

Strengthening Ties with Indigenous Communities:

How Paradise Ingredients Builds Inclusive, Resilient, and Scalable Supply Chains

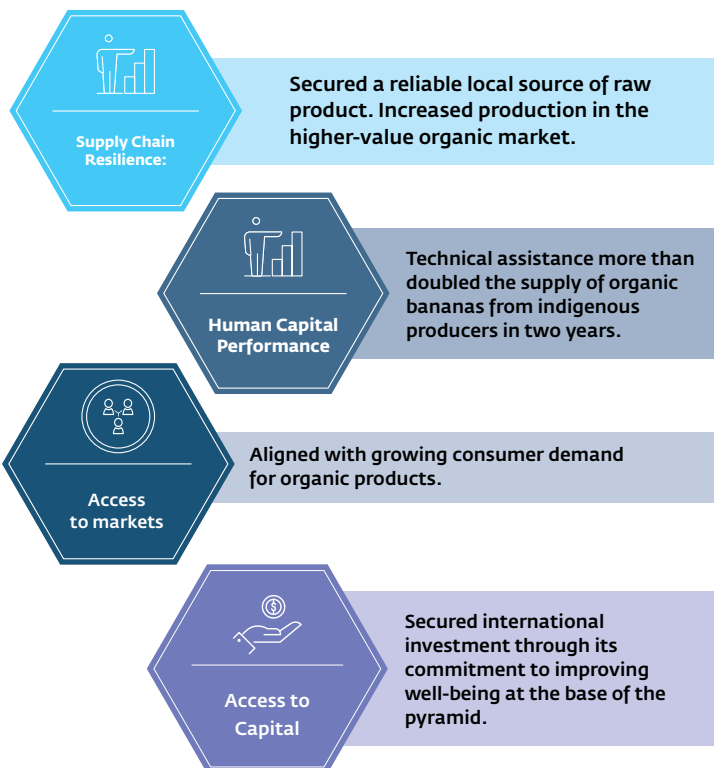
Paradise Ingredients is a leading banana puree processor based in Costa Rica.¹ It sources 90 percent of its organic banana supply from indigenous Bribri smallholder farmers in a remote region of the country. The company's use of inclusive employment practices helped Bribri smallholders to increase production volumes, lower market entry barriers, and improve their livelihoods, while enabling Paradise Ingredients to grow its offerings and brand.



The Challenge

Paradise Ingredients wanted to develop a new range of organic banana products, but conditions in most of the country required the use of fertilizers and chemical control of pests and diseases. In 2016, it began working with indigenous Bribri smallholder farmers in the remote Talamanca region in Costa Rica. The Bribri faced a wide range of barriers that have resulted in poverty rates of over 70 percent, and only produced a small harvest of organic bananas. Paradise Ingredients wanted to find ways to enable the Bribri to commercialize production, access new income-generating opportunities, and improve their well-being.

Benefits for Business



Inclusive Employment Solutions



Benefits for Workers

Many of the 170 indigenous producers participating in the Talamanca project have increased their banana production by 100 percent, with significant positive impacts on their incomes, living conditions, and investments in health and education.

¹ Paradise Ingredients: Building Resilience and Scalable Supply Chains in Indigenous Communities



Industry: Banana processing

Operations: 99% of the company's products are exported to major food and beverage manufacturers worldwide.

Base of the Pyramid Workforce: In 2021, the company employed 353 people, 42% of whom were women. Roughly 80% were in low-skilled production roles, such as banana peelers. It sources 90 percent of its organic banana supply from indigenous Bribri smallholder farmers who face discrimination, limited access to public services, market entry barriers, and land rights issues.



How Paradise Ingredients Puts Inclusive Employment Solutions into Practice

The company's Talamanca Project works with the local Ucanehu producers' association and its 170 self-employed Bribri farmers to increase their productivity. Paradise Ingredients provides financial management advice and technical assistance to improve production volumes, while respecting indigenous agricultural practices.



Participation: Reduce entry barriers

Since the project's inception, Paradise Ingredients has consistently purchased 100 percent of the community's crop, providing smallholder farmers with crucial market access. On average, the company sources 30,000 kilograms per week from the Ucanehu Association, and over the coming years, the company expects to continue purchasing all of association members' organic bananas.

Prior to the project, due to their remote location and limited commercial experience, most smallholders only grew crops for their own consumption, or they earned just a small amount from the sale of their bananas, cocoa, corn, cane, and wood. Improved market access has resulted in a substantial increase in their earnings.



Advancement: Build capacity for self-employment

Each month, Paradise Ingredients sends agricultural technicians to Talamanca to provide free crop management training and technical assistance for Ucanehu Association members. This technical assistance focuses on helping smallholders to increase their production by identifying and recuperating unplanted areas on their plots, increasing the total production area, and improving the productivity of existing plants.

Technicians introduced new productivity techniques and inputs, such the use of organic fertilizers with natural plant residues, which protect plants from disease and stimulates growth, thus reducing time between harvests.

The Talamanca Project respects the community's traditional growing practices, including cultivating bananas with no use of pesticides, minimal preparation of the soil or use of machinery, and respect for nearby forests. This alignment with traditional methods has been crucial for securing acceptance of the company's technical assistance. The project also helps farmers to manage risks associated with climate change. For instance, technical advisors have encouraged farmers to cultivate multiple crops in the same space to protect against pests and crop disease.

The indigenous producers who participated in the Talamanca Project saw significant increases in production. In the first year alone, banana yields increased by 70 to 80 percent, and many producers doubled their production. The corresponding increase in incomes has been transformative, allowing producers to invest in mobile phones, transport, and their children's higher-level education outside the community.

In 2022, the project entered a new phase using 'lead farmers'. This model provides more intensive technical assistance for two local leaders, so that they increase the productivity of their plots. They are then expected to inspire neighbouring farmers to learn from them, thereby further increasing productivity. This is expected to create a domino effect that spreads new knowledge and techniques to all the association's farmers.

Along with technical assistance for smallholders, Paradise Ingredients has helped the Ucanehu Association to improve its financial management. This included an analysis to identify options for reducing operating costs. Third-party crop transport was identified as a significant cost, and as a result, the association will be using advance payments from Paradise Ingredients to purchase its own trucks to transport members' bananas.

"With this small farm and the little things that I've done... I've been able to send my children away to study."

Farmer, Ucanehu Association



Resilience: Enhance job and income security

At the beginning of the harvest, Paradise Ingredients provides advance payments to the Ucanehu Association for 50 percent of members' projected production.¹¹ This allows the association to improve its financial planning and invest in much-needed equipment and transport.

In turn, the association pays its producers on a weekly basis, which gives producers important financial stability compared to waiting for the income from their harvest.

The Benefits for Business: Paradise Ingredients' Experience



Supply chain resilience

The Talamanca Project has provided a local sourcing solution for Paradise Ingredients to scale up its organic offerings. Sourcing within Costa Rica is a key aspect of the company's brand, demonstrating the company's support for local producers while lowering transport costs.

The project's climate-smart technical assistance provides investors with assurance that Paradise Ingredients has a resilient, local supply chain over the long term.

"The real benefit is that we know that year-on-year we will have more organic produce and we can scale up...the effort we put in this year, pays off next year."

Alfonso Vargas, Senior Agriculture Coordinator, Paradise Ingredients



Human capital performance

Since Bribri producers began receiving technical assistance, they have steadily increased their productivity, year-on-year. As a result, Paradise Ingredients is confident that it can continue to expand its organic product line.

In 2018, after only two years of providing technical assistance to the members of the Ucanehu Association, the company was able to purchase twice the volume of bananas that it had in 2016. In addition, owing to the high demand for its products, Paradise Ingredients estimates that it could buy at least 30 percent more of the community's bananas in 2022 than it did in 2021.



Access to markets

Growing demand for organic bananas provides higher-value opportunities for Paradise Ingredients, as well as for the Talamanca producers, because organic banana products tend to sell at a higher price than conventionally grown bananas. Having a larger, secure supply of organic bananas means Paradise Ingredients can plan the expansion of its business, secure new clients, and develop new organic products, such as juices.

According to company's management, the demand for organic banana products in the European Union alone is growing at 10 to 15 percent annually, providing significant future opportunities for Paradise Ingredients.



Access to capital

Supporting workers at the base of the pyramid in its supply chain has enabled Paradise Ingredients to attract international investment to finance business growth. The company's people-centred approach has enabled it to align closely with the goals and philosophy of its key investor, the Central American Small and Medium Enterprise Investment Fund (CASEIF), which seeks investments that achieve high social standards and ensure positive impact.

CASEIF was impressed by the company's policies and its technical, human, and operational capacity, as well as its potential to improve opportunities for farmers and their communities.ⁱⁱⁱ

Endnotes & Sources

ⁱ Paradise Ingredients was acquired in 2016 by CASEIF, an IFC client and private equity investor, which supports the growth of SMEs. IFC made a \$10 million equity investment in CASEIF in 2015. Through CASEIF, IFC encourages transparency and good corporate governance for the sustainable growth of SMEs that are crucial to Central American economies.

ⁱⁱ Paradise Ingredients. 2021. Our Organic Plantations. Paradise Ingredients. <https://youtu.be/omkDHE1rH7E>

ⁱⁱⁱ de Leon, Monica. 2020. "Ripe for Growth." IFC Insights. Washington DC: International Finance Corporation. https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/insights/ripe-for-growth

This case study also used company interviews and focus group discussions conducted in February–March 2022, and workforce and other data provided by Paradise Ingredients.

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