THUNDERBIRD SCHOOL OF GLOBAL MANAGEMENT | Arizona State University | WEConnect INTERNATIONAL

WE·3A Aspire Activate Accelerate

Strengthening Women Entrepreneurs in Value Chains

WE3A – Improving Access to Value Chains for Women Entrepreneurs

Deliverable: Activity 1.1 Ecosystem and Stakeholder Mapping-Honduras

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Executive Summary

WE·3A Aspire Activate Accelerate

Strengthening Women Entrepreneurs in Value Chains

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

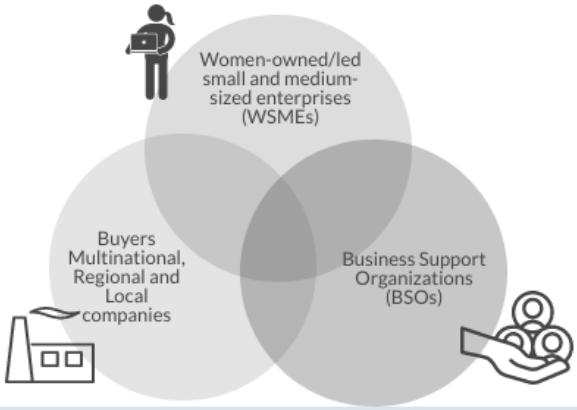
This research provides an analysis from the "ecosystem" perspective in Honduras in which economic factors and conditions of key actors are explored.

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

Honduras

Population: 10,062,994 (2021) with 37.7% in age group 25-54
Area: 112,090 sq km (43,278 sq miles)
Major languages: Spanish (official)
Government: Presidential republic
Currency: Honduran Lempira **L**
GDP per capita $2,831 (2021)
Inflation: 4.0% (March 2022)
Foreign Direct Investment Inflow: 236 million (March 2020)
Unemployment: 10.9% (2020)
Key economic sectors: services (tourism, BPO), manufacturing (textile, auto parts) and agriculture.

Entrepreneurial Ecosystem



COVID-19 Impact on WSMEs

- 65% of the WSMEs stated that the pandemic negatively impacted them; 25% stated that COVID-19 positively impacted them; and 10% stated that the pandemic had no impact.
- The top 3 COVID-19 related challenges were: productivity decreased due to restrictions, decreased demand for products and services, and increased cost of production.
- The top 3 COVID-19 related opportunities were: increased digital presence, created a new business line in response to local and global needs, shifted to digital business model.
- WSMEs indicated that the most needed support in post COVID-19 recovery phase is finding new clients, building entrepreneurial skills, and networking with the entrepreneurial ecosystem to identify new markets.

Key Findings from WSMEs

- Top 3 industry/sector representation: services, wholesale and retail trade, and accommodation and food services.
- 84% WSMEs are micro-business (less than 10 employees).
- Client/Customer base composition: 24% businesses, 51% final consumers, 9% government entities, and 25% other.
- Online presence: 83% Facebook, 71% WhatsApp, 70% Instagram, and 33% company website.
- 46% of the WSMEs are in developing stage and 8% mature stage.
- 18% of the WSMEs surveyed have not formally registered their business and 17% have a women-owned business certification.
- 13% of WSMEs surveyed are part of global supply chains and 12% export.
- Main operational challenges are access to formal financial products, bureaucratic red tape to operate their businesses, and cost of operations.

Key Findings from Buyers

- 48% of the buyers surveyed were local companies, 30% multinationals, and 23% regional corporations.
- The top industry/sector representation: services, wholesale and retail trade and agriculture.
- The top local spending: logistics, facilities, and direct raw material.
- The criteria to evaluate potential suppliers is based on quality, price, and production/service capacity.
- 50% of buyers surveyed have supplier diversity and inclusion policies and practices.

Key Finding from BSOs

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

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Purpose of the Deliverable

The immediate objective of this research is to provide a better understanding of the entrepreneurial ecosystem in Honduras 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 *Voces Vitales-Honduras*, a local entity that executes key activities in Honduras. 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 Honduran 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 COVID-19 global pandemic are explored. Thus, the analysis of the WSMEs ecosystem includes sector representation, size of business, maturity of the business, market access, and support systems. This data provides the WE3A partners with insightful information for the execution of Project activities to further support women-owned businesses.

This report begins by providing a general profile of Honduras, followed by a snapshot of the Honduran 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 Honduran 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 Honduras currently face.

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

Profile of Honduras

Honduras is located in Central America, bordered by El Salvador to the west, Nicaragua to the south, and Guatemala to the north. The country has an area of 43,278 square miles, access to both the Atlantic and the Pacific Ocean, and a population of 10,062,994 (WB Data Population Honduras, 2021). Honduras is one of the poorest countries in Latin America and the Caribbean with more than half of the population, especially those in rural areas, living in poverty (The World Factbook - Honduras, 2022). Consequently, the rural-urban development gap is one of the

highest in Latin America and the Caribbean (Honduras - IDB Group Country Strategy 2019-2022, 2019). However, in recent years the country has reported good economic growth thanks to a young population and workforce, a rising industrial base, and ongoing efforts to diversify its exports (The World Bank In Honduras, 2022).

Honduras's 2019 Human Development Index (HDI) is 0.634, which places the country in the medium human development category, positioning it at 132 among 189 countries (HDI - Honduras, 2020). An HDI of 0.634 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.

Systemic poverty issues have caused an increase in the migration of Hondurans to the United States (US) (ASJ, 2020). This exodus and resettlement have fueled a surge in remittances to the extent that Honduras is one of the top remittance recipients in Central America. In 2020, Honduras received US$5.59B in remittances, which accounted for 23.5% of its gross domestic product (GDP) (WB Data Personal Remittances Honduras, 2020).

Honduras is very vulnerable to climate change due to its high exposure to climate-related hazards such as hurricanes, tropical storms, floods, droughts, and landslides (WB Climate Change Knowlege Portal, 2022). In 1998, Hurricane Mitch tore through Honduras, resulting in a substantial death toll and the destruction of major infrastructure. By 2020, the COVID-19 pandemic began, and more destruction was caused by Hurricanes Eta and Lota, which led to a sharp decline of the GDP (The World Bank In Honduras, 2022). As global warming increases the frequency and severity of climate-related hazards, the country is experiencing worsening strains on its capacity to address these disturbances and ongoing development challenges (USAID, 2017).

Honduras's Economy at a Glance

The Honduran economy is one of the least developed in Latin America. According to World Bank data, in 2021 the GDP in Honduras was US$28.49B (WB Data GDP Honduras, 2021). Honduras has one of the lowest GDPs per capita in the Latin America and Caribbean Region (Romero, 2021). In 2021, the GDP per capita was US$2,831, which was an increase from the previous year's level of US$2,405 (2020) (WB Data GDP per capita Honduras, 2021). The main sectoral contribution to the GDP comes from services (58.34%), followed by industry (25.95%), and agriculture (12.12%) (O'Neill, Honduras: Distribution of GDP across economic sectors from 2010 to 2020, 2022).

In 2020, the net inflows of foreign direct investment was US$236 million, a sharp decline from US$995 million the year earlier and US$1.44B reported in 2018 (WB Data Foreign Direct Investment Honduras, 2020).

Honduras ranks 92nd among 184 countries in the 2022 Index of Economic Freedom. With a score of 59.5, Honduras' index sits in the "Mostly Unfree" category where it has sat throughout the history of this index. While monetary freedom and trade freedom are components in which

Honduras scores relatively high, in rule of law and labor freedom Honduras scores poorly (Index - Honduras, 2022).

The economy has traditionally relied on agricultural exports and textile-related goods. Trade data indicates that in 2020, Honduras exported a total of US$8.06B and imported US$9.17B in goods, resulting in a US$1.11B trade deficit (OEC Honduras, 2020). Textiles (T-shirts, jerseys, pullovers, cardigans, and similar items) along with agricultural goods (coffee, palm oil, and others) and auto parts are the country's main exports. The main imports are refined petroleum, cotton yarn, packaged medications, and insulate wire, cable, and other electric components and parts. Honduras's main trade partner for both exports (US$3.97B) and imports (US$3.92B) is the United States (US). Other trading partners include El Salvador, Guatemala, Nicaragua, Mexico, Germany, and China.

In 2019 Honduras exported US$1.18B worth of services. The top services exported were personal travel (US$492M), other business services (US$238M), and computer and information services (US$187M) (OEC Honduras, 2020). The service sector is the main source of employment in Honduras, representing 49.12% in 2019 (O'Neill, Honduras: Distribution of employment by economic sector from 2009 to 2019, 2022). The trade data indicates that within the service sector, tourism is playing an increasingly important role in the economy. The government of Honduras has prioritized tourism to drive inclusive development, as its supply chain includes many related sectors such as hotels and restaurants, transportation, retail, personal services, health, and culture (ENTS-Honduras). The country has one of the most diverse tourism offers in Central America, including archaeological treasures, beaches, colonial cities, mountains, forests, and unique biodiversity.

Another important and fast-growing sub-sector is business process outsourcing and information technology (BPO / ITO). The BPO activity is concentrated in the two main cities, Tegucigalpa and San Pedro Sula. In total, 95% of the companies in this sector serve the US market and the remaining 5% serve Canada and other countries (CNI, 2022).

The manufacturing sector accounts for 21.29% of all employment in Honduras (O'Neill, Honduras: Distribution of employment by economic sector from 2009 to 2019, 2022). Within this sector, the sub-sector of textile and apparel, under the *maquila*[1] regime, led the Honduran manufacturing industry. Honduras is the number one exporter of cotton T-shirts to the US. The textile and apparel sector generates over 90,000 jobs (CNI, 2022).

Another key sub-sector is light manufacturing. Currently, Honduras is the third largest exporter of auto parts to the US from Latin America, with cable harnesses and some interior parts being the main products exported. This sub-sector has high growth potential because of the country's

[1] A maquila or maquiladora is a manufacturing plant that imports and assembles duty free components for exports. A maquila regime/system allows companies to take advantage of low-cost labour and to pay duty only on the value added of the finished product minus the total cost of the components that have been imported to make it. The term "maquila" is a Spanish world that means processing fee.

attractive offer based on costs, energy source, logistics, labor, and compliance with global quality standards (CNI, 2022).

In addition, the agriculture sector plays an important role in Honduras. Data from 2019 shows that this sector accounts for 29.49% of total employment (O'Neill, Honduras: Distribution of employment by economic sector from 2009 to 2019, 2022). Furthermore, the agriculture sector is highly productive, thanks in part to easy access to resources such as water and good road infrastructure in the main agricultural development centers. The tropical climate allows for year-round agricultural production of many items including tilapia, shrimp, sugar, cocoa, coffee, bananas, melons, and a wide variety of other fruits, vegetables, milk, and dairy products. The country has productive fishing grounds in two oceans and coastal resources that have made Honduras the largest exporter of shrimp in Central America. (CNI, 2022).

The agricultural sector is established with local business presence and a well-developed supply chain that includes multinational companies such as Chiquita, Dole, and Cooke Aquaculture. Furthermore, the Pan-American College of Agriculture, better known as Zamorano, is located in Honduras. Each year the school enrolls over 1,500 students (including 30% women) from all over Latin America. Its graduates are recruited heavily by multinational companies (Zamorano, 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 48.4%, a considerably lower level than the equivalent national male rate of 74.3% (ILOSTAT, 2020). The participation share by gender differs widely by sector, for example the share of agriculture labor is 10.1% female and 36% male; the share of industry labor is 19.9% female and 25.3% male, and the share of service labor is 69.9% female and 38.4%, male.

Another economic empowerment indicator is engagement in the monetary economy. Data from 2017 indicates that the percentage of women age 15 and older with a bank account at a financial institution is 41%, compared to 50% for the same age group in men, representing a 9% gap (WB Gender Data, 2022).

There is no official/government sex-disaggregated data for business ownership in Honduras. However, a 2016 dataset from the World Bank Enterprise Survey shows that the percentage of firms with female participation in ownership is 54.7% and the proportion of firms with majority female ownership in Honduras is 26.5% (Enterprise Sureveys, 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 the 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.

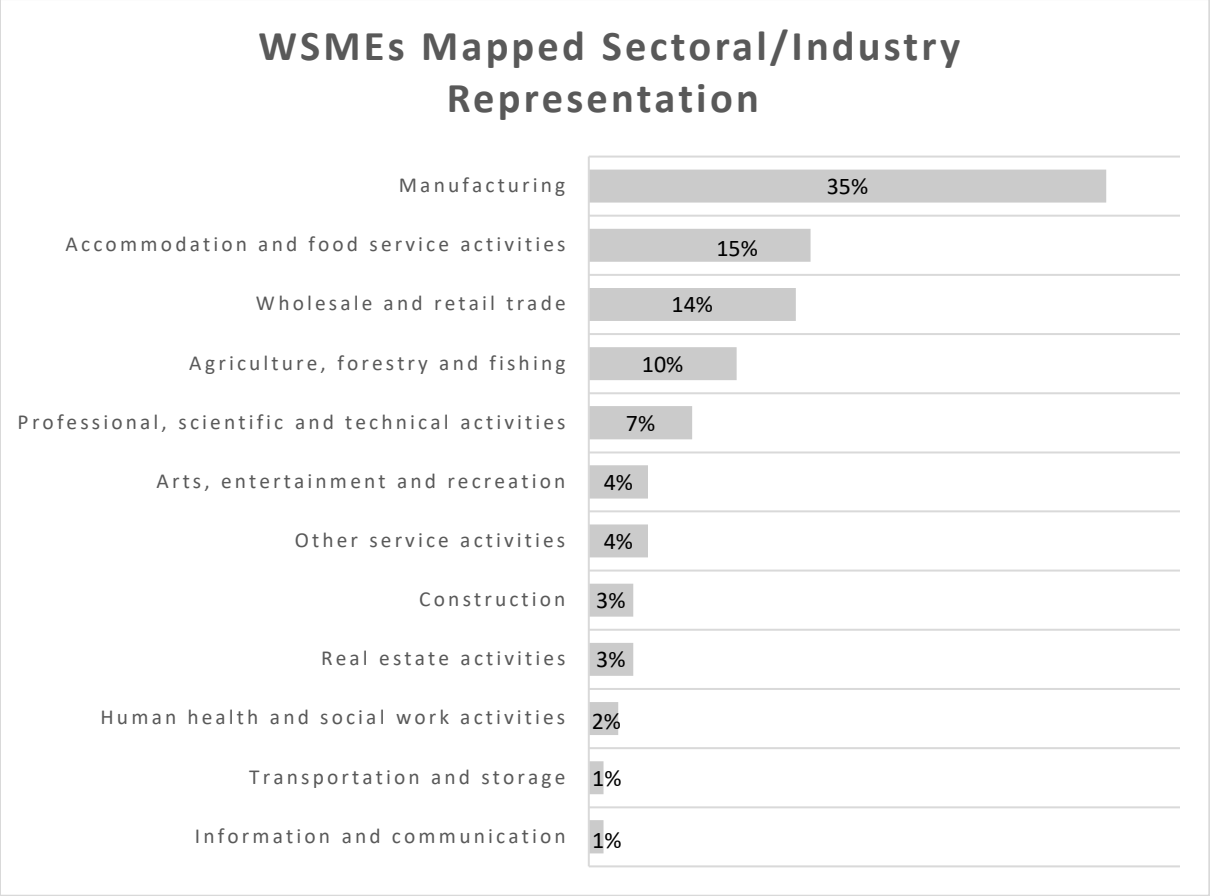
At the initial stage of the research, secondary data (databases, market analysis, and studies) was used to map the stakeholders. At the consultation stage, the stakeholders were consulted using an online survey as detailed in the research methodology. In the following section, the distinction between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

WSMEs Profile[2]

Based on the WSMEs sampled, the mapping of the WSMEs shows that the overwhelming majority (by number of companies) are involved in manufacturing (35%), followed by accommodation and food service activities (15%), and wholesale and retail trade (14%), as outlined in Figure 1. It is understood, based on the secondary research, that the bulk of WSMEs participate in manufacturing and accommodation and food service activities (mostly related to tourism), which makes up two of the key economic sectors in Honduras.

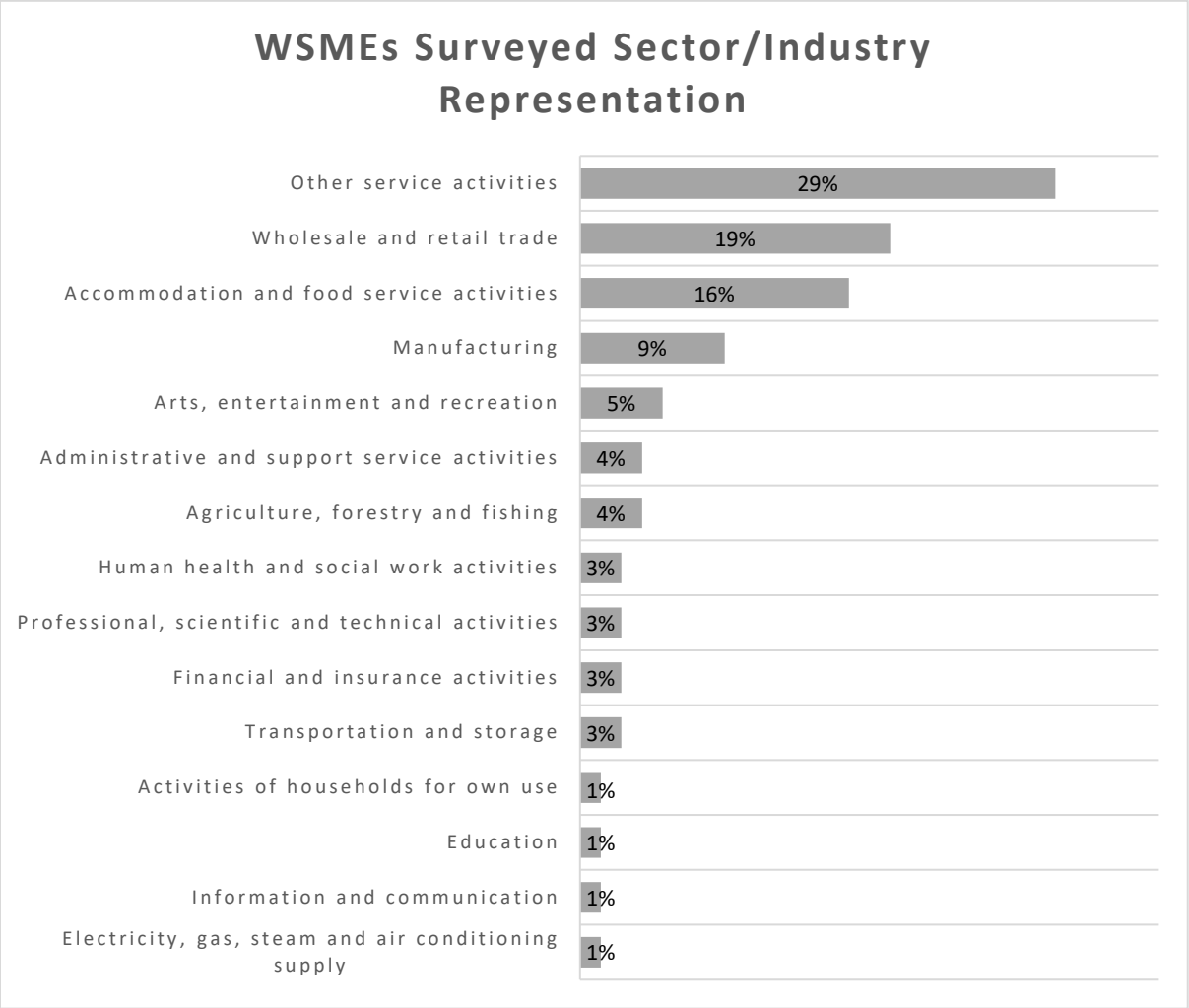
[2] For this section 273 WSMEs were mapped and 92 WSMEs responded to the survey.

Figure 1. WSMEs mapped by sector/industry



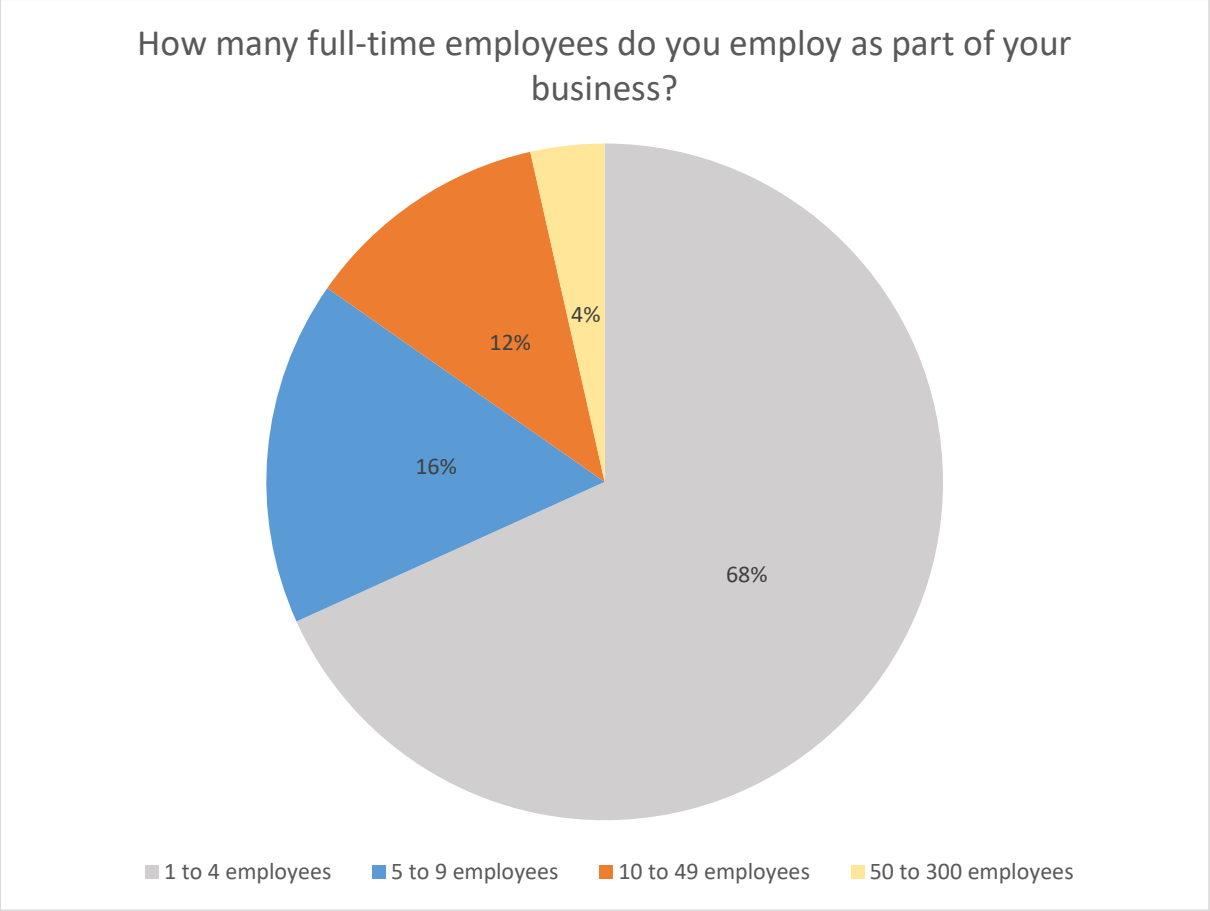
The WSMEs that participated in the survey are engaged in other service activities (29%), wholesale and retail trade (19%), and accommodations and food services (16%), as shown in Figure 2.

Figure 2. WSMEs surveyed by sector/industry



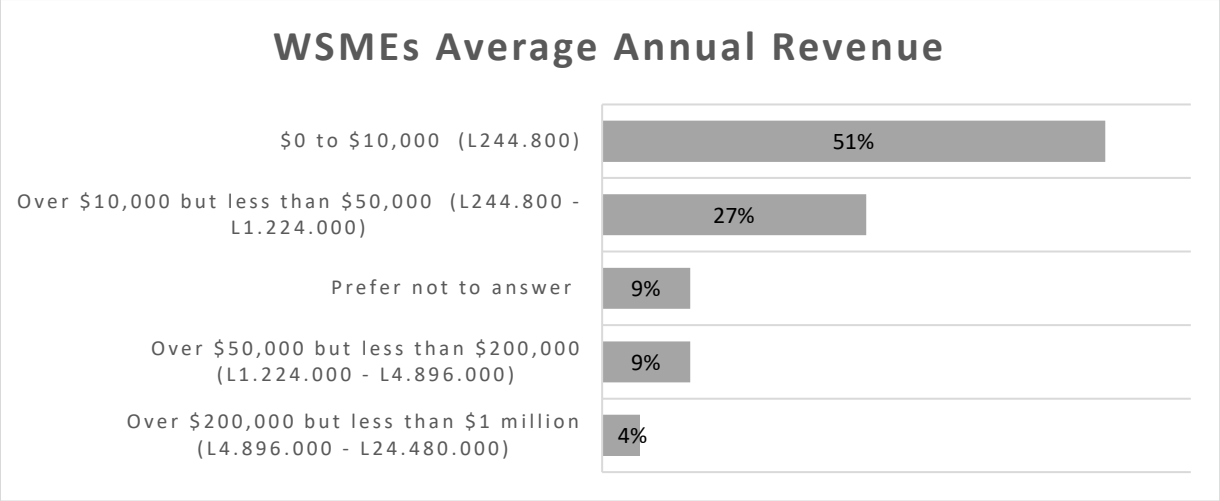
In terms of the number of full-time business employees, 84% of the WSMEs that participated in the survey self-identified as micro businesses, employing less than 10 people (see Figure 3). Nonetheless, on average, the workforce of WSMEs is 75% female. This result indicates that WSMEs' role in women's inclusion and economic empowerment is significant.

Figure 3. WSMEs number of full-time employees



As shown in the Figure 4 below, the majority of participating WSMEs (51%) have average annual revenue of up to US$10,000; a smaller portion of WSMEs (27%) have annual revenue of between US$10,000 and US$50,000; an even smaller portion of the WSMEs (9%) reported revenues of over US$50,000, but less than US$200,000; and only a few WSMEs (4%) reported revenues of over US$200,000, but less than a US$1M. Some respondents (9%) opted out of answering this question.

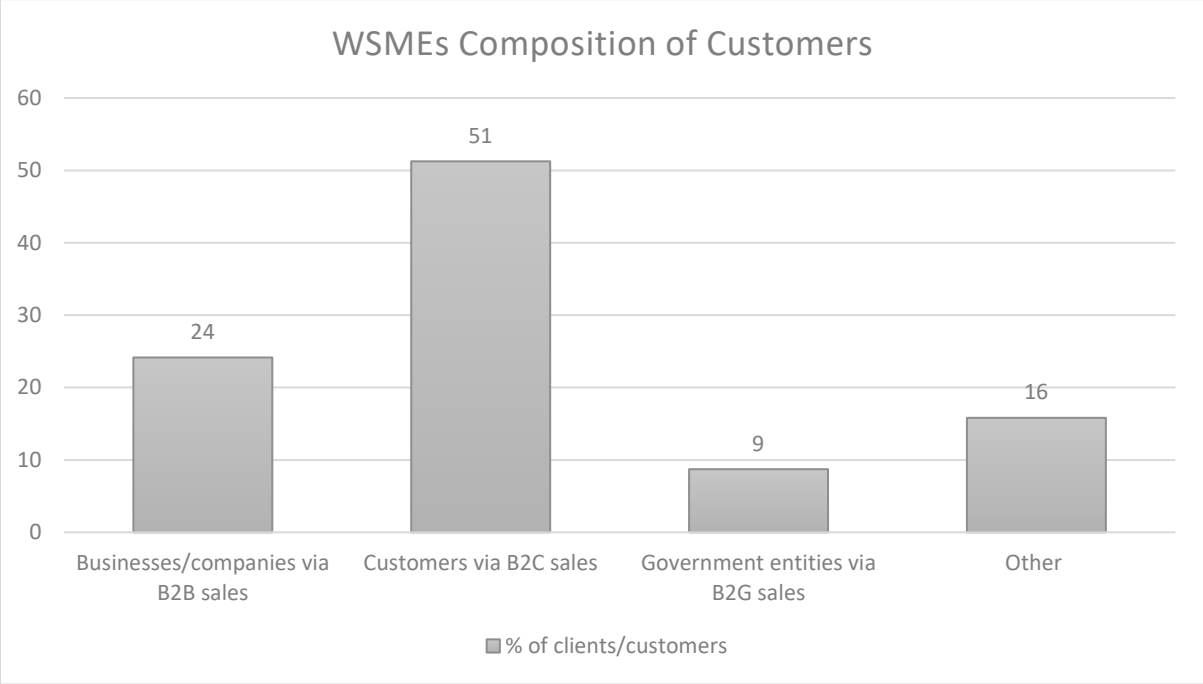
Figure 4. WSMEs average annual revenue



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 final consumers through B2C sales (51%), followed by corporate clients through B2B sales (24%), a smaller portion of government clients identified through B2G sales (9%), and other (16%) as shown in Figure 5.

Figure 5. WSMEs composition of customers/client base



The data indicates that WSMEs have incorporated government as part of their client base, which is a favorable sign that selling to government entities is being utilized to some extent, but at a very small scale (9%). Furthermore, the small scale of sales to government could be through retail sales channels and not necessarily through a formal public procurement tendering process, which is a complex undertaking for many WSMEs.

Government procurement is a sales channel traditionally untapped by WSMEs due to its complexity. Honduras' public procurement system has a regulatory framework to promote the participation of micro, small, and medium-sized enterprises (MSMEs). It sets a simplified procurement process to pursue low budget procurement opportunities. Instead of a full technical proposal, the MSMEs can reply to a request for quotation (Ley de Compras Eficientes y Transparentes a Través de Medios Electrónicos, 2014). Furthermore, the national budget for 2020 had provisions that stated that the central and decentralized government entities may make direct purchases from MSMEs by simplified procedures. These purchases should not exceed the monetary threshold stated by law (Disposiciones Generales de Presupuesto de Ingresos y Egresos de la República del año 2020, 2022).

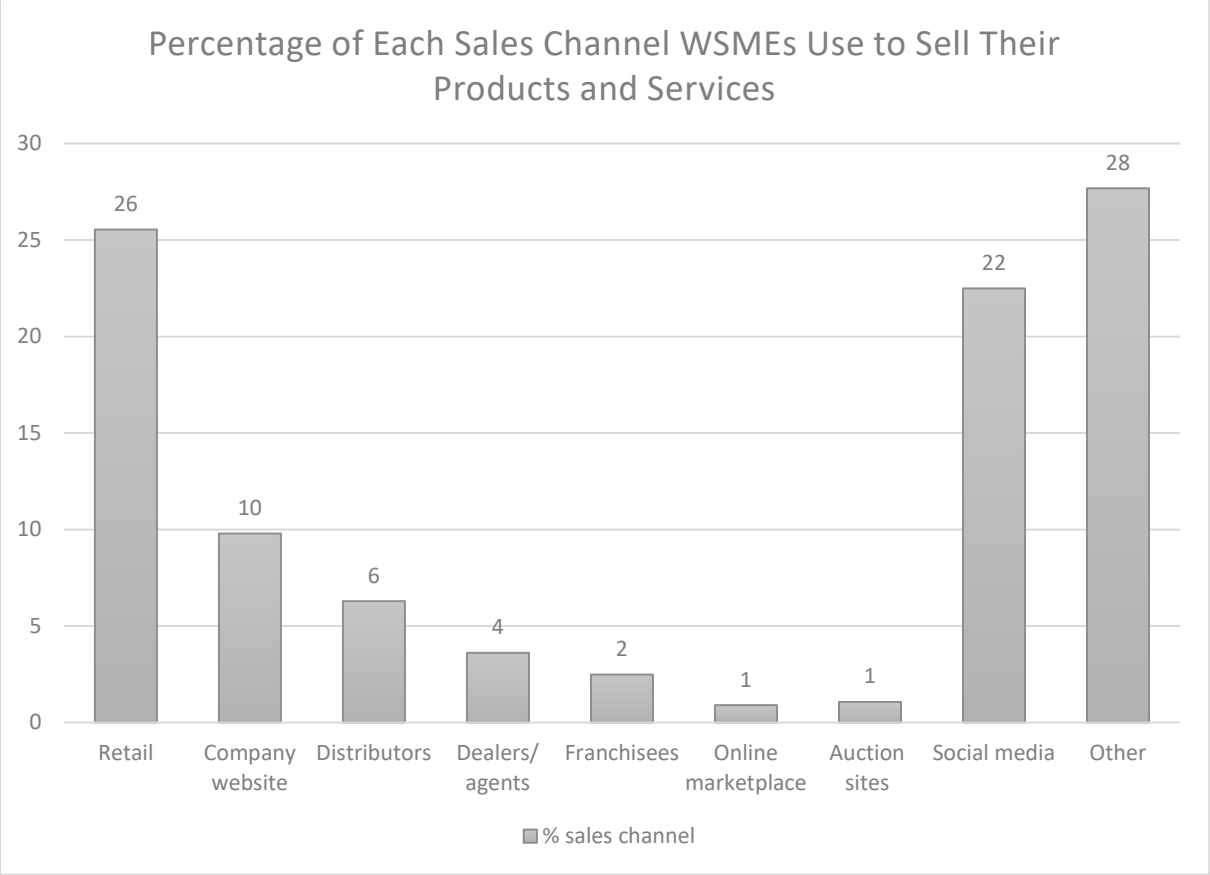
In the Honduran public procurement portal called "*ONCAE Honduras Compra Bien - HONDUCOMPRAS*", there is a dedicated section for procurement opportunities for MSMEs.[3] In addition, capacity building programs on how to pursue government procurement opportunities are offered, along with how to register as a supplier.

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 (26%), followed by the online social media channel (22%),[4] and online through company websites (10%). Under "Other" (28%) a significant number of WSMEs identified direct wholesale and word of mouth as sales channels they use to sell their products and services.

[3] More information at HONDUCOMPRAS: https://honducompras.gob.hn/.

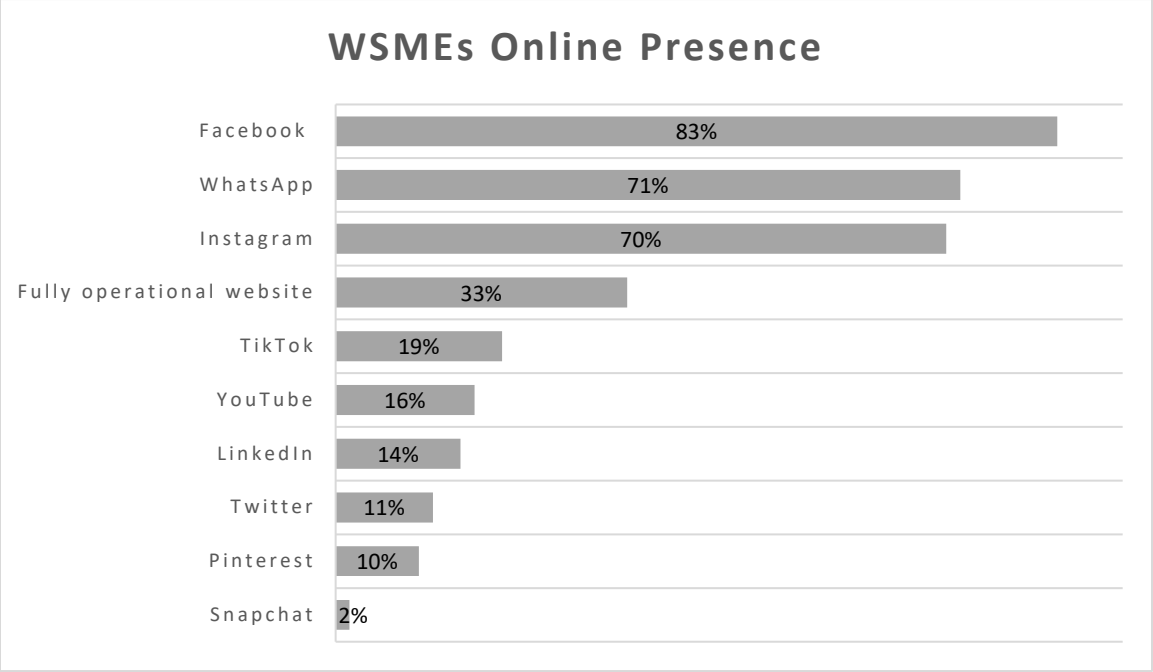
[4] Social media platforms have integrated commerce directly into their platforms, making easier for business to offer their products and for customers to buy products they discover in the platforms, without leaving the platforms.

Figure 6. WSMEs sales channels



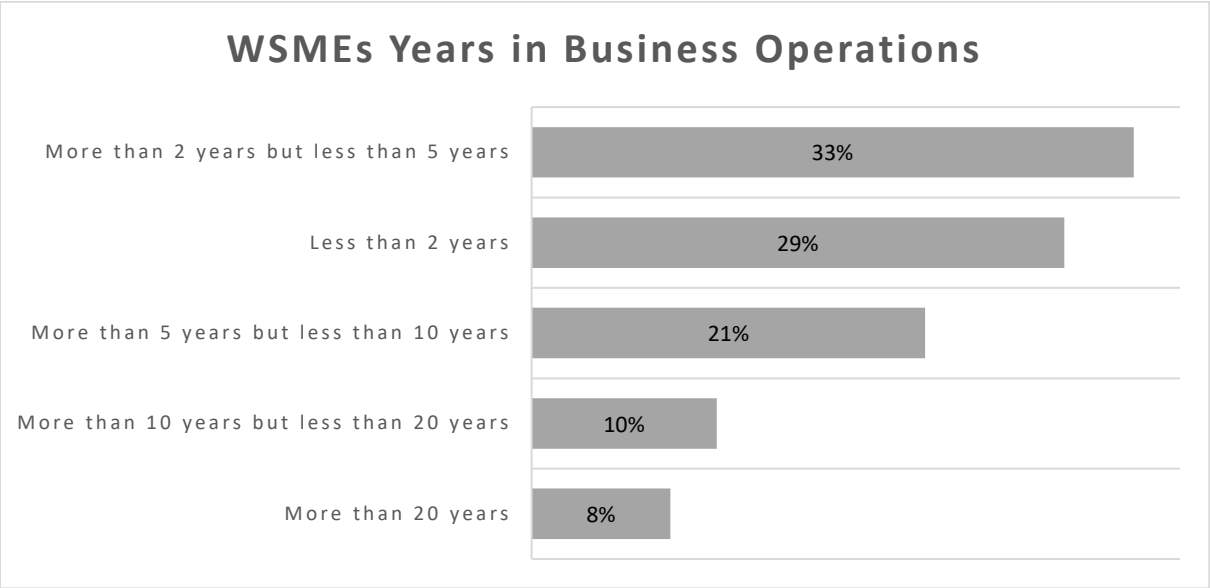
WSMEs were asked to indicate the extent of their online presence. The overwhelming majority use Facebook (83%), followed by WhatsApp (71%), and Instagram (70%). A portion of the WSMEs surveyed have a fully operating business website (33%), as shown in Figure 7. Having a fully operating website is important 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 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 Honduras, especially for those enterprises that want to be part of global supply chains and/or export their goods and services.

Figure 7. WSMEs online presence



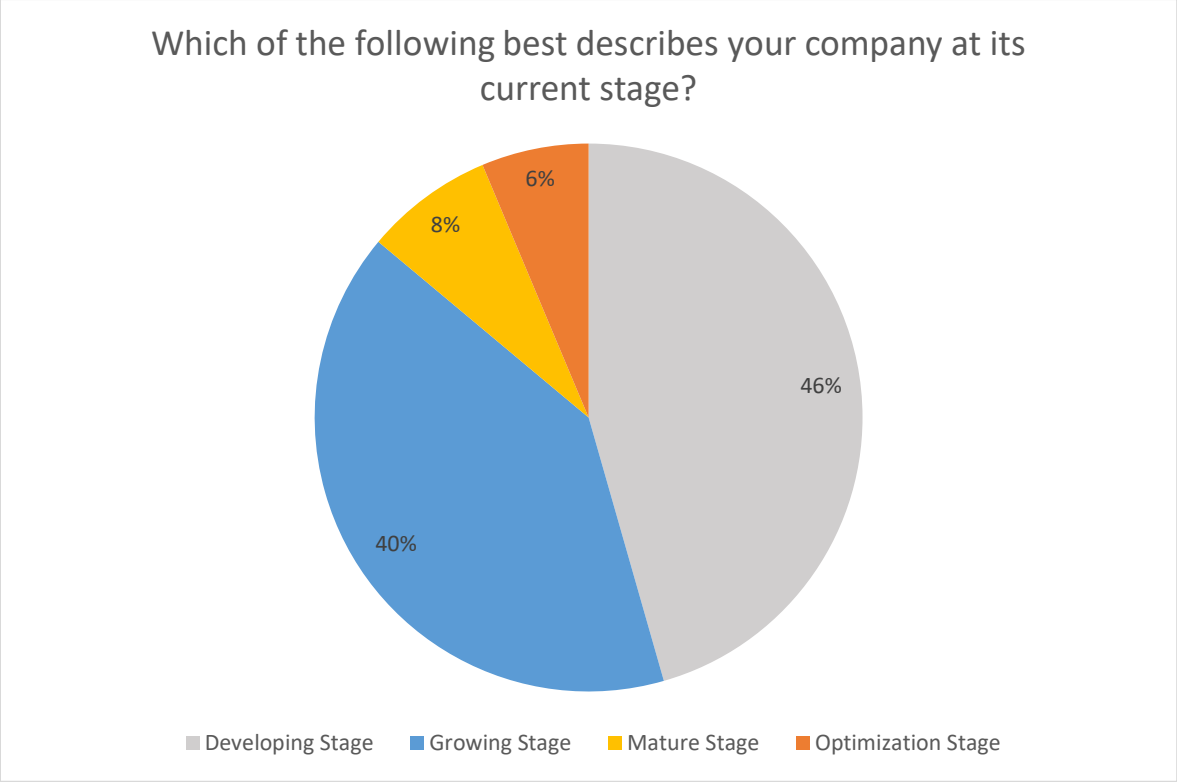
The research also found that more than half of the participating WSMEs are enterprises with less than five years of operational experience (63%). A significant portion of those respondents (29%) indicated less than two years in operation, which puts them within the COVID-19 pandemic timeframe, and most likely a result of necessity entrepreneurship (Acs, 2006). A representative number of WMSEs (21%) are enterprises with more than 5 years but less than 10 years of operating experience, and smaller portion of the WSMEs (18%) are well established with more than 10 years in operation, 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 (46%) are in the very early stages of development with limited production processes, utilizing basic technologies, and employing individuals with limited training. A significant number of WSMEs surveyed (40%) are in the growing stage, where they have some documented processes and more trained staff than WSMEs in the developing stage. A representation of the WSMEs, in mature stage (8%) and optimization stage (6%), are on the other end of the development spectrum, in a stage where they possess well documented processes and appropriated levels of resources to maintain operations.[5]

Figure 9. WSMEs stage of development

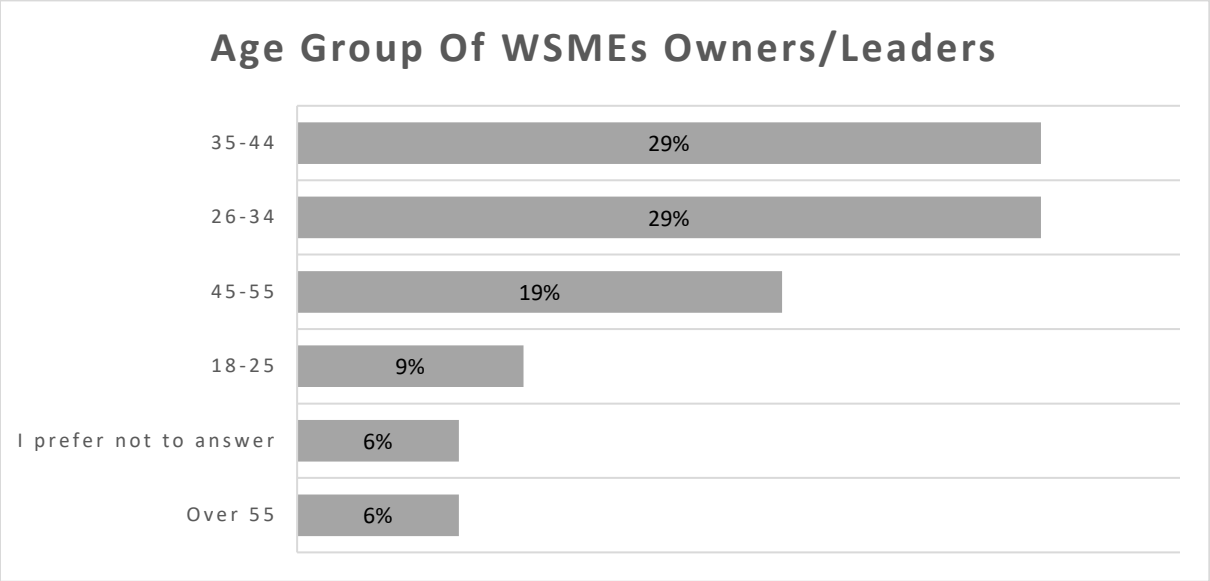


[5] **Developing Stage**: Limited operational and production processes, basic technology, limited employee training available, WSMEs are in their early days.
Growing Stage: Started to document processes, some technology in place to support the business, a few employees are formally trained in their role.
Mature Stage: Most processes are documented, relevant technology in place to support the organization and implementing training for all employees.
Optimizing Stage: fully documented processes, WSMEs have the right technology platforms for our business, employees have been trained and WSMEs continue to work on opportunities for improvement.

The fact that a large percentage of WSMEs reported being in the growing and developing stages (86%) indicates that basic entrepreneurial and product development training could be valuable for their future growth. Furthermore, for those that are in the mature and optimization stages (14%) 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.[6]

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, most 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, a recent study carried out by INCAE Business School found that Honduran women spend two-thirds of their time in unpaid work and one-third in paid work (Gracia M. Barahona, 2020).

Figure 10. WSMEs age group of women owners/leaders



In terms of formality, 82% of the WSMEs reported that their businesses are formally registered, (see Figure 11) with 48% as partnerships, 29% as a sole proprietorship, 15% as a limited liability company, 3% as cooperatives, 2% as corporations, and 2% as limited partnerships, as shown in

[6] 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.

Figure 12. For those WSMEs (18%) that stated that their businesses are not formally registered, the main reason for not doing so is lack of knowledge on how to register (see Figure 13).

For those WSMEs that are not formally registered, 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 of attaining a women-owned business 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

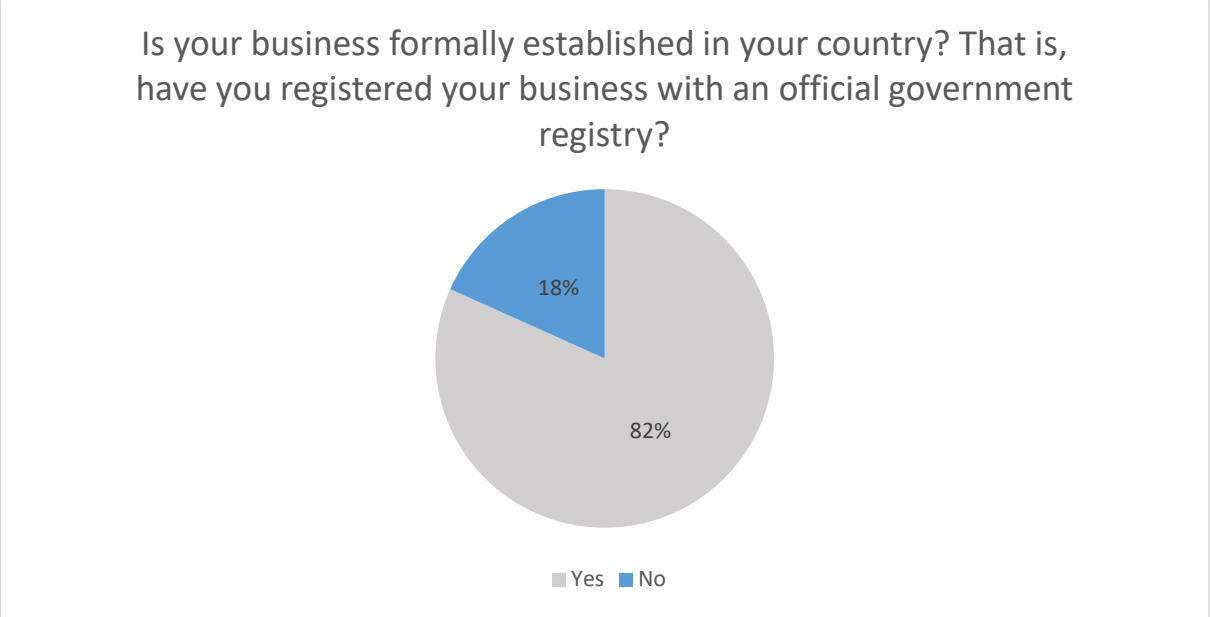


Figure 12. WSMEs registration type

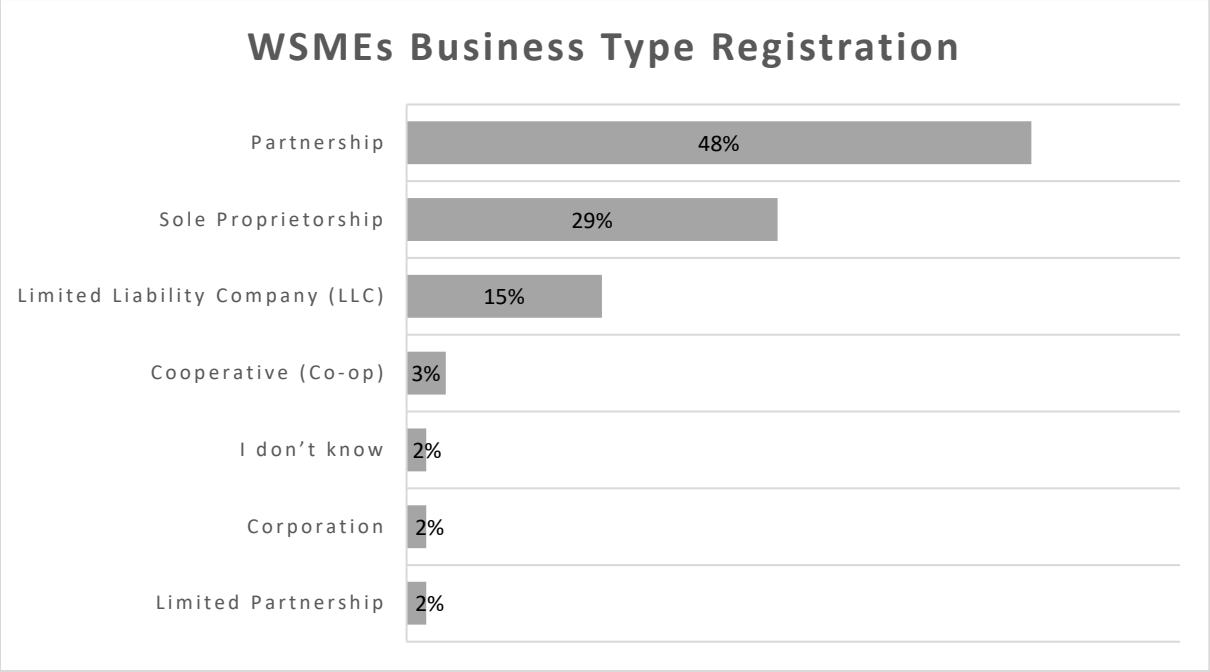
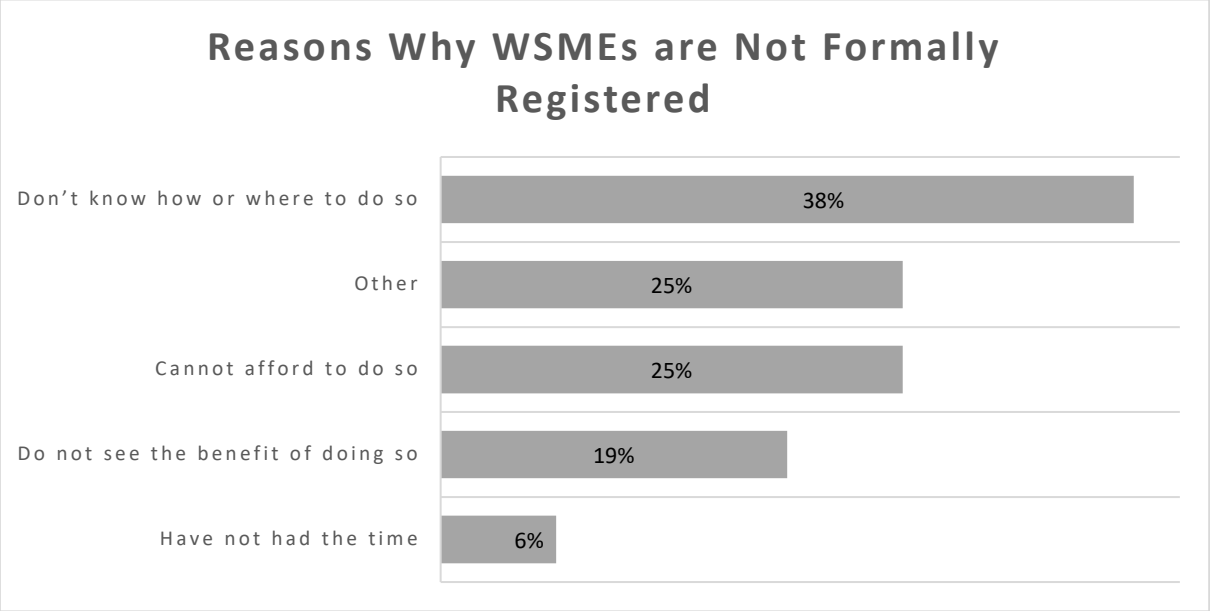


Figure 13. WSMEs not formally registered



In Honduras, the formal registration process of a business can be cumbersome. Registration entails 11 steps, beginning with checking availability of company name to obtaining a business license by a notary public. On average, it takes 42 days for processing, and this does not include the time that the business owners spend gathering necessary information. The cost of obtaining the required licenses is in the US$200 range (Honduras Doing Business, 2020).[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 a very complex and time-consuming endeavor for WSMEs. But, for the respondents who stated that their businesses are not registered, they could lose opportunities by not formally having registered their 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 assist the WSMEs through the establishment of a well-constructed business support program.

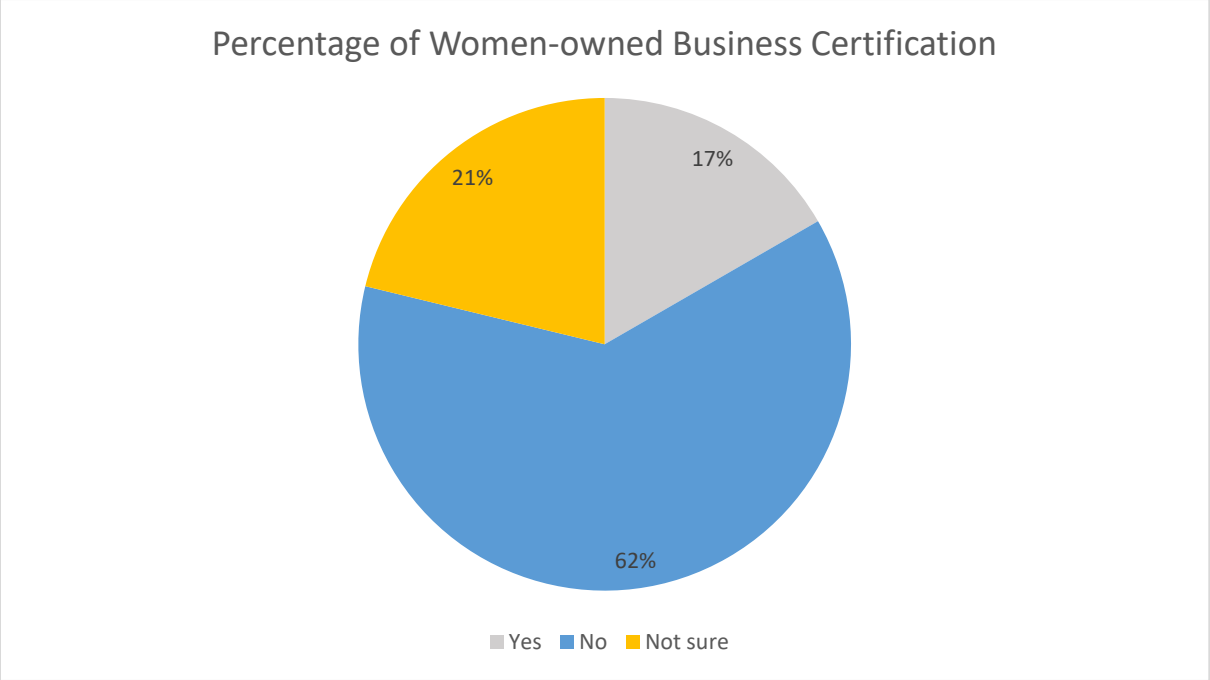
WSMEs were asked if they are a certified women-owned business. The majority are not, as shown in Figure 14. Being a certified women-owned business can bring benefits to WSMEs, for example, gaining access to:

- global buyers through inclusive sourcing programs,
- supplier diversity events and programs,
- International Financial Institution (IFI) donor programs, training, and procurement opportunities, and
- networks of women-owned businesses.

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

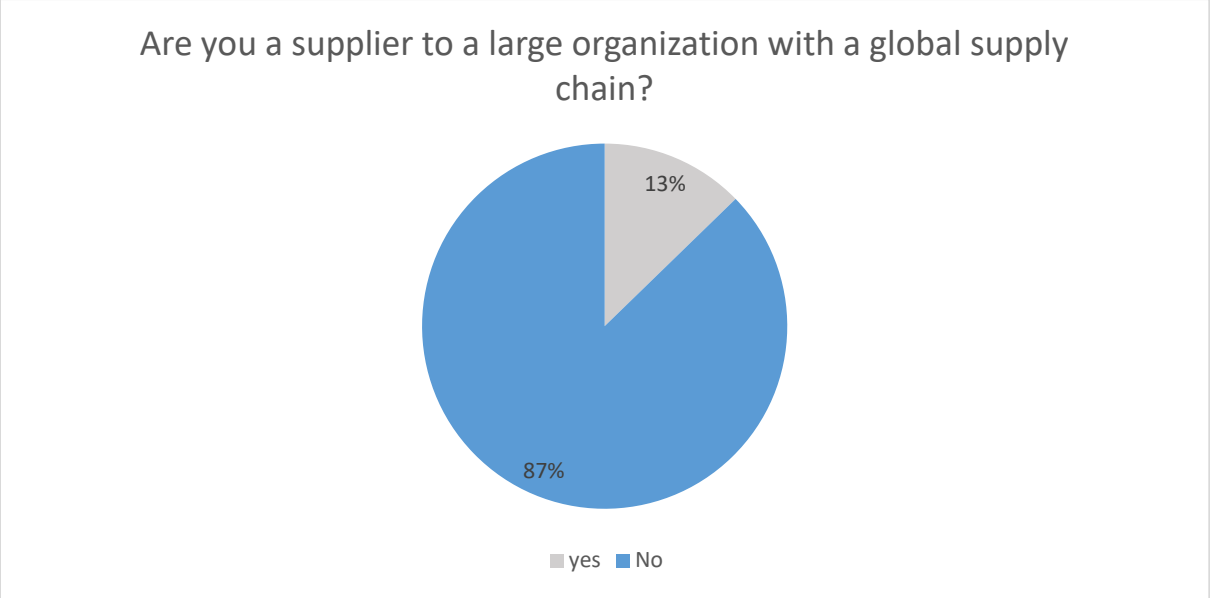
[7] The last edition to the World Bank Doing Business 2020 measured the complexity of the procedure, time and, cost of started a business. The Doing Business has been discontinued as of September 9, 2021. Data and methodology to assess starting a business in Honduras still acceptable to use as a reference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

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 is illustrated in Figures 15 and 16.

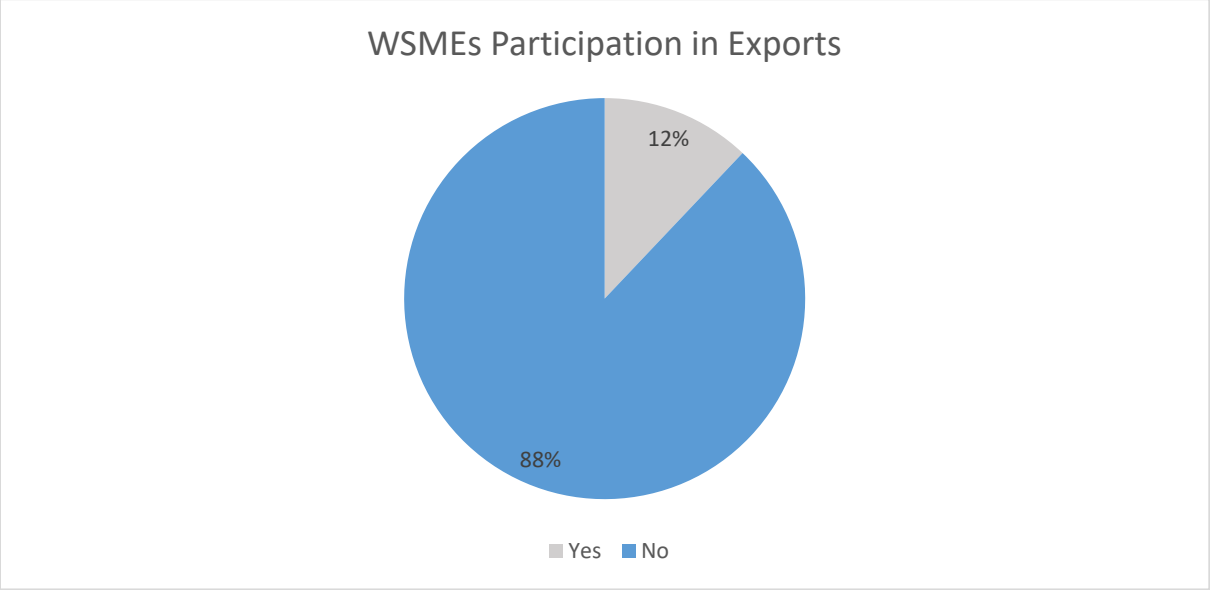
Figure 15. WSMEs participation in global supply chains



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 the 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, accessing global value chains, increasing exports and increasing the number 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, and one company is exporting to South Korea.

In conclusion, increasing exports and participation in global supply chains are key objectives of the Project and the WE3A activities will be developed to achieve those objectives.

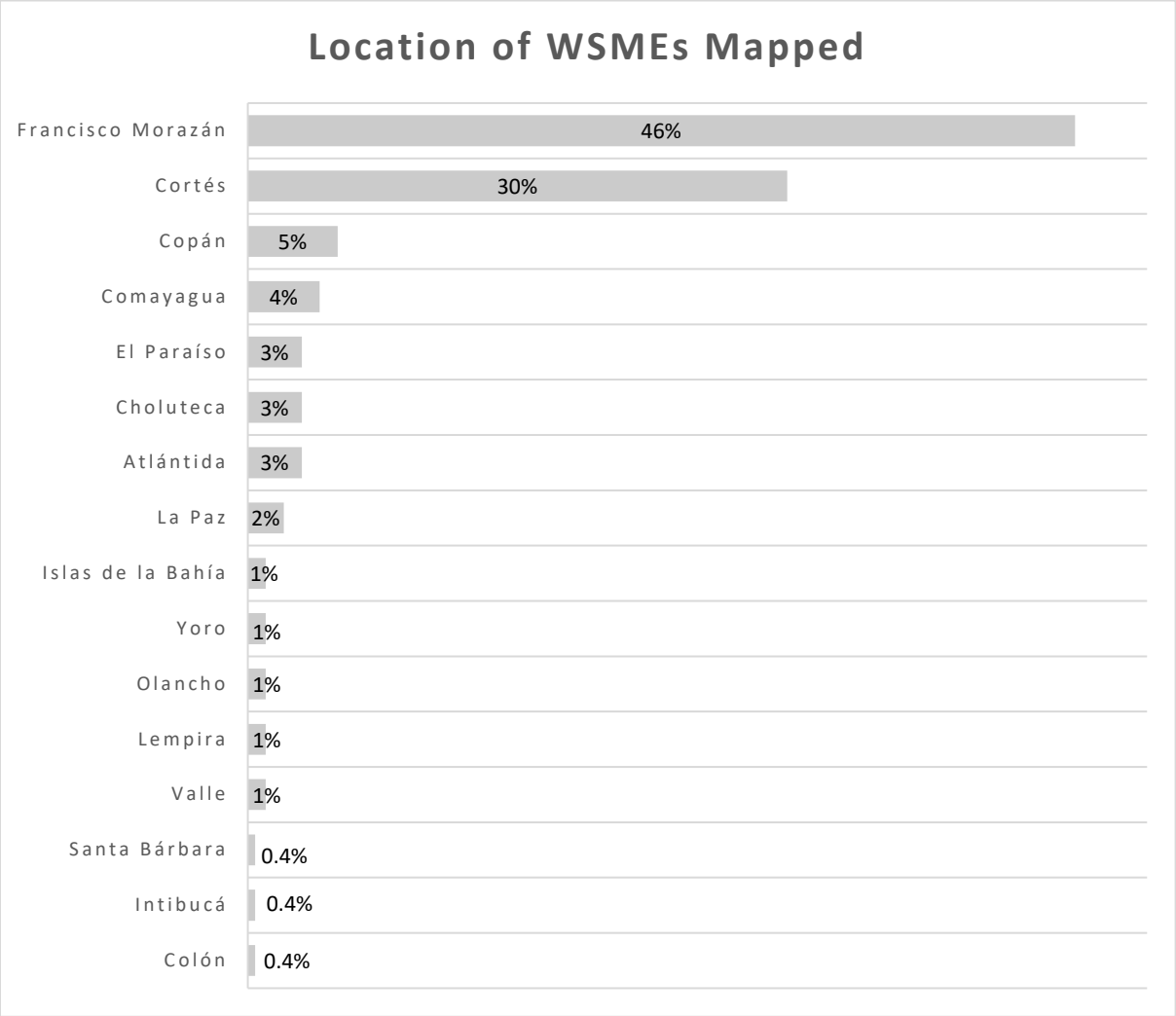
Location of WSMEs

The mapped sample indicates that the level of women entrepreneurship is highest in the main cities of Honduras: Tegucigalpa, the capital city located in the department of Francisco Morazán and San Pedro de Sula, the main industrial city located in the department of Cortés.[8] The

[8] Honduras is divided into 18 departments (capitals in parentheses). Atlántida (La Ceiba), Choluteca (Choluteca), Colón (Trujillo), Comayagua (Comayagua), Copán (Santa Rosa de Copán), Cortés (San Pedro Sula), El Paraíso

correlation can be explained by population density and the fact that there is greater access to capital, education, and other services, including business support organizations (see Figure 17).

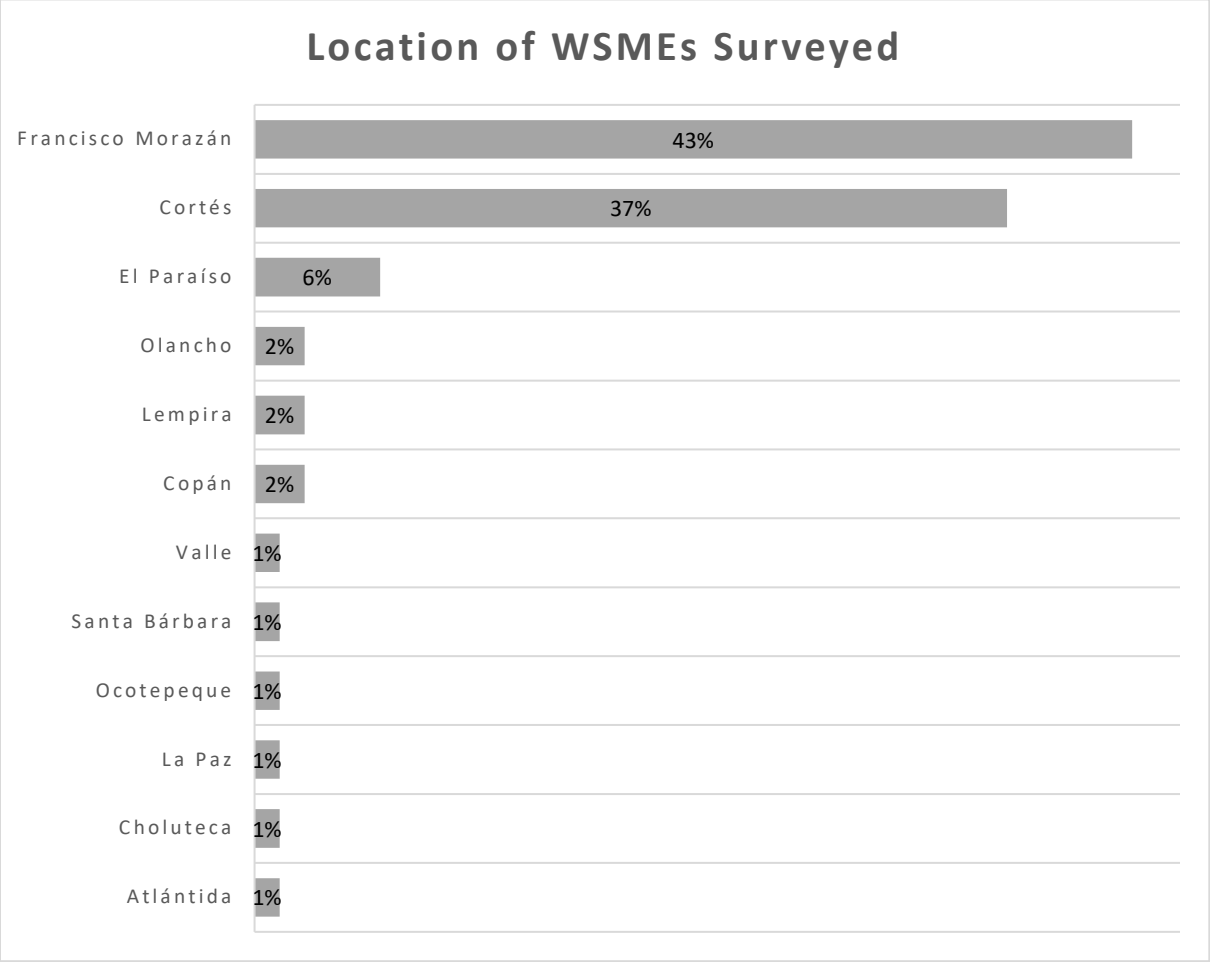
Figure 17. WSMEs mapped location



Likewise, participation in the survey was higher in the departments of Francisco Morazán (43%) and Cortés (37%), as shown in Figure 18. Nonetheless, there was some representation from other areas outside of those departments. This is a positive sign that there is female entrepreneurship in other areas. It is important to note that the consultation was conducted through an online survey and data shows that only 42% of the population in Honduras uses Internet (WB Data Individuals using Internet - Honduras, 2020). The lack of Internet usage could have been a contributing factor in the low participation rate in other departments of the country where Internet access is more limited. This highlights a gap that may be important when planning online training.

(Yuscarán), Francisco Morazán (Tegucigalpa), Gracias a Dios (Puerto Lempira), Intibucá (La Esperanza), Islas de la Bahía (Roatán), La Paz (La Paz), Lempira (Gracias), Ocotepeque (Nueva Ocotepeque), Olancho (Juticalpa), Santa Bárbara (Santa Bárbara), Valle (Nacaome), and Yoro (Yoro).

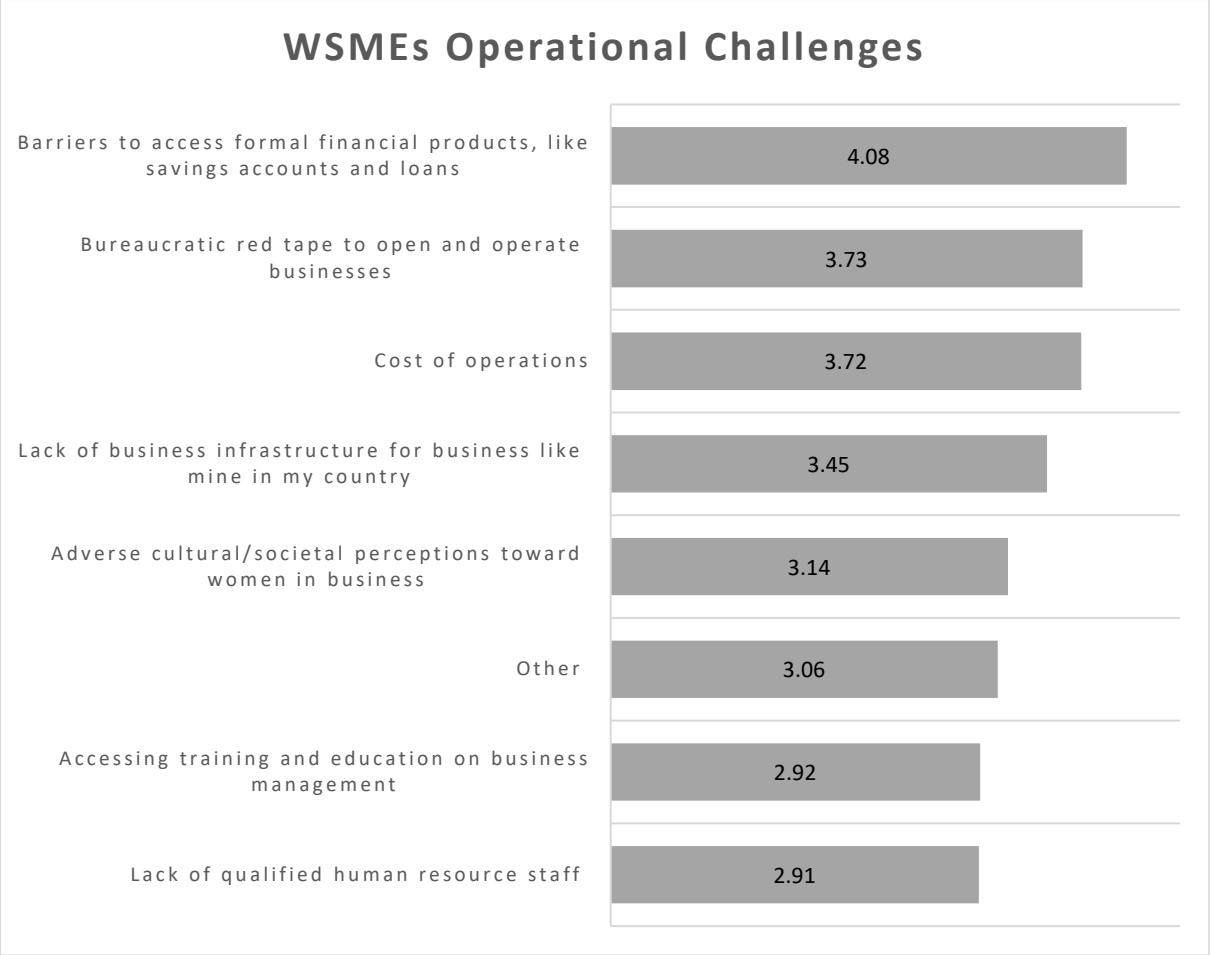
Figure 18. WSMEs surveyed location



WSMEs Business Challenges

To assess the operational challenges that women entrepreneurs encounter in Honduras, 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



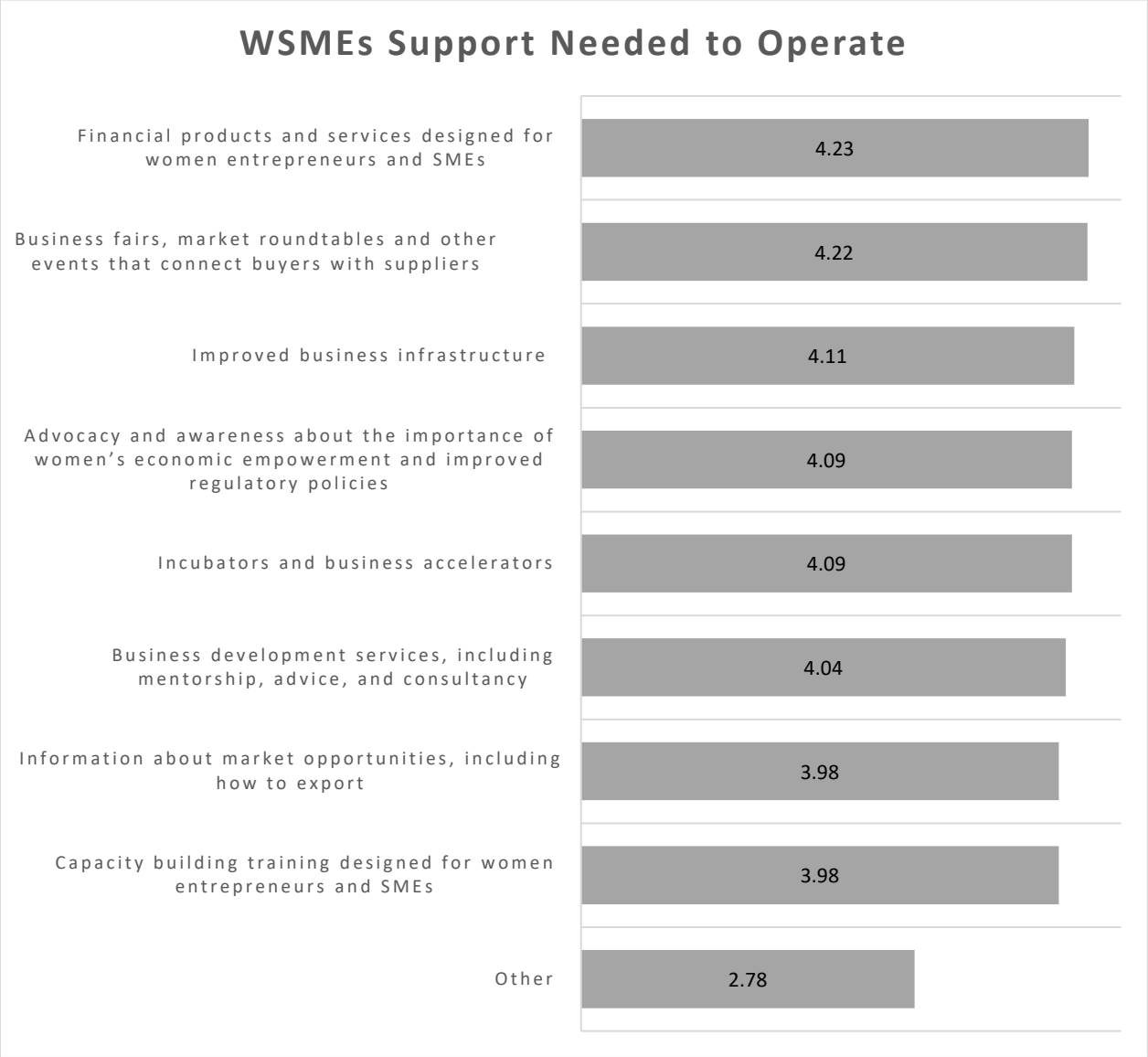
As Figure 19 shows, the greatest reported challenge is lack of access to formal financial products. This is a challenge experienced by women-owned enterprises around the globe. Most studies in this area agree that the challenge to access financing can be associated with WSMEs operating in highly competitive 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 Honduras, 41% of women aged 15 and over have an account at a bank or other financial institution (WB Gender Data, 2022).

Bureaucratic red tape to operate their businesses is the second most challenging barrier identified, followed by cost of operations.

When asked what kind of support WSMEs need to operate their business, the kind of support with most weight was financial products and services designed for women entrepreneurs to carry

on their business, followed by participating in business fairs, market roundtables and other events to connect with buyers, as shown in Figure 20 below. [9]

Figure 20. WSMEs support needed to operate



It is important to highlight that a great number of WSMEs are in the developing stage of operations (see Figure 9), where they require technical support, as well as capital to grow. Accordingly, financial literacy programs that teach WSMEs how to find financing support, as well as business development planning will very likely be key interventions for WSMEs in Honduras. It will be important to ensure the programs take the COVID-19 related struggles of WSMEs into consideration. This will be further explained in the section related to the effect of COVID-19 on the ecosystem.

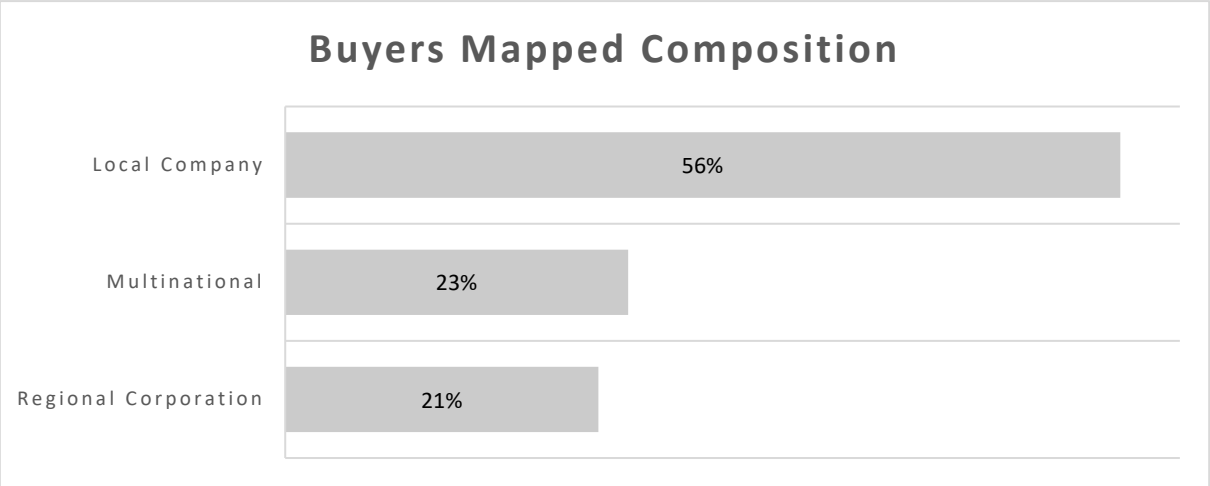
[9] Based on a scale from 1 (not needed) to 5 (most needed).

Buyers Profile in the Ecosystem for WSMEs[10]

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 Honduras.

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 Honduras, 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.

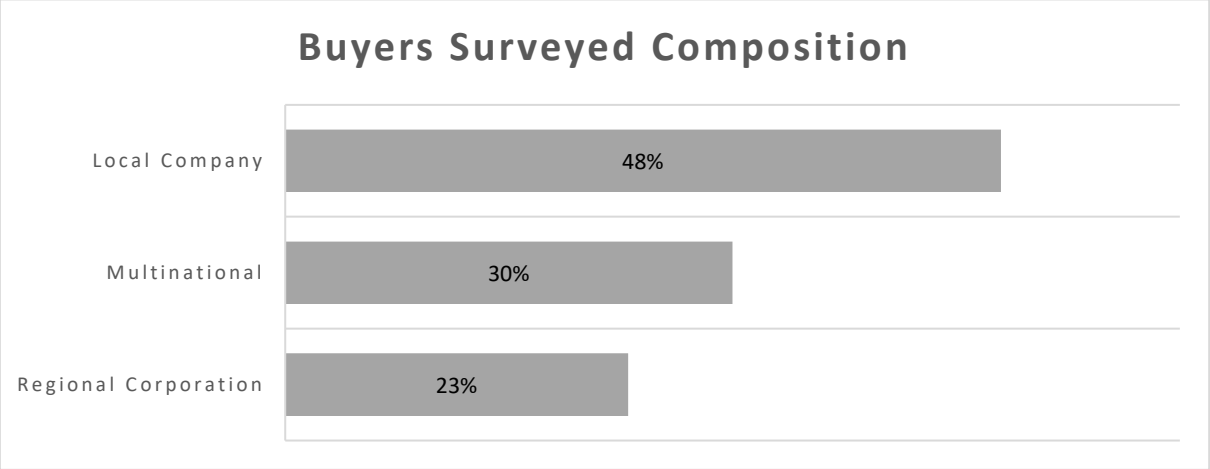
Figure 21. Buyers mapped



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

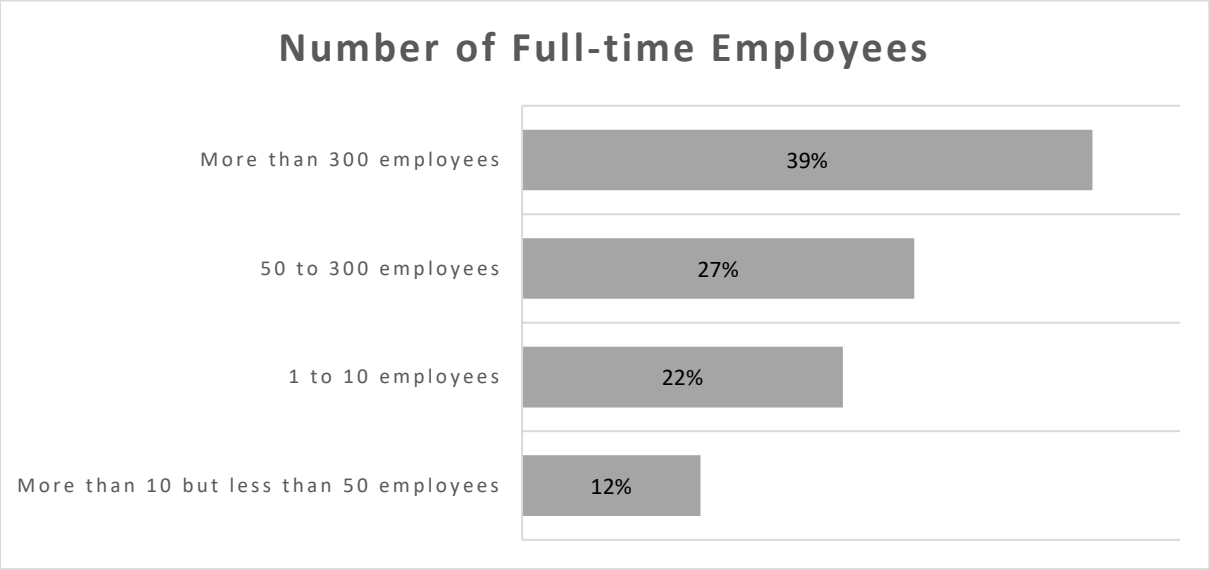
[10] For this section 77 buyer were mapped and 44 buyers responded to the survey.

Figure 22. Buyers surveyed



The majority of the buyers surveyed are large organizations (39%) with over 300 full-time employees (see Figure 23). The remainder are small and medium-sized organizations that do not qualify as SMEs in this research because of the revenue threshold of over US$2.5M as set out in the mapped criteria in the methodology (see Appendix I).[11] The average female employment representation of the buyers surveyed is 46%.

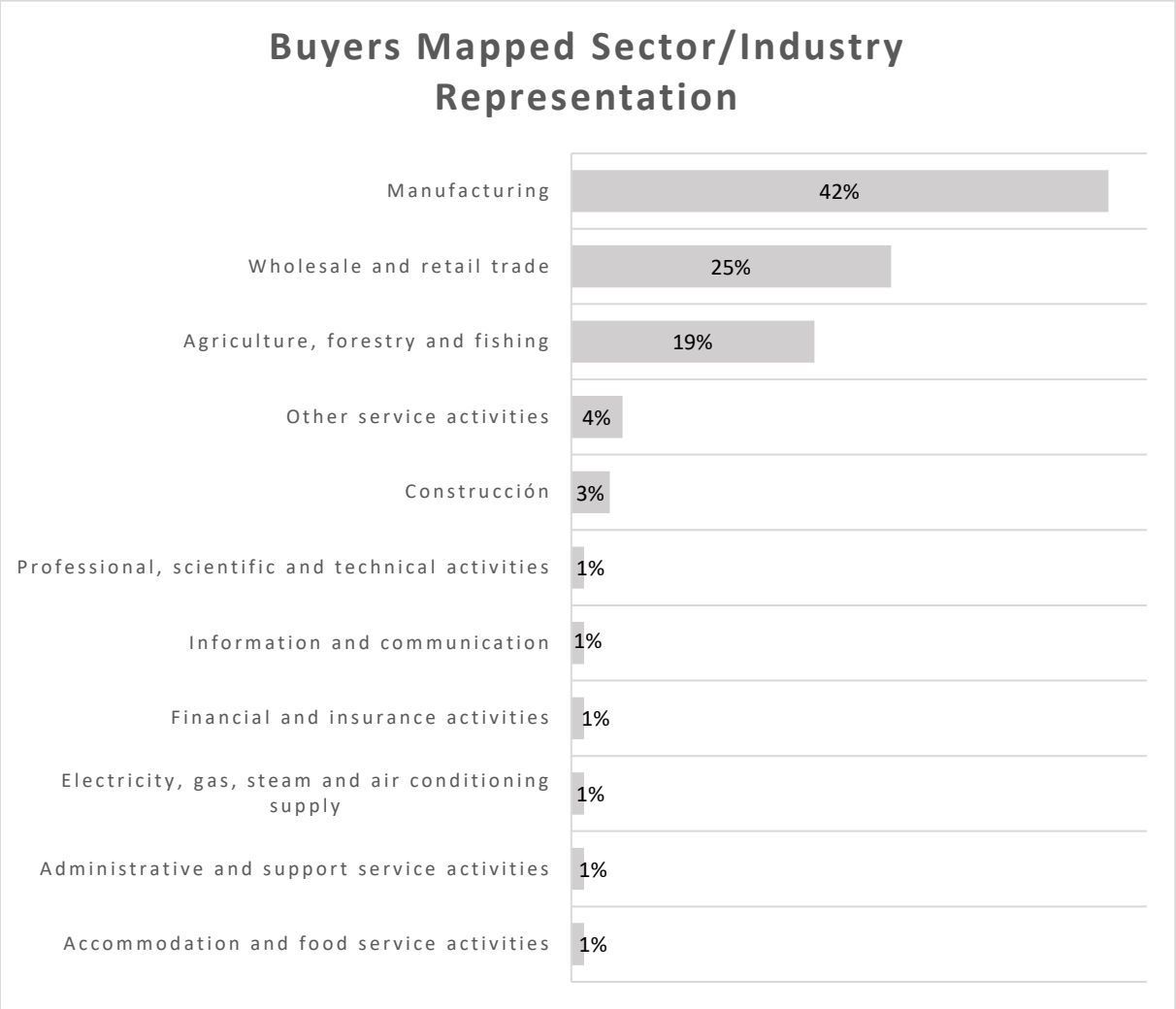
Figure 23. Buyers number of full-time employees



[11] 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 manufacturing (42%) followed by wholesale and retail trade (25%), agriculture, forestry and fishing (19%); and other service activities (4%).

Figure 24. Buyers mapped by sector/industry

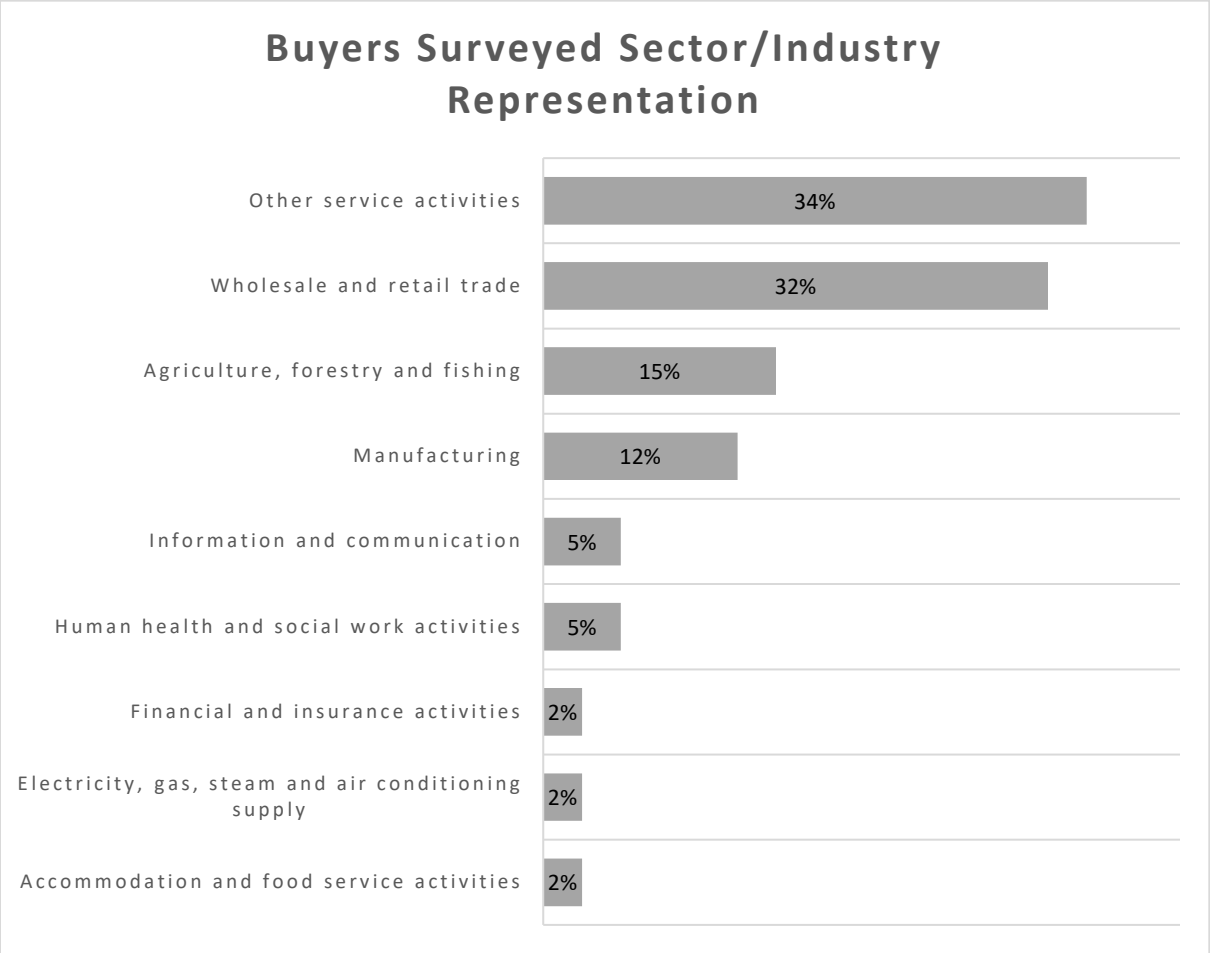


The sector representation of the buyers that participated in the survey (as shown in Figure 25) does not correlate with the buyers mapped from the secondary research. Based on the survey findings, the representation of buyers is greater in services (34%), followed by wholesale and retail trade (32%), and agriculture, forestry, and fishing (15%). Nonetheless, compared with the sector representation of the WSMEs, as compiled from the desk research mapping and survey, the buyers' sectors correlate with two areas where women-owned businesses are more active: "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

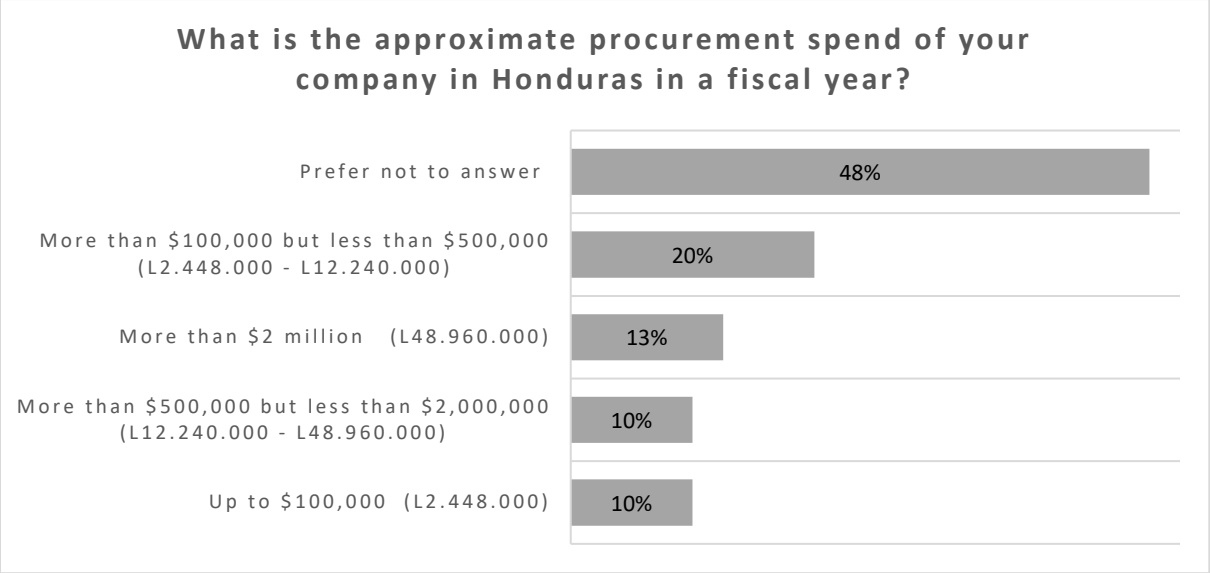


Buyers' Purchase Patterns

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 (48%) 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 Honduras. A representative group of the companies (20%) indicated that their procurement spending is more than US$100,000 but less than US$500,000, and a portion of buyers (13%) indicated spending of more than US$2M.

Figure 26. Buyers spending in procurement



The representation of local suppliers is low with most of the buyers (81%) 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).

Figure 27. Buyers number of local suppliers

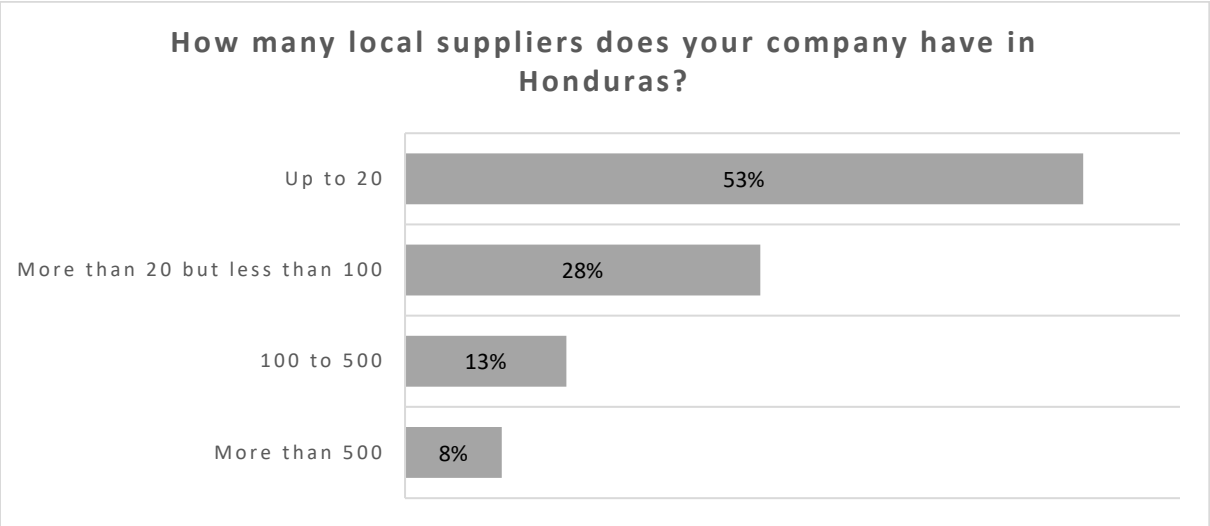


Figure 28. Buyers most frequent purchases by product/services

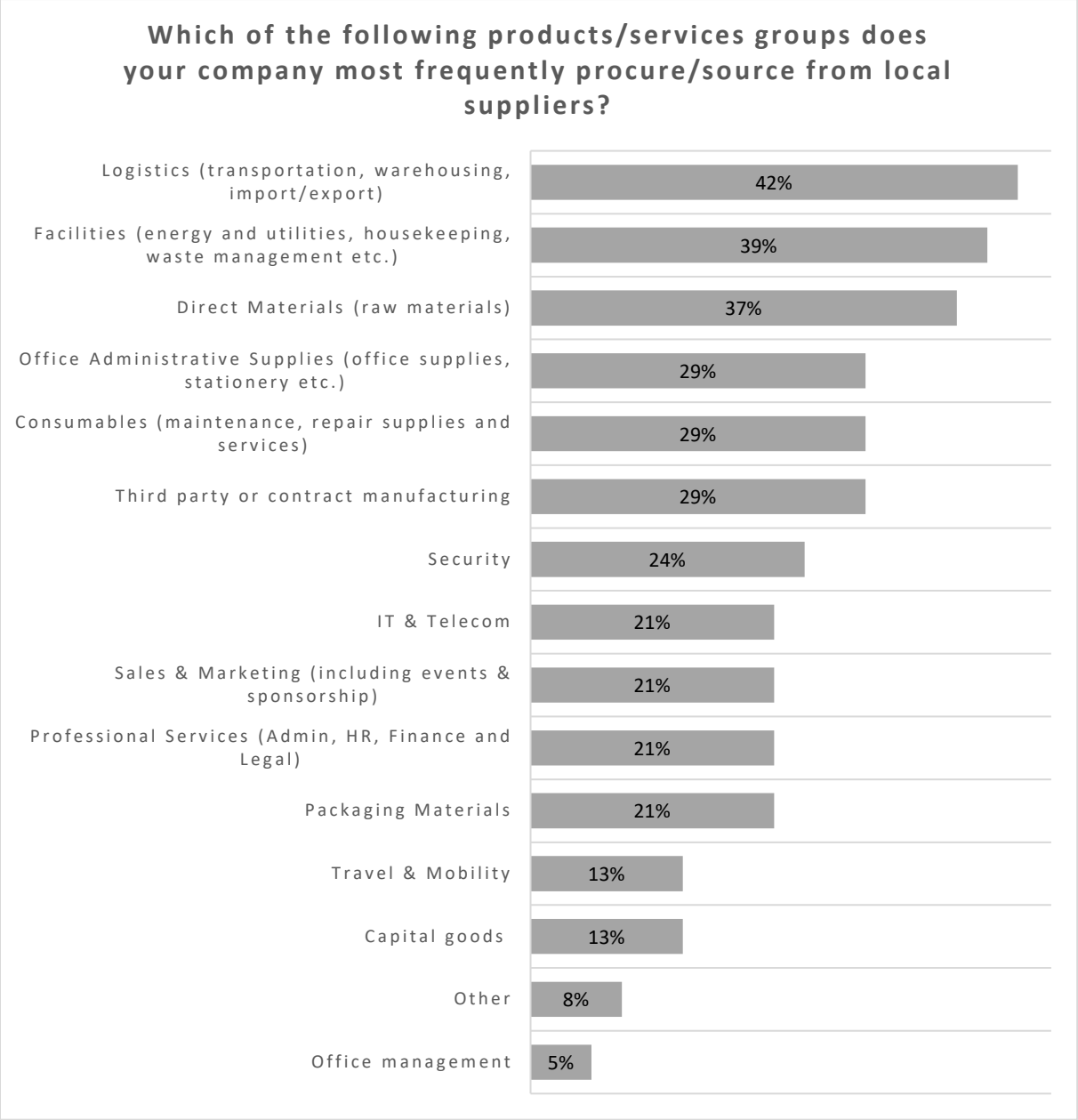
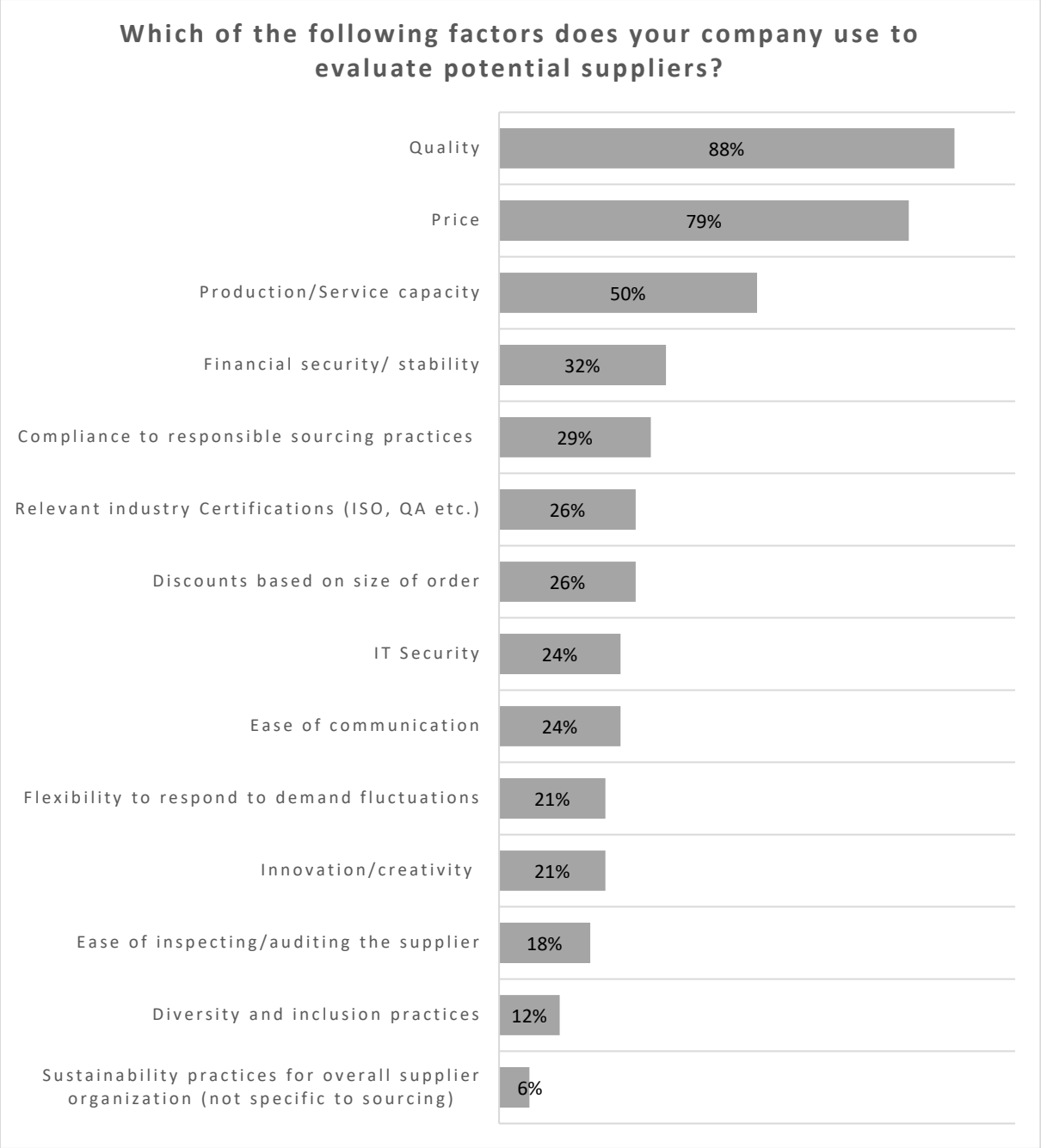


Figure 29. Buyers' criteria to evaluate potential suppliers

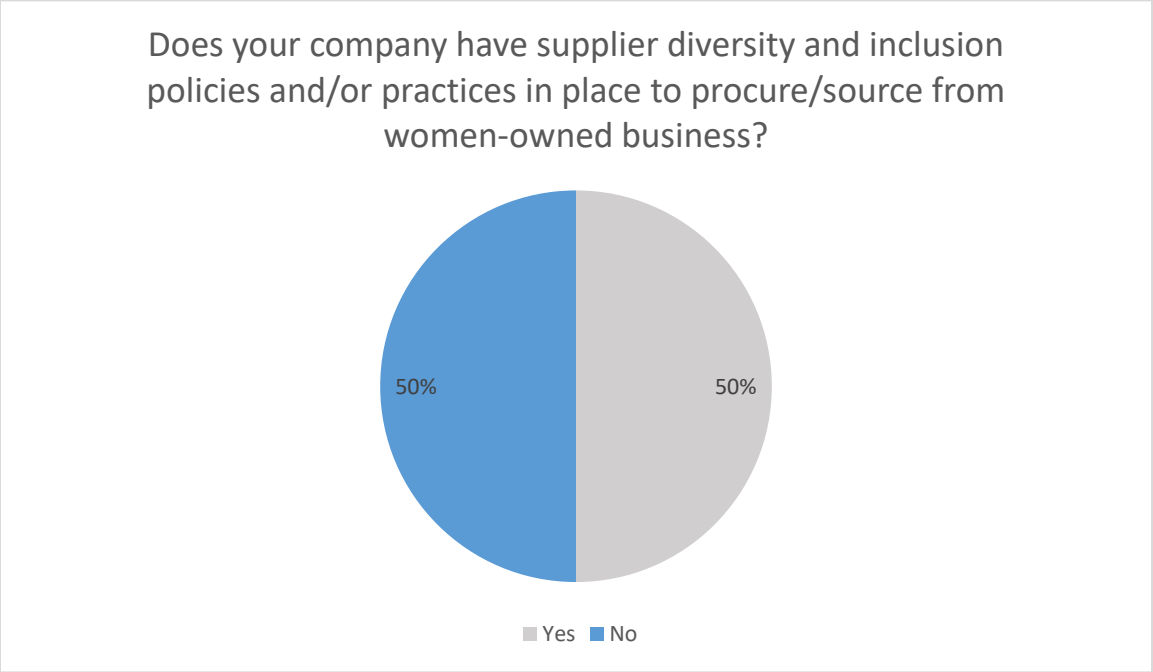


Understanding the buyers criteria for evaluating suppliers (see Figure 29; the top criteria include quality, price, and production capacity) and the products and services they most often purchase from local suppliers (see Figure 28; the product/services most often purchased includes logistics, facilities, and raw materials) is a benefit to the Project. This information is valuable not only to develop specific trainings 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 Honduras were asked if they have supplier diversity and inclusion policies and practices in place to procure/source from women-owned businesses. Half of the buyers (50%) said "no", and the other half "yes" (50%), as shown in the Figure 30.

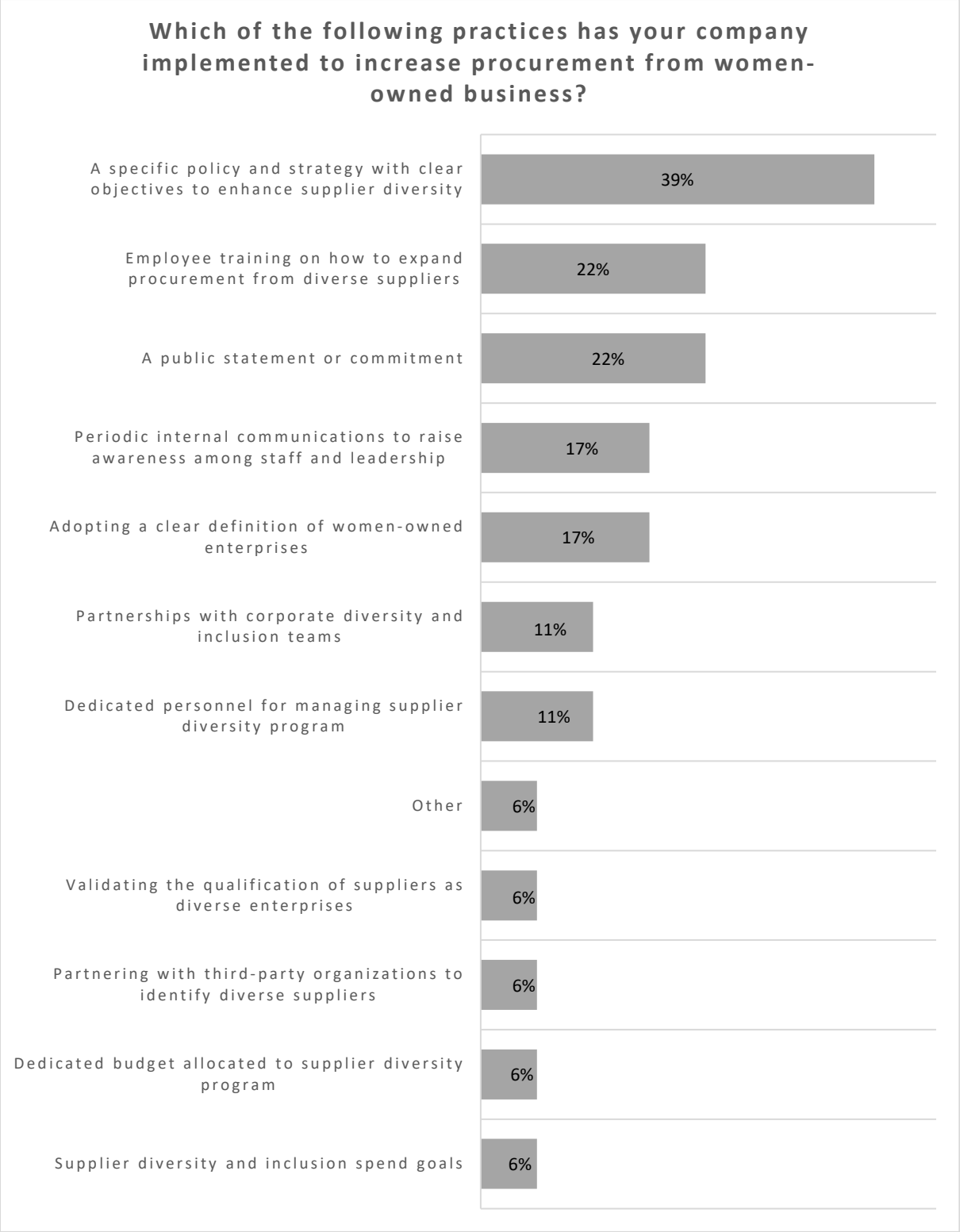
Figure 30. Buyers participation in supplier diversity policies and/or practices



Of those that responded yes, a supplemental question was asked regarding specific practices implemented by buyers. The sample was too small to draw general inferences about procurement practices in Honduras, however it provides insights into what a very small portion of companies in Honduras are doing to enhance participation of women-owned business in their procurement practices, as shown in Figure 31.[12] It also demonstrates that there is a need to further develop and facilitate gender-inclusive sourcing training for buyers in Honduras.

[12] The sample small to draw general inferences about gender responsive procurement practices in Honduras, however it provides insights into what a very small portion of companies in Honduras are doing to enhance participation of women-owned business in their procurement practices.

Figure 31. Buyers practices to procure from women-owned businesses



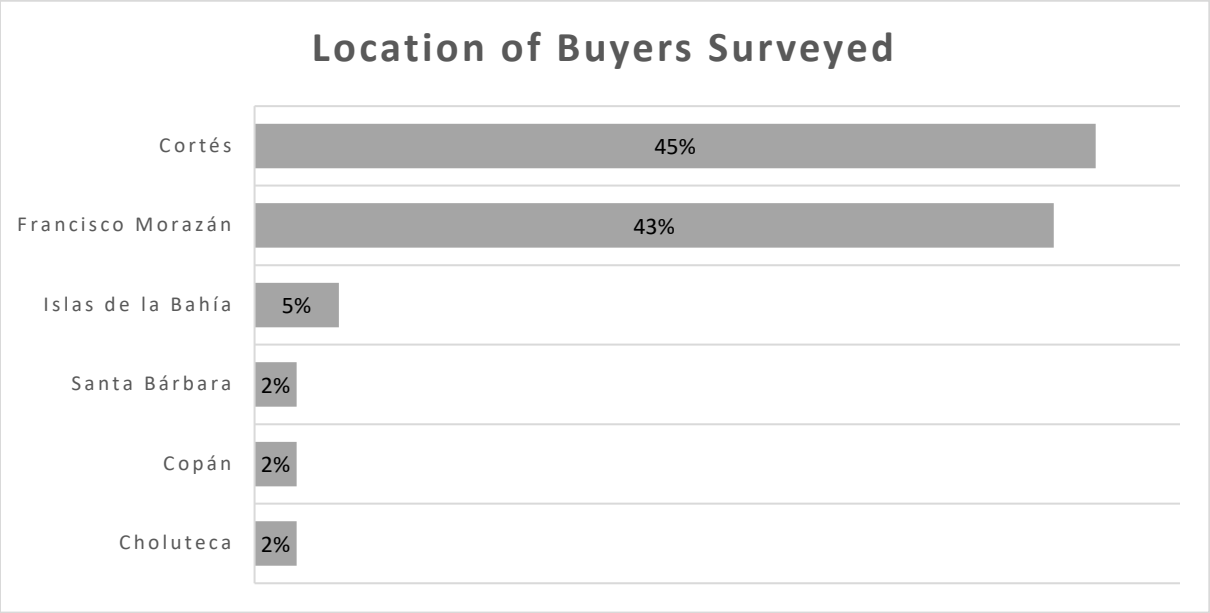
Buyers were also asked if they were associated with and/or used the services of business support organizations (BSOs), as this could enlighten the WE3A project in terms of how to approach the

buyers. In total, 65% of the surveyed buyers responded "yes" and 35% said "no", highlighting that in this market the buyers do 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, 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 Cortés (45%), and Francisco Morazán (43%), with a smaller proportion in Islas de la Bahia (5%), and some in Copán and Choluteca (2% for each). This distribution can be useful when planning WE3A activities that enable B2B matchmaking and interactions between WSMEs and buyers. [13]

Figure 32. Buyers location



Business Support Organizations in the Ecosystem[14]

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, and

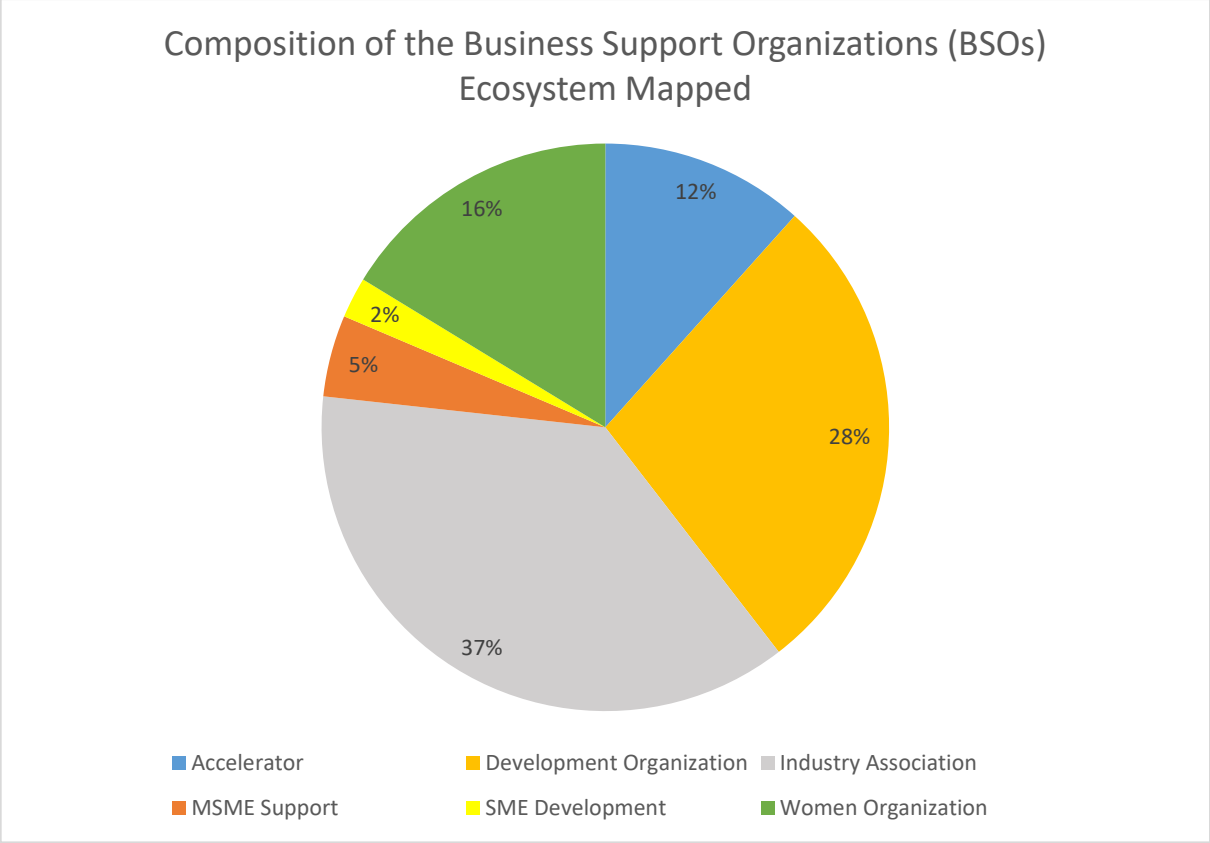
[13] Honduras is divided into 18 departments (capitals in parentheses). Atlántida (La Ceiba), Choluteca (Choluteca), Colón (Trujillo), Comayagua (Comayagua), Copán (Santa Rosa de Copán), Cortés (San Pedro Sula), El Paraíso (Yuscarán), Francisco Morazán (Tegucigalpa), Gracias a Dios (Puerto Lempira), Intibucá (La Esperanza), Islas de la Bahía (Roatán), La Paz (La Paz), Lempira (Gracias), Ocotepeque (Nueva Ocotepeque), Olancho (Juticalpa), Santa Bárbara (Santa Bárbara), Valle (Nacaome), and Yoro (Yoro).

[14] For this section 43 BSOs were mapped and 52 BSOs responded the survey. Additional outreach to stakeholder that meet the definitions of the mapping was completed using social media and direct mailing, which drove the participation of BSOs beyond the mapped sampled.

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.

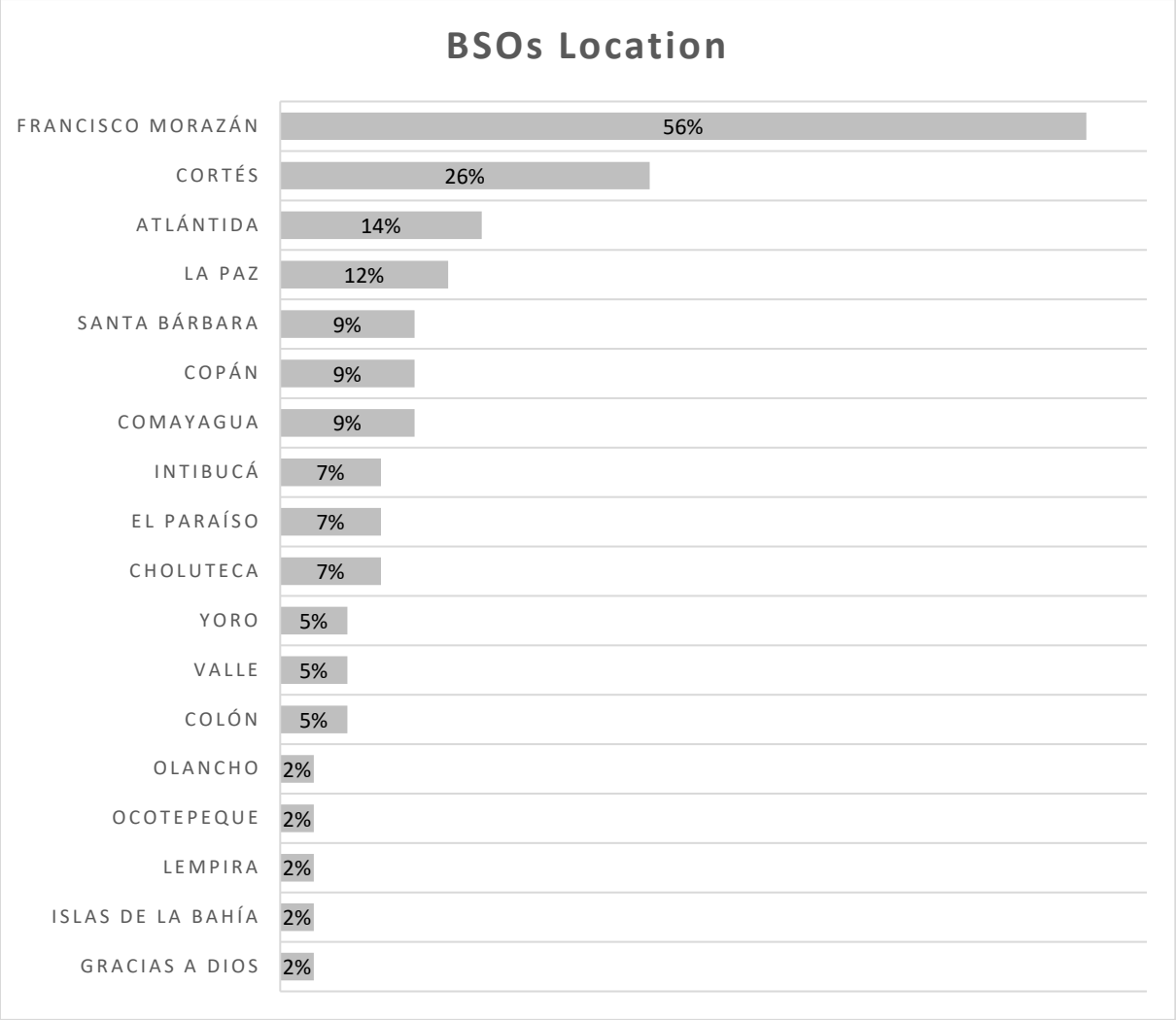
The mapping research identified a sample of BSOs that represent the local ecosystem in Honduras. When WSMEs were asked if they use the services of local BSOs, slightly more than half (52%) said "no", while the remainder (48%) said "yes". The moderate level of WSMEs affiliation and/or association with BSOs shows that, in this market WSMEs use BSOs for networking opportunities within the ecosystem. Project activities involving WSMEs should consider including local BSOs. Figure 33 below outlines the composition per type of the BSOs mapped. Appendix II provides a summary of the BSOs that are being used by the surveyed WSMEs.

Figure 33. BSOs mapped by type



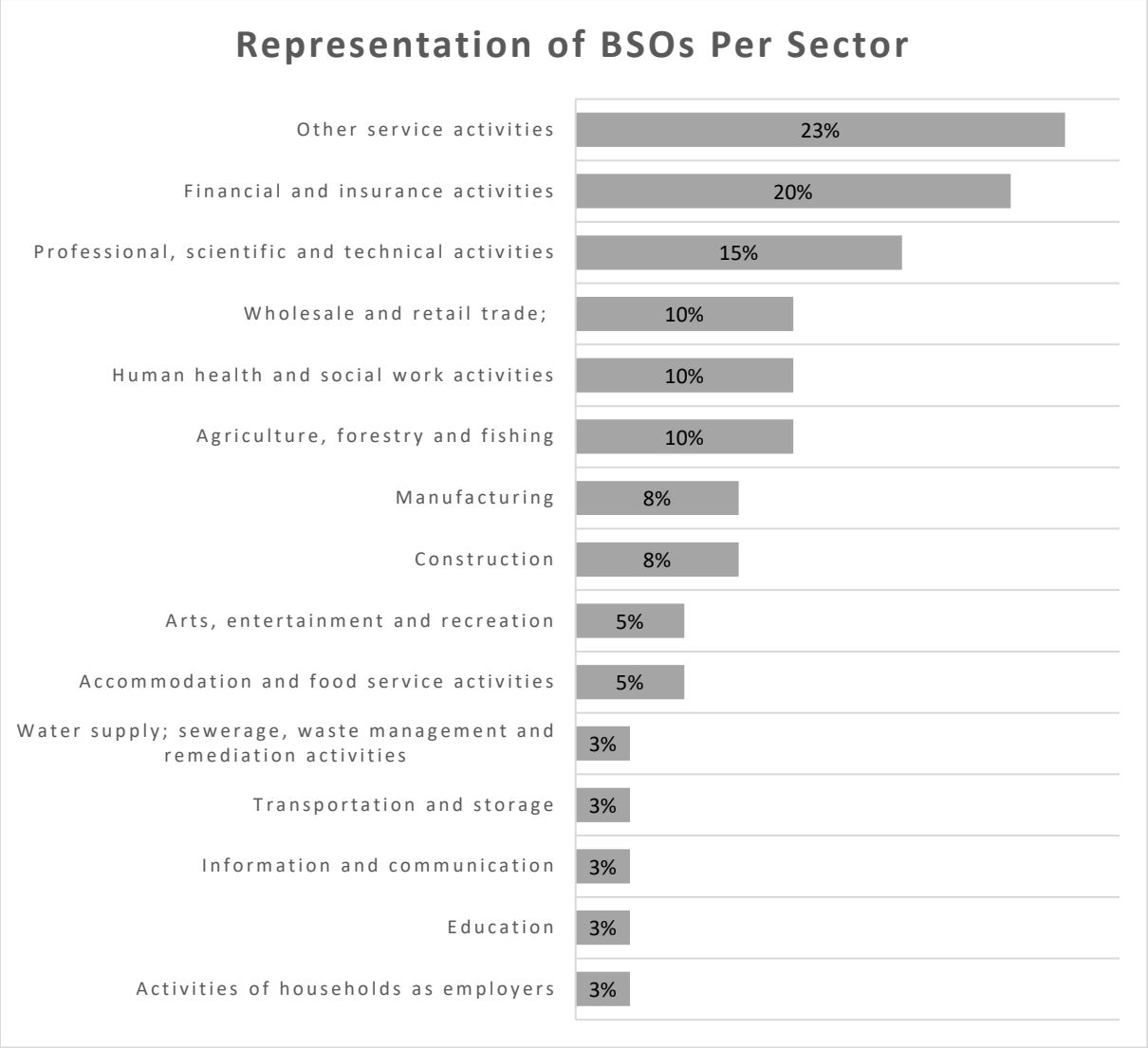
In the survey, BSOs were asked to indicate their geographical location within the country. BSOs with multiple locations had the option to indicate several locations. In Honduras, there is a solid network of BSOs that offer their services throughout the country. However, the vast majority are based in the department of Francisco Morazán (56%) and in the department of Cortés (26%) (for a further breakdown see Figure 34).

Figure 34. BSOs representation by location



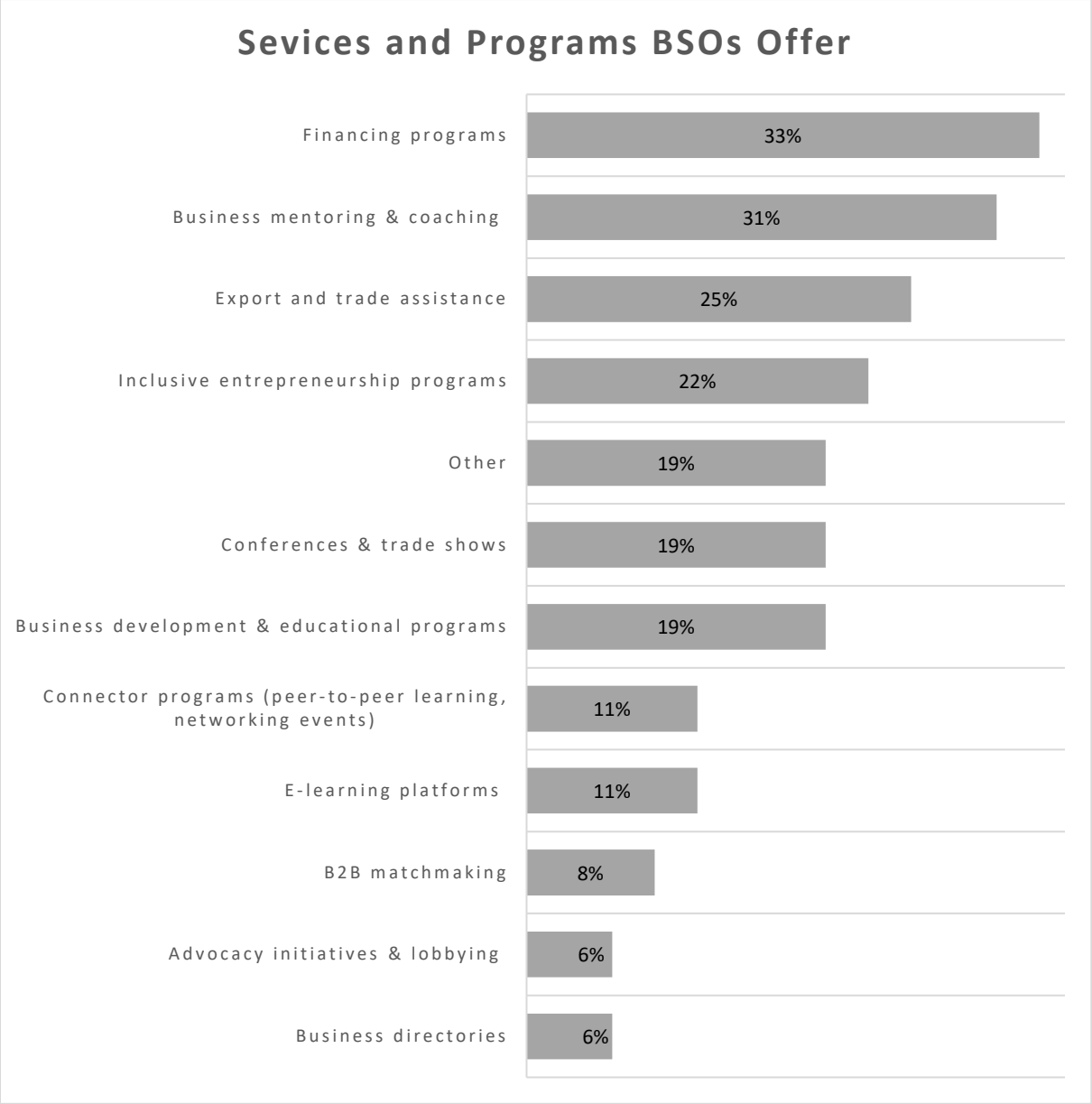
With regards to the sectors that the BSOs serve, the majority focus on services (23%) followed by financial and insurance activities (20%), and professional, scientific, and technical activities (15%), as indicated in Figure 35.

Figure 35. BSOs representation by sector



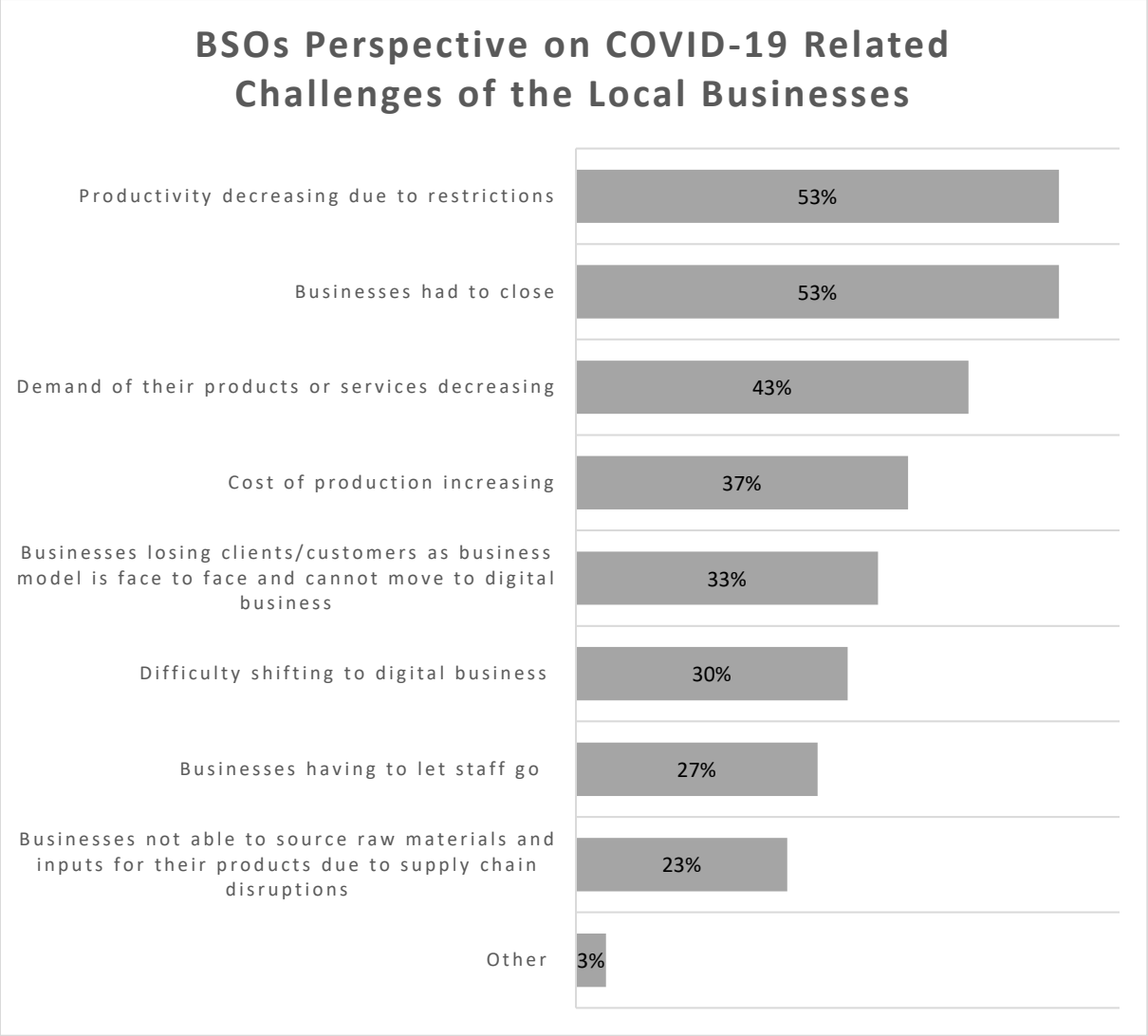
BSOs were asked to identify the services and programs they typically offered before the COVID-19 pandemic. BSOs stated financing programs (33%), followed by business mentoring and coaching (31%), and export and trade assistance 25% (see Figure 36). Furthermore, 62% of the BSOs surveyed indicated that they offered tailored services and programs to women-entrepreneurs. The percentage of members that are women varies across the BSOs, in a range from 10% – 100%. Similarly, the programming of some organizations is devoted entirely to women entrepreneurship, while others tailor 30% of their programming to women.

Figure 36. 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 what business challenges related to COVID-19 pandemic their members/users faced, BSOs indicated that the top challenges were that the restrictions decreased productivity, businesses closed and demand for their products and services decreased (see Figure 37).

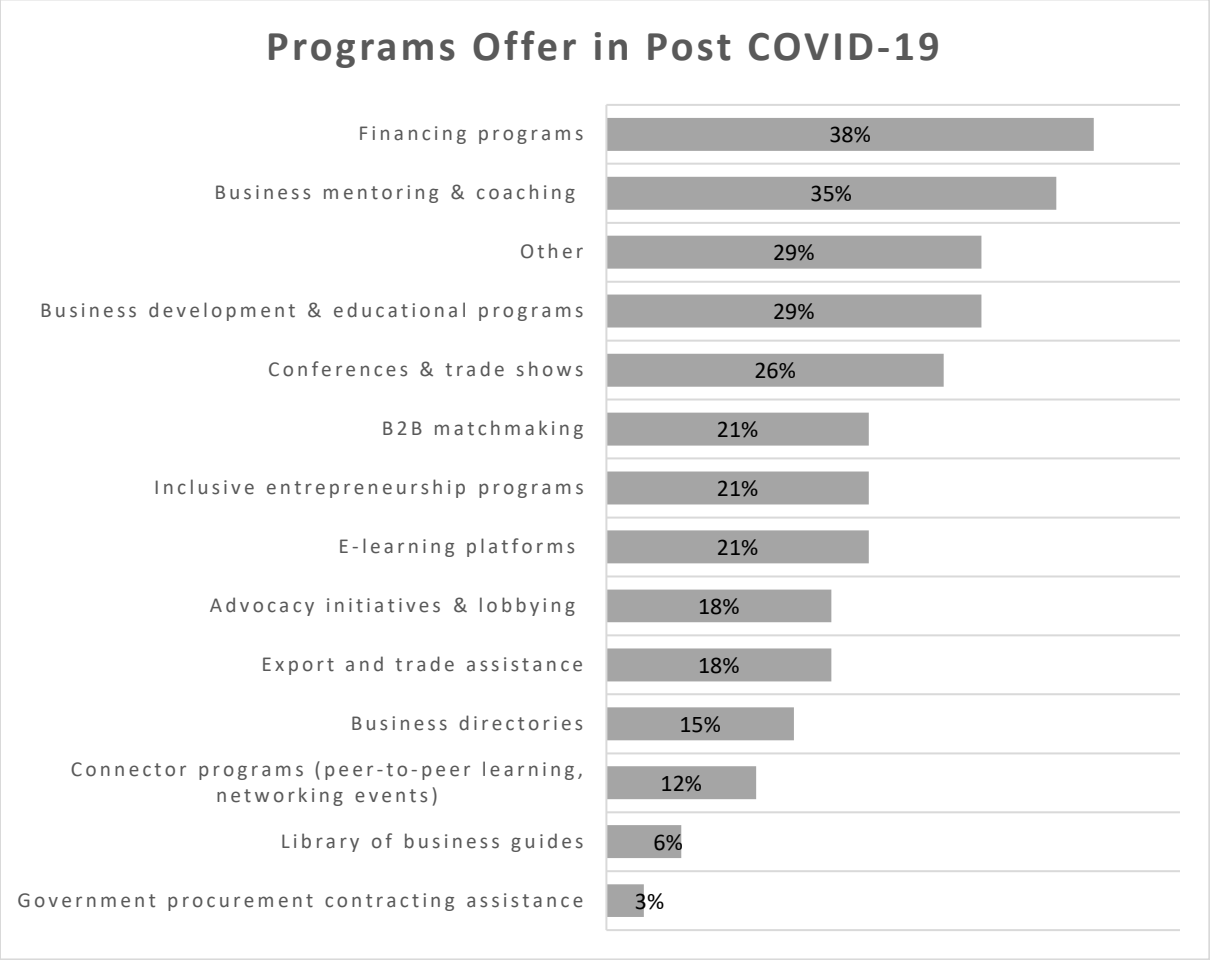
Figure 37. BSOs perspective on COVID-19-related challenges of the local businesses



Other significant challenges due to COVID-19 were that the cost of production increased, and businesses lost clients/customers due to relying on a face-to-face business model, which did not allow them to move to a digital business model (for example: dentist, cosmetology services). The next section will provide more detail on 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 financing programs, followed by business mentoring and coaching (see Figure 38).

Figure 38. BSOs programming in post-COVID-19

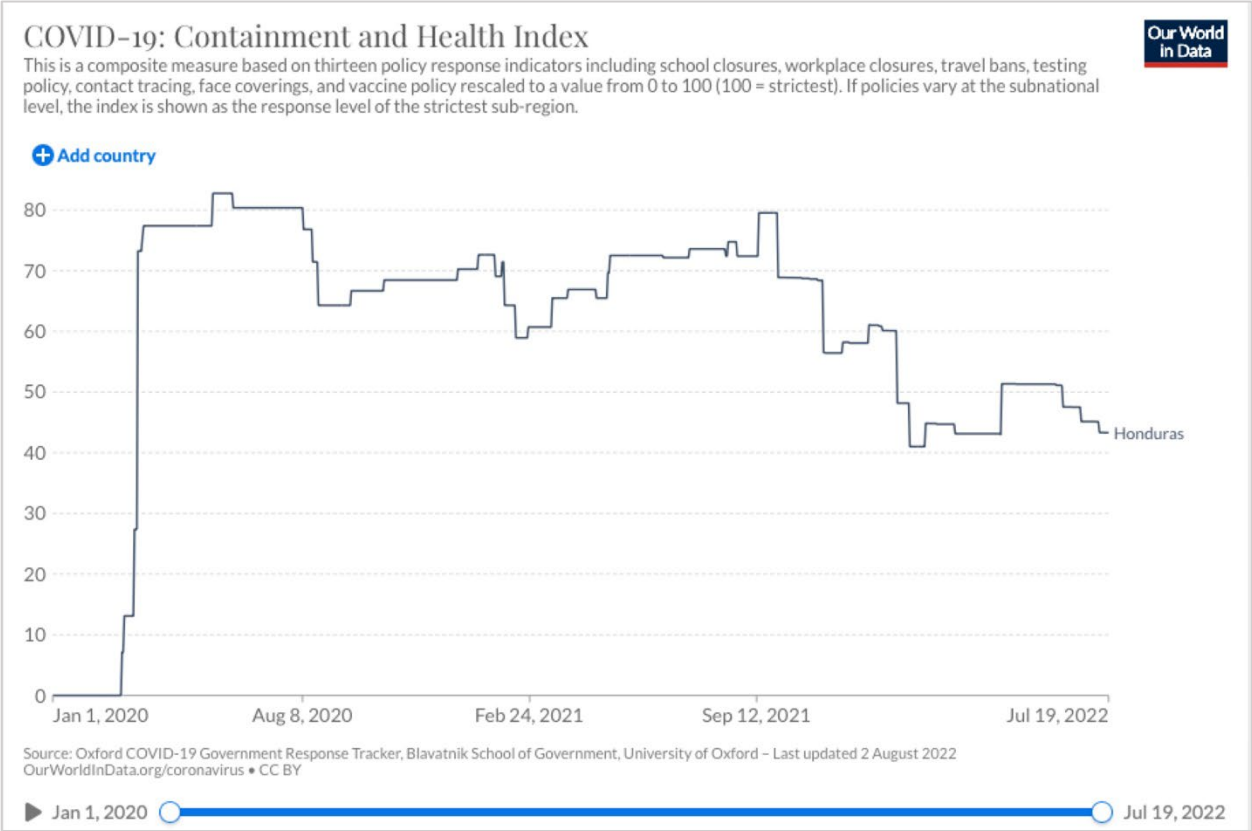


Of note, support for government procurement contracting (these are programs on how to sell to the government) had not been pursued pre-pandemic, but it is now being offered at a very small scale (3%). The Project could add value by providing further assistance to BSOs to develop training programs for WSMEs on how to pursue government procurement opportunities.

The Effects of the COVID-19 Pandemic

As of July 31, 2022, there have been 10,932 deaths attributed to the COVID-19 pandemic in Honduras (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 82 to 43 as is outlined in Figure 39. [15]

Figure 39. 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 Honduras' response to the pandemic varied according to the peaks of the pandemic. The government of Honduras declared a "state of emergency" on February 10, 2020. The Government of Honduras launched a COVID-19 containment plan to safeguard the health of the

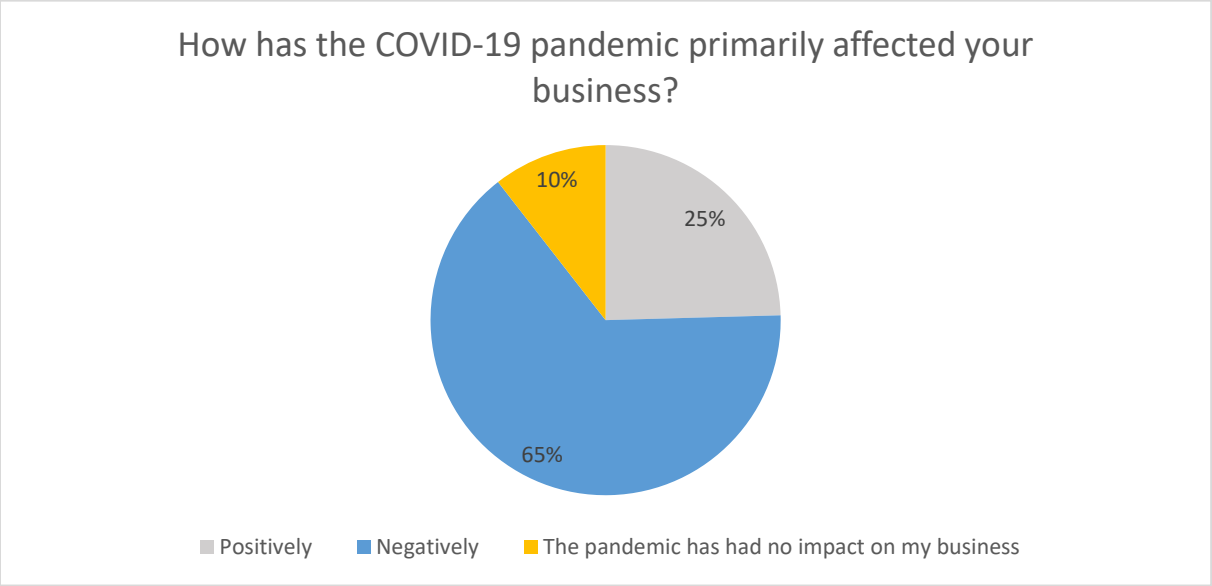
[15] The Oxford Coronavirus Government Response Tracker (OxCGRT) project calculate a Containment and Health Index that builds on the Stringency Index, a composite measure calculated on the basis of the following thirteen metrics: school closures, workplace closures, cancellation of public events, restrictions 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.

population. The plan included social distancing, curfew, and self-quarantine measures and sought to strengthen surveillance, prevention, control, and care for people at risk of the coronavirus infection (Context of COVID-19 in Honduras, 2021).

COVID-19 Impact on WSMEs

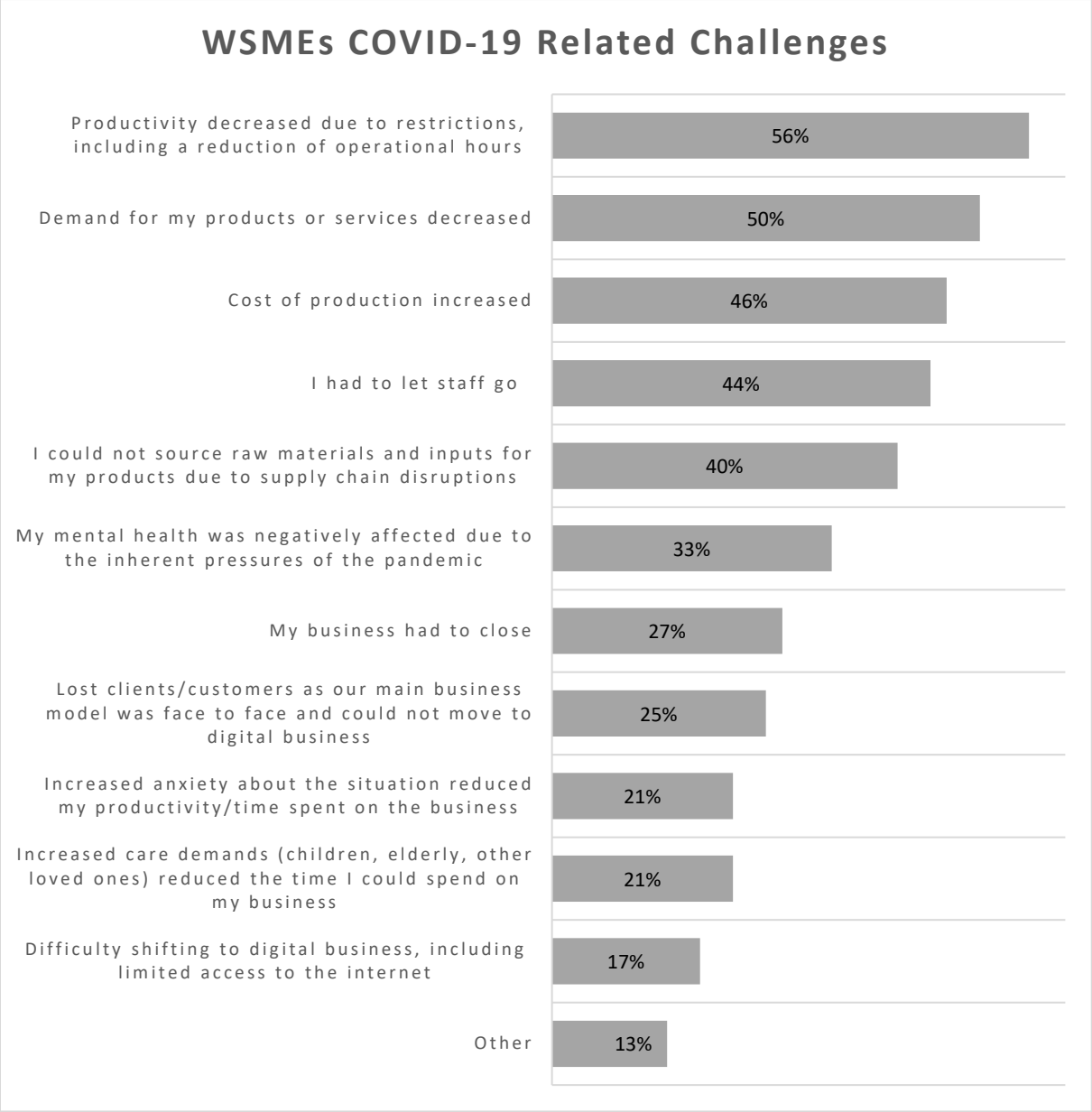
More than half of the WSMEs surveyed (65%) stated that they were negatively affected by the pandemic, a considerable number of WSMEs (25%) reported that the pandemic positively affected them, and some WSMEs (10%) reported that it had no impact on their business (see Figure 40 below).

Figure 40. WSMEs COVID-19 impact



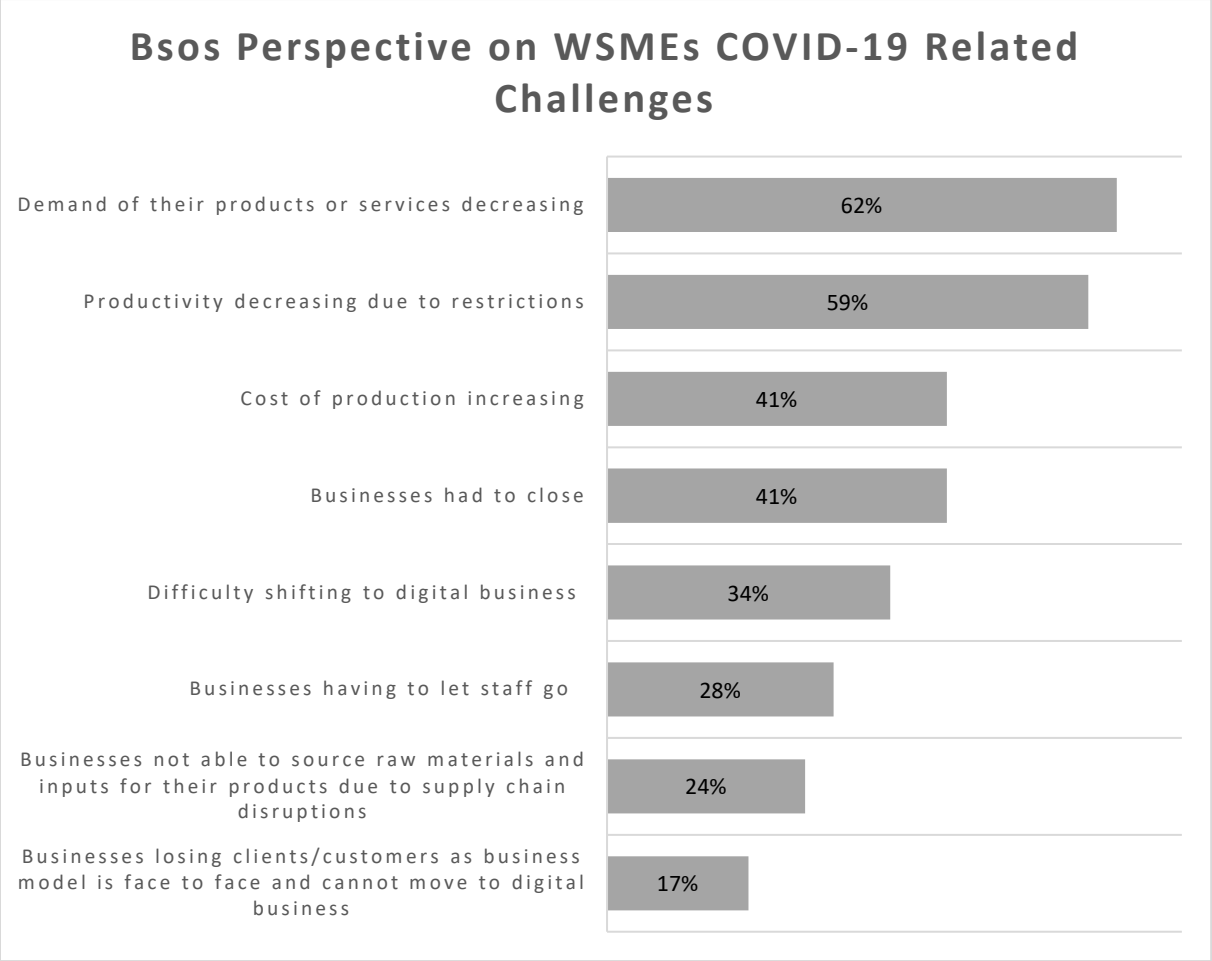
When asked what business challenges WSMEs faced due to COVID-19, survey respondents reported that the decreased productivity due to health-related restrictions was the number one challenge, followed by decreasing demand for their products and services, and increased cost of production. Other key challenges included, letting staff go, and difficulty sourcing materials for production, as outlined in Figure 41.

Figure 41. WSMEs COVID-19 related challenges



Likewise, BSOs were asked, from their perspective, to indicate WSMEs' COVID-19 related challenges. Figure 42 shows the top three challenges reported by BSOs were the decreased demand for WSMEs products and services, follow by reduction in production due to restrictions, and increased cost of production. Before the pandemic, the BSOs reported that the top challenges that WSMEs experienced were closure of businesses, low production capacity, and high cost of production.

Figure 42. 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 43 and 44 below show that sales were impacted, however clear signs of relief were realized mid-way through the pandemic.

Figure 43. WSMEs sales impact 2020-2021

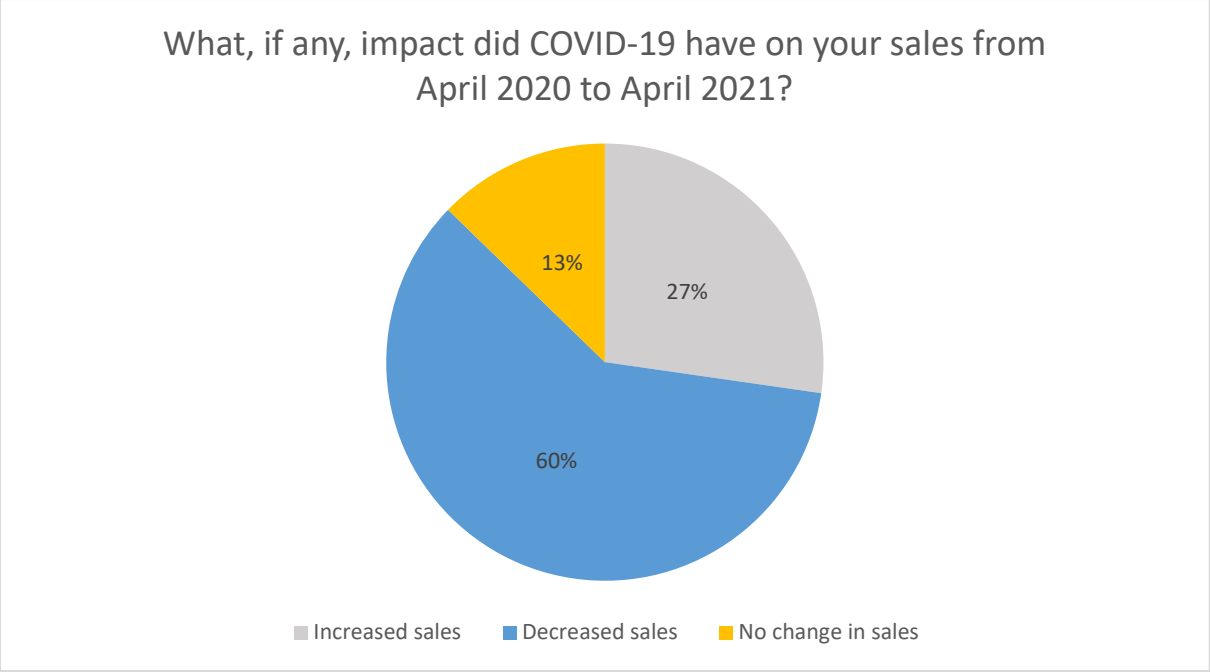
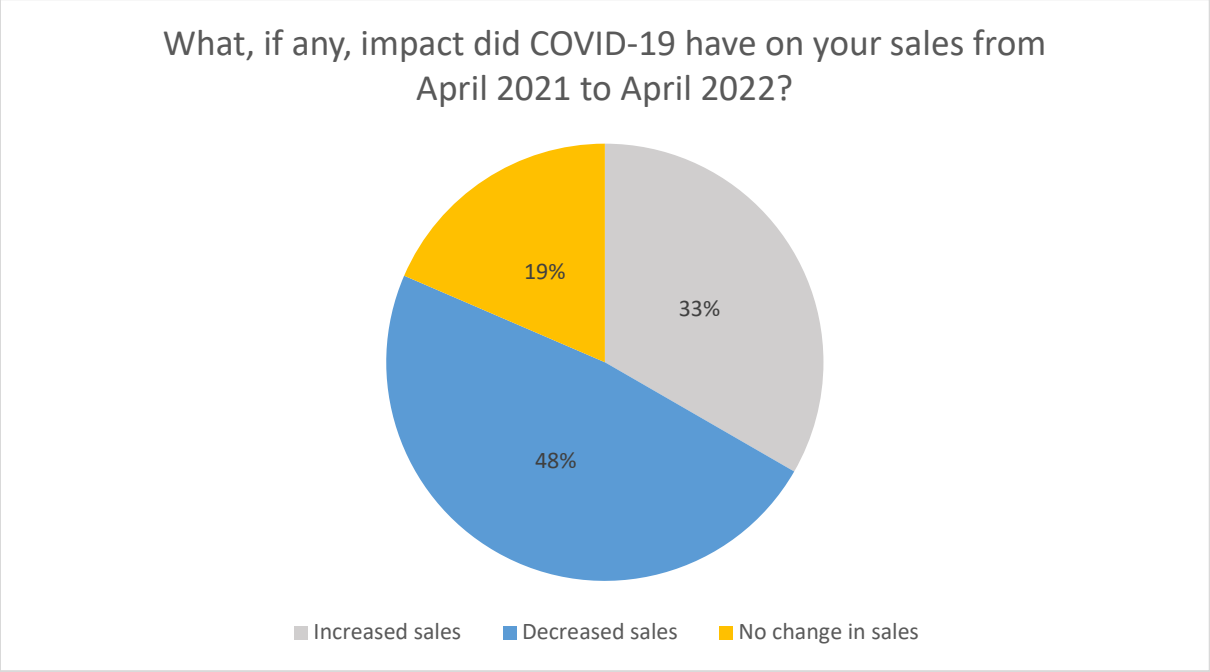
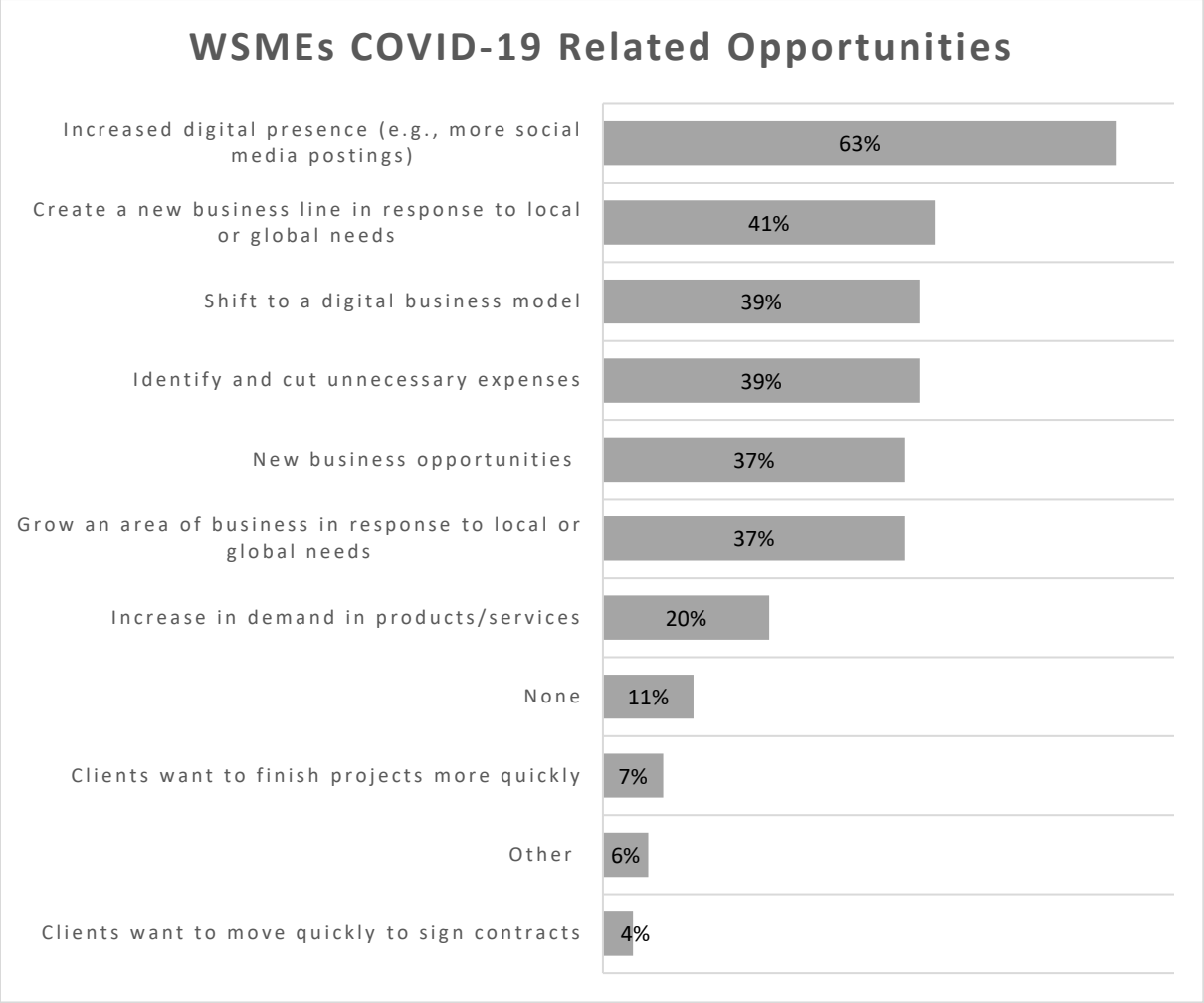


Figure 44. WSMEs sales impact 2021-2022



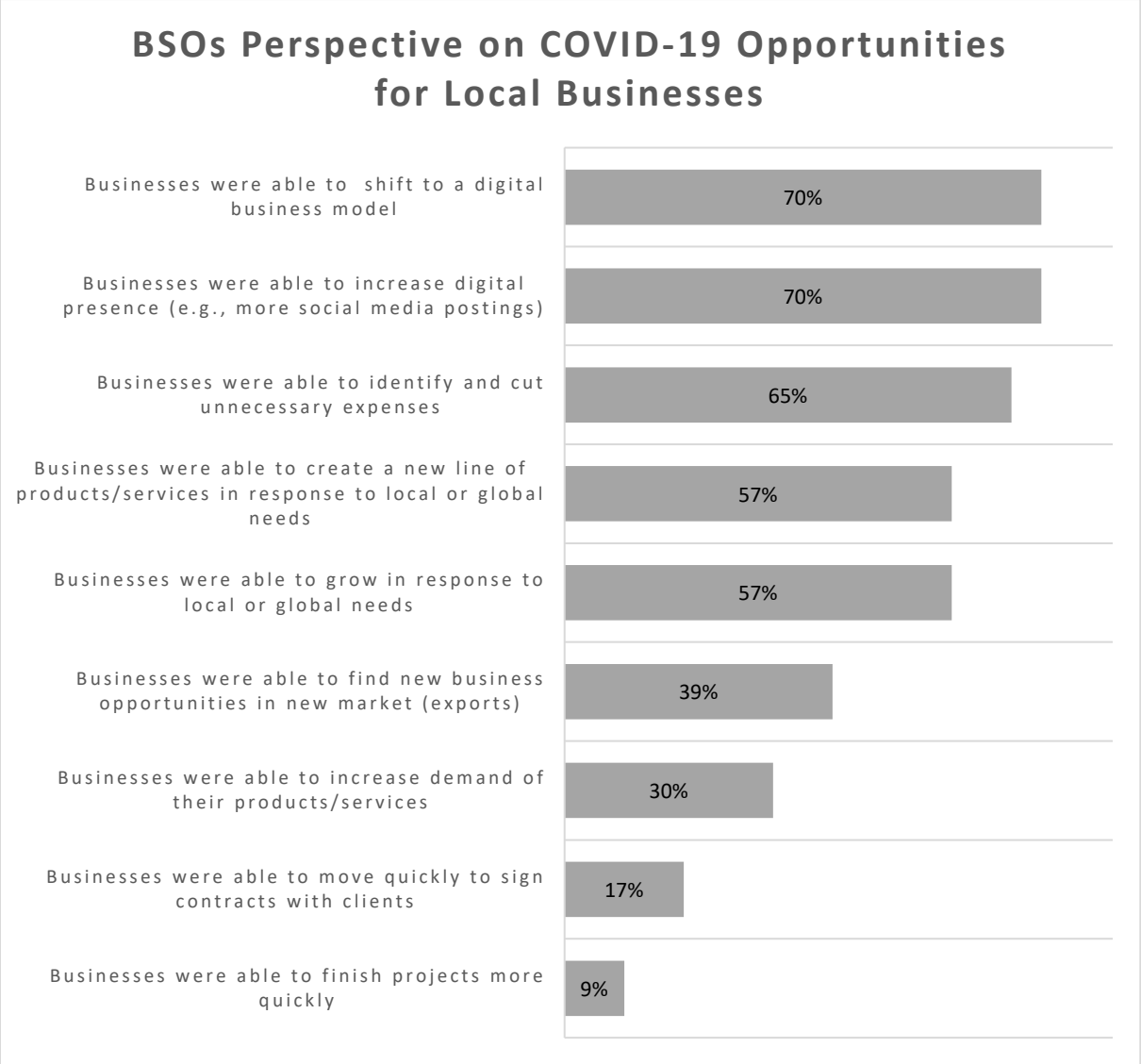
Additionally, WSMEs were asked if the pandemic brought any related opportunities for their businesses. The top three opportunities reported were an increasing digital presence, creating a new business line in response to local and global needs, and shifting to a digital business model (see Figure 45).

Figure 45. WSMEs COVID-19 related opportunities



Likewise, BSOs were asked what, if any, opportunities did COVID-19 bring to local businesses that they supported. As outlined in Figure 46, BSOs indicated that shifting to digital business models and increasing digital presence were the top opportunities for the local businesses, followed by identifying and cutting unnecessary expenses.

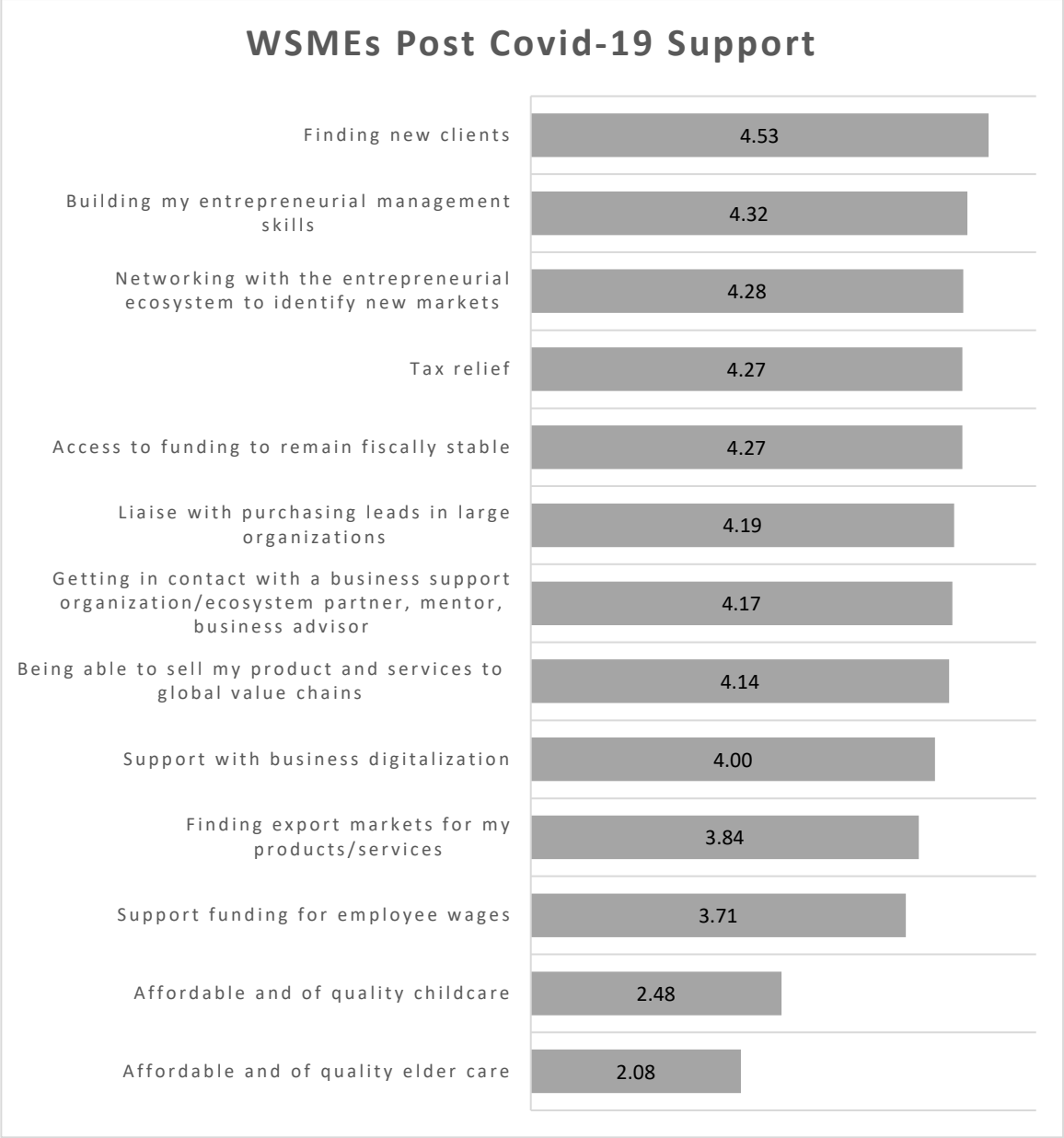
Figure 46. BSOs perspective on COVID-19 opportunities for local businesses



WSMEs were also asked to weigh the types of support they needed the most for business recovery in post-COVID-19 times. Not surprisingly, the top type of support the WSMEs identified is help in finding new clients, followed by building their entrepreneurial and management skills, as well as support creating networking opportunities with the entrepreneurial ecosystem to identify new markets (see Figure 47).[16]

[16] Based on a scale from 1 (not needed) to 5 (most needed).

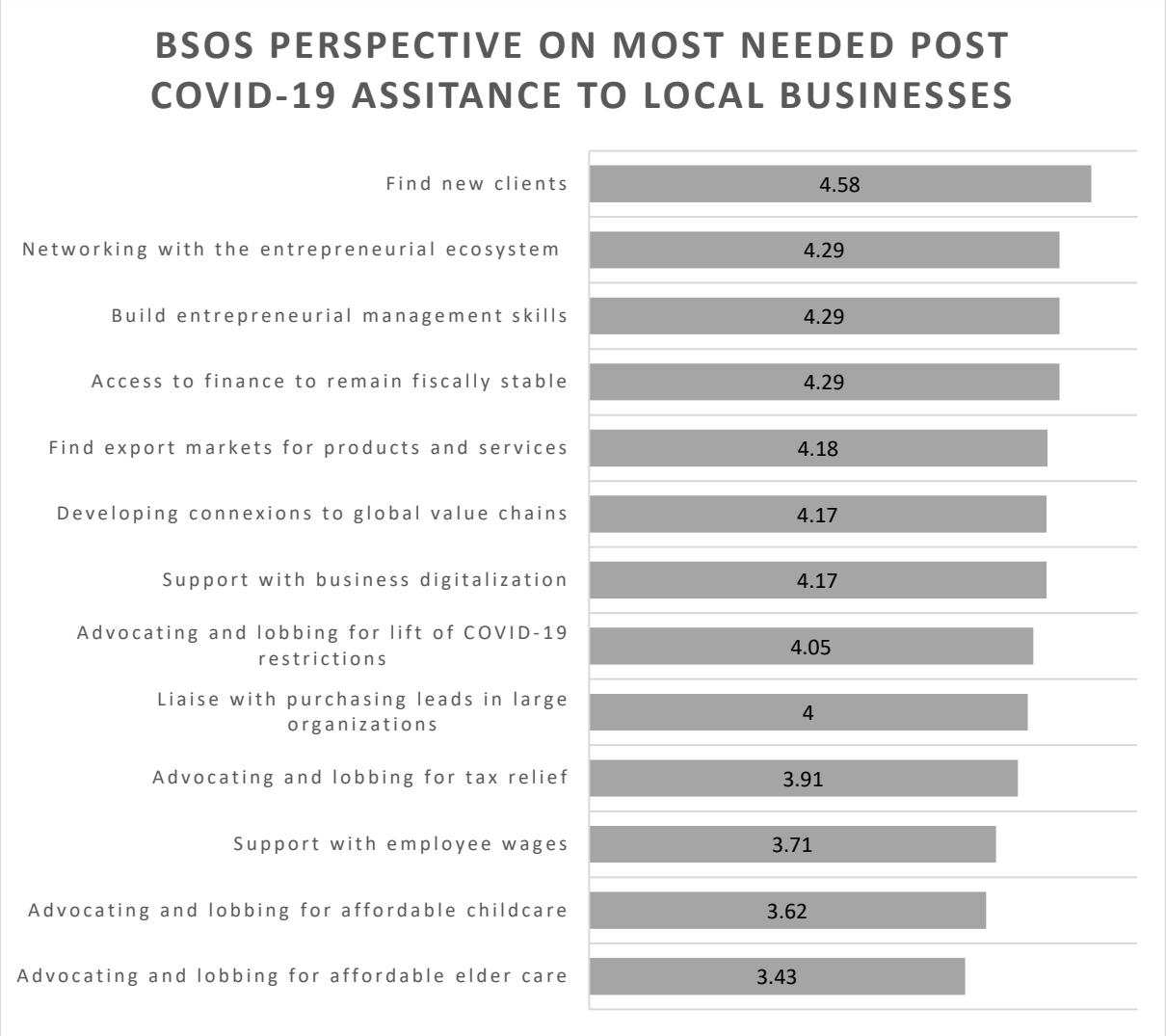
Figure 47. WSMEs post COVID-19 support



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 local businesses in Honduras need support in finding new clients, networking with the entrepreneurial ecosystem, building entrepreneurial management skills, and accessing finance to remain fiscally stable.[17]

[17] 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 Honduras (open ended question). Some buyers reported that both shipment time and costs increased, resulting in them having to increase the price of their products. Other buyers reported that their purchases decreased at the beginning of the pandemic, while others found that they had additional costs related to required biosecurity protocol to operate their businesses.

SWOT Analysis on the Business Ecosystem in Honduras

This Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis investigates multiple factors that form part of the WSME ecosystem in Honduras. 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
• In recent years Honduras has reported good economic growth thanks to a rising industrial base, ongoing efforts to diversify its exports, and a young population that makes up strong human capital (The World Bank In Honduras, 2022). • Honduras has a well-developed textile and apparel industry. In fact, the textile and apparel sector generates over 90,000 jobs and yields the country's main exports. This is an industry that employs women. • Likewise, Honduras has a solid agricultural sector with a well-developed supply chain that includes key global food leaders with ample opportunity to include local businesses. • Honduras has a robust network of BSOs. A large proportion of the BSOs have developed programs that target women entrepreneurship. • Honduras' public procurement system has a regulatory framework to promote the participation of MSMEs in public procurement opportunities. It sets a simplified procurement process for MSMEs to pursue low budget procurement opportunities.	• Honduras has one of the lowest GDPs per capita in the Latin America and Caribbean Region and its economy is one of the least developed in Latin America. • Female labor force participation is 48.8%, considerably lower than the equivalent national male rate of 74.3%, representing a gender gap of 25.5%. • 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 41%, compared to 50% of men, representing a gender gap of 9%. This impacts access to financing and opportunities for business growth. • 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 regard it as a general local practice within the business ecosystem. • Only in the post COVID-19 recovery phase did some of the surveyed BSOs start to offer programs to support training in pursuing government procurement opportunities for local businesses.

Opportunities	Threats
• Providing training to local buyers on gender-inclusive sourcing could increase the number of local WSMEs to their pool of local suppliers. This kind of training 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. • Include a financial literacy capacity building program for WSMEs. That will have the potential to reduce the gender gap in financial participation between women and men in Honduras.	• 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 ensures they can attend and progress at their own pace. • Positioning government procurement as a sales channel 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. • Buyers may not see the value of implementing gender-inclusive sourcing practices in their businesses. Project activities for the buyers must 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.

Key Insights and Recommendations

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

- **Insight**: Only a small proportion of WSMEs' clients are government entities. The low uptake of pursuing government sales is primarily due to the complexity of government procurement as a sales channel. But Honduras has a simplified procurement process for MSMEs to pursue for low-budget procurement opportunities, as well as dedicated section for posting procurement opportunities for MSMEs on the country's public procurement website.
    - **Recommendation**: Provide better exposure and promotion of the procurement system by offering capacity building in how to sell to the government for WSMEs. This could potentially increase the number of women-owned businesses using government procurement as a sales channel.

- **Insight**: The largest proportion of WSMEs are in the growing and developing stages where they have some documented processes and trained staff, but have limited production processes, are utilizing basic technologies, and are employing individuals with limited training.
    - **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 in the growing stage could 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 WSMEs that are in the mature and optimization stages, there are greater opportunities to prepare them for participation in global supply chains and/or to further explore export market opportunities.

- **Insight**: Surveyed WSMEs that stated 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.

- **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 WSME affiliation and/or association with BSOs. Women rely on BSOs for their networking opportunities within the ecosystem.
    - **Recommendation**: Project activities involving WSMEs could also consider including local BSOs to strengthen the bond and allow BSOs to become 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 and improved entrepreneurial skills.
    - **Recommendation**: Offer WSMEs support in identifying and securing new buyers, by holding business fairs or other networking opportunities to connect WSMEs with both domestic and international buyers, as well as capacity development programs to improve the entrepreneurial skills of women.

- **Insight**: BSOs indicated that local businesses in Honduras need support in finding new clients, networking with the entrepreneurial ecosystem, building entrepreneurial management skills, and accessing finances to remain fiscally stable.
    - **Recommendation**: There is an opportunity to work with the BSOs to develop programs and networking opportunities to assist WSMEs in building management skills and entrepreneurial capacity to seek out and grow their client base both domestically and internationally.

Appendix I Research methodology

This research was conducted by utilizing existing secondary and primary data sources to analyze the business ecosystem of Honduras 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 Honduras with substantial procurement, and local business support organizations (BSOs). The sample was created based on a 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 business has up to 300 employees and the total gross revenue is up to US$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 target country.

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 273 WSMEs, 77 buyers and 43 BSOs. An online survey was launched inviting the stakeholders on the list. Additional outreach to stakeholders that met the definitions of the mapping was completed using social media and direct mailing. A total of 92 WSMEs, 44 buyers and 52 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
Voces Vitales Honduras	Voces Vitales Honduras is a non-profit organization that invests in promoting women to support the economic and social development of Honduras. It offers mentoring, leadership, training and networking.
Cámara de Comercio e Industria de Tegucigalpa (CCIT)	CCIT is a non-profit organization with more than 131 years of experience. It supports industries and companies to promote business development in Honduras.
Cámara de comercio de Cortés (CCIC)	The CCIC is a Public Law entity, recognized by the State, with its own legal personality, founded in 1931 and based in San Pedro Sula, Cortés, which voluntarily associates natural and legal persons dedicated to commerce, industry, and the provision of services, to promote, through business development, the social progress of Honduras.
Alterna	Alterna is a social innovation platform that promotes and strengthens social businesses. The company seeks systemic change by cultivating and unleashing the full potential of business impact in Central America. Alterna believes that positive changes can arise from any context, which is why their strong and multicultural team works with a wide range of allies. Alterna is part of the Central American Impact Investment Platform (PiiC). An organization that was born as a result of the interest generated by the Latin American Impact Investment Forum for Central America and the Caribbean (FLII CA&C), an event led by Alterna; and the Global Steering Group for Impact Investment (GSG), a movement that drives impact investing through a network of organizations. PiiC is a consortium of various private, public and non-profit organizations, which, through its Technical Secretariat, seeks to consolidate impact investment as a dynamic and growing sector in Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama.

La Alianza de Mujeres en Café (AMUCAFE)	AMUCAFE is the association of women involved in the coffee value chain from beans to cups that operates under the slogan "promoting possibilities". It is dedicated to supporting, promoting and strengthening skills and capacities of women involved in coffee-related activities. Constituting a forum for connection and exchange of experiences and knowledge that inspires and empowers women through access to training, learning and information, advocating for reducing barriers for women and providing access to markets. The organization represents women in national and international forums to increase visibility into the role of women involved in the coffee business in Honduras.
Cámara Nacional de Turismo de Honduras (CANATURH)	CANATURH is a non-profit organization established in 1976, with the objective to integrate and develop the country's private sector tourism industry.
Asociación Nacional de Industriales (ANDI)	ANDI is a non-profit business organization, created with the purpose of representing and assisting the industrial sector at a national level, safeguarding its rights and promoting the solution to problems that affect the development of national industries.
Consejo Hondureño de la Empresa Privada (COHEP)	COHEP is a non-profit institution founded in 1967 with the aim of providing support for the development of macroeconomic, legal and institutional conditions to promote the creation of wealth and the socioeconomic development of Honduras.
Ciudad Mujer Honduras	Ciudad Mujer seeks to contribute to the improvement of the living conditions of women in Honduras in the areas of economic autonomy, attention to violence, sexual and reproductive health, community education, and other related areas, through a network of services offered by public institutions.

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