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USAID-RED

RURAL ECONOMIC DIVERSIFICATION PROJECT
QUARTERLY REPORT # 17. OCTOBER – DECEMBER 2009

JANUARY 2010

This publication was produced for review by the United States Agency for International Development. It was prepared by Fintrac Inc. under contract # 522-C-00-05-00304-00 with USAID/Honduras.

USAID-RED

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Quarterly Report #17. October to December 2009

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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 17 Honduran private sector alliance partners.

CONTENT

1. EXECUTIVE SUMMARY.....	1
2. INTRODUCTION.....	3
2.1. Project Background	3
2.2. USAID-RED Targets.....	4
3. PROGRESS TO DATE	4
4. REPORT ON USAID – RED’S HIGHER LEVEL INDICATORS	6
5. HIGHLIGHTS OF ACTIVITIES AND RESULTS	7
5.1. Production	7
5.2. Processing and Food Safety (Off-farm activities).....	9
5.3. Postharvest.....	11
5.4. Subsistence and small commercial farmer activities (Alliances with NGOs).....	11
5.5. Institutional Alliances	11
5.6. Partner and Technology Funds.....	13
5.7. Private Sector Alliances.....	14
5.8. Marketing.....	15
6. PERFORMANCE AND MONITORING PLAN (PMP)	17
6.1. PMP Section 1: Start-Up & Program Administrative Activities	17
6.2. PMP Sections 2 and 3: Monitoring & Evaluation and Marketing Activities.....	18
6.3. PMP Section 4: High-Value & Added-Value Horticultural Program.....	19
6.4. PMP Sections 5 & 6: Non-Agriculture MSME and Finance Components	20
6.5. PMP Section 7: Other Activities	21
6.6. PMP Section 8: Global Development Alliances/Private-Sector Partners/BDS Program.....	22
6.7. PMP Section 9: Client Results Targets.....	23
7. PLANNED ACTIVITIES FOR NEXT REPORTING PERIOD	24
Production	24
Processing and food safety	24
Postharvest.....	24
Subsistence and small commercial farmer activities (Alliances with NGOs).....	25
Institutional Alliances	25
Private Sector Alliances.....	25
Marketing.....	25
8. PROJECT EXPENDITURE	26
ANNEX I: USAID-RED MONTHLY UPDATES.....	27
ANNEX II: SELECTED CIRIS M&E REPORTS (DECEMBER 2009).....	44

LIST OF TABLES

Table 1. USAID-RED Results through December 2009 6

Table 2. USAID-RED Results through December 2009, by Area 6

Table 3. USAID-RED Level of Completion – End of Project Results 7

Table 4. USAID-RED Contractor Fiscal Report (through December 2009) **Error!**
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Table 5. All Client Status Summary 44

Table 6. Lead Client Business Type Summary 44

Table 7. Lead Client Beneficiaries 44

Table 8. Summary Technical Assistance Report (10/09 – 12/09) 45

Table 9. Training Report by Activity Area (10/09 – 12/09) 45

Table 10. Investment Report by Activity Area (10/09 – 12/09) 46

Table 11. Area Transplanted by Crop (10/09 – 12/09) 46

1. EXECUTIVE SUMMARY

- This is the seventeenth quarterly report for the USAID Rural Economic Diversification Project (USAID-RED), summarizing activities and results for the period October through December 2009.
- All of the high level targets set for December 2009 have been exceeded, including over \$8.6 million in new client sales (target of \$8.0 million), 1,309 new full-time employment positions (target of 1,000), and 914 farmers with increased annual sales of at least 40 percent for the year (target of 650 farmers). In addition, new client investments have reached \$5.2 million as of December 31, 2009 (\$2.2 million above the forecasted \$3.0 million).

USAID-RED High-Level Results Summary through December 2009

Deliverable / Result	Achieved Dec 2009	Target Dec 2009	Percent Achieved
New client sales	\$8.6 million	\$8.0 million	108%
New Full Time Employment	1,309	1,000	131%
Number of farmers increasing their sales by at least 40% from previous year	914	650	141%
New Client Investments	\$5.2 million	\$3.0 million	174%

- Project support to NGO technical units was consolidated during the quarter. Continuous visits to newly incorporated NGOs have generated confidence which has stimulated farmers to initiate new diversification activities. New crops of pepper (Tabasco), tomatoes, potatoes, carrots, sweet peppers, onions, garlic and other high value crops were planted and new practices have also been implemented for corn and beans. Although the end of year data reveals very good results, projections for 2010 look even better. Currently USAID-RED is working with 35 technical units who are providing technical assistance to over 2,300 farmers in the central and western regions of the country. A total of 1,573 technical assistance visits to growers and technicians from different NGO's were made during the quarter covering various crops and technical areas.
- 508 individual investments were made by USAID-RED clients during the quarter totaling US \$2.15 million – a 182 percent increase over last quarter. The main reason for this increase has been a slight recovery of the economy and increased level of confidence by growers and off farm businesses as the political situation seemed to stabilize.
- A total of 4,811 technical assistance visits were made during the quarter, including 3,454 to commercial production and NGO clients, 979 to agroforestry clients, 223 to USAID-RED processing and off-farm clients, and 108 for marketing and logistics.
- Over 120 growers have utilized the mechanisms established with the private sector through their alliances with USAID-RED. These alliances with BOMOHS, MONSANTO, INALMA and CEMCOL have allowed project clients (as well as MCA-EDA clients) to access modern agriculture tools and equipment to improve their operations in the field. These alliances were initiated during the final six months of 2009. The value of the equipment and tools acquired

by project clients through these alliances exceeded \$250,000 to date. The highest contribution comes from the growers and/or processors, followed by the private sector alliance partners' contributions, and then by USAID-RED (demonstrating that USAID-RED funds assigned to this activity have a high degree of leverage).

- New client plantings increased by 72 percent compared to the previous quarter, from 557 hectares in July-September 2009 to 955 hectares during the present reporting period. New plantings for the quarter included: melon (148 hectares); plantain (157 hectares); corn (209 hectares); watermelon (57 hectares); rambutan (39 hectares); yuca (60 hectares); Jalapeño pepper (41 hectares); sweet pepper (39 hectares); tomato (66 hectares); and cucumber (23 hectares).
- A total of 757 training events were held during the quarter in which 6,171 growers and processors (5,270 men and 901 women) participated.

Annexes to this report include USAID-RED monthly summaries (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 (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 five-year initiative (with a recent extension through September 30, 2010; Modification #8 on March 9, 2009) of the United States Agency for International Development's (USAID) Honduran Mission 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).

For the extension period (April 2009 – September 2010), USAID-RED is focusing 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 USAID/Honduras' 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.

The Project is continuing its market-based approach while putting greater emphasis on selecting poorer, more subsistence-oriented new farmers (less than one hectare under horticultural production). The Project will ensure that this new demographic will make up at least 75 percent of the beneficiaries, and the remaining 25 percent will be expected to be medium-sized, more commercially-oriented farmers. During the extension period, USAID-RED expects to achieve \$5 million in new clients' sales from the 75 percent of small farmers and the rest of the target from the commercial farmers. Where possible, the new small farmer clients will either be existing participants in the NGO partner programs or recent MCC-EDA graduates.

Under the new extension, USAID-RED will expand its existing NGO partnerships to provide a greater percentage of their extension visits through the existing technical staff of these partners. This, in turn, will facilitate working with smaller farmers while balancing the increase for new market opportunities with improved production for self-consumption. The extension calculates a 40 percent increase in incomes which will now include improvements in baseline sales of all client-produced agricultural products, including basic grains and animal husbandry. Consequently, USAID-RED will broaden its focus to include train-the-trainers events, market opportunity facilitation and upgrading the business capacity of key non-farm businesses.

During the extension period, USAID-RED will narrow its geographical scope to the western highlands (La Paz, Intibucá, Ocotepeque, Copan, Lempira and southern Francisco Morazán) and the north coast (Atlántida, Colón and Yoro). USAID-RED will endeavor to have 80 percent of all active clients in the targeted areas mentioned above. However, limited support to specific growers outside the area will continue in order to support promising market-based opportunities of either existing USAID-RED clients or graduated MCC-EDA clients.

Lastly, USAID-RED's focus on the north coast will be to support the USAID-MIRA program's biodiversity conservation objectives by reducing deforestation through improved agricultural productivity and responsible environmental management. As a secondary objective, the program will result in improved profitability, household incomes, employment generation and

reduction in the expansion of the agricultural frontier. The objective is to increase the productivity and profitability of already cleared agricultural land in close proximity to standing tropical forests, be they under some form of protection or simply national forests without a formal protected status. USAID-RED will collaborate directly with MIRA's office in La Ceiba and FHIA to identify the target areas where RED can support the marketing of MIRA producers and educate RED clients in sound natural resources management.

2.2. USAID-RED Targets

USAID-RED's primary targets (higher level indicators) to be achieved by September 30, 2010, are:

- Cumulative new client sales fee triggers (US\$; FOB for exports and farm-gate for local market) to de-emphasize total sales and to stress increased income, including all agricultural products, not just horticultural: **\$58.5 million**
- Cumulative new employment fee triggers (FTE positions): **6,541**
- Cumulative number of MSME clients increasing annual income by a minimum of 40%: **2,500**
- Cumulative new client investments and counterpart/GDA contributions fee triggers: **\$25 million**
- Increased number of hectares under new NRM/GAP techniques (target added in the 2006 modification): **6,653**
- To provide technical assistance and training to off-farm MSMEs to improve operational efficiency focusing on key existing intermediaries for small farmers: **140**
- To set up programs between rural MSME's and financing institutions (special loan programs, assistance in loan application process, negotiations, etc.) for smaller farmers that are less credit worthy: **400**
- To form global development alliances/private sector partnerships by focusing on fewer private sector company alliances: **18**
- Contributions for the implementation of these alliances reach at least a one-to-one ratio either in-cash or in-kind: **\$1 million**

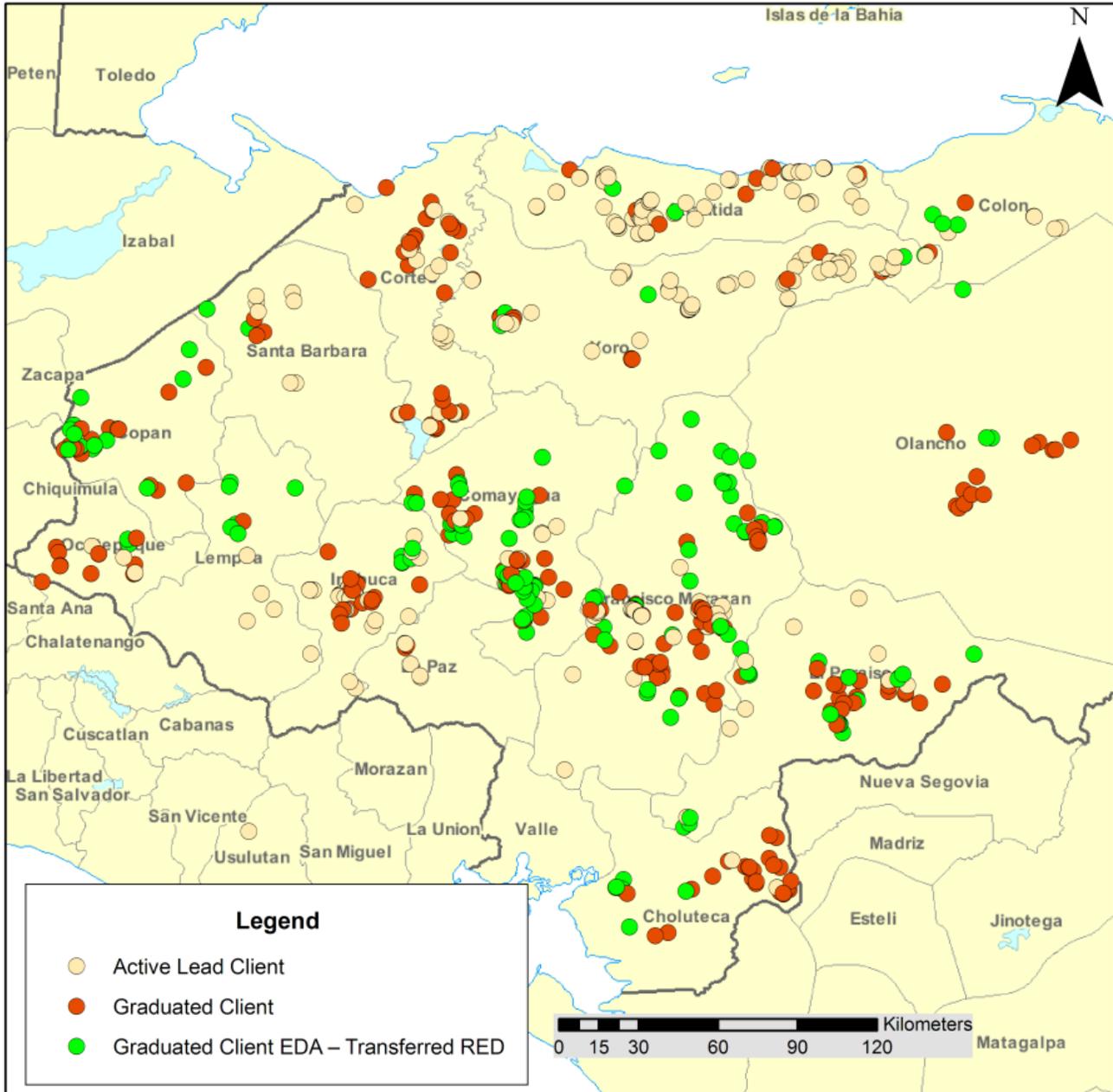
3. PROGRESS TO DATE

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 reduced budget, timeframe, activities and targets) was signed on May 31, 2006. A modification to extend the duration of the project through December 31, 2008 was signed on June 27, 2008, and a new modification to extend the duration of the contract (with expanded targets) through September 30, 2010 was signed on March 9, 2009.

A map of current USAID-RED geographic coverage (showing current active lead clients, graduated clients from EDA that were transferred to USAID-RED, and graduated 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.

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 and Graduated Lead Clients (as of 12/31/09)



4. REPORT ON USAID-RED'S HIGHER LEVEL INDICATORS

USAID-RED collects sales and employment data from participating growers and agribusinesses on a regular basis. Farmers provide sales, income, productivity and employment results at the end of their harvest cycles and off-farm clients provide quarterly or semiannual updates.

For the current extension period, lead client progress towards the higher level targets will be presented in this quarterly report (year 2009 results compared against year 2008 for individual and NGO clients), and in the final report (September 2010).

Tables 1 and 2 describe the results achieved compared with the targets for December 2009.

Table 1. USAID-RED Results through December 2009

Deliverable / Result	Achieved 2009	Target 2009	Percent Achieved
New client sales	\$8.6 million	\$8.0 million	108%
New Full Time Employment	1,309	1,000	131%
Number of farmers increasing their sales by at least 40% from previous year	914	650	141%
New Client Investments	\$5.2 million	\$3.0 million	174%

All of the higher level targets were achieved by the project during 2009. Participating clients achieved new sales of \$8.6 million (from \$23.35 million in 2008 to \$31.96 million in 2009) and generated 1,309 permanent employment positions (from 2,626 employees in 2008 to 3,935 in 2009). These results were accomplished despite an extremely challenging environment, with the global economic crisis severely impacting Honduras (as one of the mostly highly “globalized” economies in the world) and further exacerbated by domestic political crisis. Many industries experienced declines in sales, contraction of markets, and reduction in employment during the year. USAID-RED’s success in this environment is testimony to the resilience and potential of the agricultural sector. USAID-RED’s investment goal was also exceeded for 2009, where numerous farmers continued with expansion plans and improvements on their farms and several off-farm businesses made improvements in food security-related activities and equipment.

Table 2. USAID-RED Results through December 2009, by Area

AREA	New Sales 2009	New Employment 2009	# Farmers 40% Increases
Commercial Growers	\$4.47 million	617	121
Small Subsistence Growers (NGO Program)	\$1.13 million	207	656
Off Farm Agribusinesses	\$2.74 million	198	15
Small Farmer Agroforestry Activity	\$0.27 million	287	122
Total	\$8.61 million	1,309	914

All of the major areas of the project made important contributions towards the targets. The area with the highest contributions for sales and employment targets was the commercial grower

activity, which contributed 52 percent of the sales target and 47 percent of the employment target. A significant number of new jobs were also generated by other activities with small farmers such as the NGO and agroforestry programs that generated a combined total of 494 new full time employment positions (38 percent of total). These two areas were the highest contributors towards the number of farmers increasing their sales by at least 40 percent. Together a total of 778 of the 914 clients (85 percent) achieving or exceeding this target were from these two areas.

The off-farm agribusinesses continue to play an important role in the USAID-RED program as these activities add value to Honduran farmers' produce, both project and non-project assisted. The contribution of this area to the sales and employment results represent 31 percent and 15 percent, respectively.

Table 3 shows progress towards the end of project goals (September 2010).

Table 3. USAID-RED Level of Completion – End of Project Results

Deliverable / Result	Achieved through Dec 2008	Expanded Target (21-month extension)	New Targets (through 9/10)	Achieved through Dec 2009	Percent Completion
Cumulative new client sales	\$43.5 million	\$15.0 million	\$58.8 million	\$52.1 million	88.6%
Cumulative new full time employment (FTEs)	4,541	2,000	6,541	5,850	89.4%
Number of farmers increasing their sales by at least 40% from previous year	1,218	1,282	2,500	2,132	85.3%
New client investments	\$19.3 million	\$5.7 million	\$25 million	\$24.5 million	98.0%

As of December 2009, USAID-RED has reached a level of completion of over 85 percent for all of its high level targets due by September 2010. It is currently in a position to meet and/or exceed all of the high-level targets set in the contract.

5. HIGHLIGHTS OF ACTIVITIES AND RESULTS

5.1. Production

USAID-RED continues promoting the implementation of Good Agricultural Practices (GAPs) to assisted farms. Technical assistance has been provided for several activities; including programming and coordination of plantings, land preparation with emphasis on deep plowing and raised beds, and during this last quarter, special emphasis was given to weed control activities, which become critical during the rainy season. Technical representatives helped farmers to determine the best alternative to control weed, depending on the type of weed present in their farms.

Farmers have received technical bulletins and production guides for their specific crops and farm conditions. These include over fifty technical bulletins which are short guides for implementing specific activities on their farms, complete production manuals for over 20 different crops, fertilization and pest and disease management programs, among others.

Support has also been provided in harvest and post harvest practices, in order to maintain the quality of the produce and reduce post harvest losses. Technical personnel have also continued supporting the installation of new drip irrigation systems, as well as the expansion of existing ones. Training has been delivered for the operation and maintenance of drip irrigation systems.

Anti-viral nets and reflective plastic mulch have also been introduced to assisted client farms for prevention and control of viruses. The establishment of live barriers of king grass, sorghum or corn to border production lots have also been enforced by USAID-RED technicians for the same purpose. In addition, farms have been installing yellow sticky traps for identification of pests. Related activities to keep pest population low were to keep clean rounds neighboring the plantations and the elimination of crop remains. Positive results have been evident throughout the country, but particularly in the municipalities of Guaimaca and Orica in Francisco Morazán, where under traditional practices, many plantations of the solanaceae family are lost during this period. This was not the case for USAID-RED lead client farms, where dozens of neighboring farmers were taken to these farms for replication of these practices. In addition, technicians are encouraging farmers to collect soil and plant tissue samples to conduct lab tests to be able to properly identify diseases and nutritional deficiencies.

Training events with fluorescent dye and lamp were done to monitor the effectiveness of spraying and make corrections. These events have been carried out in its majority by technical staff of CEMCOL, a private company who is formally working with and supporting USAID-RED lead clients. Improved coverage of spraying has reduced the use of chemicals, while improving plant health and reducing costs.

For plantain, farmers have been taught how to do plant surgery and de-leafing, since these cultural practices considerably reduce the presence of sigatoka on their plantations, resulting in a significant reduction of costs due to reduced levels of fungicide usage. Plantain farmers have also been encouraged to prepare higher and wider beds to improve drainage conditions, reducing humidity levels and preventing the growth of the sigatoka disease.

Technical Assistance: USAID-RED provided 1,878 technical assistance visits to commercial-scale farmers during the quarter.

New Plantings: A total of 494 hectares of new plantings were established, including 110 hectares of plantain, 39 hectares of Jalapeño pepper, 15 hectares of sweet/bell peppers, 5 hectares of Habanero peppers, 20 hectares of cucumber, 34 hectares of tomato, 10 hectares of onion, 53 hectares of watermelon, 25 hectares of yuca, 70 hectares of melon, and over 92 hectares of corn and beans, among others. A detailed table on new plantings for the quarter is provided in the Annex section of this report.

Irrigation: A total of 167.8 hectares of new drip irrigation systems were installed by commercial farmers during the present quarter. These were distributed in all of the regions with project presence.

Training: USAID-RED commercial production technicians delivered 249 training events with 1,693 participants (1,461 male, 232 female). Subjects included: nursery and greenhouse production, Integrated Pest Management (IPM), plant nutrition, use and maintenance of drip irrigation systems, basic practices in agriculture and training days for specific crops.

Investments: Lead clients invested a total of \$1.37 million in production infrastructure and equipment, mainly in water pumps, drip irrigation systems, land purchases, farm expansions, agriculture machinery, fumigation equipment, and farm vehicles.

Selected highlights for the period

- Twenty-six training events of proper spraying techniques and land preparation tools have been delivered by CEMCOL through the Global Development Alliance agreement signed this quarter. Over 400 farmers have been trained through this mechanism. The company's interest in this GDA was evidenced by the presence of Brazilian executives from STIHL in one of the events held in Comayagua, where the farmers that attended were very pleased with the technical explanations of proper spraying techniques.
- The plantings of four hectares per week of yellow yuca initiated during the second half of October in the Olanchito region and continued for ten straight weeks, as a direct result of a contract with a large processor in the northern region. The processor will buy their entire production. Growers in the region are complying with the planting schedule. This operation will also generate new employment in the collection centers as they will peel the yuca locally.
- The first plantings of malanga were planted in the municipality of Cuyamel, Cortés. More plantings are programmed for the following quarter. The introduction of this new crop will provide new opportunities for the production of high value export crops in the region.
- A cable way for the transportation of plantain bunches was installed on a 50 hectare farm in La Lima. This will result in higher quality plantain and increase the efficiency of the packing and shipping operations.
- Various growers from the central and western regions are introducing the use of plastic mulch and antivirus nets to cover their crops as a way to keep their plants pest free during the first month after transplant. This practice has enabled increased yields in tomato and pepper farms, and a growing number of farmers are starting to implement these practices. The spraying of chemical inputs for pest controls is dramatically reduced once farmers implement these practices.
- The first exports of sweet potato to Canada from the department of El Paraíso were done during this period. The second shipment is expected to be sent during the following quarter.
- The first plantings of papaya of the Maradol variety were planted in the Sula Valley in Cortés.

5.2. Processing and Food Safety (Off-farm activities)

During the present quarter, the project technicians assisting off-farm businesses continued with the implementation of Good Manufacturing Practices (GMPs) and food safety programs in each of the processing and value-added facilities. Currently, the two specialists are working with 34 active lead clients. Support is also being provided "on call" to graduated clients. With projected plant expansions, new product development, new markets and improvements in plant efficiencies, total new sales from these clients was expected to exceed \$2.5 million for 2009.

The end of year results for these clients has been captured and sales increases of \$2.7 million have been achieved. This represents an increase of 19.5 percent with respect to sales achieved in 2008. New employment generated by these clients was 198 permanent positions, an increase of 31 percent.

This sector was severely affected by the local and global economic crises, and although these companies were able to grow to a certain extent, they did not achieve their potential for the year.

Support is also being provided in strengthening the market chains with Project assisted farmers. Such areas include postharvest handling, the marketing of vegetables and Good Agricultural Practices (GAPs) with the objective to reach the final consumers with improved quality products to achieve greater sales.

Off-farm clients reported new investments totaling \$427,815 in plant infrastructure and processing equipment during the quarter, a 39 percent increase with respect to the previous quarter. A total of seven training events were held where 88 people were trained in postharvest handling, GAPs, food processing, GMPs and food safety.

A total of 185 technical assistance visits were made to off-farm clients. Some of the highlights during the present quarter are:

- Support to supermarkets has benefitted different players in the value chain. Supermarkets have introduced improved practices, managing temperatures and humidity levels for the produce and reducing spoilage. Twenty-one growers have been linked directly as suppliers to the supermarkets; supermarkets have improved produce handling which has enabled the end consumers to obtain higher quality produce.
- Improved efficiencies, yields and handling of the cost structure of processed products in a plantain processing plant and in a fresh cut vegetable plant were achieved. The main focus was making rational use of the materials and the implementation of budgets and unit costs comparisons. Efficiency standards were designed for numerous variables and these plants are now comparing their results with the standards and making corrections. This has had a positive impact in both companies' financial statements.
- The off-farm specialists worked with participating plants on improving food safety systems, development of quality manuals, and the definition of standard operating procedures (SOP's) focused on specific requirements from their clients. A HACCP manual was updated for a plantain processing plant.
- An improved plant layout and flow diagram was designed for a potato washing and selection plant.
- USAID-RED technicians provided continuous technical assistance to prepare a melon packing plant for GlobalGAP certification. This will result in a significant expansion in business for the European market for the facility.
- Support was provided to a beverage processing plant in installing new equipment that enabled an expansion and improved food safety conditions.
- During the present quarter, support was provided in the startup of a new fresh cut vegetable processing plant. The final details were defined for the process flow and different packing materials were tested to improve the shelf life of the products.
- Training sessions on GMP's were delivered to the employees of a "snacks" processing plant in order to start their own GMP program.
- A plant that is dedicated to fried plantains was assisted in developing a new line of product – refried beans, as part of their diversification strategy.
- Tests were run with an industrial washer to improve a fried malanga operation.

5.3. Postharvest

- Technical assistance was delivered to a new sweet potato exporter in El Paraíso. The first container was shipped in December with excellent feedback from the buyer in terms of quality.
- Technical assistance in post harvest activities were delivered to plantain, jalapeño pepper, sweet pepper and tomato clients.
- USAID-RED cost-shared with several NGO's to provide plastic crates to small subsistence growers to improve their post harvest handling. These were distributed in the departments of Ocotepeque, Copan, Lempira, Intibucá, La Paz and Francisco Morazán. These donations were accompanied by proper training in postharvest handling practices.
- Technical assistance and training continued to supermarkets in El Progreso, San Pedro Sula, Siguatepeque and Comayagua. Improvements were made in the storage rooms and in the vegetable sections of the stores. There has been a significant reduction in produce losses and an increase in shelf life.

5.4. Subsistence and small commercial farmer activities (Alliances with NGOs)

As part of USAID-RED's new focus, this area was significantly expanded. Ten agronomists were hired for this activity in March 2009, including three regional senior level agronomists and seven support technicians. NGOs being assisted under this component have become more involved in working with growers to increase their productivity and diversify their crops.

Sales and employment information was gathered in December 2009 and January 2010 to measure impact in this area. Significant advances were noted, specifically with the subsistence and small farmers. Sales increases from 2008 to 2009 increased by an average of 78% from \$1.45 million to \$2.58 million, an increase of \$1.13 million. This is the highest percentage increase amongst the different client types assisted by the project. This sector also reported increased employment equivalent to 207 permanent positions, representing 16 percent of the total employment generated by project assisted agribusinesses for the year.

This activity was by far the largest contributor to the 40% sales increase goal, where 656 farmers increased their sales by at least 40 percent (71% of the project total for the year).

Some highlights for the period include:

- A total of 1,573 technical assistance visits to growers and technicians from different NGO's were made covering various crops and technical areas.
- Training events were significantly increased as NGO assisted farmers are gradually implementing updated technologies. There were 255 training events held for 3,603 participants (3,058 men and 505 women) from 35 different technical units from 10 NGOs. Technical subjects included: land preparation, basic cultural practices, equipment calibration, installation and management of nurseries, correct use of agricultural inputs, irrigation, nutrition, post harvest practices and crop specific training events.
- NGO beneficiaries from participating institutions received production equipment such as seedling trays and plastic crates to improve their production operations.
- Considerable investments were made by NGO assisted growers. Investments for the quarter totaled \$236,344, of which \$199,977 were direct investments by growers, while the remaining \$36,367 were cost shared between USAID-RED and participating NGOs.

- USAID-RED's CTO visited the NGO activities in the western region. During the trip, 5 NGO operations were visited (FUNLESOL, OCDIH, Hermandad de Honduras, World Vision and ODECO) in the departments of Lempira, Ocotepeque and Copan.
- Integrated Pest Management (IPM) trainings to NGO clients from two experts continued during the quarter. These were delivered by Ms. Lorena Lastres and Dr. Cristino Melgar. These events were directed to both NGO and USAID-RED technicians and farmers, and were delivered in Intibucá, Lempira, Ocotepeque, Copan, La Paz, El Paraiso, and Francisco Morazán.
- The NGOs were involved with the established private sector alliances, where dozens of farmers benefited from the formal alliances established with SEMINIS, BOMOHSA, and CEMCOL and working relationships that USAID-RED has with SEAGRO, BAYER, COHORSIL, DUWEST and AGROVAL.
- Three multi-day workshops were delivered. OCDIH technicians received a course on design and construction of drip irrigation systems in October; FUNDER growers and technicians received a course on carrot production in December; and CARITAS technicians received a course in post harvest and commercialization in November.
- Several national events were developed during the period, including field days and educational trips with the objective to look at results and production systems in carrot, numerous cold climate vegetables, installation of drip irrigation systems, land preparation and basic practices in agriculture. Producers participating were from 14 technical units of FUNDER and World Vision.

5.5. Institutional Alliances

- As part of the alliance with World Vision, USAID-RED is sharing the costs of two agronomists to achieve higher outreach in the departments of Intibucá and Lempira. Formal activities initiated during the present quarter and a stronger presence, especially in Lempira is now evident. The support of these two agronomists will have a direct impact on project targets for the next evaluation period.
- As work with NGOs has continued, the number of beneficiaries has grown. A permanent M&E position was filled in October to provide additional support in the collection of baseline and follow-up data from assisted farmers.
- Due to the nature of the NGO dynamic, the data collection activity has been a permanent task, as well as the database clean up and update. Given that some of the NGOs joined this activity during the second and third quarter of 2009, it has been determined that, depending on the startup date of the NGO, their results will be analyzed on one of two baseline dates; one for a calendar year of 2008 and a second one from October 2008 to September 2009. All indicator comparisons will be done according to this agreement.
- After completion of all baseline data collection for both commercial and participating NGOs clients, the USAID-RED's M&E team validated the information from field indicators as an internal quality control measure.
- FUNDER has been the more proactive and collaborative partner with the NGO group of partners; dedicating time to perform all needed tasks for data collection and involving all of its participating personnel. One very positive step has been implemented by FUNDER, to hire a full time M&E person; this will ensure the sustainability of indicators tracking and reporting.
- FHIA's current subcontract was amended to add some activities to their current work under USAID-RED. Short-term consultant José Melgar was hired to deliver IPM training to various NGO trainers, and to continue delivering technical assistance to 135 smallholders that have been assisted until now under MIRA activities. The period of performance remains the same as the original subcontract.

5.6. Partner and Technology Funds

For the extension period, USAID-RED has a plug amount of approximately 10 percent of its budget to continue to fund the program's existing Partnership Fund. This small grants fund will continue to serve two purposes: to support the technology transfer process, particularly for the program's subsistence farmers, by supporting the purchase of equipment and small infrastructure needed to foster technology adoption and change with the small farmers; and to provide target support to local organizations and companies responding to facilitating farmers' access to markets through their services.

Following is a description of partner fund and technology fund activities that were designed and/or implemented during the period:

- Partner Fund 01:2009. The sponsorship to support five Honduran exporters for the exhibition stand at the Produce Marketing Association's Fresh Summit was held in Anaheim, California in October 2009. The Honduran delegation participated at a specialized PMA fair coordinated by IICA. The companies that participated were Ahperambutan, Pyflor, Agroexportadora Dome, IAGSA, and Incadi. These companies promoted their export goods by establishing contacts with 37 potential clients. They have all launched websites and now have promotional materials in English.
- Partner Fund 02:2009. FHIA's study on potato funded by USAID-RED/FAO and the University of Arizona was finalized. Based on the results presented, more field samples will be taken during the rainy season including eight new disease agents and the geographical area where the diseases are present expanded. The results will be ready for submission in February 2010.
- Partner Fund 04:2009. Established a fund to sponsor the participation of USAID-RED clients in a program, Agrocel, which provides price information through text messages to cell phones being provided by FUNDER. 355 clients, for both commercial and NGO programs, have been engaged in this service so far; the plan is to include up to 600. Certain delays in the startup of the service were observed as this is a new activity by Funder. By December, the service started to be provided on a more regular basis. Feedback has already been provided to Funder, where in some areas, there is a good level of satisfaction, and in some areas, there were some inconsistencies found. The monitoring on the Agrocel service will be done in the upcoming quarter in order to continue providing feedback to improve this service.
- Technology Fund 2009-01. A system determination, based on the origin of drip irrigation components has been granted and this enabled USAID-RED to begin all purchases. Procurement started in late December 2009. All of the irrigation systems are expected to be installed by late February 2010.
- Technology Fund 2009-07. A fund for processing related technology equipment for nine SME's. This investment will add value to different fruits and vegetables through the introduction of new equipments that will increase productivity and plant capacities, and improve food safety in these plants. An important multiplier effect is also expected as these companies will source increasing quantities of raw materials from a combined total of over 1,000 farmers. During this same quarter, 5 of the 9 companies have finalized procurement and installed their new equipment. The remaining 4 companies under this technology fund

will put the new equipment in place during the upcoming quarter. Plant efficiencies and food safety improvements will be evident in the short term.

- Technology Fund 2009-08. A fund was established for the purchase of tools for a packing plant of fresh products for export in El Paraíso. This will help improve the conditions at the plant by introducing postharvest handling and packing for the operation. In addition, neighboring producers will become providers thus creating a production alternative and generating new job sources in the zone. Plant improvements will become evident for the next shipment of sweet potatoes during the first quarter of 2010.
- Technology Fund 2009-09. Drip irrigation technology for NGO assisted small- and micro-sized growers. With this technology fund, a total of 117 hectares of drip irrigation systems will be installed in over 350 small farmer plots, ranging from 1,400 to 5,000 square meters each. These small farmers will be introduced to upgraded production technologies, and a minimum of 70 of these farms will serve as model farms or “escuelas de campo”. This fund is pending approval and clearance from RCO.
- Technology Fund 2009-10. Macrotunnels as demonstration plots for FUNDER beneficiaries. This Technology Fund will partially fund the construction of eight macrotunnels for production under a controlled environment. These will be installed on small grower farms assisted by FUNDER under our NGO program. In addition to contributing to increase farmer incomes, these farms will serve as demonstration lots where training on this type of technology will be held, so neighboring farmers can adopt this type of technology.

5.7. Private Sector Alliances

USAID-RED’s market-driven approach and commercial focus has already fostered relationships with dozens of private companies providing inputs and services to the agriculture sector. To date, formal alliances have been established between the project and 14 private companies for the development of model farms at 12 agricultural schools.

During the extension period, the Project goal is to develop at least five additional alliances to strengthen both upstream and downstream linkages with participating growers. These new alliances will be formalized by USAID-RED and private companies with the signing of Memorandums of Understanding (MOUs). The fourth alliance during the present extension period was signed and launched in October 2009. This alliance was with CEMCOL, a provider of numerous agricultural tools. Implementation of the three existing alliances continued with a substantial increase in participation from both the private sector and assisted lead clients. A summary of the development of these alliances is described below.

- BOMOHS. There have been 18 transactions carried out, since the MOU was signed, by the same number of clients. The total purchases are \$28,360, where clients have invested \$14,638, and USAID-RED co-invested 10% of the total cost. BOMOHS has contributed \$12,287 to this alliance.
- SEMINIS. Both NGO and commercial scale clients have purchased various hybrid seeds and established crops countrywide, where the project directly or through NGO partners is present. All purchases, in 42 different transactions, represent \$86,953 where USAID-RED has contributed 30% of the cost, as stated in the MOU signed. Eight purchases were done by NGO partners that benefited micro and small farmers participating in their programs. Cash and in kind contributions from Seminis total \$23,007.
- INALMA & EMPRESA ASOCIATIVA CAMPESINA 25 DE MARZO (EAC). There was a modification to this GDA, a current/approved private sector alliance, to add some funds to

their current work under USAID-RED. An increase in funds to complete the original plan was agreed to cover the unexpected cost of well drilling; in doing so, there were sufficient funds to complete the proposed 12 hectares drip irrigation system. The amount of funding increased from \$48,000 to \$53,000. All investments and plantings have taken place and technical assistance continues.

- CEMCOL. Established an alliance with CEMCOL Comercial, an STIHL equipment distributor. The program has assigned funds to help clients with the equipment purchases. The alliance includes several products that will help improve crop management efficiency including fumigators, weeders, hole diggers, and rotovators. There have been 50 transactions carried out during the current reporting period, by the same number of clients. The total purchases amount to \$48,326, where clients have invested \$29,975 and both USAID-RED and CEMCOL co-invested 20% respectively of the total cost. In addition to the \$9,172 direct investment in equipment by CEMCOL, they have delivered 26 training events during the quarter, which represents a value of \$6,500, for a total of \$15,672 for the quarter.

5.8. Marketing

The marketing technician continued to visit different production zones to determine the most suitable markets for the specific growers. The regions visited during the present quarter include Olanchito, Yoro, Copán, Lempira, and the western corridor to Ocotepeque.

A marketing trip to El Salvador was also done, where dozens of contacts were established. As a product of this trip, the first deals were made between Honduran producers and Salvadoran buyers.

In addition to these activities, the following results have been obtained during the present quarter:

Market Links:

An increasing number of market links have been established between Project clients and different marketing channels including supermarkets, wholesalers, processors, and informal intermediaries. Select linkages are highlighted below:

- A total of 60 market links have been done for crops such as pineapple, plantain, strawberry, potatoes, lettuce, cabbage, tomato, uchuva and peppers with supermarkets and processors.
- Links were also made between a Salvadoran buyer and Project growers of tomato, potato and sweet peppers. Two NGO's (OCDIH and ODECO) and a grower from Copan sold their produce to this buyer in December.
- Twenty-six Salvadoran contacts were made as a result of the marketing trip to El Salvador. These include processors, exporters to the US Latino market, the municipal markets such as "La Tiendona", and supermarkets.

Technical Assistance in Commercialization:

Currently NGO technical units and over ten processing firms are receiving technical assistance in marketing and distribution in several areas, including distribution channels, sales analyses, territorial coverage of distribution networks, and budgeting and reorganization of the sales departments. Highlights include:

- Assistance in the recruitment of sales personnel for Wild Rose and Agrimonsa (two processors).
- An alliance has been established where companies that sell to different channels are taking each other's products to introduce them to new markets. In addition to achieving new sales, this activity reduces their distribution costs.
- Over 250,000 pounds of potato from a campesino group in Intibuca have been sold to Supermercados La Antorcha. This represents over \$105,000 in new sales for the quarter alone. This company plans on expanding its coverage in the northern region for the next quarter.
- The potato collection center has accessed a loan for \$52,631, to purchase a distribution vehicle for their products for which they received technical assistance from USAID-RED. This will reduce their delivery costs by 30%.
- Training has been provided in the areas of business opportunities, development of business plans, business ethics, legal frameworks of a business, leadership, motivation and teamwork. During the present quarter, five training events for growers and NGO staff have been held with a total of 130 people trained, (102 men and 28 women).

6. PERFORMANCE AND MONITORING PLAN (PMP)

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

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					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 (Extension: DCOP in place within 1 month)	Timesheets			Fintrac key personnel team in place on August 1, 2005. DCOP for extension in process to be relocated.				X		
1.2	New Field Technicians Trained & In-Place										All field technicians in Zones w/in 3 months (Extension: New field technicians trained and in place within 1 month)	Timesheets; CIRIS reporting			Field technicians hired in August 2005; trained in September 2005. New extension technicians in process of being hired.				X		
1.3	Procurement of Vehicles/Equipment										Start-up procurement requirements completed w/in month 1; on-going for remainder of project	Copies of vehicle titles			Vehicles procured. 14 Vehicles were returned to USAID in June 2008 as part of the disposition plan. Extension procurement in progress.				X		
1.4	Project Intranet/Internet Sites Installed & Updated	2							0	2	Intranet/Internet sites installed w/in 1 week; maintained (Extension: sites maintained)	Site Operating	2	-	Sites completed. Site maintenance ongoing.				X		
1.5	Semi-Annual Local Taxation Reports	2		1					1	2	4	Local taxation reports submitted to USAID	Copies of reports	3	1	Interim reports due yearly by November 17; final reports due yearly by April 16.				X	
1.6	Monthly Project Bulletins	40	1	3	3	3	3	3	2	18	58	Monthly bulletins produced and distributed	Copies of bulletins	50	8	Internet site; www.usaid-red.org				X	
1.7	Workplan/Performance Monitoring Plan Updated											Workplan/performance monitoring plan updated monthly with results (amended as needed with USAID input)	Copies of PMPs			Updates submitted monthly; amendments approved by USAID.				X	
1.8	Monthly Financial Reports	41	3	3	3	3	3	3	3	21	62	Financial reports submitted to USAID (online/hardcopy)	Copies of reports	54	8	Reports submitted with each invoice; invoices may be issued more than once monthly. Number represents months only.				X	
1.9	Quarterly/Annual Reports	13	1	1	1	1	1	1		6	19	Quarterly/annual reports submitted to USAID (performance fee of \$1,000 per report for extension period)	Copies of reports	17	2	Available on Intranet site and submitted to USAID by e-mail.				X	
1.10	Final Report	0								1	1	1	Final report submitted	Final report	-	1				X	

6.2. PMP Sections 2 and 3: Monitoring & Evaluation and Marketing Activities

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					Achieved to Date	Balance Remaining		DONE	Ahead	On	Behind		
			2	Monitoring & Evaluation Activities																		
2.2d	Baseline Indicator Data Collected for All Clients (sales, exports, ag, non-ag, income,											Baseline data for clients added during extension period collected as added to program	CIRIS							X		
2.3	Follow-Up Indicator Data Collected for All Clients											Data collected on ongoing basis (for extension period, annual data collected Dec 2009/Jan 2010 and Aug/Sep 2010)	CIRIS							X		
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.	CIRIS				Available online. Continuously updated. Available reports expanded.				X	
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	CIRIS				data random validation conducted on 10/09 for NGO beneficiary baseline 2008.				X	
3	Marketing Component Activities																					
3.1	Market surveys of potential and existing high-value and value-added products for MSMEs	22		1		1	1			3	25	Surveys completed and distributed	Copies of surveys on Intranet site	23	2		Initial period target of 20 exceeded by 2. 3 more to be done in extension period (performance fee of \$1,000 each)					X
3.5	Export market producer/buyer linkage service	390	5	5	5	5	5	5	5	35	425	New producer/buyer business deals for exports of high potential agricultural and non-agricultural products established (Extension targets lower due to increased number of small farmers.)	Deal log + validation	418	7		See export market linkage log - PMP Intranet			X		
3.6	Local market producer/buyer linkage service	460	25	25	25	25	25	25	25	175	635	New producer/buyer business deals for local sales of high potential agricultural and non-agricultural products established	Deal log + validation	604	31		Initial program target of 390 exceeded. See local market linkage log - PMP Intranet.			X		
3.7	Diversified buyer network program											Diversified buyer networks developed for main program crops and products (buyer lists for distribution to producers)	Regular project reporting				Ongoing. Production program buyer networks established with 25 high volume buyers.				X	

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

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					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	20								0	20	Production manuals completed (updated as needed during extension period)	Copies of manuals	20	-	Manuals completed and updated as needed. Target completed in 07/08. Updates as needed.				X	
4.2	Production of technical bulletins and other technical materials (includes 4.1 outputs)	95								0	95	Manuals and training materials produced (updated as needed during extension period)	Copies of materials produced	95	-	Initial target of 68 exceeded. See Intranet site for list and copies.				X	
4.3	On-Farm Extension Program	43138	1000	2000	2000	2000	2000	2000	2000	13000	56138	On-farm extension and training visits made by program agronomists	CIRIS TA reports + validation	54,310	1,828	Entire performance fee paid under previous PMP targets; targets increased in modification dated May 2006 with no additional performance fees payable. Initial target of 20,900 exceeded 4/07.		X			
4.4.2	Farmer EUREPGAP, GAP, organic and other certification manuals and other training materials produced	18								0	18	Manual, bulletins and other materials produced (updated as needed during extension period)	Copies of materials produced	19	(1)	See Intranet site for list and copies. Initial target of 10 exceeded.				X	
4.5	Farmer field days & other training programs	714	20	30	30	30	30	30	20	190	904	Farm field days held by program agronomists	CIRIS training logs	1,069	(165)	Field days plus other training events. Initial target of 132 exceeded.		X			
4.6	Production Training Programs	35422	1000	3000	3000	3000	3000	3000	2000	18000	53422	Production - Persons-subject / trained	CIRIS training reports	52,560	862	Initial target of 15,000 exceeded.		X			
4.7	Postharvest manuals and training materials	20								0	20	Postharvest manuals and training materials produced (updated as needed during extension period)	Copies of manuals / presentations	21	(1)	Initial target of 9 exceeded.				X	
4.8	Packhouse layout and design technical assistance	21	1	2	2	2	1	1	1	10	31	Packhouses assisted with designs and layouts	CIRIS client TA logs	28	3	Initial target of 12 exceeded.				X	
4.9	Postharvest training programs	3663	50	250	250	250	250	250	150	1450	5113	Receive training in postharvest practices and technologies	CIRIS training logs	4,623	490	Initial target of 1150 exceeded.		X			
4.10	Food processing, food safety manuals, and training materials	30								0	30	manuals and training materials produced (updated as needed during extension period)	Copies of manuals	30	-	Initial target of 17 exceeded.				X	
4.13	Processing training program (in-plant & workshops & seminars)	3975	50	250	250	250	250	250	150	1450	5425	Receive training in processing systems, plant hygiene, etc.	CIRIS training reports	4,633	792	Initial target of 2000 exceeded.					X

6.4. PMP Sections 5 & 6: Non-Agriculture MSME and Finance Components

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					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 (extension focus on key existing intermediaries for small farmers -- packers, suppliers, middlemen, brokers)	108	5	5	5	5	5	5	2	32	140	MSMEs have improved operational efficiencies measured by increased productivity, reduced costs, or increased profits; written business recommendations provided	CIRIS	192	(52)	On-going. Initial target of 100 exceeded.			X		
5.3	Off-Farm MSMEs (Downstream & Upstream Linkages to Farmers) -- Marketing Linkages to Farm Buyers											increased client sales; increased linkages	CIRIS			Cancelled 03/06; contract modified May 2006. However, services provided as part of other activities.				X	
6 Financing Component Activities																					
6.3	Matchmaking programs with rural MSMEs and financing institutions (special loan programs, assistance in loan application process, negotiations, etc.)	261	10	29	25	25	20	20	10	139	400	cumulative MSME clients access credit for production & processing technologies (performance fee for extension period: \$2500 at levels of 50, 100, and 139)	CIRIS + validation	331	69	Initial target of 250 met on June 30, 2008. Lps. 86.2 million through 11/09					X

6.5. PMP Section 7: Other Activities

Activity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					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)	26	2	2	2	2	2	2	2	14	40	Presentations made to counterparts and at training/industry forums to promote replication of successful program experiences	Presentations; regular project reporting	39	1	See presentations on Intranet site.		X		
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	Regular project reporting			On-going			X	
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	Reports			PERSUAP approved with RUPs eliminated as of 10/05. Sub-programs carried out internal environmental assessments. 3 visits from environmental officers to project sites (02/06, 12/06, 05/08)			X	
7.4	Increased hectares under drip irrigation	2726	50	150	150	150	150	150	100	900	3626	new hectares under drip irrigation	Ciris report IRR#7	3,473	154	Initial target of 1,250 ha exceeded. 2,100 hectares of Irrigation reported under IRR3 are excluded from the results.		X		
7.5	Increased hectares under new NRM/GAP techniques	4571	200	300	350	350	300	300	200	2000	6571	new hectares NRM/GAP techniques (Extension performance fee: \$5 per hectare)	Ciris GAP 2	6,024	547			X		
7.7	Women participate in production, processing, & postharvest training programs	8885	100	400	400	400	400	400	400	2500	11385	women participate in project production, postharvest, and processing training programs (\$2 per woman participant)	CIRIS training reports	12,633	(1,248)	Initial target of 3630 exceeded. Extension target of 11,385 exceeded on November 2009.		X		

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

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					Achieved to Date	Balance Remaining		DONE	Ahead	On	Behind	
			8	Global Development Alliance/Private Sector Partnerships																	
8.1.14	Alliance 14 Established & Implemented		1							1	1	Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	BOMOUSA	X				
8.1.15	Alliance 15 Established & Implemented			1						1	1	Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	MONSANTO AGRICOLA/SEMINIS	X				
8.1.16	Alliance 16 Established & Implemented			1						1	1	Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	INALMA / EAC 25 DE MARZO	X				
8.1.17	Alliance 17 Established & Implemented				1					1	1	Alliance agreement completed & alliance functioning	Copy of alliance agreement	1	-	CEMCO	X				
8.1.18	Alliance 18 Established & Implemented				1					1	1	Alliance agreement completed & alliance functioning	Copy of alliance agreement	0	1	Performance fee due on signed alliance agreement					X
8.2.4	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)				expected							Alliance partner contributions reach \$700,000 (expected 12/31/09)	CIRIS + alliance partner validation	\$ 769,618	\$ (69,618)			X			
8.2.5								expected				Alliance partner contributions reach \$1 million (expected 9/30/10)	CIRIS + alliance partner validation	\$ 769,618	\$ 230,382				X		

6.7. PMP Section 9: Client Results Targets

Act-ivity #	Activity	Actuals Through Dec 2008	2009				2010			Total 2009-2010	Total 2005-2010	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Comments	Summary Schedule Status			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3					Achieved to Date	Balance Remaining		DONE	Ahead	On	Behind
						expected			expected											
9	Client Results Targets - Fee Triggers (CY2004 baseline unless otherwise stated)																			
9.1.4	Cumulative new client sales fee triggers (US\$, FOB exports, farm gate local market)				expected						US\$51.50 million in cumulative new sales (expected 12/31/09)	CIRIS + validation	\$ 52,108,823	\$ (608,823)		X				
9.1.5								expected			US\$58.50 million in cumulative new sales (expected 9/30/10)	CIRIS + validation	\$ 52,108,823	\$ 6,391,177				X		
9.2.4	Cumulative new employment fee triggers (FTE positions)				expected					5541	cumulative FTE positions created (expected 12/31/09)	CIRIS + validation	5,850	(309)		X				
9.2.5								expected		6541	cumulative FTE positions created (expected 9/30/10)	CIRIS + validation	5,850	691				X		
9.3.4	Cumulative # MSME clients increasing annual income by a minimum of 40% (# MSMEs)				expected					1868	cumulative MSMEs have increased annual income by at least 40 percent (expected 12/31/09)	CIRIS + validation	2132	(264)		X				
9.3.5								expected		2500	cumulative MSMEs have increased annual income by at least 40 percent (expected 9/30/10)	CIRIS + validation	2132	368				X		
9.4.4	Cumulative new client investments & counterpart/GDA contributions fee triggers (US\$)				expected						US\$22.3 million in cumulative new investments/ contributions (expected 12/31/09)	CIRIS + validation	\$ 24,393,651	\$ (2,093,651)	Target met on September 30th, 2009. Three months ahead of schedule.	X				
9.4.5								expected			US\$25.0 million in cumulative new investments/ contributions (expected 9/30/10)	CIRIS + validation	\$ 24,393,651	\$ 606,349				X		

7. PLANNED ACTIVITIES FOR NEXT REPORTING PERIOD

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

Production

- Continue with the provision of technical assistance to lead clients.
- Assist in the shipment of the second container of sweet potatoes to Canada from El Paraíso. In addition, the buyer has requested the shipment of other products, such as yuca, plantain, and malanga to broaden the range of products for that market. USAID-RED will assist in the preparation of these samples.
- Continue with support to a melon exporter in southern Honduras for the GlobalGAP certification of their operations.
- Design immediate solutions in anticipation of the severe virus problems encountered in tomato and pepper plantations. A number of production practices will be reinforced and the good results that have been achieved will be demonstrated during field days.
- Continue supporting growers with access to the local, national, regional and international markets, with complementary support from the marketing department.
- Continue promoting the installation of new drip systems in different regions of the country.
- Continue implementing Technology Funds required for the remainder of the project.
- Continue promoting numerous crops, such as plantain, pineapple, watermelon, peppers, tomato, lettuce, carrots, broccoli, cauliflower and yuca, in different areas of the country.
- Support M&E on baseline data collection.

Processing and Food Safety

- Revise the current lead client base to determine those that will be graduated. Incorporate at least 10 new off-farm clients.
- Develop a strategy for the growth of assisted agribusinesses tying in both technical assistance and marketing support, including access to new markets with products like “horchata” and processed peppers, among others.
- Improve the profitability of a plantain processing plant and search for new processing alternatives.
- Certify two facilities to open new markets in the USA and in Europe.
- Continue with the implementation of plant specific programs including quality manuals, GMP, GAP and HACCP programs. In addition, technical assistance and training will be delivered for their implementation.

Postharvest

- Provide training in handling, washing, and grading to growers and workers of FUNDER collection centers.
- Train growers producing sweet corn for supermarkets in the process of cutting and packing their product in film wrapped trays.
- Improve harvest practices for farmers.
- Train farmers in grading and selection criteria for different markets of plantain, peppers, tomatoes, carrots, onions, Asian vegetables and potatoes.
- Implement improved handling practices in supermarkets.

- Improve washing and disinfection stations for vegetables in collection centers in order to comply with supermarket requirements.

Subsistence and Small Commercial Farmer Activities (Alliances with NGOs)

- Deliver quarterly report to management of different NGOs.
- Analyze the results for 2009 with each NGO manager to determine a work plan for 2010.
- Establish at least 50 new demonstration lots.
- Establish small drip irrigation systems in over 200 grower farms.
- Finalize the distribution of the donations for NGO participating growers.
- Continue with the execution of local and national field days to present technology implementation to the different NGOs.
- Continue with the delivery of technical assistance and training to project clients.

Institutional Alliances

- An assessment on the technical assistance programs, commercial scale farmers and the food security/NGO/subsistence grower activities will be conducted. The STTA consists of field visits to clients with USAID-RED and NGO technicians and determine achievements so far and improvement areas. A final report with conclusions and recommendations will be delivered.
- The food security/NGO/subsistence grower program is a relatively new approach that can be strengthened and represents a considerable opportunity for future business prospect as well as NGO sustainability.
- USAID-RED will continue supporting FUNDER with the establishment of their own M&E unit and will cost share the addition of one junior technician to the potato production activity in Intibucá.

Private Sector Alliances

- There have been meetings on an upcoming GDA for the next period; AMANCO/MEXICHEM is the industry leader in Latin America on PVC pipe and drip irrigations systems. Together with USAID-RED a mechanism will be developed which will enable easier access to drip irrigation systems that will mainly benefit micro and small producers.
- Regular meetings will be held with all of the companies that have an active alliance with USAID-RED. These mechanisms will continue in execution during the upcoming quarter.

Marketing

- Reorganize the marketing department to include both USAID-RED and MCA-EDA growers to improve coordination and supply to all local and international buyers.
- Present the Fintrac marketing team to all USAID-RED staff and establish direct communication links between technicians and marketing specialists.
- Continue establishing market links and marketing networks between growers and buyers.
- Continue training producers and stimulating the development of collection centers in different communities.
- Continue delivering technical assistance in marketing and sales areas to agribusinesses in order to increase sales for 2010.
- Establish new contacts with buyers in the region for assisted growers and off-farm businesses. Bring new business opportunities to the project.

8. PROJECT EXPENDITURE

ANNEX I: USAID-RED MONTHLY UPDATES

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



Monthly Update – October 2009

Rural Economic Diversification Program

PROJECT BACKGROUND

The Rural Economic Diversification Program (USAID-RED), which started August 2005, is a five-year initiative funded by the United States Agency for International Development (USAID) whose main objective is to increase incomes and employment opportunities in the rural communities of Honduras. USAID-RED focuses on increasing the competitiveness of Micro, Small and Medium-Size Enterprises (MSMEs) in Honduras, expanding their local sales, exports and investments and promoting an increase in the production and investments of increased value and value-added products.

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AGRICULTURAL PRODUCTION

Technical Assistance: In October, USAID-RED technicians carried out 763 technical assistance visits.

Plantings: USAID-RED clients planted 94.7 hectares this month, including 37.1 of plantain, 2.4 of jalapeño pepper, 12.0 of tomato, 4.8 of sweet pepper, 16.1 of cassava, 4.2 of onion, 1.0 of papaya, 1.6 of cucumber and pickling cucumber, 2.0 of watermelon, 3.3 of classic eggplant, 6.6 of beans, and 3.8 of corn, among others.

Irrigation: This month, 38.7 hectares were installed with drip irrigation in Francisco Morazán (6.5), Comayagua (6.6), Yoro (10.4), Colón (5.0), Copán (5.4), Atlántida (2.1), and Cortés (2.7). In addition 3.5 hectares of micro-spersion irrigation were installed for plantain in El Negrito, Yoro.

Training: A total of 108 training events on production took place where 783 people were trained, 707 men and 76 women.

Investments: During the month of October, USAID-RED clients invested a total of \$396,037 mainly for the installation of drip irrigation systems, infrastructure for production such as a cable car for postharvest handling of



Photos by Fintrac Inc.

Cassava harvest, Omoa, Cortés

Select Crop Sales for Assisted Producers – October 2009

Products	Volumes	Sales
Plantain	1,233,000 lb.	\$176,700
Tomato	1.4 Million lb.	\$290,400
Jalapeño Pepper	818,600 lb.	\$167,300
Sweet Pepper	284,900 lb.	\$87,400
Cucumber	54,000 lb.	\$6,300
Cassava	125,800 lb.	\$14,600



Monthly Update – October 2009
Rural Economic Diversification Program

plantain, purchase of plantain seeds, fumigation equipment, and work vehicles.

Good Agricultural Practices (GAP's): The project continues promoting Good Agricultural Practices through technical assistance visits to clients. Some of the activities that have been emphasized include the management of planting programs, deep soil preparation with bed making to improve soil drainage, and control of weeds specific to the particular plot. Specifically for plantain, producers have received training in surgery and deleafing, since these practices considerably reduce the quantity of black sigatoka inoculum; continued the installation, expansion and maintenance of drip irrigation systems; design of drainages, use of fertilization programs and chemical applications to control pests and diseases, followed up on harvest and postharvest practices. For virus control and prevention, thermal fabrics and reflective plastic mulch are being used on beds, as well as the planting of live barriers,

specifically in the zones of Orica and Guaimaca where the program just hired a technician to address the loss of solanaceous crops due to pressure from virosis. The practices have been emphasized by field visits to Monte Redondo where producers can observe their correct use and the results obtained. The collection of soil and vegetative tissue samples for laboratory analysis are being recommended to aid in the correct identification of diseases and nutritional deficiencies. Continued trainings on the use of ink and fluorescent lamps to monitor fumigation coverage. Several trainings have taken place with technical personnel from Cemcol, taking advantage of the commercial alliance that USAID-RED has with providers from the private sector.

ADDED VALUE

Training: Two training events took place for companies that process fresh and frozen fruit such as mango, coconut, plantain and banana chips. The themes included Good Manufacturing Practices and handling of food products.

Investments: Total investments this month amounted to \$205,482 in processing equipment and infrastructure, and vehicles for processed product sales. Various initiatives are being pushed including pre-cut vegetable projects in Tegucigalpa. In addition, USAID-RED set aside funds for co-investments with clients from this sector to purchase equipment that will improve and optimize their businesses, which will in turn drive client investments.

Assistance continues for 34 clients to help increase their sales by \$2 million in 2009. Selected activities include:

Pickled products (La Ceiba): Designed the processing flow for pickled cabbage.

Plantain and cassava processor (Choloma): Continued preparing the plant to obtain an international quality certification through quality assessment activities, GMPs or production prerequisite programs and HACCP. New



Marking for planting, FM



Jalapeño pepper sampling, El Paraíso



Pest sampling, Cortés



plantain and cassava products were developed using sub-products such as the tips of plantains and cassava and products rejected due to harvesting practices. Began exporting peeled, destirung and frozen cassava. Found a new process for cassava grinding that will improve efficiency and food safety.

Pre-cut vegetables (Comayagua): New areas were outfitted for product processing and investment opportunities were identified to improve the process. Identified processing opportunities such as the development of pickling products for other processors in order to make the most of the facilities and the client's experience.

Supermarkets – northern zone: The implementation of basic practices in the management of fresh products has reduced the number of losses; the practices being implemented include temperature and relative humidity management and compatibility of products on shelves.

Juice concentrates (Cortés): Began operating a new processing line to develop tea for the institutional market. Redistribution of areas in the plant to improve the efficiency of beverage processing.

PROGRAM WITH INSTITUTIONS

In October 116 trainings and 517 technical assistance visits were held. NGO's and their beneficiaries reported investments of \$1,846. USAID-RED consultants continued implementing the IPM training plan for technicians and producers. Other specific events and activities were held for each organization, with the following summaries being the most relevant:

FUNDER: The third quarterly report on results was presented with the participation of all the technicians involved and upper management from both organizations. Went through a checklist of the activities promoted in the field in order to provide evidence that the transferred technology is being implemented. To date 46.4% of the basic practices have been implemented which represents a 12.9% increase in comparison to the previous quarter.

WORLD VISION: A total of 163 visits and 28 trainings took place with the participation of 196 men and 26 women. In addition continued reinforcing the implementation of basic practices and irrigation, including soil preparation, maintenance and operation of irrigation systems, identification of pests and diseases, fluorescent lamp practices, among others.

CARITAS: Continued reinforcing the use of basic practices with an emphasis on the use of seedlings in trays with local substrates. A total of 29 visits and 5 trainings took place with the participation of 20 people.

OCDIH: A workshop with theoretical and practical elements on the design of drip irrigation systems took place for their technicians. The workshop is part of their train the trainer plan. The technical components included planting in trays, fertigation with solubles, drench using insoluble fertilizers, and management and operation of drip irrigation systems.



Fried plantain tests, Atántida



Follow-up visits and plant audits, Cortés



Vegetable production line, Comayagua



A total of 24 visits and 12 trainings took place with the participation of 92 men and 13 women (105 people).

HERMANDAD DE HONDURAS: Visits took place to established crops such as broccoli, lettuce, potato, cauliflower, carrot, cilantro, radish, and cabbage and provided training on the establishment of greenhouses, soil preparation and bed making, establishment of small family plots and irrigation systems.

ODECO and CESAL: Work has focused on establishing demonstration plots to transmit implemented field technology. Followed-up on different highland crops and plantain in the zones being assisted by these NGO's.

FUNLESOL and PLAN DE HONDURAS: Technical training focused on the use of barriers, management of seedlings, soil preparation, bed making, IPM, crop management, and identification of pests and diseases.



Validation of base line information, Intibucá

AGROFORESTRY

- In October a total of 26.1 hectares were planted, 37 producers from Altiplano Intibucano planted 2.7 hectares of horticultural crops. Meanwhile, 21 producers from Litoral Atlántico planted 23.5 hectares of different crops and created 7.8 km of timber tree borders.
- A total of 44 training events were held on different topics that were relevant to crops grown by the partners in attendance. A total of 184 people were trained at these events.
- 361 technical assistance visits were carried out mainly on the establishment and agricultural management of the different agroforestry systems; designs, bed making, construction of nurseries, among others. In addition 15 new producers from Litoral Atlántico joined the program.
- Starting this month, the USAID-RED funded MIRA Project restarted all of its agroforestry activities. This project has 135 program producers that are being assisted by four technicians, and two agroforestry specialists and coordinators.



Activities with NGO producers, Lempira

MARKETING

- Participated in the establishment of a commercial relationship between a producer from El Paraíso and a Canadian importer of sweet potato. Part of the production will be sold to a local chips processor.
- 20 market links were established this month. One of the most important is the link between OCDIH and four different vegetable buyers.

GENERAL

- The USAID – RED, INALMA and Empresa Asociativa Campesina 25 de Marzo Alliance finished perforating a well, continued managing a nursery and began laying out the plots to transplant plantain. Finished the soil preparation as planned.



Monthly Update – October 2009
Rural Economic Diversification Program

- Established an alliance with CEMCOL Comercial, an STIHL equipment distributor. The program has assigned funds to help clients with the equipment purchases. The alliance includes several products that will help improve crop management efficiency including fumigators, weeders, hole diggers, and rotovators.
- This month a Honduran delegation participated at a specialized PMA fair coordinated by IICA. The companies that participated were Ahperambutan, Pyflor, Agroexportadora Dome, IAGSA, and Incadi. These companies promoted their export goods by establishing contacts with 37 potential clients. They have all launched websites and now have promotional materials in English.
- Established a fund to sponsor the participation of USAID-RED clients in a program, Agrocel, which provides price information through text messages to cell phones being provided by FUNDER.
- Signed an agreement with ODECO to formalize technical assistance to NGOs. Their technical teams have been trained in order to improve the quality of the technical assistance being provided to producers.
- USAID-RED's M&E team validated the information from field indicators as an internal quality control measure.
- Continued participating and sponsoring training events with SEAGRO, DICONFER, REMAGRO, MILAGRO, BAYER, COHORSIL, DUWEST, and AGROVAL.



Plantain harvest, El Paraíso



Postharvest handling of papaya, Comayagua



Honduras stand at PMA, California

Photo by IICA



Monthly Update – November 2009

Rural Economic Diversification Program

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AGRICULTURAL PRODUCTION

Technical Assistance: In November, USAID-RED technicians carried out 734 technical assistance visits.

Plantings: USAID-RED clients planted 289.6 hectares this month, including 37.9 of plantain, 30 of jalapeño pepper, 11.7 of tomato, 10 of sweet pepper, 4.9 of habanero pepper, 2.3 of malanga, 6.5 of cassava, 18.2 of cucumber for local and export markets, 60.7 of corn, 49 of watermelon, 1.8 of lettuce, 6 of Chinese melon for export and 44.3 of melon for export, among others.

Irrigation: This month, 108 hectares were installed with drip irrigation in Francisco Morazán (6.2), Comayagua (0.4), Yoro (11.7), Colón (5), Copán (24.2), Cortés (28.8), and El Paraíso (31.8).

Training: A total of 105 training events on production took place where 724 people were trained.

Investments: During the month of November, USAID-RED clients invested a total of \$578,570 mainly for the installation of drip irrigation systems, infrastructure for production, plantain seed purchases (including meristems), fumigation equipment, work vehicles, irrigation pumps, and land purchases.



Photos by Fintrac Inc.

Nursery assessment, Gracias, Lempira

Select Crop Sales for Assisted Producers – November 2009

Products	Volumes (lbs)	Sales (\$)
Plantain	686,100	107,000
Tomato	1,588,900	173,500
Jalapeño Pepper	637,600	121,100
Sweet Pepper	243,000	47,900
Cucumber	74,500	7,300
Cassava	13,600	1,600



Good Agricultural Practices (GAP's): The project continues promoting Good Agricultural Practices through technical assistance visits to clients. Continued installing, expanding and maintaining drip irrigation systems. In addition designed drainages, delivered fertilization and fumigation programs, and followed up on harvest and postharvest practices. Planted live barriers of sorghum to protect crops from the wind and control virus vectors. The installation of yellow sticky traps was recommended to monitor pests, surrounding areas were cleared and crop stubble eliminated. Several trainings took place with ink and fluorescent lamps to monitor fumigation coverage on crops.

Select Results:

- Transplanted a 2.3 hectare plot with malanga in the zone of Cuyamel, this is a new crop in the zone.
- Installed the first cable car system to harvest plantain in the La Lima sector for a 50 hectare farm.
- In the zones of Orica and Guaimaca, several producers have started using plastic mulch and thermal covers to protect crops such as pepper and tomato. These practices have substantially reduced agrochemical applications during the first stages of crops and it is expected they will also help reduce viruses when combined with other techniques recommended by the program.
- The first container of sweet potato was exported to Canada from El Paraíso.

ADDED VALUE

Investments: Total investments this month amounted to \$66,216 in processing equipment, distribution equipment and plant infrastructure.

Pre-cut vegetables (Tegucigalpa): Company began operations and packing samples were obtained to improve the shelf life of lettuce.

Plantain and cassava processor (Choloma): Continued preparing the plant to obtain international certification in quality systems, this includes working on quality programs, GMPs, production prerequisite programs, and HACCP. Auto inspections took place and action plans were developed to correct any problems found. In addition, the preventive maintenance program was strengthened. Continued improving the cooling systems for slices and began searching for opportunities to improve the yields obtained from raw materials.

Pre-cut vegetables (Comayagua): Began producing canned products for a different client that distributes it from their point of sale. Negotiated an agreement with an international buyer of processed pepper in small bags to be used for snacks.

Supermarkets (SPS): Changes were made to the way the product is exhibited, which improved the look of the shelves. Began spraying to improve the relative humidity and the appearance of the vegetables, and also to reduce product losses and improve the shelf life of vegetables.



Sweet potato harvest for export to Canada, El Paraíso



Introduction of thermal covers to protect crops in Orica, FM



Slicing malanga for chips, Choloma, Cortés



Pre-cut vegetables (SPS): Continued implementing GMPs, follow-up formats and processing controls to maintain the quality of the products consistent. In addition worked on the processing flow for cut onion and packing strategies.

Juice concentrates (SPS): Finished adapting the processing and packing areas for horchata, installed a machine that cans solids and improved ventilation in different areas around the plant.

Processed beans: Evaluated the plant to identify opportunities to improve the infrastructure and the installation of new equipment. Emphasized GMPs with the personnel.

Juices (SPS): Installed equipment to improve production capacity, food safety and quality of the beverages at the plant. Met with several potential suppliers of lemon juice.

GLOBALGAP: Prepared the farm and plant of an exporter in the south of the country for GLOBALGAP certification.

PROGRAM WITH INSTITUTIONS

In November 97 trainings were held with the participation of 263 women and 1,233 men. A total of 336 technical visits took place and organizations invested a total of \$104,997.

ALLIANCES WITH THE PRIVATE SECTOR: Continued assisting NGO beneficiary producers through the alliances between USAID-RED and companies such as SEMINIS, BOMOHA and CEMCOL. In addition continued assisting several companies that are sponsoring training events including SEAGRO, DICONFER, REMAGRO, MILAGRO, BAYER, COHORSIL, DUWEST, and AGROVAL.

Other specific events were held for each organization, with the following summaries being the most relevant:

FUNDER: Field days, educational visits and demonstrations took place in Intibucá; in addition visits and trainings took place for the different technical units on the following: plantlet production, soil preparation (beds and lay out), establishment of irrigation systems, integrated pest and disease management and crop management. A total of 88 visits and 34 trainings took place with 511 participants.

WORLD VISION: A total of 133 visits and 27 trainings took place with 376 participants. The topics covered included maintenance and operation of irrigation systems, design and calculation for pumps and irrigation systems, trainings in integrated pest and disease management, identification of pests and diseases, and fluorescent lamp practices. These topics were covered for pepper, broccoli, cucumber, cassava, potato, corn, onion, tomato, cabbage, plantain, carrot, lettuce, radish, green bean, cauliflower, and bean.

CARITAS: Their technicians in Comayagua were trained in integrated pest and disease management and postharvest. In addition, 10 trainings and 14 visits took place that covered the following crops: corn, tomato and pepper and



Washing and classification of potato, Marcala, La Paz



Plantain processing, Choloma, Cortés



Carrot field day with Funder producers, La Esperanza, Intibucá



included the use of fluorescent lamps at night, use of local substrates and crop management.

OCDIH: A total of 24 visits and 10 trainings took place with 68 participants, which covered corn, cabbage, green beans, red pepper, sweet corn, and potato. Provided assistance on the use of local substrates and planting in trays, fertigation with soluble fertilizers and drench using insoluble fertilizers, installation, management and operation of irrigation systems.

HERMANDAD DE HONDURAS: A total of 22 visits and 4 trainings took place that covered broccoli, lettuce, potato and carrot. The following topics were also covered: use of local substrates, planting in trays, greenhouse establishment, soil preparation and bed making, establishment of family plots, and irrigation systems.

ODECO: A total of 11 visits and 2 trainings took place with 72 participants that covered potatoes and carrots. The technical assistance provided focused on demonstration plots, greenhouse management, coverage tests and crop management.

FUNLESOL AND PLAN DE HONDURAS: Visits and trainings took place that covered bed making, crop management, integrated pest and disease management, plantlet management, and use of barriers for Tabasco pepper, carrot and cabbage.

AGROFORESTRY

- In November a total of 1.80 hectares of horticultural crops were planted by 17 producers from Altiplano Intibucano. Meanwhile, 18 producers from Litoral Atlántico planted 30 hectares of different crops and created 3.2 km of timber tree borders.
- A total of 66 training events were held on different topics that were relevant to crops grown by the partners in attendance. A total of 333 people were trained at these events. The topics covered included plot lay out with agroforestry systems, pruning of fruit trees and production systems for plantain, cassava and pineapple.
- 508 technical assistance visits were carried out mainly on baseline information, GPS coordinates, planning of field activities, lay out, establishment and management of agroforestry systems, bed making, nursery construction, preparation of soil for trays, transplants, pest control, irrigation, and nutrition.

MARKETING

- Continued assisting the 10 processors and 4 NGOs that are part of the program. Assistance includes organization and analysis of information for decision making, supervision of the sales routes of salesmen and co-distributors, assessment of sales and returns indicators, among others.



- 26 market links were established during the month of November including ODECO with supermarkets in Tegucigalpa, marketing network being established with an intermediary that works with supermarkets in San Pedro Sula and two NGO's, and a link being established with a Salvadoran buyer and potato producers in Intibucá for the La Tiendona Market.

GENERAL

- The USAID – RED, INALMA and Empresa Asociativa Campesina 25 de Marzo Alliance transplanted the first six hectares of plantain and began planting in the six hectare nursery. The first part of the agreement has been fulfilled with plantings on the first 12 hectares. Finalized the irrigation investment (well and distribution system).
- FHIA's study on potato funded by USAID-RED/FAO and the University of Arizona was finalized. Based on the results presented, more field samples will be taken during the rainy season including eight new disease agents and the geographical area where the diseases are present expanded. The results will be ready for submission in February 2010.
- A fund was established for the purchase of tools for a packing plant of fresh products for export in El Paraíso. This will help improve the conditions at the plant by introducing postharvest handling and packing for the operation. In addition neighboring producers will become providers thus creating a production alternative and generating new job sources in the zone.
- A field visit took place with USAID – Honduras personnel to the zone in Francisco Morazán to observe the technical assistance being provided to a commercial scale producer as well as coordination, management and training assistance being provided with NGO's.



Transport of tomato to markets in Choluteca, Río Hondo, FM.



Well and water pump testing, EAC 25 de Marzo, Choloma, Cortés



Field visit with USAID personnel to producer assisted by USAID-RED/ FUNDER. Azacualpa, FM



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Monthly Update – December 2009

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AGRICULTURAL PRODUCTION

Technical Assistance: In December, the technicians of USAID-RED carried out 379 technical assistance visits.

Plantings: The clients assisted planted 109.5 hectares of crops this month, including 34.8 of plantain, 6.5 of jalapeño, 10.5 of tomato, 0.5 of sweet pepper, 0.7 of malanga, 2.3 of cassava, 3.5 of onion, 18.9 of corn, 1.6 of watermelon, 1.5 of lettuce, 26.2 of melon for export, 1.5 of squash and 1 of bitter melon.

Irrigation: A total of 21.1 new hectares of drip irrigation were installed and distributed in the following way: 3 in Yoro, 14.4 in Copán, 2 in Cortes and 1.7 in Paraíso.

Training: In the area of production, 36 training events were carried out in which 186 people were training.

Investments: This month USAID-RED clients invested a total of \$398,225, destined for the installation of drip irrigation systems, production infrastructure, plantain seed purchases, fumigation equipment, work vehicle purchases, purchases of irrigation pumps and land.

Good Agricultural Practices (GAP's): The Program continues promoting good agricultural practices. The installation, expansion and maintenance of drip irrigation systems are ongoing. Trainings have been held on the



Photo by Fintrac, Inc.

Planting training for producers of Funder, Intibucá

INVESTMENTS

In December, the clients of USAID-RED reported \$738,936 of investments in different areas:

Investments	US\$	%
Improvements to farms and inputs	80,304	11
Machinery and equipment for farms	62,429	8
Infrastructure and irrigation equipment	209,809	28
Infrastructure and equipment for processing	52,917	7
Property purchases	66,043	9
Vehicles, other equipment for transport	189,442	26
Others	77,992	11
Total	738,936	100



calibration of water pressure to achieve optimal operation of the irrigation system. Strong emphasis has been placed on planting live barriers of sorghum to protect the crops from wind and for virus control. Yellow sticky traps are being heavily promoted to monitor the movement of the plant pests. Emphasis is being placed on cleaning the surrounding areas and the elimination of stubble. Various trainings have been held on the use of ink and fluorescent lamps to monitor fumigation coverage within the crop.

ADDED VALUE

Investments: In December, a total of \$156,117 in investments were made by businesses with value added operations. Investments were primarily made in processing and postharvest equipment and in the construction of a peeled plantain processing plant in Saba.

Plantain Processor (Atlántida): A GAP presentation was given to introduce the prerequisite programs to the plant.

Bean processing (Tegucigalpa): A trial was carried out for cooking beans with a pressure cooker in order to evaluate costs and to compare with the current process.

Cut potatoes (Tegucigalpa): A workshop was carried out on the preservation of pre-cut potato using citric acid and sodium bisulfate. Help was provided to support the sales in a franchise restaurant which resulted in the beginning of requests.

Processor of plantain and malanga (Choloma): Test runs were carried out with an industrial washer for washing malanga to determine duration and number of rinses.

Processor of plantain and cassava (Choloma): Preparation of the plant was continued to prepare it for international certification in quality support systems, implying the continuation of work quality, GMPs and HACCP. Work was carried out in the search for efficiency and in the reduction of waste during the use of raw materials. A strategic plan was designed and comparisons were made between what was proposed and what has been accomplished. Key indicators and a strategic plan have been defined to address the variables representing the most impact on business results. A general savings plan has been started. For January, it is expected that there will be approximately one million Lempira's in savings, between reducing waste and improvements in efficiency.

Pre-cut vegetables (Comayagua): Cost estimates have been done for new products to investigate marketing options with potential client institutions.

Supermarkets (SPS and El Progreso): Improvements continue to be seen in the exhibition and quality of vegetables; vegetable losses continue to be reduced. Improvements have begun for the relative humidity of storage rooms and shelves.

Pre-cut vegetables (SPS): Follow-up assistance is being given for GMPs and the implementation of the procedural plan and the quality control process. Measurements of



Use of tensiometer in a pepper farm, Copán Ruinas, Copán



Measurement of the pressure of an irrigation system using a hand meter, Santa Rita, Yoro



Training in Good Manufacturing Practices, exporter of processed plantain, Atlántida



efficiency have been made for chopped onion, lettuce and processed jalapeño.

Supermarkets Comayagua & Siguatepeque: Supply continues for the vegetables grown by producers assisted by USAID-RED. Follow-up assistance is being given for the quality of vegetables in the small market stores.

Juices (SPS): Support is being given in the installation of conduction tubing and improvement of the drink filling stage to improve the plant production capacity, the sanitation, and the quality of the drinks.

Washed potato: Work has been done in defining an improvement plan for the washing process in a distribution center, and improvement of the plant's washing capacity.

Other clients: Technical assistance continues to be provided to the farm and plant in preparation of GlobalGap export certification in the Southern region of the country.

PROGRAM WITH INSTITUTIONS

A total of 152 trainings have been carried out for producers and technicians of the NGOs, wherein 910 people have participated. Staff in this area have carried out 306 technical assistance visits and reported 48 investments totaling \$90,013, this month, where 88.7 percent has been direct investment by the producer. During December, a representative of MAAC of USAID/Honduras visited projects of various NGO's of the western region including World Vision, FUNLESOL, OCDIH Lempira, ODECO and Brotherhood of Honduras. Some of the specific activities carried out by each NGO are as follows:

FUNDER: A two-day intensive training on carrot cultivation was carried out in La Esperanza, Intibucá and one field day on the production of plantlets was carried out in Jutiapa, Fco. Morazán. Visits and trainings were also carried out in the different technical areas for work related to: plantlet production, soil preparation (beds and layout), establishing irrigation systems, IPM, and crop management. A total of 91 visits and 59 trainings were carried out in which 417 people participated. The investments this month totaled \$31,358, of which \$29,881 were direct investments made by the producers.

WORLD VISION: Tours of exchange and trainings and visits were carried out and oriented toward: design, maintenance and operation of irrigation systems; design and calculations for pumps and irrigation systems; IPM trainings; and identification of pests and diseases, among others. A total of 101 visits were carried out, consisting of 47 trainings with the participation of 187 people. The investments of the producers totaled \$13,500.

CARITAS: Follow-up assistance was provided for various crops in activities related to good practices; five visits were carried out and \$8,702 in investments reported.

OCDIH: Formal trainings and technical assistance visits were carried out in areas such as: management of agrochemicals in sweet corn; installation, management and



Monitoring a potato field, FUNDER Guinope, El Paraíso



Pepper crop producer of FUNLESOL, San Marcos de Caiquín, Lempira



Field day with producers of Funder, Jutiapa, FM



operation of irrigation systems; and use of application equipment. A total of visits and trainings were carried out with participation of 152 people. A total of \$31,746 in investments were carried out by the beneficiaries.

BROTHERHOOD OF HONDURAS: Visits and trainings have been carried out for the preparation of soil, use of local substrates and planting in seed trays, greenhouse establishment, family garden establishment, and irrigation system establishment. A total of 30 visits and six trainings were carried out for a total of 78 people.

ODECO: Work was carried out in the establishment of demonstration plots, establishment of drip irrigation systems, management of greenhouses, coverage sampling and management of crops. Fifteen visits were carried out.

FUNLESOL: 22 visits and four trainings were carried out for 55 people. Technical assistance was given for the management of plantlets and crops.

Other NGO's: Visits and trainings were carried out for other NGO's such as Plan de Honduras and CESAL. A total of \$4,707 in investments was made by producers.

MARKETING

- Support was given to seven agroindustrial businesses and four NGOs, establishing actions for marketing support, such as the organization and analysis of information for decision making and how to apply systems of supervision in the routes of sellers and co-distributors, reinforcing the revision of indicators, sales and returns.
- A tour throughout El Salvador was carried out to visit processors, distributors of finished products, municipal markets and exporters of nostalgic products for the Salvadoran diaspora in the USA. A total of 26 contacts were made with different businesses and a database was created for products, volumes and opportunities.
- Nine market links were made this month; of note were: an NGO in the Western region with a chain of supermarkets in San Pedro Sula; sales of apple, pear and tomatoes to a buyer from El Salvador, who was contacted while in El Salvador; and last, the processor of cassava from the Lago de Yojoa with a chain of supermarkets in the Northern region.
- An initial visit was made to a supermarket in San Pedro Sula to introduce program producers as vegetable suppliers.
- The Fintrac marketing units of USAID-RED and MCA-EDA have been combined to improve the coordination of marketing activities.

AGROFORESTRY

- This month 60 clients established 61.32 hectares and 15,200 linear meters with different crops and took part in 43 training activities (144 participants).
- Coordination efforts continued with APRHOFI regarding the marketing of vegetables under planting



Seedling nursery of a women's group from San Juan, Ocotepeque, Hermandad de Honduras



Greenhouse production, producer of Funder, Azacualpa, FM



Inspecting an irrigation system, World Vision, Protección, Copán



plans. Ongoing communications with ECARAI/FUNDER in search of other alternatives for the marketing of vegetables programmed with client producers.

- A total of 344 field visits were carried out to complete the base line surveys, to plan field activities, to establish and design agroforestry systems and to follow-up on agricultural management.

GENERAL

- Through the partnership with the private sector, between INALMA and the Empresa Asociativa Campesina 25 de Marzo (EAC), the planting of 12 hectares of plantain were carried out. Follow-up assistance was provided in the area of agricultural management.
- The first shipment of sweet potato was completed by a packer of fresh product for export, cofinanced privately with an independent sweet potato producer from El Paraíso.
- An initial visit was made to a supplier of irrigation equipment and inputs with an aim to establish a partnership to support the productive sector of Honduras. It is hoped that this incentivizes rural investment and modernizes the agriculture in the area where the partner NGOs are located.
- Requests have been submitted for two co-investment funds for clients. One is for co-financing drip irrigation for establishing demonstration plots in NGO partner areas. The second is for establishing macro-tunnels with an aim to demonstrate the production technology in controlled areas.
- Visits were made to Lempira, Ocotepeque, Copán and Cortés with a USAID representative, visiting as many producers of commercial scale as implementing partners of NGOs. The impressions were very positive for the USAID representative, who emphasized the impact in the field due to the work and the effort of the team.
- For the year's close, a general meeting was held by the USAID-RED team whereby specific improvement opportunities were identified for implementing in 2010.



New planting of a plantain farm, Olanchito, Yoro



Tour with personnel of USAID. Tabasco pepper farm, World Vision, Gracias, Lempira

ANNEX II: SELECTED CIRIS M&E REPORTS (DECEMBER 2009)**Table 5. All Client Status Summary**

Category	Type
Lead Clients - Active	491
Lead Clients Beneficiary	8
Lead Clients - Inactive	383
Sporadic Clients	655
Graduated Client EDA – Transferred RED	167
Graduated Clients	258
Loans Program	62
Counterpart Organizations	71
Transferred	75
TOTAL	2,170

Table 6. Lead Client Business Type Summary

Area	Type
Agricultural Technical Schools/University	5
Association/Group/Cooperative	7
BDS Provider/Providers	17
Buyer/Exporter	3
Cattle Producer	15
Distribution/Sales	8
Input Stores	1
Institution/Government	6
Microprocessor	5
NGO	39
Pack houses	2
Processor	17
Producer	401
Supermarket	5
Others	8
Clients reporting at least 1 business type: 456 from 491 (93%)	

Table 7. Lead Client Beneficiaries

Category	Clients Reporting	Men	Women	Total
Neighboring Producers	275	923	232	1,155
Input Suppliers	9	122	6	128
Group Members	5	48	13	61
NGO Clients	32	2,321	20	2,341
Out-grower Programs	3	95	25	120
BDS Receivers	3	21	0	21
Students	1	350	0	350
TOTAL		3,880	296	4,176

Note: 334 lead clients reporting at least 1 beneficiary type (from 491 total)

Table 8. Summary Technical Assistance Report (10/09 – 12/09)

Area	TA Visits
Agroforestry	979
Alliances/BDS	6
Logistics / Coordination	51
Information/Other	1
Marketing	57
Monitoring	37
Postharvest	65
Processing	158
Production	3,454
Project	3
TOTAL	4,811

Table 9. Training Report by Activity Area (10/09 – 12/09)

Area	Men	Women	Total	# Events
Information Technology	7	0	7	2
Food Safety	21	4	25	2
Market Information	112	28	140	6
Postharvest	112	26	138	11
Processing	26	37	63	5
Production	4,992	806	5,798	731
TOTAL	5,270	901	6,171	757

Table 10. Investment Report by Activity Area (10/09 – 12/09)

Area	Client	Project	Other	Total	%
Agroforestry	\$69,166	\$38,713	\$0	\$107,879	5.0
Logistics / Coordination	\$8,147	\$1,747	\$0	\$9,895	0.5
Marketing	\$10,526	\$0	\$0	\$10,526	0.5
Postharvest	\$274,945	\$0	\$0	\$274,945	12.8
Processing	\$319,365	\$0	\$0	\$319,365	14.8
Production	\$1,331,870	\$38,351	\$46,496	\$1,416,716	65.7
Project	\$15,789	\$0	\$0	\$15,789	0.7
TOTAL	\$2,029,808	\$78,811	\$46,496	\$2,155,115	100

Note: 508 individual investment entries reported during the quarter.

Table 11. Area Transplanted by Crop (10/09 – 12/09)

Product	# of Clients	Area Planted
Bordering Timber	47	41.0
Corn/Maize (Rotation)	37	209.7
Cucumber	14	22.9
Jalapeño Pepper	18	41.5
Lettuce	9	5.3
Melon & Others	10	148.3
Onion	10	13.6
Oriental Vegetables	9	12.5
Passion Fruit	6	2.1
Pepper Sweet & Others	31	39.1
Plantain (Local & Export)	83	157.7
Potato & Sweet Potato	13	4.0
Rambutan	63	39.0
Rice	2	5.8
Tomato (table & Processing)	39	65.8
Watermelon	14	57.4
Yuca	62	60.3
Other Crops	81	28.8
TOTAL	443*	954.8

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