

A Work Project, presented as part of the requirements for the Award of a Master's degree in  
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Women Entrepreneurs in Central America: Sociocultural Barriers in the context of the EU-CA  
AA and the Global Gateway

Patricia García de Mendoza Blázquez - 61823

Work project carried out under the supervision of:

Susana Peralta

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Abstract (100 words maximum)

This thesis examines the barriers faced by women entrepreneurs in Central America focusing on sociocultural norms. Framed within the EU-Central America Association Agreement (EU-CAAA) and the Global Gateway initiative, the study explores how these frameworks address gender inequality and foster inclusive development. Using qualitative analysis based on secondary sources, the research highlights systemic challenges and evaluates the effectiveness of existing initiatives. The findings highlight the need for targeted interventions to bridge gender gaps while offering practical recommendations to enhance EU-led efforts and promote a more equitable entrepreneurial ecosystem.

Keywords: Women entrepreneurs, Central America, European Union, Gender Equality, Barriers to entrepreneurship

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## **Table of Abbreviations**

ACP - African, Caribbean, and Pacific

EIB - European Investment Bank

EU – European Union

EU-CA AA – European Union and Central America Association Agreement

CEDAW - Convention on the Elimination of All Forms of Discrimination Against Women

GAP III - EU's Gender Action Plan III

ILO – International Labour Organization

“I believe that focusing on people and human development is key to prosperity – and essential to reduce inequalities that hamper sustainable development. The partnership between the EU and Latin America and the Caribbean is first and foremost a partnership of and for the people“

**Jutta Urpilainen, EU Commissioner for International Partnerships (Victoria Media, 2023)**

## **CHAPTER 1: Background**

(By Claudio Angelini, Fantine Dayer, and Patricia García de Mendoza Blázquez)

### **1. Introduction**

Women entrepreneurs in Central America face a complex web of economic, sociocultural, and educational barriers that hinder their potential to thrive and contribute to their communities. These challenges are deeply rooted in systemic inequalities and traditional gender norms, creating significant obstacles to their inclusion in entrepreneurial and economic ecosystems. Recognizing the transformative role of women’s empowerment in fostering inclusive development, the European Union (EU) has entered policy frameworks like the EU-Central America Association Agreement (EU-CA AA) and implemented initiatives such as the Global Gateway to enable development. The former, is an agreement based on trade, political dialogue, and cooperation aimed at enhancing economic integration and sustainable development between the EU and Central American countries (European Commission, n.d.a). In turn, the Global Gateway is a strategic initiative launched by the European Union in 2021. It is designed to boost global connectivity by investing in sustainable infrastructure projects in regions such as Africa, Latin America, and Asia. The initiative aims to mobilize up to €300

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billion by 2027 in sectors like digital infrastructure, climate and energy, transport, and health, promoting sustainable and ethical investments (European Commission, 2023a).

Grounded in secondary research, drawing on a diverse range of scholarly articles, case studies, and reports published by international organisations such as the World Bank, the International Labour Organization (ILO), and the European Commission, this thesis seeks to explore the environment in which women entrepreneurs operate in Central America, examine the barriers they encounter, and assess the role of the EU in promoting gender equality through these mechanisms. This approach ensures a comprehensive understanding of systemic barriers from both an academic and policy perspective.

Studying the situation of gender inequalities, and more precisely women entrepreneurs in the context of such agreements is relevant since both the EU-CA AA and the Global Gateway aim to foster economic growth and cooperation but also ought to ensure that progress is inclusive and provides social impact. It is then crucial to examine the role of global trade policies in promoting gender-inclusive initiatives. Given this, this study asks the following: What are the main barriers faced by women entrepreneurs in Central America and how can the EU-CA AA and the Global Gateway help overcome them?

This thesis is organized into four chapters. Chapter 1 introduces the research focus and objectives, while providing an overview of the EU-CA AA and the Global Gateway initiatives, emphasizing their relevance to gender equality and the context of Central American. Chapter 2 explores the sociocultural barriers impacting women entrepreneurs, including entrenched gender norms, machismo, safety concerns, and the lack of role models. Chapter 3 addresses educational barriers, focusing on gaps in skills training, financial and digital literacy, and entrepreneurship mindset. Chapter 4 examines the economic barriers women face, such as limited access to financing, sectoral concentration in lower-margin industries, and inadequate

access to business networks. Finally, the conclusion synthesizes the findings, presents actionable recommendations, and reflects on the implications for fostering gender equality and inclusive development in the region.

## **2. Literature review: gender, trade, and development**

The promotion of trade and economic integration for purposes of development, cooperation, and political dialogue, as it is aimed by the EU-CA AA, has to be backed up by evidence. Scholars explored the role of trade liberalization in fostering development in developing countries and underscored mixed results. The literature also examined the role of international trade in mitigating gender inequalities, both in developed and less-developed countries. The impact and importance of foreign aid transfers on gender inequalities ought to be considered as well. This section will explore the body of evidence related to the impact of trade and foreign aid on the mentioned topics.

### **2.1 Trade as a catalyst for development**

The interconnectivity between trade liberalization and human development is particularly relevant when considering agreements such as the EU-CA AA. Trade liberalization has long been deemed to foster growth, and thus development. Trade liberalization under agreements like the EU-CA AA also aims to stimulate economic growth and support larger competitiveness of national sectors by enabling them to be exposed to international markets (European Commission, n.d.a). Evidence about the effect of trade liberalization on developing countries' development is broad but mixed. The beneficial effects of trade are debated and depend on a multitude of factors such as the level of openness, trade policies, or the barriers to trade. Nevertheless, most studies support the idea that in absolute terms, countries gain from trade on output and growth (Singh, 2010). International trade has often been regarded as a significant

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factor in fostering economic growth, with the potential to contribute to poverty alleviation. However, the distribution of the absolute gains of trade also has to be considered in the context of association agreements, since inequalities can also be used as instruments of competition. Indeed, lower labour costs in less developed areas can attract investments, creating a comparative advantage for those areas while still perpetuating wage inequalities and not giving workers the opportunity to achieve better income and working conditions. In any case, trade liberalization has to be coupled with political stability, infrastructure development, strong institutions, and social policies, among other things, in order to drive sustainable and inclusive economic growth.

### **2.2 Gendered impact of trade liberalization**

Trade liberalization tends to drive countries to higher economic growth that can in turn be beneficial to invest in human development, social welfare, innovation, and other aspects. The direct effect of trade liberalization on gender inequalities is also rather uncertain. Some new theories of trade liberalization argue that increasing trade in a country has gender-equalizing effects in some areas, especially when it comes to wage gaps (Çağatay, 2005). It is argued that trade overall improves women's economic position relative to men. In the same sense, trade development contributes to creating more employment opportunities for women and therefore decreases gender discrimination in the labour market. Those effects are proven to be more salient in the global South (Çağatay, 2005). Aguayo-Tellez (2012) reviews extensively the literature on the impact of trade expansion on gender inequalities. On the one hand, the main body of evidence suggests that there is a positive impact on employed women while there is a negative effect on the wages of unskilled women. This effect is however very country-dependent. On the other hand, a large body of evidence argues that trade liberalization increases wage inequality in general, both in developing and developed countries, without specifying

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how the inequality is distributed among genders (Aguayo-Tellez, 2012). All in all, it is complex to claim that trade expansion benefited women since countries react in very distinct ways to liberalization and the effect on gender is difficult to isolate from other variables.

When it comes to the impact of international trade on women entrepreneurs in general, a gap can also be identified. Namely, evidence shows that men-led firms have twice as much chance to sell products or services in foreign markets as women-led firms (Korinek & van Lieshout, 2023). A portion of the gap can be explained by the fact that women entrepreneurs tend to own firms in the service sector, but the greatest part of the gap is due to other obstacles faced by women such as lack of access to finance or significant trade restrictions in the service sector (Korinek & van Lieshout, 2023).

The situation of women entrepreneurs in Latin America specifically is also worth exploring in more detail. Most women-owned businesses in the region are operating in the service sector, and evidence of the impact of those businesses on economic growth is uncertain due to the difficulty of isolating the effects from other factors (Weeks & Seiler, 2001). Although support for women's entrepreneurial initiatives has shown to have a substantial positive effect on economic growth in industrialized countries, very little has been tested in Latin America (Weeks & Seiler, 2001). Scholars nevertheless stress the potential of women entrepreneurs for the economic growth of the region, but most recognize a lack of access to financing resources as a major obstacle (De Vita, Mari, & Poggesi, 2014). Most studies about the impact of women-owned businesses in Latin America are focusing on Southern American countries, especially Brazil or Colombia. Specific evidence on Central American countries or on the region as a whole is still lacking.

## **2.3 Impact of foreign aid on gender inequalities and women entrepreneurs**

Development initiatives and foreign aid transfers are deemed to reduce poverty and contribute to increasing human development. However, evidence in that direction is lacking. Aguayo-Tellez (2012) found that foreign direct investment tends to increase wage inequalities in developing countries. In the same vein, Pickbourn & Ndikumana (2016) found no evidence of a change in gender equality indicators after an increase in the amount of foreign aid. Olivie (2022) studied foreign aid effects in Senegal and concluded that it has no positive impact if it is not coupled with political willingness to support gendered policies and strong involvement from local actors. Kyander (2019) found that foreign aid specifically targeted at gender equality purposes had a positive impact, especially on women's school enrollment rates and the share of women in politics, on a greater sample of Sub-Saharan African countries. Berlin, Bonnier, & Olofsgård (2024) looked at the case of Malawi and concluded that gender-targeted foreign aid transfers had a positive impact on women, especially when it comes to fertility preferences and gender-based violence.

Those recent studies contribute further to the extensive body of evidence about the effects of foreign aid and further emphasise the need for targeted foreign aid transfers, specifically aimed at policy areas where women are disadvantaged. Specific evidence on the effect of foreign aid on Central American countries is lacking, but findings from the above-mentioned studies could also be applicable to other developing countries, including those in Central America.

## **3. Methodology and context of the present project**

The technical assistance of the EU-CA AA contract was awarded to Niras, an international development consulting company working in trade facilitation, green development, and gender equality matters. Initially, the project of this thesis was established as a collaboration between

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our group of Master's students and Niras with the aim to thoroughly examine the obstacles that Central American women business owners have to overcome. Namely, the Terms of Reference for Niras' assistance focused among other things on empowering women and promoting gender equality, with an emphasis on women entrepreneurs. For this reason, the initial objective of this thesis was to access specific data provided by the company in order to suggest policies and actions to be implemented in the context of the contract with the EU<sup>1</sup>.

As a result of the difficulties in accessing the specific data, the present analysis will only focus on secondary data that we independently identified and previous evidence from the literature. The methodology of this research will be qualitative, focusing on a comprehensive analysis of the challenges and opportunities faced by women entrepreneurs in the Central American countries under the framework of the EU-CA AA and the Global Gateway initiative. The research will employ secondary sources including academic articles, books, journals, and official reports from international organisations such as the World Bank, ILO, and European Commission, complemented by a contextual examination of relevant policy frameworks.

To proceed, it was first necessary to identify the obstacles faced by women entrepreneurs. Various sources and studies classify the latter and the resulting categories are very consistent across different frameworks. The obstacles chosen for further analysis in the following chapters of this thesis – sociocultural norms, access to skills and trainings, and access to finance – are consistently highlighted in classifications by scholars and international organisations (Eastwood, 2004; OECD, 2017; Wu, Li, & Zhang, 2019).

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<sup>1</sup> Due to unforeseen circumstances, including the departure of our contact person at the company in the premises of the scoping of the thesis and despite our efforts to maintain communication, the required data was ultimately not provided, which hindered our ability to carry out the analysis as originally planned

## **4. EU development policy and a global landscape**

The EU maintains a leading position in international trade, with a 14.9% share of global trade in 2021, it is one of the world's largest economic powers, surpassed only by China and the United States (WTO, 2021). The EU has signed over 40 trade agreements with countries and regions worldwide, reaffirming its commitment to free trade and sustainable development (Council of the European Union, n.d.).

### **4.1 EU-CAAA and Global Gateway: a comparative context**

In April 2024, the European Council decided to ratify the EU-CAAA, twelve years after both parties signed the agreement (European Parliamentary Research Service, 2024). Based on three pillars – cooperation, political dialogue, and trade – it aims to form a collaborative partnership of initiatives between parties. The EU-CAAA is also based on human development components and aims for social initiatives to promote inclusive development and reduce inequalities, among others gender inequalities.

The Global Gateway in turn, includes promoting sustainable development worldwide, strengthening the EU's presence as a global actor, and expanding infrastructure in partner countries to foster economic growth and enhance the resilience of global supply chains. The initiative seeks to create fair partnerships with developing countries, setting itself apart from other economic powers by emphasizing sustainability and respect for human rights (European Commission, 2021a).

However, the Global Gateway faces several challenges, the most significant being competition with China. Through its Belt and Road Initiative — a massive infrastructure project aimed at connecting the world — China has already established a strong presence in many target countries. Unlike the Global Gateway, China often provides investments without imposing

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strict conditions related to human rights or environmental standards, giving it a competitive advantage in securing partnerships (Council on Foreign Relations, 2020). Another significant challenge is the scale and coordination of investments: mobilizing €300 billion in sustainable investments across various sectors requires close collaboration between EU member states, private investors, and financial institutions such as the European Investment Bank (EIB) (European Investment Bank, 2021). Additionally, operating in regions with political and economic instability, such as parts of Africa and Latin America, presents operational difficulties and risks that can hinder the success of projects (OECD, 2020).

A defining feature of the Global Gateway is the emphasis on conditionality for investments. Conditionality ensures that EU-supported projects promote social welfare and protect the environment, aligning with the goals of the European Green Deal — aimed at accelerating the transition to climate neutrality — and international frameworks such as the Paris Agreement on climate change. However, while conditionality maintains high ethical standards, it can make EU investments less attractive to some developing countries that may prefer immediate, less conditional funding, such as the one offered by China (Council on Foreign Relations, 2020). On the other hand, the conditionality tied to EU investments also prioritizes gender equality and inclusive growth, particularly through initiatives like the Gender Action Plan III (GAP III), which promotes the participation of women in the global economy (European Commission, 2021a; European Commission, n.d.b).

### **4.2 Gender equality provisions in the EU-CA AA**

As mentioned in the previous section, the EU aims to promote inclusive development, which is exemplified in the many provisions that the EU-CA AA has addressing gender equality (European Union, 2023). For instance, Article 13.2 emphasises equal opportunities and gender equality, while Article 24.2(b) aims to strengthen democratic institutions, good governance, the

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rule of law, and non-discrimination, including gender equality. Then, Article 25(e) ensures that cooperation considers cross-cutting issues such as democracy, human rights, good governance, indigenous peoples, gender, environment, and regional integration. Article 41.2(h) focuses on developing strategies to combat xenophobia and discrimination based on gender, race, belief, or ethnicity. Moreover, Article 46 addresses vulnerable groups by promoting human development, reducing poverty, and combating social exclusion, with particular focus on women. Furthermore, Article 47 is dedicated to enhancing equal participation and opportunities for men and women across all sectors, integrating gender perspectives into public policies, ensuring equal access to services and resources, and addressing violence against women. Finally, Article 72.4 ensures that particular attention is given to the gender dimension, reinforcing the commitment to gender considerations within the agreement's framework.

Collectively, these provisions demonstrate the EU-CA AA's dedication to promoting gender equality, fostering inclusive and equitable development between the EU and Central America. This agreement aligns with previous and successful initiatives by the EU with other regions such as “the Cotonou Agreement,” signed in 2000 between the EU and the African, Caribbean, and Pacific (ACP) states and aimed at promoting inclusive sustainable development and poverty reduction in the region taking into account under-represented collectives like women (European Commission, 2021b).

### **4.3 Initiatives by the EU aimed at promoting gender equality**

Expanding on these efforts, the EU has already launched several initiatives to empower women entrepreneurs and promote gender equality across various sectors (European Commission, 2023b). For example, the InvestEU Programme set gender targets for financial intermediaries to enhance funding for diverse ventures, complemented by platforms like WEgate, which connect women entrepreneurs to networks and mentors (ibid.). Additionally, the Commission

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funded an initiative called "better incubation" that aimed to raise awareness among business incubators mindful of women and other under-represented groups in entrepreneurship (ibid.). Together, these efforts signify a comprehensive approach to reducing barriers and advancing women's roles in entrepreneurship and innovation. Supporting changes to the business environment for female entrepreneurs can make them feel more capable and empowered to pursue this type of journey.

Furthermore, another important initiative is the previously mentioned EU's GAP III for 2021–2025, which provides a comprehensive framework to accelerate progress on gender equality and women's empowerment globally (European Commission, 2020). GAP III establishes five pillars of action: (1) ensuring 85% of external actions contribute to gender equality by 2025 and integrating gender perspectives across all sectors; (2) fostering strategic cooperation with Member States and stakeholders at all levels; (3) prioritizing key areas such as combating gender-based violence, economic and political empowerment, healthcare access, and leadership; (4) leading by example with gender-balanced leadership in EU institutions; and (5) implementing a robust monitoring system for transparency and accountability (ibid.).

This plan emphasises structural change, adopting an intersectional approach to address multiple dimensions of discrimination (European Commission, 2020). It actively engages men and boys to challenge stereotypes and promotes gender equality in new policy areas like the green transition and digital transformation (ibid.). By challenging gender norms, promoting leadership, and fostering collaboration with local stakeholders, these initiatives can address barriers that limit women's roles in business. However, persistent challenges in Central America such as sociocultural, economic or educational barriers can stop the full realization of these initiatives, emphasizing the importance of ongoing commitment and accountability.

## **5. Context about the partner region**

The EU-CAAA was an idea to foster collaboration between the European Union and six Central American countries: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama (European Union, 2023). In the context of Central America, women entrepreneurs have a potential for growth but lack the sufficient level of knowledge and financial inclusivity and are still often slowed down by sociocultural norms.

Significant gender disparities in borrowing for businesses in Central America are highlighted in the Women, Business and the Law report published in 2017 by the World Bank (The World Bank, 2017). While Nicaragua shows a different trend, with women borrowing at a higher rate than men, other countries have lower borrowing rates, with Costa Rica and Panama showing considerable gender gaps (respectively 1.6% and 2.4% differences). Financial institutions often exhibit bias in lending practices, requiring collateral or credit histories that women are less likely to have due to historical inequities. Economic barriers such as wage gaps, limited access to capital, and higher rates of informal employment further restrict women's ability to qualify for and secure loans.

Gender disparities in education levels also significantly impact women entrepreneurs in Central America. According to the World Economic Forum's 2023 Gender Gap Report (World Economic Forum, 2023), women in the region have lower rates of access to vocational and technical training programs, which are essential to acquire skills in order to run a business sustainably. This educational gap contributes to limiting women's ability to compete in the business sector, especially in comparison to their male counterparts.

Furthermore, social gender norms and preconceptions regarding the types of jobs that are seen suitable for men and women can also be influenced by cultural beliefs (Shinnar, Giacomini &

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Janssen, 2012). Indeed, stereotypes about gender roles cause employment to be classified as either mostly feminine or masculine (Heilman, 1983). For instance, entrepreneurship has historically been a field dominated by men (Ahl, 2006). As an example, in Latin America, cultural norms rooted in traditional family values typically place women in charge of household responsibilities, while men engage in business activities including entrepreneurship (ILO, 2017; Shinnar, Giacomini, & Janssen, 2012; Hofstede & Hofstede, 2005). Most women entrepreneurs in the region are between the ages of 35 and 44, where part of them are already mothers or even grandmothers (Elam et al., 2019 cited in Ruiz-Martínez, Kuschel & Pastor, 2021).

These examples point to a combination of barriers that affect women when they want to engage in entrepreneurial activities. From economic barriers like limited access to capital, to educational gaps exacerbating these challenges where many women are lacking formal education. Furthermore, social and cultural norms also play a critical role. Women may face pressure to prioritize caregiving over entrepreneurship or encounter skepticism about their ability to succeed in business. These dynamics compound existing barriers, reinforcing gender inequalities in access to financing, and discouraging women who have thought about starting their own business.

These trends demonstrate that promoting entrepreneurship in Central America requires more than generic policies. Comprehensive strategies are needed to address the intertwined economic, social, and educational barriers women face. For this reason, the following chapters will analyse these barriers in depth to identify strategies for encouraging and empowering women to pursue entrepreneurship in Central America.

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## **CHAPTER 2: Sociocultural barriers**

### **1. Introduction**

This chapter explores the challenges and opportunities faced by women entrepreneurs in Central America, with a primary focus on the sociocultural barriers deeply embedded in the region's traditions and societal norms. It examines how gender roles, the influence of machismo, the lack of female role models, and the prevalence of violence perpetuate inequalities and restrict women's opportunities. The chapter further discusses international frameworks, including the EU-CA AA and the Global Gateway but also transformative initiatives like Vital Voices and Empretec, which aim to address cultural challenges and support women in overcoming systemic obstacles. By analyzing real-world examples, this chapter ultimately underscores the urgent need for societal shifts and actionable strategies to promote gender equality and empower women entrepreneurs, paving the way for inclusive development in the region.

### **2. Contextual information on sociocultural barriers**

For a shared understanding of the terms used in this chapter, sociocultural barriers are broadly defined as a collection of values, norms, roles, language, symbols, conventions, moral and religious beliefs, taboos, perceptions, and preferences that individuals acquire as members of society (Giddens, 2006, pp. 1034–1036; Prinz, 2011 cited in Savolainen, 2016). These barriers significantly impede women's entrepreneurial activities, particularly in accessing credit (Petry, 2021). For instance, they often manifest as reluctance to engage with financial institutions, unfamiliarity with the credit application process, uncertainty about project plans, limited

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interactions with financial entities, and inadequate familial support during credit applications (ibid.). This example illustrates how entrenched societal norms, and structural inequities intersect to limit women's economic opportunities and entrepreneurial agency.

This section explores the different sociocultural factors that influence and often affect the progress of women entrepreneurs in Central America. By examining these barriers, the discussion highlights the systemic nature of gender inequality and underscores the urgent need for cultural shifts, comprehensive policies, and empowered representation to foster a more inclusive environment for women in the region.

### **2.1. Gender norms and stereotypes**

Society's traditional views of gender roles, where leadership is seen as a "man's job," combined with the prevalence of male-dominated workplace cultures, create significant barriers for women seeking to become entrepreneurs (ILO, 2017; Wu, Li, & Zhang, 2019). Examples of these obstacles faced by women are biases rooted in outdated beliefs about gender roles, such as the idea that "a woman's place is in the home," which continues to slow down progress toward gender equality (ILO, 2017; Shinnar, Giacomini, & Janssen, 2012; Hofstede & Hofstede, 2005). Many still view women's primary role as that of wife, mother, and homemaker (ILO, 2017). Since business is frequently seen as a male domain, many societies do not view women's commercial endeavours as serious and this can limit their access to resources and support needed for success (Carranza, Dhakal, & Love, 2018; Shinnar, Giacomini, & Janssen, 2012).

Currently, employers are increasingly supporting both men and women in balancing work and family life (ILO, 2017). However, concerns about hiring and promoting women persist, driven by assumptions that they may prioritize family over work, making training and development investments appear riskier (ibid.). This is compounded by societal expectations that women bear the majority of family responsibilities, leaving them with less time and flexibility to focus

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on their careers, which are often perceived as secondary or supplementary to their domestic roles (ILO, 2017; Hofstede & Hofstede, 2005; Terjesen & Amorós, 2010).

Yet, these assumptions do not account for the diversity of women's life choices since many may not marry or have children, and those who do often continue to excel in their careers and take on leadership roles (ILO, 2017). Moreover, evolving attitudes among younger generations are challenging traditional norms, with more men expressing a growing desire to spend more time with their families and assume greater domestic responsibilities (ibid.).

Additionally, a recently coined term of growing popularity is “mumpreneurs,” referring to women who start their own businesses to balance work with caring for young children (Duberley & Carrigan, 2012; Welter, Brush, & de Bruin, 2014). Some women find that being a mumpreneur fills "a stop gap with status," enabling them to be a good mother while also being economically relevant in a more respectable career than other part-time job would grant (Duberley & Carrigan, 2012). For other women, it gives them the opportunity to shift course, but only in a small, low-risk manner that they can broaden if and when they so desire (ibid.). In this case, “mumpreneurs,” can be considered a very important term since it means that women are defying traditional gender roles and taking entrepreneurial paths.

### **2.2. Machismo and patriarchy**

The Latino cultural background is one of the contextual elements that most significantly influences the performance of female entrepreneurs (Ruiz-Martínez, Kuschel & Pastor, 2021). One prominent concept influencing this dynamic is machismo, a term widely recognized in Latin America to describe deeply ingrained sexism and gender bias. Like toxic masculinity, machismo is the collection of values and attitudes that uphold the perception that men are better than women (de la Morera, 2020). Men take on a strong role in society, where they are expected to protect the vulnerable, typically by controlling women, and may not display any weakness

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(ibid.). The culture of male dominance, or machismo culture, makes violence more acceptable and gives males the confidence to use violence when they choose to (Tsapalas et al. 2021). As a result of this, women have been forced to play more submissive positions in society (de la Morera, 2020). In fact, machismo also describes how still many people believe that men should oversee corporate organisations (ILO, 2017).

### **2.3. Violence and safety concerns**

Gender violence in Central America is a persistent challenge that affects by restricting the civil liberties and the physical integrity of many girls. These, deal with violence daily including cases of femicide and sexual exploitation, which significantly contribute to higher school dropout rates in the region (Zea, 2023). On average, only 70% of teenage girls in the region finish upper secondary school, a percentage which in some nations is as low as 25% (ibid.) (educational barriers are further explained in Chapter 3).

Moreover, specific examples within Latin America indicate additional deep-rooted safety concerns for women. In 2018, 7.2% of women aged 15 to 49 in Costa Rica and 7.3% of women in Guatemala reported experiencing physical and/or sexual violence from a current or former intimate partner within the previous 12 months (UN Women, 2021; UN Women, 2024). Additionally, also in Guatemala, 29.5% of women between the ages of 20 and 24 were married or in a partnership before the age of 18 (UN Women, 2024). In El Salvador, an average of 23.398 incidences of gender-based violence were recorded between 2019 and 2022 (UNFPA, 2024). In Panama, many incidents of domestic violence surged during the COVID-19 lockdown, which is reflected by a 50% increase in calls to domestic violence hotlines (The World Bank, 2022). Finally, in Nicaragua, the adolescent birth rate (meaning women aged 15 to 19) has increased from 4.52 per 1,000 in 2021 to 79.4 per 1,000 in 2022 (UN Women, 2022).

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These examples illustrate the pervasive nature of gender-based violence and safety concerns across Latin America, highlighting the systemic and cultural barriers that women and girls face daily. Such conditions not only violate their basic rights but also perpetuate cycles of inequality, limiting their access to education, economic opportunities, and personal development while reinforcing the need for urgent and targeted interventions.

### **2.4. Lack of role models**

There is a significant lack of role models and leadership training for women, which places a disproportionate burden on them and limits their opportunities for advancement. Working mothers often lack family support, as men continue to dominate executive roles despite women's qualifications and education (ILO, 2017). Role models play a critical role in breaking these barriers, especially in traditionally male-dominated fields, by showcasing what women can achieve and inspiring others. Essentially, women must see successful female entrepreneurs in order to participate in a multiplier effect that will help to close the gender gap (Rocha & Praag, 2020). For instance, Mayra González became Nissan Motors Mexico's first female CEO in 2016, emphasizing the importance of companies creating opportunities for women to aspire to leadership positions (La Prensa, 2016). Such examples can motivate young girls to pursue entrepreneurial and leadership roles.

## **3. EU & other initiatives aimed at tackling sociocultural barriers in Latin America**

Given the persistent sociocultural barriers and systemic challenges faced by women in Latin America, various initiatives have emerged to address these issues and promote gender equality. These programs, led by international organisations, governments, and private entities, aim to

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empower women by tackling structural inequalities, fostering leadership, and creating opportunities for growth. The following section examines prominent efforts, including the EU-CA AA, the Global Gateway initiative, and other targeted programs, that seek to break down these barriers and support women entrepreneurs in the region.

### **3.1 The EU-CA AA and the Global Gateway – Two prominent initiatives**

As mentioned in the previous chapter, a notable international framework worth examining is the EU-CA AA, which emphasises democracy, human rights, and the rule of law, with gender equality as a core principle (European Union, 2024). By fostering political dialogue, the EU and Central American countries commit to addressing issues of discrimination and gender-based violence. Moreover, the cooperation pillar promotes inclusive, sustainable development to benefit all segments of society, aims to overcome sociocultural barriers and enhance gender equality (ibid.). Finally, the trade component of the agreement commits to labour standards, including non-discrimination and equal remuneration, creating economic opportunities for women and reducing gender disparities in the labour market (ibid.).

The EU-CA AA includes a number of articles that are concerned with gender equality provisions (European Union, 2023), with Articles 46 and 47 being particularly relevant in addressing sociocultural barriers and promoting gender equality (ibid.). Article 46 focuses on vulnerable groups, emphasizing reduction of poverty and social exclusion, while placing special attention to women (ibid.). By targeting poverty and exclusion, it lays the foundation for reducing the systemic barriers that hinder women's participation in social, economic, and political life (ibid.). Article 46 encourages the creation of an environment that empowers women to contribute both in leadership and decision-making roles (ibid.). At the same time, Article 47 explicitly calls for equal participation and opportunities for men and women across

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all sectors (ibid.). It asks for the integration of gender perspectives into public policies, to ensure that both have equal access to services and resources (ibid.).

Overall, the EU-CAAA aims to provide a comprehensive approach to overcoming sociocultural barriers by addressing both immediate challenges faced by women, such as violence and exclusion, and long-term systemic issues, like unequal access to resources and opportunities. While their implementation in Central America has the potential to foster transformative changes, empowering women and encouraging their active participation in societal development, significant gaps remain. Persistent societal norms, limited enforcement, and structural inequalities continue to hinder the full realization of these goals, underscoring the need for sustained efforts and accountability.

Building on these efforts, the Global Gateway initiative represents another key strategy aimed at addressing systemic inequalities and fostering gender equality. The Global Gateway initiative's objective is investing in sustainable and high-quality infrastructure projects globally, which is directly correlated with the objectives of the EU-CAAA (European Commission, 2023). Firstly, a key part of this initiative is to improve access to essential services and economic opportunities for marginalized groups, including women, coordinating with the EU-CAAA's commitment to gender equality and the elimination of discrimination. This aligns with the EU's goal of 85% of all external actions to support gender equality, including through the Global Gateway strategy (European Commission, 2024). Secondly, the initiative supports gender-focused programs by directing resources to tackle issues such as gender-based violence and women's empowerment, addressing the sociocultural barriers that prevent women from fully participating in society. This is clearly demonstrated through the increase of EU funding in external action for gender equality and women's empowerment from €9 billion in 2021 to €13 billion in 2022 (European Commission, 2024).

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While international initiatives provide a framework for addressing gender inequalities, understanding the broader trends and persistent disparities in women's business ownership is essential. Examining these patterns sheds light on the progress made and the challenges that remain in fostering inclusive economic opportunities for women.

### **3.2 Other initiatives aimed at reducing barriers**

This section highlights further initiatives that can reduce barriers and could be adopted by governments to support women entrepreneurs. These demonstrate how existing efforts effectively tackle the specific challenges faced by women.

#### **3.2.1 Vital Voices Global Partnership**

For over 25 years, Vital Voices Global Partnership has invested in women leaders worldwide, supporting over 20,000 women across 185 countries (Vital Voices Global Partnership, 2024). Their global influence is exemplified by the \$2,586,982 in grants awarded in 2020, benefiting 1,653,782 people through direct services, resources, and products (ibid.). By providing long-term investments in skills, connections, and visibility, they have helped women achieve roles such as Nobel Peace Prize Laureates, prime ministers, and social entrepreneurs (ibid.). In Central America, they are established in countries like Honduras, Guatemala, Costa Rica, El Salvador, Panama, and Nicaragua, fostering leadership and amplifying impact across the region (ibid.).

This initiative aligns with the previous discussion in Section 2.4, about the lack of role models and leadership opportunities for women. These examples can inspire young girls to aspire to entrepreneurial and leadership roles. Indeed, they serve as a real-world example of how targeted investments can enable women to break through traditional barriers and contribute to their communities.

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### 3.2.2 Empretec - Women's Entrepreneurship Program

UNCTAD's Empretec Programme, established in 1988, aims to help women, particularly in developing countries, achieve their full potential in capacity building, skill development, and business transformation (United Nations, 2022). To date, the program has trained over 500,000 individuals globally through 14,000 entrepreneurship workshops and reached 1 million people through awareness campaigns (ibid.).

Additionally, the Women in Business Award, part of Empretec, honours exceptional women who defy challenges and gender stereotypes. Over seven editions, it has celebrated 72 champions from 31 countries, with many calling the recognition life-changing (United Nations, 2022). Their stories break with some sociocultural barriers such as challenging gender stereotypes and providing inspiration for women and girls seeking role models, showing that with perseverance and the right support, women can drive change and achieve their dreams.

For instance, Melissa De León, the owner of Sol Kitchen food venture, earned the Award in 2012 for her entrepreneurial achievements (United Nations, 2022). She credits Empretec for helping her gain direction and achieve success (ibid.). Melissa was featured during the launch of Panama's Ministry of Micro, Small, and Medium-sized Enterprises' new entrepreneurship centre, highlighting her inspiring journey (ibid.). Additionally, she actively mentors young women entrepreneurs as part of the mentor group in the City of Knowledge in Panama, sharing her experience and expertise to empower the next generation of leaders (ibid.).

Another example would be the one of María Carlota Guevara, the owner of TOKA CasaVerde in El Salvador, which promotes sustainable green spaces (United Nations, 2022). In 2012, she was recognized as one of the top 10 finalists for the Empretec Women in Business Awards for her innovative work (ibid.). Reflecting on her journey, María considers that the training went beyond business techniques, focusing on human qualities that provided greater leverage for her

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business (ibid.). Today, TOKA CasaVerde is certified by the El Salvador Ministry of Environment and conducts training and environmental awareness seminars, further solidifying its impact on sustainability and education in the region (ibid.).

This program demonstrates that practical, skill-based interventions can significantly empower women entrepreneurs. These women inspire others and mentor the next generation, amplifying their impact across thousands of lives. For young girls in Central America, seeing women from their own countries succeed serves as a powerful reminder that achieving similar success is both attainable and within their reach.

## **4. Challenges for women entrepreneurs in Central America**

### **– Status quo assessment & social context**

Despite global efforts and the establishment of legal frameworks to promote gender equality, women entrepreneurs in Central America continue to face significant challenges rooted in local sociocultural, political, educational, and economic contexts. Indeed, the unique sociocultural and institutional characteristics of each country play a major part in determining women's access to the entrepreneurial path and the success of their businesses (De Vita, Mari, & Poggesi, 2014). Persistent disparities in business ownership, access to resources, and enforcement of legal protections reveal the structural barriers that hinder progress. These obstacles are further exacerbated by deeply ingrained societal norms, gender-based violence, and unequal opportunities, which collectively perpetuate inequality. This section examines the interplay of these contextual factors, emphasizing the need for targeted strategies to address the unique challenges faced by women entrepreneurs in the region.

### **4.1 Labour trends and disparities in women's business ownership**

According to ILO, the proportion of women among all employers globally increased from 17.3% in 1991 to over 22% in 2018, reflecting consistent growth in women-owned businesses across micro, small, medium, and large enterprises (ILO, 2019). North America led the way with an increase from 26.5% to 33.7% (ibid.). Asia and the Pacific followed, rising from 15.4% to 20.2%, while Latin America and the Caribbean increased from 13.9% to 24.5% during the same period (ibid.)

Within Latin America, notable disparities and trends highlight the progress and challenges faced by women entrepreneurs. In Costa Rica, women account for 22.3% of business owners, compared to 29% in El Salvador and 22.4% in Panama (ILO, 2019). Despite having an average of 11.2 years of education - 1.5 years more than men - women in Costa Rica tend to earn lower hourly wages, which can be attributed to working fewer hours and having less experience (ibid.) Moreover, female-owned businesses in Costa Rica typically employ an average of 3.3 people, while male-owned businesses employ 3.5 (ibid.). At the same time, male-run businesses in the same country have been operating for an average of 4.1 years longer (ibid.).

The above analysis highlights persistent gender gaps in business longevity and scale, indicating that, despite visible growth and well-intentioned international programs, such as those analysed in previous sections, gender inequality remains pervasive.

### **4.2 Legal framework for gender equality in Central America**

Building on the analysis of gender disparities and sociocultural challenges, it is essential to examine the legal protections and international commitments in Central America that aim to address these issues and promote gender equality. Over the past two decades, Honduras, Nicaragua, and Panama have included gender discrimination protections in their constitutions,

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while Costa Rica, El Salvador, Honduras, Nicaragua, and Panama have enacted laws to promote gender equality. In all six countries, men and women are granted equal rights and responsibilities within the family, including parental authority (The World Bank, 2018).

Each Central American country has signed key international agreements on gender equality, including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Belém do Pará Convention, the first international agreement with legal force that makes all types of violence against women illegal (ibid.). Then, Panama, Honduras, El Salvador, and Costa Rica also support the Beijing Platform for Action, which flagged 12 key areas requiring urgent action to promote equality and opportunities for all genders (ibid.). Moreover, Panama and El Salvador endorse the Quito Consensus, in which governments implemented measures to address gender discrimination in politics, employment, education, health, and the economy (ibid.). The same countries also endorse the Brasilia Consensus, in which leaders pledged to improve women's access to technology, health, and rights while promoting equitable media and global gender equality efforts (ibid.). All six countries have laws promoting gender equality in employment, including paid maternity leave, childcare support, and protections against dismissing pregnant workers (ibid.). Maternity leave, fully paid, ranges from 12 weeks in most countries to 14 weeks in Panama and 16 weeks in Costa Rica (ibid.). Except in Costa Rica, mothers are guaranteed a comparable job post-leave (ibid.). Paternity leave is limited to just a few days in El Salvador, Guatemala, and Nicaragua (ibid.).

Moreover, some Central American countries have established legal frameworks to reduce discrimination. For example, El Salvador has the *Comprehensive Special Law for a Life Free of Violence for Women*, established in 2011 and aims to protect women from violence, providing legal recourse and resources for victims, which indirectly supports women's ability to engage safely in business (United Nations High Commissioner for Refugees, 2015). Then, Guatemala

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has the *Law Against Femicide and Other Forms of Violence Against Women*, established in 2008, addressing violence prevention and seeking to create a safer environment for women in both personal and professional spaces (The Advocates for Human Rights, 2017). Finally, Honduras has the *Law on Equality of Opportunity for Women* from 2000 providing a framework for gender equality in various sectors, including labour. This law aims to ensure women have equal access to employment and entrepreneurial opportunities (Freidenberg, 2019).

While these legal frameworks and international commitments represent significant progress in addressing gender inequality, their practical impact is often hindered by inconsistent enforcement and deeply entrenched societal norms. Despite the adoption of over 70% of the necessary legal frameworks for women's rights in the region, these rights remain largely unfulfilled in practice (Zea, 2023). This disconnect highlights a critical gap between policy and implementation, where cultural attitudes, institutional resistance, and a lack of accountability undermine the realization of these protections. Without addressing these systemic challenges, the full potential of these legal commitments to promote gender equality cannot be realized.

### **4.3 Contextual factors affecting women entrepreneurs in Central America**

Women entrepreneurs in Central America face significant challenges that persist despite global and regional efforts to promote gender equality. These challenges are deeply rooted in sociocultural, political, and economic factors that shape the local context and create systemic barriers. Sociocultural norms, influenced by the region's history and traditions, perpetuate structural inequalities that limit women's ability to participate in and thrive within the entrepreneurial landscape (The World Bank, 2021). Companies often lack the influence to address these broader systemic issues, further complicating efforts to support women entrepreneurs (Kuzilwa, 2005).

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Legal frameworks designed to promote equality are often undermined by discriminatory practices, unconscious biases, and institutional resistance, as discussed in Section 4.2. While laws may formally guarantee equality, their enforcement remains inconsistent, limiting their practical impact. This gap between policy and practice exacerbates the obstacles women face, particularly in a context where traditional gender roles and expectations dominate.

As discussed in Section 2.1, women are often expected to prioritize domestic responsibilities over professional ambitions, reinforcing stereotypes that undermine their entrepreneurial potential. These norms not only restrict opportunities for women but also sustain cycles of inequality. Moreover, as outlined in Section 2.3, gender-based violence, including femicide, sexual harassment, and domestic abuse, adds another layer of complexity. Its pervasive nature affects women's ability to participate in the economy, limiting their productivity and undermining their entrepreneurial endeavours (Alecchi, 2020).

Understanding these contextual factors is crucial to designing effective strategies that address the unique challenges faced by women entrepreneurs in the region. Without tackling these deeply ingrained societal norms and systemic barriers, gender inequalities will continue to hinder the progress and development of women's entrepreneurial potential in Central America.

This interim analysis provides a good foundation for transitioning to the recommendations.

## **5. Recommendations**

This chapter has acknowledged the presence of various programs and initiatives aimed at tackling gender inequality and sociocultural norms in an entrepreneurial ecosystem while finding that their effectiveness varies. Therefore, it identifies the need for targeted recommendations to move forward.

### **5.1 Addressing gender-inequalities through policies and initiatives**

While cultural shifts are inherently complex, small changes are starting to be perceived such as the rise of “mumpreneurs,” which reflect progress in challenging traditional stereotypes (Duberley & Carrigan, 2012). To further support this progress, and in line with the European Union’s Article 46 of the EU-CA AA, it is essential to continue integrating gender perspectives into public policies to ensure equal access to resources and services. However, the primary challenge lies not in creating new frameworks but in ensuring that existing rights are effectively endorsed. To encourage governments to prioritize these changes, a clear economic incentive is essential. Demonstrating how women entrepreneurs drive economic growth can highlight the tangible benefits of advancing gender equality. Their success can serve as a compelling reason for governments to implement policies that create a more supportive and equitable environment for women in business.

### **5.2 Legislation to combat gender violence**

As outlined in Section 2.3, gender-based violence remains a significant impediment to women’s entrepreneurial potential (Alecchi, 2020). Governments must adopt comprehensive gender violence legislation, such as transitioning Domestic Violence Laws into more inclusive frameworks like a Law on the Right to a Life Free from Violence, as suggested by Freidenberg (2019). These laws should address political violence, workplace harassment, and institutional barriers, aligning with international conventions like the Belem do Pará Convention. Legislators need to think strategically, and follow the example of successful models, such as Tunisia’s 2017 Law on Eliminating Violence Against Women, which demonstrates the potential impact of such legislation.

However, once again, enforcement remains a critical challenge in Central America partly due to widespread corruption, which undermines accountability and policy implementation.

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Transparency International (2019) reports alarmingly high perceptions of corruption: 93% in El Salvador, 91% in Honduras, 90% in Guatemala and Panama, and 82% in Costa Rica. A multi-layered legal framework can help address enforcement challenges. When governments fail to comply with or enforce a single law, the presence of multiple complementary laws increases pressure for accountability and creates overlapping obligations. Nevertheless, in Latin America, this can also be particularly challenging. As a result, meaningful progress often depends on local movements or civil society organisations driving change. While these recommendations aim to address these issues, it is clear that they may not always be feasible in this context.

### **5.3 Extending successful initiatives in Central America**

Showcasing successful women in leadership is crucial for breaking stereotypes and inspiring future generations. The ILO (2019) emphasises the value of featuring women leaders as role models to challenge traditional norms. Initiatives like Vital Voices Global Partnership and Empretec demonstrate how sustained support equips women with the skills, resources, and networks needed to succeed. However, scalability remains a challenge. Governments and international organisations must prioritize expanding these programs to reach more women since increasing the number of women entrepreneurs in Central America can create a powerful multiplier effect, driving community development and economic growth.

On this basis, leveraging data from successful initiatives is critical to ensuring the effectiveness of future efforts. All initiatives should be rigorously assessed against clear metrics of success to guide improvements and replication. As Ruiz-Martínez, Kuschel, & Pastor (2021) emphasise, building comprehensive datasets on women entrepreneurs is essential. Future research must integrate contextual and gender-specific perspectives to develop more precise indicators for global reporting. Such data will generate actionable insights, enabling policymakers to improve

initiatives and create tailored strategies that address the challenges faced by women entrepreneurs in Central America.

## **6. Conclusion**

Women entrepreneurs in Central America face profound challenges rooted in deeply entrenched sociocultural factors that perpetuate systemic barriers to their participation and success. Despite global and regional efforts to promote gender equality, progress remains hindered by traditional gender roles, gender-based violence, inadequate enforcement of policies and legal protections, and limited access to resources. These interconnected challenges not only restrict individual opportunities but also sustain cycles of inequality that undermine broader development efforts in the region.

The present analysis underscores the critical need for a multifaceted approach to address these barriers effectively. Key strategies include the need for EU-promoted initiatives to emphasise their added value for governments. Moreover, the need to adopt comprehensive gender violence legislation, as well as increase the number of them. However, in order to do so, support will be needed by external actors such as civil society organisations that can help raise the visibility of female role models. Furthermore, fostering data-driven policymaking is essential to break down stereotypes and create a supportive ecosystem for women entrepreneurs.

While these recommendations provide actionable steps, they also highlight their challenges and the importance of bridging the gap between policy and practice. Legal frameworks and international commitments must be consistently enforced and adapted to local realities to have a lasting impact. There is a need for more robust enforcement mechanisms and accountability measures, but it is also crucial to have the involvement of local movements or civil society organisations. Moreover, in terms of policies, actions are often prioritized only when they

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provide economic value to the government. The increasing involvement of women in entrepreneurship could present an opportunity. As women entrepreneurs contribute to economic growth, their success may incentivize governments to prioritize and implement measures that support gender equality and foster an enabling environment for entrepreneurship.

This chapter provides a first analysis of the sociocultural barriers faced by women entrepreneurs in Central America. However, it relies heavily on secondary data and lacks country-specific insights. Future research should focus on country-specific studies to gain a deeper understanding of the barriers unique to each nation. Additionally, incorporating gender-specific contexts to develop better indicators, providing insights for policymakers to create targeted strategies for women entrepreneurs in Central America.

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