

Chile Jalapeño Program Overview

Fintrac CDA began the jalapeño pepper program with independent growers in October 2000. Chestnut Hill Farm in Comayagua used to produce, semi-process and export the peppers to the USA for final processing. Chestnut ceased field production operations and with project assistance began a production program with independent growers. They now concentrate on the processing and marketing operations. A production contract was negotiated at a fixed US dollar price with payment terms of 7-10 days after delivery – unusual in Honduras, if not a first.

For the 2000/2001 season, 120 hectares were planted by 68 growers in the West, Central and Southern zones. A total of 4.4 million pounds of jalapeño were sold to the processing plant with a value of US\$740,000. In addition, 400,000 lbs (\$45,000) were sold to local and regional markets. For 2001/2002, 180 hectares have been planted by 55 lead partners. To date (October 2002), 7 million pounds of product has been delivered with a sales value of \$1.2 million. 2002 projections are 8.8 million pounds with a value of US\$1.54 million. Sales have also been made to Guatemalan processors totaling \$98,000.

Improvements were also made in production systems and productivity, with average yields increasing from 44,911 lbs/ha in 2001 to 63,900 lbs/ha in 2002. The maximum yield also increased from 104,000 lbs/ha in the 2001 season to 168,960 lbs/ha in the 2002 season.

For the 2002/2003 season, areas for Chestnut Hill Farms will increase to around 220 hectares: 15 million pounds of pepper with a sales value for the growers of \$ 2.6 million. Contracts are being finalized with Guatemalan processors for at least 3 million pounds of additional product - another \$0.5 million in sales by the growers.

In addition to providing an alternative crop and increased earning for the growers, the jalapeño program is generating employment. More than 650 person days per hectare are required for each cycle – 117,000 person days of work for the 2002 production and with almost US\$400,000 being paid in salaries (equivalent to 390 permanent jobs). Other beneficiaries for the 2002 program who received payments from the producers include seed suppliers (\$204,900), greenhouses (\$131,000), land preparation services (\$64,700), input stores (\$311,000), irrigation suppliers (\$94,000), transport companies (\$160,900) and others (\$61,000).

Additional information is available at www.fintrac.com/jalapeno