



Monthly Update – June 2010

Rural Economic Diversification Program

PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED), which started August 2005, is a five-year initiative funded by the United States Agency for International Development (USAID) whose main objective is to increase incomes and employment opportunities in the rural communities of Honduras. USAID-RED focuses on increasing the competitiveness of Micro, Small and Medium-Size Enterprises (MSMEs) in Honduras, expanding their local sales, exports and investments and promoting an increase in the production and investments of increased value and value-added products.

USAID-RED will finalize its activities in September 2010. The USAID-RED Monthly Update is available online at www.usaid-red.org. If you would like to receive this or other publications automatically by email, you can subscribe directly on our Website.

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FIRST PLANTAIN EXPORTS: YORO AND COLÓN

In January 2009 Olanchito was considered a livestock area, not a plantain production area. Jorge Díaz, the zone technician, had trouble enrolling clients until lead producers demonstrated the potential for plantain profitability. USAID-RED also helped design three packing plants to provide an incentive for production and prepare the zone for exports.

Visits from processors and exporters to the zone offered different market options for producers. In June, a producer from Olanchito, Yoro and another from Saba, Colón started exporting plantain for the first time.



Photos by Fintrac Inc.

Above, workers pack plantains at a new plant funded by USAID-RED in Olanchito, Yoro.

Five containers were exported to the U.S. this month by a multinational company. These exports are creating an increase in employment and investments in agriculture. With this new market and other markets for peeled and fresh plantain, planting areas can be expanded considerably.

Each packing plant employs an average of 60 people for plantain handling, peeling and packing. One peeled plantain container is filled with approximately one planted hectare, and a container for export is filled with approximately 2/3 of a hectare. For each hectare planted, 1 or 2 containers of peeled fruit or fruit for export can be obtained. USAID-RED has calendarized the plantings of small and medium size producers in the zone to supply the demand and maintain production throughout 2010. Calendarized plantings provide a stable market and constant sales for both producers and packing plants. In addition each packing plant provides permanent employment to more than 60 families.

These first exports have had a large financial impact on Aguán, providing higher incomes for more than 60 families and boosting the zone's economy throughout the year.

ADDED VALUE

The development and implementation of good manufacturing practices (GMPs), including GMP procedures and personnel training, has continued at all the plants. Some plants are already meeting the requirements because of client audits.

This month a processor of crushed pineapple and lemon juice passed an inspection, allowing him to export lemon juice to Europe. This client started operating in 2007, and USAID-RED helped with plant design, employee hygiene, GMPs, pest control, standard operating procedures, measurement of yields, quality control, and process flows. In 2008 they had the vision of exporting lemon juice to Europe and began implementing a rigorous work plan to comply with GMPs, POE and other quality standards.

An auditor for a client in Europe inspected the plant and gave positive feedback, enabling the client to line up exports of 6 to 7 lemon juice containers for the rest of the year. Gaining access to the European market will open doors for other export products and will help the Honduran juice industry.

PROGRAM PARTNER INSTITUTIONS

Six field days took place with different organizations, with trainings on carrot production, basic practices in potato production, drip irrigation systems, fertigation, and basic grains. One of the field days took place in Jutiapa, Francisco Morazán with the participation of FUNDER



Photos by Fintrac Inc.

A worker extracts lime juice in Santa Cruz de Yojoa, Cortés.



A COAAL women's group poses in La Esperanza, Intibucá.

technicians and producers, the USDA's assistant secretary of agriculture, SAG and USDA personnel, and representatives from supermarkets and agribusinesses in the zone.

Three field days took place with World Vision in Yamaranguila, Intibucá, Belén, Lempira, and Guaimaca, Francisco Morazán. A field day was also held with ODECO in Belén Gualcho, Lempira that focused on plantlet production in greenhouses and the use of balanced local substrates and financial structures.

MARKETING

21 market links were established this month. The most important link was established for plantain export in the zone of Aguán. The program continued training OCDIH technicians and administrative personnel.

The program participated at a fair held by the German Chamber of Commerce, which may lead to export opportunities to Europe.

AGROFORESTRY

The First Fruit Fair was held this month with the participation of USAID-RED producers from the first phase, most of whom are members of ASOFRUTI (Association of Fruit Producers in Intibucá). The fair was coordinated by FUNIDE (Intibucá Foundation for Development) with the objective of presenting fresh and value-added products to establish new national market links.

New drip irrigation systems were installed on two hectares, benefiting more than 20 producers who were also trained on their management.

GENERAL

In October 2009 the first of five alliances between USAID-RED and the private sector was established. These alliances provide beneficiary clients with access to technology and services that were traditionally not available to them. The alliances include in-kind contributions, special discounts from providers, a contribution from USAID-RED, and a larger investment by the client. USAID-RED's involvement with three of these alliances will end in June. To date the private sector has donated close to \$80,000 in direct discounts to beneficiary clients and has also provided training. As a direct result of these alliances, program clients have invested more than \$135,000 in irrigation equipment and seeds. These links between producers and the private sector are expected to be sustainable commercial relationships.



Photos by Fintrac Inc.

Installation of FUNDER irrigation system in La Esperanza, Intibucá.

STATISTICS

Trainings provided by NGOs June 2010		
NGO	Participants	Trainings
FUNLESOL	53	9
WORLD VISION	594	25
FUNDER	195	23
PLAN DE HONDURAS	3	1
CARITAS	86	7
OCDIH	110	10
Hermandad de Honduras	5	1
ODECO	38	3
TOTAL	1084	79

Hectares under drip irrigation June 2010		
Department	Area	Beneficiaries
FUNLESOL	1	2
WORLD VISION	27	100
FUNDER	3.32	13
CARITAS	8.75	20
CESAL	3	8
OCDIH	4	8
Hermandad de Honduras	7	20
TOTAL	54.07	171

Trainings by department Commercial production June 2010		
Department	Participants	Trainings
Cortés	30	8
Francisco Morazán	89	8
El Paraíso	56	2
Comayagua	14	3
Yoro	15	137
TOTAL	204	158

Hectares under drip irrigation by department June 2010	
Department	Hectares
Cortés	15.99
Francisco Morazán	13.5
Yoro	19.7
Choluteca	2.7
Copán	2.4
TOTAL	54.29

Trainings per department Processing June 2010		
Department	Participants	Trainings
Cortés	3	3
Francisco Morazán	5	1
Colon	136	2
Intibucá	36	3
Comayagua	159	7
Others	0	0
TOTAL	339	16

Most of the trainings covered GMPs, operations at packing plants, health and hygiene.

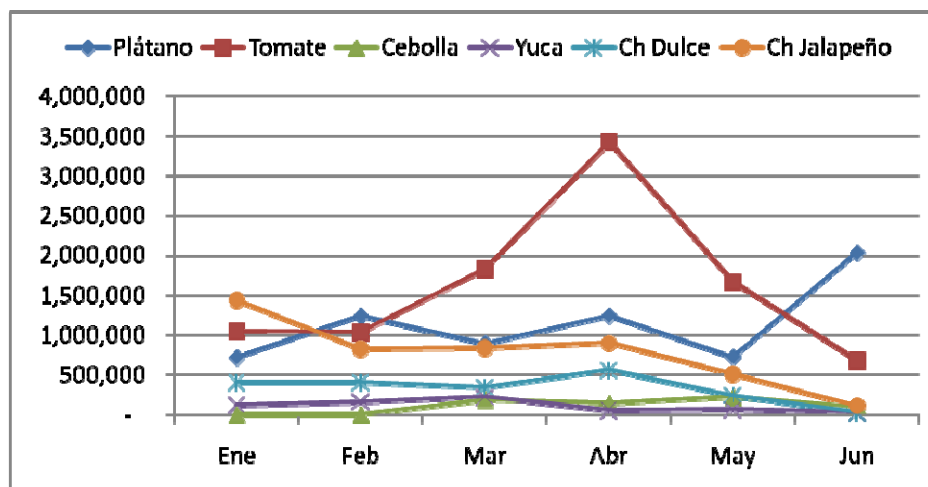
Hectares under new plantings by department June 2010	
Department	Hectares
Cortés	24.57
Francisco Morazán	29.5
El Paraíso	36.82
Choluteca	2.7
Copán	5.95
Comayagua	13.18
Yoro	71.7
Others	1
TOTAL	185.42

Trainings by department Agroforestry June 2010		
Topic	Participants	Trainings
Rambutan	27	5
Cocoa	26	1
Cassava	22	4
Irrigation	20	3
Plantain	24	7
Passion Fruit	8	4
Pepper	6	2
TOTAL	133	26

Investments by area June 2010	
Area	Investment US\$
Production	\$ 416,928.00
NGOs	\$ 293,625.00
Processing	\$ 596,865.00
Marketing	
OTHERS	\$ 26,500.00
TOTAL	\$ 1,333,918.00

NOTE: Most investments were made in infrastructure, vehicle purchases and irrigation equipment.

Sales for Select Crops, June 2010		
Crop	Pounds	US\$
Plantain	2,034,000	\$ 287,200.00
Tomato	681,650	\$ 249,300.00
Onion	100,000	\$ 21,000.00
Cassava	25,000	\$ 2,000.00
Sweet pepper	22,100	\$ 32,400.00
Jalapeño pepper	103,900	\$ 19,200.00
TOTAL	2,966,650	\$ 611,100.00

Sales in pounds from January to June 2010

Sales in US\$ from January to June 2010
