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USAID-RED

RURAL ECONOMIC DIVERSIFICATION PROJECT
QUARTERLY REPORT # 11. JANUARY - MARCH 2008

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USAID-RED

RURAL ECONOMIC DIVERSIFICATION PROJECT

Quarterly Report #11. January through March 2008

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USAID-RED is being implemented by Fintrac Inc., a US-based agribusiness firm, together with a group of local private-sector firms and organizations committed to expanding rural incomes and employment opportunities through market-led, commercially focused activities. Other key implementing partners include Fundación Hondureña de Investigación Agrícola (FHIA), 11 agricultural education institutions and more than 10 Honduran private sector alliance partners.

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1. EXECUTIVE SUMMARY

- This is the eleventh quarterly report for the USAID Rural Economic Diversification Project (USAID-RED), summarizing activities and results for the period January through March 2008.
- Project clients' baseline data and follow up results were completed, validated and presented to the USAID Mission during the current reporting period. USAID-RED's support to the agricultural sector and related industries continued contributing to sales increases from participating businesses. During 2007, lead clients increased their sales by \$21.65 million, 85 percent higher than the \$11.70 million target for the year. With \$10.54 million in increased sales from 2006, total cumulative increased sales for the project reached \$32.18 million, exceeding the expected sales target for the project's life seven months ahead of schedule. Employment increased by 1,262 full-time equivalent positions, achieving 84 percent of the 1,500 new full time employees target for the year. Cumulative new employment generated from project clients reached 2,787 by the end of 2007. This represents a 93 percent completion of the cumulative program target of 3,000 through December 2007. Table 1 provides the summary of results for the two main high-level indicators.

Sales and Employment Results for Year 2007

Category	Sales (US\$)	Employment (FTEs)
2006	60,246,193	6,615
2007	81,893,492	7,877
Change (2007-2006)	21,647,299	1,262
Percentage Change	36%	19%

- USAID-RED is in its last year of implementation, and for this reason, some activities are starting to be phased out in selected regions. During the current reporting period, thorough analyses of individual project clients were conducted. As a result of the analyses, a total of 175 active lead clients were graduated from the project (representing 13% of current active lead clients). These clients have received technical assistance from the project technicians for at least one year; have successfully incorporated good agricultural practices or good manufacturing practices; and updated production or processing technologies in their businesses. An additional 39 active lead clients (5% of the current active lead clients) were transferred to other projects providing similar quality extension services.
- Following guidance from USAID/Honduras, on February 22, 2008, Fintrac submitted a no-cost extension request to properly finalize work in critical areas. With the proposed plan for demobilization (including phased staffing reductions), USAID-RED will be able to extend its work through December 2008 at \$161,000 below the current contract budget of \$11.98 million. As part of the plan, seven staff positions were eliminated at the end of the current quarter (see details in the staffing section of this report).
- As of March 2008, USAID-RED is providing support to 606 lead clients (individual farmers, exporters, processors, NGOs, farmer groups/cooperatives, educational institutions) with over 6,285 beneficiaries (neighboring farmers, farmers participating in out-grower supply programs, group/cooperative members, NGO clients and students).

- USAID-RED technicians made 4,659 technical assistance visits (on-farm and in-plant extension) during the quarter. In addition, 1,531 individuals participated in 219 training events.
- Clients and counterparts invested over \$1.1 million in improved production, processing, postharvest and marketing systems during the quarter. This high level of investment (with end of project targets attained eight months ahead of schedule) shows the high level of confidence that clients have in the USAID-RED project and in the agricultural sector as a whole. It is also a likely indicator of overall growth in the sector for 2008.
- A total of 135 lead clients planted 381 hectares of various high-value crops, including plantain, tomato, watermelon, onion, sweet potato, various pepper varieties, oriental vegetables and rotation crops (corn and beans). Plantings for the US export season continued during the quarter and included cucumber, watermelon, zucchini and squash.
- For the first time, more than 20,000 lbs per month of fresh cut potatoes, lettuce, cabbage, carrots, tomatoes and peppers from La Esperanza were transformed into high, value-added, fresh cut, vacuum-packed products and distributed to a number of convenience stores and institutional markets. This activity is expected to be replicated in other regions of the country.
- Formal technical assistance (Train the Trainer program) to extension staff of three NGO counterparts continued in thirteen rural NGO zone branches. A total of twenty NGO agronomists are being trained on updated production practices and are, in turn, providing improved extension support to 535 micro- and small-scale farmers.
- Two plantain packhouses (in Olanchito and El Negrito, Yoro) are being built with USAID-RED donations of equipment and building materials. These two plantain packhouses will benefit more than 20 new plantain farms established in the zones by providing easy access for existing and potential buyers. Large-scale buyers have signed fixed-price contracts with the producers and plantain exports from these regions are expected in the coming months.
- Technology transfer continues to take place to participating agricultural schools. Five model farms are in operation and seven graduates continue to participate in USAID-RED's internship program. The interns are providing direct technical assistance to more than 60 micro- and small-scale farmers.
- Activities, deliverables, results and milestones are reported based on the USAID-approved work and performance monitoring plan (see Section 5). Most activities being implemented are either on or ahead of schedule.
- Project expenditures are on target. To date, 84 percent of budgeted funds have been expended.

Annexes to this report include USAID-RED monthly summaries (3), success stories (3), and selected monitoring and evaluation (M&E) reports. Additional supporting information — all project-produced market information, bulletins, manuals, presentations, technical reports, administrative documentation, and monitoring and evaluation reports — are available to USAID through the password-protected USAID-RED Intranet site at www.fintrac.com/red. Selected information and reports are also available for public access at www.usaid-red.org.

2. INTRODUCTION

2.1. Project Background

USAID-RED is a 36-month initiative of the United States Agency for International Development (USAID) with a primary goal of increasing incomes and employment opportunities in Honduras' rural communities, focusing specifically on the horticulture sector (fresh, value-added and allied industries). USAID-RED focuses on: (a) increasing the competitiveness of Honduran micro-, small- and medium-size rural enterprises; (b) expanding local and export market sales for growers and packers; and (c) promoting increased private-sector production and investment in higher-value and value-added products. USAID-RED is one of the USAID/Honduras mission's primary mechanisms for assisting rural businesses to take advantage of new market opportunities afforded by the Central American Free Trade Agreement (CAFTA). In addition to supporting the expansion and diversification of nontraditional, value-added agricultural products for rural producers, the project also assists clients in meeting increasingly stringent sanitary and phytosanitary (SPS) and environmental regulations in order to ensure competitive access to world markets.

2.2. Approach and Methodology

USAID-RED targets the agriculture sector as the rural economy's primary "engine of growth" and is using a proven market-led production strategy in its implementation of activities for farmers and other clients. The strategy includes multiple and coordinated interventions through a "technical tool kit" of marketing, production, postharvest, processing, logistics and information technology to benefit lead partners and their beneficiaries. The Business Development Services (BDS) program further expands the project's outreach all along the value chain.

The off-farm enterprise strategy primarily supports allied agribusiness enterprises offering goods or services to farmers. The off-farm strategy focuses on sectors that have "downstream" or "upstream" linkages to the farm sector. Upstream linkages include a wide-range of input suppliers including rural input stores, seed distributors, seedling nurseries, chemical/fertilizer companies, irrigation equipment manufacturers/installers, basic farm tool manufacturers, wood product manufacturers, tractor leasing companies and mechanics. Downstream linkages include transportation providers, marketing agents (from coyotes to exporters), and processors of value-added products (from micro- to large-scale). Through its alliances with these companies, USAID-RED is considered one of the primary actors in the Honduran horticultural sector.

Geographically, USAID-RED covers all departments with the exceptions of Gracias a Dios, Lempira and the Bay Islands. The program works with a range of farmers, including low-altitude coffee growers (under 800 meters), and hillside/subsistence farmers. Many of the project's lead farmers and beneficiaries are low-altitude coffee growers with little opportunity to benefit from specialty coffee price premiums; therefore, they are being assisted in diversifying their product range to include higher-value crops. Fintrac's private sector alliance/subcontract with FHIA targets farmers who primarily grow low-value crops on a subsistence level and are located in remote areas (primarily on hillsides). FHIA's work is not only meant to provide these growers with increased income, but to improve their environmental stewardship of the land through the planting of fast-growing trees and adoption of improved production practices.

2.3. Staffing

Following guidance from the USAID Mission, USAID-RED initiated actions to enable project activities to continue at no extra cost through December 31, 2008. A staff reduction, mainly in the production sector, took place at the end of March. The following staff cutbacks were made.

- Eddy Flores, Technical Representative for Ocoatepeque, Production
- Norman Urbina, Technical Representative for Choluteca, Production
- Rony Alvarez, Technical Representative for Olancho, Production
- Luis Torres, Technical Representative for Intibuca, Production
- Rafael Segura, Deputy Production Manager
- Nolvía Lagos, Monitoring and Evaluation Coordinator
- Allan Gomez, Information Technology Specialist

2.4. Agribusiness

USAID-RED targets the agribusiness sector as an “engine of growth,” given its high multiplier effects in the rural economy and ability to quickly increase incomes and employment. Subsectors targeted by USAID-RED include:

- Fresh horticulture (a wide-range of temperate and tropical fruits and vegetables)
- Floriculture products
- Processed horticultural products (frozen, canned, dehydrated, fresh-cut, ready-to-eat, in brine and microprocessor products)
- Selected processed dairy products

Within each targeted sector, USAID-RED provides technical assistance and training — directly and in conjunction with private-sector counterparts and organizations — along the entire value chain, including assistance in the following areas:

- Marketing
- Research and product development
- Production
- Postharvest handling
- Processing
- Food safety and sanitary/phytosanitary (SPS) systems

Through its lead clients — farmers, farmer groups, exporters, processors and other rural businesses — USAID-RED promotes new technologies to increase productivity, quality and income. USAID-RED also emphasizes crop and market diversification and value-added production to increase lead clients’ income. Diversification ensures lead clients a competitive foothold in local and global markets and helps them take advantage of CAFTA.

2.5. Non-Agriculture and Alliance Program

Support to companies outside the agriculture sector is based on technical assistance and training in areas and systems that apply not only to the horticulture sector, but to other sectors, including support for good manufacturing practices (GMPs), food safety prerequisite programs and HACCP, as well as implementation and certification of dairy and meat processors, bakeries, buyers and distributors. During the second half of 2007, the Alliance Program expanded and is now working with three partner NGOs in 13 of their rural branch offices (“Train the Trainer” program to improve the extension skills of 20 NGO agronomists). Work with the agricultural educational institutions also expanded, and the client base for the FHIA-led agroforestry program increased. Collaboration continues with SAG/SENASA for the development of the national pesticide database and with FHIA’s marketing department (development of weekly marketing bulletins for selected crops).

2.6. Other Program Services

Through its BDS component, USAID-RED works to strengthen the domestic capacity of local private sector organizations — input suppliers, processors, exporters, transportation providers, educational institutions — to increase the quality and quantity of their technical services to rural entrepreneurs. Commercial suppliers interested in expanding sales of goods and services to rural businesses are encouraged to apply to become formal BDS partners.

USAID-RED also provides support to project clients in obtaining loans to carry out their operations and expansion plans.

2.7. USAID-RED Targets

USAID-RED’s primary targets (higher level indicators) are:

- \$30 million increase in client sales
- 4,500 new full-time equivalent employment positions
- 40% average increase in net income for 1,000 MSMEs clients
- \$7.5 million in capital investments by clients

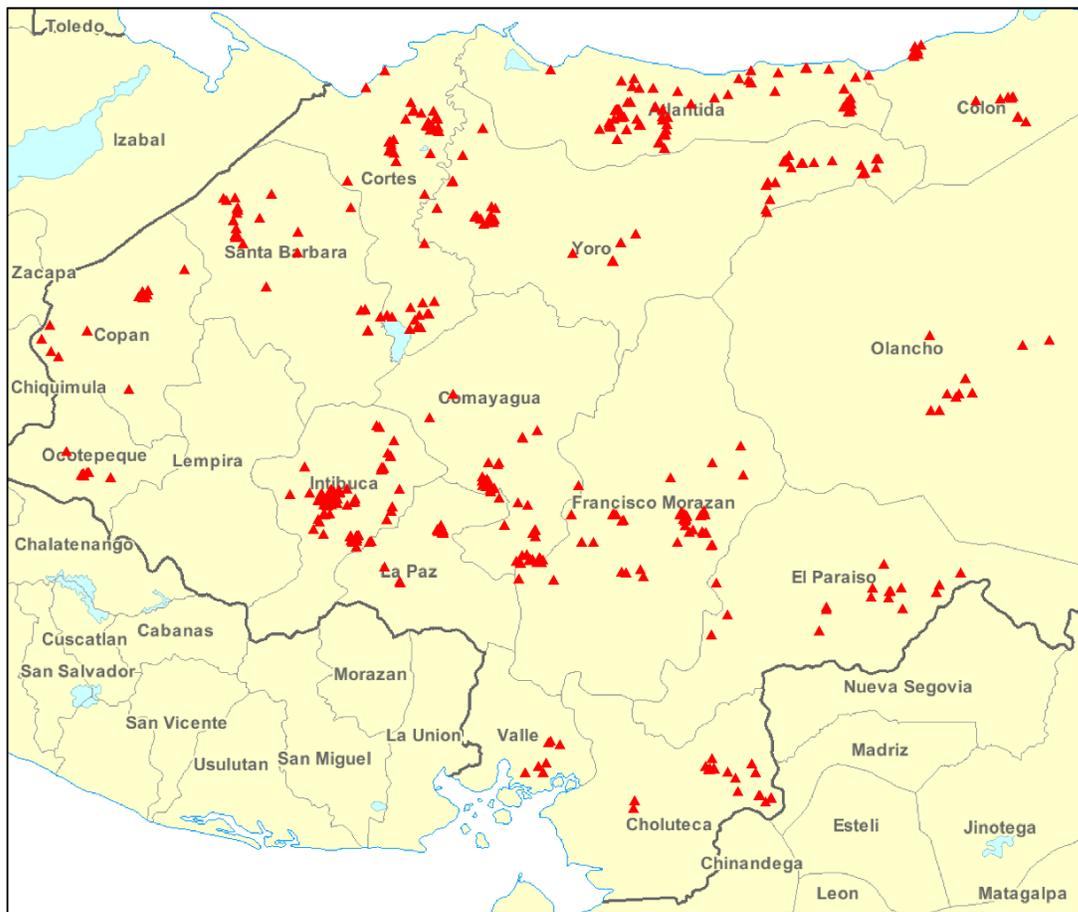
3. PROGRESS TO DATE

USAID-RED started on July 8, 2005, with the contract signing. Technical implementation activities started on August 1, 2005. A revised contract (with a modified budget, timeframe, activities and targets) was signed on May 31, 2006.

A map of current USAID-RED geographic coverage (showing current active lead clients) is provided in Figure 1. The Performance and Monitoring Plan (PMP) is used throughout the life of the project to monitor progress, and includes specific activities as well as deliverables and performance targets. Selected information on each activity component is also highlighted in this report. The PMP is updated monthly and is available in Excel format on the USAID-RED intranet site (www.fintrac.com/red). All technical publications including bulletins, manuals, reports and success stories are also available on the intranet site. Selected publications are provided in this report's annexes.

Client categories were updated during the quarter. Detailed information is available in Annex III and in Fintrac's Client Impact and Results Information System (CIRIS).

Figure 1. Map of Current USAID-RED Active Lead Clients (as of 3/31/08)



4. HIGHLIGHTS OF ACTIVITIES AND RESULTS

4.1. Production

- 381 hectares of new plantings were reported by 135 clients, including plantain (91 hectares), tomato (42 hectares), watermelon and other melons (58 hectares), Jalapeño pepper (28 hectares), sweet potato (15 hectares), sweet bell pepper (19 hectares), onion (31 hectares), and oriental vegetables (10 hectares). Additionally, farmers continued planting rotation crops, including over 54 hectares of kidney beans and 15 hectares of corn. This quarter's plantings are further detailed in Table 9 (Annex III).
- A total of 219 production training events took place during the quarter, with 1,417 growers participating.
- Investment in production equipment and infrastructure for USAID-RED clients totaled \$579 thousand for the quarter, and included the purchase of agricultural machinery, irrigation systems, fumigation equipment and vehicles. More than \$78 thousand was invested by NGO and educational school counterparts, indicating a commitment to the joint activities and their belief in the production systems being promoted. Investments by the NGOs participating in alliances with USAID-RED included mini drip systems, seedling trays and low-cost greenhouses.
- Chiquita Brands International signed contracts with four project clients in Cantarranas (Francisco Morazán) for the supply of two plantain containers per week starting in April 2008. Due to the contract, two of the growers were successful in securing loans from Banco Atlántida. The packhouse infrastructure is currently being developed and the logistics are being finalized.
- Also in Cantarranas, Hortifrutti entered into a fixed-price contract with a project client to supply 20,000 lbs of plantain per week at US\$0.17/lb.
- A cooperative in Yoro, with a scheduled planting system for plantain, signed a fixed-price contract with an import/export company from the US. The buyer is also interested in purchasing malanga and yuca.

Sales highlights from selected growers. USAID-RED clients consistently improve the productivity and quality of their crops when adopting the production systems introduced by the project. In turn, better quality and higher yields provide them with higher net incomes. A few examples from this quarter's harvests are provided below.

- Francisco Morazán
 - Reynel Varela used nursery-grown plantain plants on 0.7 hectares. He obtained yields equivalent to 94,380 lbs/ha, with sales of \$12,794 and an average cost of production of \$5,263/ha.
 - Francisco Cerrato changed his planting technique to use nursery-grown plantain plants on two hectares, yielding an average 85,000 lbs per hectare. Mr. Cerrato now has sales agreements with Chiquita Brands International for 400-500 boxes per

week at US \$7.75/box and with Wal-Mart (Hortifrutti) for 20,000 lbs/week at \$0.17/lb (vs. local price of \$0.12/lb), generating an income of \$12,973 and production costs totaling \$5,263 per hectare.

- Olancho
 - Juan Valladares, a traditional corn grower, harvested one hectare of plantain with yields of 92,300 lbs, generating \$12,144 in sales at a cost of \$5,500. Mr. Valladares plans to plant one hectare of plantain per month to keep his customers supplied year-round and plans to diversify his farm with jalapeño peppers.
- Choluteca
 - Agroindustrial Los Prados yielded 50 cubic meters per hectare of watermelon and is now achieving 71.5 cubic meters per hectare, a 31% increase, producing a gross income of \$7,150 per hectare at a cost of \$2,368 per hectare. Motivated by the increased profitability, Agroindustrial Los Prados plans to plant 200 hectares of watermelon for the next cycle.
 - José Manuel Betancourt achieved a record yield in tomato with 7,000 cases per hectare (350,000 pounds per hectare), surpassing the average of 3,500 cases/ha. Despite low market prices, Mr. Betancourt profited with sales of \$14,000 and costs of \$12,105.
- Comayagua
 - Mr. Rivera has 2.5 hectares of bitter melon, typically yielding 35,000 lbs/ha under traditional production systems. However, Mr. Rivera has exceeded 70,000 lbs/ha with an estimated 40% remaining to be harvested. The results motivated neighboring farmers to adopt better production practices using his farm as a model. Ten field training days have been held on his farm for various farmers from different institutions.
 - In the past, Heleodoro Guillen, a Chinese eggplant grower, could not surpass 40,000 lbs/ha. However, after implementing USAID-RED production practices, his yields increased to 100,000 lbs/ha, generating \$15,015 in sales and a cost of \$11,289.
- El Paraíso
 - Noel Gustavo Rivera obtained yields of 4,571 cases per hectare (228,550 pounds per hectare) on his tomato farm, averaging a sales price per case of \$5.00, from which he received \$22,855/ha with a cost of \$10,500 per hectare.
 - Isaac Díaz obtained yields of 5,148 cases of tomatoes per hectare (257,400 pounds per hectare) at \$5.00 per case, bringing his income to \$25,740/ha and a cost of \$10,500 per hectare. The average tomato yield in El Paraíso is 3,500 cases per hectare (175,000 pounds per hectare)

- Santa Bárbara
 - Carlos Rivera Chavarría, a first time pepper grower, implemented basic production practices recommended by USAID-RED and obtained 5,500 bags per hectare which he sold at an average price of \$7.90. His sales were equivalent to \$43,421/ha with production costs of \$12,000 per hectare.
- Yoro (Olanchito):
 - Mariano Figueroa, a first time plantain grower, harvested two hectares yielding 75,500 lbs/ha, which he sold at \$0.10/lb. Mr. Figueroa also sold seed materials generating an additional income of \$1,763/ha. His costs approximated \$5,000/ha. He is the first grower to harvest in this area where soil and weather conditions are not optimal for this crop; his achievements are based on proper handling and following USAID-RED's recommendations. He plans to expand his farm to three more hectares.

4.2. Processing and Food Safety

- Contacts were made with a US snack buyer (Planet Produce–Brian K.). Two processors (Agroindustrias Bonilla and Indepla) will start exporting plantain chips to the US in April. Project assistance included: matchmaking visits, packaging design and development, cost structure development, pricing and negotiations.
- The first two containers of a new high, value-added product (IQF breaded vegetables) were exported to the US market (Deli–Flavorworks).
- A new fresh cut vegetable processing facility started operations in La Esperanza (Pantheods). It will start selling more than 20,000 lbs/month of different fresh cut vegetables to a convenience store chain in April through a local distributor. Project support included: plant design, location and equipment testing, product and packaging development, cost structure development, food safety, shelf-life studies, writing technical product specifications and locating and introducing the product to potential buyers. Actual standing purchasing order is for approximately \$13,000/month and is expected to grow in the short term.
- USAID-RED hired a sales expert to provide short-term assistance to a group of selected clients. During this quarter the consultant started to provide support to 15 processors – evaluating their products, identifying proper distribution channels, matching them with potential buyers; and assisting them with negotiations and follow-up after the deliveries of first orders. New sales achieved during the first three months of assistance reached \$20,000 and pending negotiations will produce \$38,000 more in additional sales. These sales will be recurrent throughout the entire year.
- USAID-RED started providing technical assistance to a new exporter of ethnic products to the US market with the review of food labeling according to FDA regulations. The first commercial shipment is expected in April 2008.
- Processors continue to invest in new equipment and infrastructure; investments from processing clients totaled \$404,000 during the quarter.

- Initiated support to carry out the legal procedures to register 13 products (manufactured by six different processors) for the Salvadoran market.
- Provided support to Procesadora Guanolola to fulfill all the technical requirements needed to get export certification for Guatemala. Senasa already sent a formal plant approval petition to Guatemalan authorities.
- Initiated the finished product appearance upgrade program with 18 processors, providing new labeling designs, logos and POP materials. The work includes developing two new brand names, designing and/or re-designing of 15 company logos, designing of 20 new labels and/or packaging materials, and development of 16 POP materials.
- Fine tuned the aseptic sweet potato puree process at Rinagro and ran tests with different parameters. Samples were sent to potential buyers. An Argentine grower/exporter interested in processing their rejected sweet potato and butternut squash was liaised with Rinagro, who also began talks with Chiquita regarding possibilities of exporting sweet potato puree from Honduras.
- The GMP/HACCP implementation program continued at 11 processing facilities: Alcosa, Alprosa, Mesocacao, Fincas El Carmen, Pantheods, Inalma, Deli, Del Corral, Guanolola and Wild Rose.
- The investment plan for plantains and yuca was updated as part of the overall strategy for evaluating sustainable supply options for Inalma.
- Coordinated the visit of a Canadian gherkin importer/processor interested in doing business in Honduras.
- Conducted a pre-feasibility study for a milk processor interested in exporting dry cheese to the ethnic US market.

4.3. Postharvest

- Activities were conducted to aid growers and packers with monitoring and evaluating crop development, handling, selection and harvesting criteria for crops such as: potato, Jalapeño pepper, sweet pepper, cassava, sweet potato, white malanga, eggplant, pickles, oriental vegetables, fresh plantain, peeled plantain, cucumber, pineapple, guava and chayote, amongst others.
- A total of eleven training events were delivered and over 100 people trained, with topics including plantain ripening, standards and grading, postharvest handling and packing activities.
- Ongoing supervision and follow-up for sweet potato packers/exporters.
- Two postharvest technical bulletins were developed and distributed: "Cucumber Postharvest" and "Controlled Plantain Ripening" (posted online at www.fintrac.com/red).
- USAID-RED's postharvest specialist has provided guidance on the building and conditioning of two plantain packhouses in Yoro.

- Support was provided to a Japanese cucumber export trial.
- Plantain-ripening training sessions were provided to two supermarkets and one industrial processor in San Pedro Sula.
- Conducted ripening trials for bell peppers upon request from client.
- Support was provided to a client on waxing yuca for sales through a supermarket.
- Potato harvest data were collected from field trials using raised beds vs. traditional planting systems to analyze the response in yield to seed size and to agronomic practices.
- Advice and follow up was provided on site selection and design for several packhouses for fresh plantain, peeled plantain, eggplant, sweet potato, white malanga and fresh vegetables.

4.4. Institutional Alliances

Positive institutional changes with alliance partners resulted after presenting achievements of the last nine months of joint activities. The implementation of GAPs on beneficiary farms and the introduction of a monitoring program to capture real impact data from NGO farmers were highlighted as key factors that will improve the institutions' directors' availability of information for decision making based on field results.

The main focus for the quarter was on training and finalizing the installation of demonstration equipment and infrastructure on lead client farms to demonstrate updated production systems. Training sessions were held on these farms and a replication effect is expected as the production cycle develops into the upcoming quarter.

- NGO technicians working alongside USAID-RED technicians were given agronomy kits to properly provide advice to their beneficiary farmers.
- A total of 28 training events were held with 338 participating NGO beneficiaries.
- Over 30 mini drip systems were installed.
- Over 20 low-cost greenhouses were installed and are now initiating the production of seedlings.
- Technical assistance to technicians and NGO clients continues in all the local rural offices.
- The NGOs exceeded the one to one contribution and purchased additional equipment for irrigation, seedling production, water conduction and pest and disease control equipment. The value of their contribution exceeded \$68,000 during the quarter.
- Examples of technology transfers include: local medium sterilization techniques for use in seedling trays; seedling production technology; use and advantages of raised beds; changes in planting densities for higher yields; pest and weed control; use of starter solution; and use of fertilization programs for specific crops.

4.5. School Alliances

USAID-RED technicians continued to provide weekly technical support to the schools through their counterparts at the institution in order to train them for transfer technology to students. Not Neighboring growers are also encouraged to attend field days to expand their expertise in crop production. The internship program is intended to train some of the top students of the schools through a hands-on learning-by-doing training at USAID-RED client farms. Alliances with participating schools are located in the following departments: Francisco Morazán (1), Comayagua (1), Santa Barbara (1), Yoro (1), Olancho (1) and Atlántida (1). During the present period, six schools were graduated from the program. Activities during the reporting period included:

- Three field days and training events were held at the schools with 25 people trained.
- Model farms at the schools have planted crops such as plantain, cassava, sweet potato, fresh corn, pepper, tomato, cucumber, pickling cucumbers, dry beans, and eggplant.
- Schools and the private sector input supplier companies have continued investing in this initiative. Total cumulative investment through March 31, 2008, stands at \$294,177, of which the schools' counterpart investment and support for the program is \$171,695, or 58% of the total amount invested. In addition, 14 private companies have donated over \$50,000 for the schools' demonstration lots.
- The subsoilers distributed to the schools are being used in land preparation for the schools' model farms and for neighboring farmers.
- Six interns graduated from the program during the reporting period. USAID-RED hired an exceptional intern as a full-time technical advisor in the project.
- At the end of the program, awards of participation were given to Instituto Luis R. Santos; Santa Cruz de Yojoa; Valle de Sula; Luis Landa; and Hogar de Amor y Esperanza.

4.6. Production Programs Coordination

The production coordination program activities focused on supporting procurement actions in order to carry out new activities that will complement the project's goals:

- Distribution of 50 drip irrigation systems and 2,000 seedling trays to select NGOs receiving program technical assistance.
- Five subsoilers were delivered to beneficiaries (one to a farmer cooperative and four to schools) to introduce this service to local farmers.
- Distribution of 20 agronomy kits to NGO technicians receiving USAID-RED technical assistance.
- A consultant is providing assistance to selected clients in good business practices as well as good manufacturing practices. Four companies have received the preliminary reports to take actions on practices to be improved.
- Production manuals on broccoli, cabbage, cauliflower, lettuce and potato were completed and distributed (available for review on the program website at www.usaid-red.com).
- Started the building and conditioning of two plantain packhouses in El Negrito and Olanchito areas.
- Finished sourcing materials required for the construction of five greenhouses all to be delivered to selected clients by our production department.
- Crop information (manuals) on sweet potato, plantain and technical materials were provided to 12 clients.

5. PERFORMANCE AND MONITORING PLAN (PMP)

5.1. PMP Section 1: Start-Up & Program Administrative Activities

Act- ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind	
1	Start-Up & Program Administrative Activities														
1.1	Key Personnel/Senior Team In-Place						Key personnel/senior team in place w/in 1 week				X				Fintrac key personnel team in place on August 1, 2005.
1.2	New Field Technicians Trained & In-Place						All field technicians in Zones w/in 3 months				X				Field technicians hired in August 2005; trained in September 2005.
1.3	Procurement of Vehicles/Equipment						Start-up procurement requirements completed w/in month 1; on-going for remainder of project (performance fee paid on initial delivery of vehicles)	Copies of vehicle titles			X				Vehicles procured.
1.4	Project Intranet/Internet Sites Installed & Updated	2					Intranet/Internet sites installed w/in 1 week; maintained	Site Operating	2	-	X				Site maintenance ongoing.
1.5	Semi-Annual Local Taxation Reports		1	2	2	1	6	Local taxation reports submitted to USAID	2	4			X		Interim reports due yearly by November 17; final reports due yearly by April 16.
1.6	Monthly Project Bulletins	2	3	12	12	8	37	Monthly bulletins produced and distributed	32	5			X		Internet site; www.usaid-red.org
1.7	Workplan/Performance Monitoring Plan Updated							Workplan/performance monitoring plan updated regularly (as needed with USAID input)					X		First update submitted to USAID in August 2005 (approved 09/05 and 06/06 in contract modifications)
1.8	Monthly Financial Reports	3	3	12	12	9	39	Financial reports submitted to USAID (online/hardcopy)	33	6			X		Reports submitted with each invoice; invoices may be issued more than once monthly. Number represents months only.
1.9	Quarterly/Annual Reports	1	1	4	4	2	12	Quarterly/annual reports submitted to USAID (\$2,002 for first two; \$500 each thereafter)	Copies of reports	10	2			X	December 2007 report Finalized. Intranet site. Submitted to USAID in Feb/7/2008.
1.10	Final Report					1	1	Final report submitted	Final report	-	1			X	

5.2. PMP Section 2: Monitoring & Evaluation Activities

Act-ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind	
2	Monitoring & Evaluation Activities														
2.1	M&E System Installed (CIRIS)						CIRIS customized & installed				X				Completed
2.2a	Baseline Indicator Data Collected for All Clients (sales, exports, ag, non-ag, income, employment, yields/productivity, gender, firm size, and other Fintrac-specific indicators collected as clients enter program.)						Baseline data for client added in calendar year 2005 collected	CIRIS			X				Completed 01/06
2.2b							Baseline data for client added in calendar year 2006 collected				X				Completed 01/07
2.2c							Baseline data for client added in calendar year 2007 collected				X				Completed 01/08
2.3	Follow-Up Indicator Data Collected for All Clients						Data collected annually (end 4th and beginning 1st quarters) for most recent year completed.						X		Collected for all clients with a previous year baseline, Completed 1/08.
2.4	Customized "Real Time" CIRIS M&E Reports Available Online for Use by USAID						Data replicated to main database by all technicians at least once weekly; available on Intranet site for USAID use.						X		Available online. Continuously updated. Available reports expanded in 09/ 06 and expanded again in 1/07.
2.5	Random data validation performed by Project M&E Specialists						Random data validation performed by M&E technicians through in-field visits by clients						X		Ongoing.

5.3. PMP Section 3: Marketing Component Activities

Activity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments	
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind		
3	Marketing Component Activities															
3.1	Market surveys of potential and existing high-value and value-added products for MSMEs	1	5	10	4		20	Surveys completed and distributed (\$1,001 each)	Copies of surveys	19	1			X		See Intranet site for list and copies. Surveys conducted as needs arise.
3.2	Price and market reports produced and disseminated for main agribusiness products		10	75	75	45	205	Price and market reports produced and disseminated		310	(105)		X			Reports done weekly; status indicates products on a monthly basis. Target exceeded.
3.3	Market information produced and disseminated by USAID-RED and counterparts (FOPRIDEH, etc.) to 1,750 MSMEs		250	500	500	500	1750	MSMEs accessing market information through a variety of sources (radio, print media, Internet, other) -- yearly numbers show total number accessing in given year		1,328	422			X		
3.4	Activities implemented to promote sustainability of market information activities & domestic capacities							MSMEs have sustained access and utilization beyond program interventions; potential parties equipped with capacity to provide market information to MSMEs						X		Training and market information bulletin development with Infoagro in 2006. Approached Zamorano and FHIA to take over the market information activity in 02/07. Transfer process initiates with Agrobusiness DICTA (former Infoagro) again on 07/07.
3.5	Export market producer/buyer linkage service	15	50	130	130	65	390	New producer/buyer business deals for exports of high potential agricultural and non-agricultural products established (\$10 per linkage)	Deal log + validation	320	70				X	See export market linkage log - PMP Intranet
3.6	Local market producer/buyer linkage service	15	50	130	130	65	390	New producer/buyer business deals for local sales of high potential agricultural and non-agricultural products established (\$10 per linkage)	Deal log + validation	383	7		X			See local market linkage log - PMP Intranet
3.7	Diversified buyer network program							Diversified buyer networks developed for main program crops and products (buyer lists for distribution to producers)						X		Ongoing.
3.8	Support high-potential producers and/or processors participating in international trade shows and fairs.			15	10		25	producers/processors participate in international trade shows and fairs		31	(6)		X			Target Exceeded.

5.4. PMP Section 4: High-Value & Added-Value Horticultural Program

Act-ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments	
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind		
4	High-Value & Added Value Horticulture Program															
4.1	Production manuals to develop 20 high potential products	2	3	7	8		20	Production manuals completed and updated as needed (\$1,001 each)	Copies of manuals	17	3				X	Manuals completed and updated based on need.
4.2	Production of technical bulletins and other technical materials (includes 4.1 outputs)	2	9	25	25	7	68	Manuals and training materials produced	Copies of materials produced	92	(24)		X			Target Exceeded. See Intranet site for list and copies.
4.3	On-Farm Extension Program	400	500	7500	7500	5000	20900	On-farm extension and training visits made by program agronomists (\$30,026 for first 6,000 farm visits, payable per 1,000 farm visits)	CIRIS TA reports + validation	35,312	(14,412)		X			Entire performance fee paid under previous PMP targets; targets increased in modification dated May 2006 with no additional performance fees payable. Target Exceeded 4/07
4.4.1	Farmer certification program (EUREPGAP, other)			50	50	50	150	Growers receive quality and farm certifications	Certification documentation	32	118				X	Activity dropped in 6/07 to avoid duplication of effort with MCC-EDA. USAID-RED will coordinate related activities with MCC-EDA.
4.4.2	Farmer EUREPGAP, GAP, organic and other certification manuals and other training materials produced		1	5	4		10	Manual, bulletins and other materials produced	Copies of materials produced	17	(7)		X			See Intranet site for list and copies. Target Exceeded
4.5	Farmer field days & other training programs	3	4	50	50	25	132	Farm field days held by program agronomists		639	(507)		X			Field days plus other training events. Target Exceeded
4.6	Production Training Programs	500	2500	5000	5000	2000	15000	Production - Persons-subject / trained	CIRIS training reports	32,167	(17,167)		X			Target Exceeded
4.6.1	Educational Partner Program -- installation of demo sites		2	8			10	Demonstration sites installed		12	(2)	X				Completed. Target Exceeded
4.6.2	Educational Partner Program -- development of curriculum and technical materials							Curriculum and training materials developed for education partners					X			Complete manual on Agricultural Practices Developed in 1/07. CD with all technical information developed in 6-07. On-going.
4.6.3	Educational Partner Program -- agronomist intern program			10	10		20	one-year internships provided to agricultural partner schools (agricultural technical schools/colleges)		22	(2)		X			First 9 interns graduated. 9 Interns Started in 1/07. UNA and Luis landa added intern in 6/07. 4 new interns added to program. 2 interns grad in nov 30/07 and 5 more in dec 31/07. Target exceeded. 1 intern grad in mar
4.6.4	Educational Partner Program -- community field training days			50	100		150	Community field training days at educational partner facilities		120	30				X	

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Act- ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments	
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind		
4	High-Value & Added Value Horticulture Program															
4.7	Postharvest manuals and training materials		2	3	2	2	9	Postharvest manuals and training materials produced (\$1,001 each)	Copies of manuals / presentations	19	(10)		X			Target Exceeded
4.8	Packhouse layout and design technical assistance		2	4	3	3	12	Packhouses assisted with designs and layouts		16	(4)		X			Target Exceeded
4.9	Postharvest training programs		50	400	400	300	1150	Receive training in postharvest practices and technologies		3,493	(2,343)		X			Target exceeded.
4.10	Food processing, food safety manuals, and training materials		2	5	5	5	17	manuals and training materials produced -- (\$1,001 each)	Copies of manuals	18	(1)		X			Target Exceeded
4.11	Food Safety Systems & HACCP Program		1	10	10		21	Firms food processing firms implement food safety systems (e.g. HACCP or other)	Ciris Client Reports	27	(6)		X			Target Exceeded
4.12	Export Certification Program (US FDA & Other Markets)		1	6	5	6	18	Micro, small and medium food processors receive FDA or other export market certifications		13	5			X		FDA: 41 product presentations, Senasa 4 prod. pres. El Salvador Gov't 1 prod pres., AIB - GMPs - 4 prod. pres.
4.13	Processing training program (in-plant & workshops & seminars)		50	750	750	450	2000	Receive training in processing systems, plant hygiene, etc.	CIRIS training reports	3,570	(1,570)		X			Target exceeded.

5.5. PMP Section 5: Non-Agriculture MSME Program

Act-ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments		
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind			
5	Non-Agricultural MSME Program/BDS Program																
5.1	Technical assistance and training to off-farm MSMEs to improve operational efficiency			60	40		100	MSMEs have improved operational efficiencies measured by increased productivity, reduced costs, or increased profits; written business recommendations provided		87	13			X		On-going	
5.2	Technical assistance and training to non-ag industrial SMEs in GMPs			3	3		6	high-potential (non-agricultural) industrial small and medium firms equipped with the skills and know-how to adopt good manufacturing practices (GMP).		27	(21)		X			On-going. Target exceeded.	
5.3	Off-Farm MSMEs (Downstream & Upstream Linkages to Farmers) -- Marketing Linkages to Farm Buyers							increased client sales; increased linkages						X		Cancelled 03/06; contract modified May 2006.	
5.4	Assessment of most utilized BDS by program assisted MSMEs		1				1	assessment completed	copy of assessment	1	-	X				Completed	
5.5	Plan to improve the delivery of above BDS in 5 sectors or clusters		1				1	plan developed detailing activities for 5 sector or clusters	copy of plan	1	-	X				Completed	
5.6	Market analysis/information and marketing capacity building for local institutions						2	institutions (minimum) providing key market analysis, information, and marketing services to rural MSMEs		1	1			X		Training and production of Marketing bulletins done by SAG-Dicta-Infoagro	

5.6. PMP Section 6: Financing Component

Act- ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments	
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind		
6	Financing Component Activities															
6.1	Action plan to develop financial products for rural MSMEs		1				1	action plan produced (by 12/31/05)	copy of plan	1	-	x				Completed
6.2	MFIs/Banks offer new financial products for rural MSMEs			4	2		6	MFIs/banks offer new financial products for rural MSMEs (\$1,000 for each institution)	bank documentation	4	2				X	On-going
6.3.1	Matchmaking programs with rural MSMEs and financing institutions (special loan programs, assistance in loan application process, negotiations, etc.)						100	cumulative MSME clients access credit for production & processing technologies -- fee trigger (expected 12/31/06)	CIRIS + validation	135	(35)	X				On-going. Lps 10.48 million in loans to date (12/31/06).
6.3.2		200	cumulative MSME clients access credit for production & processing technologies -- fee trigger (expected 12/31/07)	CIRIS + validation	236	(36)	X					On-Going. Lps 33.6 million in loans to date (12/31/07). Target achieved 5 months ahead of schedule.				
6.3.3		250	cumulative MSME clients access credit for production & processing technologies -- fee trigger (expected 7/31/08)	CIRIS + validation	240	10		X								
6.4	Non-Ag MSMEs Pilot Grant Program - Sector 1			1			1	Pilot grant awarded and activities implemented (fee paid on award of grant and start of activities)	Grant approved by USAID	1	-	X				FHIA. Hidroturbines.. Cancelled 03/06 with program cutbacks. Partially funded under USAID-CDA program.

5.7. PMP Section 7: Other Activities

Act- ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments	
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind		
7	Other Activities															
7.1	Information sharing to promote replication (presentations made to counterparts, presentation made at training and other forums organized by counterparts)		2	10	10	5	27	Presentations made to counterparts and at training/industry forums to promote replication of successful program experiences		23	4			X		See presentations on Intranet site.
7.2	Information sharing to promote replication (distribution of program technical and information materials; materials placed on external project web site)							Information regularly shared with counterparts and public through hard copy distribution, e-mail lists, and Internet/Web						X		On-going
7.3	Environmental assessments completed as required							Initial Project EEI/PERSUAP report submitted by 12/31/05 if required; updated as needed with additional PERSUAPS and Environmental Assessments						X		PERSUAP approved with RUPs eliminated as of 10/05. Sub-programs carried out internal environmental assessments. 2 visits from environmental officers to project sites (02/06, 12/06)
7.4	Increased hectares under drip irrigation			500	500	250	1250	new hectares under drip irrigation	Ciris report IRR#3	2,554	(1,304)		X			Target Exceeded. 2,100 hectares of Irrigation reported under IRR3 are excluded from the results.
7.5	Increased hectares under new NRM/GAP techniques			2000	2000	1000	5000	new hectares NRM/GAP techniques	Ciris GAP 2	4,109	891		X			
7.6	Gender task analysis conducted for main target product areas		1				1	Gender task analysis completed by 12/31/05	Task analysis report	1	-	X				Completed
7.7	Women participate in production, processing, & postharvest training programs	100	520	1230	1230	550	3630	women participate in project production, postharvest, and processing training programs	CIRIS training reports	7,761	(4,131)	X				Target Exceeded

5.8. PMP Section 8: Global Development Alliances/Private-Sector Partners/BDS Program

Act-ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind	
8	Global Development Alliance/Private Sector Partnerships														
8.1.1	Alliance 1 Established & Implemented		1				1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				FHIA Microturbines. CANCELLED
8.1.2	Alliance 2 Established & Implemented		1				1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Agroserve Mango
8.1.3	Alliance 3 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Valle de Sula (Graduated Mar 31/08)
8.1.4	Alliance 4 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Pompilio Ortega
8.1.5	Alliance 5 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Luis Landa. (Graduated Feb 5/08)
8.1.6	Alliance 6 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. JF Kennedy
8.1.7	Alliance 7 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Amor y Esperanza (Graduated Mar 31/08)
8.1.8	Alliance 8 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Gregorio Consuegra
8.1.9	Alliance 9 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Luis R. Santos (Graduated Feb 15/08)
8.1.10	Alliance 10 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Maria de Carmen (Graduated Nov 30/07)
8.1.11	Alliance 11 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. Santa Cruz, (Graduated Feb 1/08)
8.1.12	Alliance 12 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				Ag. School. UNA
8.1.13	Alliance 13 Established & Implemented			1			1 Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	X				EAP - Zamorano
8.2.1	Contributions for the implementation of these alliances reach at least a one-to-one ratio either in-cash or in-kind. (Resources from non-USG sources.)			expected			Alliance partner contributions reach \$200,000 (expected 12/31/06)	CIRIS + alliance partner validation	\$ 303,667	\$ (103,667)	X				Initiated tracking of alliance contributions, including inputs, labor and fixed asset investments.
8.2.2					expected		Alliance partner contributions reach \$400,000 (expected 12/31/07)	CIRIS + alliance partner validation	\$ 402,233	\$ (2,233)	X				Target reached and exceeded by 03/31/08
8.2.3						expected	Alliance partner contributions reach \$500,000 (expected 7/31/08)	CIRIS + alliance partner validation	\$ 402,233	\$ 97,767			X		

5.9. PMP Section 9: Client Results Targets

Act- ivity #	Activity	2005		2006	2007	2008	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments
		Q3	Q4						Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind	
9	Client Results Targets - Fee Triggers (CY2004 baseline unless otherwise stated)														
9.1.1	Cumulative new client sales fee triggers (US\$; FOB exports, farm gate local market)			expected			US\$8.28 million in cumulative new sales (expected 12/31/06)	CIRIS + validation	\$ 10,536,605	\$ (2,256,605)	X				Target Exceeded
9.1.2					expected		US\$19.98 million in cumulative new sales (expected 12/31/07)	CIRIS + validation	\$ 32,183,904	\$ (12,203,904)	X				Target Exceeded
9.1.3						expected		US\$30.00 million in cumulative new sales (expected 7/31/08)	CIRIS + validation	\$ 32,183,904	\$ (2,183,904)	X			
9.2.1	Cumulative new employment fee triggers (FTE positions)			expected		1500	cumulative FTE positions created (expected 12/31/06)	CIRIS + validation	1525.5	(26)	X				Target Exceeded
9.2.2					expected	3000	cumulative FTE positions created (expected 12/31/07)	CIRIS + validation	2787.5	213				X	Target not achieved by 12/31/07 as expected
9.2.3						expected	4500	cumulative FTE positions created (expected 7/31/08)	CIRIS + validation	2787.5	1,713				X
9.3.1	Cumulative # MSME clients increasing annual income by a minimum of 40% (# MSMEs)			expected		350	cumulative MSMEs have increased annual income by at least 40 percent (expected 12/31/06)	CIRIS + validation	366	(16)	X				Achieved 366 on 10/30/07, file name "Summary report_40percent increase_10_07", available on intranet.
9.3.2					expected	700	cumulative MSMEs have increased annual income by at least 40 percent+L30 (expected 12/31/07)	CIRIS + validation	709	(9)	X				Target Exceeded
9.3.3						expected	1000	cumulative MSMEs have increased annual income by at least 40 percent (expected 7/31/08)	CIRIS + validation	709	291			X	
9.4.1	Cumulative new client investments & counterpart/GDA contributions fee triggers (US\$)			expected			US\$2.5 million in cumulative new investments / contributions (expected 12/31/06)	CIRIS + validation	\$ 3,999,661	\$ (1,499,661)	X				See online CIRIS reports
9.4.2					expected		US\$5.0 million in cumulative new investments / contributions (expected 12/31/07)	CIRIS + validation	\$ 10,912,317	\$ (5,912,317)	X				See online CIRIS reports
9.4.3						expected		US\$7.5 million in cumulative new investments/ contributions (expected 7/31/08)	CIRIS + validation	\$ 15,759,106	\$ (8,259,106)	X			

6. PLANNED ACTIVITIES FOR NEXT REPORTING PERIOD

Planned activities will follow the outline given in the Work Plan and Performance Monitoring Plan. Primary activities will include:

Production

- Finalize the installation of greenhouses donated to growers and NGOs; initiate production.
- Training on protected crop handling to technicians and growers.
- Continue with the plantain production program for exporters, processors and the local market.
- Continue specific technical assistance to the different production programs (Jalapeño pepper, pineapple, onion, carrot and oriental vegetables), as well as for individual growers producing tomato, watermelon sweet pepper and potato for the local markets.
- Continue promoting and installing drip irrigation systems throughout the country.
- Implement plantain planting with nursery-grown plants to guarantee the genetic purity of the planted material.
- Follow up on the good experiences obtained from the first potato trials. This includes evaluation of sowing, bed making, seed classification, germination and de-sprouting, proper drip irrigation and GAPs.
- Continue working with NGOs to increase planted areas following USAID-RED production guidelines.

Processing and food safety

- Installation and start up of a new juice processing line for tropical fruits at Farm Fresh. Support plant to improve key efficiencies during the next peak of the pineapple and mango season (May-July).
- Installation and start up at Corina for the re-fried beans retort pouch export project.
- Finalize the product labeling and packing designs upgrade activity.
- Finalize sanitary registration in El Salvador for six processors (13 products).
- Continue support with new sales contracts and provided follow-up support to consolidate the pending negotiations.
- Continue support to the new plantain chip export program.
- Continue to support The Cafta Food Store Company in their efforts to export Honduran products to the US ethnic market.
- Upon Senasa's request, teach new artisan dairy processors in Olancho the test for determining phosphatase activity in pasteurized milk products and review their GMP program implementation. Provide support to Senasa and Lacteos Jutiquile during the FDA visit scheduled in June.
- Support Delipepper in their next food safety audit with SGS scheduled for May. Start the BRC and ISO implementation.
- Work with Delipepper on the introduction of jalapeño poppers into the institutional market in Honduras and Central America.
- Work with Inalma in the analysis and development of their key plant efficiency indicators for processed plantain and yuca products.
- Assist Rinagro in developing butternut squash aseptic purée. Locate aseptic sweet potato and butternut squash purée buyers.
- Support Fincas El Carmen with the start-up of their new retort tamale pouch project.

- Continue support to Productos Pantheods in the start-up phase of their fresh cut vegetable operation in La Esperanza.
- Find buyers for Alprosa's frozen crushed pineapple.
- Continue GMP and HACCP implementation with various clients.

Postharvest

- Supervise the building, equipment installation and start-up of the operations of the two plantain packhouses in El Negrito and Olanchito, Yoro.
- Supervise vegetable crop operations to provide advice on handling and packing the harvested products for all project clients.

Institutional Alliances

- Continue with the "Train the Trainers" program and teach NGO technicians how to properly use the agronomist kits for analysis and problem detection.
- Supervise all model farms where irrigation systems and seedling tray technology are being implemented.
- Develop a minimum of 40 training events on different production practices.
- Continue with the provision of technical assistance to NGO farmers alongside the NGO technicians.

School Alliances

- Evaluate the school alliances program.
- Monitor and evaluate trainee's assistance to basic growers influenced by school proximity.
- Translate Greenhouse Production Manual for distribution to the schools.

Production Programs Coordination

- Supervise the implementation of the business skills support program to local exporters/processors.
- Supervise and finalize the implementation of the greenhouse construction program and the two plantain packhouses.

7. PROJECT EXPENDITURE

ANNEX I: USAID-RED SUCCESS STORY SAMPLES

More success stories and translated versions are available in electronic form on Intranet site at www.fintrac.com/red and on the public Web site at www.usaid-red.org.



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SUCCESS STORY

Producers from El Caire increase their incomes by implementing new agricultural techniques and practices

USAID-RED, through its alliances with agricultural educational institutions, continues to expand its technical assistance with its outstanding interns. After receiving intensive field training, the interns assist small producers in the management of their farms, introducing agricultural techniques and practices that do not require large investments, but do require their interest and a desire to do things right from the beginning.

Key practices considerably improving the quality and quantity of the fruit harvested by the producers assisted by the intern in the Caire-Choluteca zone includes: improved soil preparation, raised beds, diluted nutrition, the use of a personalized fertilization program, better phytosanitary management, the use of markers to improve planting density and the installation of drip irrigation at low cost.

Marvin Ríos is an example of the success attained in the zone with the intern's assistance. Before receiving assistance from RED, Ríos produced onion traditionally, without the use of technology, and obtained low yields. He now knows about good plant management, which starts at the nursery and is reflected in the quality of the fruit harvested. Ríos sold what he harvested on his 0.18 hectare lot for \$2,263, obtaining a net income of \$1,632 and a return on investment of 259%. Taking into account that the prices were low, the yield made all the difference.

With the income earned and the training received, Ríos built a small



Photos by Fintrac Inc.

Ríos shows the quality of the products harvested on his farm.

“The technical assistance provided by the project has been very valuable, it has opened our eyes, and if they had come sooner our knowledge and production techniques would be more advanced. The technician taught us about onion varieties and how to fight problems on the farm, especially during the winter.”

— Marvin Ríos- Choluteca

January 2008. USAID-RED. Oficinas FHIA, La Lima, Cortes.

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“Trainings and field visits to farms that have incorporated good agricultural practices help the newly assisted producers incorporate these new practices into their own production practices.”

— Vicente Solórzano

nursery to produce plantlets, which will generate an additional income and provide a necessary service to the community.

Ten other producers in the zone have also received technical assistance from the intern on onion, tomato and potato management. They increased their total sales by 114% in 2007 compared to 2006, while some of their neighbors lost their crops due to rain and attacks from pests and diseases.

USAID-RED, recognizing the excellent job done by Solórzano in the zone of Caire, decided to hire him as a technician for the zone of Lago de Yojoa, where there is wide variety of crops. This will not only expand and strengthen his agronomic skills, but enable him to have a greater impact on a larger number of producers.

The Rural Economic Diversification (RED) program, financed by USAID, is an initiative by the American people to increase incomes and generate employment in the rural zones of Honduras.



Mr. Vargas manages his tomato lot using the advice given to him by the technician



Intern providing advice on the use of the irrigation system and fertigation



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RESULTS AND IMPACTS

Employees become producers and generate jobs in San Marcos de Colón with USAID-RED assistance

Francisco Javier Corrales, from the community of Duyusupo in San Marcos de Colón, Choluteca worked as a farmhand for more than five years on two farms in the region to support his family.

By the end of 2006, Corrales' annual income was \$1,200, barely enough to live on. He did not have his own land to plant but did have the desire to work hard and get ahead. Corrales left his job as a farmhand to manage 5,000 Nathaly pepper plants that he planted in his backyard. He applied some of the basic practices he learned from the farmers that were receiving technical assistance from USAID-RED, implemented by Fintrac. His results were excellent; the crop generated \$6,842 in gross sales and \$4,737 in profits.

In 2007, Corrales decided to expand his production area by renting 1.7 hectares to plant tomato. He prepared the soil, raised the beds and covered them with plastic, installed a drip irrigation system and planted the plantlets following techniques he learned as an employee. He realized he needed crop management advice because his plants exhibited nutritional deficiencies and were being attacked by pests and diseases. With direct technical assistance from USAID-RED, Corrales controlled the pests and diseases affecting the crop with a localized phytosanitary program, the implementation of cultural practices and Integrated Pest Management (IPM). He improved the plants' nutrition by regulating the frequency and volume of water; learning about the importance of regulating the water's pH; and implementing a personalized fertilization program. After obtaining excellent results from his tomato harvest,



Photos by Fintrac Inc.

Corrales checks his onion lot with assistance from the technician

“These changes required a lot of effort, we had to go into debt, but with the [increased] sales we have been able to pay those debts. The results have been very satisfactory [and] we are very grateful to USAID-RED for the technical assistance they are providing.”

— Francisco Corrales, Choluteca

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Corrales followed the technician's advice to diversify his crops with calendarized plantings of pepper on 0.85 hectares and onion on 0.5 hectares. He applied good agricultural practices from the start including improved water drainage, seedling production, plantlet classification by size and improved planting density by area.

Corrales' results have been substantial. His total income increased more than 1,600% from 2006 to 2007, from \$1,200 a year as an employee to \$20,463 in net profits from the sale of tomato and pepper in the amount of \$50,210. He also created 7.6 permanent jobs in the community in the areas of production and postharvest. He expects his sales to increase in 2008.

Like Francisco Corrales, Ramón Antonio Maradiaga stopped working as a farmhand and began managing his own farm with USAID-RED technical assistance. Maradiaga produced 0.8 hectares of tomato during the second semester of 2007, generating \$7,053 in gross sales and \$1,311 in profits. In 2008, the sales are expected to increase with the harvest of 0.8 hectares of tomato and an additional two hectares of onion that will begin in February. New plantings will take place mid-year.

The Rural Economic Diversification (RED) program, financed by USAID, is an initiative by the American people to increase incomes and generate employment in the rural zones of Honduras.



Assessing the size and quality of Nathaly peppers before the harvest begins



Corrales' wife helped with the farm's finances and with marketing of the harvest



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BASIC CHANGES – RAPID RESULTS

Samuel Herrera increases yields and income by applying improved practices and modern technology

Samuel Herrera of San Marcos de Colon, Choluteca, has planted and harvested tomatoes for over 10 years with several partners, using traditional production practices. In using these traditional production practices, which were limited by excessive rains, droughts, pests and diseases, Herrera would not only obtain low yields, but found himself at times, losing entire crops.

Prior to receiving assistance from the USAID-RED project, Herrera harvested 2.1 hectares of tomato and would obtain a yield of 43,190 Kg/Ha, or a total yield of 90,700 Kg. During the second part of 2007, when Herrera began receiving the support of the USAID-RED technician, the planting area was enlarged to 2.4 hectares. This was done by simply using area of planting ground that was going unused. Herrera planted his tomato crops using new practices that included better soil preparation and drainage; efficient water source capacity; use of agribon on beds; the installation of a drip irrigation system; and the use of diluted fertilization through the irrigation system. He also incorporated improved nutritional sources by using an appropriate program specific to the tomato crop. These included the use of starter solutions, an increase in the population density, preventive control of pests and diseases through live barriers, control of weeds in and around the crops and the use of pH water regulators, vitamins and antibiotics.



Photos by Fintrac, Inc.

Raised beds with plastic and live barriers around the tomato crop are both good examples of the use of Good Agricultural Practices around the tomato crop

“Crop management has improved with assistance from the USAID-RED technician. I reduced my pesticide application costs from Lps 6,000 to Lps 4,000 by using preventive control and managing the products better.”

Samuel Herrera, San Marcos de Colon, Choluteca



In light of the new production technologies recommended to him by the USAID-RED technician, Herrera improved both the quality of the harvest and the quantity of tomatoes. The yields per hectare increased 163% from one cycle to the next, with total yields of 272,110 Kg. (113,379 Kg./Ha) on 2.4 hectares. Total sales increased to \$120,000 with production costs of \$23,684, leading to a net profit of \$96,316 – a 330% increase over his 2006 profit margin, which totaled \$28,947.

Herrera attributes his success to the use of Integrated Crop Management and a reduction of losses during transplant. The development, health and vigor of the plants are due to a personalized fertilization program and a preventive control of pests.

With the increased profit margin, Herrera was able to pay off his debts to an input store and with financial institutions, a debt that totaled more than Lps 300,000. Not only, but Herrera bought himself a pick-up truck to use on the farm; remodeled his house; and bought additional land to expand his production area. At present, he has two new tomato plantings that are already under production.

The Rural Economic Diversification (RED) program, financed by USAID, is an initiative by the American people to increase incomes and generate employment in the rural zones of Honduras.



Herrera listens closely to the recommendations made by the USAID-RED technician



Herrera fertigrating and tutoring his crop

ANNEX II: USAID-RED MONTHLY UPDATES

Previous monthly updates and translated versions are available in electronic form on Intranet site at www.fintrac.com/red and on the public Web site at www.usaid-red.org.



Resumen mensual – January 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). The program's main objective is to increase incomes and employment opportunities in 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 while promoting increased production and investment in value-added products.

For more information, contact USAID-RED in La Lima, Honduras at (504) 668.4868; fax (504) 668.1190; or red@fintrac.com. USAID-RED's monthly update is available online at www.usaid-red.org. If you would like to receive this or other publications by e-mail, you can subscribe on our Web site.

AGRICULTURAL PRODUCTION

Technical Assistance: 1,254 technical assistance visits took place in all zones to follow-up on crops.

Basic Practices: Irrigation equipment is being calibrated in time for the beginning of the dry season and system cleaning is being emphasized to avoid algae problems. Subsoiling is taking place to break the hard pan and improve drainage. The equipment donated to the agricultural schools is being used to prepare the soil. Technical assistance in production has continued with a focus on production systems that include proper land selection, agricultural mechanization, drainage and raised beds, good hydraulic and agronomic irrigation design, fertigation, integrated pest management (IPM), equipment and applicator calibration, planting density, nursery planting in seedling trays, disinfecting medium with water vapor, tutoring, and good harvest and postharvest practices to guarantee strong yields in 20 different high-value crops.

Irrigation: Drip irrigation was installed on 57.43 hectares in Francisco Morazán, Olancho, El Paraiso, Yoro, Choluteca and Copán. Training was provided on design, use and maintenance of irrigation systems in new areas.

Crops for Export Market Window: Intensified technical assistance in watermelon and melon plantings in the south and cucumber and butternut squash in the central zone.

Plantains: Buyers need more fruit and are paying well for it. Currently, the first lots of the program established in Yoro and Francisco Morazán are producing fruit and data is being collected on tagging and bagging. The contract among producers from Cantarranas and Chiquita and INALMA was formalized.

Sweet Potatoes: The problems caused by the lack of seeds and the slow propagation of meristem seeds are being dealt with but the plantings have not been handled according to the producers' needs. The import of pure genetic planting material is taking place in collaboration with exporters.



Eggplants are harvested in Comayagua.

Sales of Select Crops by Assisted Producers — January 2007

Crop	Volume	US\$
Plantains	656,000 lb.	\$73,285
Watermelons (local)	1,225 M3	\$141,842
Tomatoes	1.95 Million lb.	\$162,500
Sweet Potatoes	17 Containers	\$204,000
Jalapeño	1.1 Million lb.	\$210,500
Sweet Chilli	405,400 lb.	\$85,700
Strawberries	13,400 lb.	\$12,700
Chayote	122,600 units	\$6,500



Zucchini: Planting was restarted in the San Marcos de Colón zone, for an export market window.

Carrots: Carrots are being planted on a calendarized program in La Esperanza to fulfill market requirements.

Plantings: Among other plantings, 157 hectares were planted in January, including 15.8 hectares of onions, 15.3 hectares of sweet peppers, 16.3 hectares of jalapeños, 36.5 hectares of high density plantain, 15.7 hectares of watermelons and 37.3 hectares of tomatoes.

PROCESSING AND FOOD SAFETY

- Assisted frozen vegetable processor in the search for local suppliers of ingredients, including cheese and oil.
- Continued implementing Good Manufacturing Practices (GMPs) with several clients.
- Started providing technical assistance to cacao processor in the implementation of a GMP program.
- Several tests on the development of new products with a pre-cut vegetable processor took place.
- Continued assisting pork processor to certify the plant to enable exports to Guatemala.
- Finalized a client complaint control program for a concentrated juice processor.
- Continued developing a new chemically preserved juice with a processor in San Pedro Sula.
- Assisted candy manufacturer in making improvements in managing the processing plant's effluents.
- Provided practical instructions to improve processing efficiency for a bean processor and a meat processor.
- Continued assisting rompopo processor in the development of new products.
- Trained pre-cut vegetable plant personnel in the use and adequate management of chlorine as a disinfectant.
- Assisted snack processor in obtaining estimates for electric fryers.
- Assisted company in the development of a jalapeño salsa.
- Started revising garlic puree development flow to standardize the process.
- Initial visits to several microprocessors in different zones of the country.
- Assisted tortilla processor in improving shelf life.
- Assisted vegetable-in-brine company in negotiating a contract to export pickled cucumbers to Canada.
- Prepared a justification for the development of a marketing study, marketing plan, publicity and sales with an ice cream processor from the north coast.
- Prepared justification for the standardization of 13 sanitary registries that will permit six processors to gain access to the regional market.
- Prepared the justification to improve the design of packages for 18 project clients.
- Prepared the justification to check refrigeration equipment at a frozen fruit and vegetable plant.

SPECIAL PROJECTS

Updated plantain production costs for exporting and provided recommendations on how to lower costs and negotiate with a buyer.



Jalapeños with cheese are processed in Choluteca.



Pre-cut vegetables are tested in La Esperanza, Intibucá.

INVESTMENTS

Investments made by USAID-RED clients in January were \$220,253.

Area	US\$	% of Total
Processing	\$106,387	47%
Production	\$88,603	42%
Postharvest	\$25,263	11%
Total	\$220,253	100%

Examples: In processing, the clients invested in fumigation equipment, agricultural equipment and machinery, irrigation systems, vehicles and other transportation equipment and agricultural services. In processing, several plants invested in expanding and making improvements to their facilities. Cucumber exporters made postharvest investments in equipment and improved their facilities.



Conducted cost analysis for cubed peppers and developed a sheet to calculate costs for a pre-cut vegetable processor.

Conducted return-on-investment analysis of a packing machine for a snack processor.

PROGRAM WITH INSTITUTIONS

FUNDER: Visits (20) and trainings (8) to technicians and producers in soil preparation, use of diluted fertilizer, raised beds, seed management and potato planting in beds, design, installation and management of drip irrigation systems, construction and management of nurseries and plantlet production, and use of local mediums and sterilization of substrates. Provided advice on crop management. Two drip irrigation systems were installed with second-hand materials and small contributions were made by the producer. Funder approved financing for 18 drip irrigation systems, 12 closed greenhouses with UV plastic and antivirus mesh and four rustic greenhouses, in addition to 95 GAP modules for hand-washing and 70 overalls for fumigation.

CARITAS: Visits (8) and trainings (3) to technicians and producers in soil preparation, contour plowing with raised beds, installation and management of drip irrigation systems, and use of yellow sticky traps, molasses and household disinfectants to control pests. Core soil samples were taken and tensiometers were installed to control and manage humidity in the soil. Agronomic follow-up was conducted on the crops.

WORLD VISION: Visits (5) and trainings (2) to technicians and producers on soil preparation, contour plowing with raised beds, demonstrations on seed management and potato planting in beds, installation of drip irrigation systems and training on management, operation and maintenance of drip irrigation systems, use of fertigation, demonstrations on the use of local materials, and sterilization of substrates in nurseries and plantlet production. World Vision/Yamaranguila approved the construction of 56 drip irrigation systems (two areas each), from which 39 smaller systems have been built. The construction of five closed greenhouses with UV plastic and antivirus mesh was approved. Two of the greenhouses were built, each with a capacity of 50,000 plants each.

MARKETING

Met with ethnic products buyer from the US who was put in contact with snack processors, bakeries, candy makers, canning and bottling operations and dairy processors.

Started working with a sales consultant who visited the first group of 17 processors and developed a strategic sales plan for each one. The first contacts were established with potential buyers and distributors and samples were delivered.

Assisted juice concentrate processor in opening distribution channel for international market.

POSTHARVEST

Monitored malanga blanca/yautía, plantain, eggplant, sweet potato, peppers, cassava, pineapple, guava, chayote, zucchini, cucumber and pickling cucumber farms to follow-up on quality, development and harvests.

Assisted in design, placement, construction and installation of packing lines and other activities for fresh and peeled plantains, malanga blanca/yautía, eggplant, sweet potato, pickling cucumber and several other vegetables.

Assisted client in the search for a bag provider to pack ferns for export.

Developed bulletins on cucumber postharvest and plantain maturation using ethrel. Revised the postharvest section in the potato manual.

TRAINING

90 trainings took place in January; 573 people were trained – 476 men and 97 women.

Area	# Events	# People
Production	85	554
Postharvest	5	19
Total	90	573

Examples: plantain nursery management, soil preparation, rustic nursery installation and plantlet preparation in trays, local substrate sterilization for use in nurseries, fertilizer application through the irrigation system, oriental vegetable pruning, installation of irrigation systems, transplants using starter solution, pest and disease identification, postharvest handling and plantain maturation.



Irrigation installation training is conducted with NGOs in Campamento, Olancho.



Pest scouting is conducted on a plantain farm in San Juan de Flores, Francisco Morazán.



Attended meeting with sweet potato exporters to improve the process.

Continued assisting the industry, supermarkets and producers with the plantain maturation method.

Assisted packers in sweet potato packing data collection in Comayagua.

Coordinated visit to packing facilities and cold rooms in San Pedro Sula for personnel from Cooperativa de Siguatepeque who are about to build a vegetable packing plant with USAID-RED technical assistance.

PRODUCTION AND LOGISTICS PROGRAMS

Continued delivering 50 mini drip irrigation systems to small producers that are receiving technical assistance from the NGOs assisted by USAID-RED.

Continued delivering 2,000 trays for plantlet production in nurseries during the month of January.

The consultant in charge of assisting exporter/processor clients in the implementation of good business practices and Good Manufacturing Practices began working. She was introduced to the personnel at the companies she will be assisting.

The broccoli, cauliflower, cabbage, lettuce and potato production manuals are undergoing final edits and will be published in February 2008.

The funds for the construction of packing plants and equipment purchases in El Negrito and Olanchito are being processed.

The funds to build greenhouses are being processed.

Received agronomist kits that will be delivered in February 2008 to technicians at the selected NGOs.

Provided information on sweet potato for student writing a graduate thesis, technical information generated by the project and technical material to measure the acidity of a vegetable protection solution.

ALLIANCES WITH SCHOOLS

Interns in the zones of El Negrito and Macuelizo were trained in administrative processes and monitoring.

Three institutions will graduate during the month of February: Escuela Luis Rigoberto Santos, Instituto Santa Cruz de Yojoa and Instituto Luis Landa.

Escuela Agrícola Valle de Sula is delivering plantain and sweet pepper to supermarket in San Pedro Sula.

Escuela Agrícola Pompilio Ortega is delivering plantain to buyer in the zone of Copán.

Universidad Nacional de Agricultura is delivering eggplant to exporter.

Production lots continue to be developed at several schools that are part of the alliance and the interns continue their technical assistance activities in several zones.

AGROFORESTRY

Provided marketing assistance for several agricultural products for a total of Lps. 503,857. The sales include Lps. 108,000 of plantain, Lps 93,500 of potato, Lps. 38,600 of tomato, Lps. 15,600 of sweet pepper, Lps. 6,000 of chayote, Lps. 15,000 plants of rambutan and Lps. 190,000 of cool weather horticultural crops, among others.



Cucumber packing for export, Comayagua



Assessment of cucumber quality, La Paz



Irrigation system installation, Azacualpa, FM.



Planted 22.7 hectares with different crops, including ten hectares of potato, four (4) hectares of watermelon, 0.26 hectares of peaches and 8.5 hectares with cool weather vegetables. Also planted 600 linear meters in the perimeters with different forest species.

Follow-up visits (367) to agroforestry system users with different crops (several horticultural crops, potato, plantain, rambutan, coconut, among others).

Pipes were installed and one drip irrigation system was distributed in an area of 2.36 manzanas for 24 producers in Intibucá.

Several training activities took place with the participation of 156 people. The topics included soil preparation, seedling planting, drip irrigation, rambutan pruning and tutoring, postharvest handling of horticultural crops, peach fructification pruning and building terraces.

GENERAL

- The following staff members joined the project:
- Food Processing specialist (Juan Aguilar)
- Business Management Specialist (Diana Ordoñez)
- Food Product Sales specialist (Juan Valladares).

We welcome them all to the USAID-RED project.

Finished gathering follow-up information on all project clients to monitor the project's impact in 2007.

Delivered quarterly report to USAID and discussed plans for 2008.



Farmers sort and select chayote for the supermarket in Marcala.



A carrot crop is thinned in Tatumbla, Francisco Morazán.



Jalapeño pepper harvest, El Zamorano, FM.



Bean tasting is conducted with a sales consultant in San Pedro Sula.



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Monthly Update – February 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: 1,315 technical assistance visits took place in all zones to follow-up on crops.

Basic Practices: Throughout this season, emphasis has been placed on water management; the use of augers and sensing the feel of the soil being irrigated. This helps the producer perform a more efficient irrigation. The use of chlorine and molasses continues to be promoted in order to avoid problems due to algae and salt accumulation. During the dry season, activities such as soil preparation and particularly subsoiling are being promoted to obtain good drainages and aeration for the winter months. Soil sampling for laboratory analysis has become an every day practice. USAID-RED technical assistance has focused on basic production practices, as well as harvest and postharvest handling of crops. The focus has been to do these activities in a well and timely manner guaranteeing good yields for all crops.

Irrigation: The installation of irrigation systems continues with expansions and new areas. During this period, 25 project clients installed 63.5 hectares with irrigation systems, including 22.3 hectares in Santa Bárbara, 15.3 hectares in El Paraíso, nine hectares in Francisco Morazán, six hectares in Yoro and six hectares in Copán, among others. Training on the design, use and



Photos by Fintrac Inc.

Strawberry harvest, Intibucá

Sales of Select Crops by Assisted Producers — February 2008

Product	Volume	Sales (US\$)
Plantain	765,000 lb.	\$88,100
Cassava	129,500	\$10,700
Tomato	2.49 Million lb.	\$144,200
Sweet Potato	19 Containers	\$228,000
Jalapeño	607,500 lb.	\$124,600
Sweet Pepper	323,600 lb.	\$52,800
Strawberry	11,850 lb.	\$10,200
Watermelon	1,625 M3	\$188,200



Monthly Update – February 2008
Rural Economic Diversification Program

maintenance of irrigation systems in new areas was provided.

Crops for Export Market Window: The project continued providing technical assistance for watermelon and melon plantings in the south and butternut squash in the central zone.

Plantain: The first fruit deliveries by producers from Francisco Morazán to a processor in San Pedro Sula took place for a total amount of 20,800 pounds. A visit to Nicaragua with Chiquita producers took place to view field packing practices. The process of bagging and tying was continued in order to get a proper inventory of the fruit, as well as to maintain quality control.

Rotation projects:

Beans for seeds: 14.5 hectares were planted with six producers in Francisco Morazán.

Corn for seeds: 9.8 hectares were planted with three producers; 9.1 hectares in Francisco Morazán; and 0.7 hectares in Comayagua.

Plantings: A total of 137 hectares were planted in February with crops including 7.2 hectares of sweet potato, 10.7 hectares of onion, seven hectares of jalapeño pepper, 8.4 hectares of melon, 25 hectares of high density plantain, 31.1 hectares of watermelon and 163.6 hectares of tomato, among others.

PROCESSING AND FOOD SAFETY

- Advised producer of traditional products on FDA labeling requirements.
- Advised NGO on the legal requirements necessary to export guava jam to the United States.
- Assisted Exporter Federation with technical information on cut vegetable packing in a modified atmosphere.
- Continued assisting several clients in the implementation of good manufacturing practices (GMPs) at their processing plants, such as: control of providers, personal hygiene, client complaints, etc.
- Assisted sandwich and plantain chip processors with the design of boxes for their products.
- Continued implementing GMP's at cacao processing plant.
- Assisted juice company in the development of analysis certificates for their products required by buyers.
- Obtained estimates of small vapor boilers from local manufacturers that can help improve the efficiency of small processors who currently use LPG gas.
- Assisted tamales processor with the criteria required to buy an autoclave.

INVESTMENTS

The investments made by USAID-RED clients during the month of February totaled \$549,253.

Area	US\$	% of Total
Agroforestry	5,179	1%
Processing	86,000	16%
Production	371,294	67%
Postharvest	86,780	16%
Total	549,253	100%

Examples: Invested in autoclaves for processed products, drip irrigation equipment and infrastructure, construction of greenhouses, agricultural machinery and their accessories, construction of infrastructure for personal hygiene, vehicles for vegetable transport, packing infrastructure and fumigation equipment.



Ripe, fried and frozen plantain production, San Pedro Sula, Cortés



Garlic puree processing, Comayagua



- Assisted bean processor in the sanitary design for the expansion of their bean packing plant.
- Assisted pepper in brine processor in solving problems due to the presence of fungi and yeast.
- Assisted breaded vegetable processor with the cost analysis of their raw materials and performed a risk analysis of their ingredients.
- Assisted candy processor in analyzing the return on investment for new processing equipment.
- Assisted meat processor in improving their management of residual water. Provided recommendations on how to improve the separation of solids before the waste reaches the oxidation lakes. Also assisted them in the development of a daily production report.
- Assisted frozen vegetable processor in looking for alternatives to move to a new location.
- Assisted meat processor in following up with the certification of a plant to export to Guatemala.
- Assisted NGO in training on packing alternatives for processed foods.
- Development of new products: aromatic dehydrated herbs: spearmint, mint and basil, solid jams and new pre-cut vegetable products.
- Assisted processor with the standardization of their garlic puree process.
- Adjusted frozen bean process, improving efficiency with a 20% increase in productivity.



Funder and USAID-RED technicians, Tegucigalpa

TRAINING

65 trainings took place in February; 413 people were trained – 359 men and 54 women.

Area	# Events	# Persons
Marketing	3	3
Production	60	395
Postharvest	2	15
Total	65	413

Examples: Plantain management, pre-germination of weeds for early control, tracing and demarcation of lots, use of barriers to reduce pests, nursery management, sweet potato management, fresh product handling at supermarkets, pineapple field visit, installation and maintenance of drip irrigation systems.

SPECIAL PROJECTS

- Assisted vegetables in brine, pre-cut vegetables, lemon juice and frozen bean processors with the revision of their cost structure.
- Updated plantain production costs and made recommendations on how to lower costs.
- Began working on graphic design for 17 clients to improve the presentation of their products.

PROGRAM WITH INSTITUTIONS

During the month of February presented and discussed the final 2007 report at each NGO with the field and administrative personnel. The main indicators, obstacles and strengths found were analyzed during the first semester. Delivered a tool kit for field analysis and diagnosis to each technician. At each organization the following events took place:

FUNDER: Installed an irrigation system and a fertilizer. Potato demonstration lots were developed where seed germination, classification and planting using raised beds and drip irrigation instead of sprinkler irrigations were demonstrated. Demonstrations on soil preparation; use of diluted fertilization; construction of raised beds; seed management design; installation; washing and calibration of drip irrigation systems; nursery management and plantlet production; and use of local mediums and substrate sterilization took place. Crop management advice was provided.

CARITAS: Three drip irrigation systems were installed and demonstrations on soil preparation, raised beds with contouring, washing pipes and calibration of drip irrigation systems. Demonstration lots were established with potato, comparing drip irrigation and sprinkler systems.

WORLD VISION: V.M. Otoro was provided with a drip irrigation system and seven thousand plantain plantlets. Demonstrations were done on the use of agrochemicals, fluorescent lamp tests, soil preparation and the establishment of raised beds with contouring. Other demonstrations included those on seed management and potato planting, training on management, operation and maintenance of drip irrigation systems, use of fertigation and the use of local materials and substrate sterilization in nurseries and plantlet production.



MARKETING

- Identified sales opportunities and established initial contacts with new distributors. More than 15 negotiations were initiated for different products with 15 project clients.
- Three negotiations were finalized with new distributors.
- Met with buyers from Canada interested in pickling cucumber in brine for export. They were put in contact with several project clients.
- Continued assisting a plantain chips distributor from the U.S. and a local processor in their negotiations. Assisted with packaging design and determined the real production capacity.
- Developed aseptic sweet potato puree samples and sent them to potential buyers.

POSTHARVEST

- Monitored plantain, sweet potato, sweet pepper, cassava, pineapple, cucumber and pickling cucumber farms to follow-up on quality, development and crop harvest.
- Assisted in the design, placement, construction and installation of packing lines for fresh and peeled plantain, sweet potato, several vegetables and pickling cucumber. Followed up on construction, installation and other related activities.
- Edited the postharvest section in the broccoli and cabbage manuals. Wrote the postharvest section for the cauliflower production manual.
- Continued assisting the industry, supermarkets and producers with the plantain maturation method.
- Trained supermarket personnel in the necessary tasks to improve handling of fresh products.
- Began maturation tests on colored bell peppers using ethylene.
- Assisted in the activity of paraffin-coating cassava. The product was then sold to a supermarket.
- Assistance provided with Japanese pickling cucumber export tests for client selling his product in Miami. Positive results were obtained; they are in the process of negotiating a sales contract.
- Assisted client that is exporting cucumber to the United States.
- Began building and buying equipment for plantain packing plants in Olanchito and El Negrito. Visited the two selected locations and made all the necessary recommendations before the work began.

PRODUCTION AND LOGISTICS PROGRAMS

- 75% of the trays for plantlet production in nurseries were delivered during the month of February – the 500 remaining trays will be delivered in March.
- The broccoli, cabbage and potato production manuals have been published at www.usaid-red.org. The lettuce and cauliflower manuals are undergoing final edits and will be ready by the end of March.
- The funds to build and equip the packing plants in El Negrito and Olanchito have been approved and the construction of the equipment and the facilities will begin in March.
- The funds for the construction of greenhouses have been approved, the plastic has been purchased and the construction will begin in March.



Sweet pepper packing for export, Comayagua



Onion harvest, Choluteca



Onion revision, El Zamorano, Francisco Morazán



- The accessories for the drip irrigation systems for the small producers from the NGOs assisted by USAID-RED still have not been delivered. The arrangements have been made for the systems to be completed.
- Assistance continues to be provided in Better Business Practices for selected clients.

ALLIANCES WITH SCHOOLS

- Four institutions graduated from the program in February: Escuela Luis Rigoberto Santos, Instituto Santa Cruz de Yojoa, Instituto John F. Kennedy and Escuela Agrícola Luis Landa.
- Provided information about the alliance to the new director of Instituto San Martín de Porres.
- The interns from the participating institutions continued providing technical assistance to small producers.

AGROFORESTRY

- Provided marketing assistance for several agricultural products for a total of Lps. 1,022,724. The sales include Lps. 144,900 of plantain, Lps.165,930 of cassava, Lps 108,800 of potato, Lps. 128,000 of wood trees, Lps. 135,000 of watermelon, Lps. 68,000 of fruit trees, Lps. 32,500 of rambután and Lps. 129,500 of cool weather horticultural crops, among others.
- Planted 12.6 hectares with different crops, including six hectares of watermelon, 3.1 hectares of plantain and 2.6 hectares of cool weather crops. Also planted 1.5 kilometers in the perimeters with different forest species.
- 216 follow-up visits to agroforestry system users with different crops (several horticultural crops, potato, plantain, rambután and coconut, among others).
- Four irrigation systems were installed on 3.42 hectares for ten producers.
- Several training activities took place with the participation of 83 people. The topics included watermelon crop management; planting and management of Hass avocado; basic practices for horticultural crops; planting and management of plantain; use of drip irrigation and the tracing of agroforestry lots.

GENERAL

- General meeting took place to discuss the 2007 results with all the USAID-RED personnel. In 2007, the project surpassed the goals set for the year. The assisted clients increased their incomes by \$21.6 million compared to the sales recorded in 2006. They also recorded increases in employment levels that are equivalent to more than 1,200 permanent jobs in 2007.
- Met with USAID to define the 2008 implementation strategy for the project.



Clearing weeds in carrots, La Esperanza, Intibucá



Use of antiviral mesh for pepper transplant, El Paraíso



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.

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 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



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Rural Economic Diversification Program

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



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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

ANNEX III: SELECTED CIRIS M&E REPORTS (MARCH 2008)**Table 2. All Client Status Summary**

Category	Type
Lead Clients - Active	606
Lead Clients Beneficiary	7
Lead Clients - Inactive	324
Sporadic Clients	578
Graduated Clients	175
Loans Program	62
Counterpart Organizations	63
Transferred	39
TOTAL	1,854

Table 3. Lead Client Business Type Summary

Area	Type
Agricultural Technical Schools	5
Association/Group/Cooperative	7
BDS Provider	10
Buyer	8
Cattle Producer	6
Distribution/Sales	4
Exporters	6
Government	4
Input Stores	7
Institution	2
Microprocessor	7
NGO	14
Packhouses	1
Processor	30
Producer	520
Restaurant	1
Supermarket	1
Others	3
Clients reporting at least 1 business type: 565 from 606	

Table 4. Lead Client Beneficiaries

Category	Clients Reporting	Men	Women	Total
Neighboring Producers	395	586	79	665
Input Suppliers	44	255	28	283
Group Members	128	359	84	443
NGO Clients	16	399	136	535
Out-grower Programs	32	2,575	114	2,689
BDS Receivers	12	61	7	68
Students	6	1,141	461	1,602
TOTAL		5,736	909	6,285

Note: 520 lead clients reporting at least 1 beneficiary type (from 606 total)

Table 5. All Client Beneficiaries

Category	Clients Reporting	Men	Women	Total
Neighboring Producers	836	1,401	118	1,519
NGO Clients	25	701	216	917
Input Suppliers	245	1,492	103	1,595
Group Members	392	1,951	2,831	4,782
Out-grower Programs	104	7,330	372	7,702
BDS Receivers	37	125	7	132
Students	22	2,799	1,502	4,301
TOTAL		15,650	5,098	20,948

Note: 1,253 clients reporting at least 1 beneficiary type (from 2,278 total)

Table 6. Summary Technical Assistance Report (1/08 – 03/08)

Area	TA Visits
Agroforestry	353
Alliances	12
BDS	7
Dairy/finance/Eurep/Gap	18
Logistics / Coordination	22
Management	6
Marketing	75
Monitoring	43
Postharvest	177
Processing	509
Production	3,416
Project	4
Research	17
TOTAL	4,659

Table 7. Training Report by Activity Area (1/08 – 03/08)

Area	Men	Women	Total	# Events
Marketing / Market Information	4	1	5	4
Postharvest	83	26	109	11
Production	1,201	216	1,417	219
TOTAL	1,288	243	1,531	234

Table 8. Investment Report by Activity Area (1/08 – 03/08)

Area	Client	Project	Other	Total	%
Agroforestry	\$19,623	\$4,227	\$130	\$23,980	2
Alliances/ Admin	\$41,724	\$228	\$0	\$41,952	4
Postharvest	\$121,643	\$0	\$0	\$121,643	10
Processing	\$404,737	\$0	\$0	\$404,737	35
Production	\$453,328	\$47,413	\$78,574	\$579,315	49
TOTAL	\$1,041,056	\$51,868	\$78,704	\$1,171,627	100

Table 9. Area Transplanted by Crop (1/08 – 03/08)

Product	# of Clients	Area Planted
Plantain (Local & Export)	29	90.7
Tomato (table & Processing)	26	42.3
Watermelon/Melons	12	58.4
Jalapeño Pepper	14	27.8
Sweet Potato	7	14.6
Oriental Vegetables	7	10.3
Sweet Pepper	15	19.6
Sweet Corn	3	5.8
Onions	20	30.7
Kidney Beans (Rotation)	12	54.3
Corn (Rotation)	6	15.6
Other Crops	18	11.3
TOTAL	135*	381.4

**Distinct clients reporting new plantings during the period.*