



## MONTHLY UPDATE – June 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) with the objective of increasing 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.

#### AGRICULTURAL PRODUCTION

**PLANTAIN:** Planting in nurseries took place this month on a total of 47 hectares (ha), including the zones of Olancho, Cantarranas, Yoro, Cortés, Olanchito, Santa Bárbara, Comayagua and Lago de Yojoa. A total of 14 producers planted in nurseries. In Cantarranas the first container for an export test was packaged successfully. Continued working in this zone with programmed exports and therefore lots are being monitored to make sure they are implementing the required practices to maintain the fruit quality required by the export market. With the beginning of winter, phytosanitary management is being emphasized, and improvements in drainage and planting in beds are being promoted. Work continues on basic production practices for crops.

**SWEET POTATO:** This month there has been an increase in plantings (17 ha around the country), including the zones of Comayagua, Olanchito and Francisco Morazán. Followed up on pest soil sampling emphasizing the calibration of irrigation systems to inject agrochemicals.

**PINEAPPLE:** Continued harvesting MD2 pineapple lots in six plots located in Comayagua and Lago de Yojoa with excellent results. At this time 70 percent of these plots have been harvested. Of the fruit harvested, 0.7 hectares of planting material has been planted. This month's sales total \$96,723. The demand for seeds by new producers has increased so much that it is hard to comply with the requests. The producers that began their plantings are increasing their planting areas.

**ORIENTAL CROPS:** The producers from Guaimaca have requested additional assistance with the design of irrigation systems due to the good results obtained. 18.9 hectares were designed and planted this month. Continued working on pruning to shape, tutoring and flower pruning in Comayagua. Used the lot of a graduate client, with yields of 86,300 pounds per hectare of bitter melon (250 percent above average,) for field days and to demonstrate proper crop management and profit potential.

**CHAYOTE:** A new market has opened for a weekly container due to the good results obtained from the export tests. The producer will receive a fixed price and a planting program will take place in order to supply the request.

**IRRIGATION:** Continued promoting the design and installation of drip irrigation. This month 34.2 hectares of drip irrigation were installed with a direct investment from the producers totaling \$80,923.

**PUBLICATIONS:** Published and disseminated, to producers and technicians, a bulletin on the management of plantain nurseries due to the increase in plantings by producers at a national level. The contract is being negotiated and a planting program will take place in order to supply the request.



Photos by Fintrac Inc.

Pest identification is carried out in Olancho.

#### Sales of Select Crops by Assisted Producers June 2007

Plantain	710,000 lbs.	\$61,200
Pineapple	1.4 million lbs.	\$109,000
Tomato	2.3 million lbs.	\$293,500
Sweet Potato	24 containers	\$260,000
Jalapeño	451,000 lbs.	\$80,800
Sweet Pepper	920,000 lbs.	\$127,800
Onion	364,000 lbs.	\$81,100
Potato	112,500 lbs.	\$12,600

## PROCESSING AND FOOD SAFETY

- Got a meat processing plant ready for inspection by authorities from El Salvador that will take place during the first week of July in order to export pork to that country.
- Changes were made to a juice processing plant's process flow and operational practices for lemon juice that improved shelf life and eliminated product loss by up to 50 percent, which represents savings of Lps. 4,000 per day.
- The pineapple processing plant is at its harvest peak for organic pineapple. Worked on balancing the production line making the process more efficient and improving yields. Also offered support in the creation of an equipment investment budget to automate the juice line and make the concentrator work. Revised MD2 pineapple supply projections and made adjustments.
- Continued with corrective measures plan at jalapeño processing plant for the good agricultural practices (GAPs) pre-requisite programs as indicated by the AIB audit. Trained warehouse personnel and supervisors on receiving, storing and transporting products.
- Strengthened the critical control point in the washing and disinfecting process of product channels at meat processing plant to ensure product safety. Revised and made adjustments to daily operational practices at the plant. Trained the personnel in GAPs and Sanitation Standard Operating Procedures (SSOPs) and designed several formats to control the process.
- Started establishing a system to measure efficiency at plantain processing plants to reduce costs and establish goals for personnel. At another plant, continued ensuring controls and organization in the use of raw materials and the establishment of costs for products.
- Assisted processing plants that are initiating operations with new technologies (retort pouches) related to temperature controls and heat penetration studies in accessing the US market.
- Inspected frozen bread plant in Tegucigalpa.
- Worked on improving the recipe for sweet potato jam. Three new products were developed: plantain, cassava and malanga (Xanthosoma) slices and processing steps were demonstrated for each one.
- Trained strawberry producers in La Esperanza on the development of concentrate and the establishment of product costs.
- Developed new formula for bean paste. Created turnovers filled with sweet potatoes with client in Tegucigalpa.
- Created two new products with fat-free soy flour to reduce costs: 'rompopo' and 'dulce de leche.' Created and evaluated samples.
- Started offering technical assistance to five new clients.
- Assisted traditional dairy processors in Olancho with the creation of pasteurized cream, laboratory tests, GAPs and obtaining estimates for equipment and revising the layout for a new cheese processing plant in Talanga.
- Support given to business on the set up of a line of juices and refreshments.



Employees make bread in Tegucigalpa.



An employee cools 'Quesillo' in a processing plant in Olancho.



Workers prepare candies in Zambrano.

The **INVESTMENTS** made by the agribusinesses assisted total **Lps. 9.7 million** this month. Examples include machinery and equipment for processed foods, infrastructure and equipment for packing areas, equipment and accessories for irrigation, construction of wells, pumps and irrigation motors, filters, nursery infrastructure, electrical installations, purchases of land, tractors and agricultural machinery, and fumigation equipment.

## CERTIFICATION PROGRAMS

- Continued registering pesticides on the Senasa database.
- Finalized field activities with the certification audits of six producers that supply Hortifruti.

## SPECIAL PROJECTS

- Created investment plans for plantain producers.
- Evaluation and financial analysis of corn silage project for milk producers in the north zone.
- Evaluation of ground bean project for new processor in San Pedro Sula. Reducing the initial size of operations was suggested.
- Support to potato processor in San Pedro Sula to evaluate the possibilities of obtaining loans from banks.
- Developed financial analysis for fresh vegetable cuts project in La Esperanza. Support in the development of an investment budget.
- Developed business plan for the expansion of a fritters processor in Gracias, Lempira.
- Put plantain processor in contact with investor as first potential client for the agroparks in Honduras. Developed investment plan for the construction of a new plant and performed comparative analysis of several estimates for required freezing and refrigeration equipment.
- Put fryer producer in contact with several fritter processing plants.

## PROGRAM WITH INSTITUTIONS

- Training event took place in Comayagua with the participation of 22 technicians in an intensive course on improving agricultural practices including crop management, fertilization program management, irrigation system management, equipment calibration, integrated pest management (IPM), and nursery management. Technicians from Funder, Visión Mundial, Cáritas and Infop also participated.
- Developed two compact disks with several presentations and with all the technical material generated by USAID's agricultural projects. This material was made available to NGOs and other collaborating institutions.
- Started scheduled technical assistance program for NGOs and other institutions. There are 20 offices in the zone where support has started for agricultural projects that serve 200 producers to date.
- A presentation for minorities was given at the chamber of commerce on the legal aspects of exporting processed food products to the US.

## MARKETING

- Offered support to a regional distributing plant in the shipment of pre-cut vegetable samples.
- Jalapeño plant was put in contact with new buyer in Canada that requires that they obtain certification before buying their products.
- Offered support to slices and jam processing plant in the opening of new markets in the north zone. Improved packaging and labels.
- Offered support on legal procedures for a company's new plant.
- Offered support to three cassava producers in contacting the industrial market.
- Offered support to baby corn producer in contacting market in Tegucigalpa.
- Found buyer for 200,000 MD2 pineapples from four producers in Lago de Yojoa.
- Put onion producer in contact with market in Tegucigalpa.
- 24 containers of sweet potatoes were exported to markets in Canada and Europe.

## TRAINING

259 trainings took place in June; 2,447 people were trained – 2,089 men and 358 women.

Area	# Events	# Persons
Food Safety	4	47
Marketing/Market Information	1	6
Processing	5	37
Production	238	1,747
Postharvest	11	610
<b>Total</b>	<b>259</b>	<b>2,447</b>

Examples: Plotting of agroforestry plots, installation and maintenance of drip irrigation, fertilization program management, development of fried slices, basic agricultural practices, Integrated Pest Management, nursery management, sweet potato classification and packing, weed control, and postharvest management of plantain.



NGO technicians receive training.



Plantains are packed at Francisco Morazán.



## POSTHARVEST

- Continued supervising the packing and export of chayote.
- Monitored cassava, sweet potato, white malanga (Xanthosoma), plantain and chayote farms to follow up on quality, development and harvesting.
- Offered support to four exporters in sweet potato packing.
- Provided sweet potatoes and white malanga (yautia) (Xanthosoma) to processing plant for chip samples.
- Finished adapting three plantain packing sheds for export from Cantarranas.
- Managed and coordinated the packing of the first plantain container for export from Cantarranas.
- Continued supervising plantain maturation practices for local sale.
- Supervised the construction of a rural company's peeled plantain plant.
- Advised a producer on pineapple maturation tests.
- Advised a producer on MD2 pineapple harvest scheduling.
- Supervised guava and baby cucumber packing. Offered a workshop on postharvest plantain management to a group of producers from Yoro and people that attended a national EDA event.



## PRODUCTION AND LOGISTICS PROGRAMS

- The export of chayote on a commercial level is being negotiated between the producers and the exporter. The weekly demand will be 40,000 pounds, requiring increased planting areas and adapting packing plants. The other buyer is waiting for producers to provide him with fruit for samples that will be sent to Canada. To date, 1,063 40-pound boxes have been exported during the trials.
- Exported the first container of fresh plantains from independent producers from Cantarranas with an international company. The quality report received is very favorable for the program in this zone.
- Assisted 21 plantain producers in their search of markets with the national agroindustry.
- Invited exporters to an international bank event on financial products specifically for exporting.
- Registered an NGO, which assists producers in Yoro, with a price monitoring system.
- Met with a potential sweet potato producer/exporter.
- After a long negotiation, jalapeño buyers from Guatemala confirmed their visit to the west of Honduras during the first week of July.



**Top:** A USAID-RED training session is held.

**Above:** Chayote is inspected at Francisco Morazán.

**Left:** Plantain packing training is conducted at Francisco Morazán.

**Below:** Watermelons are checked on a farm in Comayagua.

## FINANCES

- A total of 209 loans of over one million dollars were reported through June 30, 2007.
- Launched agricultural credit product by Banco Popular Covelco.
- Follow-up given to new credit product by Banco Atlántida.
- Developed proposal for new financial agricultural product for Pilarh, Opdf. Visited FUNED to establish working relationships with the administrative personnel of their credit program.
- Continued preparing cash flows and documentation for clients' loan applications.
- Visited processing clients to assist them in the development of business plans and bank loan applications.





## AGROFORESTRY

- Offered support in the commercialization of several agricultural products worth a total of Lps. 793,000. This includes plantains (Lps. 386,400), plantain planting material (Lps. 46,800), cold-climate horticultural crops (Lps. 156,000), pineapple (Lps. 90,000), watermelons (Lps. 59,800), and cassava (Lps. 17,500).
- A total of 86 producers planted 26.8 hectares with different crops: 0.7 hectares of potatoes (15 producers), 3.4 hectares of horticultural crops (48 producers), 18 hectares of plantains (17 producers), 3 hectares of rambutan (four producers) and two with 1.7 hectares of coconuts.
- 487 follow-up visits took place with agroforestry and horticultural crop planting system users.
- Started formal assistance program with newly selected clients in La Paz, Intibucá, Atlántida and Colón, as part of the program's expansion.
- Offered workshops and demonstrations on potato and plantain planting and tracing and digging holes for fruit tree planting. Workshops on soil preparation took place.
- Established fortnight planting plan with producers from Tutule (15) for lettuce, cauliflower, broccoli, carrot, beets, cabbage, radishes and cilantro.
- Took steps to buy plantain planting material and transport it to establishment areas.
- Agreement was finalized with chain of restaurants for the commercialization of horticultural crops, providing project producers fair prices for their products.

## ALLIANCES WITH SCHOOLS

- Two new people received scholarships to receive practical training from the Universidad Nacional de Agricultura and Escuela Luis Landá.
- The scholarship recipients started offering technical assistance to their own clients. They are assisting 65 producers.
- Started delivering seeds to the scholarship recipients' clients.
- Four field days took place at the model farms with 70 people (64 men and 6 women). Topics included IPM, crop diversification, GPS and plantain planting.
- Five schools have each planted one hectare of plantain. Also, the schools are planting model lots of sweet potatoes, cassava, baby corn, peppers, tomatoes, cucumbers and others crops in a smaller scale.
- Assisted scholarship recipients in the search for markets for their clients' crops.
- Delivered production manuals and technical bulletins to eight schools (paper and electronic versions).
- Trained technicians at three schools in the use of basic agronomic equipment.
- Registered alliance school in a price monitoring service to improve their policies for sales.
- Planned training event on good agricultural practices and production systems that will take place during the beginning of July at one of the schools.
- Followed up on how scholarships are spent and on income and contributions the schools are making to the program.

## USAID

- Field visit to Danlí where several producers that are being assisted by the project were visited.
- Visited plantain processing plant in San Pedro Sula to assess the project's assistance.
- Participated at the closing of a training event offered by the technicians of institutions that have cooperation agreements with the project.



Calendarized production is carried out in Marcala, La Paz.



A broccoli lot is cleared of weeds in Intibucá.



Students tend a demonstration farm at Nuestros Pequeños Hermanos School, Francisco Morazán.