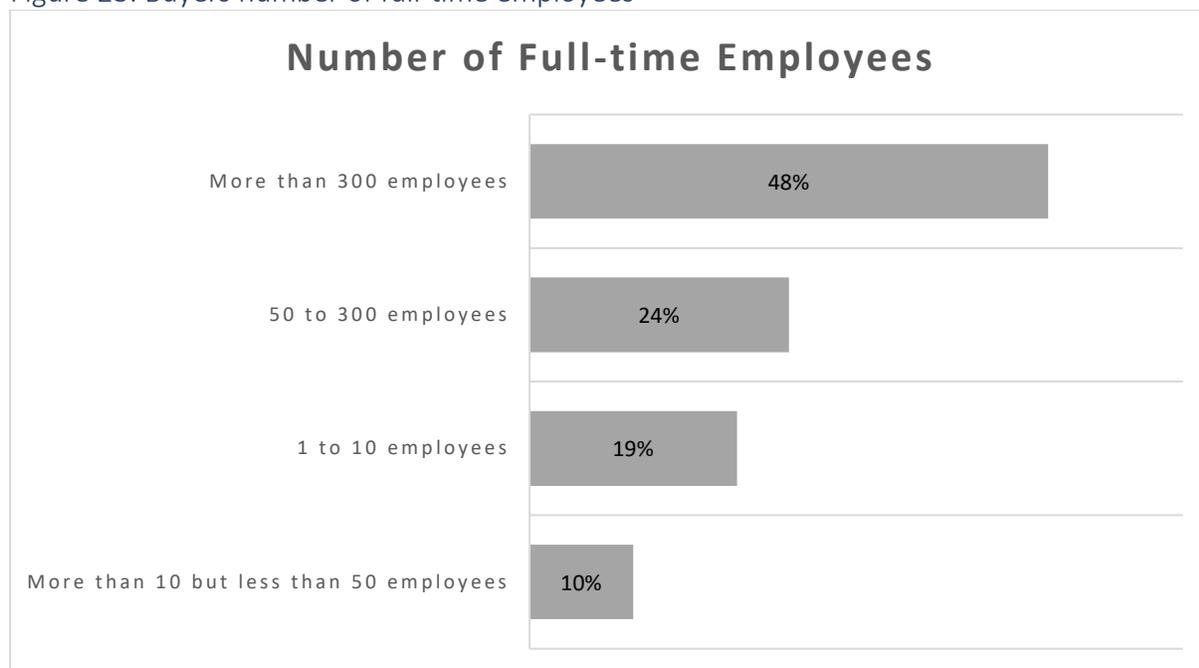
The representation of the buyers that participated in the survey is shown in Figure 22.

Figure 22. Buyers surveyed



Most of the buyers consulted in the survey are large organizations with over 300 full-time employees (see Figure 23) and an average female employment representation of 41.38%. There is a portion of buyers that are small-and medium-sized (SMEs) organizations that do not qualify as SMEs in this research because of their revenue threshold of over US\$2.5M as set out in the mapped criteria in the methodology (see Appendix I).¹²

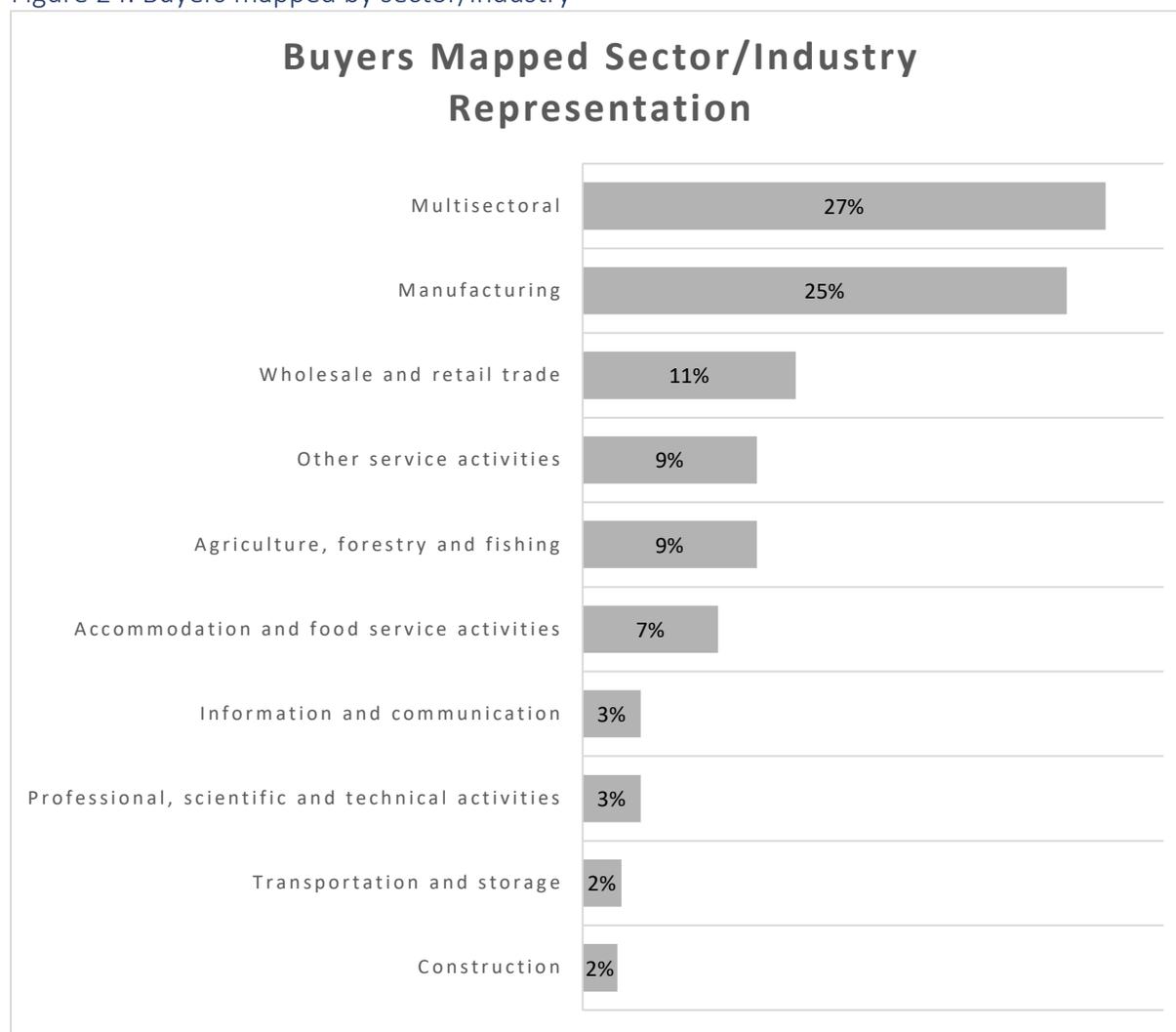
Figure 23. Buyers number of full-time employees



¹² As per the research methodology the definition of SME used is “To qualify as Small and medium-sized enterprises (SMEs) the business can have up to 300 employees and a total gross revenue up to US\$2.5M.”

The sector/industry representation of the mapping sample is outlined in Figure 24 below. The largest contingent of buyers was in multiple sectors (27%) followed by manufacturing (25%), wholesale and trade (11%), and other service activities (9%).

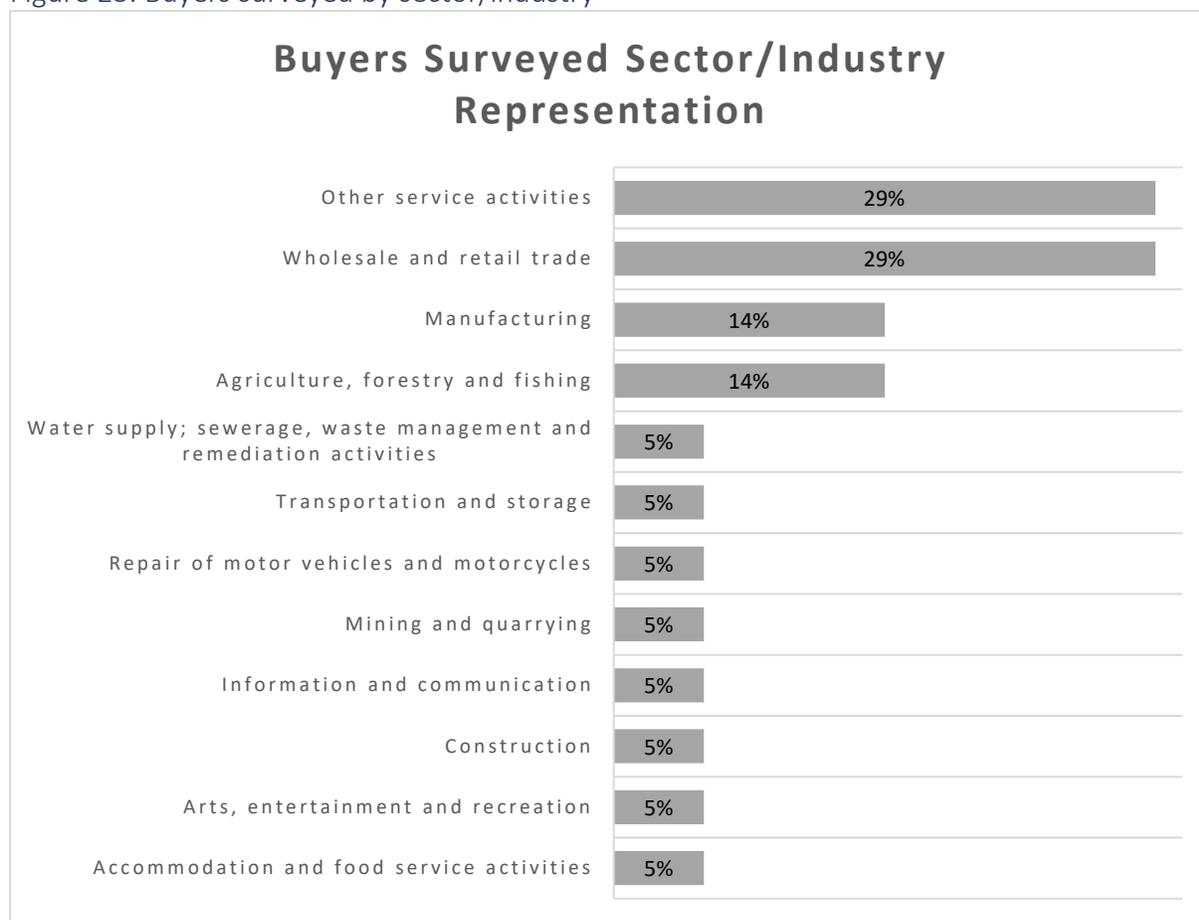
Figure 24. Buyers mapped by sector/industry



The sector representation of the buyers that participated in the survey (as shown in Figure 25) does not fully correlate with the buyers mapped from the secondary research. Based on the survey findings, the representation of buyers is greater in services at 29%, as well as wholesale and retail trade at 29%, followed by manufacturing at 14%, and agriculture at 14%. Nonetheless, compared with the sector representation of the WSMEs, as compiled from the desk research mapping and survey, the buyers sectors correlate with three areas where women-owned businesses are more active: “manufacturing”, “wholesale and retail” and “services” (see Figures 1 and 2 in comparison to Figures 24 and 25).

The data on the sector representation creates two scenarios: first WSMEs and the largest corporations are competing in the same market and therefore WSMEs need to work on a unique competitive advantage to stay in business. Second, these WSMEs are selling their products and services to larger companies and are already feeding into an existing supply chain. Data from the survey shows that, in fact, WSMEs are using both sales channels, B2C and B2B (as outlined in the “WSME Profile” section and Figure 5).

Figure 25. Buyers surveyed by sector/industry



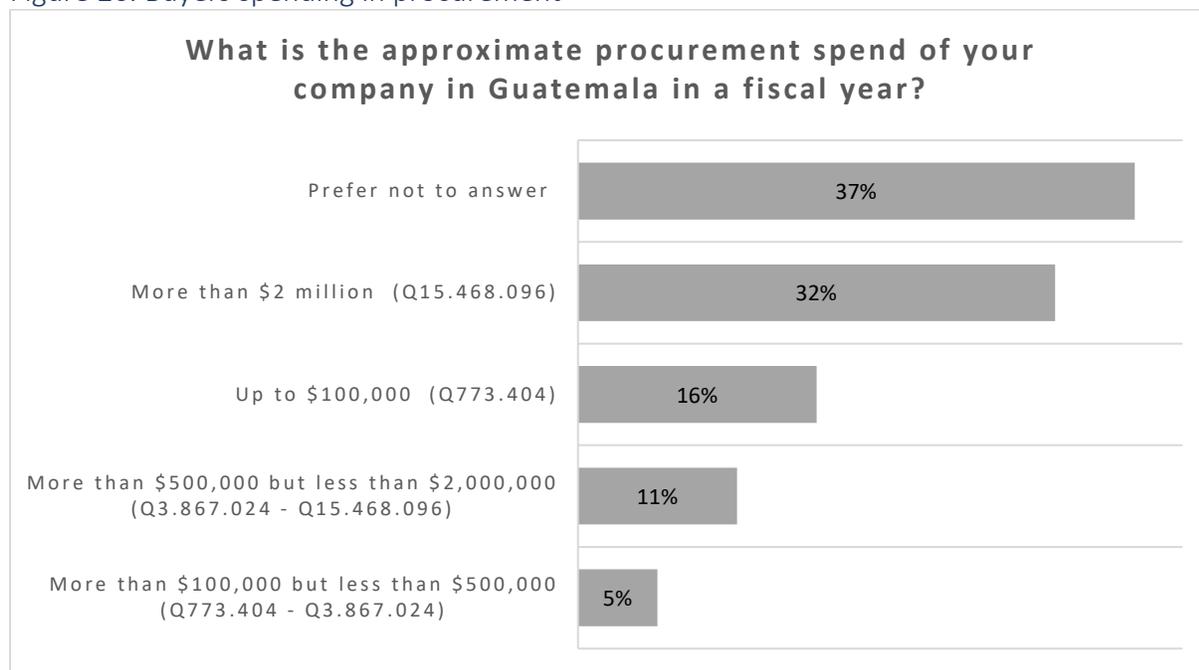
Buyers' Purchase Patterns

To understand the opportunities that exist for WSMEs, buyers were asked several questions related to their procurement spending practices. Figures 26 through 29 outline the responses.

It is important to highlight that while the survey tool was completely anonymous, a great number of companies (37%) opted not to answer the question regarding how much they spend on procurement (see Figure 26). It can be inferred that the main reason for choosing “prefer not to answer” could be cultural sensitivities in Guatemala. On the other hand, a good portion of the companies (32%) indicated that their procurement spending is more than US\$2M, demonstrating

that there are numerous buyers with significant expenditures that are well positioned to participate in B2B and roundtable discussions with WSMEs in Guatemala.

Figure 26. Buyers spending in procurement



The representation of local suppliers is low to moderate with most of the buyers (69%) having less than 100 local suppliers. The low participation of local suppliers could be an opportunity for the Project to introduce local WSMEs to these buyers (see Figure 27). In a country with over 16 million inhabitants, the pool of local suppliers for buyers that do business in the country could be higher.

Figure 27. Buyers number of local suppliers

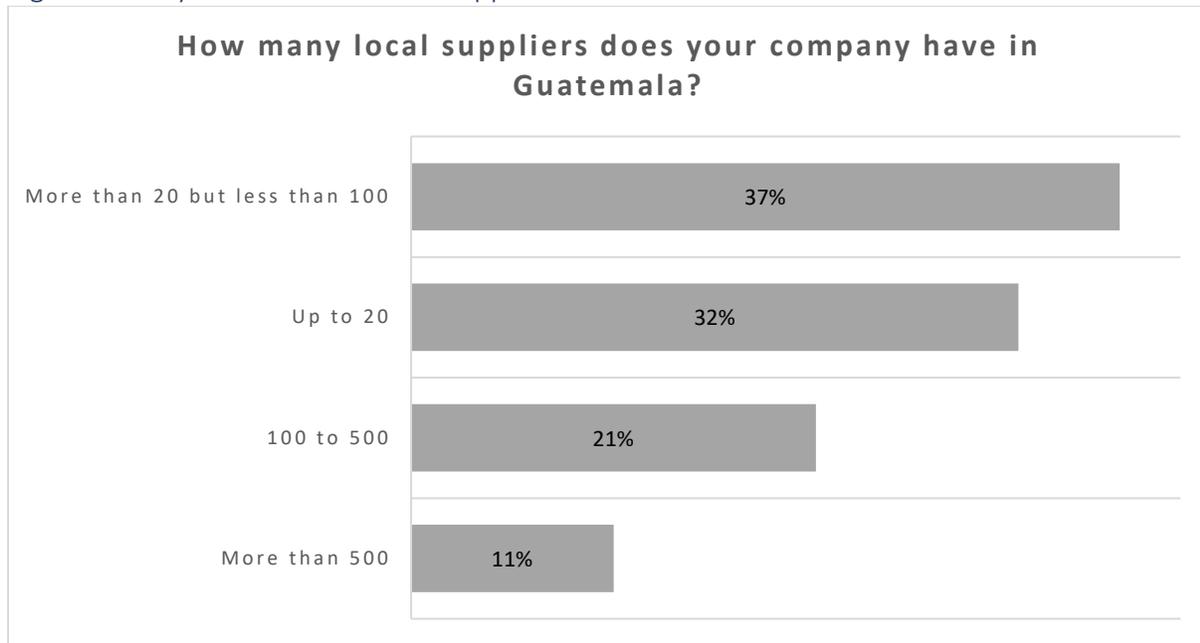


Figure 28. Buyers most frequent purchases by product/services

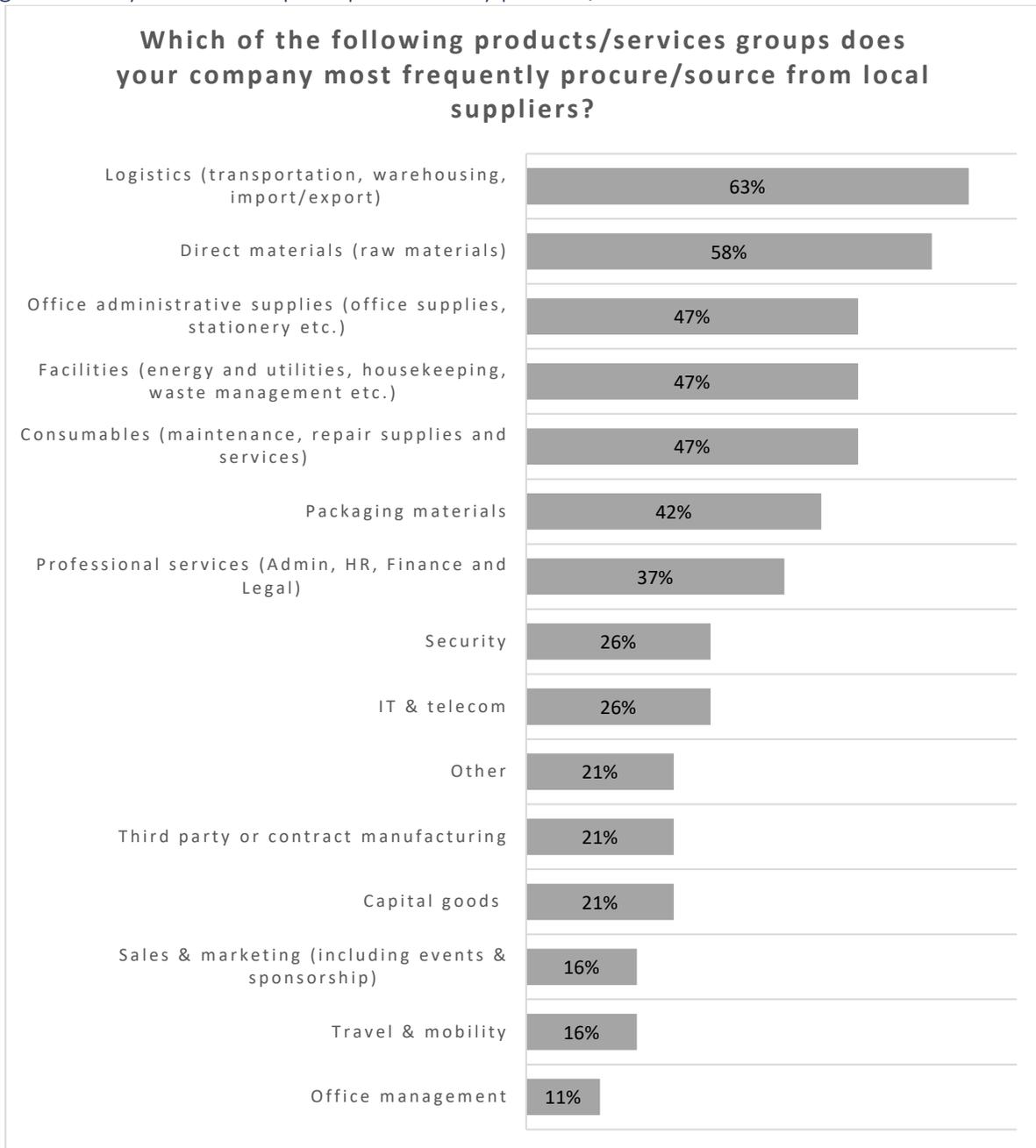
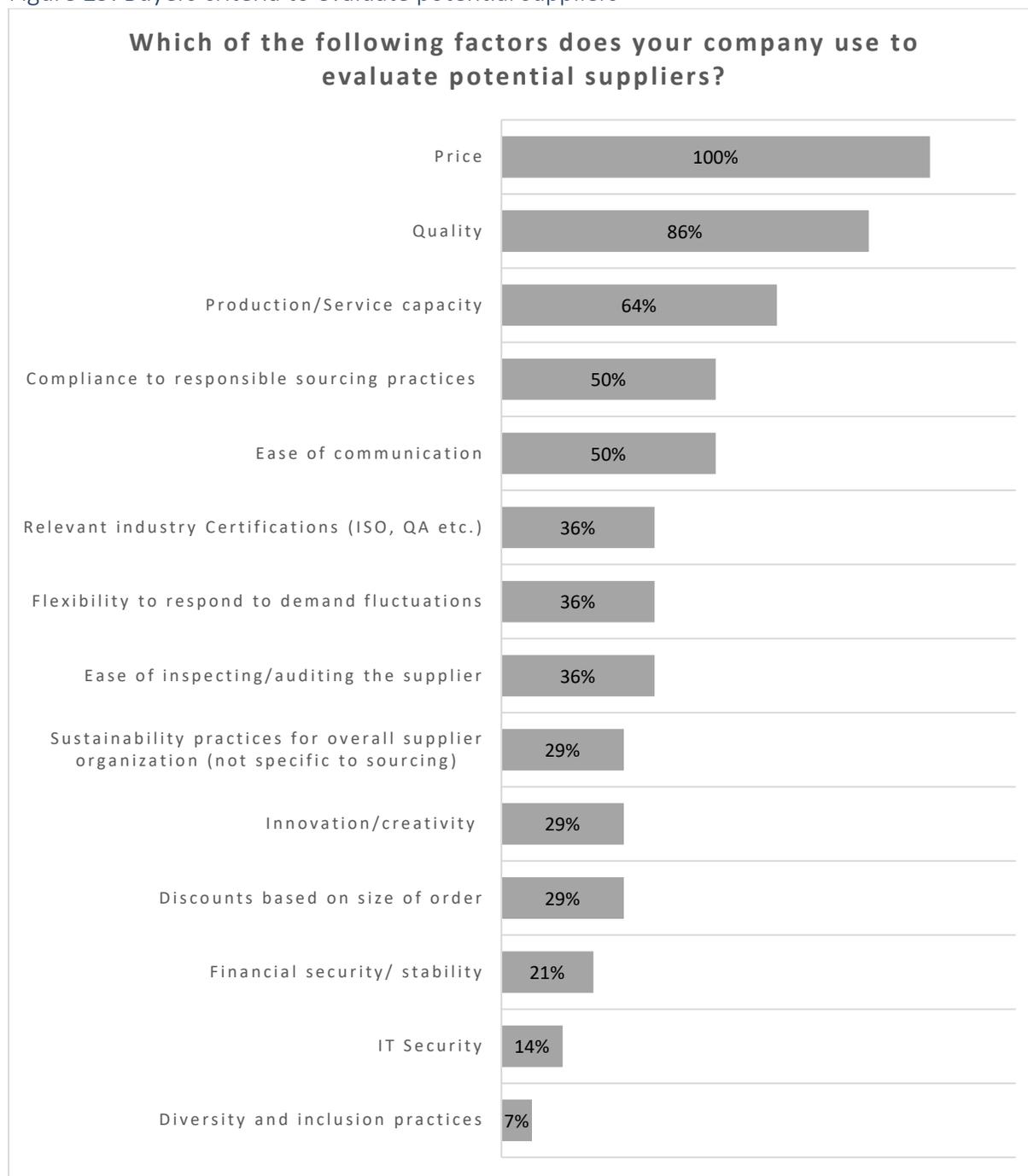


Figure 29. Buyers criteria to evaluate potential suppliers

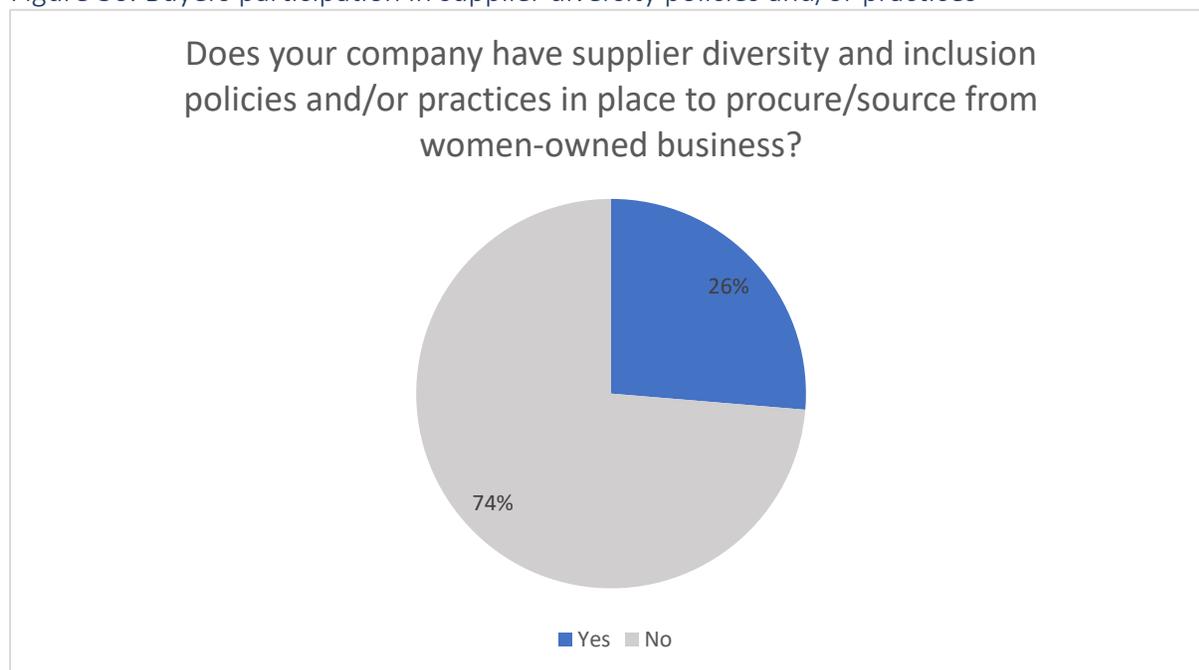


Understanding the buyers' criteria for evaluating suppliers (see Figure 29; the top criteria include price, quality, and production capacity) and the products and services they most often purchase from local suppliers (see Figure 28; the product/services most often purchased includes logistics, and raw materials) is a benefit to the Project. This information is valuable not only to develop specific training for WSMEs, but also to identify those WSMEs that are already prepared to participate in B2B events with potential buyers.

Gender-Inclusive Sourcing

Buyers in Guatemala were asked if they have supplier diversity and inclusion policies and practices in place to procure/source from women-owned businesses. Most of the buyers (74%) said “no” rather than “yes” (26%), as shown in the Figure 30.¹³ Results demonstrate there is a need to further develop and facilitate gender-inclusive sourcing training for buyers in Guatemala.

Figure 30. Buyers participation in supplier diversity policies and/or practices



Buyers were also asked if they were associated with and/or used the services of business support organizations (BSOs), as this could enlighten the WE3A project in terms of how to approach the buyers. In total, 43% of the surveyed buyers responded “yes” and 57% said “no”, highlighting that in this market the buyers do not necessarily liaise with BSOs. This insight could guide the approach of the WE3A project in outreach activities that involve buyers. The outreach should include local BSOs, but not necessarily rely on them to enlist the participation of buyers in the Project activities.

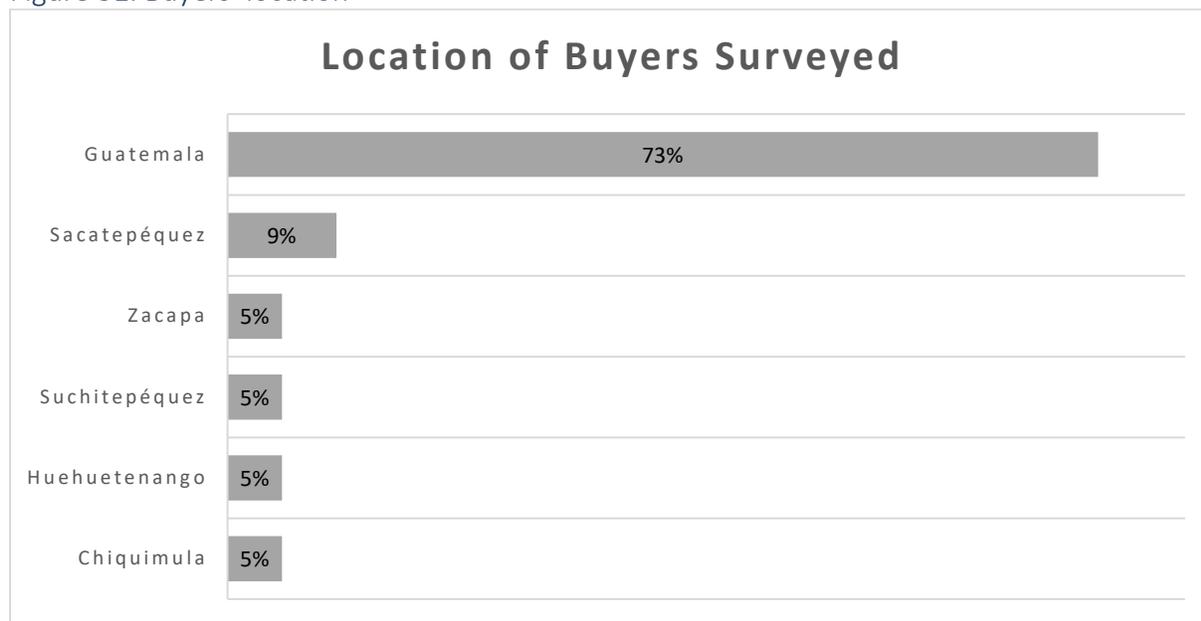
Location of the Buyers

In terms of location of the potential buyers, the sample where the bulk of the buyers were located was in the department of Guatemala (73%), with a smaller proportion in Sacatepéquez (9%) and some in Zacapa, Suchitepéquez, Huehuetenango, and Chiquimula (5% for each), as shown in

¹³ The sample was too small to draw general inferences about gender responsive procurement practices in Guatemala (22 buyers responded to the survey), however it provides insights into what a very small portion of companies in Guatemala are doing to enhance participation of women-owned business in their procurement practices.

Figure 31.¹⁴ The location of buyers correlates with the population distribution in the country, as well as levels of women entrepreneurship by region. This distribution can be useful when planning WE3A activities that enable B2B matchmaking and interactions between WSMEs and buyers.

Figure 31. Buyers' location



Business Support Organizations in the Ecosystem¹⁵

Business support organizations (BSOs) are non-profit, public, private, and for-profit resource organizations, trade, and industry associations, among others that serve local businesses and support their growth and success. These include, for example: chambers of commerce, trade and industry associations, coalitions, government agencies, women's associations, incubators, sectoral organizations. BSOs play a critical role in supporting the local economic development in general and they can be a great channel for supporting women entrepreneurship.

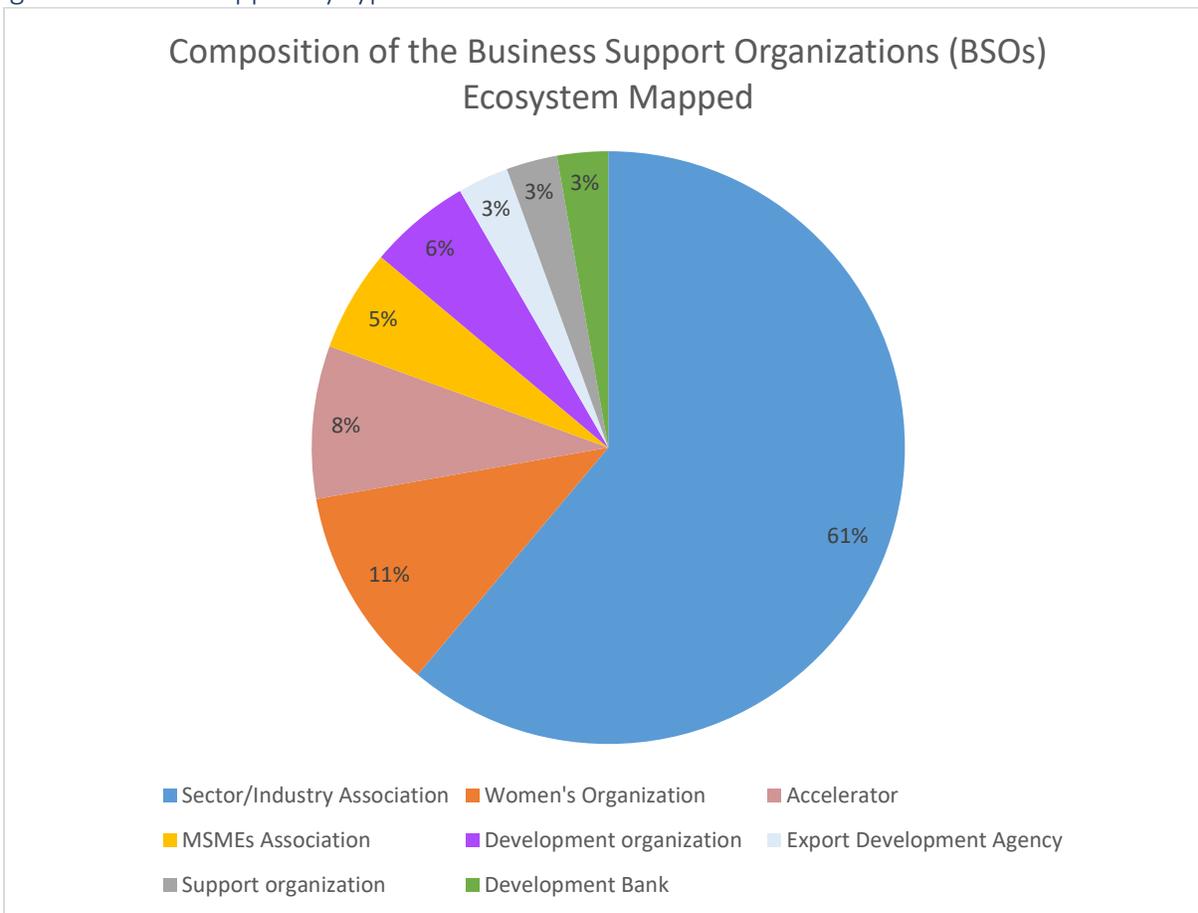
The mapping research identified a sample of BSOs that represent the local ecosystem in Guatemala. When WSMEs were asked if they use the services of local BSOs, the majority (64%) said “yes”, while 36% said “no”. The high level of WSMEs affiliation and/or association with BSOs shows that, in this market, women rely on BSOs for networking opportunities within the ecosystem. Project activities involving WSMEs should consider including local BSOs. Figure 32

¹⁴ Guatemala is divided into 22 administrative departments: 1 Alta Verapaz, 2 Baja Verapaz, 3 Chimaltenango, 4 Chiquimula, 5 Petén, 6 El Progreso, 7 El Quiché, 8 Escuintla, 9 Guatemala, 10 Huehuetenango, 11 Izabal, 12 Jalapa, 13 Jutiapa, 14 Quetzaltenango, 15 Retalhuleu, 16 Sacatepéquez, 17 San Marcos, 18 Santa Rosa, 19 Sololá, 20 Suchitepéquez, 21 Totonicapán, 22 Zacapa.

¹⁵ For this section 36 BSOs were map and 23 BSOs responded to the survey.

below outlines the composition per type of the BSOs mapped. Appendix II provides a summary of the BSOs that are being used by the WSMEs surveyed.

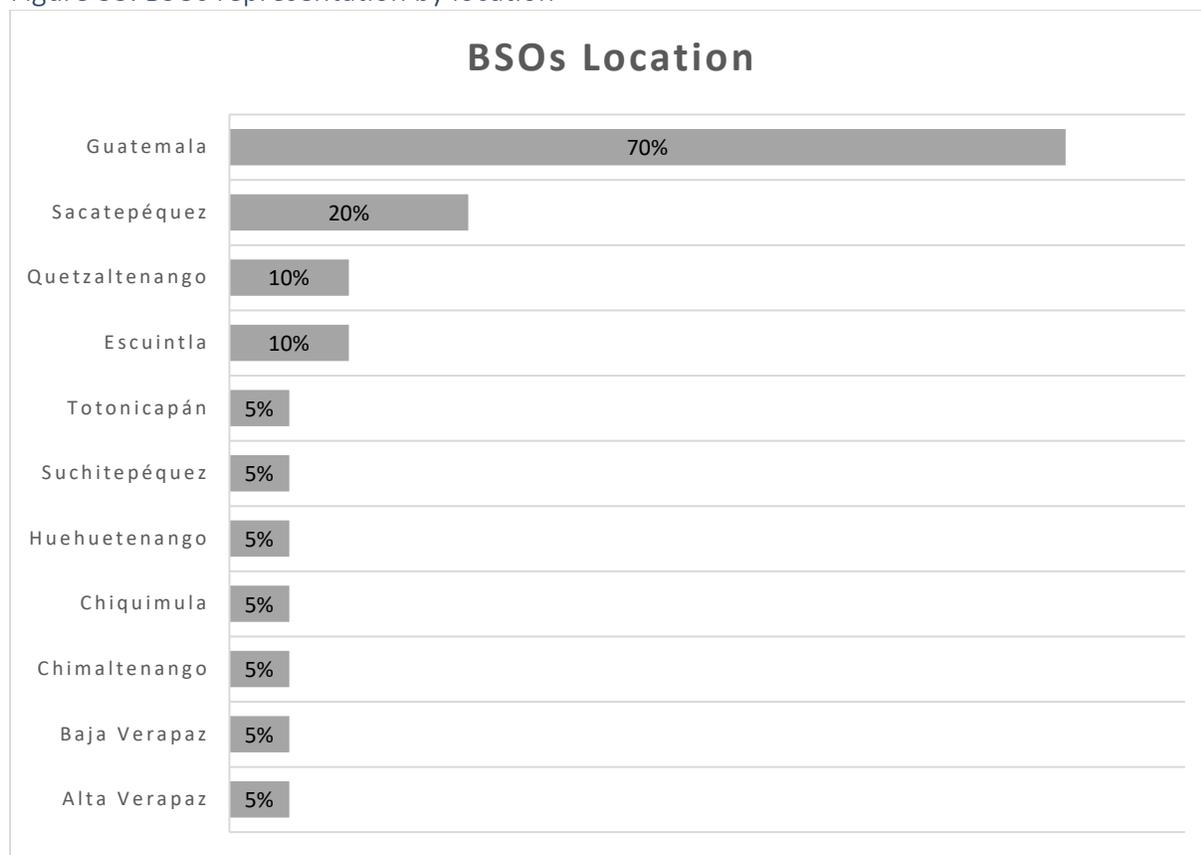
Figure 32. BSOs mapped by type



In the survey, BSOs were asked to indicate their geographical location within the country. BSOs with multiple locations had the option to indicate several locations. Countrywide, there is a solid network of BSOs. However, the vast majority are based in the department of Guatemala, with their services being provided to the entire country (for a further breakdown see Figure 33).¹⁶

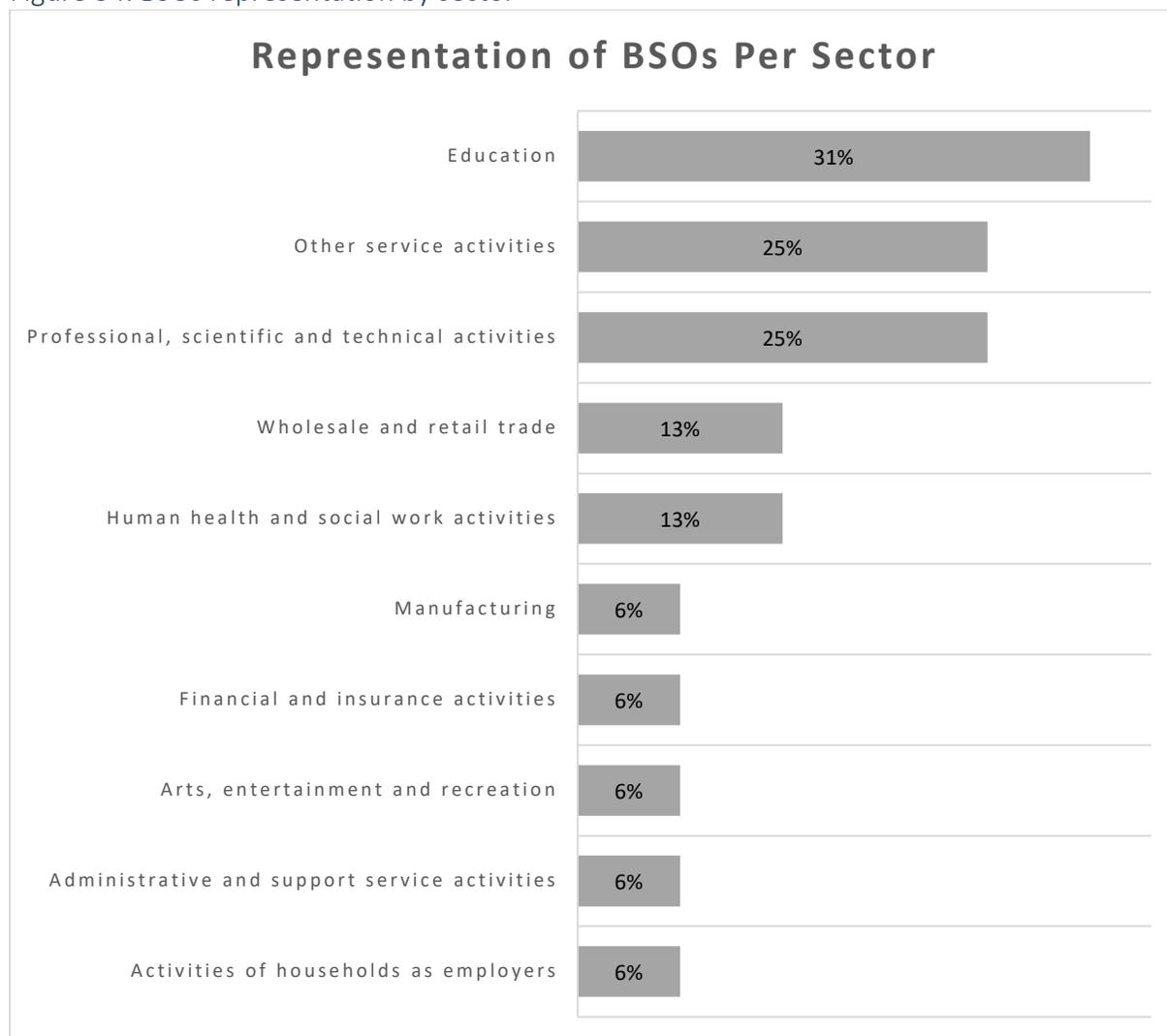
¹⁶ Guatemala is divided into 22 administrative departments: : 1 Alta Verapaz, 2 Baja Verapaz, 3 Chimaltenango, 4 Chiquimula, 5 Petén, 6 El Progreso, 7 El Quiché, 8 Escuintla, 9 Guatemala, 10 Huehuetenango, 11 Izabal, 12 Jalapa, 13 Jutiapa, 14 Quetzaltenango, 15 Retalhuleu, 16 Sacatepéquez, 17 San Marcos, 18 Santa Rosa, 19 Sololá, 20 Suchitepéquez, 21 Totonicapán, 22 Zacapa.

Figure 33. BSOs representation by location



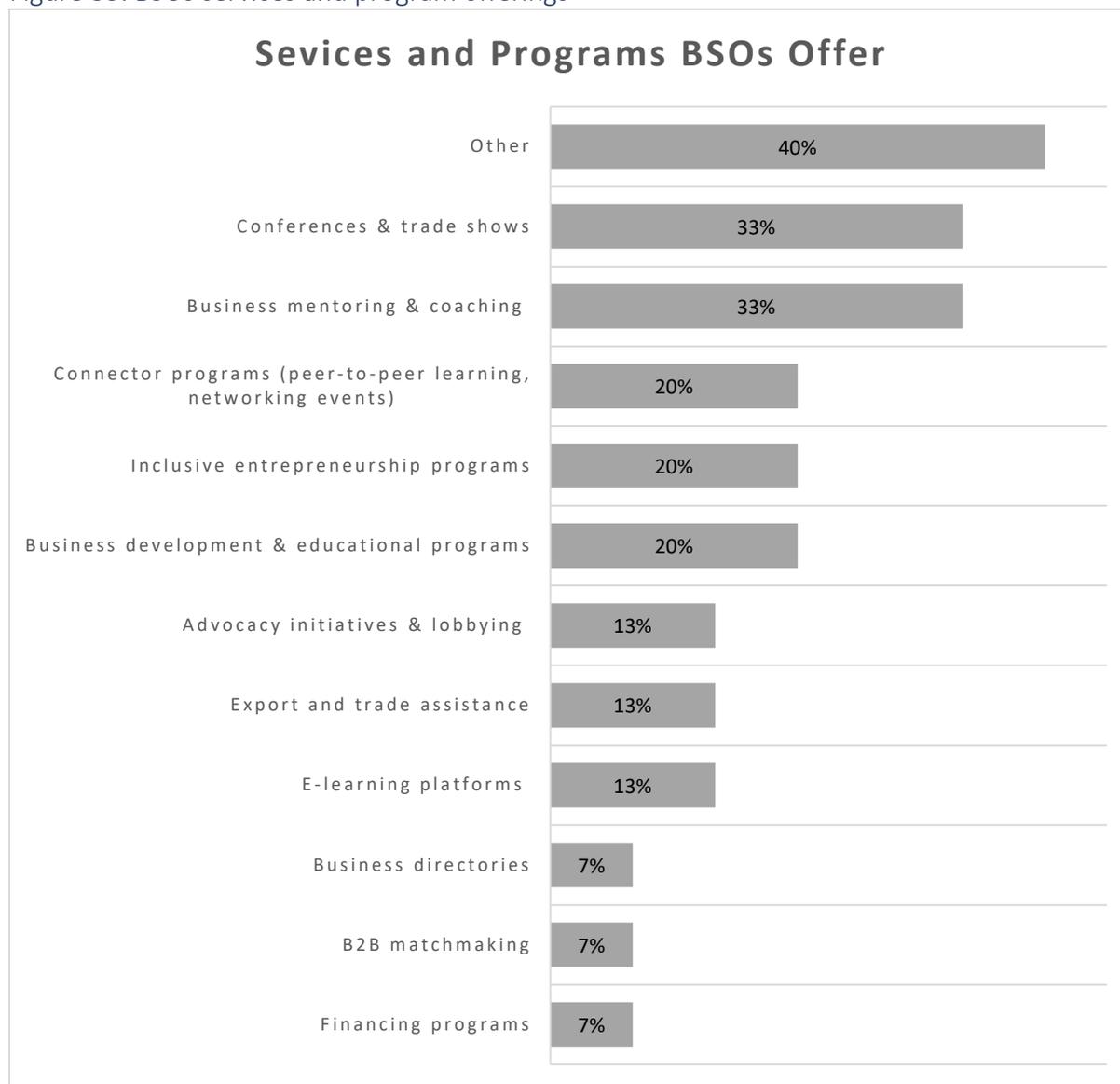
With regards to the sectors that the BSOs serve, the majority focus on education (31%) followed by service activities (25%), and scientific and technical activities (25%), as indicated in Figure 34.

Figure 34. BSOs representation by sector



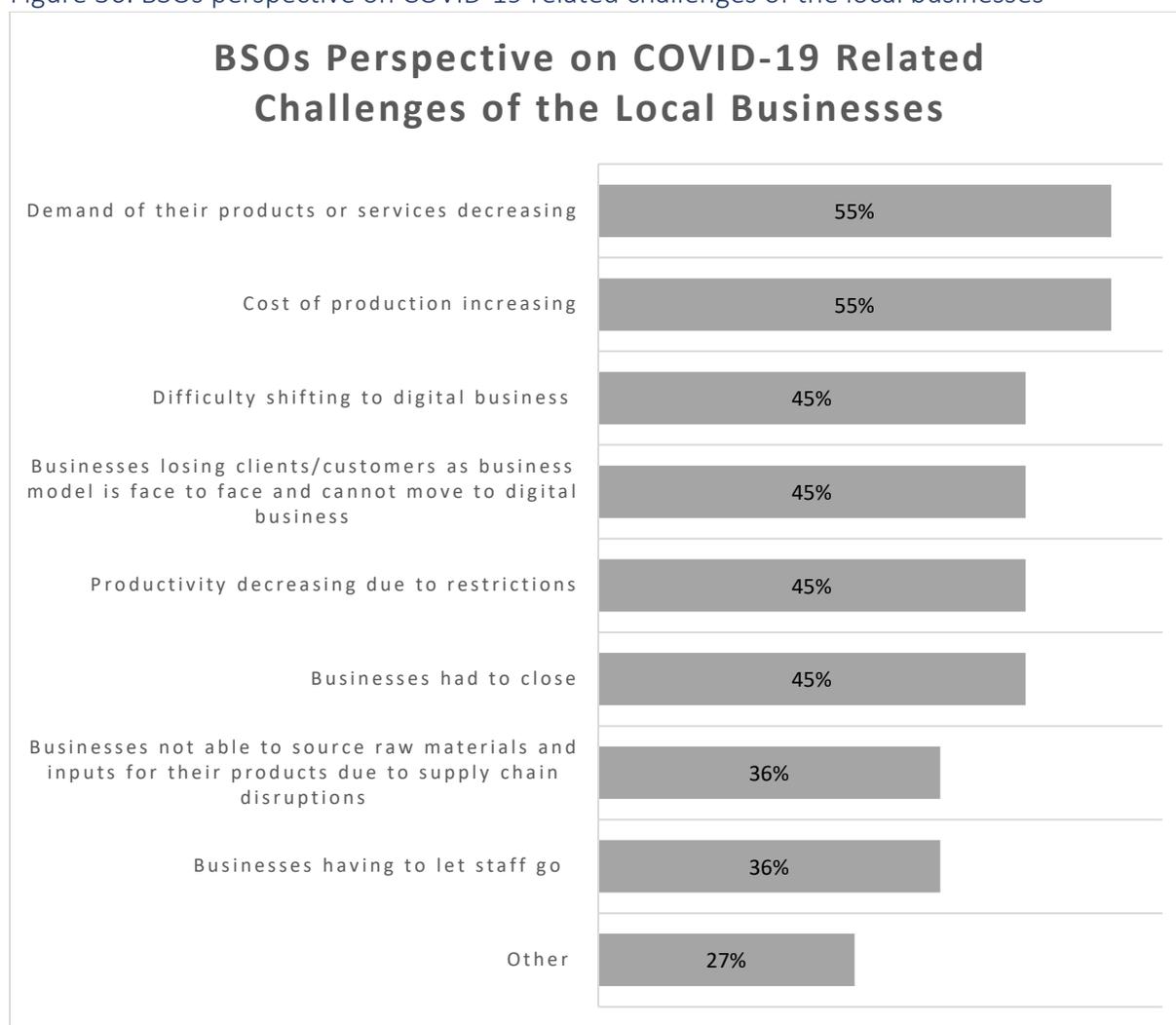
BSOs were asked to identify the services and programs they typically offered before the COVID-19 pandemic. Under “Other” (40%), BSOs stated several personal development programs in mental health and coaching, followed by conferences and trade shows, and business mentoring and coaching (33% each) (see Figure 35). Furthermore, most of the BSOs (86%) indicated that they offered tailored services and programs to women entrepreneurs. The percentage of members that are women varies across the BSOs, in a range from 20% – 100%. Similarly, the programming of some organizations is devoted entirely to women entrepreneurship, while others tailor 10% of their programming to women.

Figure 35. BSOs services and program offerings



As key actors in any entrepreneurial ecosystem, BSOs were asked about the impact of the global COVID-19 pandemic on the business community. When asked about the pandemic-related business challenges their members/users faced, BSOs indicated that the top challenges were that the demand for their products and services decreased, and the costs of production increased. This was followed by difficulty shifting to a digital business/working environment (see Figure 36).

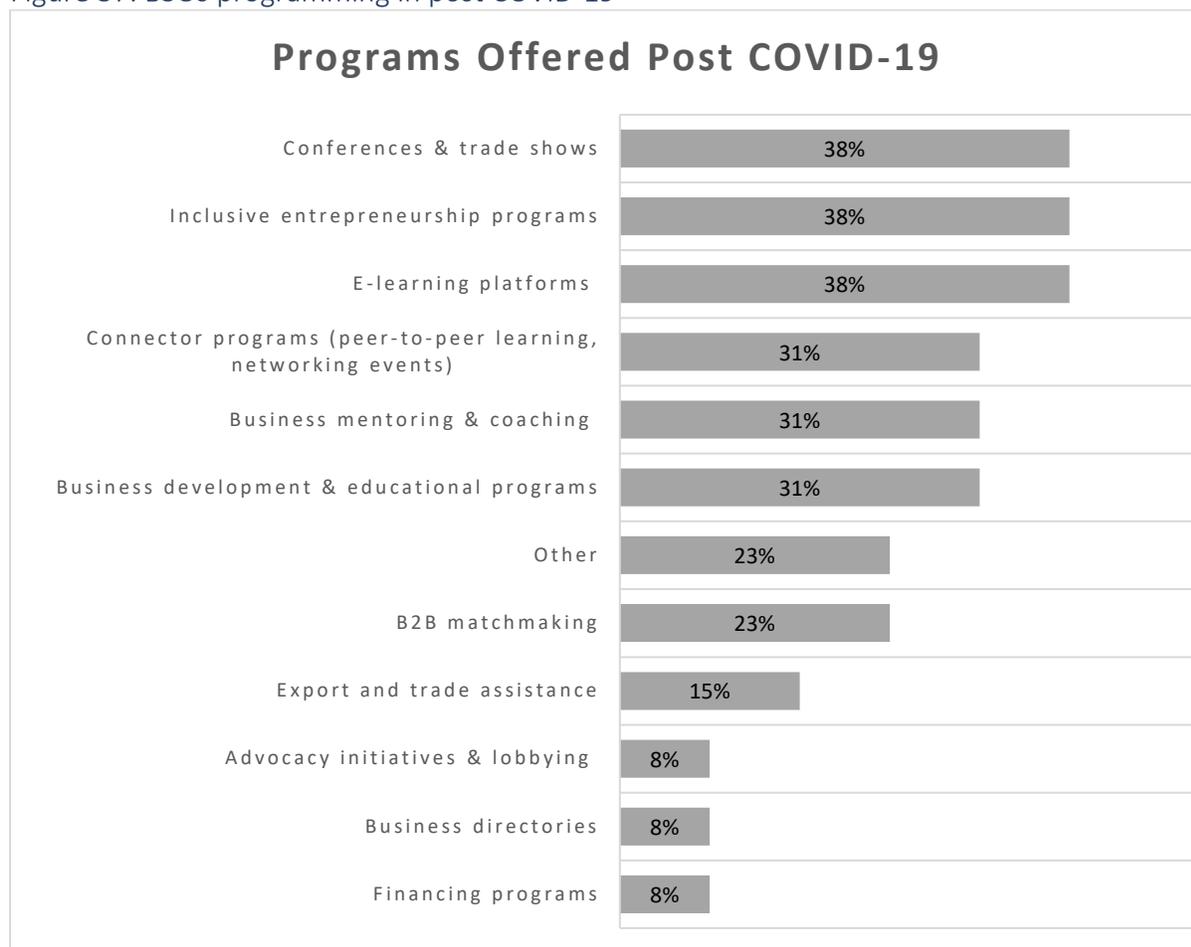
Figure 36. BSOs perspective on COVID-19 related challenges of the local businesses



Another significant challenge related to COVID-19 was losing clients/customers, as some businesses rely on a face-to-face business model, which does not allow them to move to a digital business model (example: dentist, cosmetology services). The restrictions also decreased productivity, forced staffing cuts, increased the cost of production, and caused businesses to close. The next section will provide more detail of the effects of the COVID-19 pandemic.

Finally, BSOs were asked what programs they are currently offering post COVID-19. Most BSOs indicated that the programs being offered are conferences and trade shows, inclusive entrepreneurship programs and e-learning platforms (see Figure 37).

Figure 37. BSOs programming in post COVID-19

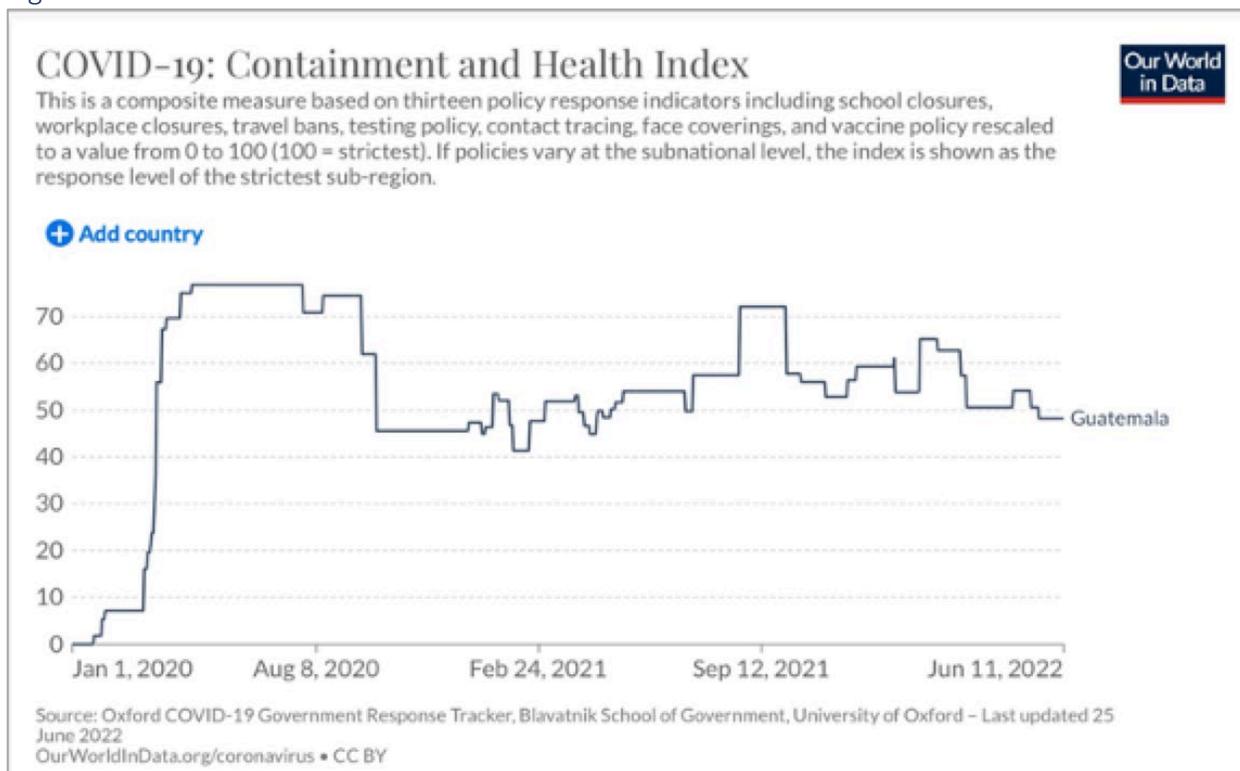


Of note, one initiative that has not been pursued pre or post pandemic, is government procurement contracting support, specifically programs on how to be a supplier to the government. This is a gap where the Project could add value by providing assistance to BSOs, assisting them in developing training programs for WSMEs on how to pursue government procurement opportunities.

The Effects of the COVID-19 Pandemic

As of June 24, 2022, there have been 18,469 deaths attributed to the COVID-19 pandemic in Guatemala (Hannah Ritchie, 2022). According to the Oxford COVID-19 Government Response Tracker (OxCGT), which produces a composite measure based on 13 policy response indicators, where a value of 100 is the strictest; the government response since the beginning of the pandemic has fluctuated from a high of 77 to 48 as is outlined in Figure 38.¹⁷

Figure 38. COVID-19 Containment and Health Index



This index outlines the strictness of government policies, but does not necessarily measure or imply the appropriateness or effectiveness of the response. However, it can be inferred that Guatemala's response to the pandemic varied according to the peaks of the pandemic. The containment measures started with the government declaring a state of "calamity" on March 5, 2020. The declaration allowed the government to limit different rights and to take actions to protect the health and safety of all people in Guatemala (Eugenio Díaz-Bonilla, 2021). All public transportation, schools, and shops were shut down; curfews were put in place along with a

¹⁷ The Oxford Coronavirus Government Response Tracker (OxCGRT) project calculates a Containment and Health Index that builds on the Stringency Index, a composite measure calculated on the basis of the following thirteen metrics: school closures; workplace closures, cancellation of public events, restrictions on public gatherings, closures of public transport, stay-at-home requirements, public information campaigns, restrictions on internal movements, international travel controls, testing policy, extent of contact tracing, face coverings, and vaccine policy. The index on any given day is calculated as the mean score of the metrics, each taking a value between 0 and 100. A higher score indicates a stricter response (i.e. 100 = strictest response):

<https://ourworldindata.org/covid-stringency-index>.

prohibition on gatherings; and targeted hygiene practices were implemented in workplaces, including masking and social distancing.

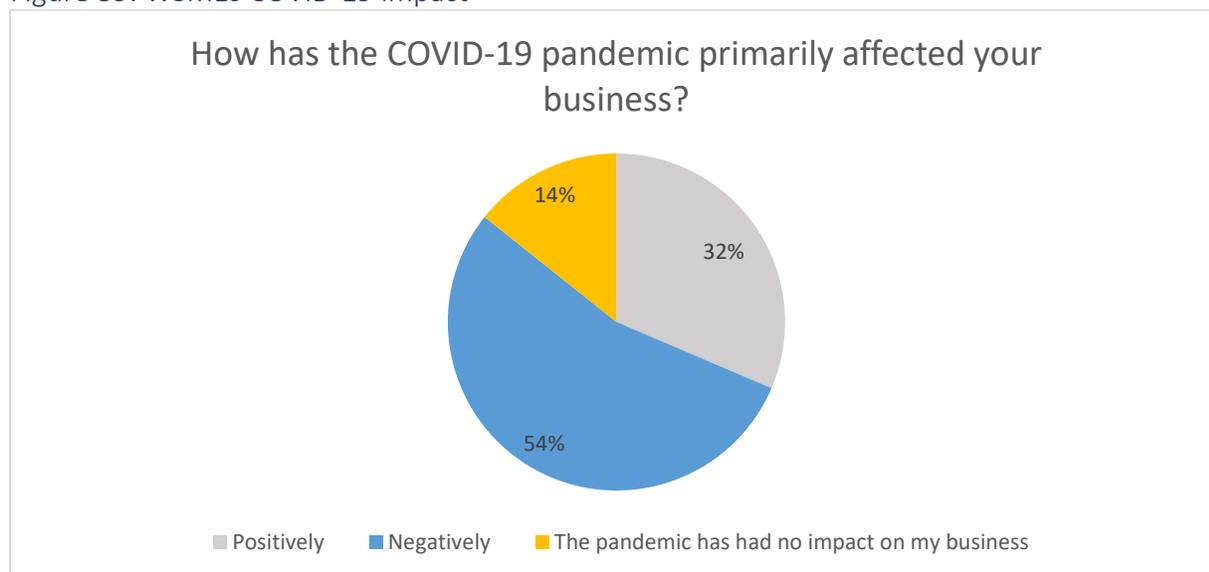
In addition to the emergency policies, the government of Guatemala implemented recovery policies to alleviate the economic toll of the pandemic. Policies relevant to the recovery of the WSMEs ecosystem are (COVID-19 Observatory in Latin America and the Caribbean, 2021):

- Establishment of a Credit Fund for Economic Reactivation of MSMEs in the country (Fondo de Crédito para la Reactivación Económica, 2020).
- Allocations made to the COVID-19 Economic Reactivation Plan in the 2021 national budget (Presupuesto Ciudadano, 2021).
- The "Plan for the Economic Recovery of Guatemala" aims to recover and generate new sources of income for Guatemalans. Its three strategic focal areas are: 1) Recovery and generation of new jobs, 2) Attraction of strategic investments to the country, and 3) Promotion of the consumption of Guatemalan goods and services at the national, regional, and global levels (Plan para la Recuperación Económica de Guatemala, 2020).

COVID-19 Impact on WSMEs

More than half of the WSMEs surveyed (54%) stated that they were negatively affected by the pandemic, a considerable number of WSMEs (32%) reported that the pandemic positively affected them, and 14% reported that it had no impact on their business (see Figure 39 below).

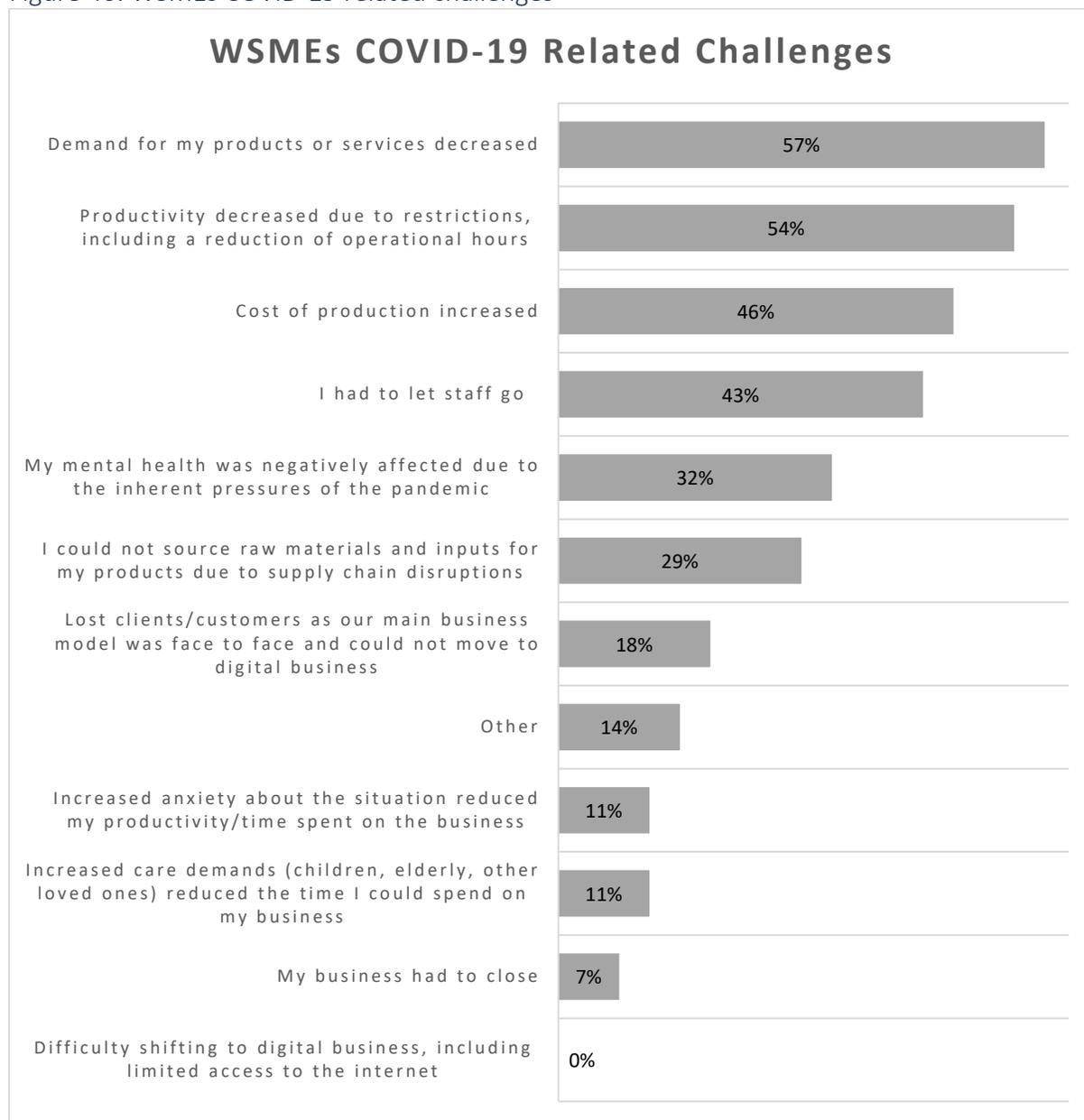
Figure 39. WSMEs COVID-19 impact



When asked what business challenges WSMEs faced due to COVID-19, survey respondents reported that the decreasing demand for their products and services was the number one challenge (57%), followed by decreased productivity due to health-related restrictions (54%) and

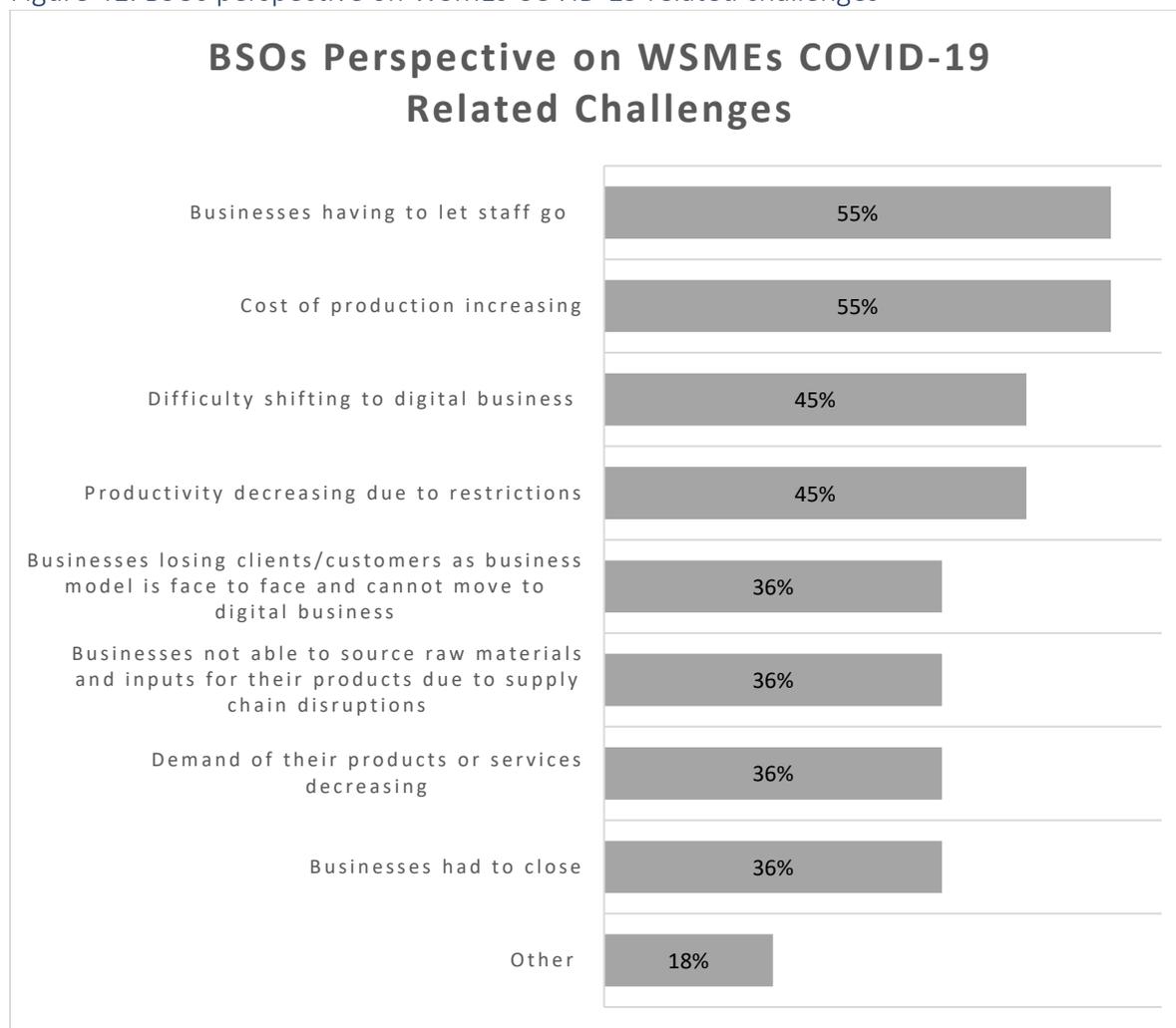
increased cost of production (46%). Other key challenges included letting staff go and mental health being negatively impacted, as outlined in Figure 40.

Figure 40. WSMEs COVID-19 related challenges



Likewise, BSOs were asked, from their perspective, to indicate the COVID-19 related challenges for WSMEs. Figure 41 shows the top two challenges reported by BSOs were letting staff go and increased cost of production, at 55% each. This was followed by difficulty shifting to digital business model (45%) and reduction in production due to restrictions (45%). Interestingly, before the pandemic, the BSOs reported that the top challenges that WSMEs experienced were low production capacity and high cost of production.

Figure 41. BSOs perspective on WSMEs COVID-19 related challenges



To understand the extent of the impact of the pandemic, WSMEs were asked how their sales were impacted in the first and second year of the pandemic. Figures 42 and 43 below show that sales were impacted, however clear signs of relief were realized mid-way through the pandemic.

Figure 42. WSMEs sales impact 2020-2021

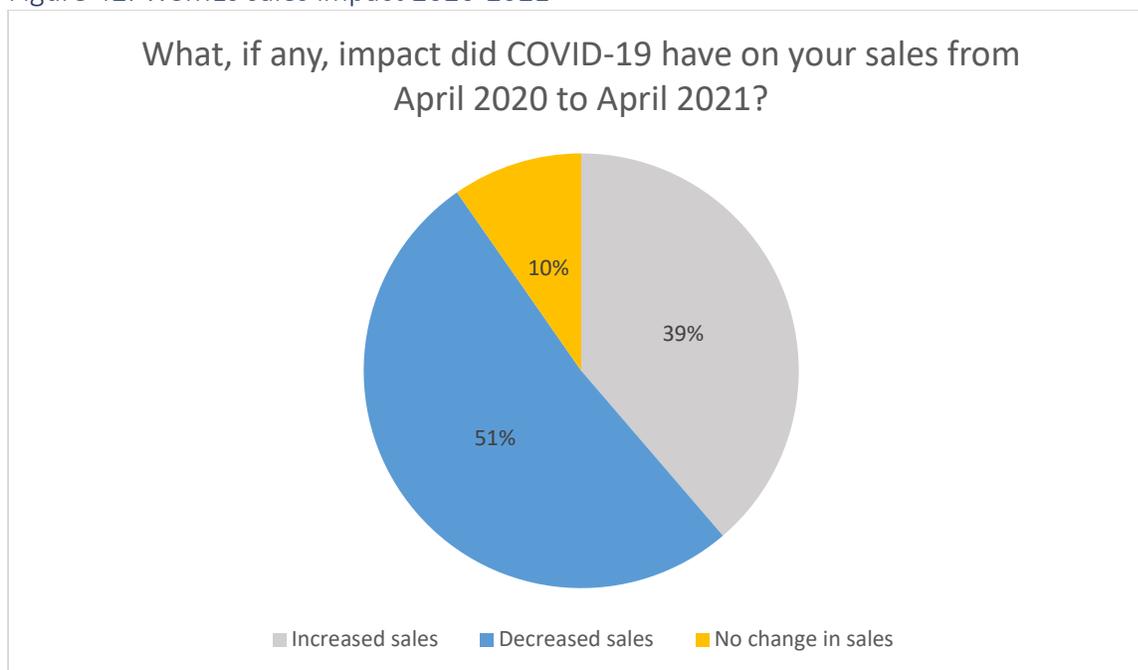
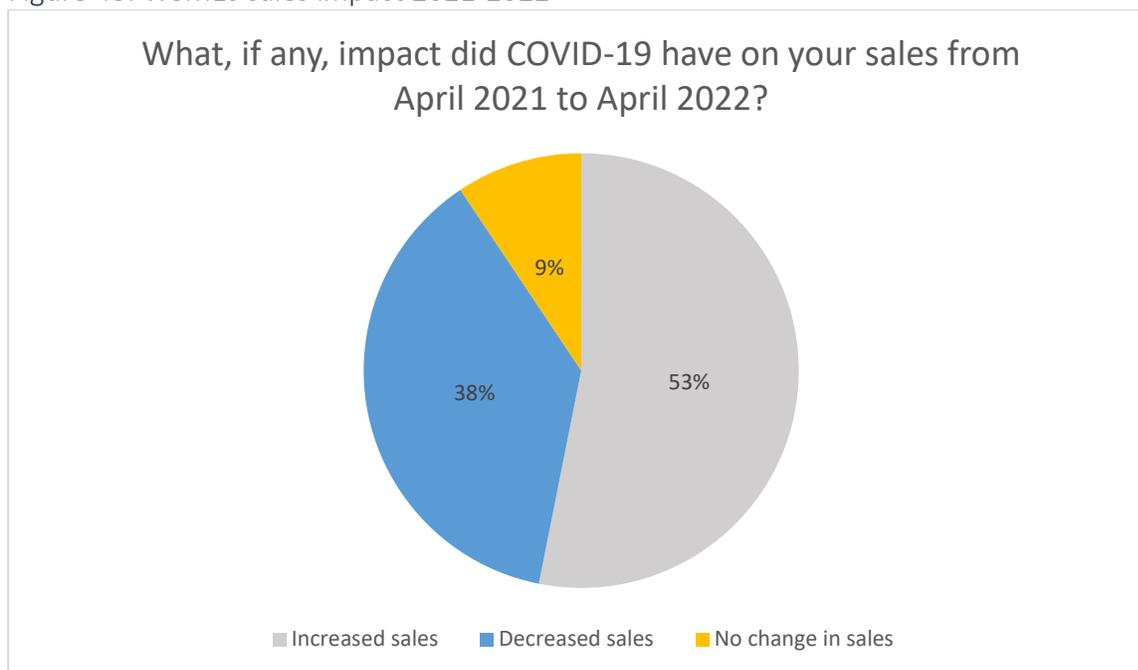
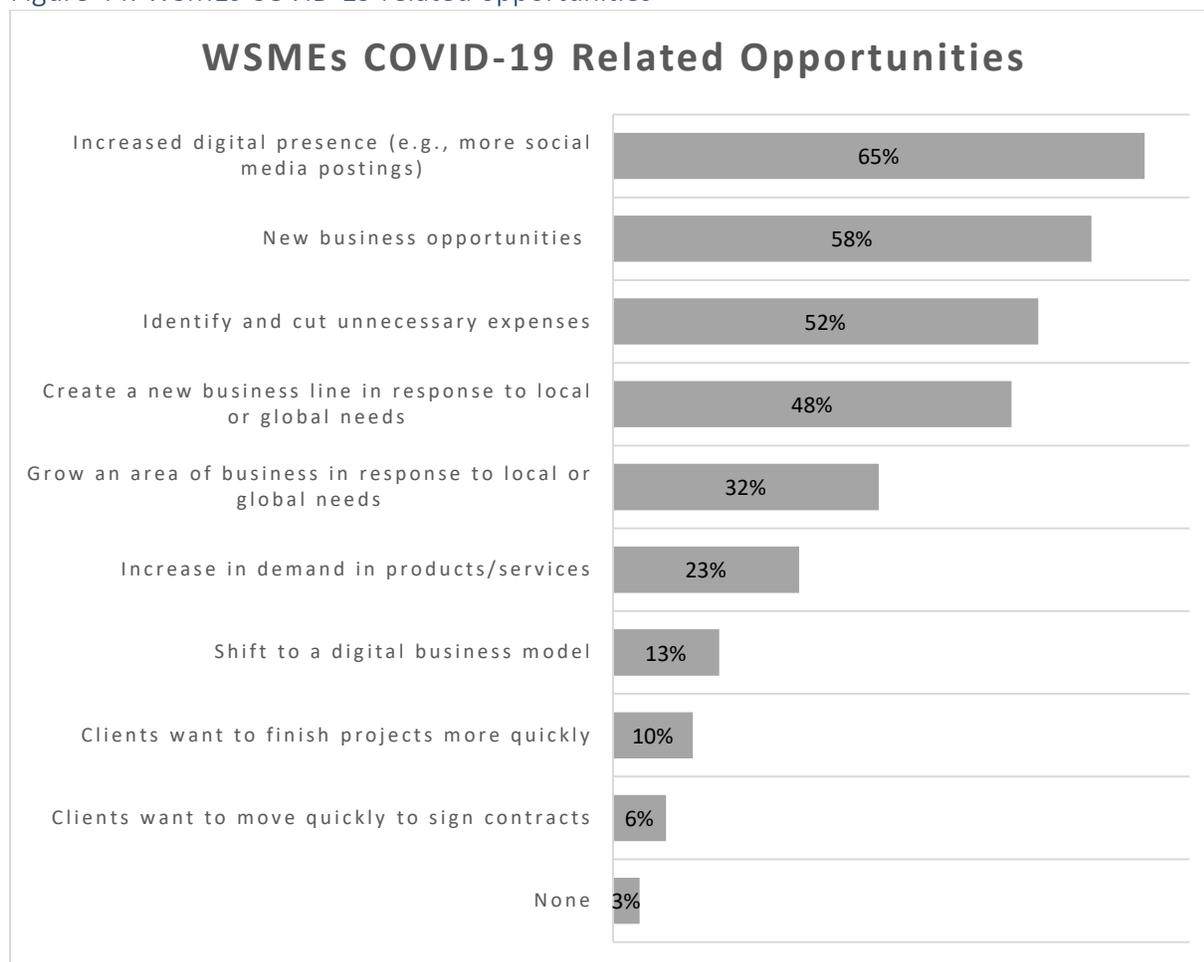


Figure 43. WSMEs sales impact 2021-2022



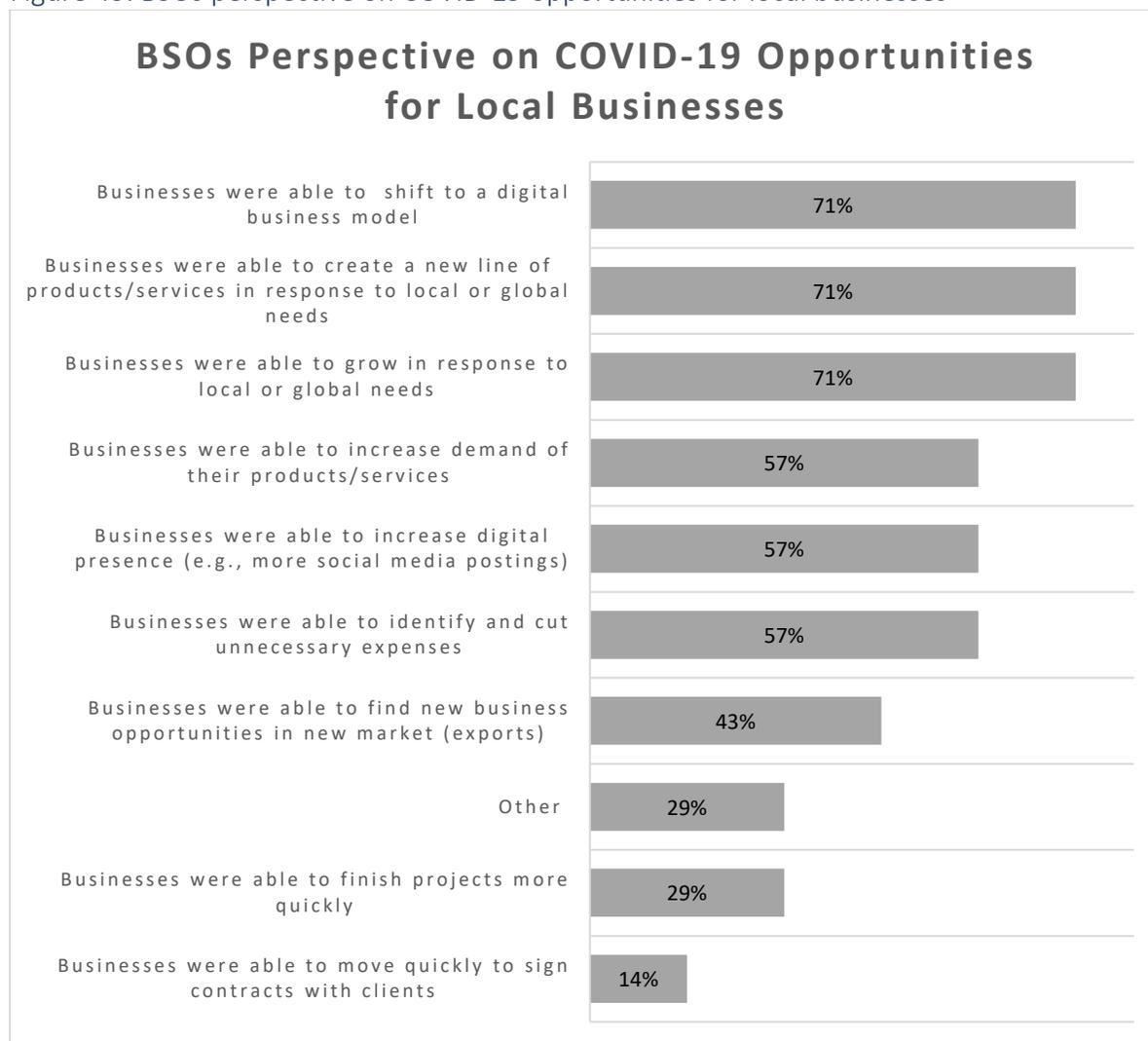
Additionally, WSMEs were asked if the pandemic brought any related opportunities for their businesses. The top three opportunities reported were an increase in digital presence, the identification of new business opportunities, and the identification and elimination of unnecessary expenses (see Figure 44).

Figure 44. WSMEs COVID-19 related opportunities



Likewise, BSOs were asked what, if any, opportunities did COVID-19 bring to local businesses that they supported. Figure 45 shows that shifting to digital business models, creating new lines of products/services in response to local and global needs, and growing in response to local and global needs were the top opportunities for local businesses.

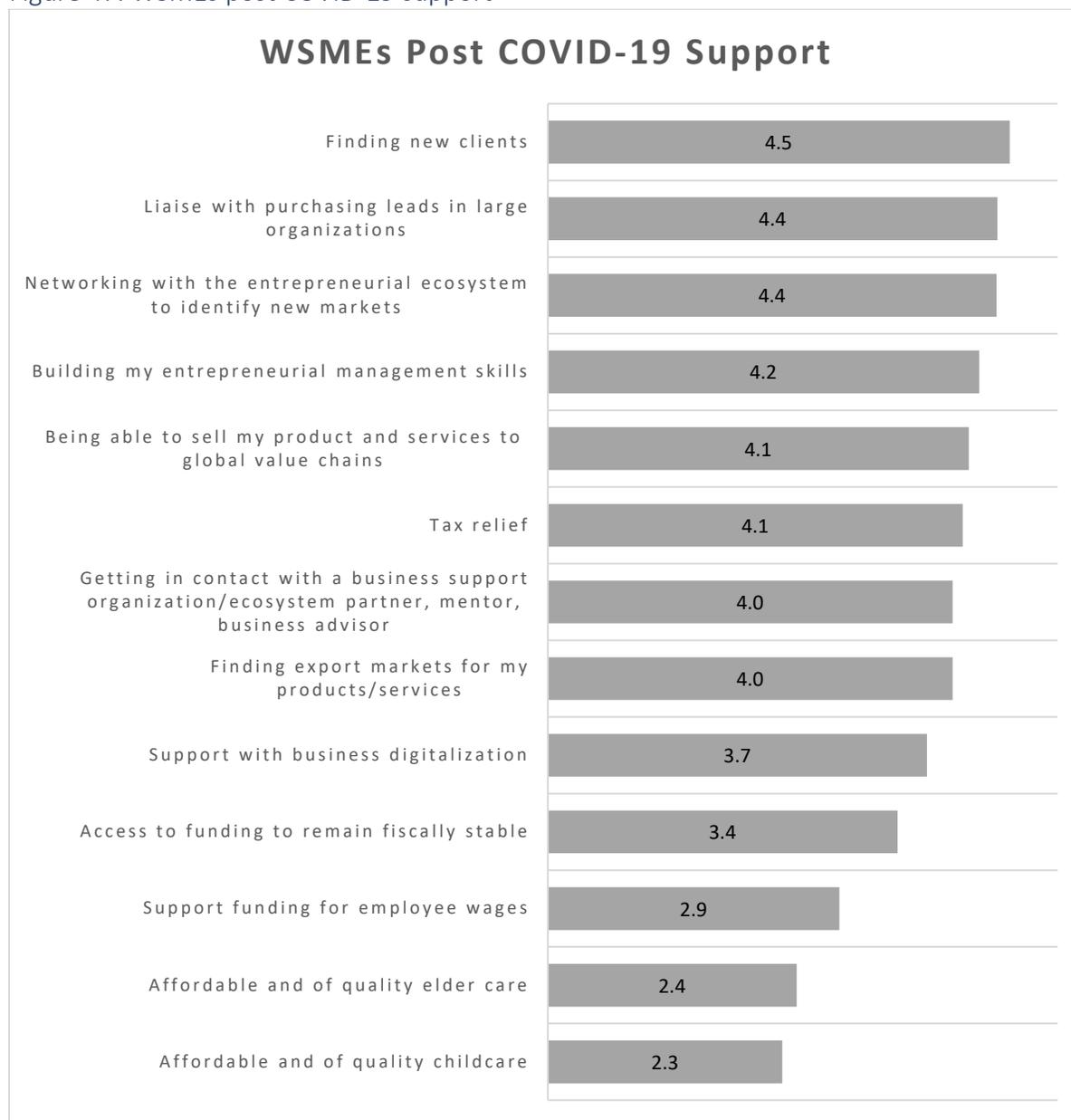
Figure 45. BSOs perspective on COVID-19 opportunities for local businesses



WSMEs were also asked to weigh the types of support they needed the most for business recovery post COVID-19. Not surprisingly, the top type of support the WSMEs identified is help finding new clients, followed by liaising with purchase leads in large organizations, networking opportunities to identify new markets, as well as building entrepreneurial management skills (see Figure 46).¹⁸

¹⁸ Based on a scale from 1 (not needed) to 5 (most needed).

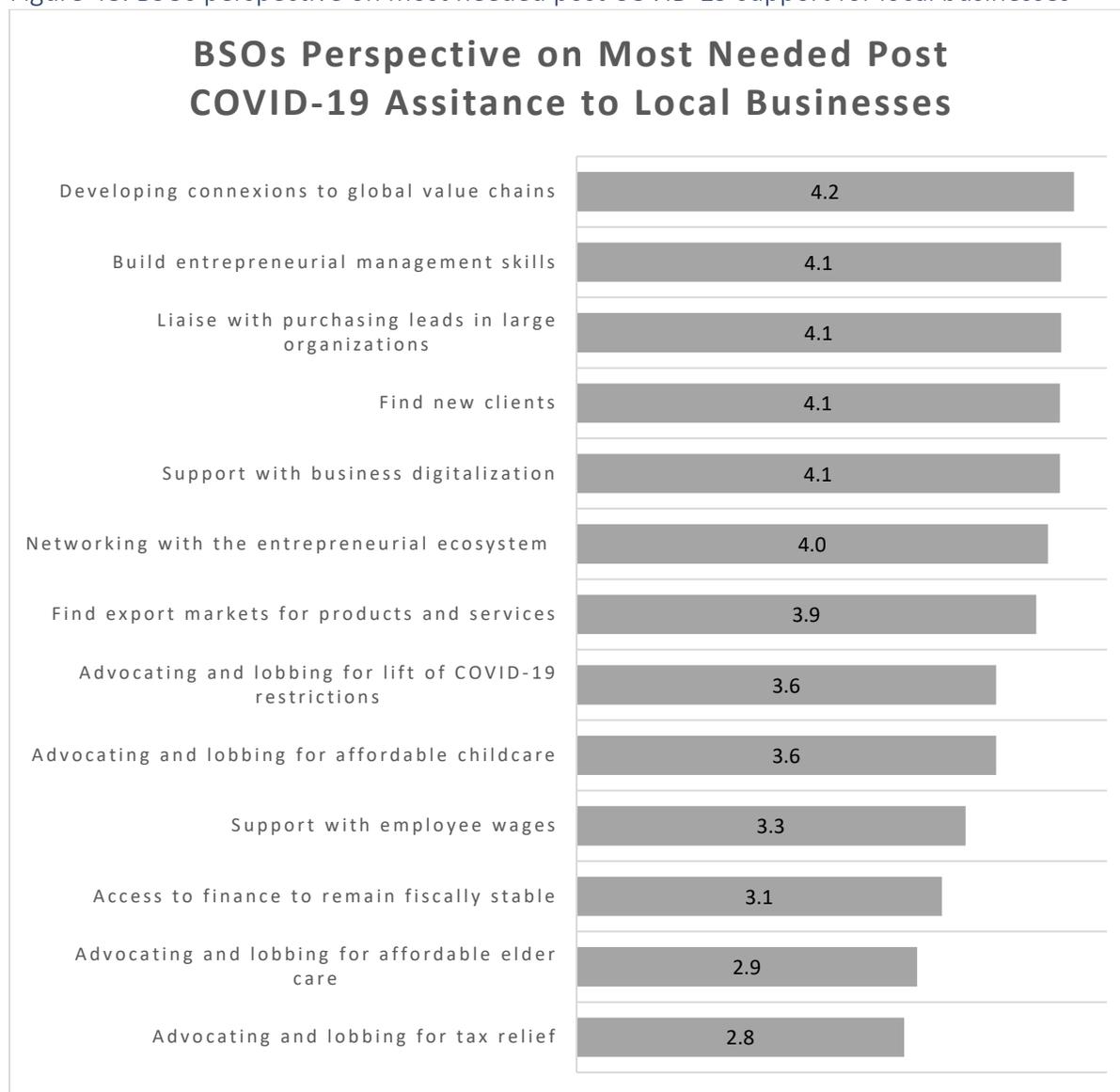
Figure 47. WSMEs post COVID-19 support



BSOs were also asked to weigh in on the types of support that local businesses require the most in the post COVID-19 recovery phase. As shown in Figure 48, BSOs indicated that developing connections with global value chains was the most important area of support that businesses in Guatemala currently require, followed by support with building entrepreneurial management skills, liaising with purchase leads, finding new clients, and supporting their efforts to go digital.¹⁹

¹⁹ Based on a scale from 1 (not needed) to 5 (most needed).

Figure 48. BSOs perspective on most needed post COVID-19 support for local businesses



With regards to purchase leads, the buyers that participated in the survey were asked how the pandemic affected their purchases in Guatemala. Some buyers reported that both shipment time and costs increased, resulting in them having to increase the prices of their products. Other buyers in the hospitality business reported that they had to close, and/or reduce their operations. This group of buyers had to re-negotiate the terms and conditions that they had in place with their local suppliers.

SWOT Analysis on the Business Ecosystem in Guatemala

This Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis investigates multiple factors that form part of the WSME ecosystem in Guatemala. The weaknesses, challenges and strengths documented as a result of the desk research and consultation with stakeholders are evaluated to assess opportunities for the WE3A project to build a more resilient WSME ecosystem. Threats to the opportunities are evaluated as a proactive approach to mitigate risk in the overall 3-year implementation of the WE3A project.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Guatemala is the largest economy in the Central America region; the country performs well at macroeconomic levels and is strategically positioned as a gateway for trade between North America and Central and Latin America. • A large percentage of the population has a strong desire to be entrepreneurial. In fact, findings from the Global Entrepreneurship Monitor (GEM) shows that Guatemala has the third highest rate of early entrepreneurship in the world (Facultad de Ciencias Económicas Universidad Francisco Marroquín Centro de Emprendimiento Kirzner, 2020). • Guatemala has a robust network of BSOs. A large proportion of the BSOs have developed programs that target women entrepreneurship. • Guatemala's public procurement system has a regulatory framework to promote the participation of micro business (MSMEs) in government procurement. 	<ul style="list-style-type: none"> • Female labor force participation is 38%, this is considerably lower than the equivalent national male rate of 84%, representing a gender gap of 46%. • The level of women-owned businesses is moderate to low. According to data from GEM (Global Entrepreneurship Monitor for Guatemala) most entrepreneurs in Guatemala are men. In addition, a 2017 dataset from the World Bank Enterprise Surveys shows that the percentage of firms with majority female ownership in Guatemala is 18.4%. • According to data from the Gender Data Portal, the percentage of the female population aged 15 and older with a bank account at a financial institution is 42%. The low participation of women in the banking system likely affects their access to finances. • The WSMEs surveyed indicated that they face challenges related to cultural stereotypes in terms of gender roles for women and their role and capacity as entrepreneurs. • Buyers pool of local suppliers is low. While there is a portion of buyers that have practices and/or policies related to gender-inclusive sourcing, the sample is too small to consider it a general practice of the business ecosystem.

	<ul style="list-style-type: none"> Local BSOs surveyed do not have programs to support training in pursuing government procurement opportunities for MSMEs and/or SMEs.
<p>Opportunities</p>	<p>Threats</p>
<ul style="list-style-type: none"> Providing training in financial literacy to WSMEs could lead to an uptake in participation in the financial/banking system. Providing training to local buyers on gender-inclusive sourcing could increase the number of local WSMEs to their supply pool. Furthermore, this kind of training creates awareness on the value of WSMEs, that by itself will help to overcome gender-related cultural challenges that women entrepreneurs face in Guatemala. This kind of training also presents the case that including WSMEs in the buyers' supply chain makes business sense and guides buyers on how to build a more resilient supply chain. Providing training in government procurement for WSMEs will enhance their participation in government procurement as a sales channel. Diversifying their client base by supplying goods and services to government entities will better position WSMEs to sell to other large buyers/clients, which, in turn, is an introduction to global supply chains. 	<ul style="list-style-type: none"> Gender inequalities created social barriers for women to participate in the entrepreneurial ecosystem. Time constraints may prevent WSMEs from participating in Project activities. Any form of capacity building programs and/or training should be developed and delivered in a way that allows them to attend and progress at their own pace. Buyers may not see the value of implementing gender-inclusive sourcing practices in their businesses. The Project activities for the buyers should effectively convey the benefits of enhancing participation of WSMEs in the supply chain. The limited participation in the banking system and access to financial products, such as saving accounts and loans, could hinder participation of WSMEs in global supply chains, as they need to have formal tools/instruments to receive payments and working capital to increase production. Positioning government procurement as a sales channel for WSMEs will require specialized training and, ideally, participation from the procurement office of the country in roundtables and educational sessions. If the local procurement office is not on-board it will be challenging to implement.

Key Insight and Recommendations

The following highlights the key insights identified in the research, as well as suggested recommendations for the Project to explore for future technical assistance and capacity building initiatives in Guatemala.

- **Insight:** Only a small proportion of WSMEs' clients are government entities. The low uptake of procuring government sales is primarily due to the complexity of the process. However, Guatemala's public procurement system has a regulatory framework to promote the participation of MSMEs that includes a framework for set-aside procurement programs destined for MSMEs.
 - **Recommendation:** Provide better exposure and promotion of the procurement system and special set-aside programs for MSMEs. This could potentially increase the number of WSMEs using government procurement as a sales channel.

- **Insight:** The largest proportion of WSMEs are in the developing stage, with limited operational and production processes, basic technology, and limited employee training available. This is followed by a representative number of WSMEs that are in the growing stage of development, where they have some documented processes and trained staff.
 - **Recommendation 1:** Basic entrepreneurial and product development training could be valuable for WSMEs' future growth, particularly for those currently in the early development stage.
 - **Recommendation 2:** Those WSMEs in the growing stage would benefit from business accelerator programs as a key market intervention, considering the struggles WSMEs face when coping with the global COVID-19 pandemic.
 - **Recommendation 3:** For those in the mature and optimization stages, there are greater opportunities to prepare them to participate in global supply chains and/or further explore export market opportunities in the Activate and Accelerate phases of the Project.²⁰

- **Insight:** Those WSMEs surveyed that stated that they are not registered could lose opportunities by not formally registering their business. Formalization of WSMEs could be part of a sustainable growth strategy.
 - **Recommendation:** The Project can assist the WSMEs through the establishment of a well-constructed business support program that outlines and supports the WSMEs in every step of the registration process.

²⁰ The WE3A project has a three-tiered approach based on three stages: Aspire, Activate and Accelerate. Aspire is the phase that the project addresses biases and roadblocks that the women face and discuss how to create the environment that allows them to succeed. In the Activate phase women will be given access to webinars and workshops designed to help them build business skills, resiliency and digital expertise. The last phase, Accelerate is designed for businesses and enterprises that are more established. In this phase women will receive advanced education and build a network of important people from the business ecosystem and potential customers. For more information see: <https://we3a.org>.

- **Insight:** Undertaking international business development, exporting, or selling into global value chains is complex, but often yields benefits for companies, from establishing new revenue streams and gaining competitive advantages to accessing specific government incentives for global companies.
 - **Recommendation:** Specialized business development training and participation in export promotion events, such as trade fairs and missions under a cluster approach could be incorporated into the Activate and Accelerate stages of the Project.

- **Insight:** There is a high level of WSMEs affiliation and/or association with BSOs. Women rely on BSOs for their networking opportunities within the ecosystem.
 - **Recommendation:** Project activities involving WSMEs should also consider including local BSOs to strengthen the bond and help BSOs be better informed about the wants and needs of the WSMEs.

- **Insight:** the top type of support the WSMEs identified is help in finding new clients, followed by liaising with purchase leads in large organizations, and networking opportunities to identify new markets, as well as building entrepreneurial management skills.
 - **Recommendation:** Offer WSMEs support in identifying and recruiting new clients, holding trade fairs or other networking opportunities and capacity building workshops on developing entrepreneurial and management skills.

- **Insight:** The WSMEs surveyed stated that cultural barriers, in terms of gender roles for women in Guatemala, is a significant barrier that they face.
 - **Recommendation:** While this is a complex matter that needs a concerted effort from all members of society to overcome, the Project offers an opportunity to educate buyers in Guatemala on the value of including WSMEs in the supply chain. A training for buyers on gender-responsive supply chains is an opportunity to make the case that including WSMEs in local and global supply chain makes business sense.

Appendix I Research Methodology

This research was conducted by utilizing existing secondary and primary data sources to analyze the business ecosystem of Guatemala as it relates to women-owned businesses. Secondary data sources came from global indicators and benchmarks, studies and country reports, repository sources from international and local organizations as well as government data.

Primary data was gathered by surveying a representative sample of the ecosystem stakeholders, that is, women-owned/led businesses, companies established in Guatemala with substantial procurement, and local business support organizations (BSOs). The sample was created based on target number of stakeholders that fit the following definitions:

Women-owned/led SMEs (WSMEs): businesses with at least 51% ownership, management, and/or control by women. In some cases, the ownership composition can be greater or equal to 20% if the business has a woman as CEO/COO and, if applicable, the business has a board of directors of which 30% of the board members are women. To qualify as **small and medium-sized enterprises (SMEs)**, the businesses has up to 300 employees and the total gross revenue is up to USD \$2.5M.

Buyers: are companies that have significant purchasing power in the country/market in which they are located. For example: multinational or local companies that are key to the local economy and are linked to purchasing goods and services within the key industrial sectors in the country of the research.

Business support organizations (BSO): are non-profit, public, private, and for-profit resource organizations, trade and industry associations, among others, that serve local businesses and support their growth and success. For example: chambers of commerce, trade and industry associations, coalitions, government agencies, women's associations, incubators, and sectoral organizations.

Data sources to develop the stakeholder mapping list came from local firms, agencies, associations, and public entities. The stakeholder mapping list contained 232 WSMEs, 55 buyers and 36 BSOs. An online survey was launched inviting the stakeholders in the list. Additional outreach to stakeholders that meet the definitions of the mapping was completed using social media and direct mailing. A total of 55 WSMEs, 22 buyers, and 23 BSOs responded to the survey.

The survey gathered quantitative and qualitative data including industry and sector, location, size of the business, level of women participation and challenges, including the impact of the global COVID-19 pandemic in the ecosystem as it relates to women-owned businesses.

Appendix II Key BSOs and Programs

Organization	Description
AGEXPORT	AGEXPORT is a private non-profit institution that works toward the growth of Guatemalan exports through the implementation of initiatives designed to promote trade and business development.
AGEXPORT – Comisión Hecho a Mano	<p>The AGEXPORT Handmade Products Commission is made up of 94 associates who produce home decoration products, personal accessories, souvenirs, high fashion clothing and industry suppliers. They work on the value-added supply chain that includes artisans, designers, and marketers, allowing them to generate jobs and a steady income in the interior of the country. The Commission generates unique products suitable to international trends and displays ancestral techniques.</p> <p>The Commission’s handmade products, created through the implementation of good manufacturing practices, trends and regulatory compliance, have positioned it to access the demands of international markets. The productive offer is focused on textiles, ceramics, clay, recycled materials, leather, glass, iron and others.</p> <p>Entrepreneurs are supported to improve their technical, administrative and financial capabilities, facilitating business, innovation, business development, effective communication, strategic alliances and sustainability.</p>
Adisa	<p>Adisa is an organization that promotes the development and sustainability of productive community projects.</p> <p>The organization carries out financial activity in the Southwestern Region of Guatemala, providing microfinance services and executing community development programs.</p>
COMITURS (Comisión de Turismo Sostenible)	COMITURS promotes and strengthens the growth of tourism in Guatemala through the export of sustainable tourism services.

Cámara de Comercio de Guatemala	The Guatemalan Chamber of Commerce is a business organization that leads, represents and promotes Commerce in Guatemala. It provides business advocacy and networking within the local business ecosystem. It is an important engine in the development of the Guatemalan commercial and business sectors.
MEG (Mujeres Emprendimiento Guatemala)	Support network of and for women entrepreneurs from different industries, where women support each other to grow personally and professionally.
Alterna Inguat	<p>IMPULSA INGUAT is the program that brings together companies in the tourism sector for implementing sustainable growth strategies for the Guatemala tourism sector.</p> <p>This program is organized by the Instituto Guatemalteco de Turismo. In 2015, the IMPULSA Program was launched to build the capacity of entrepreneurs and small and medium-sized companies that work in sustainable tourism in protected areas. Within the methodology of the program, 20 to 25 entrepreneurs and companies are chosen to participate in various workshops and events through which they benefit from specialized advice, have access to connections with high-level entrepreneurs, obtain support in the search for business partners and have the opportunity to access seed capital.</p>
CECI-Guatemala	<p>CECI is an international cooperation organization that combats poverty, exclusion and inequality through sustainable development projects.</p> <p>CECI-Guatemala opened offices in the country in 1990. It engages in development and support projects, particularly with indigenous populations, who make up over 60% of the population of Guatemala.</p> <p>CECI-Guatemala focuses on promoting the industries of community tourism, sustainable economic development and fair trade, as well as the solidarity economy.</p>

	CECI-Guatemala is also active in environmental projects.
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