



**Liceth Vasques,
Finca La Cascada**

**Chinacla, Marcala, La
Paz, Honduras**

Partner since: 2022

Varietals: Catuai, Parainema

Traceable to: Single household **Altitude:** 1,300

Processing: The best of a day's collection is set aside for processing as a natural, for which coffees are floated then set out to dry immediately on tarpoline or patio with rotation every few hours the first few days, followed by the adding of layers and use of shade nets to slow fermentation over a total drying time of 16-18 days.



Community Context

Liceth Vasques is a founding member of Pacayal, a small, ten-year-old cooperative in La Paz, the Comayuga Valley, outside of Marcala. It's a region of ~ 8000 people, all coffee producers, mostly of Lenca ethnicity, and considered to be the poorest in La Paz. In 2012 Edgar Carrilo founded Pacayal in the wake of

a devastating round of La Roya, and with the motto 'quality does not suffer crisis'. From this start, and with the support of Sustainable Harvest, Edgar and family had the contracts, financing (via Root Capital), and technical assistance they needed to get off the ground. At their max Pacayal was able to include over 130 households in their network – all neighbors of Edgar and his extended family. They were able to get certifications (FairTrade and Organic), distribute premiums, elect representatives and have participate in one of Honduras' smallest exporting cooperative unions.

Country Context

Though European traders brought coffee to Honduras in the 18th century and by the mid-19th century coffee farms dotted the countryside, coffee doesn't tell the modern history of Honduras: Honduras is better understood through the export of bananas. From the industry's inception in the late 1800s, bananas defined the economic and political landscape in the country, accounting for some 88% of all exports at its peak. Infrastructure projects—roads and railroads—connected port to banana farmland, while the coffeelands remained disconnected from international buyers.

By the 1960s, though, disease pressure and soil depletion threatened the banana industry,

and after the International Coffee Agreement was established in 1963 the government looked to coffee as an agricultural diversification strategy and in 1970 founded the Honduran Coffee Institute (Instituto Hondureño del Café, or IHCAFE) to develop the industry.

This proved prescient: In 1974, Hurricane Fifi devastated 60% of Honduras' agricultural production and, with it, the banana industry. The national legislature worked to support growth of the coffee industry by passing various laws in the 80s and 90s such as the Coffee Enterprise Protection Law and Agricultural Modernization Law. Together, these laws sought to expand commercial cultivation by providing subsidies to coffee-producing municipalities for building and maintaining roads, encouraging landowners to expand their coffee production, and increasing land property titles, which allowed for the creation of additional, smaller plots of land.

This was successful: between 1970 and 1996, coffee production in Honduras increased by more than 200%, eventually overtaking bananas as the country's largest agricultural export.

After Hurricane Mitch decimated 80% of the country's crops in 1998 and the coffee price crisis of 1999 stressed what little industry remained, the government again intervened, privatizing IHCAFE to bolster its

funding through private taxation and adopting a National Coffee Policy to improve quality and production—as well as to stem the flow of coffee from smallholders in Honduras to Guatemala and El Salvador, where they found more favorable prices for their coffee.

These efforts, too, paid dividends: while just a few decades ago, commercial coffee production in Honduras barely existed, by 2020, Honduras was the 4th largest exporter of coffee in the world behind only Brazil, Colombia and Ethiopia—accounting for 5% of all coffee exports globally.

The government's top-down approach, though, relied heavily on large export cooperatives and private exporters to build the infrastructure necessary to produce and move this amount of coffee. This structure encouraged aggressive forward contracting of exchange-grade coffees, resulting in a patchwork of near-monopolistic buyers who could compete on the scale of their mills and financial means—leaving smallholders with few options. The strategy also prized yields over all else—with quality as a casualty.

Beginning in the early 2000s, IHCAFE focused on quality by establishing six producing regions and holding Cup of Excellence auctions to incentivize specialty production. By 2017, the percentage of coffee from Honduras that was differentiated or specialty—whether via

separation, certification, or a cup score over 83 points on the SCA scale—had grown from from just 10% to nearly a third of all exports.

As new generations of Hondurans grow up in specialty, more and more community-based start-ups are looking for ways to produce at a premium but need to access customers willing to seek out and commit to buying high quality coffee and foster security by building long-term relationships.

And that's where Crop to Cup can make an impact—by supporting smallholders who are committed to specialty coffee production. While we are new to working in Honduras (we first began working in Honduras in 2020 with 2022 being our first export), this is a place where we can contribute through advance contracts that are coupled with pre-crop financing, followed-up with a solid collection and separation plan, and underpinned by the trust, verification, and communication needed for excellence in execution.