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Developing the Honduran Economy Over the Next Ten Years

By: Oscar Alfredo Fernandez

Abstract

This study investigates the developing of the Honduras economy over the next ten years. The research identifies key challenges hindering both national and international investments, focusing on three primary factors: pervasive corruption affecting the separation of powers within the state; complex and inefficient bureaucratic procedures, and high costs in public services coupled with low social investment. To address these issues, the study proposes implementing a legal system that promotes the rule of law, enables government administration to introduce e-governance, fosters an entrepreneurial environment, and implements tax incentives for startups.

Negative Factors

Introduction

Alternatives for developing the Honduran economy over the next decade through the creation and evolution of a **Legal System** are proposed by this work. This Legal System must promote **Rule of Law, combat impunity, encourage entrepreneurship, eliminate bureaucratic inefficiencies and give tax incentives for startups**. Although each country has a unique context, we can leverage comparative law to identify and implement best practices for the Honduran legal system. Additionally, we will conduct a critical analysis of potential reforms to foster entrepreneurship and attract foreign investment.

Key Findings

The Honduran judicial system has been severely affected by corruption over the years (Human Rights Watch, 2023). Affecting the separation of powers creating a negative image of the country and hindering both national and international investment

Figure 1 Source: Contributor, O. (2018, May 8). The "rule of law" is critical to the strength of our democracy. Bangor Daily News



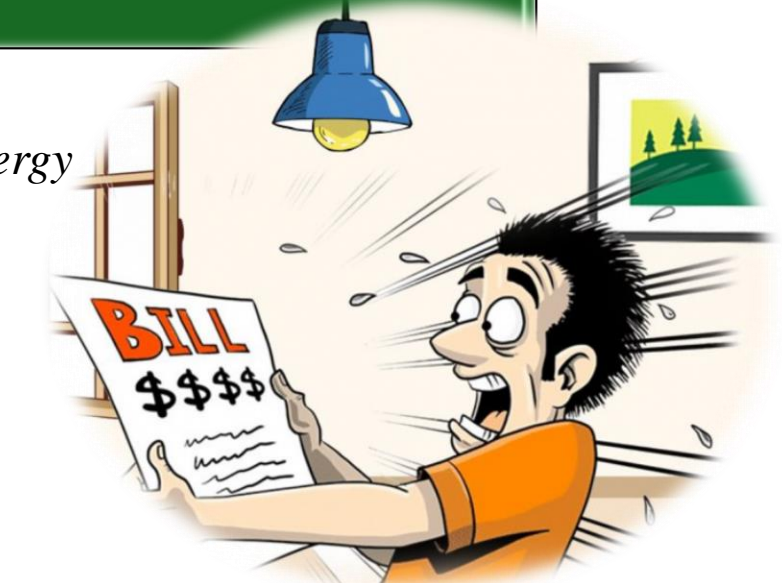
Companies have experienced long waiting periods for regulatory and legislative approvals (Honduras—Market Challenges, 2024, January 25). Opening a company in Honduras requires the physical presence of the investor; otherwise, the investor must delegate authority to a third party through a notarial power. The registration process in the commercial registry and its license can take up to one year.

Figure 2 Bureaucracy / cartoon movement. (n.d.). Retrieved July 30, 2024



Honduras faces a high cost of electricity and low social investment in healthcare and education (Honduras—Market Challenges, 2024, January 25). These factors make the country appear less attractive to international investors

Figure 3 source: How high energy prices stimulate energy efficiency and conservation. (2022, July 9).



Provide startups with two years of tax exemption and create initiatives in Honduran universities, similar to Syracuse University's Blackstone LaunchPad, to promote the development of ideas and business models.

Recommendations

Reestablish an international commission to investigate and combat corruption

Introduce e-government initiatives that allow to open and manage businesses and its licenses online

Conclusion:

To develop the Honduran economy over the next ten years, the Honduran government must:

- Eradicate corruption to strengthen the rule of law.
- Transform the administrative procedures that regulate company formation, offering people worldwide the opportunity to start businesses and obtain the necessary licenses using digital tools and systems.
- Foster an entrepreneurial environment offering tax exemptions to startups and promoting ideas that facilitates wealth generation.

References

