



## MONTHLY UPDATE – April 2007

### RURAL ECONOMIC DIVERSIFICATION PROGRAM

#### PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED), which started August 2005, is a three-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.

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#### AGRICULTURAL PRODUCTION

**Plantain:** The first nurseries are being transplanted in Olanchito, Olanchito, and Cantarranas; this activity will continue until June. Using nurseries to produce new plantlets provides greater plant consistency in individual plots, as well as better population (over 95% of plants). Improvements have been made in soil preparation with sub-soling, drainage, and beds in all areas where edgers are available. Transplanted 19.5 hectares and planted 14.3 ha for nurseries.

The first planting area was defined for an exporter in Olanchito with 6 producers and 30 ha in total. Support continues in Cantarranas where plots are being monitored for the first export on week 24. Two basic packing centers are being built. Planting was actively promoted in Yoro where a 60 ha project with 10 producers has started and soils have already been sampled and will be checked by the exporter. In Cortes, another planting block is being developed covering 80 to 120 new hectares.

BANADESA and Banco Atlántida have opened their doors to USAID-RED plantain producers with the condition of the formation of strong “success triangle” agreements among producers, buyers, and technical assistance providers.

**Sweet Potato:** Plantings continued for the different exporters in the country; 50% of the area was planted for nurseries.

**Pineapple:** Provided advice on pest, disease and weed control, fertilization, liming, and harvesting. Also, 7 ha of fruit (approximately 420,000 fruits) are being protected in order to prevent sunscald. This is being reinforced by training new producer groups which will receive MD2 seed from the first producers.

**Potato:** Planted 3.8 ha, improving soil preparation, liming, implementing drip-irrigation, seed grading by size and sprouting, IPM, and fertigation.

**Training:** In-farm training is being conducted with producers that are surpassing production goals using basic crop management practices such as soil preparation, raised beds, seedling production in trays, live barriers, yellow traps, IPM, fertigation, use of thermal blankets, tutors, good crop management, crop rotation, and crop elimination.

**Irrigation:** 16.7 ha have been installed so far under USAID-RED guidance. Design, installation and user training (use and maintenance) continues to be provided throughout the country.

**Important Practices:** pH calibration, proper coverage of agrochemical sprayings, use of adherents, potassium phosphonates, vitamins, salicylic acid, and proper agrochemical mixes continue to be an important tool to achieve good crop yields.



Harvesting green peppers, Danlí

#### Sales of Select Crops from Assisted Producers – April 2007

Plantain	978,000 lb.	\$ 108,000
Pineapple	237,000 lb.	\$ 23,000
Tomato	3.7 million lb.	\$ 453,000
Sweet Potato	20 Containers	\$ 200,000
Jalapeño	914,000 lb.	\$ 181,000
Sweet Pepper	1.1 million lb.	\$ 208,000
Onion	224,000 lb.	\$ 41,000
Cassava	275,000 lb.	\$ 18,900

**PROCESSING AND FOOD SAFETY**

- **Good Manufacturing Practices (GMPs):** Work continued to prepare six processing plants for a GMPs certification audit scheduled for the end of May. Participating plants process jalapeño pepper, dairy products, purees, fried products, and pork. Activities include the implementation of the following programs: plant self-inspections, pest management, sanitization and hygiene, personnel practices, water quality, maintenance, control of chemicals, complaint management, control of allergenic substances, receiving, storage and shipping, traceability, removal, and HACCP.
- **Investment:** Some significant investments were reported by participant plants, including a meat packing plant that has invested \$42,000 to improve walls, floors and cold storage systems in its processing rooms; and a jalapeño plant that has invested \$13,500 in order to improve the floors in its processing rooms.
- **Dairy Products:** In Olancho the third 2,900-pound cottage cheese shipment bound for the US was completed successfully.
- **Pre-cut Vegetables:** In-plant tests were started in San Pedro Sula to supply a regional distributor.
- **Purees:** The Cofradia plant received support for developing technical specifications and processing for mango and pumpkin puree. For mango, a purchase order for five containers with a sales value of \$110,000 was obtained. For pumpkin, samples were sent to a potential customer in the US.
- **Plantain Slices:** Development of a cost structure continued for plantain products, as well as establishing controls and records, and analysis of improvements in production capacity.
- **Meats:** Support for the processing plant in Siguatepeque continued, focusing on business organization and implementing GMPs.
- **Juices and Concentrates:** Support continued for improving a juice and concentrate processing plant in San Pedro Sula.
- **Rompopo:** Tests were conducted to develop a new formula for making *rompopo*.
- **Training:** A workshop was conducted in El Paraíso on preparation of baby corn for canning.
- **Processing Equipment:** Support was provided to micro-processors searching for processing equipment such as deep-frying machines.
- **Bottling:** Work was started with a new processor in San Pedro Sula that will enter the market under the Arcoiris brand. Products include processed potatoes, and fruit and vegetables bottled in jars.
- **Containers:** Tests were conducted for bottling using PET material, searching for alternatives to glass containers.

**PROGRAM WITH INSTITUTIONS**

- Meetings were carried out with World Vision, Caritas and Funder to offer technical support for different agricultural projects managed by these institutions.
- A work relationship was formalized with Caritas in the Comayagua area that entails training their technical personnel in technology transfer under good agricultural practices. After a meeting with the National Director, a USAID-RED presentation was scheduled to take place at the next gathering of area directors.



Production of Dulce de Leche, Zambrano



Packing plantain chips, San Pedro Sula



Packing beef cuts, Siguatepeque



Processing Jalapeño Peppers, Choluteca

### CERTIFICATION PROGRAMS

- Sanitary design layouts were developed for packing plants specializing in oriental vegetables and cucumbers.
- Training was provided in proper use of chlorine as a disinfectant for packing plants dealing with oriental vegetables and lemons.
- Development of Senasa’s pesticide database continued.
- Support continued for implementing GAPs with producers working with a regional distributor for the north and central zones and with producers of oriental vegetables for an exporting firm in Comayagua and El Paraiso.
- The Quality Management System manual for an agro-exporter was completed.

### SPECIAL PROJECTS

- Two new business plans were developed for dried tomatoes and processed beans.
- A plant layout was prepared for a vegetable processor in San Pedro Sula.
- Completed the design of an investment plans tool for plantain and started work on a similar tool for onion.
- A cash-flow analysis was conducted for an oriental vegetable exporter in Comayagua.
- A new business plan was developed for expansion of a sweet potato snack processor in Tegucigalpa.

### MARKETING

- The number of producers entering the plantain program has increased due to formal contracts with exporters. Six producers from Olanchito joined in with a pilot project for 30 ha, leaving the door open for others that already registered for the second stage.
- An exporter from Comayagua shipped 30 containers of zucchini to the US and one container of watermelon to Canada as a test shipment.
- An industrial bakery secured additional sales to a fast food restaurant in the order of Lps. 60,000 per month due to the implementation of GMPs and continued improvements carried out with project support.
- Continued support to micro-processors to open new markets. The introduction stage for new sweet potato chips at major supermarkets in Tegucigalpa was completed.
- Bottled products samples were prepared for a potential customer in Miami.
- Export tests for chayote started successfully and two shipments were sent in April. These should continue on a weekly basis. Feedback from the exporter indicates that quality is good and interest exists to continue buying this product. Produce in this particular case comes from areas in Siguatepeque, Santa Cruz de Yojoa, and Tutule.
- Contact was made with people interested in buying pineapple from Lago de Yojoa in June.
- Export volumes of sweet potatoes keep increasing through five exporting firms. To date, 20 containers have been shipped to the United Kingdom, Canada, and The Netherlands.
- Cassava samples from the J. F. Kennedy School were sent to a processing plant for analysis and subsequent purchase.

### TRAINING

67 training events were conducted in April: 554 people were trained -- 463 men and 91 women.

Area	# Events	# People
Project	2	7
Processing	3	61
Production	58	436
Post-harvest	4	50
<b>Total</b>	<b>67</b>	<b>554</b>

Examples: Drip-irrigation operation and installation, basic agricultural practices, agronomic management for plantain, grading and packing for exporting chayote, nursery management, pickling vegetables, sweet potato seedling transplant, feeding plans (fertilization), legal requirements to register processing plants, integrated pest management.



Installing drip-irrigation, Choloma



Inspecting chayote, Siguatepeque



### POST-HARVEST

- **Chayote:** Employees of a cooperative in Siguatepeque were trained in coordinating, packing, and shipping chayote exports to the US. Crates were purchased and distributed for washing chayote for export at a Siguatepeque packing plant.
- **Farm Sampling:** Farms producing cassava, sweet potato, plantains, and chayote were monitored in order to provide follow-up for crop quality, growth and harvesting.
- **Sweet Potato:** Support was provided for packing sweet potatoes for export at a Comayagua packing plant.
- **Plantain:** Assistance was provided to a processor and several supermarkets on practices for plantain ripening for local sale.
- **Design:** Designs were prepared for improvements in ripening rooms at a processing plant in Cortes.
- **Mango:** Tests were conducted for mango ripening at a fruit processing plant and a packing plant was designed.

### FINANCES

- To date, 176 loans have been reported, representing \$842,000.
- The financing product for agricultural loans was launched at La Guadalupe cooperative in Choluteca.
- Farmers in Choluteca received training on finance (“Financial Education for Producers”).
- Follow-up meeting with Banco Atlántida to fine-tune their new financial product.
- Record preparation continued for project clients.
- Meetings with Banadesa in Yoro in order to learn about the status and next steps for client cases.
- Several clients in the food processing area were visited in order to provide support for business plan development and filling applications for financing.
- The course “Financial Education for Producers” was reviewed.



Transplanting MD2 pineapple, Lago de Yojoa



Inspecting a pineapple plantation, Comayagua

### PRODUCTION AND LOGISTICS PROGRAMS

- The plantain program for the Olanchito area with a transnational company has attracted the interest of seven producers that already have started financial studies to apply for financing.
- CIRIS is still being used to update the sweet potato production program and updates for April have been forwarded to exporters.
- Information was provided to two investors, one from Guaymaca and the other from Olancho, interested in producing sweet potatoes. An investor from Comayagua is seeking an alliance with sweet potato exporters and was given contact details of an exporter in Choluteca.
- A supermarket chain was visited in order to meet their new personnel and introduce our technicians.
- A fresh vegetable processor (for salads) was linked with producers with potential to supply produce.

### AGROFORESTRY

- Plantain sales of the 2006 plantings have increased. Sales support has been provided to processing plants in San Pedro Sula, markets and supermarkets. In Intibucá, support was provided for the commercialization of cold-climate products.
- Meetings were conducted in new areas to introduce the project. New clients joined in and new technicians were hired in order to expand this program.
- New areas were planted using different kinds of associations of crops and trees.
- Follow-up visits were carried out with clients with agro-forestry systems and vegetable crops.
- Peach tree tutoring, fertilization and pruning demonstrations were conducted.
- Demonstrations were conducted on pruning, dehanding and bagging plantain.

### COLLABORATION WITH OTHER INSTITUTIONS

- A work relationship was formalized with Caritas in the Comayagua area for training their technical personnel in technology transfer, under good agricultural practices.
- Visits started to areas aided by Caritas and World Vision in order to start a technical assistance program.
- IICA/SAG/FIDE/FPX: Continued support to participating companies within the agro-exporting platform.
- SENASA: Work continued on developing an electronic data base for pesticides registered in Honduras.
- EDA: Activities were coordinated for planting programs geared at local markets.

### USAID

- A field visit was carried out in Choluteca with the US Ambassador and personnel from USAID to see the sweet potato project in the area.
- A tour was conducted with the Director of USAID to visit project clients in the Departments of Comayagua and Intibucá.



Checking watermelon plants, El Paraíso

### ALLIANCES WITH SCHOOLS

- A new alliance was formalized through an agreement with Instituto San Martín de Porres in Coyoles Central, Olanchito, Yoro.
- Fertilizer sprayers were distributed to the J. F. Kennedy, San Martín de Porres, Santa Cruz, and Pompilio Ortega schools.
- An agreement was prepared to establish an alliance with Escuela Nuestros Pequeños Hermanos in Talanga and it has been submitted for approval.
- Agricultural bed makers were distributed to the following schools: Escuela Luis Landa in Nacaome, San Martín de Porres in Coyoles, Pompilio Ortega in Santa Bárbara, and J. F. Kennedy in Atlántida.
- An assistant was hired to monitor activities under the alliances program with schools.
- Visits to the different schools were undertaken to introduce the assistant and relevant documents were handed to him. Investment data was updated in order to enter them to CIRIS.



Curing plantain bunches, Yoro

Investments made by assisted agribusinesses totaled **Lps. 2.6 million** this month. Examples include purchase of equipment for soil preparation, equipment and infrastructure for drip-irrigation systems, water-well improvement, improvements and repairs in processing plants, equipment for pest and disease management.



Visiting plantain fields with exporter, Cantarranas