This learning report contributes evidence and learning from the USAID/Honduras Transforming Market Systems (TMS) Activity to the Journey to Self-Reliance (JSR) Learning Question #3.

**How are countries, Missions, donors, implementing partners, and local actors using metrics and data to understand progress toward self-reliance? How are they applying this understanding?**

The purpose of the USAID/Honduras Transforming Market Systems (TMS) Activity is to foster competitive, resilient, and inclusive market systems that provide increased economic opportunities that incorporate poor, marginalized Hondurans and reduce incentives to migrate.

TMS links self-reliance at the level of the economic system to the ability of actors to collect, interpret, and act on data for prioritized metrics so that they can, for example - set economic growth agendas, build alliances, rebound from crises and manage their own performance.

This learning report reflects the perspectives and lessons of the USAID/Honduras TMS team, which includes both implementing partner and Mission staff, as well as our external partners in our metrics and data initiatives – notably chambers of commerce and local universities.

**PROBLEM STATEMENT**

This learning brief explores metrics and data from the perspective of the decision-making of public and private stakeholders in Honduras and their journey to self-reliance. Increasingly, the transition to data-driven economies is a hallmark of economic growth and development. In Honduras, there remain systemic barriers to the capacity of Honduran actors to capture and analyze data in meaningful metrics and leverage that data for decision-making.

In its inception, the Honduras TMS Activity found that data was abundant in Honduras but also siloed and inaccessible. Oftentimes, data had been analyzed in basic descriptive terms without significant inferences to really guide decision-making. Periodic large-scale and well-resourced studies attempted to fill this information gap – but instead tended to reinforce an external dependency, as analysis would be outsourced to donor-funded external consultants and third countries.

Below are three primary areas of shared need and the consequence of not having actionable data and metrics to inform decision-making as reported by stakeholders.

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Supporting the development of credible and transparent local systems to collect priority metrics and use data and analysis to influence the trajectory of decision-making emerged as an early priority area for TMS intervention with potential for significant scale of change.

**CO-CREATING METRICS AND DATA FOR SELF-RELIANCE**

One of the issues that emerged strongly in TMS’s experience was that data is a broadly shared need among public and private sector actors. The decision to co-create our programmatic studies and formative analyses with local actors had a catalytic effect in leveraging public and private sector funding for those efforts. In addition, this helped to encourage a broader shift in the local system in which Honduran actors (private sector, civil society, think tanks and Government of Honduras) would engage in evidence-based dialogue and process for policy reform. As a result, TMS was able to have much more significant and broader influence in the system.

The table below highlights several studies and analyses TMS has co-created with private and public partners-

<table>
<thead>
<tr>
<th>STUDY</th>
<th>OBJECTIVE</th>
<th>CONTRIBUTION TO OUTCOMES</th>
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<tbody>
<tr>
<td>Market Systems Diagnostic¹, co-created with local university and national association of private enterprises</td>
<td>Metrics to measure the health of the Honduran economy and drivers behind key results related to creation of new and better jobs by private sector.</td>
<td>Partners for the diagnostic - a local university and national business association – launch a national economic observatory to generate data for policy proposals and support decision-making that affect the private sector.</td>
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<tr>
<td>Analysis of crime statistics and impact on tourism, co-created with the Ministry of Tourism and the national chamber of tourism</td>
<td>Study the discrepancy between real data on crime statistics and how the security situation in Honduras is portrayed on sites that influence traveler decisions.</td>
<td>U.S. State Department downgraded travel alert for Honduran Bay Islands from Level 3 to Level 1 and Ministry of Tourism initiated activity with TMS to improve online reputation management and create reputation management protocols for the industry.</td>
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<tr>
<td>Business Resilience Analysis COVID-19², co-created with National Entrepreneurship Service and 22 leading business</td>
<td>Identify how businesses are mitigating, adapting to, and recovering from the COVID-19 crisis and the implications for long-term relief efforts.</td>
<td>National Congress passed a relief measure for tourism to provide a package of financial support for employees of tourism enterprises affected by COVID-19. Network of Honduran business service providers came together as</td>
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service providers (chambers and others)  
part of collective initiative to provide technical assistance to impacted enterprises.

Design research for coffee solar dryer prototypes, co-created with largest coffee exporter in Honduras  
Identify prototypes of smaller, inexpensive, and efficient solar dryers targeted for smallholder coffee farmers (produce up to 100 bags of coffee per harvest).  
Two models identified that reduce drying period (in days), improve cost efficiency, and improve building process are being adopted and promoted by Honduran coffee exporter and by coffee producers in supply chain.

When launching a study or survey, consider who else needs this information and how you can collaborate with them to reduce costs, improve synergies and ensure that the data has a much broader effect on the performance of the local system.

MARKET-BASED DATA AND METRICS SOLUTIONS

Self-reliance requires the local system to solve its current and future development challenges. TMS recognized that a strategic area for intervention was in building system-level metrics and data capabilities in Honduras. This system-level change strategically focused on three critical areas of local systems.

BRIDGING SILOS TO SUPPORT COORDINATED ACTION

The shift towards shared metrics and data initiatives required collaboration and coordination across diverse institutions (academia, government, and private sector). TMS facilitated both informal and formal cooperation agreements that assigned roles and responsibilities under research initiatives allowing different partners to contribute according to their strengths. As an example, chambers of commerce played a more significant role in outreach to enterprises as part of the data collection process, while universities provided faculty and student researchers to ensure the quality of analysis.

INTEGRATING DATA INTO DECISION-MAKING

A shared paradigm that TMS has promoted in these data and metrics initiatives has been “data for decision-making.” TMS has supported the leaders within partner organizations to promote the transparent communication of findings, facilitated conversations with influential actors around these findings, and championed the integration of data into high-level decision-making processes. As a result, partners understand the end objective is not a study – but rather a decision that is influenced that impacts the broader system.

BUILDING TRUST IN QUALITY AND OBJECTIVITY

Building confidence and trust in the objectivity of data required that local universities, as independent and reputable institutions, had to take a more prominent role in these initiatives. TMS co-invested with a national university to strengthen its economic observatory and establish a national research platform through its network of campuses to provide high-quality and timely research based on public and private sector demand.

Ask yourself “why” the country (or system) is not generating the data and metrics needed to advance these shared self-reliance objectives. Be careful as a project not to assume a role that the system should take and instead invest in the capacity of the country to be able to play that role.

REFLECTIONS AND LEARNING FROM THE HONDURAN EXPERIENCE

In today’s complex and uncertain world, data and metrics are sources of power with a great potential to inform our collective understanding of development challenges. At the same time, data can complicate our efforts to find collective solutions. This is because data can be complex and hard to understand - it is ripe for being ignored, misunderstood, or even misrepresented. Based on the experience implementing this work in Honduras, TMS identified four main recommendations for increasing the likelihood that data and metrics influence decisions and progress towards self-reliance.

OPEN THE RESEARCH PROCESS THROUGH SHARED DECISION-MAKING FROM THE BEGINNING

When findings of data are presented “after the fact” to conflicting parties, it is likely that one party will tend to discount or distrust those findings. The extent to which data is both widely available and the process of gathering is known, the more likely those results are to be trusted. TMS has encouraged its private sector partners at the formative stage to open-up the research process - in terms of co-developing hypothesis, co-selecting indicators – to for example, the public sector. In addition, TMS and partners have convened a set of initial presentations of findings to select working tables to allow diverse actors to ask questions and clarifications of the analysis – and even recommend additional cross-variable analyses of the data to clarify doubts.

ENSURE RIGHTS AND RESPONSIBILITIES ARE PROTECTED TO ENSURE COLLABORATION

While there is more power in collective initiatives around metrics and data, there are also unequal power dynamics between collaborating partners. More powerful partners may advance their agenda – in selection of indicators, interpretation of data, etc. – with potential to erode confidence and trust in the initiative. TMS found that a governance framework, modeled off of USAID’s Responsible Data Guidelines, that clearly assigned rights and responsibilities of partner and adherence to specific values (on quality, protection and responsible use) helped to manage these dynamics and establish rules for the collective initiative.

ENCOURAGE A DIVERSITY OF VIEWPOINTS TO MAKE SENSE OF DATA AND FINDINGS

One of the challenges TMS encountered was that diverse stakeholders would look at the same data point or metric and have completely opposite understanding of its significance or meaning. The integration of alternative points of view is critical to the process of analysis and “making sense” of the result to make a participatory (versus expert-based) assessment. To facilitate this, TMS would facilitate focus groups with chamber partners to be able to dialogue over results and to dig deeper into the reasons “why” these results occurred. This has a purpose to improve the selection and interpretation of metrics and data over time.

MAKE SURE DATA AND FINDINGS ARE COMMUNICATED CLEARLY

One of the barriers that emerged clearly was routinely quoted as the lack of discipline and know-how to understand and interpret data. In Honduras, the overreliance on descriptive data, as it is more understandable, versus inferential data, which has significant explanatory power, limits the capacity of decision-makers to make concrete, evidence-based conclusions. TMS worked around this by building the capacity of research partners in data visualization and storytelling techniques – how to communicate a conclusion to decision-makers so that it can be properly understood.