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SNAPSHOT

Commercial alliance bears fruit for coffee growers

Coffee growers with improved production and handling practices enter into commercial partnership with high-end exporter.



Photo by Fintrac Inc.

A coffee growers receives technical assistance from a USAID-ACCESO agronomist on pest and disease sampling

“The market alliance with Bon Café has opened new and higher value options for hundreds of small-scale growers who previously did not have access to formal markets.”

Ali Valdivia

USAID-ACCESO works with 30,500 poor and extreme poor households in western Honduras to improve agricultural production practices, diversify and increase on- and off-farm incomes, and gradually lift the families above the poverty line. Nearly 19,000 of these client households are coffee growers with a total production area of 21,900 hectares and an average farm size of 1.2 hectares.

In September 2013, USAID-ACCESO formally signed a public-private sector partnership with Bon Café S.A., a local buyer, processor, and exporter of specialty coffees. The aim of the partnership is to develop a market alliance between the project’s coffee growers and Bon Café to provide a reliable market outlet with price premiums being received for quality (for growers), and to expand the grower sources and the production zones for specialty and premium coffee (for Bon Café).

USAID-ACCESO not only provides the market link, but also the technical assistance in production, harvesting, wet milling, and drying. Growers also received training from Bon Café technicians in handling, drying, and quality specifications.

In the 2012/2013 harvest season, 6,300 quintals (100 pound sacks) of coffee were sold to Bon Café under this alliance with gross sales incomes of \$650,000. In the 2013/2014 season, the volume of coffee purchased from project clients almost doubled to 12,234 quintals and earned growers \$1.1 million in gross sales. In both seasons, a price premium of \$5.00 per quintal was paid over the market price with a total of 289 growers involved.

Every lot from each grower was cupped for quality by Bon Café. In the 2013/2014 season 9 percent of the coffee was classified as specialty, similar to the percentage obtained in the previous season. Almost 26 percent of the 2013/2014 coffee was classified as premium, up from 22 percent the previous season. The remaining coffee were graded a “good commercial” or “commercial,” with defective coffees being reduced from 12 to 5 percent between the two seasons. Growers received a premium of \$10 to \$15 per quintal for specialty grades. End purchasers of the specialty and premium coffees included Intelligentsia Coffee and Green Mountain Coffee Roaster, with commercial grades being sold to Dunkin Donuts.

In addition, and in order to increase grower incomes and reduce transport costs, USAID-ACCESO introduced the use of low-cost solar dryers to enable growers to sell dry beans. This resulted in increased returns of \$8 to \$10 per quintal compared to selling wet coffee, and an estimated \$150,000 in additional sales income.

The results and trends to date under this alliance, with ACCESO’s technical assistance, Bon Café’s purchasing commitments, and the growers’ dedication, are showing that small-scale growers can meet high-end buyer requirements, directly enter the value chains, and increase their incomes - to the benefit of all parties involved.