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Linking Small-Scale Farmers to High-Value Chains: A Case Study of Inclusive Business Models in the Costa Rican Pineapple Sector

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Abstract

Global agri-food markets are undergoing a rapid transformation towards stricter requirements of food safety and quality. Small-scale farmers in developing countries face multiple barriers to upgrade their production processes and to access high-value export chains. To link farmers to high-value chains, innovative business models are required that help to reduce transaction costs and improve coordination between producers and buyers. In this research, we compare four business models in the Costa Rican pineapple sector with respect to their level of trust, commitment and inclusiveness. To assess the level of trust and commitment, factor analysis is used. In the inclusiveness case, the criteria ownership, voice, risk, and reward are used. We distinguish between a producer-driven business model, two buyer-driven business models, and one intermediary-driven business model. The buyer-driven models differ from the others with respect to their length of relationships with farmers and with respect to the services offered to farmers. We find that the producer-driven business model is the most inclusive model and gives farmers the highest level of ownership, voice and reward. The buyer-driven model that is based on long-term relationships between buyers and farmers is the second most inclusive model. Here, farmers value the services offered by buyers as well as the punctuality in payments and the respect of the prices that were agreed previously. Unexpectedly, the intermediary-driven business model does not have a high level of inclusiveness and farmers in this model suffer from high delays in payment and differences between the agreed price and the price received.

Keywords: Commitment, high-value chains, inclusive business models, ownership, pineapple, reward, risk, trust, voice