

PROJECT IMPLEMENTATION

USAID-RED is being implemented by a consortium of private-sector firms and organizations committed to expanding rural incomes and employment opportunities through market-led, commercially focused activities. The project is led by Fintrac Inc., a US-based agribusiness consulting firm. Other key implementing partners include Fundacion Hondureña de Investigación Agrícola (FHIA), and more than 20 other Honduran private sector alliance partners.



CONTACT INFORMATION

For more information about USAID-RED, including details for prospective clients applying for program assistance and for prospective alliance partners on joint activities, contact:

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USAID/Honduras

USAID-Rural Economic Diversification Program (RED)



**“Increasing Rural Incomes
and Employment”**

USAID-RED

The Rural Economic Diversification Program (USAID-RED) is a 3½-year initiative of the United States Agency for International Development (USAID) with a primary goal of increasing incomes and employment opportunities in rural Honduran communities. USAID-RED focuses on increasing the competitiveness of Honduran micro, small and medium-size rural enterprises (MSMEs), expanding local and export market sales for MSMEs, and promoting increased private-sector production and investments in higher-value and value-added products.

The program is one of USAID/Honduras' primary mechanisms for helping rural businesses 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 program also helps clients meet increasingly stringent sanitary and phytosanitary (SPS) regulations to ensure competitive access to world markets.



“The technical assistance provided by the project has been very valuable. It has opened our eyes.”

— Marvin Ríos, Choluteca farmer



AGRIBUSINESS – RURAL “ENGINE OF GROWTH”

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

Agribusiness subsectors targeted include:

- Fresh horticulture (a wide-range of temperate and tropical fruits and vegetables)
- Floraculture products
- Processed horticultural products (frozen, canned, dehydrated, fresh cut, ready-to-eat, in brine and microprocessor products)
- Processed dairy products
- Agricultural products best suited for smallholder production (hard woods, “fast” woods, fruit trees and spices)

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

- Marketing
- Research and Product Development
- Production
- Postharvest Handling
- Processing
- Food Safety and Sanitary/Phytosanitary Systems (SPS)

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

NON-AGRICULTURAL PILOT AND ALLIANCE PROGRAMS

Through partnerships with Honduran counterpart organizations and program-funded pilot projects, USAID-RED provides support to other rural business activities, including business development services (BDS), wood products, light manufacturing, small-scale rural electrification, tourism and other enterprises with forward and backward linkages to farmers. USAID-RED works with Honduran-based organizations, both non-profits and for profits, to implement pilot and alliance programs in these and other rural business sectors. Our pilot and alliance programs are designed to have maximum impact on rural MSME sales, incomes, and employment; are environmentally friendly; and include women, smallholders, ethnic minorities and other marginalized groups.

OTHER PROGRAM SERVICES

Through its Business Development Services (BDS) component, USAID-RED works to strengthen domestic capacity of local private sector organizations including input suppliers, processors, exporters, transportation providers, and educational institutions to increase the quality and quantity of their technical services to rural entrepreneurs. Commercial suppliers interested in expanding sales of goods and services to rural businesses are encouraged to apply to become formal BDS partners. Through its MSME Finance component, USAID-RED provides services to financial institutions interested in expanding lending and other financial services to the largely untapped rural market. Technical assistance and training services for microfinance institutions (including commercial banks offering or interested in offering financial products to rural MSMEs) includes product costing, product development, product testing and other institutional strengthening activities. The MSME Finance component works with sector-specific components of the project to help clients access new and improved financial products.