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“Development on the margin”

Setting up Collective Banana Marketing in Central America: The Role of Social and Human Capital

CHRISTINA BANTLE¹, HILDEGARD GARMING², KATRIN ZANDER¹

¹Kassel University, Dept. of Agricultural and Food Marketing, Germany

²Biodiversity International, Costa Rica

Abstract

Collective marketing is often seen as the pre-condition for small-scale farmers to access profitable value chains or to increase their benefits from commercialisation. Market studies for bananas grown by smallholders in agroforestry systems with coffee in Central America show that options for upgrading value chains exist e.g. with supermarkets or in the domestic tourism sector. However, continuous harvest throughout the year and perishability of bananas constitute particular challenges for organising marketing. This study focuses on the relevance of farmer groups' endowment with human and social capital during their pre-start phase of marketing by analysing the situation of four farmer groups in Nicaragua and Honduras. Data was collected through qualitative interviews with farmers and representatives of local service providers using participatory research methods. Relevant factors for collective marketing were identified and the farmer groups' potentials and their need for external support was determined.

The analysed farmer groups differed in their resource endowments: One group already owned banana storage and packaging facilities, but low levels of trust impeded their use. In the group with the highest motivation, the existence of *Fusarium* Wilt disease posed a constraint. Two other groups had low endowments with social capital, but were advantaged through their natural resources. Results showed that for successful collective banana marketing, farmer groups' high motivation and trust, risk awareness and access to external support in organisation, plant management and marketing are important. Long-term support is very likely to be necessary.

Based on this analysis, collective marketing cannot be recommended as a generally superior strategy of improving income from commercialisation. For groups with high social capital, the further exploration of alternative markets, the development of specific marketing strategies and the identification of external support available are the first steps for strengthening the organisation and enabling a successful start-up. For groups with a lower endowment of social and human capital, upgrading through higher volumes, improving quality and gradually increasing coordination in marketing with comparatively low levels of formality is likely to be the most viable option in the short and medium term and could be a starting point for building a better resource base.

Keywords: Bananas, Central America, collective action, marketing, social capital