



Monthly Update – August 2008

Rural Economic Diversification Program

PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED), which started August 2005, is a 41-month initiative funded by the United States Agency for International Development (USAID) 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 of and investment in high value and value-added products.

For more information, please contact USAID-RED in La Lima, Honduras at (504) 668.4868; fax (504) 668.1190 or: red@fintrac.com. The USAID-RED Monthly Update is available online at www.usaid-red.org. If you would like to receive this or other publications by email, you can subscribe directly on our Web site.

AGRICULTURAL PRODUCTION

Technical Assistance: This month, USAID-RED technicians made 500 technical assistance visits and incorporated seven new clients into the project.

Planting: This month, project clients planted 39 hectares of crops, including four hectares of peppers, 20 hectares of plantain, seven hectares of tomatoes and 4 hectares of corn.

Irrigation: Drip irrigation systems were installed on an additional 25.6 hectares of land in the Copan (4.7), El Paraíso (5.6), Francisco Morazán (3.9) and Yoro (9.4) departments, among others.

Good Agricultural Practices (GAPs):

- USAID-RED continued to support farmers in implementing GAPs. Emphasis has been placed on weed control with the goal of maintaining distance between crops and certain weeds that spread diseases and pests.
- With the plantain crops, the USAID-RED continues working on leaf surgery, deleafing, pruning, bagging and age tagging. Additionally, training has been given on the appropriate use of pesticides, which is critical for pest and disease control.
- Fertilization calendars are continuously being submitted and revised and soil analysis, prior to planting, continues to be promoted.
- Emphasis has been placed on the installation and maintenance of irrigation systems aimed at sustaining high yields for crops.

Crop Development:

Plantain: This crop has emerged as one of USAID-RED's most successful crops. As such, USAID-RED continued promoting this crop throughout August and 20.1 new hectares were planted in Yoro, Cortes, Francisco Morazán and El Paraíso. Four containers of plantains from Cantarranas, Francisco Morazán were exported this month to the United States.

Pepper: Two hectares of jalapeños were planted in Copan and 2.2 hectares of Nathaly peppers were planted in Francisco Morazán and



Photos by Fintrac Inc.

Sweet potato harvested for exportation, Comayagua

Sales for Selected Crops by Assisted Producers — August 2008

Product	Volume	Sales (\$)
Plantain	2.2 million lb.	\$289,500
Tomato	775,000 lb.	\$156,600
Sweet Potato	41 containers	\$492,000
Jalapeño Pepper	160,000 lb.	\$30,200
Green Pepper	26,600 lb.	\$13,800

Copan. Nathaly peppers continue to sell at a good price in both the Salvadoran and Guatemalan markets.

Tomato: The project continues promoting this crop with 7.3 hectares planted in the departments of Francisco Morazán and Copan this month.

Corn: 4.2 hectares of corn have been planted as part of a crop rotation with other crops; in areas where it has been put into practice by clients, it was promoted by USAID-RED.

PROCESSING AND FOOD SAFETY

- With the installation of a new processing line for fruit juice, the percentage of pineapple juice that can be extracted increased from 38 percent to 50 percent, denoting a reduction in costs estimated at \$50,000 annually. Additionally, the percentage of passion fruit juice extracted rose from 22 percent to 32 percent.
- A juice concentrate processor reformulated his final product to reduce the transportation costs for distribution. With the new formula, which incorporates sugar into the product, the consumer needs only to add water to dilute it.
- A fruit purée processor that uses aseptic packaging passed a GMP verification audit from their buyer with a score of 87 percent.
- Support was given to an eggplant exporter currently in discussions with his buyer to evaluate options for making a value-added product in Honduras. Estimates were provided for equipment and product costs and the exporter was put into contact with a packing materials supplier.
- Assisted a cassava and frozen plantain processor in analyzing and evaluating options to move the plant to a new location. Additionally, options were presented on how to improve his supply of raw materials as well as the efficiency of the processing plant.
- Prepared a technical newsletter and presentation on good practices for handling pre-cut vegetables.
- Continued to support a bean processor with the implementation of a new project for thermally stable beans packed in pouches.
- Assisted several processing clients (cocoa, juice and meat) in implementing GMPs.
- Continued to support a tamale processor with product development.
- Supported an ice cream processor in La Ceiba with the development of a new dairy product for export to the United States.
- Supported a banana vendor who sells to local supermarkets with the development of a new value-added product using leftover fruit.
- Supported a guava producer in Comayagua in developing several value-added products to improve profitability.
- Supported several processors with estimates on equipment and supplies, such as packing materials.
- Continued to support the Universidad Pedagógica Francisco Morazán in training their instructors on different types of food conservation methods.
- Continued to support a melon exporter with the implementation of GMPs in his packing plant.
- Supported a melon exporter in improving his GAP and GMP programs.

PROGRAMS WITH INSITUATIONS

During August, each local organization held a variety of events:



Processing carrots, Tegucigalpa, Francisco Morazán



Processing squash, Choloma, Cortés

FUNDER and WORLD VISION: Held a meeting to present relevant results from the first half of 2008, emphasize opportunities and areas for improvement, and review goals for the second half of 2008. All the FUNDER specialists and managers involved in the program attended the meeting, held in Tegucigalpa. The same goes for World Vision's technicians and managers who attended a similar meeting in La Esperanza. Those who attended from USAID-RED were the general managers, production managers and specialists affiliated with these institutions. Technical assistance visits and trainings for these two institutions continued. Throughout August, 19 visits were made and 12 training events were held.

CARITAS: Submitted the activity report for the first half of 2008; carried out a technical assistance visit together with the agronomists from Caritas; and the practice of planting seedlings in trays has reached new levels.

MARKETING

- Exported the first container of assorted products destined for the ethnic market in the United States; and assisted with the preparation of notice for the arrival of shipments to the FDA in accordance with bioterrorism laws.
- Continued to support a pre-cut vegetable processor with monitoring product quality at sales locations.
- Continued coordinating activities for the authorization of sanitary permits for several processors and their products in El Salvador as well as helped several beneficiaries with designing new logos, labels and signs.
- Supported several processors in establishing contacts for future business relations.
- Continued expanding the dissemination of market prices for select crops through cellular text messaging. There are currently 100 clients subscribed to receive this service.

SELECT RESULTS FOR THE MONTH

Francisco Morazán:

- A producer planted 0.5 hectares of Nathaly peppers, which yielded 1,218 sacks; he sold the peppers for an average price of \$18.42 per sack, incurring costs of \$10,605, making 112 percent in profit.
- A producer managed to secure the exportation of two containers of plantains with a total of 1,584 boxes (51.5 pounds/box) with Chiquita Brand. He received \$8.20 per box and earned \$12,989 for the order.
- A micro-producer receiving assistance through the USAID-RED/FUNDER alliance, yielded 10,986 kilos of carrots from just four small plots of land, generating income of approximately \$4,504. This is equivalent to 62,585 kilos per hectare, far exceeding the average traditional production, which is about 31,293 kilos per hectare.

Training: A total of 39 trainings were held; 587 people attended these trainings (480 men and 107 women).

Area	# of People	Events
Project	70	2
Processing	38	3
Production	479	34
Total	587	38



Harvesting cassava, Lago de Yojoa, Cortes



Field day with FUNDER producers, La Esperanza, Intibucá

Comayagua:

- A producer planted 0.7 hectares of bitter melons, yielding 150,000 pounds that he sold for an average of \$0.15 per pound; with costs at \$5,780, he made a profit of 289 percent.
- A producer planted one hectare of onions that yielded 650 sacks; he sold the onion for an average of \$16.20 and incurred a costs of \$5,789, making an 82 percent profit.

Cortés:

- A producer planted 0.9 hectares of plantains that yielded 57,919 individual plantains. She sold the plantains for an average of \$0.12 each; with costs of \$4,224, she made a profit of 65 percent.

Yoro:

- A producer planted 1.7 hectares of plantains, yielding 129,543 pounds. He sold this amount at an average price of \$0.126 per pound; with his costs at \$10,443, he made a profit of 56 percent. Furthermore, he earned \$790 by selling the seeds.
- A producer planted five hectares of corn as part of a crop rotation. It yielded 60,700 pounds, which he sold for an average of \$11.31. With costs at \$2,632, he turned a profit of 161 percent.

GENERAL

- During an environmental management workshop for projects financed by USAID/Honduras, a presentation was given on the implementation of the PERSUAP project (use and safe handling of pesticides).
- Finished six out of seven of the greenhouses donated by USAID-RED.
- Worked on the final agro-forestry report and gathered information from clients who receive assistance in this area.
- Held a general meeting with all USAID-RED personnel to discuss the progress and pending goals for December 2008.
- Held a meeting with an NGO interested in producing market information similar to that which USAID-RED produces. The NGO is also interested in receiving training from USAID-RED.

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Investment: USAID-RED clients continued making important investments in both equipment and productive infrastructure. Throughout the month of August, investments by 37 different clients were reported to be \$545,436.

Area	US\$	Events
Processing	447,524	7
Production	97,912	30
Total	545,436	37

Examples: infrastructure and equipment for drip irrigation, trays for seedling production, motorized pumps for fumigation, improvements in several food processing plants, purchase of special machinery used for processing juice, and agricultural machinery.



Field day for plantain production, Yoro, Yoro



Examining the pepper crop, Copán Ruinas, Copán