

Narrowing Livine Income Gap in Honduras

Final Report



Establishing the Baseline

In 2022, a baseline study was conducted involving a sample of 791 coffee farmers across Comayagua and Santa Bárbara. The data, collected from October 2021 to July 2022, informed a segmentation model based on two key variables: yield (kg/ha) and farm size (ha). This analysis divided farmers into four distinct segments:

- **Segment A – big land, high yield.**
 - Knowledgeable farmer, capability to access credit, has resources to access labor, has the willingness and capability to invest in the crop production (inputs), open to new technologies.
- **Segment B – small land, high yield.**
 - Willingness to invest in manual labor and some inputs, self-reliant labor, has often other off-farm incomes.
- **Segment C – big land, low yield.**
 - Low investment in farm (inputs, time and effort), old farmers that depends on other incomes, absentee – farmer living in the city and owning farm in countryside as an asset.
- **Segment D – small land, low yield.**
 - Prioritize land use for crops assuring survival and better resilience and lack of monetary resources to invest in farms.

Graph 1.

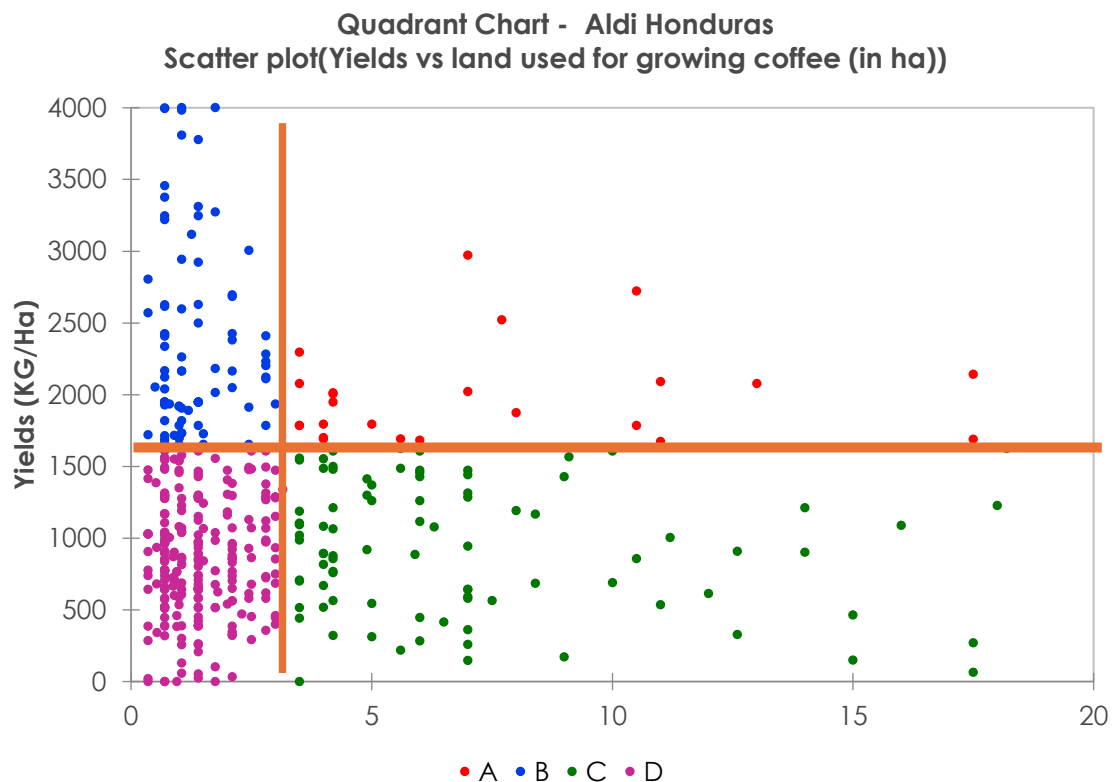


Chart 1.

Quadrant Analysis decision making					
Hectare	Yield (kg/ha)	Quadrant segment	Status	# of Farmers	% of farmers
Hectares > = 3.5	Yield > = 1625.18	A	High Yields, large Hectares	137	17%
Hectares < 3.5	Yield > = 1625.18	B	High Yields, small hectares	110	14%
Hectares >= 3.5	Yield < 1625.18	C	Low Yields, large hecatres	257	32%
Hectares < 3.5	Yield < 1625.18	D	Low Yields, small hectares	287	36%
Total				791	100%

A combined 68% of farmers fall into segments C and D, producing below 1,625.18 kg/ha. This confirms the program's strategic focus on interventions aimed at improving yields through Good Agricultural Practices (GAP), tools, and seedling distribution.

According to ADECAFEH, the national average yield dropped from 950 kg/ha in 2021 to 764 kg/ha in 2024. Additionally, IHCAFE reports that 80% of Honduran coffee farmers manage plots smaller than 3.6 ha. These figures align closely with the project's data.

Chart 2.

Honduras Average Production *1		
Crop Season	46 kg bags/Ha	kg/ha
16-17	21.48	988
17-18	21.97	1,011
18-19	22.72	1,045
19-20	19.22	884
20-21	20.65	950
21-22	14.89	685
22-23	17.59	809
24-25	16.60	764

*1Historical records from ADECAFEH and IHCAFE

Socio-economic indicators

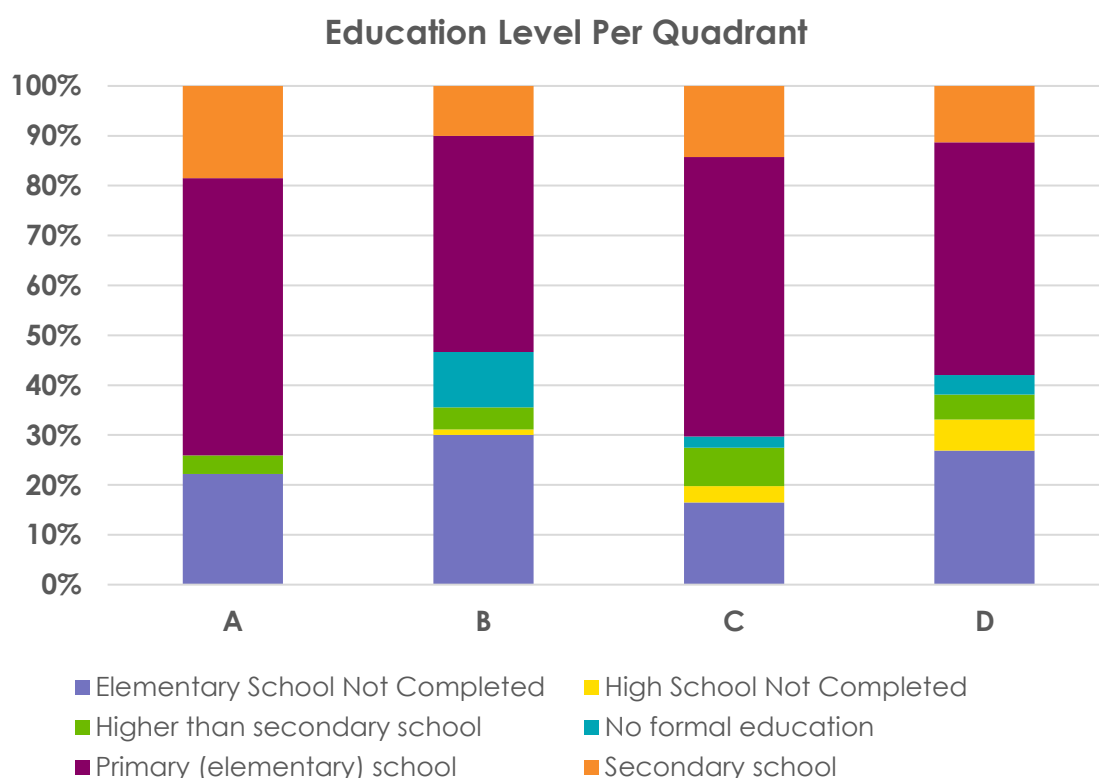
Gender, educational level, family size and average farm age are some of the indicators that were considered to analyze to have a better understanding of the conditions and barriers that the farmers face.

Chart 3.

Gender Distribution		
Gender	Farmers	Percentage
Female	189	19%
Male	811	81%
Total	1000	100%

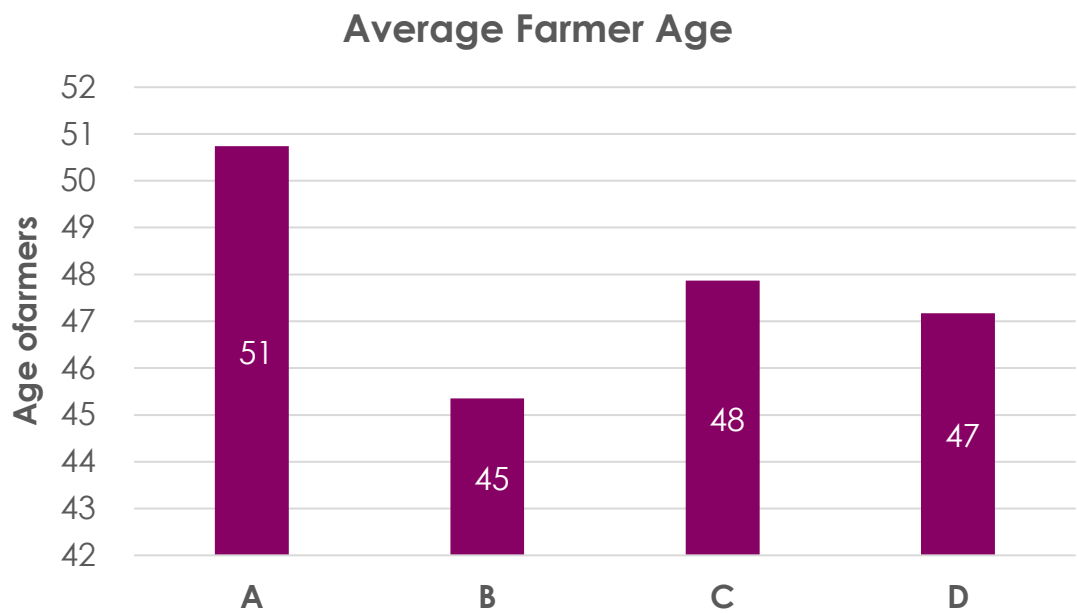
Women represent 19% of the coffee farming population in the project — consistent with the national share in coffee's supply chain (15–20%, depending on the region). Many women have assumed farm management roles due to increased male migration. However, the average age of women farmers (49 years) presents physical challenges, especially during harvest season. A coffee supply chain with low participation of women farmers can lead to missed economic opportunities, reinforce gender inequality, and weaken community resilience. Excluding women limits productivity, innovation, and household income, while also reducing the effectiveness of sustainability efforts and compliance with certification standards. Inclusive supply chains not only promote equity but also enhance long-term social and environmental outcomes.

Chart 4.



Most farmers completed only primary education. In all segments, 40–50% finished sixth grade. An additional 15–30% did not complete elementary school. Segment C showed the highest share of farmers with education beyond secondary level.

Chart 5.



The average coffee farmer in Honduras is 51 years old. This figure is gradually declining, reflecting a generational transition gap. Migration, climate uncertainty, limited financing, and declining profitability make farming less appealing to younger generations. An increasing average age among coffee farmers can negatively impact household living income by reducing labor capacity, limiting adoption of new technologies, and discouraging long-term investments in farm productivity. Older farmers may face higher health-related expenses and may be less inclined to innovate or diversify income sources. Additionally, without effective succession planning, younger generations may disengage from agriculture, risking the continuity and sustainability of household income. While experience and land ownership can offer some stability, the overall trend may lead to declining productivity and income unless supported by targeted interventions and generational transition strategies

Chart 6.

Revenue Generation		
Segment	Main Sources	Other Sources
A	88% Just Coffee	Bananas, Beans
B	87% Just Coffee	Timber
C	78% Just Coffee	Banana, Timber
D	56% Just Coffee	Platain, Timber & grains

Different segments rely primarily on coffee cultivation as their main source of income, but they diversify their livelihoods with other agricultural activities. Segment A shows the highest dependency, with 88% of its income coming solely from coffee, while also growing bananas and beans as secondary sources. Similarly, Segment B follows closely behind with 87% of its revenue derived from coffee, supplementing its economy through timber production. Segment C displays a slightly lower reliance on coffee at 78%, diversifying with banana and timber as additional revenue streams.

Segment D, however, demonstrates the most diversified approach, with only 56% of its income stemming from coffee. This group also engages in planting plantains, timber, and grains, reflecting a broader economic strategy that may help mitigate risks associated with coffee price fluctuations or environmental challenges.

Coffee is the main income source across all segments. Diversification efforts — particularly in Segment D — help reduce exposure to market volatility and environmental shocks.

Key Program Interventions

Various interventions have been implemented to support farmers across different segments, aiming to enhance productivity, sustainability, and financial stability. One of the most impactful initiatives was Direct Market Access, which enabled farmers to connect with buyers through the **ofi Direct** (OD) Application. By October 2024, thousands of OD transactions had been recorded, facilitating the procurement of a substantial quantity of green beans. This approach ensures that farmers in all segments—A, B, C, and D—benefit from improved market opportunities, increasing their profitability and reducing reliance on intermediaries.

In terms of agricultural development, multiple strategies have been adopted to improve farming practices and soil management. Advanced agronomy training has been provided to farmers in segments A, B, and C, covering topics such as soil conservation, pest management, and agrochemical use. Additionally, good agricultural practices (GAP) training has been specifically targeted at Segment C farmers, focusing on essential techniques like pruning, weeding, and harvesting. Meanwhile, demonstration plots have been established for segments B and C, giving farmers a hands-on approach to implementing best practices. Organic inputs and composting training have also been introduced to segments A, B, and C, encouraging environmentally friendly farming.

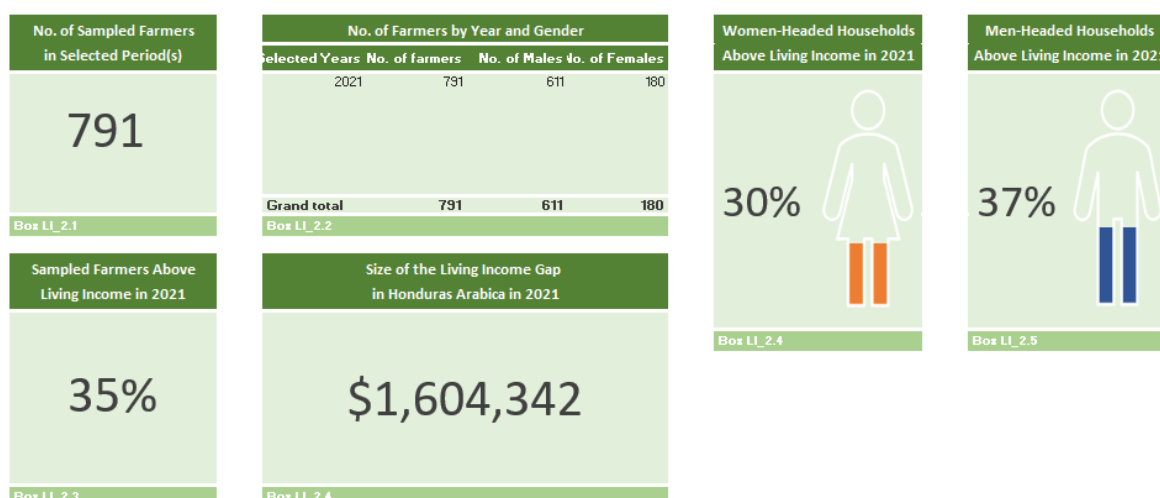
Segment D has received specific interventions tailored to its needs, including coffee seedlings for nursery development and essential farming equipment such as machetes and pruning tools. Furthermore, solar driers have been set up for farmers in Segment A, improving post-harvest processing efficiency. Financial literacy training has been extended to segments A and B, equipping farmers with crucial knowledge to manage their income effectively. Meanwhile, farmer nutrition programs have been implemented for segments C and D, providing seedling kits and nutritionist consultations to promote healthier diets.

A broader sustainability effort across all segments is the Rainforest Alliance (RA) certification support, which has successfully certified over 450 farmers under this scheme. This certification helps farmers gain better market recognition, align with ethical sourcing standards, and access higher-value sales opportunities. Overall, these interventions demonstrate a comprehensive approach to strengthening coffee farming, ensuring resilience against challenges while promoting long-term growth for farmers across all segments.

Chart 7.

Key interventions description and scope					
Intervention	Description	A	B	C	D
Direct market access	Registered and geo-localized more than 1000 in the ofi Famer Information System (OFIS) and enabled direct market access through Olam Direct (OD) Application. In 2021-24, by October 2024 there were around 2193 ofi-D transactions, procuring the equivalent of 577.69 MT of green beans.	✓	✓	✓	✓
Good Agricultural Practices	By October 2024, ofi delivered GAP Training to 400 farmers. Provided General coffee GAP training on specific areas such as pruning, weeding, harvesting and other practices (based on farmers' most urgent requirements and readiness to adapt new practices or invest in their coffee fields.				✓
Demonstration Plots	100 demonstration plots were established for farmers B and C		✓	✓	
Advanced Agronomy training	Provided training to farmers and advanced farming topics based on their needs and readiness such as agro-chemical management, soil conservation and improvement, soil analysis results interpretation and integrated pest management. By October 2024 more than 400 farmers were trained in advanced agronomy.	✓	✓	✓	
AGRICULTURAL INPUTS for soil analysis, composting and nursery	Assisted farmers in using organic practices such as effective microorganisms or composting of harvest residues (pulp) to complement or reduce required fertilizer use. More than 200 farmers trained on composting	✓	✓	✓	
Agricultural inputs: Coffee Seedlings	Distributed on segment D farmers for development of coffee nurseries. 5000 seedlings				✓
Agricultural inputs: Coffee Equipment	Basic coffee equipment, such as collection bowls, machetes and pruning tools were distributed to Segment D farmers. 150 farmers				✓
Solar Driers	Assisted 50 farmers in setting up solar driers	✓			
Financial Literacy	Conducted Financial Literacy Training for 142 Farmers	✓	✓		
Farmer nutrition	Delivered crop seedling kits to improve farmers' nutrition and provided access to a nutritionist to train farmers on how to balance diet. 250 farmers			✓	✓
Rainforest Alliance (RA) Certification Support	More than 450 farmers from all segments were certified with RA scheme	✓	✓	✓	✓

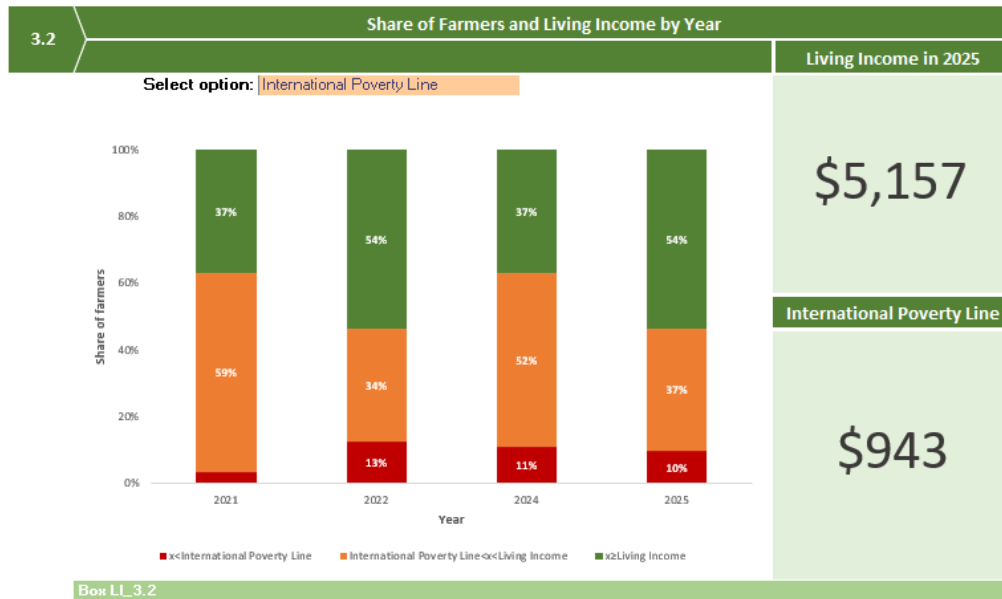
Living Income Benchmark



Based on the data from 2021, a sample of 791 farmers from Santa Barbara and Comayagua was used to determine the living income benchmark. The results showed that 35% of the farmers are above the living income line, with 30% of women-headed households and 37% of men-headed households exceeding this benchmark. This indicates a disparity in living income achievement between genders, with men-headed households slightly more likely to be above the living income line compared to women-headed households.

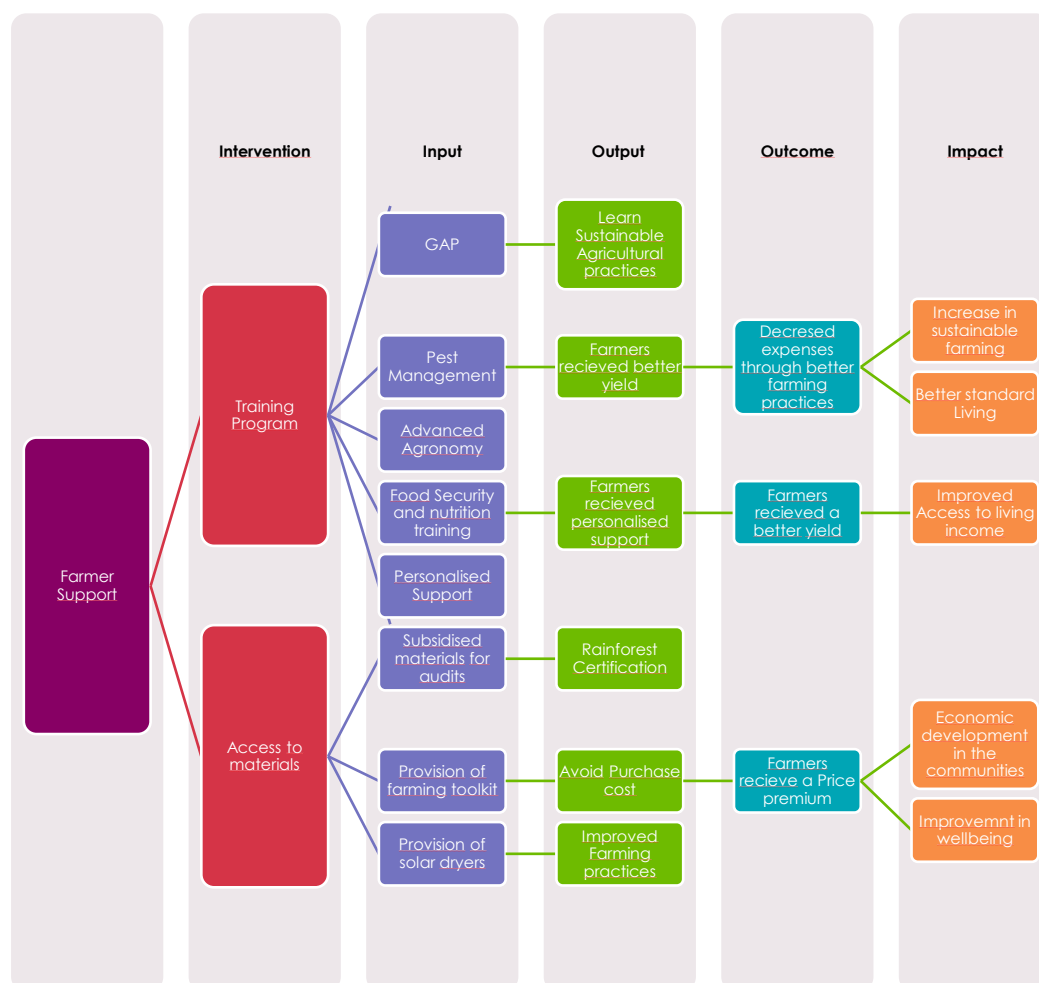
In 2025, 54% of farmers were found to be above the living income line, marking a 17% increase from 2021. Men-headed households saw a significant rise from 39% to 58%, while women-headed households experienced a marginal increase of 8%, resulting in 39% being above the living income line. This suggests that while overall living income has improved, the progress for women-headed households has been slower, highlighting a need for targeted support to bridge this gap.





2025 reported an incremental percentage of farmers that are below the International Poverty Line, for 2021 only 4% of the farmers were categorized as farmers in precarious conditions, for 2025 this figure increased up to 10%. There are two factors that can contribute to this increase of farmers in this condition, first, coffee farmers have been facing significant challenges due to climate hazards such as droughts, pests, diseases, and extreme weather events. These conditions lead to crop losses and income stability. The second one, the lack of stable market access. Farmers without access to larger or international markets have less bargaining power and may be forced to accept unfavorable terms and sell their coffee at lower prices to intermediaries, reducing their overall earnings.

Results, Outcomes and Impact



The interventions and activities have led to several significant outcomes and impacts that are transforming agricultural communities. First, the program's emphasis on sustainable farming practices has resulted in increased yields and reduced farming costs. By adopting Good Agricultural Practices (GAP) and advanced agronomy techniques, farmers are able to produce more with fewer resources, leading to higher productivity and profitability. This not only boosts their income but also ensures a more stable and secure food supply for their communities.

Second, the provision of personalized support and training in food security and nutrition has greatly improved farmers' living standards. With tailored guidance and resources, farmers can optimize their farming methods, leading to better crop quality and higher yields. This improvement in agricultural output translates to better access to living income, allowing farmers to invest in their families' health, education, and overall wellbeing. The economic development spurred by these initiatives fosters a more resilient and thriving community.

Lastly, access to subsidized materials and farming toolkits, including solar dryers, has had a profound impact on the economic and environmental sustainability of farming practices. By reducing the need for costly purchases and enhancing farming efficiency, these resources help farmers achieve a price premium for their produce. This economic upliftment not only improves the immediate financial situation of farmers but also

contributes to long-term community development and environmental conservation. Overall, the program's comprehensive approach ensured that farmers are better equipped to face future challenges, leading to a more sustainable and prosperous agricultural sector

Chart 8. Progress of the yield along the project timeline.

The Results of our tailored interventions					
Segment		Yield Baseline 2021-2022	Yield 2022- 2023	Yield 2023- 2024	Yield 2024- 2025
A	 Big land, high yield	2,141.04	1,890.14	1,728.38	1,769.95
B	 Small land, high yield	2,515.97	1,792.85	1,519	1,590.23
C	 Big land, low yield	763.26	902.55	943.36	992.32
D	 Small land, low yield	706.04	844.76	908.24	957.38

The data across the segments reveals distinct trends in coffee production over the years. Segment A, initially strong with 2,141 kg/ha in the baseline year, witnessed a gradual decline, reaching 1728.38 kg/ha in 2023-2024, followed by a slight recovery to 1,869.95 in 2024-2025. Similarly, Segment B, which started at 2,515 kg/ha, saw a sharp drop to 1519 in 2023-2024, with only a rebound to yields that farmers for these segments focused on planting seedlings and other stumped their coffee trees to encourage future yield growths. Despite these impacts, the yield generated still attracted a price premium due to a certificated production.

In contrast, Segments C and D experienced steady growth in their output yield. Segment C, with an initial production of 763, showed consistent improvement, reaching 992.32 by 2024-2025. A similar upward trend is observed in Segment D, which started at 706 and progressively increased to 957.38. This pattern suggests that these segments might have adopted improved cultivation techniques, benefited from better soil conditions, or implemented more resilient crop management strategies.

Social Return on Investment

The impact of the interventions implemented by ofi Honduras on the community was assessed through a social value creation approach framework-(SROI)

$SROI = \text{Net Return (USD)} / \text{Total Investments (USD)}$

The SROI valuation for the October 2023 – September 2024 crop year indicated that for every dollar invested, a total of approximately two dollars' worth of social value was achieved. Therefore, an SROI ratio of 2:1. When combining this result with the 8:1 SROI valuation seen across the two-year period from October 2021 to September 2023, the total SROI delivered for the project between 2021 and 2024 is 5:1. As expected, the social returns are greater at the beginning of a multi-year project when an improvement intervention(s) is introduced, and the incremental benefits gradually lessen year-on-year. However, it is important to ensure that the year-on-year positive impact is maintained, ensuring that farmers continue to embed best practices and learnings each year.

Four criteria are considered for determining impact:

- Deadweight: estimation of the value that would have been created without the interventions.
- Displacement: assessment of how much of the intervention displaced other outcomes.
- Attribution: assessment of how much the outcome was due to a contribution.
- Drop-off: estimation of the proportion of outcomes not sustained

Social Capital Profit & Loss Statement for selected social interventions in Honduras

Impact Valuation (added/deducted)	Oct 2022 – Sept 2023 US\$	Oct 2023 – Sept 2024 US\$
a. Social Capital Enhancement (+ impacts)	2,041,446	636,198
Advanced agronomy training (including financial literacy)	1,704,298	0
Good Agricultural Practices (GAP) training	140,998	46,213
Direct market access	1,262	0
Demonstration plots	3,611	0
Pulp residue management & compost creation training	0	10,976
Integrated pest management training	0	81,144
Provision of agricultural inputs	191,276	9,976
Food security & farmer nutrition	0	7,452
Rainforest Alliance Certification support	0	480,437
b. Social Capital Deteriorations (- impacts)	0	0
Social Capital Profit/(Loss) (a-b)	2,041,446	636,198

The table above shows the social returns covering the October 2023 – September 2024 crop year and the prior crop year. Line items under Social Capital Enhancements and Deteriorations are calculated by applying valuation proxies (i.e. monetization factors) to the social outcomes. The table depicts the changes in interventions seen across the crop years. There were four new Social Capital enhancements conducted. Some interventions like Good Agricultural Practices (GAP) training and provision of agricultural inputs continued, although to a lesser degree, and still generated value across both crop years.

Insights, Conclusions and Challenges

- As the benefits of crop pruning and rejuvenation are seen four-to-five years post-implementation, it is important to establish other interventions to ensure yields increase in farming areas that are not undergoing rejuvenation. **Improving income diversification for farmers will also alleviate the pressure of revenue losses from the rejuvenation intervention.**
- Further monitor the outcome of distributing crop seedlings and providing nutrition training, to better understand if there has been a reduction in nutrition-related illnesses and if there has been cost saving due to reduced spending on food purchases.
- **Collaborate with other local stakeholders across the value chain such as local NGOs, local government, Honduran Institute of Coffee (IHCAFE) and cooperatives.** Building more relationships around the project can lead to improved infrastructure, policy changes and stronger farmers organization.
- **Climate Change: Farmers from Comayagua and Santa Barbara are experiencing severe climate-related issues,** including prolonged droughts and heavy rainfall from tropical storms. These conditions disrupt key production stages like flowering and fruit setting, leading to lower yields (in some cases) and increased vulnerability to pests and diseases such as leaf rust and coffee berry borer. **It's recommended to extend the approach of the interventions in building capabilities to have farmers more resilient to climate change adversities.** Introducing Regenerative Agricultural practices is an example of a framework that helps mitigate the effect of climate change in coffee production.
- **Environmental Sustainability:** Maintaining environmental sustainability is a major concern. The impact of climate change on coffee sustainability and the need for climate-resilient varieties are critical issues. **Efforts are being made to introduce drought-tolerant, high-yield coffee plants and integrate agroforestry systems to protect soil and improve yields.**
- **Economic Challenges:** Despite the growth in coffee export values, rural poverty remains a significant issue: **increasing coffee prizes do not automatically decrease the living income gap.** Smallholder farmers keep struggling with inconsistent coffee quality. **This gap and lack of quality in some farmers can be addressed by including interventions that aim to improve the harvest and milling practices on farms.**

Disclaimer

This report was prepared as part of a collaborative initiative to reduce the living income gap among coffee producers in the departments of Santa Bárbara and Comayagua, Honduras.

The analysis is based on data collected through fieldwork, stakeholder engagement, and secondary sources available at the time of writing. The methodology used in this report is based on an estimation tool designed to provide an assessment of farmers' incomes and their gap to the Living Income. This tool relies on a limited number of variables and does not substitute for comprehensive, large-scale household income surveys. As such, the results should be interpreted as indicative rather than definitive.

This document is intended for informational purposes only and should not be construed as legal, financial, or professional advice.

