



Honduras and CCIT



Formalise your Business

This case study is part of research carried out by the ILO's Bureau for Employers' Activities (ACT/EMP) for the production of the 2022 Regional Report "Where do Business Organisations Stand on the Road to Digitalisation? A look at Latin America". The aim of these case studies is to help other employers' and business membership organisations (EBMOs) in their transition towards digitalisation. We would like to thank the ILO's South-South and Triangular Cooperation (SSTC) programme for its support in drafting this document, which will serve as a basis for an exchange of knowledge among EBMOs around the world.

► What is South-South and Triangular Cooperation?

South-South and Triangular Cooperation (SSTC) can be defined as collaboration between two or more developing countries, which frequently have the support of traditional partners, guided by the principles of solidarity and unconditionality, the aim of which is to put into practice inclusive and distributive development models governed by demand. SSTC complements North-South cooperation with joint action to encourage development opportunities. As can be seen from the Sustainable Development Programme 2030, SSTC has become an important means of international cooperation for development and an essential item in the United Nations toolbox.

► What is "Formalise Your Business"?

In 2021, the Tegucigalpa Chamber of Commerce and Industry in Honduras launched the <https://formalizatunegocio.hn/> platform, a digital tool for providing comprehensive support on the journey to enterprise formalisation. The idea stemmed from a regional initiative of the ILO Bureau for Employers' Activities, an entity that provides technical and financial support to this project. Since then, CCIT has managed to engage 678 business units, 168 of which had advanced in their processes to embrace formalisation by August 2022.

"Formalise your Business" is a comprehensive digital project with a virtual learning component



based on the renowned business support methodology “Start and Improve Your Business” (SIYB). With this tool, participants gain insight into their operational situation and gaps in terms of the requirements and information needed to attain formalisation, by using self-assessment tools, group training, and individual advice sessions, all in digital format. The platform also has a simulator of the main costs of the formalisation process, including articles of incorporation and bylaws, registration fees, operating license, and municipal taxes.

Once their participation is over, the aim is to create a business plan and/or improvement plan, as well as to further the formalisation processes, but also to monitor sales increase and job creation as result indicators. To bring this digital project to life, CCIT had the support of the ILO and other local and international allies. Yet, the real key to success lies in the commitment taken on by senior management and staff to promoting the project, getting trained in the methodology, and adapting to the country’s context to schedule evening training sessions and organise introductory sessions and consultancies to tackle digital illiteracy.

► What is CCIT?

CCIT is the Tegucigalpa Chamber of Commerce and Industry in Honduras, established in 1890. With over 4,000 members, it has vast experience in services to enterprises. CCIT has embraced digitalisation and

become the region’s benchmark. The organisation has shown great progress, standardising processes, applying digital tools (for collaboration and customer management), building digital capacities among its employees, and launching digital services and tools for its members.

One of these digital tools at the service of its members and entrepreneurs has been the “Formalise Your Business” platform.

► How Does This Digital Formalisation Programme Work?

“Formalise Your Business” (<https://formalizatune-gocio.hn/>) is a project that seeks to assist business units in their formalisation process. Although it is certainly not rare for EBMOs to support companies in their formalisation, CCIT has innovated by digitalising this support. The process is as follows:

1. The interested, not formalised, business unit starts the process by filling out an online form with basic information about the company, like its name, address, contact person, sector, and a description of the main product or service it offers. The digital status of this business is assessed from this step on, with questions regarding whether it has access to a telephone, computer, and the internet. CCIT also engages interested business units from referrals of previous beneficiaries, as well as through seminars, and the programme’s socialisation events.

2. After the online form is completed, CCIT's team reviews it and holds an interview with the interested party. At that moment, the interested company is invited to go on the platform and complete one general and one legal self-assessment on their status at an operational and a formalisation-process level. Based on this interview and input, a baseline is created, and the decision is made as to whether the business unit is eligible for receiving support. This filter seeks to find out if the owner has the commitment and the time to complete CCIT's comprehensive programme to transition to formalisation, and to help determine the type of support the business requires.

“The programme seeks to engage around 100 business units per group.”

3. After the induction stage, participants from the business units start a comprehensive, virtual support programme. For CCIT, the programme's goal is enterprise formalisation, and to succeed they focus on developing three main areas:

Area 1 Business resilience	Area 2 Improvement of their operations	Area 3 Formalisation
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“In each session, there are about 30 participants accompanied by a formalisation expert and two consultants.”

4. Participants are trained through virtual modules on topics such as procurement, commercialisation, finance, paperwork, among others. They also have access to a digital training platform, which complements the different modules and allows them to learn independently and prepare for the virtual sessions.

5. CCIT support goes even further. Business units are assigned a formalisation expert, who personally carries out individual follow-up meetings with them and adds them to WhatsApp communities

where they can share general and technical issues with the programme. It is worth mentioning that, after the first pilot, CCIT realised the importance of fostering digital literacy among participants.

To do so, the programme also focuses on teaching how to use the different platforms available. There is an introductory session on the digital tools, and certain members are allowed to use printed material at the beginning until they familiarise themselves with the tools.

The “Formalise Your Business” platform enables participants to follow their progress (consultancies, trainings, and self-assessments). In addition, it has a simulator of the formalisation costs. With this simulator, the participating business units can estimate

Logros de Formaliza Tu Negocio – Honduras

El proyecto a agosto 2022 se encuentra en su quinto grupo y ha alcanzado los siguientes logros:

687

business units have participated in the programme > 168 have formalised their initiatives.

65%

of participants are women.

451

entrepreneurs had access to non-refundable seed capital.

168

entrepreneurs have the articles of incorporation and bylaws or corporate agreement of their company.

Figures to August 2022

the cost of formalisation, which includes the cost of the paperwork for the articles of incorporation and bylaws, registration fees, operating license, and municipal taxes. It also provides the detail of the selected obligations, with the respective payment deadlines. CCIT is currently adding the estimated tax burden to the simulator, considering rate variability per locality and type of enterprise.

► The Methodology behind a Well-Implemented Digital Programme

When deciding to launch this project, CCIT realised that they needed to add rigour to the programme and create a comprehensive process leading to success. To this end, they leaned on the famous “Start and Improve Your Business” (SIYB) methodology, which has been developed and improved since 1970 by the ILO and other allies. This methodology is applied at three levels: master trainers, facilitators, and entrepreneurs (end beneficiaries).

CCIT, in partnership with the International Training Centre of the ILO and ACT/EMP, has certified a group of SIYB consultants (51 as of August 2022), who provide direct support to those participating in the “Formalise Your Business” programme using the SIYB methodology as an integral part of the programme’s training curriculum. Furthermore, the figure of the Technical Officer on Enterprise Formalisation is created, whereby, for the first time, CCIT provides business units assistance with the paperwork needed for formalisation.

CCIT follows clear metrics supported by a baseline at the beginning of the process. The programme’s expected outputs are the elaboration of a business plan and/or an improvement plan, and a significant advance in the formalisation process, measuring the programme’s impact through sales indicators, and the creation and maintenance of jobs.



Implementation of the Digital Project – Step by Step

2019

ACT/EMP completed a study on the greatest barriers to transition to formality in Honduras, Guatemala, and El Salvador, and held a workshop on the subject, where the “Formalise Your Business” idea was born, with the intention of piloting it in the three countries. CCIT got inspired and started developing an approach and key steps and created a work and operational plan for defining the project’s road map and methodology.

2020

The platform was developed at the regional level. CCIT was receiving training in SIYB, the methodology chosen for the programme and in which consultants are certified. **2021**, CCIT launched the platform with a pilot of 100 business units.

Five Keys to the Success of “Formalise Your Business”

CCIT has managed to successfully launch this project thanks to the sound bases the organisation has been laying, namely:

- **Strategic Planning:** In 2008, CCIT started a restructuring process, with an emphasis on strategic planning and certain focus areas that enabled them to expand, improve, and create new services.
- **Process Standardisation:** One of the major changes was the understanding, standardisation, and documentation of processes, which led to CCIT’s obtaining the ISO 9001:2015 quality certification.

- **Performance Indicators:** A culture of monitoring and use of performance metrics has been implemented across the organisation, including the “Formalise Your Business” platform.
- **Training Capacities:** CCIT had already finished a process to enhance its remote training capacity, when it acquired a virtual platform with the help of the ILO, where they uploaded SIYB learning materials. Additionally, with their previous teaching experience, they developed modules themselves.
- **Co-creation and socialisation:** a Prior to launching the platform, CCIT embarked on a thorough socialisation and feedback process with potential participants and held long brainstorming meetings with the project’s key actors, such as the ILO.

► How was the Programme Funded?

CTT staff’s hours and dedication are arguably the most critical resource in successfully launching this project. Also, CCIT covered the fees of the subcontracted consultants and the technical officer on business formalisation. ACT/EMP contributed towards the costs of SIYB training for CCIT and the consultants, and the development of the first online platform.

A CCIT has managed to secure cooperation with other collaborators through ACT/EMP, such as USAID and the Pan American Development Foundation

(PADF), to develop the simulator, make changes to the platform, expand the range of self-guided courses as part of the follow-up process, as well as cover the costs of the initial paperwork needed in the formalisation process of the participants.

“The programme is free and the average cost per participant is estimated at USD\$1,600.”

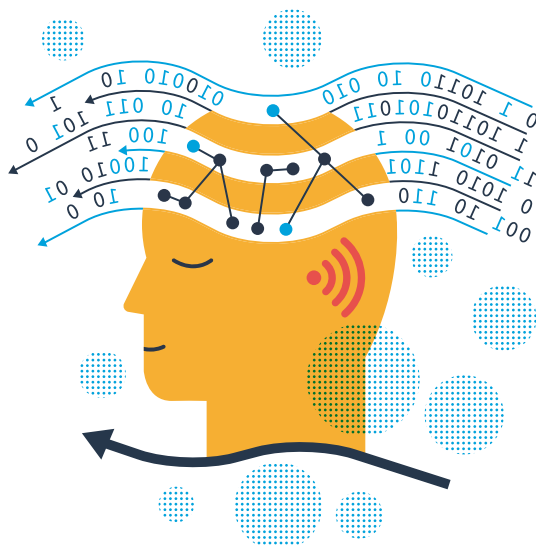
But not everything was easy

CCIT highlights the following obstacles to the project’s implementation, along with their solutions.

- **Labour flexibility** – To reach participants, the EBMO needed to change the way it operated, offering training sessions from 6:00 pm to 9:00 pm. The schedule of individual consultancies is even more flexible.
- **Adapting solutions to the local context** – The platform was based on a regional model, but its development and customisation needed to adapt to the country context and tackle the issue of digital illiteracy.
- **Lack of standardisation** – Of the regulations on formalisation to be presented to be met by participants, especially in terms of taxes, is still an obstacle.

► Finally, the lessons learned from the process

1. Be pedagogical – Interested EBMOs must be able to share their methodology and knowledge, but also to adapt them and add modules. A key to the success of a digital tool is that both users and managing entities can understand and use it.
2. Meet a customer where they are – Pedagogically, operationally, and digitally so that the solution matches the problem.
3. Adapt solutions to the local context – To the capacities of the EBMO and the target population. The solution and methodology must adapt to the context and work within it.



“The entire programme is digital. We seek to break down paradigms, manage change, but without leaving anyone behind, hence the digital literacy component.” –CCIT

4. Be accountable – Certain people within the EBMO must be accountable for the project, even if some tasks involved are subcontracted.
5. Aim at mainstreaming – Other tools and resources that the EBMO possesses that can be applied to the project.
6. Stand out – This tool allows CCIT to stand out and attract new members to the organisation.
7. Systematisation – Structure work methodologies according to the profile of the entrepreneur that runs the business unit.

