



MONTHLY UPDATE – September 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

Technical Assistance: 1,233 technical visits to farms took place to assist in new areas, crop rotations and follow-up with existing crops.

Basic Practices: USAID-RED has continued implementing basic agricultural practices to obtain successful crop production. Examples of these recommended practices are: soil preparation a month before the transplant, clearing bordering areas, irrigation system installation and testing, implementation of Integrated Pest Management (IPM) – crop rotation, destroying crop residue, planting live barriers, use of row covers for crop protection against virus, sampling used as an application tool, and local weed control.

Irrigation: Installed 24.5 hectares of drip irrigation with an investment of \$25,620. Trainings were offered in the use and maintenance of irrigation systems, cleaning tape and pipes, backwashing of sand filters and cleaning ring filters.

Tomato: 15 hectares of pear tomato were transplanted for the El Salvador market in the zones of Olancho, El Paraíso, Francisco Morazán, Santa Bárbara, Copán and Choluteca.

Jalapeño Pepper: 6 hectares were planted for the markets of Guatemala and Honduras. Bactericide applications have been emphasized as well as the use of salicylic acid to reduce the incidence of bacteria in plantings.

Plantain: 27 hectares were transplanted. Increased planting areas with plants grown in nurseries and the costs are being kept in log books in all the zones in order to create guides. Began evaluating direct planting lots and lots where nursery raised plants were transplanted to determine dates for fruit initiation, harvesting and the development of new leaves.

Pineapple: In the Lago de Yojoa and Choluteca zones four hectares were planted using USAID-RED recommended management techniques that include planting in beds, the use of measuring tubes to obtain optimum densities and disinfecting seeds.

Strawberry: Excellent control of diseases using sanitary pruning. Developed fumigation programs with preventative and healing fungicides based on field sampling.

Onion: Three hectares were transplanted in Choluteca's high zone, and nurseries were built to plant five hectares in Ocotepeque and one hectare in Francisco Morazán. Bed making, irrigation system installation and weed pre-germination for improved herbicide application are taking place.

Eggplant: The importance of implementing basic practices can be seen in this crop that was traditionally handled incorrectly. Plantings are now taking place with plastic mulch to cover the beds, live barriers and yellow sticky traps, pruning and cultural controls to control pests. As a result quality and yields have increased per hectare.



Technical Recommendations for Plantain, Yoro

Sales of Select Crops by Assisted Producers – September 2007

Plantain	1.06 Million lb.	\$ 133,000
Cassava	95,500 lb.	\$ 5,600
Tomato	2.07 Million lb.	\$ 300,000
Sweet Potato	25 Containers	\$ 225,000
Jalapeño	808,000 lb.	\$ 157,300
Sweet Pepper	440,200 lb.	\$ 89,300
Onion	99,600 lb.	\$ 38,600
Potato	145,900 lb.	\$ 16,200



PROCESSING AND FOOD SAFETY

- Worked with 3 new clients: A pre-cut vegetable, bean and juice processor, a gourmet (sauces) food processor and a coconut water processor all located in San Pedro Sula.
- Finished installing a metal detector at an aseptic purée line and restarted banana processing operation with a contract valued at 2.4 million per year. The contract guarantees fruit supplies. The plant's AIB certification gives the client access to the most demanding markets.
- Began building new plant for pre-cut vegetable processing in La Esperanza, Intibucá. Assisted in the sanitary design of the plant, flow charts, selection of construction materials and processing equipment.
- Began working with bean processor in San Pedro Sula to carry out heat penetration studies and develop and register the thermal process with FDA that will permit new sales in 2008 that total more than half a million dollars.
- Began negotiations with pre-cut vegetable plant in San Pedro Sula to supply lettuce and tomatoes and began providing technical assistance to improve processes.
- Continued working on the GMP's and HACCP systems at several processing plants. The work includes: risk analysis, development of flow charts, design of formats for monitoring at critical control points, evaluation of daily cleaning and disinfecting systems, implementation of client complaints program, and assisted in the development of certification audits and manuals for Senasa.
- With project assistance, juice processing plant finished developing its sanitary design, process flows and GMP's for its new plant in San Pedro Sula. They are ready to begin producing juices and drinks in October.
- Continued providing technical assistance to several clients in handling and adequate use of chlorine to disinfect raw materials, analysis of expansions to the plant, evaluation of processing equipment needs, diversification and new process alternatives, identification of new markets, efficiency and production capacity improvements, product costs, design and development of labels and improvements in packaging presentation and management of waste products and effluents.
- Assisted a new processing plant in Comayagua with its first activities. The technical assistance provided included the development of bean paste, equipment calibration, establishment of processing controls and training on equipment cleaning was offered to personnel.
- Began searching for new processing clients on the Atlantic coast and west and hired new processing technician for the south central zone who will begin working in November.
- Finished building a new plant in Lago de Yojoa that will produce juice with pineapple pulp and natural vinegar. The main buyer visited the plant and gave his approval. Sanitary design criteria and GMP's were used, which will permit the client to obtain a purchasing contract from a buyer in Guatemala.
- Assisted dairy products plant in reformulating its sweet cream thereby reducing its costs. This will cause an increase in its income of more than \$20 thousand per year.
- The first official export of pasteurized sour cream to the United States was carried out by a traditional processor in Olancho for more than \$7 thousand dollars. Received assistance in the development of the formula, processing, packaging, product specifications, shelf life study and obtaining Senasa approval.
- FDA performed microbiological analysis of 'quesillo' for export at a plant in Olancho during routine inspection and the product received their approval, thus validating their pasteurization procedures and the GMP's being implemented by the project.
- Assisted coconut water processor in making improvements to their processes and the conditions at their plant.



Making Flour Tortillas, La Ceiba



Fried Cassava Process, San Pedro Sula



SPECIAL PROJECTS

- Finished business plan for plantain slices plant to expand their processing line.
- Financial statements were developed for 'tamales' project.
- Analysis of investment capital recovery for a new fryer with more capacity than the existing ones.
- Finalized financial products with Banadesa and Carnel.
- Began evaluating options to add value to refuse from oriental vegetable exports.
- Continued coordinating the design and construction of a new snacks plant in an agropark.
- Assisted processor in obtaining a loan from Banco Atlántida.
- Several equipment estimates were obtained for different clients for: cooking pots, blenders and fryers, among others.

PROGRAM WITH INSTITUTIONS

- 36 trainings were offered and information was provided to producers and technicians from Funder and Caritas regarding good practices, IPM, nursery management, transplants, irrigation, adequate use of chemicals. Measured lots, evaluated their topography and designed and formally presented 10 drip irrigation systems to producers.
- Negotiated donations of irrigation material (tape and trays) with allied businesses to set up demonstration lots with producers from Funder.
- SENASA: Developed TDR for phase II of pesticide registry project with Senasa. Meetings took place with Senasa and EDA to coordinate the official launching of phase I and the beginning of the project's second phase.
- EDA: Provided electronic contacts of sweet potato exporters and facilitated link with fresh fruit and vegetable buyer from Islas de la Bahía.

MARKETING

- Freezing plant: Was put in contact with frozen products buyer in Florida to reopen their IQF plant. Programmed a visit to the plant by the above mentioned buyer for the first week in October.
- Coordinated a visit from a potential buyer of frozen peppers to a plant in Choluteca for the first week of October.
- Began distributing ethnic market surveys in the United States for dairy products and beans in flexible packages in order to identify potential buyers. Developed product specifications and established export volumes.
- Coordinated activities for the food fair in Anuga, Germany next October with the objective of establishing contacts and export offers for project clients.

INVESTMENTS: The agribusinesses assisted by USAID-RED made investments that total more than **Lps. 6.8 million during the month of September**. Examples of the investments made this month include specialized equipment for food processing such as cooling tanks, freezers, equipment for juice pasteurization, cold rooms and metal detectors, infrastructure and equipment for vegetable packing plant, irrigation equipment, including motors and pumps, land purchases for agricultural production, improvements to floors and drainages at processing plants, wood and fruit trees vegetative material, greenhouses and fertilizer injection systems.

TRAINING

115 trainings took place in September; 855 persons were trained – 763 men and 92 women.

Area	# Events	# Persons
Marketing - Market Info.	2	33
Food Safety	3	46
Processing	6	15
Production	100	722
Postharvest	4	39
Total	115	855

Examples: Preparation and treatment of plantain seeds for planting, plant and personal hygiene, standards and quality specifications for classic eggplant, installation and maintenance of irrigation systems, adequate use of agrochemicals, basic agricultural practices, soil preparation, fertilization using the irrigation system..



Plantain Bagging at School Farm in Olanchito, Yoro



World Vision Technician Training, Francisco Morazán



POSTHARVEST

- Monitored malanga blanca, watermelon, cassava, sweet potato, chayote and plantain farms to follow up on quality, development and harvests.
- Assisted in the supervision of banana maturation practices for local sale.
- Assisted client with guava harvesting for supermarket.
- Assisting client in the west with the construction of a sweet potato packing plant.
- Assisted a client in the zone of Comayagua in the design of a packing plant for mango and oriental vegetables.
- Assisted plantain processing plant with the diagnosis of internal fruit rot caused by the Fulsarium fungus.

PRODUCTION AND LOGISTICS PROGRAMS

- Revised and delivered Watermelon Production Manual with observations for a final edit.
- A field visit took place at the Agroforestry program in the five areas where the project is being implemented. Assistance areas and teams were established. The support given to micro and small horticultural crop producers in the departments of Intibucá, La Paz and Atlántida is very important. Technical production of horticultural crops in micro plots distinguished itself, the products are destined for supermarkets and restaurant chains, planting of plots with fruit trees such as rambutan, plantain, pineapple, peaches and avocado and bordering areas with forest species such as teak, Atlantic mahogany, cedar, tatacán, grevillea, etc. adapted to each region.
- Assisted in the acquisition of an irrigation system for Caritas Juticalpa.
- Distributed five manuals to USAID-RED-FHIA technicians for technical assistance to producers on Crop Production Practices, Key Factors in Crop Assessment and Basic Practices.
- USAID-RED-FHIA technicians are now receiving information on market prices for fruit and horticultural crops.
- USAID-RED Annual Training Program was provided to Agroforestry technicians at FHIA.
- Sent Mango Production Manual to EDA technicians.

ALLIANCES WITH SCHOOLS

- Continued delivering corn seeds to grant recipients’ clients and a school.
- 3 field visits to model farms took place with 104 people in attendance (80 men and 24 women). Topics: crop production and exports, the plantain crop, basic practices and crop calendarization.
- Grant recipient selection process to support technicians continues and during the month of October it will conclude with 4 new grants.
- Strengthened the irrigation system at the Escuela Nuestros Pequeños Hermanos with the donation of pipes for a hectare.
- Basic information on school alliances program was sent to client who would like to replicate it.



Classic Eggplant Packing, Comayagua



Lettuce Harvest, Marcala, La Paz



Plantain “Cups” Packing, San Pedro Sula, Cortés



AGROFORESTRY

- Offered assistance in agricultural product commercialization for a total of Lps.603,700 during this month. This includes Lps. 136,800 of plantain, Lps. 75,500 of plantain planting material, Lps. 200,000 of cold climate horticultural crops, Lps. 65,300 of potato, Lps. 36,900 of avocado, Lps. 60,000 of rambutan plants, among others.
- A total of 106 producers planted 19.2 ha with different crops: 7.5 ha of cold climate horticultural crops, 2.6 ha of potato, 1 ha of rambutan, 1.9 ha of plantain, 1.5 ha of cassava, 1 ha of avocado graft, 1.5 ha of MD2 pineapple and 2.3 ha of dwarf coconut.
- 12.6 linear kilometers of wood trees were planted with 31 producers.
- 545 follow up visits to agroforestry system users and horticultural crop plantings.
- Talks and demonstrations on several topics were offered including harvesting and product classification, planting programming, horticultural crop commercialization exchange visits, plot tracing in agroforestry systems, soil conservation practices and protection of plantain bunches.
- Built a greenhouse with a capacity for 100 trays and 20,000 plantlets (beet, broccoli and lettuce seedlings) for Granadillo group benefiting 7 producers.



Soil Conservation Practices, Agroforestería, Atlántida

USAID

- Delivered report on the main achievements obtained during USAID's fiscal year 2007.
- Organized an activity that received approval, to assist a group of producers in Olancho in collaboration with Cáritas.
- Field visit to Cantarranas and Talanga with USAID Honduras' MAAC Director and USAID's contracts officer, Anderson and Enroth, respectively.



Construction of Greenhouse for Group in Marcala, La Paz

GENERAL

- Two week visit from Fintrac's communications personnel to interview project beneficiaries and develop articles on different activities.
- Hired a new technician to work with food processing plants in the central south zone.



Visit to Escuela Nuestros Pequeños Hermanos with USAID, Francisco Morazán



Plantain Producer Ready for Sales, Atlántida