



MONTHLY UPDATE – December 2005

## RURAL ECONOMIC DIVERSIFICATION PROGRAM

### PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED) is a four-year initiative of the United States Agency for International Development (USAID) that is designed to increase incomes and employment opportunities in the rural communities of Honduras. USAID-RED focuses on increasing the competitiveness of micro, small and medium-sized rural companies in Honduras by expanding local sales, exports and investment in higher-value and value-added products.

USAID-RED points to agribusiness as an engine for growth given its multiplying effects within the rural economy and its capacity to rapidly augment incomes and employment opportunities. The subsectors of agribusiness chosen by USAID-RED include:

- Fresh horticulture (wide variety of fruit, vegetables)
- Floriculture (ornamental) products
- Processed horticultural products (frozen, canned, dehydrated, freshly cut, in brine, and microprocessor products)
- Milk production and processed dairy produce
- Fish farming (small- and medium-scale tilapia production)
- Agricultural products suited to small farms (high quality wood, vanilla, black pepper and other spices)

In each sector, USAID-RED provides technical assistance on all points along the farm-to-market value chain. USAID-RED's direct interventions and interventions through counterparts and private-sector organizations include assistance in:

- Marketing
- Research and product development
- Production
- Postharvest handling
- Processing
- Sanitary systems/Phytosanitary

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*Inspection of Lettuce Crops*

### TRAINING

86 trainings took place in December; 917 people were trained – 781 men and 136 women.

Area	# Events	# Persons
EUREPGAP	16	139
Marketing	0	0
Postharvest	6	250
Processing	6	30
Production	54	401
Project	4	97
<b>Total</b>	<b>86</b>	<b>917</b>

Examples: Project presented to three institutions; pest management; use and calibration of spray equipment; harvesting of sweet potato and peppers; use of agribon when transplanting; management of irrigation systems; product classification; EUREPGAP – safe use of agrochemicals, introduction of GAP; postharvest management of fresh vegetables.



*Transplanting Radishes in La Esperanza*

## TECHNICAL ASSISTANCE ACTIVITIES

### MARKETING AND MARKET INFORMATION

Information was provided on prices and volumes of ornamentals, grains and fruit crops to affiliated NGOs (bulletins 21 and 22) through the program with FOPRIDEH; support given to microprocessor in contacting souvenir shops; sesame market information provided to exporting company; contact established with feedback providers for cucumber export; collaboration between cassava producers and processing plants; U.S. consultants were brought in to assess export projects and create a business plan for fresh cuts; collaboration established between plantain producers and chip manufacturing company in the U.S.; meetings with wholesalers from Islas de la Bahía to define volumes, conditions and planting plans; processed cassava samples sent to a buyer in France.

### PROCESSING

Quality of oil used to fry potato products was improved; information on strawberry freezing process provided; concentrations of sanitizers were calculated for plant hygiene; fresh cuts' project presentation given to several Honduran investors; microprocessors started in the southern central region; HACCP implementation plans initiated in processing plants; equipment providers researched for various processing needs; Good Manufacturing Practices (GMP) were revised and restructured; hygiene and cleaning systems adopted in several processing plants; process at chicken plant was revised and recommendations offered; a processing plant interested in producing tomato pastes, salads and salad dressings was offered support on design; design recommendations given to cucumber preparation plant; presentation on dehydration equipment given to mango producers.

### POSTHARVEST

Fruit and vegetable packing designs for local and Islas de la Bahía markets; postharvest management presentation given to fruit distributors; distribution of plantain peeling equipment and support offered on packaging; distribution and flow of new sweet potato packaging plant was revised; harvest samples on sweet potato farms taken to determine damage levels of program harvests; plantain maturation process was supervised and corrected; supervised plantain peeling for export and for processing plant use; support given to packaging plant on pepper classification design.

**Others:** Participated in Expoambiente at San Pedro Sula; business plans prepared for diverse processed product projects; interviewing and hiring of financial specialist; strategy document for financial component; needs assessment on business development services in rural areas; document on activities analysis with emphasis on gender, gathering general and baseline data for project clients.

### Advances in Select Crops – December 2005

**Watermelon:**

Export season started; first 58 containers sent.

**American Eggplant:**

Export season started; 14 containers sent this season.

**Miniature Pumpkin:**

La Paz, Comayagua and Santa Bárbara; first containers sent to Europe; exports to U.S. programmed for January 2006.

**Sweet Potato:**

9 containers were exported: 2 to England, 2 to Holland and 5 to Canada; 8 hectares were planted.

**Honeydew Melon:**

Export season started; 166 containers sent this month.



### PRODUCTION

Fertilization plans prepared for different crops and farms; pest and disease control plans were created for different crops; radish crops planted in high areas; radish crops planted with independent producers; fungal disease control took place because of heavy rainfall; supervised the cultivation of soil for land preparation; plantain planted on Atlantic coast with better density; support given to farm recovery after Hurricane Gamma; design and installation of irrigation systems; demonstration drip irrigation systems installed; weed control inside and outside of lots; implementation of basic practices in agricultural production lots was strengthened; control of mites, mildew, bacterial spots in peppers and tomatoes; live barriers planted around plantations; stubble lifting; improvements in spraying practices; support in seedless watermelon crops with pollinization; assessment of watermelon lots in southern zone; support and supervision offered in greenhouse management; carrot planted for local market; soil pH adjustments; pruning; improvements in irrigation and soil liming for ornamental flowers; land preparation for pineapple planting; final flower inductions in mango farms.

### PUBLICATIONS- PRESENTATIONS

Project presented to ANACH, Vision Mundial and the Peace Corps to form alliances for specific activities; "Guide on the Production of Dendrobium Orchids", "Cleanliness and Hygiene at Processing and Food Packing Plants"(three documents), and "Construction and Installation of Air Valves" bulletins were created.

### INVESTMENT

More than \$125,000 in investments was reported for December by USAID-RED clients. Most of the investments went toward infrastructure and equipment to improve food safety at export plants, agrochemical management equipment, infrastructure and irrigation equipment, and buying land for agricultural production.

### GAP and GMP

EUREPGAP norms distributed to producers; contact established with providers of lamp protectors; support on keeping field logs, presentation of field latrine designs, latrines built on several farms; advances and coordination with jalapeño processor for certification of producers; labeling of productive lots; use of personal protective equipment; agrochemical storage sites organized; initial farm audits; construction of collection points for proper management of vegetables and work plan started for certification of small vegetable producers; follow-up given to advances in corrective measures in farms and packing plants; designs elaborated for farms to be certified.



*Assessing Carrot Production*



*Trainings on Maintenance of Drip Irrigation, Phytosanitary Application Methods and Bed Making with Plastic Mulches*



*Onion Greenhouse*

### USAID

Information provided to Governability and Transparency program; follow-up meetings with TEA, participated in meetings with financial institution support component; 2005 project result information provided; field trip to Intibucá and La Paz with USAID personnel.

### RESULTS / IMPACT

Increases in lettuce yields of 12 to 19 tons/hectare because of implementation of new transplant practices and maintenance of areas to free from weeds; new installations opened by group of Lenca women; 60 percent increase in registration at western technical institute because of processed products program; exporting company implemented protective personal equipment for spray applicators; infrastructure built to improve food safety at exporting plants.

### DAIRY PRODUCTS PROGRAM

**Production:** 70 producers interested in receiving USAID-RED technical assistance were identified; most of the producers provide raw produce to artisan processing plants supported by the program, such as: Lácteos Jackie, Lácteos Meljen, Lácteos El Buen Amigo and Lácteos Luisito; milk providers from the Centro de Enfriamiento y Recolector de Leche (CREL) Flores Gómez y Asociados were included.

Technical assistance provided to farms on how to improve milking practices; daily production in farms increased by 250 liters because of the recommendations on livestock nutrition given by technical personnel.

Biodigester implementation test done on dairy farm.

**Processing:** Trainings were offered at dairy processing plants on the following topics: increasing cottage cheese production; caustic soda use for cleaning, milk pasteurization for cream cheese production.

Interest in pasteurization has grown within benefited plants; more pasteurization practices will take place at the beginning of next month to obtain a better dairy product yield. Processing plants were diagnosed and information was compiled for baseline data and application forms. Participated in meeting with SENASA, SAG, MSP and processors in Tegucigalpa to discuss FDA inspector findings on "quesillo hondureño".

The findings imply that:

1. the cheese is being produced with low-quality raw milk;
2. that the cheese mass in most cases doesn't reach required pasteurization temperatures and;
3. In the cases where it does reach the required temperature there are no records that validate and substantiate the process.

**Commercialization:** Plan of action was presented to improve commercialization and quality of processed dairy products.



*Production Operations*



*Delivery of Milk to Processing Plant*



*Cream Cheese Production*



*USAID Visit to La Esperanza*

**USAID-RED**

USAID-RED is implemented by Fintrac, Inc. and other key partners including Land O'Lakes Inc., FHIA, FOPRIDEH, Zamorano, and more than twenty other partners from the private sector in Honduras.

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**FINANCIAL INSTITUTIONS**

**General Activities:** Identification of institutions that will participate in the program based on interest shown; delivery and receipt of need assessments at each institution; initial meetings took place; work plan established for USAID-RED financial component; coverage regions determined for each institution, titles that are presently financed, general situation of institutions; field visits programmed with financial institutions to inform them about project.

**Initial Meetings:** with World Relief-Honduras, IDH, BAMER, Hermandad de Honduras, FAMA, FICOHSA, Promifin, ODEF, Banco Lafisse, Pilarh and Finsol to offer details about the project activities and to ask for an initial diagnosis from each institution.

**Fundación Covelo:** Follow-up meeting; needs assessment was handed out in order to develop work plan.

**FUNED:** Meeting with World Vision FUNED and USAID-RED to analyze the possibility of coordinating efforts in different zones with financial support.

**ACTIVITIES WITH COLLABORATORS**

**FHIA:** Activities for December 2005-beginning of 2006 were programmed including: cucumber tests (varieties, wind, virus) and management of orchids; copies of manuals created by project were provided to library.

**MOPAWI:** Modifications and clarifications to work proposal to develop a program in Gracias a Dios.

**FENAGH:** Work plan for farm support and dairy processing plants; each institution's role defined.

**Crop Life:** Work alliance to create centers for container collection.

**ICADE:** Meeting to create alliance to develop local accreditation capacity in order to provide EUREPGAP and other certifications.

**SAG-SENASA:** Follow-up given to FDA inspections. The results are at Senasa and will be distributed to dairy plants.

**Agricultural Schools:** Proposals from schools were received; consultant was hired to organize and begin program with schools in January 2006.

**World Vision:** Meeting with zone supervisors to present zone activities and to design a joint effort between World Vision, FUNED and USAID-RED.

**CHF:** Support given to production projects in the southern zone; technical information provided on production of different crops.

**Peace Corps:** Presentation of project and contact information provided to volunteers to coordinate activities with USAID-RED technicians.



*Sweet Potato Exporter Visit to Buyer in the United Kingdom*



*Traditional Bottled Wine*



*Artisan Production of Plantain Slices*