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UNDP LAC C19 PDS Nº. 4

Social and economic impact of the COVID-19 and policy options in Honduras

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Abstract

This policy document describes the current situation regarding the COVID-19 pandemic in Honduras. We analyze the internal and external channels of transmission on the Honduran economy, the potential impact on economic growth and labor market outcomes, the current political situation and its interaction with the pandemic, describe and analyze the initial policy responses from the Honduran government, and propose additional policy instruments to deal with the expected negative consequences from the crisis. Results indicate that while the Honduran government has taken measures to mitigate the economic impact of the crisis at the national, household, and individual level; there remains a high chance of economic downturn. The data also indicate that within the current proposed measures, informal workers and firms are being excluded from aid, although they represent almost 80% of the workforce. We conduct simulations that consider extending existing cash transfer programs, supplementing labor and remittance income to households, and also consider a universal income transfer to all Honduran households. Overall, the findings suggest increases in poverty rates, but also imply that well-targeted policies may help mitigate the negative impact of the COVID-19 pandemic on the welfare of the Honduran population.

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Social and economic impact of the COVID-19 and policy options in Honduras
March 2020

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Introduction to the series:

Evidence, Experience, and Pertinence in Search for Effective Policy Alternatives

The Covid-19 pandemic is one of the most serious challenges the world has faced in recent times. The total cost in terms of human lives is yet to unfold. Alongside the cost of lives and deep health crisis, the world is witnessing an economic downfold that will severely impact the wellbeing of large parts of the population in the years to come. Some of the measures that are currently being used to counteract the pandemic may impact our future lives in non-trivial ways. Understanding the association between different elements of the problem to broaden the policy space, with full awareness of the economic and social effects that they may bring, is the purpose of this series.

Thus far, the impossibility of targeted isolation of infected individuals and groups has led to policies of social distancing that impose a disproportionately high economic and social cost around the world. The combination of policies such as social distancing, lockdowns, and quarantines, imply a slowdown or even a complete stop in production and consumption activities for an uncertain period of time, crashing markets and potentially leading to the closure of businesses, sending millions of workers home. Labor, a key factor of production, has been quarantined in most sectors in the economy, borders have been closed and global value chains have been disrupted. Most estimates show a contraction of the level of output globally. For the Latin America and Caribbean region, the consensus forecasts are at -3 to -4%, and it is not until 2022 that the region is expected to go back to its pre-crisis output levels in scenarios that foresee a U-shaped crisis pattern. According to ECLAC, more than 30 million people could fall into poverty in the absence of active policies to protect or substitute income flows to vulnerable groups.

We face a crisis that requires unconventional responses. We are concerned about the level-effect: the impact of the crisis on the size of the economies and their capacity to recover growth after the shock. But we are equally concerned about the distributional impact of the shock. The crisis interacts with pre-existing heterogeneity in asset holdings, income-generation capacity, labor conditions, access to public services, and many other aspects that make some individuals and households particularly vulnerable to an economic freeze of this kind. People in the informal markets, small and micro entrepreneurs, women in precarious employment conditions, historically excluded groups, such as indigenous and afro-descendants, must be at the center of the policy response.

UNDP, as the development agency of the United Nations, has a long tradition of accompanying policymaking in its design, implementation, monitoring and evaluation. It has a mandate to respond to changing circumstances, deploying its assets to support our member states in their pursuit of integrated solutions to complex problems. This series aims at drawing from UNDPs own experience and knowledge globally and from the expertise and capacity of our partner think tanks and academic institutions in Latin America and the Caribbean. It is an attempt to promote a collective reflection on the response to the Covid-19 health crisis and its economic and social effects on our societies. Timeliness is a must. Solutions that rely on evidence, experience, and reasoned policy intuition –coming from our rich history of policy engagement– are essential to guide this effort. This series also contributes to the integrated approach established by the UN reform and aspires to become an important input into the coherent response of the United Nations development system at the global, regional, and national levels.

Ben Bernanke, former Governor of the US Federal Reserve, reminds us in his book *The Courage to Act* that during crises, people are distinguished by those who act and those who fear to act. We hope this policy documents series will contribute to the public debate by providing timely and technically solid proposals to support the many who are taking decisive actions to protect the most vulnerable in our region.

Luis F. Lopez-Calva
United Nations Development Programme
Regional Director, Latin America and the Caribbean
New York, March 2020

1. Introduction*

The current situation across the world is unprecedented. The COVID-19 pandemic has affected many dimensions of life and will undoubtedly have important downstream effects on the welfare of the global population over the next few months. This report aims to describe the current situation in Honduras, analyzes potential impacts on economic performance and the labor market, and summarizes recent government policies while also providing additional recommendations to contribute to the conversation on how to mitigate the negative effects of the pandemic.

On February 10, 2020, the Honduran government declared a sanitary emergency due to COVID-19 and dengue fever. The first case of COVID-19 in Honduras was confirmed on February 18. During the next few weeks, the Government prepared its response and implemented several policies during the month of March. An information campaign that provided good practices to prevent the spread of the virus through social distancing measures began on March 4th. A travel ban was set in place for airline passengers entering Honduras from high-risk countries on March 11th.[1] On March 13th, schools were ordered to close for a period of 14 days, gatherings of more than 50 people were prohibited for 14 days, the travel ban was expanded to include passengers arriving via air and by sea, and the Government regulated the supply and prices of essential goods.

Starting on March 16, a mandatory curfew was set in place for the capital district, the city of La Ceiba and the department of Choluteca, sites with confirmed cases of COVID-19 at the time. This mandatory curfew was extended nationwide until March 29th by Decree PCM-021-2020. The quarantine is mandatory and enforced by the National Police. Exceptions to the quarantine include grocery and fuel provision, banking activities, and medical emergencies. On the last day of the first curfew, authorities extended the quarantine until April 12th, limiting movement to Mondays, Wednesdays, and Fridays based on the last number of a citizen's identification number.[2]

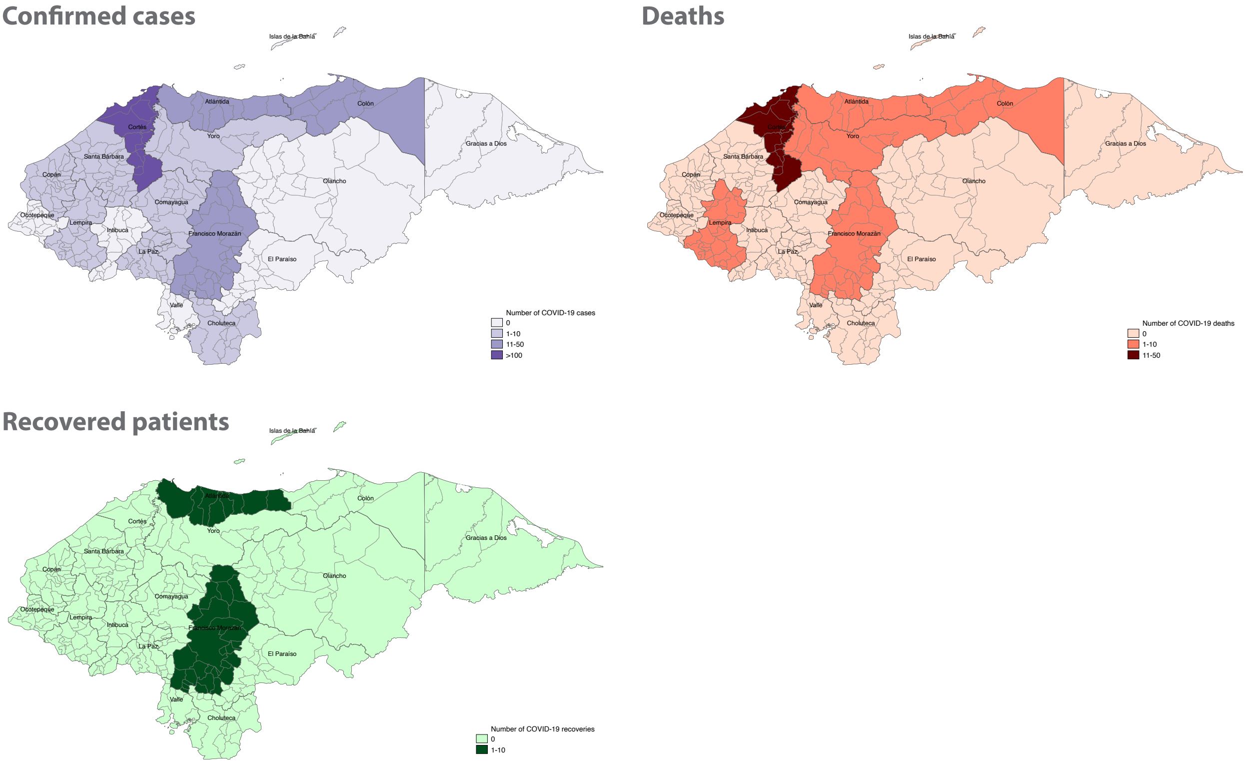
At the time of writing, authorities have established a website that provides citizens with up-to-date information on the state of the virus and any measures being implemented by the Government (covid19honduras.org). As of April 6, the number of confirmed cases is 298, with 22 deaths and 6 recoveries. **Figure 1** maps these statistics by department. The most affected places in Honduras are those that have international airports, receive cruise ships, and experience busy activity with neighboring countries. While these numbers remain at low levels in comparison to some of the most affected countries across the world, expectations are that contagion has not yet reached its peak and that more cases will be reported in the coming weeks and months.

* I am grateful to Alejandra Hernández Quan, Sergio Membreño Cedillo, Marcela Herrera, and Mara Rodríguez for useful documents and access to data to better understand and describe the current situation in Honduras. This document has benefitted from useful comments from Marcela Meléndez, Luis Felipe López-Calva, and Santiago Levy. Given the rapidly changing nature of the COVID-19 pandemic, the information in this report may be subject to change. The views expressed in this paper do not necessarily reflect the views of the UNDP or Universidad de los Andes. Any errors or omissions are solely attributable to the author.

[1] The countries on the list include China, Iran, Spain, France, Germany, Japan, and South Korea, among others.

[2] See covid19honduras.org/?q=toque-de-queda-hasta-12-de-abril for the full decree and the table that regulates movement by the last number of the citizen identification card.

Figure 1. Number of confirmed cases, deaths, and recoveries in Honduras by department



Source: Own elaboration from official government reports on covid19honduras.org.
Notes: Updated on April 6, 2020

The Government has been devising a plan to reduce the negative impact of the pandemic on the Honduran population. Its first acts have focused on containing the spread of the virus through curfews and strengthening the capacity of the health system to deal with COVID-19 cases. A council of economic advisors has proposed several measures to mitigate the impact on aggregate macroeconomic performance, guarantee basic needs in terms of food to the most vulnerable families, and reducing tax burdens on firms to prevent layoffs during the duration of the pandemic. While these are not the only measures to be undertaken, discussions are ongoing between this council and the executive branch, with the purpose of guaranteeing the livelihood of the most vulnerable Hondurans. These measures will be described throughout this report, and it will conclude by suggesting other policies in order to contribute towards this goal.

The remainder of this report is organized as follows. Section 2 focuses on the channels of transmission of the COVID-19 pandemic. Section 3 focuses on assessing the potential impact of the pandemic on economic growth and the labor market. Section 4 briefly comments on the political situation of Honduras and how it interacts with the pandemic. Section 5 discusses the current measures adopted by the Government and proposes additional policy options to mitigate the potential negative consequences from COVID-19 in Honduras. The last section concludes.

2. Identifying the channels of transmission

The pandemic is expected to have wide-ranging effects across the world. Several external and internal factors may interact with the pandemic. This section describes these factors for Honduras.

Honduras mainly exports primary products, such as coffee, bananas, and palm oil. According to analysis from the Honduran Central Bank using Bloomberg price data (Honduran Central Bank, 2020b), the price of coffee has risen to US$119.55 per 100 pounds. This price is higher than during 2019, which has a positive effect for producers in Honduras. The same analysis predicts that prices for bananas will fall to US$15.89 per 40 pounds (from US$18.50) and predicts similar price behavior for palm oil (a reduction from US$0.78 to US$0.56 per kilogram). While the results on prices are mixed for different producers, they are likely to experience negative demand shocks. While internal demand may help some producers place their products, the difficulty in transporting exportable goods to other countries may affect exports for these three commodities.

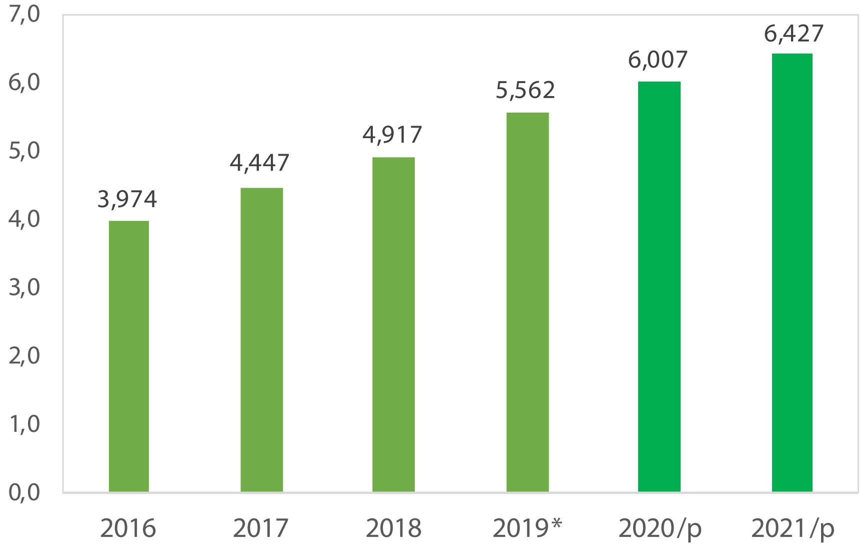
The pandemic is expected to not only affect aggregate demand and supply chains not only for primary products exported by Honduras, but also on the *maquila* industry. Maquila has rapidly become the most important export activity in Honduras since the 1990s (de Hoyos, Bussolo and Nuñez, 2008), with the latest calculation estimating that this activity accounts for 4.4% of GDP (Honduran Central Bank, 2019). Honduras mainly manufactures textiles and apparel, but also produces inputs for the harness industry and automobile parts, processes plastics, provides business services to firms, among other activities. The maquila sector employs 150,000 people. Preliminary estimates for 2019 expected growth in exports and job creation from the maquila sector, a trend that carries over to 2020 projections. However, due to interruptions in the supply chain and negative demand shocks from the COVID-19 pandemic, this sector may face difficulties in achieving these expectations. Given its size and importance to the Honduran economy, this sector is particularly exposed, and may have important consequences in revenue generation and job loss due to the pandemic.

Travel and tourism activities are also important in Honduras and will be impacted because of the rapid reduction in travel across the world. Honduras also receives a large influx of cruise ships to the Bay Islands, whose frequency will likely be significantly affected in the upcoming summer season. Income from travel and tourism activities contribute 14.6% to the Honduran GDP and the sector employs 542,000 people (WTTC, 2019). While the tourism sector was expected to continue growing in the next decade, the drop in international travel will affect these expectations and impact a sector that contributes a large fraction of income for many Honduran households. Domestic travel will also be impacted by quarantine measures, especially over Easter, which is one of the peaks of domestic travel by Hondurans.

Additionally, Honduras depends largely on international remittances. About one million Hondurans are estimated to live outside the country, and many send monetary transfers to their family members. Over time, these transfers have become an important source of foreign exchange for the country, growing 13.1% to US$5.5 billion in 2019 (Honduran Central Bank, 2020a). 80% of migrants are currently in the United States, almost 8% in Spain, while the remainder are spread out across Latin American and European countries. Migrants are mostly employed in the service, construction, and manufacturing sectors, and send an average of US$542.70 to their families in Honduras. 54.7% of Honduran households state that this is their primary source of income. These families report using the majority of that income to cover basic needs such as food, housing, education, and health. For 2020 and 2021, the Honduran Central Bank expects lower growth in the amount of remittances from migrants, due primarily to the economic impacts of the pandemic on the economies of the United States and Spain, which account for almost

9 out of 10 migrants. **Figure 2** shows these projections, that suggest a deceleration but not a reduction in the amount of remittances sent to Honduras, from 13.1% to 8 and 7 percent in 2020 and 2021, respectively.

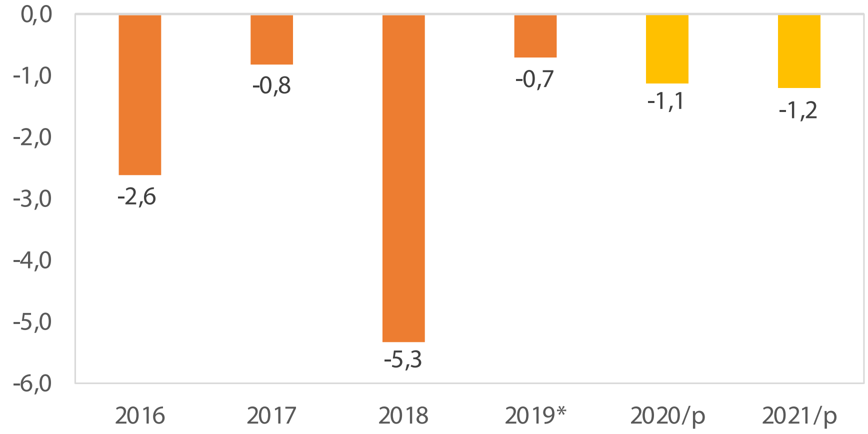
Figure 2. Observed and projected remittances (in millions of US$)



Source: Own elaboration from Honduran Central Bank (2020b).
Notes: *=preliminary estimates, /p=projected.

The sum of these effects on commodity prices, exports, supply chains, tourism, and remittances will have an impact on the balance of payments for Honduras. Exports are likely to fall but may be balanced by a reduction in imports due to the interruption of supply chains across the world. **Figure 3** shows the trends and projections in the current account balance as a percentage of GDP from 2016 to 2021. This balance is expected to be negative for 2020 and 2021, although this represents a smaller deficit than observed in previous years. However, this depends on how exports and imports fare in the next few months, income from tourism activity, as well as the amount of remittances received from Honduran nationals abroad. Capital outflows from Honduras to other countries are not expected to increase, since they are generally low in comparison to inflows from remittances. Additionally, Honduras will likely benefit from the lower oil prices across the world, since the country does not produce this fossil fuel and imports it from other nations.

Figure 3. Current account balance as % of GDP (observed and projected)



Source: Own elaboration from Honduran Central Bank (2020b).
Notes: *=preliminary estimates, /p=projected.

As mentioned in the Introduction, at the time of writing, Honduras has been in mandatory quarantine for about 14 days, which has been extended for the same amount of time. Mobility has been restricted for individuals and firms have been allowed to operate under specific health and safety guidelines. These measures to contain the spread of the COVID-19 virus will have an impact on domestic economic activity. The Honduran Central Bank expects the monthly economic activity index (IMAE, for its acronym in Spanish), to fall significantly in the next few months. Given the measures in place, measuring this index as usual will face difficulties, so the deceleration will not be directly measurable. Additionally, aggregate demand is expected to fall due to the quarantine and the restrictions currently in place. This will likely affect consumer and business confidence, and potential foreign investment in Honduras due to the recent stock market crash.

While it is difficult to precisely pinpoint how the COVID-19 pandemic will affect international and domestic aspects of the Honduran economy, the Honduran Central Bank seems to consider at this time that it will decelerate expected growth but not become a full-fledged downturn. Based on the evolution of the pandemic in the short and medium-term, these expectations may change.

3. Assessing the economic impact

Economic growth in Honduras was 3.7% in 2018 and 2.7% in 2019. This deceleration in growth can be explained by less favorable terms of trade that reduced investment and private consumption, as well as a drought that affected agricultural production (Honduran Central Bank, 2020b).

The Honduran Central Bank has revised growth perspectives from 2.7% to 1.5%-2.5% for 2020 and between 2-3% for 2021. While other countries have been less optimistic in recalculating their growth projections, these numbers depend on the amount of time in which the world and local economy is at a standstill and individual mobility remains restricted. Inflation perspectives at the time of writing are within planned targets, about 4% for both 2020 and 2021, with an expected variation of ±1.0 percentage point. Other selected economic indicators are shown in **Table 1**, taken from the Central Bank's COVID-19 press bulletin (Nº. 13/2020), published on March 19, 2020.

Table 1. Main macroeconomic indicators for Honduras (observed and projected)

	Observed	Projected	
	2019	2020	2021
Inflation	4.1	4.0 (±1.0)	4.0 (±1.0)
GDP growth	2.7	1.5-2.5	2.0-3.5
Exports	1.5	3.2	5.4
Imports	-3.2	3.9	3.8
Deficit in balance of payments	0.7	1.1	1.2

Source: Honduran Central Bank (2020b). Bulletin 13/2020, March 19, 2020.
Available at: www.bch.hn/download/boletines_prensa/2020/boletin_de_prensa_13_20.pdf

In response to these uncertain times, the Honduran Central Bank (HCB) has revised their monetary policy to mitigate the potential impact of COVID-19 on the Honduran economy (Honduran Central Bank, 2020b). First, they reduced the monetary policy rate by 0.75 points to 4.50%. Second, the HCB has reduced the interest rate applied to private creditors from 6.25% to 5.50%. Third, it will continue to offer repo transactions to the financial sector, extending their length from 14 to 28 days and reducing rates from 7.00% to 6.25%. Fourth, the HCB set the applicable interest rate for investment at 4.50%. Fifth, it will suspend daily auctions of bonds to grant the financial system more liquidity, expecting to release about 10,600 million lempiras (about US$428 million).[3] Last, the HCB will continue to monitor the evolution of the main macroeconomic indicators and adapt their policy accordingly to mitigate potential negative impacts on their growth and inflation targets, while trying to ensure that the economy does not lose momentum because of the pandemic.

Several of these economic projections depend on the rapid reactivation of the Honduran economy. Given the uncertainty in the duration of the mandatory quarantine in the country, these numbers may be revised by the Honduran Central Bank in the future. While the COVID-19 pandemic is expected to further impact projected growth rates, the curfew has affected normal functioning of economic activity, specifically labor markets since workers have been ordered to remain at home to contain the spread of the virus, in an effort to prevent a collapse of the health system.

Labor markets are expected to be significantly affected by the pandemic. An ongoing study by Gentillini, Almenfi, and Orton (2020) has identified that approximately 106 countries across the world have adopted some form of labor market protection in response to the COVID-19 pandemic. At the time of writing, Honduras has taken initial measures with respect to labor market protection for firms and workers. The measures include tax breaks and a restructuring in fiscal payments for Honduran firms and a one-month subsidy of 6,000 Lempiras (about US$242) to formal workers who contribute to the social security system. Given the ongoing nature of the pandemic, further action may be required in the short-term to protect vulnerable workers. To this objective, we describe some aspects of the Honduran labor market to gauge the size of the vulnerable population and whether the initial measures taken to protect jobs will reach those that most require them.

According to the most recent household survey from 2019, about 57% of the Honduran population is active in the labor market (INE, 2019). The reported employment rate for 2019 was 54%. The unemployment rate in 2019 was

[3] This document uses the current exchange rate to convert Honduran Lempiras into US dollars: US$1=L. 24.75.

5.7%. Over the past five years, this rate has remained relatively stable. Given the mandatory quarantine currently in effect in Honduras, most workers are remaining at home. It is unclear whether mass layoffs will occur, with the Government recently allowing private firms to reassign vacation days and national holidays for workers during the state of emergency (STSS, 2020). The proposed employment measures have focused on alleviating tax burdens on firms and supplementing income for formal workers. Despite these palliative measures, there are expectations that the unemployment rate will increase significantly, but there remains uncertainty as to the magnitude of the potential change.

While unemployment is relatively low compared to other countries in Latin America (SEDLAC, 2018), it does not capture nuances in the nature of work in Honduras. Approximately 15% of workers are classified as visibly underemployed and 71% as invisibly underemployed (INE, 2019). These figures suggest that a large fraction of the Honduran workforce is attached to the informal economy. In particular, adopting a social security definition for informality[4], the number of workers who do not contribute to any form of social protection is 82.4%. This population is highly vulnerable given that they work outside the contributory system and are not covered by the Honduran labor code. Furthermore, these 82.4% workers would not be covered by the one-month subsidy of 6,000 Lempiras that was proposed by the Honduran government on March 30th, 2020.

Despite the recommendations to carry out remote work, not all employees are able to directly translate their activities towards the virtual domain. A potential indicator of at-risk jobs may be determined by analyzing how many workers have access to internet at work and in their homes. Approximately 14.8% of workers report they use internet at work, while 48.5% have access to internet at home. This average, however, varies by worker attributes. **Table 2** shows differences in access to internet at work and home by gender, labor informality, and household income quintile.

Table 2. Internet access by worker attributes

	Internet access	
	At work	**At home**
All workers	14.8	48.5
Male	14.1	44.9
Female	15.8	53.2
Formal	30.0	61.5
Informal	7.2	42.0
Household income quintile		
1	1.9	17.9
2	8.3	21.5
3	12.4	37.6
4	15.1	46.6
5	24.9	67.3

Source: Own calculations from 2019 EPHPM household survey.

[4] In particular, the report considers formal workers as any worker who actively contributes to any social security in Honduras, and informal workers as those who do not contribute to any form of social security.

Formal workers often use the internet at work, and more than half have connectivity at home. Informal workers use less internet at work, with just under half reporting access at home. Internet access is related to household income, since 17.9% of workers in the lowest quintile have internet access while 67.3% of workers in households in the highest income quintile are connected. This suggests that employment in low-income households will be impacted more prominently, given that those activities cannot be carried out remotely. Additionally, observing internet access by aggregate economic sectors shows that certain sectors perform more remote work than others. **Table 3** shows the share of workers by sector and their use of internet at work and available connectivity at home. 55.7% of Honduran workers are in the service sector, but only 17.7% use internet at work. 30.8% of Honduran workers are in agriculture, with virtually no use of internet at work. Finally, the 13.5% of workers in manufacturing rarely use the internet in the workplace. In general, this further supports that most occupations in Honduras cannot be performed remotely.

Table 3. Internet access by economic sector

		Internet access	
	Share of workers	At work	At home
Agriculture	30.8	3.0	25.2
Manufacturing	13.5	11.2	42.5
Services	55.7	17.7	54.0

Source: Own calculations from 2019 EPHPM household survey.

To further explore what sectors and jobs will be impacted most due to the quarantine, we disaggregate these three sectors using 1-digit CIIU industry classification codes. **Table 4** shows the share of workers in each industry, hours worked per week, formality rate, and the amount of monthly earnings in US dollars. Using this classification, almost a third of workers are employed in agricultural activities, followed by retail, personal services, and manufacturing. These four sectors encompass 86.6% of Honduran workers. Most sectors have a full work week[5], with average hours ranging from 35 in agricultural activities to about 55 in transport and storage.

Table 4. Formal and informal workers by industry

Industry	Share of workers	Hours worked	Formality	Monthly earnings (in USD)	
				Formal	Informal
Agriculture and fishing	30.53	35.3	2.3	382.30	106.93
Mining	0.35	40.3	17.7	634.80	158.59
Manufacturing	13.52	41.3	34.4	417.76	174.38
Utilities	1.00	43.8	28.0	518.29	244.17
Construction	6.18	45.8	6.7	682.93	216.55
Wholesale retail, hotels, and restaurants	23.86	48.5	12.4	492.18	219.59
Transport and storage	3.02	54.9	11.9	571.01	316.79
Financial and real estate services	2.87	43.4	55.0	589.71	473.11
Personal services	18.66	39.7	35.4	566.70	193.13

Source: Own calculations from 2019 EPHPM household survey.

[5] The Honduran labor code states that full-time employment comprises a five-day work week of 8 hours plus half a day on Saturday, for a total of 44 hour per week

Formality rates are low in Honduras and vary widely by industry. The empirical definition for formality is the workforce that contributes to the social security system.[6] Only 17.6% of workers contribute and are therefore covered by the provisions in the labor code. Agriculture and construction are among the industries with the lowest level of formality (2.3% and 6.7%, respectively). Financial and real estate services and personal services show the highest formality rates (55% and 35.4%, respectively). High rates of informality also impact earnings, with formal workers earning up to three times as much than informal workers in the same industry. For instance, while a formal construction worker earns about US$682 per month, an informal construction worker earns US$216 per month. Similar differences arise across other industries. This evidence suggests that the majority of workers are not covered by social protection and are therefore vulnerable to lose their jobs and main source of income. Moreover, they would not be covered by the employment protection measures currently proposed by the Honduran government.

To further characterize labor informality, we present a profile of formal and informal workers in **Table 5**. The table includes demographics, shares across the income distribution, and labor market outcomes. As mentioned beforehand, formal workers comprise 17.6% of the workforce while informal workers account for 82.4%. More than half of the informal workforce is male, 37 years old on average, and live in households with an average of four people. Greater differences arise when we look at the share of workers by household income quintile. While 72% of formal workers are in the fourth and fifth quintiles of the income distribution, 50% of informal workers are in the first and second quintiles.

The distribution of workers by industries also presents large differences. While most formal workers are employed in personal services and manufacturing, most informal workers in Honduras operate in agriculture, retail, and to less extent in personal services. These results, together with those for connectivity suggest that informal workers are employed in industries where remote work is less plausible and are thus are less likely to continue their activities during the quarantine.

[6] An alternative definition is that employed by the International Labor Organization, which classifies as workers as informal if they work in small firms or are self-employed. By that metric, the share of labor informality in Honduras was 66.2% in 2019, which implies that formal workers are the remaining 33.8%.

Table 5. Profile of formal and informal workers in Honduras

	Formal	Informal
Demographics		
Males	0.57	0.64
Age	37.69	37.45
Married	0.62	0.52
Household size	4.44	4.85
Household income quintile		
1	0.008	0.252
2	0.068	0.219
3	0.189	0.185
4	0.280	0.173
5	0.441	0.145
Industry		
Agriculture and fishing	0.041	0.366
Mining	0.003	0.003
Manufacturing	0.267	0.108
Utilities	0.016	0.009
Construction	0.023	0.070
Wholesale retail, hotels, and restaurants	0.168	0.253
Transport and storage	0.021	0.032
Financial and real estate services	0.088	0.015
Personal services	0.374	0.145
Self-employed	0.027	0.513
Firm size		
Large (>10 employees)	0.633	0.071
Small (≤10 employees)	0.111	0.908
Public sector	0.256	0.021
Hours worked	47.10	40.39
Monthly earnings (in USD)	515.22	182.82

Source: Own calculations from 2019 EPHPM household survey.

Over half of all informal workers are self-employed and working in small firms with less than 10 employees. Formal workers tend to be salaried employees in large firms or the public sector. Given the government's admission that *"small and medium enterprises are likely to be the most affected due to the economic deceleration from the quarantine"* (Government of Honduras, 2020c), once again informal workers seem to be most at risk in maintaining their jobs and income stream due to the pandemic.

Given these statistics, the proposed transfer of 6,000 Lempiras to formal workers would potentially reach 687,453 formal workers and cost approximately US$166.7 million. However, this would only supplement average income for formal workers. Mean formal sector earnings are US$515 per month and the transfer is approximately US$242, implying that it would cover about 47% of formal workers' earnings for one month. While the transfer would be a great help to that population, this policy would exclude 3,218,413 informal workers to account for the US$588.4 million they earn, assuming that each worker earns the average informal income of US$ 182.82 per month.

Overall, the COVID-19 pandemic is expected to have a large impact on aggregate economic performance and labor markets in Honduras. Current projections assume that the pandemic, its corresponding global effects on commodity and oil prices, and the effect on external and internal aggregate demand will reduce potential GDP instead of leading to a downturn. However, depending on the evolution of the COVID-19 pandemic, these expectations may be adjusted in the future.

4. Social unrest

While social unrest has not reached the levels seen recently in other countries in Latin America, Honduras has been dealing with sensitive issues over the past few years. The president, Juan Orlando Hernández, is in his second term after being reelected in 2017. Reelection by a sitting president has been traditionally restricted by the Constitution since 1982, but Hernández successfully ran for a second term in the last elections. These elections were fraught with allegations of fraud, but despite the resulting accusations, these claims were never proved.

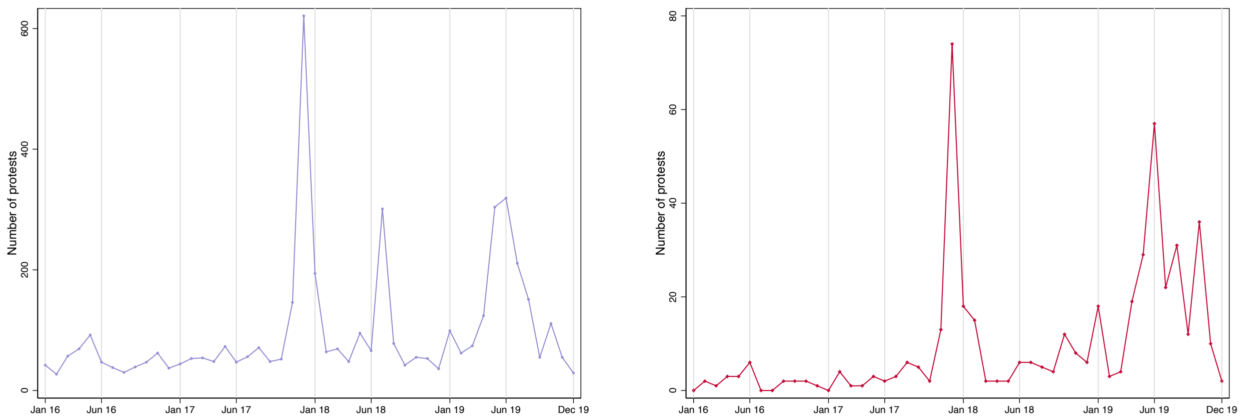
In the past few years, the Government has also faced allegations of corruption and ties to criminal organizations. In 2019, the president's brother, Tony Hernández was indicted of drug trafficking in the United States.[7]Although this event has not implicated any government officials directly, its aftermath suggests that state institutions in Honduras have yet to achieve the autonomy or capacity needed to successfully attack criminal networks (InSight Crime, 2019). Several other corruption scandals have plagued the current administration, and the country is ranked as one of the most corrupt nations according to the Corruption Perceptions Index calculated by Transparency International. Recent data from the Barometer of the Americas finds that citizens' are less satisfied with their democracy and a significant fraction believe the Government is corrupt (LAPOP, 2019).

While this background does suggest that social unrest may be brewing in Honduras at the levels of other countries in Latin America, the population has not mobilized to the streets to voice any concerns during the COVID-19 pandemic. **Figure 4** plots trends in the number of peaceful and violent protests in Honduras collected by the National Police. There is a large increase in November and December 2017, just after the elections where Hernández was reelected. Since then, there are two points in 2019 where mobilizations took place. The first took place in May and June, led by teachers and medical personnel that protested an executive decree which they claimed would promote massive layoffs and privatizing health and education in Honduras. The second took place in November, during and after the trial where Tony Hernández was convicted.

[7] See www.nytimes.com/2019/10/18/world/americas/honduras-president-brother-drug-trafficking.html, for the full news story.

Figure 4. Trends in protests and mobilizations in Honduras

Peaceful **Violent**



Source: Own elaboration from Honduran police records in SEPOL (2020).
Notes: Data scraped from www.sepol.hn between March 30th and April 1st, 2020.

While social unrest has fallen in the beginning of 2020, the pandemic and quarantine may exacerbate unrest due to potential corruption and impatience of the population during the pandemic. On the one hand, the national police have been granted faculties to enforce the mandatory quarantine. Informal reports suggest that there have been large levels of non-compliance with the curfew measures. In the case of excessive force, the population may respond, as has occurred in other countries with strict enforcement. On the other hand, there have been recent protests from certain groups of the population who are claiming they have no food to deal with the current crisis.[8]

Overall, while social unrest in Honduras is not as severe as in other countries in Latin America, there remain some unsolved issues between the Government and the people. The data on protests suggest that Hondurans were not mobilizing to voice their concerns with these issues in early 2020. While the level of social unrest is not expected to amplify any consequences from the COVID-19 pandemic, there is a potential for conflict as the quarantine carries on and economic conditions become more uncertain. Given the restrictions to mobility in place, protests are not expected to be massive, although as evidenced by recent events and other experiences, they may still occur.

[8] See www.elheraldo.hn/fotogalerias/1368612-468/fotos-adem%C3%A1s-del-coronavirus-el-hambre-tambi%C3%A9n-acecha-a-los-hondu-re%C3%B1os, for the full story.

5. Policy options

i. Initial policy responses by the Honduran Government

At the time of writing, the Honduran Government has taken initial actions to mitigate the consequences of the COVID-19 pandemic. Before proposing additional policies, we review these measures.

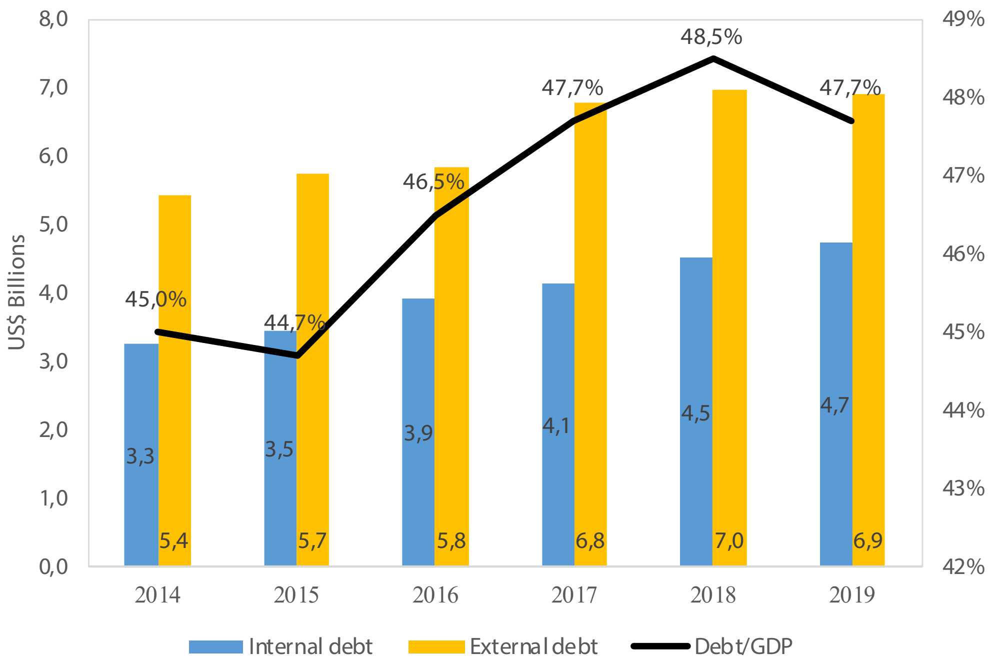
On March 17th, the Honduran Government shared the first set of economic measures to mitigate the negative effects of the pandemic on Honduran households (Government of Honduras, 2020a). It contemplates four measures. First, it will freeze payments on loans from the Honduran Bank for Production and Housing (*Banhprovi*, for its acronym in Spanish) for three months. Second, *Banhprovi* will receive 200 million Lempiras (about US$8.08 million) to support the construction sector, hoping to benefit 200 families and protect 1,000 jobs. Third, 2,500 million Lempiras (about US$100 million) in agro-credits will be expedited to guarantee food security among Honduran households, also through *Banhprovi*. Last, a 51 million Lempira fund (about US$2 million) will be available for approximately 5,000 small and medium enterprises. Additionally, the Honduran Central Bank announced changes to its monetary policy on March 19th, which were described in detail in Section 1. On March 19th, the Government also passed a decree freezing prices for goods that are part of the basic food basket as well as hygiene and cleaning products, for as long as the COVID-19 emergency lasts.

On March 20th, the president announced a second set of economic measures on a televised address to the nation (Government of Honduras, 2020b). These new set of measures focused on food security for Honduran households and maintaining the production capacity of food producers in order to supply the internal demand for food. First, the *Honduras Solidaria* (Solidary Honduras) initiative provides 30 days' worth of groceries to 800 thousand vulnerable families. Second, 200 million Lempiras (about US$8 million) were assigned to agricultural producers in Honduras' "dry corridor", to ensure that productivity does not fall nor production decreases. Third, 190 thousand small agricultural producers will receive a transfer to guarantee their access to agricultural inputs. Fourth, there are no restrictions on the operations of firms in the agricultural sector, but they must employ proper sanitary measures to prevent virus spread. Last, while markets are closed, the producers who sold in those venues may supply grocery stores and supermarkets by delivery.

While the first two set of measures focused on a first response to ensure food security for Honduran households and liquidity for the financial sector to support agricultural producers, the latest set of measures aim to protect firms and jobs in other sectors. On March 26th, the Ministry of Labor authorized bilateral negotiations between firms and workers to count days spent in quarantine as vacations (STSS, 2020). On March 30th, the Government issued further responses. First, small and medium formal enterprises were granted a grace period for 2019 taxes until June 30, 2020. Second, those small and medium formal enterprises that do pay their taxes before April 30, 2020 will receive an 8.5% discount. Third, large formal taxpayers must pay taxes by April 30, 2020. Fourth, tax obligations for 2020 will be rolled out in three payments, due on August 30, October 30, and December 31 of 2020. Fourth, all firms that maintain all employees on their payroll will be granted a 10% deductible benefit on tax obligations for 2020. Any employers who suspend or release workers instantly lose this benefit. Fifth, firms not operating during the quarantine are exempt from paying value added tax. Last, all formal workers who contribute to the social security system and maquila workers will receive a one-month transfer of 6,000 Lempiras (about US$242).

These initial economic measures were approved by Congress on April 1, 2020, which also voted in favor of procuring US$2.5 billion to combat the COVID-19 pandemic (Congress of Honduras, 2020). The document states that the Ministry of Finance is authorized to "*contract domestic or foreign debt, redistribute or reassign available external* *funds to this objective, emit bonds in the domestic or international markets, and obtain funds from international creditors at the terms currently available"*. On March 31st, the International Monetary Fund confirmed that US$143 million would be provided to Honduras from the existing stand-by (SBA) and credit facility agreements (SBA/CFA) already in place from July 2019. While lawmakers have approved a significant amount of funds to combat the pandemic, the generalized emergency across the world may make obtaining both internal and external funds difficult. Moreover, Honduran debt has been rising in the past few years, as shown in **Figure 5**. Total debt in 2019 was 47.7% of the country's GDP. Given the need to acquire more funds to combat the pandemic, this debt-to-GDP ratio is expected to rise further in the next years. Icefi (2020a) suggests that debt levels in Honduras are already above the 40% threshold suggested by the international finance agencies and conclude that fiscal policy before the COVID-19 pandemic was on an unsustainable path. Given the emergency and the need to fund the policies described beforehand, it is likely that this level of debt will rise considerably, despite Honduras counting with limited space to increase their debt-to-GDP ratio. While the Honduran Central Bank has already reduced interest rates to guarantee liquidity, there is recent research suggesting that current measures may be insufficient to help control the fallout from the health aspects of the pandemic, economic standstill from quarantines, and demand shocks that affect individual livelihoods (Guerrieri *et al.*, 2020).

Figure 5. Internal and external debt for Honduras



Source: Own elaboration from Ministry of Finance statistics.
Notes: Data obtained from www.sefin.gob.hn/deuda on April 1st, 2020

The measures summarized in this sub-section will likely be complemented by other social assistance measures, within the scope of the emergency decree passed by Honduran Congress. Several institutions have provided suggested responses across the world (Gentillini, Almenfi, and Orton, 2020; IADB, 2020; ILO, 2020), for Central America (Icefi, 2020b), and Honduras (UNAH, 2020). Additionally, civil society has also pronounced concerns about the situation and its implications on the livelihood of vulnerable families and workers, as well as preoccupations with potential corruption and mishandling of funds from the emergency (CGT, 2020; FOSDEH, 2020) All recommendations suggest contemplating short-, medium-, and long-term responses. While Honduras has taken initial steps to consider the first two, there remain policy options that may be considered to mitigate the economic and social impact from dealing with the COVID-19 pandemic.

ii. Additional policy proposals

In addition to the initial policy responses from the Honduran Government to reduce the negative consequences of the COVODI-19 pandemic, other options may be considered. Some existing policies may be extended, or new social protection schemes for the duration of the emergency may be implemented. This section briefly proposes some concrete ideas of how additional efforts may be used to consolidate the response to the current crisis through lump sum transfers.

Honduras has implemented some form of conditional cash transfers since 2000. Since 2015, the Vida Mejor program has provided about 10,000 Lempiras (about US$400) annually to beneficiary households subject to education and health conditionalities. Using data from the 2019 household survey shows that approximately 290,518 households benefit from this program. The first panel of **Table 6** shows simulation results that use the existing cash transfer framework in Honduras to grant an additional transfer of 25%, 50%, 75% or 100% to current beneficiary households. The lowest additional transfer would cost US$29 million, while an additional 100% transfer would cost US$117 million. In terms of the approved emergency funds of US$2.5 billion, providing additional cash transfers to current beneficiaries would cost between 1.17-4.69 percent of that budget.

As mentioned previously, Honduran formal workers have access to labor protection under the Honduran labor code. However, there is no unemployment insurance in Honduras (Ham, 2018). While some flexibility has been granted to firms to reassign vacation days while the quarantine lasts and a 6,000 Lempira transfer has been approved for formal workers, these employees account for 17.6% of the total workforce, thus excluding 82.4% of working people. The next panel of **Table 6** shows the cost of providing this transfer as planned by the government and also extending the same amount to informal and all workers, as a universal income transfer to workers. While the cost of the proposed one-month transfer is 6.7% of total allocated COVID-19 funds, covering all workers for the same amount of time would come at a higher cost of 37.9% of the total available funds. Naturally, granting transfers to workers for more than one month would increase the costs depending on the length of the assistance. Some form of social protection for informal workers is necessary since more than 3 million individuals will be excluded from the current policy proposals.

Table 6. Simulated policy options (one-time transfer to beneficiaries)

	Beneficiaries	Transfer (in US$)	Cost (US$ millions)	Percent of allocated COVID-19 funds
Supplement to cash transfers (Bono Vida Mejor)				
Additional 25% to households	290,518	101	29.3	1.17
Additional 50% to households	290,518	202	58.7	2.35
Additional 75% to households	290,518	303	88.0	3.52
Additional 100% to households	290,518	404	117.4	4.70
Transfers to workers				
Formal employees	687,453	242	166.7	6.67
Informal employees	3,218,413	242	780.2	31.21
All employees	3,905,866	242	946.9	37.88
Transfers for loss of remittance income				
50% of average household remittance	406,786	271	110.4	4.42
Average household remittance	406,786	543	220.8	8.83
Universal basic income				
3,000 Lempira per household	2,208,653	121	267.7	10.71
6,000 Lempira per household	2,208,653	242	535.4	21.42

Source: Own calculations based on 2019 EPHPM household survey.
Notes: The simulations assume a one-time, lump-sum cash transfer to selected beneficiaries. If the transfer will be extended to cover more months, the values should be multiplied by the considered timeframe. For instance, if the transfer to formal employees will be extended to three months, it would cost 3 months x US$166.7 = US$ 500 million or about 20% of allocated COVID-19 funds in Honduras.

A large sum of the proposed emergency funds will be directed to the public health sector to deal with greater health demand. While some funds will be diverted to prevention, there are structural problems that cannot be immediately resolved. For instance, while 88.3% of Honduran household have access to running water, the frequency of that service varies widely. Moreover, in the current dry season, some households are only receiving water one or two days a week. Given the health recommendations from the World Health Organization that washing hands is key to prevent the spread of COVID-19, this precarious situation in terms of water may exacerbate the contagion in Honduras. Therefore, a program that provides access to clean water is not feasible due to lack of control over supply, which is a structural issue and is complicated by seasonal cycles.

While the interventions so far discussed have focused on maintaining the livelihood of households during the crisis, the Honduran Government has also taken fiscal measures to reduce pressure on firms, particularly small and medium enterprises. However, the policies encompass formal sector small and medium enterprises who pay taxes. The share of these small businesses that are formal is modest, similar to the numbers shown for employees. In that case, while some firms will surely benefit and keep operating, many others will not receive support. Due to the reduction in internal demand from the quarantine measures, many firms are neither operating nor generating revenue. The proposed fiscal stimulus and flexibility measures will currently benefit formal enterprises. Ensuring the survival of firms with these policies is essential in the medium- and long-term but excludes a large share of firms in a context with high informality like Honduras.

Policy responses at the household or individual level may help both restore the loss of labor income due to the pandemic and to help limit the reduction in internal demand to keep firms operating. While we discussed potential transfers to cash transfer beneficiaries and workers, there are also many households that depend on international remittances from migrant Hondurans (see Section 2). Given the situation in the United States, where unemployment claims have risen, there is an expectation that remittances will fall in the medium-term. As mentioned in Section 2, the average monthly remittance is US$542.70. Household survey data indicates that approximately 406 thousand Honduran households have a family member outside the country. Additionally, more than half the households that receive remittances state that this is their primary source of income (Honduran Central Bank, 2020a). Assuming that all these households receive remittances, we simulate the cost of a 50% and 100% transfer of the average remittance in the third panel of **Table 6**. This would imply transfers of US$110 million and US$220 million, respectively. It would cost between 4.4-8.8% of the emergency funds in Honduras to grant a one-month transfer to cover the loss of remittance income. Extending the transfer beyond one month would increase costs.

Finally, another consideration to restore income and incentivize aggregate demand would be a one-time universal basic transfer to all Honduran households for one month. Assuming the same 6,000 Lempira transfer given to formal workers to more than 2 million households would cost approximately up to US$535 million or 21% of the total allocated funds for the COVID-19 pandemic. While this policy may be costly, it would alleviate some concerns that the current proposed measures are excluding a large fraction of the population that works informally or are not targeted for other social protection programs by the Honduran government.

The economic consequences of the COVID-19 pandemic will likely affect poverty rates. Honduras has one of the highest poverty rates in Latin America (SEDLAC, 2018), with above half the population living below the poverty line. Poverty reduction has been modest in the past five years, with a rate of 68.2% in 2014 and 64.7% in 2019 (INE, 2014; 2019). To gauge the potential effect of the crisis on poverty, **Table 7** simulates changes in the poverty headcount from three different scenarios assuming reductions in labor and non-labor income. While these simulations assume a generalized reduction in labor and non-labor income sources for all individuals, they suggest potential bounds on the effect on poverty rates using a simple model with minimal assumptions.

Table 7. Simulated consequences of income loss on individual poverty headcount

	Extreme poverty		Moderate poverty	
	Headcount	Difference	Headcount	Difference
2019 Poverty (baseline)	41.7	-	64.7	-
Loss of income from work (monthly earnings)				
25% reduction in monthly earnings	50.6	8.8	74.0	9.3
50% reduction in monthly earnings	64.0	22.3	83.5	18.8
75% reduction in monthly earnings	79.9	38.2	91.5	26.8
Loss of non-labor income (remittances and transfers)				
25% reduction in monthly non-labor income	43.6	1.9	66.7	2.0
50% reduction in monthly non-labor income	46.3	4.6	68.8	4.1
75% reduction in monthly non-labor income	49.3	7.5	70.8	6.1

Source: Own calculations based on 2019 EPHPM household survey.
Notes: The simulations assume a uniform percentage loss for all individuals of 25%, 50%, and 75% of monthly labor earnings and the same reduction in non-labor income from transfers. The Difference columns show the change in poverty rates compared to the 2019 poverty rate baseline estimate.

The share of people below the extreme poverty line in 2019 was 41.7%, while 64.7% have monthly per capita income below the moderate poverty line. The results in the table suggest that loss of labor income will affect poverty rates more prominently than reductions in non-labor income. A 25% reduction in monthly earnings for all individuals would increase the extreme poverty headcount by 8.8 percentage points and the moderate poverty headcount by 9.3 percentage points. A 50% loss in labor income would raise extreme and moderate poverty by 22.3 and 18.8 percentage points, respectively. The most pessimistic scenario contemplates a 75% generalized reduction in labor income, leading to substantial increases in poverty. Loss of non-labor income would increase the extreme poverty rate between 1.9 to 7.5 percentage points and between 2-6 percentage points for moderate poverty. These results, while drawn from simple assumptions, suggest that policy efforts should concentrate on mitigating the potential income loss from work-related activities.

The policy proposals suggested in this sub-section may mitigate these potential increases in poverty. **Table 8** shows the effect of each proposal on the extreme poverty headcount for all simulated scenarios, while **Table A.1** in the Appendix shows the same results for moderate poverty.

Table 8. Simulated consequences of income loss on individual poverty headcount

	Loss of labor income			Loss of non-labor income		
	25%	50%	75%	25%	50%	75%
Poverty rate with no intervention	50.6	64.0	79.9	43.6	46.3	49.3
Supplement to cash transfers (Bono Vida Mejor)						
Additional 25% to households	47.9	62.0	79.0	40.7	43.5	46.5
Additional 50% to households	43.4	56.8	75.0	36.7	39.4	42.3
Additional 75% to households	39.5	52.4	69.6	33.5	35.9	38.7
Additional 100% to households	37.6	49.7	65.7	31.6	34.0	36.8
Transfers to workers						
Formal employees	47.0	56.0	66.0	41.5	44.2	46.9
Informal employees	7.0	10.7	17.0	5.8	6.7	8.1
All employees	4.6	5.7	8.9	4.4	5.2	6.5
Transfers for loss of remittance income						
50% of average remittance	44.7	56.7	70.7	37.8	40.0	42.4
Average remittance	43.2	54.9	68.3	36.7	38.8	40.7
Universal basic income						
3,000 Lempira per household	31.1	41.5	59.8	25.6	27.5	30.8
6,000 Lempira per household	13.7	19.0	29.6	10.6	11.4	12.9

Source: Own calculations based on 2019 EPHPM household survey.
Notes: Poverty rates are calculated using monthly per capita income for each of the simulated scenarios in Table 7, adding the proposed one-time, lump-sum cash transfers to selected beneficiaries described in Table 6. This simulated income is compared to the official poverty lines used by INE (2019).

Under the simulations in **Table 7**, the extreme poverty headcount would rise from 41.7 to 64 percent if monthly labor income falls by 50%. For simplicity, we focus on that scenario, but the results we discuss also apply to the optimistic (income reduction of 25%) and pessimistic scenarios (income reduction of 75%). Granting a supplemental transfer for households that currently receive cash transfers would reduce the resulting increase in poverty from losses in labor income. However, even a supplement of 100% of the transfer would still imply an increase in poverty from 41.7 to 49.7%. However, it would be less than the expected 64% without this policy. Similar results are observed with respect to the loss of non-labor income. However, since this source represents a smaller percentage of total household income, the supplemental transfers would lower poverty rates below the initial observed level in 2019, assuming no loss of labor income occurs.

Proposed transfers to workers to compensate for loss of labor income vary in their effectiveness. The current proposal aimed only at formal registered workers would mitigate the effect on poverty, leading to an increase from 41.7% to 56%, instead of a rise to 64% with no transfers. However, if the transfer were granted to all informal workers but not formal workers, the observed poverty rate would fall to 10.7%. A universal transfer of US$242 to all workers in Honduras would lead to a reduction in expected extreme poverty rates from a 64% to 5.7%. Similar to the previous set of measures, the reduction in extreme poverty is higher when only non-labor income losses occur.

Support for households due to loss of remittances would mitigate the increase in poverty. Without support, the extreme poverty rate would be 64%, falling to 56.7% with a 50% transfer of the average remittance value (US$542.70) and to 54.9% with the full average transfer. Finally, a non-targeted universal income transfer of approximately US$121 for one month would slightly reduce extreme poverty rates (from 41.7 to 41.5%), effectively serving as a safety net. A one-time monthly transfer of $242 to all Honduran households would reduce poverty rates to 19%. However, as noted beforehand, these two transfers are the most expensive. Moreover, these simulations consider a single one-month transfer's effect on monthly household per capita income. Supposing that the necessary support goes beyond one month, costs would increase to maintain the level of welfare of the Honduran population. While these proposals are not the only potential option, they do frame the challenge of supporting the most vulnerable individuals during this time of emergency.

6. Conclusion

The COVID-19 pandemic will have a wide-ranging impact across the world, with some countries affected more than others. While the number of cases in Honduras remain low compared to other nations, authorities expect that more confirmed cases will surface in the coming weeks. At the time of writing, the mortality rate from COVID-19 in Honduras is 6.7%, one of the highest in Latin America. The first response to the crisis is to ensure proper functioning of the health system and preventative measures to slow down contagion, such as the quarantine and information campaigns. The health system in Honduras is precarious and will likely be overflowed due to higher demand and lack of respirators, masks, and other essential health products to combat the crisis. Humanitarian aid will surely play a role in whether the health system has the capacity to test and treat patients in the coming weeks and months.

While the Honduran Government has taken measures to mitigate the economic impact of the crisis at the national, household, and individual level; there is a high chance of economic downturn. Moreover, as discussed throughout this report, some measures will only reach a small fraction of the population. While the response has been quick, there is a large exclusion of support for informal workers and firms. Given the size of the informal economy in Honduras, many businesses and workers may face partial or complete loss of income, affecting their welfare in a context where 64.7% of the population lives below the poverty line. These effects on households' livelihoods will impact internal demand which will also affect firms, and aggregate economic performance.

In order to face the oncoming consequences, additional policies to those already in place must be considered. While Congress has approved a large sum of emergency funds by acquiring more internal and external debt, it is uncertain if those funds can be raised completely. Moreover, it remains to be seen how those funds are allocated and whether they are effectively distributed to aid the most vulnerable population in Honduras. While the Government has taken leaps towards preparing for the crisis, the uncertainty of the situation may require rapid adaptation to changing conditions to ensure that the economy does not lose momentum, firms do not go bankrupt, workers are able to keep their jobs and source of income, and that the pandemic does not claim too many lives. This report provides some suggestions, but there are different ways to ensure that the emergency funds reach those in need and mitigate the downstream consequences on people's livelihoods due to the emergency caused by the COVID-19 pandemic in Honduras.

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Appendix

Table A.1. Simulated effects on moderate poverty headcount of policy proposals

	Loss of labor income			Loss of non-labor income		
	25%	50%	75%	25%	50%	75%
Poverty rate under scenario	74.0	83.5	91.5	66.7	68.8	70.8
Supplement to cash transfers (Bono Vida Mejor)						
Additional 25% to households	72.6	82.7	91.1	65.1	67.4	69.6
Additional 50% to households	70.2	80.8	90.1	62.5	64.6	67.0
Additional 75% to households	66.6	76.8	86.6	59.1	61.3	63.6
Additional 100% to households	63.3	73.4	83.2	56.0	58.1	60.4
Transfers to workers						
Formal employees	67.4	75.1	83.4	61.3	63.3	65.0
Informal employees	25.9	33.0	42.7	22.6	24.3	25.8
All employees	20.2	25.6	32.9	18.4	19.8	21.1
Transfers for loss of remittance income						
50% of average remittance	67.7	77.3	85.8	60.6	62.8	64.9
Average remittance	64.4	73.0	80.5	57.8	59.4	61.2
Universal basic income						
3,000 Lempira per household	60.0	71.4	83.4	52.6	55.1	58.0
6,000 Lempira per household	41.7	53.6	67.8	35.1	37.3	39.9

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