



Tropentag, September 17-19, 2014, Prague, Czech Republic

“Bridging the gap between increasing knowledge and decreasing resources”

Inclusive Business Models in Peru for Sustainable Use of Agricultural Biodiversity and Income Generation

MATTHIAS JÄGER¹, KAREN AMAYA²

¹*International Center for Tropical Agriculture (CIAT), Colombia*

²*Bioversity International, Colombia*

Abstract

Agricultural biodiversity has been on a steady decline for the last century despite the potential of being a source of income especially in areas where conventional markets and value chains are underdeveloped. Peru is home to the highest diversity of cultivated chili peppers (*Capsicum*) in the world, but most of these native chilies are grown on small farms and have never been commercially used.

A BMZ funded project, coordinated by Bioversity International and implemented by public and private sector partners in Peru aimed to fill the knowledge gap by characterising useful and commercially interesting traits of chilies, mapping the value chain, identifying bottlenecks in all value chain links and developing relevant strategies to overcome these and to develop and take products to markets to meet emerging demand trends for new and unique flavours that provide new opportunities for smallholder farmers to generate higher income.

This paper shows the case of an inclusive and socially responsible business model successfully applied by project partner Agro Export Topará, an organic processing, exporting and fair trade certified Peruvian company, sourcing their unique raw material from smallholder farmer associations, also project partners. Twenty years ago, the company was stumped when clients asked about the distinctive attributes of the chili varieties they offered. This research is now providing the answers enabling the company to promote Peruvian native chilies in international markets.

Holistic approaches implemented by the project helped forge mutually beneficial institutional and commercial alliances between small farmer organisations, processing companies, retailers, service and input providers, research organisations, local governments and development organisations. As a result, new and traditional products using native chili diversity have been developed and are now sold in rural and urban markets. The *Capsicum* project is a pioneer effort in trying to link the different actors of the value chain of a native Andean species with great genetic variability and great potential for the development of agribusinesses, applicable to other country contexts. Partnerships and inclusive business models are key to tackle failures in markets in order to raise incomes, enhance livelihood resiliency, and prepare farmers to face future climate change challenges.

Keywords: Corporate social responsibility, high-value differentiation, inclusive business models, neglected genetic resources, value chain development

Contact Address: Matthias Jäger, International Center for Tropical Agriculture (CIAT), Cali, Colombia, e-mail: m.jager@cgiar.org