



Monthly Update – June 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) 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.

For additional information, please contact USAID-RED in La Lima, Honduras at (504) 668.4868; fax (504) 668.1190 or write to: 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 automatically by email, you can subscribe directly on our Website.

AGRICULTURAL PRODUCTION

Technical Assistance: USAID-RED technicians made 924 visits this month to provide technical assistance.

Plantings: 84 hectares of a variety of crops were planted, including 23 hectares of beans, 22 hectares of plantains, 15 hectares of tomato, 9 hectares of corn, 3 hectares of sweet potatoes, and 7 hectares of Nathaly peppers.

Emphasis on Agricultural Practices:

USAID-RED continues to stress the importance of Good Agricultural Practices (GAPs) through the use of yellow sticky traps, anti-viral netting, live barriers, weed control, drip irrigation, crop rotation and raised beds, among other techniques. Project technicians have also supported the use of plastic on crops, the use of starter solution, elimination of crop residue, the appropriate use of plant nutrition programs, and the application of selected herbicides. Equally important, especially in rainy parts of the country, is appropriate soil preparation using advanced systems such as the construction of drainage systems.

For crops, such as the plantain crop, training continues for nursery management, controlling sigatoka, deleafing and removing suckers, and the classification of plants used for transplanting. For pepper crops, emphasis has been placed on disease control, fertilization programs and on weed control. For pineapple, work is being done on land preparation so that new areas may be planted. There is also continued support for greenhouse construction and the installation of new irrigation systems. Project technicians continue to calibrate irrigation systems in order to maintain an appropriate level of water pressure; they also continue to test the pH of the water and to control any leaks in the tubes or tapes.

Irrigation: This month drip irrigation systems were installed on 52 hectares of land throughout the country in the departments of



Photos by Fintrac Inc.

Jalapeños are harvested in Yamaranguila.

Sales of Selected Crops by Assisted Producers — June 2008

Product	Volume	Sales (\$)
Plantain	1,751,500 lb.	\$194,800
Tomato	1,774,075 lb.	\$382,200
Sweet Potato	41 Containers	\$492,000
Jalapeño Pepper	576,250 lb.	\$112,500
Pineapple	332,979 lb.	\$74,400

Francisco Morazán (20.2), Comayagua (4.0), El Paraíso (2.8), Yoro (20.4), and Copan (4.5), among others.

CROP DEVELOPMENT:

Plantain: USAID-RED continues a strong promotion of plantain crop development. In June, 12 new hectares were planted, mainly in Francisco Morazán and Yoro.

Tomato: The average price for tomatoes in June remained stable at \$16 dollars per 50 pounds. Moreover, project clients planted 2.5 more hectares than in the previous month.

Nathaly Pepper: The price for these peppers in the Salvadoran market maintained an average of \$10 dollars throughout the month of June. Compared to May, project clients planted an additional 6 hectares this month. USAID-RED continues to promote pepper production in areas such as Francisco Morazán and Choluteca.

Bean: Due to the high price of beans, clients in the central region of Honduras planted an additional 23 hectares in June, which also plays a role in breaking current pest and disease life cycles.

PROCESSING AND FOOD SAFETY

- Developed cost structures with project clients so that they may design strategies to increase their competitiveness.
- Installation of a new mechanized processing line for pineapple and passion fruit juice.
- Continued to provide training to UPFM teachers on making processed foods such as juice, jams and jellies, as well as pickled and dried products.
- Designed a new processing plant for pre-cut vegetables.
- Assisted bean processor in the continued development of recipe formulas.
- Improved the automatization of bean processing by adjusting the types of cooking vats used.
- Designed a processing system for dairy products using steam in place of gas in an effort to increase efficiency.
- Continued training, implementation, and design of HACCP preparations with several project clients.
- Supported dairy processor in the development of new products, processing techniques, laboratory set-up and process support analysis.
- Gave technical assistance to an investor interested in the exportation of canned foods.
- Continued to support dairy processors in Olancho with their exports to the United States and with FDA visits to their processing plants. Support was also given to SENASA regarding these same visits.

Special Projects:

- Designed a registration and reporting system for managing the candy making process and for measuring efficiency.
- Finalized a business plan for a “snack” foods processing plant.
- Assisted a vegetable processor in completing a manual which outlines positions, functions and an operational flowchart.
- Supported several clients in defining their sales strategies and in the development of new products.
- Continued to assist project clients in the development of cost structures.
- Designed and implemented an accounting system for vegetable processors.
- Supported processor in designing a map of the most efficient distribution routes.



Plantain plantlets are grown in El Negrito.



Universidad Pedagógica in Francisco Morazán.

- Began work on the development of software to assist farmers in pricing their products.

PROGRAMS WITH INSTITUTIONS

In June, USAID-RED carried out several activities with NGOs involved in the program, including the installation of drip irrigation systems and the construction of greenhouses. Additionally, support was given for the delivery of plantain meristems in order to promote this crop. Other activities included:

FUNDER: In Intibucá, several plots with horticultural crops (potato, broccoli and cauliflower) were harvested and evaluated and had impressive results in terms of both yields and quality. These plots utilized raised beds, contour plowing, and soluble granulated fertilizers, which were applied through drip irrigation systems as well as through other methods. Three new drip irrigation systems have been installed and five greenhouses were constructed using recycled material. Also, new demonstration plots have been set-up in several new communities.

In Marcala, a field training day on potatoes was held; basic practices were shown and a demonstration plot was harvested with above average yields. Furthermore, demonstration plots have been set-up using various types of fertilizing equipment, such as ventury type fertilization injectors.

In other areas, (Guinope and Azacualpa) the construction of two greenhouses, which are 540 square meters each, is nearly complete. Work also continues on demonstration plots using basic practices for crops; 31 technical visits were made and 4 trainings were held.

CARITAS: Three plots of land are being planted with plantains. A demonstration plot of beans, which is irrigated and uses soluble fertilizer, was harvested and resulted in excellent sales. A plot of land planted with corn is showing high yields and is ready to be harvested and sold. Sales are expected to be good. Four visits were made.

WORLD VISION: In Yamaranguila, several crops have been harvested (onion, Nathaly pepper, jalapeño pepper and potato). Quantitative evaluations have been performed on some of the demonstration plots. Various trainings were held with level two producers, including an event on IPDM (Integrated Pest and Disease Management).

In Otoro, meristems for plantains (3,000 units) were delivered to San Marcos, where they were planted. A variety of support has been given through trainings on crop management, weed control, irrigation, plant protection and fertigation using different methods such as sprinkler systems and manually delivering pre-diluted solutions to the base of the plant. A total of 19 visits were made and 2 trainings were held.

MARKETING

- Market Studies on Tegucigalpa and San Pedro Sula were completed for three products: fruit concentrates, frozen beans, and plantain chips.
- Contacts were made between several exporters and a major U.S. importer of organic products.



Potato Field Day with FUNDER, Marcala.



Installation of an Irrigation System in Olanchito.

- Continued to support the inspection of export labels for nostalgic products to the United States.
- Continued to improve product presentation through changes in the graphic design of the labels.

POSTHARVEST

- Supported plantain, sweet potato, cassava, and green pepper producers to be able to monitor the quality, development and harvesting of crops.
- In Cantarranas, F.M. continued to provide support to plantain exporters, which have now managed to send eight containers through a transnational buyer. These clients are already managing harvesting, postharvest, transportation, and packaging operations with little supervision, indicating that they have been well trained.
- Helped plan the packing operation for the second container of sweet potatoes exported to Europe via an exporter based in Santa Bárbara.
- Assisted two producers with farm-based plantain ripening schemes.
- Visited two supermarkets in San Pedro Sula and one in Tegucigalpa in order to provide training and support on controlled ripening of plantains and setting the appropriate temperature for display cases.
- Monitored operations for plantain ripening in two agro-industries in San Pedro Sula.
- Assistance with the design of a conveyor belt to improve the operational efficiency of the plantain ripening process.
- Continue to supervise the construction of three plantain packing plants in Las Guacamayas, Yoro; El Ciruelo, Santa Barbara; and Aldea Brisas del Norte, Cortés; as well as for a peeled plantain processing and packing plant in Monterrey, Yoro.
- Evaluated the quality of cassava from a supplier from Patuca as requested by an agro-industry, which later resulted in a purchasing contract between the two.
- Supervised progress on a packing assembly line for horticultural crops in Siguatepeque.



Packing plantain for export in Cantarranas.



A tractor is used to prepare soil in El Paraíso.

PRODUCTION AND LOGISTICS PROGRAMS

- The construction of a plantain packing plant in Olanchito is near completion.
- Four large and two small greenhouses were finished and donated to the towns of Guinope, Monte Redondo, Yamaranguila, San Marcos de Colón and Siguatepeque. The small greenhouses in Guinope are about 70% finished.

INVESTMENT

In June the total investment of USAID-RED clients reached \$67,090.

Area	US\$	% of Total
Processing	2,515	4%
Production	64,575	96%
Total	67,090	100%

Examples: Purchase of plantain seeds, irrigation equipment and its installation, and greenhouse infrastructure, among others.

- Assisted two sweet potato exporting businesses on Good Business Practices for their operations by measuring movements and times in order to increase efficiency and by designing forms to support business activities.
- Supported an eggnog and donut manufacturer and distributor with the development of business plans for 39 products.
- Supported a candy manufacturer with the development of forms for the collection of information, which can then be used in making management decisions.
- Supported a fresh vegetable processing and pickling business in their development of an organizational manual that defined intermediate responsibilities and operations.
- Hosted the visit of plantain producers from Chiapas, Mexico and a meristems producer from the same area of Mexico

SCHOOL ALLIANCES

In June, the alliance with the private sector program was concluded and six of the participating schools (Pompilio Ortega Elementary School, J. F. Kennedy Elementary School, San Martín de Porres Institute, Gregorio Consuegra Institute, Nuestros Pequeños Hermanos Elementary School and the National University of Agriculture) acquired the necessary knowledge to successfully continue Model Farm activities.

- USAID approved the delivery of motorcycles and computers for schools that had the highest performance during the course of the program in order to recognize their success.
- Scholarship recipients still participating in the program also finished their own activity. They successfully managed to increase the number of farmers who use Good Agricultural Practices in their daily farming activities. (Macuelizo, La Esperanza, Francisco Morazán, Ajuterique, Coyoles y Catacamas).
- Delivered equipment for vegetable protection to five of the program's schools, contributed by a private company.

GENERAL

- A tour for the MIRA Project and USAID personnel was given so that they could get to know buyers who have established programs with USAID-RED and to become familiar with the productive systems used on the farms of USAID-RED, USAID MIRA clients, which may be replicated in the future.
- Received approval for the transfer of equipment to other counterparts and began delivery of this equipment.
- Worked to compile results from the agro-forestry activities that ended in May.
- Began market studies on juice concentrates, processed beans, and "snacks" in San Pedro Sula as well as Tegucigalpa
- Finished consultation work with USAID RED beneficiary packers and processors on the improvement of administrative processes and controls.
- The postharvest technician retired from the project this month. As of July, any postharvest activities that may arise will be handled by agronomists specializing in the areas of production and processing.

Selected Results for the Month

Choluteca:

- A producer planted one hectare of jalapeño peppers, which yielded 200,000 pounds. He was able to sell the jalapeño peppers for \$0.21 a piece. After deducting his costs, which totaled US\$ 17,895, a 135% profit was earned.
- Another producer managed to obtain a yield of 450,000 pounds from his two hectares of tomatoes. He sold the tomatoes for US\$12.90 per 50 lbs. After accounting for US\$ 23,684 in costs, a 390% profit was earned.

Yoro:

- A producer planted one hectare of watermelon, which yielded 2,000 units. These were sold at US\$0.70 each. After deducting costs of US\$955, the result was a 36% profit.
- Another producer planted 5 hectares of corn, breaking with past cycles, which yielded 45,000 pounds. He sold the corn for US\$11.05 per 100 lbs. After accounting for costs of US\$ 1,053, the profit was 372%.

El Paraíso:

- A producer from the Jamastrán region had a yield of 260,000 pounds from two acres planted with jalapeño peppers. He sold the jalapeño peppers for \$.20 a pound. After deducting costs, which totaled US\$ 31,579, he earned a 65% profit.
- Another producer planted 2 hectares of tomatoes, which yielded 263,150 pounds. He sold the tomatoes for US\$11.00 per 50lbs. After deducting costs of US\$ 15,789, he earned a 267% profit.

Francisco Morazán:

- Four shipments, each containing 40,788 pounds, were exported from Cantarannas. They will continue this exportation on a weekly basis.



Squash in Ajuterique ripens in the field.