



Monthly Update – March 2009

Rural Economic Diversification Program

PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED), which started August 2005, is a five-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.

USAID-RED will finalize its activities in September 2010. 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.

2009/2010 STRATEGIC PLAN & INITIAL ACTIVITIES

In January and February 2009, USAID-RED worked closely with USAID/Honduras to develop a strategic plan for the 2009/2010 extension. The plan is based on the results of previous years and the current economic environment, characterized by a global crisis impacting the poorest sectors immensely. The following adjustments were made:

- Concentration of activities in the country's most vulnerable zones.
- More emphasis placed on assisting the most vulnerable producers and subsistence producers.
- Continue assisting commercial scale producers and businesses with added-value products.
- Expansion of the NGO alliance program.
- Establish formal alliances with the private and public sectors.
- Assist USAID's Integrated Natural Resource Management (USAID-INRM) program.

During the month of March, USAID-RED finished making the necessary changes to continue assisting the agricultural sector, rapidly adjusting to its new focus areas. The adjustments included hiring and training sixteen specialists in the areas of agriculture, monitoring and evaluation, information technology and marketing. A division was created to work with the most vulnerable regions in the country and with the NGOs working in those zones, which strengthen the division by providing assistance with commercial production and added-value products. In addition, FHIA was hired to assist with and strengthen the work being done by USAID-INRM in



Photos by Fintrac, Inc.

INVESTMENTS

The investments made by USAID-RED clients during the month of March totaled \$437,447. The main investment areas are listed below.

Area	US\$	% of Total
Materials/Production Equipment	\$6,000	1%
Irrigation Equipment/Infrastructure	\$33,825	8%
Postharvest and Packing Infrastructure	\$28,127	6%
Processing Plant Equipment	\$269,970	62%
Processing Plants	\$54,200	12%
Vehicles	\$29,552	7%
Others	\$15,773	4%
Total	\$437,447	100%

the zones of the Atlantic coastline. The entire team is working in the zones being assisted by the program.

COMMERCIAL PRODUCTION

- Finished hiring the personnel for this component and assigned them to their zones. A total of 340 technical assistance visits to new and existing producers took place.
- During the new phase, the project is focusing on finding new clients with the overall objective of demonstrating the effectiveness of adopting good agricultural practices (GAPs). Technical assistance continues to be provided to existing project clients.
- New crops are being promoted at field days and workshops in different zones throughout the country, where information such as production costs, yields, expected incomes and markets (potential buyers) is being provided on certain crops.
- A plantain packing plant in Olanchito began operating. The first three shipments of peeled plantain were taken to a processor in San Pedro Sula. A total of 74 people were hired at the packing plant for this operation. The income generated from the first sales totaled Lps. 320,000.
- Good plantain yields have been obtained in the central zone. The zone was visited by buyers from Nicaragua, El Salvador and Honduras, sales were finalized with several buyers.
- A total of 8.6 new hectares were installed with drip irrigation systems.
- The clients that have finished harvesting horticultural crops are being assisted with their rotation crop, such as beans or corn.
- Technical assistance was provided on plantain, cassava, onion, pepper (red, jalapeño, Nathaly), tomato, potato, broccoli, cauliflower, lettuce, carrot and pineapple, among others.

ADDED-VALUE

- A total of 54 technical assistance visits took place to packing plants, warehouses, supermarkets and food processing plants.
- Assisted a plantain and cassava processor with the relocation of their plant and the installation of new equipment.
- Assisted a warehouse with the layout and installation of a potato washer.
- Visited clients that could potentially produce added-value crops and developed work plans for each one.

PROGRAMS WITH INSTITUTIONS

In March, USAID-RED contacted seven NGO's that are working in the west-central zone. Action plans are being developed with the information gathered in the regions including the groups of producers that are benefiting from NGO assistance.

A total of 10 USAID-RED agronomists were assigned to provide assistance in each zone. During this month, the personnel were trained and sent to visit the zones and institutions where they will work.

An intensive one-week training was provided to 22 World Vision technicians.

A total of four collaboration agreements were developed (FUNDER, World Vision, Caritas and CARNEL), that will be finalized and signed in April.



Plantain transport, Olanchito, Yoro



Training for new technicians and construction of an A-line frame, Yamaranguila, Intibucá



First plantain peeling operation, Olanchito, Yoro

Planned and distributed the demonstration lots that will be established by each NGO in respective regions. Surveyed the technical units and total number of beneficiaries that will need assistance.

MARKETING

- Hired marketing personnel and introduced them to buyers in collaboration with MCA-H/EDA's marketing unit.
- Plantain buyers (processors, exporters and local buyers) were taken to the Bajo Aguan zone to show them the different alternatives available in the zones.
- Met with two supermarkets in San Pedro Sula and with a buyer that supplies to the Islas de la Bahía; assistance was provided on Good Manufacturing Practices and the project gathered information on the commercial demand for products and existing opportunities for USAID-RED producers.

GENERAL

- A meeting was held to discuss the project's new objectives and goals and to provide training on the monitoring and evaluation system.
- Equipment and tools for field analysis were provided to the project's personnel.

SELECT RESULTS

Francisco Morazán:

- A producer planted 0.5 hectares of tomato from which he obtained 110,000 pounds, that he sold at an average price of \$10.90 per 50 pounds, with costs of \$9,837, and profited 144%.
- A producer planted 0.17 hectares of tomato, from which he obtained yields of 19,750 pounds, that he sold at an average price of \$12.80 per 50 pounds, with costs of \$1,316, and profited 275%.
- A producer sent his first shipment of 112,000 pounds of plantain to Nicaragua at a price of \$0.18 per pound.
- Another producer sent his first shipment of three plantain containers to Nicaragua and one container of plantain to Costa Rica. Each container holds 1,200 boxes, weighing 35 pounds per box, at an average price of \$0.20/pound.

Yoro:

- A producer planted 0.7 hectares of watermelon, obtaining yields of 2,510 units, that he sold at an average price per unit of \$0.92, with costs of \$1,011, and profited 128%.
- A producer planted 2.1 hectares of plantain, obtaining yields of 121,490 pounds, that he sold for an average price of \$0.12, with costs of \$8,560 and profits of 70%.

TRAINING

30 trainings took place in March; 394 people were trained – 335 men and 59 women around the country on Food Safety and Production.

Department	# Events	# People
Intibucá	7	179
Yoro	10	111
Atlántida	4	25
Cortés	2	22
Others	7	57
Total	30	394



Installation of a drip irrigation system on the farm of a USAID-RED beneficiary farmer, Bajo Aguan, Yoro



Transport of peeled plantain to a processing plant. Olanchito, Yoro