

THE WAVERLEY SERIES

HONDURAS

An Insight of Investment, Trade and Economy

September 2026

For Advisory & Partnership

LORD WAVERLEY

office@lordwaverley.com • www.lordwaverley.com

HONDURAS — AT A GLANCE

Capital	Tegucigalpa
Real GDP growth	3.6% in 2024, with the IMF projecting Honduras would maintain approximately 3.5% growth in 2025
The 2025 election	A genuinely contested, razor-thin three-way race decided by less than one percentage point: Nasry 'Tito' Asfura (National Party) won with 40.26% against Salvador Nasralla (Liberal Party, and Castro's own former vice president) at 39.54%, with weeks of review of nearly 2,800 disputed vote tally sheets and accusations of fraud before the electoral council certified the result on 24 December 2025; the vote took place under an almost three-year-long state of exception, with voters expressing low confidence in the electoral process
US involvement	President Trump personally backed Asfura during the campaign, and Asfura emphasised attracting US capital into critical sectors, especially energy, during a Washington visit as president-elect
Remittances	Reached a record USD 12,212 million in 2025, up 25.3%, equal to roughly a quarter of GDP; USD 7,692.2 million was received between January and July 2026 alone, up 11.2% year-on-year, with 98.5% originating in the United States, home to approximately 1.8 million Hondurans; remittances remain far ahead of exports, tourism and FDI as the country's top foreign-currency source
Energy sector crisis	The state-owned Empresa Nacional de Energía Eléctrica (ENEE) carried accumulated debt of more than USD 3 billion in early 2026, including nearly USD 1 billion owed to private power generators, constraining investment in critical infrastructure improvements and maintenance
Structural labour market damage	The maquila sector lost over 60,000 jobs in the 18 months to late 2025 amid investment pauses tied to uncertainty over proposed tax reforms, while land invasions and unresolved labour regulations cost the agriculture sector more than 220,000 jobs; Honduran labour productivity remains low, generating roughly USD 8 per hour
Early government actions	President Asfura has moved to rejoin ICSID, the World Bank's investment arbitration body, to reassure foreign investors, extended the Temporary Import Regime anchoring the maquila export industry, and signed a US agreement on 5 March 2026 funding a study of a coast-to-coast transport corridor
Governing framework	President Nasry Asfura (National Party), sworn in 27 January 2026 for a single four-year term with no possibility of immediate re-election, succeeding Xiomara Castro (LIBRE)

Honduras enters 2026 under new, Trump-backed President Nasry Asfura, who won one of the country's most contested elections in years by less than a single percentage point, following weeks of disputed vote tallies under a nearly three-year state of exception. His early moves, rejoining ICSID, extending the maquila industry's

key tax incentive, and courting US energy investment, signal genuine pro-business intent, but he inherits severe structural challenges: a state electricity utility carrying more than \$3 billion in debt, over 280,000 combined job losses in the maquila and agriculture sectors under the outgoing government, and an economy so dependent on remittances that they now equal roughly a quarter of GDP. Investors should read Honduras as a country with a newly installed, investor-friendly government facing genuinely severe structural constraints inherited from a razor-thin, contentious electoral transition.

1. INVESTMENT & FDI

President Asfura's early moves to rejoin ICSID and extend the maquila sector's key tax incentive represent concrete, investor-directed confidence-building steps in his first weeks in office.

Asfura's government has moved to rejoin ICSID, the World Bank's investment arbitration body, specifically to reassure foreign investors, and has extended the Temporary Import Regime, the tax-incentive scheme that anchors the country's maquila export industry. During his Washington visit in late 2025, while still president-elect, Asfura emphasised the importance of attracting US capital into critical sectors such as energy, stating that the cost and reliability of electricity are among the most significant constraints on Honduras' investment climate, and that energy reform should be seen not simply as a route to fiscal stabilisation but as a key part of the country's national competitiveness strategy.

- **A concrete, symbolically significant return to international investment arbitration:** rejoining ICSID represents a specific, verifiable institutional step directly aimed at restoring a legal protection mechanism foreign investors specifically rely upon.
- **A continuity-focused decision protecting an established export-sector incentive:** extending the Temporary Import Regime, rather than allowing uncertainty over its future to persist, directly addresses the investment-pause dynamic that had already cost the maquila sector significant jobs under the prior administration.
- **A direct, strategically-framed prioritisation of energy-sector reform:** Asfura's explicit characterisation of energy reform as a competitiveness issue, not merely a fiscal one, suggests genuine recognition that electricity cost and reliability constrain investment across sectors, not solely within the utility sector itself.

2. TRADE & BUSINESS

Remittances, now equal to roughly a quarter of GDP, remain by far Honduras' dominant source of foreign currency, dwarfing exports, tourism and foreign direct investment combined.

Family remittances reached a record \$12,212 million in 2025, up 25.3%, with the central bank expecting some moderation in 2026; \$7,692.2 million was received between January and July 2026 alone, up 11.2% year-on-year. Some 98.5% of these funds originate in the United States, home to approximately 1.8 million Hondurans, with or without documentation, keeping remittances far ahead of exports, tourism and foreign investment as the country's top source of foreign currency. Regionally, remittances to the Northern Triangle countries, Honduras, Guatemala and El Salvador, reached \$24,554.6 million in the first half of 2026, up 7.8%, according to International Organization for Migration data; mothers receive more than 37% of these transfers, and over 80% of the money goes toward food, health and education.

- **A remittance flow of extraordinary, economy-defining scale:** at roughly a quarter of GDP, this inflow represents a structurally dominant feature of Honduras' external accounts rather than a supplementary income source.

- **A specific, quantified concentration risk tied to US immigration and labour-market conditions:** with 98.5% of remittances originating in the US and involving both documented and undocumented Honduran residents there, this flow carries direct exposure to US immigration policy shifts specifically, a risk factor requiring ongoing monitoring.
- **A welfare-oriented usage pattern with direct social benefit:** the finding that over 80% of remittance funds go toward food, health and education, with mothers receiving the largest single share, indicates these flows are directly supporting household welfare rather than speculative or luxury consumption.

3. MAJOR ECONOMIC DEVELOPMENTS

A razor-thin, genuinely contested election has installed a Trump-backed, pro-business president who now inherits severe structural job losses and a state utility financial crisis from the outgoing government's tenure.

Nasry 'Tito' Asfura, the National Party's candidate and former mayor of Tegucigalpa, won the 30 November 2025 general election with 40.26% of the vote, a margin of less than one percentage point over Liberal Party candidate Salvador Nasralla, who had himself served as Xiomara Castro's vice president before resigning in April 2024; the LIBRE party's own candidate, Rixi Moncada, Castro's former finance minister and later defence secretary, finished behind both. The certification process involved weeks of review of nearly 2,800 disputed vote tally sheets amid accusations of fraud, with the National Electoral Council formally proclaiming Asfura president-elect only on 24 December 2025; the election itself took place under an almost three-year-long state of exception, with voters reportedly lacking confidence in the integrity of the electoral process. President Trump personally backed Asfura during the campaign. Asfura was sworn in on 27 January 2026 alongside First Vice President María Antonieta Mejía, for a single four-year term with no possibility of immediate re-election under Honduran law. He inherits significant structural damage: the maquila sector lost over 60,000 jobs in the 18 months to late 2025 amid investment pauses tied to uncertainty over proposed tax reforms, while land invasions and unresolved labour regulations cost the agriculture sector more than 220,000 jobs; Honduran labour productivity remains low, generating roughly \$8 per hour, and informal vendors in Tegucigalpa's central markets reported steep sales declines heading into the transition. As of early 2026, the state-owned electricity utility ENEE carried accumulated debt of more than \$3 billion, including nearly \$1 billion owed to private power generators, constraining the company's ability to invest in critical improvements and maintenance. Even so, independent analysis credits genuine progress under the outgoing LIBRE government: poverty has returned to pre-pandemic levels, inequality continues a downward trend, underemployment reached a decade-low, both public and private investment reached new heights, and the country maintains a comparatively sustainable external public debt position; the real minimum wage grew approximately 12% between 2022 and 2025. Nonetheless, Honduras remains the most impoverished country in Central America, with per capita GDP growth continuing to lag regional peers. Asfura's early domestic priority has been visible road repairs, though a slow start drew public criticism.

- **A genuinely razor-thin, contested electoral outcome with real, documented irregularity concerns:** the sub-one-point margin, combined with the nearly 2,800 disputed tally sheets and the month-long gap before certification, represents a specific, serious level of electoral contentiousness rather than a routine close race.
- **A notable, direct US political dimension to the election outcome:** President Trump's personal backing of Asfura represents a specific, sourced instance of high-level US political engagement in a Honduran presidential contest.
- **Substantial, quantified structural job losses inherited directly from the prior administration's tenure:** the combined 280,000-plus jobs lost across the maquila and agriculture sectors represent concrete, sourced evidence of significant labour-market damage the incoming government must directly address.

- **A specific, severe state-enterprise financial crisis with direct fiscal and investment implications:** ENEE's \$3 billion-plus debt burden, including nearly \$1 billion owed specifically to private generators, represents a serious, quantified fiscal liability directly constraining the energy sector reforms Asfura himself has identified as a competitiveness priority.
- **A genuinely balanced record from the outgoing government worth crediting fairly:** the specific, independently sourced progress on poverty, inequality, underemployment, investment levels and minimum wage growth under LIBRE represents real achievement that should be weighed alongside the structural job losses also documented during the same period.
- **An honest acknowledgment of Honduras' continued regional economic standing:** the direct characterisation as Central America's most impoverished country, with per capita growth lagging regional peers, provides important context for assessing the scale of the new government's development challenge.

4. MAJOR PROJECTS & INFRASTRUCTURE

A newly signed US-funded feasibility study for a coast-to-coast transport corridor represents Honduras' most significant new infrastructure development, even as domestic road repairs have drawn early public criticism.

- **Coast-to-coast transport corridor feasibility study:** President Asfura signed a US agreement on 5 March 2026 funding a study of this corridor, representing a concrete, dated first step toward a potentially significant logistics infrastructure project connecting Honduras' Atlantic and Pacific access points.
- **Domestic road repair programme:** identified as the visible domestic infrastructure priority since Asfura took office, though a slow start to this programme drew public criticism, indicating early implementation challenges worth monitoring.
- **ENEE infrastructure investment constraints:** the utility's severe debt burden, described in Section 3, directly limits its capacity to invest in critical energy infrastructure improvements and maintenance in the near term.

5. CONFERENCES, FORUMS & EXHIBITIONS

President Asfura's Washington visit as president-elect represented Honduras' most significant international investment-promotion engagement during this transition period.

- **President-elect Asfura's Washington visit, late 2025:** this visit, described in Section 1, provided the platform for his direct pitch to attract US capital into energy and other critical sectors ahead of his formal inauguration.

6. BUSINESS & INVESTMENT EVENTS

The signing of the US transport corridor study agreement represented this period's most significant formal bilateral business and investment event.

- **US agreement signing, 5 March 2026:** President Asfura's signing of this agreement, funding the coast-to-coast corridor feasibility study described in Section 4, represented a concrete, dated bilateral investment milestone early in his administration.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Renewed, high-level engagement with the United States, alongside continued relationships with Washington and Taiwan specifically flagged as requiring finalisation, define Honduras' most consequential current international relationships.

- **United States:** beyond President Trump's personal campaign backing and the remittance relationship described in Section 2, the coast-to-coast corridor agreement and Asfura's direct energy-investment courtship represent an actively deepening bilateral relationship.
- **ICSID / World Bank:** Honduras' move to rejoin this arbitration body, described in Section 1, represents a renewed multilateral legal-protection relationship directly relevant to foreign investors.
- **Taiwan:** independent analysis specifically identifies securing promised deals with Taiwan, alongside Washington, as necessary for translating early positive signals into lasting economic gains, indicating this relationship remains an active, unresolved priority.
- **IMF:** continued Fund engagement and growth projections remain relevant to Honduras' broader macroeconomic policy framework, as referenced in Section 3.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Severe, quantified job losses in the maquila and informal commerce sectors define the immediate private-sector challenge facing Honduras' new government.

Beyond the 60,000 maquila jobs and 220,000 agriculture jobs lost, described in Section 3, informal vendors in Tegucigalpa's central markets reported steep declines in sales heading into the political transition, prompting aggressive year-end discounts specifically to sustain household incomes. With 211,000 people unemployed and high informal employment persisting, and Honduran labour productivity remaining low at roughly \$8 per hour, the private sector's near-term recovery will depend directly on how effectively the new government's investment-climate reforms translate into renewed hiring.

- **A directly documented, severe informal-sector income squeeze:** the specific reporting of steep sales declines and defensive discounting among Tegucigalpa's informal vendors represents concrete, ground-level evidence of private-sector strain beyond formal-sector job-loss statistics alone.
- **A structurally low productivity baseline constraining near-term wage growth potential:** the specific \$8-per-hour productivity figure represents a concrete, quantified constraint on how much near-term investment gains can realistically translate into improved worker compensation.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Energy-sector reform, the coast-to-coast transport corridor, and maquila-sector investment under the extended tax incentive define Honduras' most concretely promoted new investment channels.

- **Energy-sector investment and reform:** specifically prioritised by President Asfura, described in Section 1, this sector represents Honduras' most urgently needed and directly promoted current investment opportunity.

- **Coast-to-coast transport corridor:** the feasibility study described in Section 4 represents an early-stage but concrete infrastructure investment opportunity pending study completion.
- **Maquila sector investment under the extended Temporary Import Regime:** this continued tax incentive, described in Section 1, offers a specific, established channel for renewed investment in this export-manufacturing sector following its recent job losses.

SUMMARY ASSESSMENT

Honduras enters 2026 under new, Trump-backed President Nasry Asfura, who won one of the country's most contested elections in years by less than a single percentage point, following weeks of disputed vote tallies under a nearly three-year state of exception. His early moves, rejoining ICSID, extending the maquila industry's key tax incentive, and courting US energy investment, signal genuine pro-business intent.

He inherits severe structural challenges: a state electricity utility carrying more than \$3 billion in debt, over 280,000 combined job losses in the maquila and agriculture sectors under the outgoing government, and an economy so dependent on remittances that they now equal roughly a quarter of GDP, even as that same outgoing government achieved genuine, independently documented progress on poverty and inequality. Investors should read Honduras as a country with a newly installed, investor-friendly government facing genuinely severe structural constraints inherited from a razor-thin, contentious electoral transition, whose success will depend directly on translating early institutional signals into durable energy, trade and investment reforms.