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COVID-19 and a rapid analysis of Honduran enterprises' capacity to cope



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The importance of resilience, and the ability to adapt to shocks, for businesses in Honduras

In Honduras, **compelling data** shows that the resilience of a business is closely aligned with a set of resilience capacities and their willingness to adapt their business model. This has widespread implications for the evidence-based decisions that public organisations, entrepreneurs, and the government will need to take to mitigate losses and support the private sector post-recovery. The data was gathered through a survey of 1,178 Honduran enterprises from 16 out of the 18 departments in Honduras across 17 economic activities.

Key takeaway 1

Manufacturers, including agro-processors and tourism enterprises, in Honduras are more likely to be affected and less able to cope with the impacts of COVID-19 than enterprises from other sectors.

The survey found enterprises with these profiles to be less likely to have made sales and more likely to have laid off employees. They also reported shorter durations they could cope with COVID-19 (less than one month), compared to one to three months for the median enterprise response.

JJ-Agro is one Honduran enterprise that was significantly affected by COVID-19. Earlier this year, JJ-Agro inaugurated the first hydroponic strawberry production unit

in Honduras through a US\$200,000 investment in greenhouses. JJ-Agro is a major supplier of produce for Walmart and several Honduran supermarkets. The planting of 54,000 strawberry mother plants offered export potential and the opportunity to diversify revenue streams. However, shortly after the first harvest, the COVID-19 outbreak struck, and export channels were blocked. JJ-Agro was left with strawberries it no longer had a market to sell to and faced having to dispose of the harvest.

Key takeaway 2

Enterprises with online sales reported being better able to cope with the COVID-19 crisis than those without online sales. However, only 11 per cent of enterprises reported having online sales capabilities.

The median enterprise not conducting online sales reported US\$0 in sales from March 16 to April 6. While enterprises conducting online sales experienced a decline in sales, they continued selling. Microenterprises were found to be less likely than large enterprises to have online sales capabilities, suggesting an e-commerce gap that disadvantaged microenterprises.

JJ-Agro lacked online sales capabilities prior to the crisis. To adapt, the company had to find a new market for its strawberries. By partnering with the produce delivery services Pyflor and Yojoa Trading Company, JJ-AGro sold its first harvest of strawberries. Yojoa Trading Company had recently shifted to e-commerce using an electronic payment platform offered by Sube Latinoamérica. This service allowed them to open up home delivery options for the delivery of JJ-Agro strawberries.

Key takeaway 3

The capacity of businesses to learn from the COVID-19 crisis, transform their business models, identify new business opportunities, and innovate will determine their expected likelihood of recovery.

Enterprises that expressed confidence in finding new buyers were more than five times more likely to have expressed confidence in recovery. Enterprises that identified specific learning from the COVID-19 crisis were more two and a half times as likely to express confidence in recovery. And those that expressed confidence in their ability to change their products or services were more than one and a half times more likely to express confidence in recovery.

The linkage to the online sales and home delivery services allowed JJ-Agro to find new buyers. Together with these services, JJ-Agro is seeking out broader opportunities to sell and deliver fresh produce directly to consumers, bypassing

intermediaries, such as grocery stores. These new channels provide fair prices to consumers, which reduces food insecurity in the Honduras's two largest cities.

Other businesses are taking note. Sube Latinoamérica has identified a surge in e-commerce since the crisis began. Competitors to Yojoa Trading Company, such as Pyflor, have also enrolled in new e-commerce platforms through Sube Latinoamérica. This story is more than anecdotal; it represents the profile of businesses that are statistically coping better with the negative impacts of COVID-19.

Although more than half of Honduran businesses surveyed are working to adapt their business models, they will still need financial and technical assistance to operate at this critical point in time. The degree to which global development organisations can mobilise resources to facilitate their recovery will have long-term consequences on the competitive landscape in Honduras and the long-term health and inclusivity of these economies.

- Read the full survey report - [Business Resilience Analysis: COVID-19](#)
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