



Monthly Update – May 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.

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 907 technical assistance visits during the month of May and seven new clients joined the program.

Plantings: 75 hectares were planted in May by USAID-RED clients, including 24 hectares of corn, 13 hectares of tomato, 10 hectares of plantain, 9 hectares of sweet potato and 4 hectares of jalapeño pepper, among others.

Agricultural Practices Emphasized: USAID-RED continued to promote Good Agricultural Practices (GAPs) mostly among new project clients. The program emphasized the importance of using plastic mulch in tomato and pepper crops, the adequate height for raised beds and soil preparation before the beginning of the rainy season.

The correct management of drip irrigation systems was discussed at both trainings and technical assistance visits. Technicians recommended the installation of drip irrigation tape before transplants, changing the tape when it breaks, checking it when it's blocked and installing and testing pumps, bearing in mind that a good irrigation system directly influences crop productivity. Other producers were trained on the development of drainage systems before the rainy season begins. System calibration is an ongoing task for project technicians.

USAID-RED has introduced the use of meristems for plantain. In Olanchito, Yoro a producer bought 1,000 meristem plants of which he will plant half directly in the field and the other half in the nursery. USAID-RED delivered 7,870 meristem plants to the regions of Jesús de Otoro (3,000), Cantarranas (1,000), El Negrito (1,290), Santa Bárbara (1,290) and Olanchito (1,290).

Irrigation: 70 new hectares were installed with drip irrigation this month: Francisco Morazán (45.7), Comayagua (5.6), Atlántida (5.0), Santa Bárbara (2.0) and Copán (3.0), among others.



Photos by Fintrac Inc.

Plantain packing - Cantarranas

Sales of Select Crops by Assisted Producers — May 2008

Product	Volume	Sales (\$)
Plantain	1,686,000 lb.	\$225,380
Tomato	761,750 lb.	\$202,780
Sweet Potato	26 Containers	\$312,000
Jalapeño	682,000 lb.	\$117,680
Sweet Pepper	323,890 lb.	\$63,500

Crop Development: Tomato: Due to the good market prices obtained for tomato during the month of May, \$15.00 per 50 pound box, the producers have planted an additional nine hectares. **Jalapeño Pepper:** Good prices in the Salvadoran market have been an incentive for several producers in the southern zone to plant more area with jalapeño. In comparison to the month of April, project clients planted an additional 1.5 hectares. USAID-RED continued promoting this crop in non-traditional zones. **Plantain:** USAID-RED has strongly promoted plantain. Ten new hectares were planted this month. USAID-RED continued promoting the use of meristems for plantain planting. The plantain export program with Chiquita continues sending containers to the United States. This month, two containers with 792 boxes were exported from the zone of Cantarranas, Francisco Morazán. Weekly exports have been programmed. 1,437 boxes were exported from the zone of El Negrito, Yoro to a buyer in Miami.

PROCESSING AND FOOD SAFETY

- Developed cost structures with several program clients enabling them to design strategies to become more competitive.
- Trainings on food safety and processing were provided to professors at the Universidad Pedagógica Nacional Francisco Morazán.
- Assisted pre-cut vegetable processor in La Esperanza during his project's start-up and helped strengthen links with convenience stores in Tegucigalpa and San Pedro Sula.
- Began heat penetration tests for beans in aseptic containers.
- Provided trainings to several dairy processors in Olancho for phosphatase test required by the FDA in the United States.
- Investments of \$133,000 on equipment and processing plants.
- Continued implementing GMPs and HACCP plans with several program clients.

PROGRAMS WITH INSTITUTIONS

During the month of May, USAID-RED held several events with each of the NGOs that are working with the program, including a potato field day in Intibucá with the participation of technicians and producers from institutions such as SAG, Caritas, World Vision and Funder, as well as two private agro-commercial companies, Marketing Arm and AGROTECH, and independent producers. The program visited Siguatepeque with producers that were donated greenhouses by the program from the zones of Guinope, Azacualpa and Yamaranguila.

FUNDER: Program technicians made 32 visits and held four training events on measurement, design and installation of four drip irrigation systems. Crop management assistance included nighttime visits to demonstrate the use of fluorescent lamps and how to improve chemical applications. In the zone of Intibucá, the methodology to increase potato productivity has been established by using demonstration lots around the zone.

CARITAS: Four visits to technicians and producers to train them on follow-up of established crops, measurement and design of drip irrigation systems and then provided high yielding crop proposals to the producers.

WORLD VISION: Eight visits and five trainings to technicians and producers in basic practices, use of fluorescent ink and crop management, among others. Demonstrated results at demonstration lots during two field days held at a field planted with potato and other horticultural crops with the participation of 50 producers. Made a field

INVESTMENTS

The investments made by USAID-RED clients during the month of May totaled \$238,496.

Area	US\$	% of Total
Agroforestry	1,628	1%
Processing	133,071	55%
Production	103,572	43%
Alliances	225	1%
Total	238,496	100%

Examples: Purchase of trucks to transport fresh and processed products, irrigation infrastructure and equipment, soil preparation, structure and specialized equipment for processing plants, among others.



Fresh vegetable preparation in La Esperanza



Clearing weeds in pineapple - Lago de Yojoa

visit to San Pedro Sula, with the producers, to demonstrate plantain meristem management which will be used by producers from Jesús de Otoro.

MARKETING

- Consultant Juan Carlos Valladares' short term contract to assist food processors with sales ended. This activity generated new sales higher than \$27,000 in nine negotiations that benefited the same number of clients. The total sales that are already in process are estimated at more than \$39,000.
- Finalized negotiations with a distributor for a total of \$7,665. The clients that will benefit include: marmalade and pickled vegetables processor (\$2,460), granola processor (\$3,780), dulce de leche processor (\$1,155) and a dehydrated fruit processor (\$270).
- Assisted FIDE in the search of investors for agro-parks.
- Assisted several processors in label revision for their products to ensure compliance with FDA regulations in the United States and Food Control in Honduras.
- Finalized the graphic design of new product labels for several clients.
- Clients from Cantarranas sent 82,000 lbs of plantain to an industrial company in San Pedro Sula.

POSTHARVEST

- Monitored plantain, sweet potato and pineapple farms to follow up on quality, development and harvesting of crops.
- Assisted plantain producers in Cantarranas. The producers have exported four containers and gradually they are taking over most of the operations. The transnational buyer has increased his purchasing price.
- The plantain packing plant in El Negrito has begun operations and has already packed fruit for four exports for a total of 1,437 boxes.
- A client from the department of Santa Bárbara completed packing of the first container of sweet potato for export to Europe.
- Continued assisting the industry, supermarkets and independent producers with the plantain maturation method.
- Continued training personnel from two plantain and one sweet potato packing plants on selection and packing of their product for export.
- Supervised the construction of fresh plantain packing plants in Yoro, Santa Bárbara and Cortés and a processing and packing plant of peeled plantain in Yoro.
- An oriental vegetable line installation is being supervised in Comayagua.

PRODUCTION AND LOGISTICS PROGRAMS

- Continued building a plantain packing plant in Olanchito.
- Continued building greenhouses donated by the program in Guinope, Monte Redondo, Yamaranguila, San Marcos de Colón and Siguatepeque.
- Two sweet potato exporters have continued to implement Good Business Practices, measuring efficiency and developing formats to improve activities.
- Discussed project goals with Senasa to finalize the list of chemical products approved for use in Honduras.
- The list of chemical products approved for use in Honduras was given to PROMORCO as part of the work being done by Senasa



Potato field day with institutions



Plantain packing - CARNEL



Washing sweet potatoes in sinks - Santa Bárbara

with support from RED.

- Five schools that are participating in the program of alliances with the private sector were given crop protection equipment donated by the private sector.
- The grantee from Santa Bárbara held a hot pepper field day that generated enthusiasm among the participants who witnessed the success that a producer achieved by following the recommendations.
- The grantee from Universidad Nacional de Agricultura was hired by a transnational crop protection company.

AGROFORESTRY

- The clients participating in this component marketed agricultural products for a total of \$137,600 during the month of May. The most important sales were plantain (\$58,360), potato (\$12,430), cassava (\$12,600) and cool weather horticultural crops (\$19,860).
- Producers planted 17.3 hectares with different crops, including 7 hectares of cool weather vegetables, 4 hectares of potato and 3.2 of wood trees.
- 316 follow-up visits by technicians to agroforestry system clients with different crops (horticultural crops, potato, plantain, among others).
- Trained 107 people on basic practices, pest and disease control, harvest, fertigation in potato, plantain selection and packing and fruit tree pruning, among others.

GENERAL

- The agroforestry component closed on May 31st. A group of selected producers will continue to be assisted by USAID-RED technicians.
- Visits with USAID personnel to Cantarranas to see plantain export, work with NGOs in Azacualpa, and production and processing operations in Comayagua.



Grantee directs pepper field day in Santa Bárbara

Selected Results

Atlántida: A producer continued planting rambutan. By the end of May, this producer had sales of \$5,600 with costs of \$2,240, obtaining a profitability of 150%.

Copán: A producer planted four hectares of tomato and one of jalapeño. With the tomato he obtained 21,000 50 lb boxes, which he sold at an average of \$2.12 with production costs of \$29,000 and a profitability of 54%. With the jalapeño pepper he obtained yields of 237,000 pounds that he sold at an average price of \$0.27 with costs of \$23,000 obtaining a profitability of 178%.

Cortés: The agriculture school, during its second plantain cycle obtained yields of 77,800 pounds from 1.3 hectares planted, which sold at an average price of \$0.10 with costs of \$4,550 obtaining a profitability of 70%.

Francisco Morazán: A producer from the southern part of the department obtained yields of 493,756 pounds from four hectares of plantain. He sold the product at \$0.11 per pound with costs of \$31,500 and a profitability of 72%.

Intibucá: A producer from the high zone planted 0.07 hectares of strawberry and obtained yields of 3,000 pounds that he sold at a price of \$ 0.95 with costs of \$1,842 and a profitability of 55%.

Santa Bárbara: The first sweet potato container was exported to Europe.