



Monthly Update – March 2008

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: USAID-RED technicians made 762 technical assistance visits in March.

Plantings: 40.7 hectares were planted in March, including 19.8 hectares of plantain, 8.7 hectares of bitter melon and four hectares of onion, among others.

Planting Tendencies: Plantain, pineapple, jalapeño pepper, oriental vegetable and watermelon crop plantings increased during the month of March. Keeping in line with the favorable market opportunities and current market conditions, such as stable prices and a good market outlook for the selected crops, the producers significantly increased plantings. In contrast, fluctuating conditions have been presented for onion, tomato, sweet pepper and potato crops, leading to decreased plantings this month. Due to increased export opportunities, the malanga and cassava crops have seen an increase in plantings this month. USAID-RED has provided information on seeds, costs and agronomic management to several interested producers.

Irrigation: During the period, a total of 39 new hectares were installed with drip irrigation, mostly in Copán, Francisco Morazán and Santa Bárbara; the installation was complemented by training sessions for the new users of the drip irrigation systems. Because water is scarce at this time of year, USAID-RED technicians tend to emphasize the benefits of drip irrigation; this is done by showing the new users how to



Photos by Fintrac Inc.

Potato harvest, Azacualpa, FM

Sales of Select Crops by Assisted Producers — March 2008

Product	Volume	Sales (\$)
Plantain	978,000 lb.	\$115,700
Onion	551,000 lb.	\$64,400
Tomato	2.94 Million lb.	\$177,600
Sweet Potato	11 Containers	\$132,000
Jalapeño	719,800 lb.	\$144,700
Sweet Pepper	304,400 lb.	\$49,800
Cassava	38,400 lb.	\$2,200
Watermelon	700 M3	\$73,700

calculate irrigation necessities (i.e. when and how much) through touch and the use augers.

Crop Development: Plantain: Two USAID-RED lead clients from the zone of Olanchito obtained loans that will enable them to participate in the DOLE plantain production program. The loans were obtained because USAID-RED was committed to continuing the technical assistance to these clients, both of which had already signed contracts with DOLE. The loans will finance infrastructure and provide the necessary capital for production. The producers have started using agricultural machinery for planting, particularly subsoiling. In the Cantarranas zone, fruit grade samplings continue in time for April exports. In general, sigatoka loses momentum during the summer months in all USAID-RED assisted departments, for this reason the assistance provided during the month of March emphasizes other production aspects such as deleafing, dehanding, fruit protection and weed control. **Onion:** The practices emphasized during this season were fertigation management and sampling and control of thrips using an integrated management program. The implementation of these practices has helped to maintain healthy and vigorous plants. **Oriental Vegetables:** Timely application of new practices to plantings (i.e. subsoiling, raised beds, drip irrigation, live barriers and adequate distancing between plants) provided the crops with a good initial start. **Jalapeño Pepper:** Basic practices have been implemented successfully with excellent results and yields.

PROCESSING AND FOOD SAFETY

- Developed cost structure for aseptic puree to provide estimate to buyer from the United States; granola for local distributor; frozen beans, lemon juice and French fries.
- Improved product presentation for three processors of slices and beans. The labels, bags and logos are being redesigned.
- Updated the plantain and cassava investment plans, which were presented to the processor for review. Strategies were then developed to build a sustainable relationship between the plant and the 350 producers that supply it. The possibility of increasing prices for both products is being evaluated.
- Revised critical control points in the HACCP plan of a frozen pepper processor. Corrective measures were taken.
- Development of new products with different clients: jam, syrup, clarified cashew juice, rompopo, soy milk candy, solid papaya jam and lemon juice.
- Began the standardization process for 13 sanitary records that belong to six project clients to gain access to the El Salvador market.
- Support was given to an exporter of ethnic products for the United States nostalgic market. Support included the revision of product labels to ensure compliance with FDA regulations.
- Completed a feasibility study for a dry cheese processor to export to the nostalgic market in the United States. The project consists of pasteurizing 3,500 liters of milk daily to make dry cheese for export. Assisted with equipment estimates, project dimensions, costs, financial analysis and risk analysis.

INVESTMENTS

The investments made by USAID-RED clients during the month of March totaled \$315,774.

Area	US\$	% of Total
Agroforestry	228	0%
Processing	212,350	67%
Production	93,596	30%
Postharvest	9,600	3%
Total	315,774	100%

Examples: Purchase of irrigation pumps, motor pumps for fumigation, classification and packing tables, crates for plantain maturation, irrigation systems and accessories, infrastructure, machinery and equipment for meat, cut vegetables, sausages, bean and juice processors, laboratory equipment for food product analysis.



Packing grated carrots for the institutional market, Zambrano, FM



Peeling plantain to fry it, San Pedro Sula, Cortés

PROGRAMS WITH INSTITUTIONS

Continued offering technical assistance to the NGO field offices involved in technician training and the production system improvement program in order to increase the competitiveness of the producers assisted by these institutions.

FUNDER: In March, project technicians made 15 visits, held a training event and two field visits to demonstration lots and potato trials in La Esperanza. The carrot and potato harvests that incorporated basic practices have obtained results way above average yields in the zone. Three drip irrigation systems were installed. Technical assistance was provided in crop and nursery management, plantlet production, use of local mediums and substrate sterilization.

CARITAS: Ten technical assistance visits and one training for technicians and producers; installed a drip irrigation system and provided demonstrations on how to prepare soil; use raised beds; and installed, washed and calibrated drip irrigation systems. Watermelon producers that used basic practices obtained excellent results and yields from their harvest.

WORLD VISION: Three technical assistance visits and one training event, as well as educational visits to view production lots and exchange experiences with plantain producers from the Yojoa zone. Trained producers expected to plant plantain.

MARKETING

- USAID-RED technicians assisted a new client with the first order of fresh, pre-cut vegetables. The company will sell its products to a chain of convenience stores in Tegucigalpa and San Pedro Sula through a local distributor. The initial sales projections are \$13,000 a month, but the sales volumes are expected to grow quickly. This project will benefit lettuce, tomato, green pepper, onion, carrot, cabbage and potato producers.
- A contract was signed between a plantain exporter and producers from El Negrito, Yoro. One shipment of plantains will be exported per week, but sales are expected to increase to two containers per week by the end of the year. The exporter offered the producers a fixed competitive price.
- A market link was established between a lemon juice processor and a breaded vegetable processor.
- Market links were established between cool weather vegetable producers and a distributor in Intibucá.
- Met with an Argentine buyer interested in sweet potato and squash (fresh and processed).
- Met with a Canadian buyer of pickling cucumbers in brine. USAID-RED clients began planting sample lots to determine production feasibility. USAID-RED will perform cost analysis to determine profitability.

POSTHARVEST

Project technicians continued monitoring plantain, sweet potato, sweet pepper, cassava, potato and pickling cucumber to follow-up on quality, development and harvesting of crops. They also continued to monitor plantain in Cantarranas before the export of

TRAINING

52 trainings took place in March; 235 people were trained – 202 men and 33 women.

Area	# Events	# People
Postharvest	2	16
Production	50	219
Total	52	235

Examples: Harvesting sweet potato and pepper, management of plantain planting material in nurseries, desuckering plantain, floral induction of pineapple, workshop on basic practices, use of local substrates for planting in trays, fumigation equipment calibration, using the fertilization program with specific crops, installation and use of sand filters.



Field day with FUNDER producers, Lepaterique, FM



Potato harvest in Intibucá

the second container. Clients were assisted in the design, construction, follow-up and installation of packing lines for fresh plantain, sweet potato, oriental vegetables, pickling cucumber and a general stocking center. A location was selected for a new plantain packing plant in Olanchito; construction will begin in early April. The changes suggested by USAID-RED's postharvest expert were made at the packing plant in El Negrito and some of the purchased equipment was obtained. Personnel from two supermarkets were trained on improved handling of fresh products. Continued maturation tests using ethylene on colored bell peppers and continued providing assistance to supermarkets and producers with plantain maturation.

PRODUCTION AND LOGISTICS PROGRAMS

Finished delivering plantlet trays and installing drip irrigation systems for small producers from the NGO's assisted by USAID-RED. Through short-term technical assistance, USAID-RED continued assisting seven selected producers in the analysis of their operations. The analyses of the methods used, processing yields and use of inputs, among others, have been used to make recommendations for administrative decision-making purposes. Presentations on Better Business Practices were made to two cucumber and two sweet potato exporters.

AGROFORESTRY

- Clients participating in this component marketed agricultural products totaling \$58,000 in March. The most important sales were plantain (\$12,670), watermelon (\$9,970), potato (\$8,700) and cool weather horticultural crops (\$16,800).
- Producers planted 32 hectares of different crops, including 1.8 hectares of lemon and 0.4 hectares of mahogany.
- 583 follow-up visits were made by technicians to agroforestry system clients of different crops (horticultural crops, potato, plantain, rambutan, lemon, coconut, among others).
- 24 producers installed new drip irrigation systems on 3.18 hectares.
- Trained 223 people on fructification pruning of peaches; planting and management of peaches; management of irrigation systems; soil preparation; weed management; basic watermelon practices; construction; management and planting of seedlings; classification; and the preparation and disinfection of pineapple suckers.

GENERAL

175 agribusinesses "graduated" from the project in March, including producers, food processors and agricultural schools. The schools that graduated this month were Escuela Valle de Sula, Choloma, Cortés; and Escuela Hogar de Amor y Esperanza, Talanga, FM. New clients were incorporated into the program and began receiving technical assistance from project technicians. Due to a general assessment of USAID-RED clients, the technical assistance zones were adjusted by reducing the number of technicians in certain areas. The number of production technicians in the area was reduced to four. Two technical bulletins (cucumber postharvest and plantain maturation) and one production manual (lettuce) were finalized and published at www.usaid-red.org.



Training on planting in nurseries, Santa Cruz de Yojoa, Cortés



High density plantain, Yoro



Sweet corn packing, Comayagua