



MONTHLY UPDATE – August 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**

**Basic Practices:** Continued promoting basic practices such as soil preparation and irrigation installation at least 30 days before the transplant, planting of seedlings in trays, weed control and clearing of bordering areas, Integrated Pest Management (IPM), fertigation, classification of plants by size, use of measuring tubes to determine planting distance, use of row covers in horticultural crops to prevent viruses, elimination of crop residue, crop rotation, water quality for agrochemical application and pH regulation.

**Irrigation:** 136 ha of drip irrigation were installed for different crops. Trainings were offered on use and maintenance of drip irrigation systems, use of manometer for pressure calibration, washing system with chlorine and molasses, backwashing, maintenance of filters and piping. Designed irrigation systems for new clients and areas.

**Jalapeño Pepper:** 5 ha were planted, four in the open field and 1 ha in a greenhouse for the Guatemalan and Honduran markets. Emphasized the prevention of virus and bacteria.

**Tomato:** 11.5 ha of pear tomatoes and 1.1 ha of salad tomatoes were transplanted in El Paraíso, Cantarranas, Copán, San Marcos de Colón and Olancho. The use of basic practices has increased yields to more than 200,000 lb. per ha.

**Sweet Pepper:** 7 ha have been planted in the El Paraíso and Choluteca zones for local markets and the Salvadoran market.

**Plantain:** 39 ha were transplanted, 15 in Cantarranas, 7 in Yoro, 5 in Olancho, 5 in Santa Bárbara, 3.5 in Cortes, 3.4 in Yojoa, and 0.7 in Atlántida. Planting was continued in nurseries for September and October transplant production. Finalized the planting program under contract for export in the Cantarranas zone. Five producers will begin participating in November with 1.5 ha per week year round. In Olanchito, Banco Atlántida provided 2 loans to begin the planting program for export.

**Sweet Potato:** Planted 5.8 ha of red sweet potato and 1 ha with orange sweet potato for different exporters.

**Pineapple:** Continued planting MD2 pineapple in Choluteca and Yojoa for a total of 6.75 ha. Began harvesting seeds for new clients. The first seed beneficiaries have returned 100,000 suckers that will be used to plant 1.5 ha. The same producers have also expanded their planting areas with seeds harvested on their own farms. There is a deficit of pineapple seeds due to the interest generated by the success of the first harvests.

**Strawberry:** Since it is a highly profitable crop, the use of micro tunnels has been promoted to improve yields during the rainy season. Producers received advice on controlling diseases and pruning.

**Potato:** 3 ha of potato were planted during the month of August.

**Cabbage:** 1.6 ha was planted with 4 producers during the month of August.



Harvest of Hairy Cucumber for Export, Olancho

**Sales of Select Crops by Assisted Producers – August 2007**

Plantain	1.02 Million lb.	\$ 111,300
Cassava	138,300 lb.	\$ 9,900
Tomato	4.3 Million lb.	\$ 673,500
Sweet Potato	33 Containers	\$ 297,000
Jalapeño	186,400 lb.	\$ 37,300
Sweet Pepper	179,000 lb.	\$ 22,000
Onion	179,300 lb.	\$ 48,300
Potato	235,800 lb.	\$ 24,100

## PROCESSING AND FOOD SAFETY

- **Plantain and Cassava:** HACCP plans were updated for product lines (plantain and cassava). An auto-inspection with the administrative team and a GMP's audit took place as requested by one of their clients in the United States.
- **Purees:** Provided assistance in the installation and calibration of a new metal detector required by the buyer in order to proceed with the contract for the purchase of banana puree. Personnel were trained in plant cleaning and hygiene.
- **Meats:** Finished updating the HACCP plan and sent it to SENASA. Worked on the plant cleaning and disinfection process to correct some of the mistakes found. Accompanied the personnel in the inspection by sanitary authorities from El Salvador and the export permit to that country was renewed.
- **Jalapeño Peppers:** The personnel was made aware of the action plan developed to correct the mistakes found during the audits in order to prepare the plant for a new certification audit.
- **Ice Cream:** Implemented the client complaints program. Personnel were trained in plant cleaning and disinfection.
- **Plantain Slices:** Continued developing the cost structure for several products and organizing the company to improve its efficiency. Length of time, temperatures and weights were determined to develop a new plant distribution.
- **Meats:** Continued developing the manual of prerequisite programs for SENASA. Continued implementing the plant quality system. Revised the system for washing channels and ground meat and identified opportunities to make improvements. Obtained authorized supplier approval from a buyer, which implies new sales of 5,000 pounds of product for this new client on a monthly basis.
- **Lemon Juice:** Followed up on the changes recommended for juice extraction including the use of chlorine to disinfect the fruit and for use during the extraction process.
- **Candies:** Recommended infrastructure improvements in the 'dulce de leche' cooking and mixing areas. Revised the inspection report done by the Food Control Agency. Evaluated the liquid waste management system at the plant and didn't find contamination problems. Evaluated equipment needs at the plant to improve its efficiency and capacity.
- **Pre-cut and pickled vegetables:** Assisted several clients by providing them with processing equipment information.
- **Dairy Processors in Olancho:** Vacuum packing tests were performed. Met with SENASA to discuss the final details for the export of pasteurized sour cream. Worked on the product's formula and shelf life study. Provided assistance during the export process for 'quesillo' with FDA.
- **Processor in Comayagua:** Provided assistance in the reformulation of sweet cream ('crema dulce') to reduce costs. Provided assistance in the sanitary design of the new processing areas for crisp pork rind, dairy products and tortillas.
- **Spices:** Offered assistance in the design of new labels and sanitary aspects of their new processing area.
- **Dairy Products:** Provided information on laboratory rapid analysis for their dairy products that will permit improvements in efficiency. Began developing the personal hygiene program.
- **Processes with autoclaves:** Visited two plants with a consultant to assess the processing equipment. Recommendations were given. Equipment testing was performed. Filled out application in order to obtain an establishment number for canned foods (FCE#) from FDA and obtained a register number to comply with the bioterrorism law.
- **Pickled Products:** Revised temperature and pH measurements in order to register with FDA.
- **Beans:** Were assisted in improving their bean production capacity by 45%. Continued revising the cost of different formulas.



**Revision of Equipment for Aseptic Beans, San Pedro Sula, Cortés**



**Industrial Kitchen Improvements, Comayagua**



**Strawberry Processing Training, Intibucá**

**SPECIAL PROJECTS**

- Prepared reports on two new financial products with Carnel in Yoro and Banadesa in Olanchito.
- Financial statement projections for company that produces spices.

**PROGRAM WITH INSTITUTIONS**

- Small potato producers are receiving training through NGO's on budget management and increasing yields to improve profits since the analysis done suggests they will lose around Lps. 2,000 per tarea (approx. 415 m<sup>2</sup>).
- Technical Assistance. Client assistance has been formalized in alliance with NGO's. Several practices are being applied on farms. Examples: use of measuring tubes in plantings to obtain better densities, use of seedlings in trays, use of starter solution during transplant, diluted fertilizations and good soil preparation.
- EDA: Supported their activities by visiting processing plants that have programs with producers. Assisted in the collection of information for the installation of improved shelves at the Farmer Fair at Estadio Nacional. They were provided the summary of plantain plantings by USAID-RED clients in order to coordinate both projects' production.
- SENASA: Finalized Phase I of the national pesticide database. SENASA's Director was given the database and a presentation explaining its reach. SENASA hired USAID-RED's consultant who organized and digitalized the database. The consultant will work full time on the Use and Control of Pesticides Department (DCUP) to ensure the sustainability of the project.

**MARKETING**

- Jalapeños with cheese: Were put in contact with a buyer in Florida that is interested in increasing the product's added value.
- Plantain slices: Were put in contact with plantain producers assisted by the project's agroforestry component.
- Apisililian: Were put in contact with Finca El Carmen who will be their distributor in Comayagua and La Paz. They were put in contact with a distributor for the western zone.
- Several: Obtained information from USDA/Aphis on the legal requisites for the export of meat tamales to the United States.
- The export of fresh plantain by independent producers in Cantarranas is under way and the producers that will meet the demand have already been selected.
- Began conversations with cucumber and onion buyers and producers for year round export.

**INVESTMENTS:** The agribusinesses assisted by USAID-RED made investments that total more than **Lps. 9 million during the month of August.** Examples of the investments made this month include equipment purchases, construction of infrastructure for irrigation, land purchases, farm infrastructure improvements, equipment for food processing, improvements to clients' houses, construction of greenhouses, tractors and other agricultural machinery, electrical installations in production farms, work vehicle purchases.

**TRAINING**

293 trainings took place in August; 3,966 persons were trained – 3,153 men and 813 women.

Area	# Events	# Persons
Marketing-Market Info.	4	101
Food Safety	5	71
Processing	4	114
Production	277	3,662
Postharvest	3	18
<b>Total</b>	<b>293</b>	<b>3,966</b>

Examples: Use of measuring tubes in plantings, cleaning and disinfection of plants, identification of pests and diseases, adequate soil preparation, plantings using starter solution, transplant of several crops, postharvest handling of sweet potato for export, management of plantain nurseries, fumigation equipment calibration.



Training for Clients Assisted by NGO's, Intibucá



Investment in Greenhouse Structures, Yoro



**POSTHARVEST**

- Monitored cassava, sweet potato, pineapple and plantain farms to follow up on crop quality, development and harvesting.
- Assisted three exporting companies in Comayagua with sweet potato packing.
- Continued supervising plantain maturation practices for local sale to processing plants and supermarkets. Also, provided general information to a company interested in beginning with this process.
- Continued plantain green life tests at FHIA’s installations.
- Finished building the guava and baby cucumber plant. It still needs to be equipped with tables that are adequate to the crops that will be processed.
- Continued supervising the construction of a sweet potato packing plant for client in Comayagua.
- Visited client that is interested in building a horticultural crop packing plant in Valle del Yeguaré (in the Zamorano zone).
- Visited EAP-Zamorano to assess the possibility of drying onions with an old-fashioned grain dryer donated by SAG a while ago.
- Supported producers from the zones of Zamorano and Lago de Yojoa to design the packing and plantain maturation plant using a practical design. Suggested postharvest improvements in long distance transport and the acquisition of portable batteries.
- Updated the technical bulletin, Postharvest Handling of Sweet Potato and Cassava. Improved and updated the presentation on Postharvest Handling of Sweet Potato.
- Revised the section on postharvest in the Watermelon Production Manual.
- Assisted plantain processing company in the diagnosis of postharvest problems by analyzing the damage in the laboratory.
- Assisted client in the Cuyamel zone in the construction of a sweet potato and plantain packing plant in order to improve product quality at the market. This initiative is also being promoted with clients in the Choloma (plantain) and western (sweet potato) zones.
- Assisted client who intends to pack and export white malanga.
- Assisted fruit and vegetable distributor from El Progreso by providing ideas on preserving quality during postharvest.



**Taiwanese Guava Packing, Yoro**



**Tomato Selection and Packing, Choluteca**

**PRODUCTION AND LOGISTICS PROGRAMS**

- Began sweet potato propagation tests using transplants produced in trays and have already made important observations that affect production.
- Revised and delivered Greenhouse Production Manual to the main office for final revision and dissemination. Also revised the Mango Crop Manual and delivered it for production of electronic copies.
- Finished the technical bulletin on Jalapeño Pepper Buyers and Quality.



**Onion Sampling, San Marcos de Colón, Choluteca**



**AGROFORESTRY**

- Offered assistance in agricultural product commercialization for a total of Lps. 763,400 during this month. This includes Lps. 193,500 of plantain, Lps. 7,200 of plantain planting material, Lps. 325,300 of cold climate horticultural crops, Lps. 72,000 of baby corn, Lps. 22,900 of cassava, among others.
- A total of 125 producers planted 71 ha with different crops: 14.5 ha of rambutan (19 producers), 23.5 ha of plantain (23 producers), 18.7 ha of coconut (15 producers), 2.6 ha of potato (5 producers), 4.5 ha of horticultural crops (50 producers, among others).
- 14 linear kilometers of wood trees were planted with 18 producers.
- 588 follow up visits to users of the agroforestry and horticultural crop planting systems took place.
- Offered talks and demonstrations on the use of the level “A”, bed making, management and production of horticultural crops and fruit trees, peach and highland avocado production, strawberry production, plantings of forest plants around the boundaries, agroforestry plantain systems, among others.
- Purchased vegetative material and transported it to areas where it will be used.
- A potato planting plan is being implemented to supply 18,400 kg per week to a buyer.



**Cassava Harvesting and Weighing, Jutiapa, Atlántida**

**ALIANCES WITH SCHOOLS**

- Continued following up on grant fund management and on the incomes and contributions the schools are making to the program.
- Continued delivering corn seeds to grant recipients' clients and to a school.
- Crops have been planted using transplants produced in trays in at least six of the schools that are part of the alliance.
- Plantain has been planted in nurseries at another six schools.
- 16 field days have taken place at the model farms with 408 people in attendance (377 men and 31 women). Topics: Integrated Pest Management (IPM), irrigation, nutrition, crop production, use of plastic, marketing and marketing opportunities.
- Assisted grant recipient's clients in the west during visits to La Esperanza to see potato production and to the San Pedro Sula market to meet with buyers.
- Assisted Escuela Pompilio Ortega by offering a talk on Marketing Perspectives for Agricultural Production to the graduating class.
- Assisted Escuela Valle de Sula in the technical and financial organization of their production. Assistance will be provided to other interested schools that belong to the alliance.
- Selection of new clients for grants is in process in zones where there are currently no grant recipients.
- This month's investments were: Lps. 10,442 by an institution to improve their drip irrigation system.
- Pipes are available for one hectare at a school that was chosen for production.



**Pumping System, Visit with Fintrac's Vice President, Olancho**

**USAID**

- Delivered quarterly report to the Director of the Environment, Agriculture and Commerce Office. Developed a summary of the main activities that took place during the quarter. Changes to the project's administration were discussed.

**GENERAL**

- Field visit with Fintrac and USAID-RED Directors to the regions of Talanga, Guaimaca and Juticalpa to see the project's progress firsthand.



**Cassava Sampling, Lago de Yojoa**