

CASE STUDY

How Performance-Based Incentives Changed Mindsets and Improved Supply Chain Resilience in A Honduran Textile Manufacturer

Case Study: Grupo Elcatex

“The Team is No Longer Saying: ‘A Woman Cannot Do This’

ABSTRACT

This case study documents how a gender-focused performance-based incentive (PBI) and advisory service embedded in a corporate loan catalyzed organizational change and strengthened supply chain resilience at Grupo Elcatex, a leading textile manufacturer in Honduras. In 2019, IDB Invest structured a \$64 million loan that included an annual \$30,000 bonus financed by the Women Entrepreneurs Finance Initiative, housed at the World Bank. The bonus was contingent on Elcatex meeting progressively ambitious targets for integrating women-owned small and medium enterprises (WSMEs) into its supply chain—both by count and by purchase volume. Supported by advisory partners Fundes and WeConnect International, Elcatex established a rigorous baseline, revised procurement policies, trained buyers, and introduced buyer-level KPIs and rewards. With part of the seven-year tenor complete, the share of women-owned suppliers has met the targets in each year, and as of the end of 2024 was exceeding them. The number of WSMEs in the supply chain increased from 5% to 24%, to 118 companies, and the value of purchases from WSMEs increased from \$932,000 in 2019 to \$6.3 million by end-2024, with average purchase volumes per WSME also rising. Beyond meeting targets and unlocking incentives each year, Elcatex reported qualitative gains: greater innovation, responsiveness, and a notable shift in mindsets among procurement staff—captured in the refrain that “the team is no longer saying, ‘a woman cannot do this.’” Five success factors underpinned results: committed internal champions on both the financier and client sides; a socially motivated corporate partner; a flexible incentive design allowing alternative target pathways; targeted advisory support for baseline, training, and onboarding; and a gamified buyer rewards system that aligned daily behavior with strategic goals. The experience shows how relatively modest PBIs, paired with advisory services, can unlock outsized, durable change—offering a replicable model for MDBs, impact investors, and firms seeking to advance women’s economic empowerment, diversify and de-risk supply chains, and shift organizational culture.

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1 HOW TO JUMP-START MINDSET SHIFTS



In 2017, the Women Entrepreneurs Finance Initiative (We-Fi), housed at the World Bank, was launched at the G20 Summit in Hamburg, Germany to help reduce the barriers faced by 400 millionⁱ women entrepreneurs around the world. Economists estimate that unlocking the \$1.9 trillion global finance gapⁱⁱ for women and reducing other barriers could add \$5-6 trillionⁱⁱⁱ to the global economy. We-Fi launched with support from 14 bilateral donors to improve women entrepreneurs' access to finance, markets, and skills, and to improve the legal and regulatory environments for them. We-Fi is a financing mechanism that directs donor resources to innovative projects implemented through six major multilateral development banks (MDBs), including IDB Invest, the private sector arm of IDB Group.^{iv}

We-Fi aims to maximize the impact of donor funding to serve women entrepreneurs, including by using mechanisms that catalyze additional resources from its MDB partners and their local partners. Performance-based incentives have become an important mechanism in We-Fi's portfolio because of their ability to incentivize action far beyond We-Fi's contribution. Performance-based incentives (PBIs) are financial tools, such as reductions in interest rates or the equivalent in grants, that are embedded in financial deals and are designed to produce specific outcomes. Impact investors and development organizations use PBIs in transactions with various kinds of clients, most often banks, but also investment funds, accelerators, and corporations. Typically, if the recipient institution meets certain development targets, it triggers a reduction in interest rates or grant-equivalent payout. Since banks and corporations are highly price sensitive, a relatively small incentive can be highly motivating, for example an interest rate reduction worth \$50,000 on a \$10 million loan. The power of PBIs lies in their small size, compared to the amount of change they can leverage. "We get five, 10, sometimes 40 times leverage on PBIs," said Wendy Teleki, Head of the We-Fi Secretariat, during an event that explored the impact of the mechanisms. "These ripple effects can be very strong."

PBIs are effective in part because they structure a financial transaction in a way that shifts organizational behavior. A bank focused on earning a PBI may make changes across an entire product suite; or a corporation aiming to lower the interest rate on a loan works to change its entire supply chain.

In addition, as Elcatex's experience shows, PBIs can catalyze deeper change. For instance, a company working to meet a PBI might need better data about women entrepreneurs to decide how to reach a goal, and to measure its progress. "You have to create data and then track and analyze that data," Teleki said. "That opens the door to all kinds of other beneficial uses of data." For multilateral development institutions and impact investors, PBIs are proving to be a valuable tool: relatively small donor contributions leveraging large investments that create business value and demographic dividends, or a social good.

The Power of Supply Chains

Isabel Berdeja Suarez and Laura Giraldo, Gender, Diversity, and Inclusion Officers at IDB Invest, were interested when We-Fi put out a call for proposals for projects that would incorporate PBIs or other results-based instruments. They knew that a growing body of evidence from fields including education and health care suggested that well-crafted financial incentives can change mindsets and behavior, though how long the effects last is less clear.^v "There is some psychological effect when there is a reward," said Berdeja Suarez. "We were looking at projects where we could apply this idea."

Supply chains seemed a natural fit. Globally, women own one in three businesses worldwide^{vi}, but women only win an estimated 1 per cent of the procurement spend of large corporations, according to UN Women^{vii}. Yet, including women-owned small and medium enterprises in supply chains is a win-win: Women-led businesses gain more stable sources of income, and the companies gain a more resilient supply chain. Research suggests having a variety of suppliers helps insulate supply chains from risk and brings other benefits.^{viii}



Key Success Factor: Internal Advocates

Groundbreaking initiatives require people within organizations willing to risk taking on a project that might not work. The two officers at IDB Invest are such passionate advocates. Giraldo had founded a networking nonprofit for women in Washington, D.C., called 'The left-handed buttons,' a reference to the fact that the buttons on women's clothing are harder to close. Berdeja Suarez had returned to graduate school after she found blatant discrimination in her first job, where women were not given access to credit cards or allowed access to some parts of manufacturing plants. "We are so passionate about this topic," said Giraldo. "We see the huge potential of including women."

The Business Case for Supplier Diversity and Inclusion



GREATER RETURN ON PROCUREMENT INVESTMENTS. Companies that prioritize supplier diversity have a greater return on procurement investments and spend less on their buying operations.



LOWER RISK. Increasing the number of diverse suppliers enhances supplier availability and security. A diverse supplier base can mitigate the potential operational risk of being too dependent on a few suppliers.

This is especially so when facing a demand shock such as the COVID-19 pandemic, a natural disaster, or an economic downturn. This also allows companies to procure small orders, specialized products, or critical services more quickly.



BETTER QUALITY. Increasing the pool of potential suppliers or improving the capacity of existing suppliers through supplier development programs promotes competition among suppliers, which can improve product quality and drive down costs.



GREATER INNOVATION. Supplier diversity improves a Buyer's ability to innovate and better respond to customers' needs. Innovation often comes from small businesses, and incorporating these in the supply chain becomes a critical factor for companies in bringing new solutions to their procurement needs.



GREATER BRAND RECOGNITION. Inclusive procurement policies enhance a company's reputation and brand awareness among internal and external stakeholders, including employees, clients, shareholders, and the community, and inclusiveness also enhances customer loyalty.

Source: Heather Mae Kipnis; Anne Njambo Kabugi. 2021. Sourcing2Equal Kenya: Barriers and Approaches to Increase Access to Markets for Women-Owned Businesses. Washington, D.C.: World Bank Group.

Including women entrepreneurs in supply chains is neither costly nor technically complex. The biggest challenge lies in shifting organizational cultures and mindsets. "It's very inexpensive to do supply chain programs," said Berdeja Suarez. "All that's needed is to add a gender dimension to procurement systems and begin tracking. And soon companies will see opportunities to diversify and become more resilient." IDB Invest Research shows that even when the financial costs are low, companies face behavioral and institutional barriers—such as inertia, bias, and limited information—that make change feel harder than it is.^{ix}

Finding the Right Partner

Berdeja Suarez and Giraldo thought if IDB Invest could successfully launch and bring to completion a PBI focused on women entrepreneurs in a supply chain, it could serve as a demonstration for other corporations to follow. Evidence is emerging that diversified supply chains are more resilient in the face of disruptions.^x Some companies also have launched diversity efforts to drive more innovation.^{xi}

Within IDB Invest, Berdeja Suarez and Giraldo knew they would be breaking ground. IDB Invest had used gender-focused PBIs, but never in a supply chain project. They thought it would work. Events would eventually prove the two women right, but it wasn't easy. "We were really stressed out at the beginning," Berdeja Suarez said.

Then, a stroke of luck occurred. An IDB Invest Investment Officer, Mariana Coello, had been talking to Honduras-based Elcatex, which was seeking a total \$137 million loan to expand its production capacity in textile operations.^{xii} Coello had built a relationship with the company, so knew that IDB Invest could meet its needs. She also knew that Elcatex wanted the loan to build an entire new factory, an expansion of operations that could make it easier to incorporate some of IDB Invest's development goals into the project. Asking a corporate partner to change the way it is doing business can be easier in situations when the company is building from the ground up.

A family-owned conglomerate, Elcatex Group has a long record of community investment. Juan Miguel Canahuati founded the company in 1960. Current CEO Jesus Canahuati has maintained the family's support for community and workers' causes.

The Group has four business divisions: textiles and synthetic filament; energy; industrial parks; and technology and innovation, which generate 15,000 direct jobs impacting more than 60,000 people. It produces hundreds of millions of items of clothing each year. Elcatex is a pioneer in environmental sustainability and has a record of corporate engagement to support women, an important factor. "We work constantly and tirelessly to protect and integrate groups with fewer opportunities in our society, focusing especially on promoting causes that support the development of women," said Canahuati.

Grupo Elcatex bases its business model on the centrality of the human being as the fundamental axis of its operations, guided by four essential pillars: purposeful business growth, focus on human talent, commitment to future generations, and community engagement.^{xiii} "One of our pillars is commitment to future generations, and the inclusion of WSMEs in our supply chain is aligned with that pillar," said Vania Montecinos, Director of Corporate Responsibility, Elcatex Group. IDB Invest had a key ally at Elcatex, Azucena Trochez, Corporate Administrative Director, who took the idea for the gender-based PBI to CEO Jesus Canahuati.



Key Success Factor: Finding A Socially Motivated Partner

Though there is a business case for supply chain diversity, MDBs often find partners in companies that have an explicit double-bottom line commitment or a strong orientation to corporate social responsibility. Socially motivated companies see benefits from PBIs including:

- Justify resource allocation towards programming that uplifts women and creates positive organizational changes. In a qualitative analysis of PBI projects in the IDB Invest portfolio, people from clients and IDB Invest officers rated the likelihood of success in a gender program with an incentive at more than 80%, up from a 50/50 chance of success without one.
- Foster a more supportive ecosystem for gender equality and enhance the company's position within its industry and community.
- Promote collaboration with MDBs or impact investors, to help address gender balance problems and other market failures.^{xiv}

Turning Point: Before approaching Elcatex, Berdeja Suarez and Giraldo needed to get internal buy-in at IDB Invest. Though IDB Invest was a pioneer in PBIs, it had not yet used them to produce gender-based outcomes on a supply chain project. Berdeja Suarez and Giraldo asked to join the Elcatex project kickoff meeting. As the meeting was drawing to a close, they made their case. They outlined their idea for performance-based finance based on gender targets. They were competing with a similar PBI proposal from the climate team. But this time, their innovative proposal won out.

Key Questions for MDBs and Impact Investors Looking for a Corporate Partner



Is the corporation part of a solid value chain, where women-owned suppliers can earn profits and create jobs?



Will it be possible, with the company's existing data systems, to set reasonable benchmarks and report on women-led suppliers? Or can the data systems be modified?



Is the supply chain diverse across other metrics, such as size and industry?



Is there a robust internal team willing to put in the time, effort and resources to make the program a success?



2 INCORPORATING THE INCENTIVE INTO THE LOAN

Once Elcatex had agreed, Giraldo had to figure out exactly how to incorporate the gender targets into the loan. Traditionally, IDB Invest had focused on blended finance transactions with interest rate concessions, not bonuses.

IDB Invest structured the PBI to be distributed annually across the seven-year tenor of the investment loan if targets were met, and required that Elcatex spend the annual bonus on the program, ensuring continued investment. With the support of an advisory firm, IDB Invest commissioned an audit of Elcatex's supply chain to establish a baseline for the number of WSMEs in the supply chain and the related purchasing volume. Then, IDB Invest and Elcatex negotiated to set ambitious, yet realistic targets. The performance incentive consisted of two target indicators, one linked to the percent of women-owned businesses as suppliers, and another linked to the percent of purchasing volume from women-owned businesses. For the percentage of WSMEs in the value chain, Elcatex aimed to increase the number from 5% to 24% and to increase the purchasing volume from 16% to 40% over 7 years.





Key Success Factor: Flexible Incentive Payments

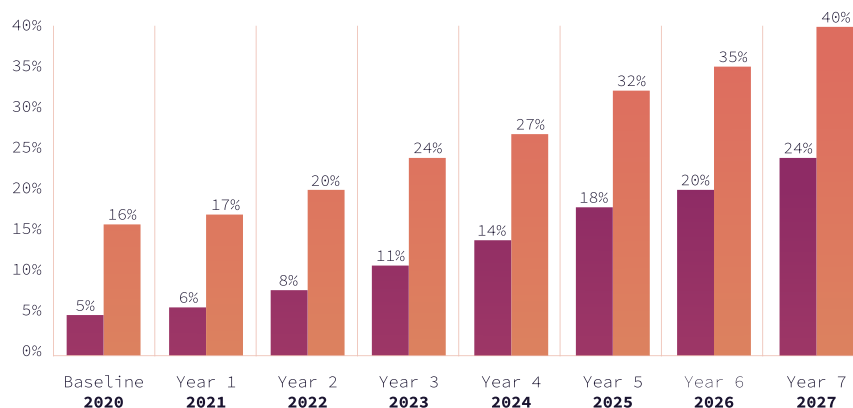
Elcatex's performance incentive terms allow for delayed incentive payments if the company doesn't meet targets in a given year but achieves them later. Even if it misses multiple targets consecutively, IDB Invest will still make the full incentive payment if the targets are reached before the end of the tenor. This flexibility helps the client overcome challenges during project setup and adapt to unforeseen circumstances without losing progress. Elcatex also had the flexibility to meet goals either by meeting benchmarks for the percentage of women-owned businesses comprised of its supply chain, or by the volume of orders to the suppliers.

Benchmarks for the Incentive

Elcatex has received the incentive each year

Annual incentive payment upon meeting targets: \$30,000

-  % of WSMEs within Elcatex supply chain
-  % of \$ purchase volume from WSMEs



2024 Results: Forecasted vs. Actual

Number of WSMEs in supply chain



Value of goods purchased from WSMEs



IDB Invest designed the annual target to be met if either of the two indicator targets were achieved in a given year. Elcatex had the flexibility to choose between two indicators and adapt the approach to meeting targets to its purchasing demand.

3 DESIGNING AN ADVISORY PROGRAM



Through repeat conversations with the client, IDB Invest charted Elcatex's strategic objectives, screening for opportunities to provide support. Around this point in the process, the gender team at IDB Invest consulted with IDB Invest Development Impact Officer, Joane Riley, to receive advice on what kinds of evaluations to incorporate into the project. The key question to answer was how to evaluate the success of the project from IDB Invest's point of view. Eventually, IDB Invest settled on six indicators, two of them the focus for the gender team: production capacity, job creation, number of small businesses as a percent of all businesses in the supply chain, and volume purchased from them, and number of women-owned small businesses as a percent in the supply chain, and volume purchased from them.

During the due diligence process, IDB Invest conducted a diagnostic to assess Elcatex's program implementation capacity, existing processes, and technology and resources. The IDB Invest team assessed Elcatex's supplier engagement approaches from a gender-sensitivity perspective and reviewed record-keeping processes, including the client's ability to segment suppliers by size, ownership- and management structures by gender, and reviewed policy elements, such as pricing standardization and certification requirements for suppliers. The team reviewed implementation capacities, such as sufficiency of staff across necessary operations, and reviewed knowledgeability around the topic of gender-sensitivity. The pre-assessment identified gaps where advisory support was needed.

IDB Invest selected two external advisory partners, Fundes and WeConnect International, to provide strategic support and technical assistance. This later turned out to be a key decision. Fundes supported Elcatex as the company audited its supply chain. To establish a baseline of WSMEs, all suppliers filled a self-identifier form that enabled classification of firms by size, revenue, and distribution of male- vs. female leadership.

The Fundes assessment found women-owned enterprises made up only 5% of the supply chain. The baseline assessment included indicators on supplier vulnerability, including liquidity and suppliers' existing certifications, for example around sustainability. Information about vulnerabilities would help Elcatex identify opportunities to strengthen women entrepreneurs' businesses and increase purchasing volumes.

WeConnect International provided additional advisory, including training to the purchasing team to aid WSME outreach, and developing an onboarding module for WSMEs to improve management practices and familiarize them with large-scale B2B purchasing processes. WeConnect also advised on the revision of purchasing strategy, including the establishment of individual buyer quotas, and designating a person to oversee buyer activities.

We had a bias that the textile value chain would potentially have a lot of women who were suppliers already, which has turned out to not be the reality. It's very masculinized.



Isabel Berdeja Suarez



Key Success Factor: Coupling the PBI with Advisory Services

Advisory services helped Elcatex establish baselines, a task that might otherwise have been too onerous, and helped train managers and the procurement team, supplying them with an onboarding model and the ongoing strategy for incentivizing the procurement team. A company that has agreed to an innovation project often does not have the internal strategic or tactical expertise needed. Dedicated advisory services offer specialized, timely support, which MDBs often provide with support from donors.

4 IMPLEMENTATION AND FINDING QUALIFIED SUPPLIERS



By 2020, IDB Invest had disbursed the loan to Elcatex and the company had its first targets to meet. The survey, baseline and targets developed with IDB Invest and Fundes turned out to be crucial. They enabled Elcatex to start quickly, as they had identified key processes that could contribute to meeting the goals, said Montecinos. Elcatex immediately focused on two:

- Strengthening reviews and modifying the procurement process
- Changes in procurement policies

In 2020, Elcatex held a buyers awareness workshop with WSMEs, where Hayjiro Suguiyama, the Procurement Manager, explained the program's goals. The company then paired each of its procurement staff with two WSMEs, so they could give guidance to the WSMEs about how to become suppliers, or how to grow their business with Elcatex if they already were suppliers.

To identify priority areas for increasing purchasing from WSMEs, Elcatex reviewed its supplier categories. Elcatex gave financial rewards to the buyers who reached targets. But the company did not weight all the categories equally. Hayjiro Suguiyama, Corporate Purchasing Manager, recognized that there were fewer women-owned businesses in different areas. Tools and property, for instance, were very male dominated, as was transportation.

The company identified priority supplier categories:

- 🔧 Stationery, Supplies and Technology
- ⊕ Pharmacy, Signs and Printed matter
- 📢 Marketing, promotional materials and gifts
- 🔧 Machine Tools
- 🏠 Property

Elcatex then assigned KPIs in the form of annual purchasing quotas to buyers across the identified categories. After a year, Elcatex had hit its target – it grew the percentage of women from 5% to 6%, meeting the terms of the agreement.

Changing Strategy to Continue Building a Pipeline of WSMEs

As the number of women grew, hitting the growth goals each year has grown harder. To help the women entrepreneurs increase the volume, Elcatex implemented capacity building programs for the women entrepreneurs. In 2022, it held a forum with existing suppliers and other women entrepreneurs, where the women entrepreneurs met buyers from Elcatex's team.

To keep finding more women-owned suppliers, Elcatex at first relied on word-of-mouth, as the women entrepreneurs who lead companies tend to know other women entrepreneurs. Then, it began to seek out WSMEs, by searching on LinkedIn and looking in a database available through its procurement software. It also added an email address to its web site, inviting women business owners to apply to be part of its supply chain. It found some surprises; for instance, it was relatively easy to find qualified women-owned businesses in software and IT.



Carrying the Program On: Audits, Certifications and Rewards

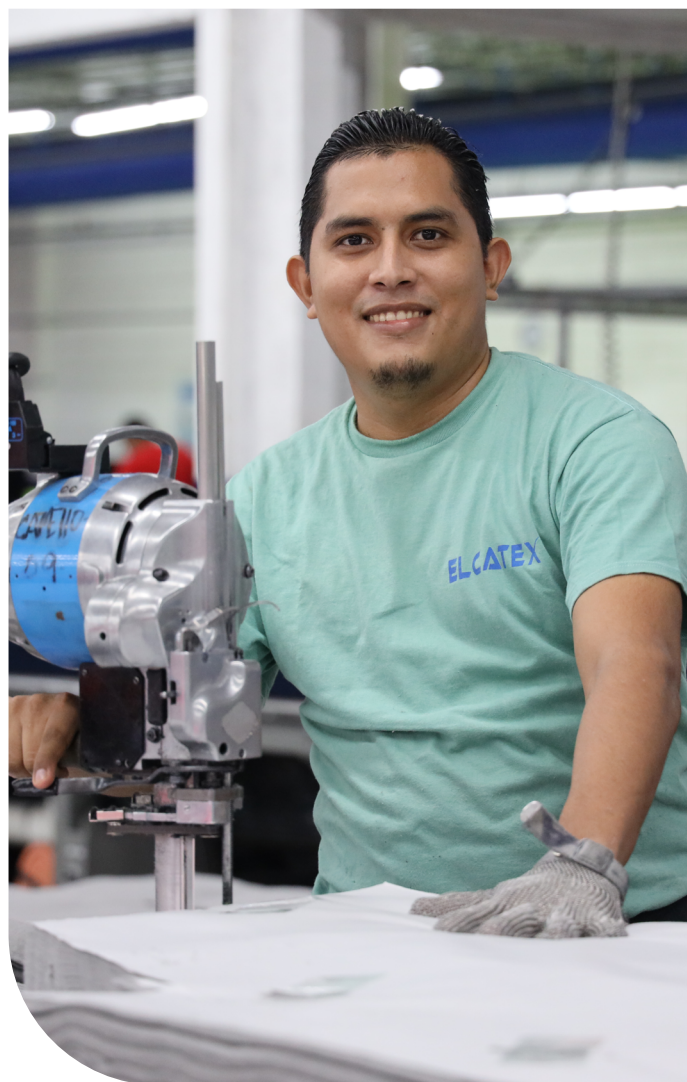
Hayjiro Suguiyama, who had brought the program to life among the buyers, left the company part-way through the seven-year term. It could have been the end of the program. But when Fernando Ferrera joined as purchasing manager, he noticed that the company was deeply committed to the program. When onboarding a new supplier, Elcatex asks whether it is woman-owned and/or women-led. It also conducts audits of suppliers, to give the small businesses a chance to improve and to receive certifications from Elcatex that then position it to apply for external certifications. It's important that new suppliers recognize the audits are both a qualification to become a supplier, and a chance to improve their companies, said Ferrera.

Ferrera saw that the audits were an investment of his team's time, but he also recognized that they helped to increase the quality of the supplier base. The women entrepreneurs see the supply chain as competitive, so they work harder to deliver quality products on-time and under budget.

Grupo Pattex, a chemical company that specializes in clothing stain removal, considers Elcatex to be a strategic partner. Eva Carolina Zelaya's company became a supplier after she recognized that working with Elcatex was prestigious. Then, she "knocked on multiple doors" to find an entry point within the procurement system. After an extensive testing process, Pattex became an official Elcatex supplier. "They saw how our products worked and took care of occupational health. After extensive testing, Elcatex approved the product and company," said Zelaya, the founder. "As soon as you're in there, you start to grow." Her company now supplies multiple Elcatex factories.

"I highly recommend this rewards system," Ferrera said. The team also discusses cultural and internal biases that may keep the procurement team from developing relationships with women entrepreneurs. For instance, women have traditionally not worked or operated companies in "services" – which means, maintenance on Elcatex equipment. To reach procurement goals in this area, the team needs to overcome their own biases, and help grow the women-owned companies' competitiveness. He sees a mindset shift on his team.

"It's difficult for them to compete on price, because they're learning," he said. "But the team is no longer saying, 'a woman cannot do this or that.'"



5 RESULTS AND BENEFITS FOR ELCATEX



By 2024, a total of 118 women-led and women-owned SMEs made up the current portfolio of suppliers.

The company achieved an increase in the billing of these companies of almost five times the volume of purchases compared to the initial year. The value of purchases from WSMEs increased from \$932,000 to \$7.8 million at the end of 2024. The average purchase volume per WSME had also increased to \$66,000.

In addition to meeting the terms of the incentive, and moving toward unlocking the entire \$210,000 bonus, the company found that by holding forums and collaborating with the women to advance their companies, they had created a community. In fact, the suppliers also began to sell goods and services between themselves.

The company has seen the qualitative benefits of including women, in terms of diversity and adaptability of its supply chain. "As a woman, I know women bring creativity to our processes," Montecinos said.

"The service we receive from our women-owned suppliers is more detailed, more personalized, and more focused," said Ferrera.

In 2025, the company was planning to expand training and mentorship programs for WSMEs. It is exploring partnerships with NGOs including Vital Voices and Agora (CK). "It's part of our DNA now, it's part of our indicators," said Montecinos.

The essential element of the program continues to be the carefully designed system that rewards individual buyers, emotionally and financially, for recruiting and working with women-owned businesses.



6 SUCCESS FACTORS



In December 2023, IDB Invest published a study of its performance-based incentive programs with gender components. Its portfolio included 23 projects, equally distributed between those that use grants and those that use interest rate reductions. The study found that people within partner organizations perceived that PBIs increase the likelihood of success of reaching the gender-based goal. PBIs helped accelerate timelines for gender objectives, shifted internal perspectives and produced spillover effects within the organizations. Impact investors and development organizations should see PBIs as temporary subsidies to change behavior, Patricia Yanez-Pagans, Principal Economist at IDB Invest, concluded. ^{xv} IDB Invest concluded there were four continually reinforcing steps in a successful PBI program.

This case study of one PBI in a corporate setting adds to IDB Invest's analysis of PBI programs, extending the analysis of success factors to the relationship between MDB and client, and the implementation of a PBI at the client level. Specifically, it explores the factors that led to the success of a gender-focused supply-chain PBI and finds five key factors:



Internal Advocates: Both IDB Invest and Elcatex benefitted from the presence of strong leaders, in this case women, who able to champion the application of a familiar tool, PBIs, in a new context to benefit women.



A Socially Motivated Corporate Partner: Though there is a clear business case for supply chain diversity, the business case is even stronger in companies that have a double bottom-line.



Flexible Incentive Structure: Giving corporate partners more than one way to reach the goal builds in flexibility, which is valuable as the pace of disruption in local and global business landscapes accelerates.



Advisory Services: Because setting a good baseline sets up the company for success or failure, finding experts in assessment and benchmarking helps, especially early in the process. Advisory services can also help companies with the communication skills required to engage with a new group of potential suppliers: women entrepreneurs.



A Rewards System in Implementation: Just as the incentive encourages change across the organization and at the executive level, a system of financial and emotional rewards helps drive behavior change among individual buyers.



7 CONCLUSIONS: ORGANIZATIONAL CHANGE AND SHIFTING MINDSETS

The success of the Elcatex project led to changes in two organizations: Elcatex and IDB Invest, which went on to do further gender-focused supply chain integration projects with and without PBI components. The project was formally rated a partial success within IDB Invest on its impact measures. The project met five of its six indicators -- production capacity, job creation, number of small businesses as a percent of all businesses in the supply chain, and volume purchased from them, and number of women-owned small businesses as a percent in the supply chain, and volume purchased from them. While the purchasing volume and number of WSMEs increased and the overall volume of SME purchases rose, the overall number of SMEs dropped from 372 to 353.

The Elcatex project enabled by the PBI had demonstrated within IDB Invest the efficacy of PBIs for integrating women into supply chains. It also showed that such projects could be considered even in circumstances where PBIs were not available.

Including women entrepreneurs more fully in local and global economies is a powerful lever for MDBs, impact investors and companies that want to create jobs and to enable greater ownership of assets among women. Fair representation in business as in other facets of society requires the long slow process of changing individual mindsets, which leads to changing norms.

One of the most interesting findings from this case study is that mindsets shifted within Elcatex. Deeper and definitive conclusions require more research into the benefits of these programs for organizations that participate as partners, and the long-term effects of the inclusion in the supply chain on the WSMEs.

All such projects depend also on the presence of a willing partner in companies that decide to accept the incentives and implement changes. Those decisions are complex and will be made by executives weighing the costs of change against the short- and long-term bottom-line benefits of including WSMEs in their supply chains, including the potential for mindset shifts within the organization to ensure greater supply chain efficiency, resilience and innovation. Thus, more research into the effect of supply chain diversity on companies' resilience, revenue and profits is also required.

Nonetheless, the case study demonstrates that well-designed PBIs are powerful tools to overcome organizational inertia and ingrained biases in support of women entrepreneurs in supply chain projects, where a business case for diversity is emerging.

ANNEX

BACKGROUND: HONDURAS^{xvi}

Economy and MSME ecosystem

- 48.3% of the population live below the poverty line.
- 96% of firms are microenterprises, defined as <10 employees.
- 3.9% average GDP growth over a 5-year period, with efforts to scale industrialization and diversify exports.

State of women's work and entrepreneurship

- At the national level, 78.4% of women in the labor force are in low productivity activities (agriculture, commerce, and services)
- 46% of women are self-employed.
- 54% of microenterprises have women in manager positions. For SMEs, the percentage is 28%.

Despite strong GDP growth—the second highest in Central America over the past five years—Honduran GDP per capita remains among the lowest in the region, second only to Nicaragua. On the Human Development Index, Honduras remains in the lowest third globally, second lowest only to Haiti in the Latin American & Caribbean region. Since 2009, Honduras has prioritized the development of MSMEs for economic growth and poverty reduction. A 2009 law on MSMEs established them as crucial for job creation, production, and social stability. In 2019, the creation of the National Service for Entrepreneurship and Small Businesses (SENPRENDE) replaced previous MSME bodies to streamline government efforts, enhance financial inclusion, and promote sustainable enterprises. SENPRENDE's objectives include formulating MSME policies, facilitating technical assistance, and improving access to credit. It launched programs to target support for women entrepreneurs, including improving access to credit and supporting childcare services.

A survey of business support actors in Honduras found they perceive women entrepreneurs to be more committed, resilient, reliable with payments, and more inclined to seek training. However, several factors constrain MSMEs' integration into corporate supply chains. These include a lack of tailored financial products, which pushes business owners toward high-interest personal loans, and a lack of collateral, which particularly affects women-owned small and medium enterprises (WSMEs).

Corporate procurement contracts often require formal businesses, but formalization imposes financial and administrative burdens. Entrepreneurs and small businesses also have limited access to business skills training and support technologies, which further exacerbates these challenges. MSMEs also face extortion by criminal groups, with women-owned enterprises being more susceptible. These constraints hinder WSMEs' opportunities in strategic planning, innovation, and scaling production to meet larger corporate demand.

About IDB Invest

IDB Invest, a member of the IDB Group, is a multilateral development bank committed to promoting the economic development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects to achieve financial results and maximize economic, social, and environmental development in the region. With a portfolio of \$14.1 billion in asset management and 325 clients in 25 countries, IDB Invest provides innovative financial solutions and advisory services that meet the needs of its clients in a variety of industries.

About We-Fi

The Women Entrepreneurs Finance Initiative (We-Fi) is a multilateral partnership, housed at the World Bank, that brings together public and private investments with policy reforms to promote women's entrepreneurship globally. We-Fi's partners include 14 donor governments, six multilateral development banks as implementing partners, and numerous stakeholders from the public and private sectors worldwide. As of 2025, We-Fi has helped get more than \$8.9 billion in financing into the hands of women-led businesses, reaching over 600,000 WSMEs in 83 developing countries with financing and non-financial services.

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- i GEM (Global Entrepreneurship Monitor). 2024. Global Entrepreneurship Monitor 2023/24 Women's Entrepreneurship Report. Boston: GEM. <https://www.gemconsortium.org/reports/womens-entrepreneurship>
- ii IFC. March 2025. MSME Finance Gap. Washington, D.C.: World Bank Group. <https://www.smefinanceforum.org/data-sites/msme-finance-gap>
- iii World Bank/Women Entrepreneurs Finance Initiative (WeFi). 2022. Case for Investing in Women Entrepreneurs: WeFi Investment Case. Washington, DC: World Bank (WeFi Secretariat). <https://we-fi.org/case-for-investing-in-women-entrepreneurs/>
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