TABLE OF CONTENTS

1. INTRODUCTION 1

1.1 Background and Context 1

1.2 Problem Statement 3

1.3 Statement of Purpose and Research Questions 4

1.4 Purpose and Significance 4

1.5 Organization of this Thesis 5

2. THEORETICAL BACKGROUND 6

2.1 Development Strategies and their Effect on Horticultural Production 6

2.1.1 Structure of the Vegetables Sub-sector 13

2.1.2 National Production of Vegetables 18

2.1.3 Critical Issues and Challenges for the Subsector 21

2.2 Value Chain Analysis 23

2.2.1 Structure of the Value Chain 24

2.2.2 Application of Value Chain Analysis on Agricultural Commodities 28

2.3 Theory of Value Chain Governance 29

2.3.1 Determinants of Value Chain Governance 31

2.3.2 Value Chain Governance Types 32

2.3.3 Limitations of Theory of Value Chain Governance 35

2.4 Transaction Costs Economics Theory 36

2.4.1 TCE Theory Assumptions 37

2.4.2 The Critical Dimensions of Transactions 38

2.4.3 Limitations of TCE Theory in the Context of Value Chain Analysis 44

2.5 Resource Dependence Theory 45

2.5.1 Focus of RDT *46*

2.5.2 RDT Theoretical Assumptions *48*

2.5.3 Factors Determining Organizational Dependence *49*

2.5.4 Strategies to Secure Resources: Inter-organizational Linkages *49*

2.5.5 Limitations of RDT in the Context of Value Chain Analysis *50*

2.6 Social Capital Theory 51

2.6.1 Implications of Applying the Term "Capital" *54*

2.6.2 Determinants of Social Capital *55*

2.6.3 Dimensions of Social Capital *56*

2.6.4 Outcomes of Social Capital *57*

2.6.5 Limitations of Social Capital Theory in the Context of Value Chain Analysis *58*

2.7 Theoretical Framework of the Study 59

2.8 Application of Value Chain Analysis Methodology 60

3. METHODOLOGY AND RESEARCH APPROACH 62

3.1 Rationale for Qualitative Research Design 62

3.2 Research Strategy 63

3.2.1 Preparatory Empirical Research *64*

3.2.2 Research Sample *65*

3.3 Data-Collection Methods 68

3.3.1 Interviews *69*

3.3.2 Direct Observations *72*

3.3.3 Documents *74*

3.3.4 Visual Data *75*

3.4 Data Analysis and Synthesis 76

3.4.1 Organization and Preparation of Data *77*

3.4.2 Revision of Data *77*

3.4.3 Coding the Data *78*

3.4.4 Sort and Categorization of Data *78*

3.5 Limitations of the Study 79

3.6 Study Areas 80

3.6.1 Department of Comayagua *81*

3.6.2 Department of Olancho *84*

4. PRESENTATION OF RESULTS 87

4.1 Introduction of Asian vegetables to Department of Comayagua 87

4.2 Introduction of Asian vegetables to Department of Olancho 88

4.3 Actors in the Value Chain of Comayagua 89

4.4 Actors in the Value Chain of Olancho 91

4.5 Functions and Linkages of Actors in Comayagua 93

4.5.1 Seeds and Seedlings Supply *93*

4.5.2 Production Activities *96*

4.5.3 Export Activities *98*

4.5.4 Import Activities *100*

4.5.5 Wholesale Activities *101*

4.5.6 Retail Activities *101*

4.5.7 Consumers of Asian Vegetables *102*

4.6 Functions and Linkages of Actors in Olancho 102

4.6.1 Seeds and Seedlings Supply *102*

4.6.2 Production Activities *103*

4.6.3 Export Activities *104*

4.7 DISTINCTIVE ASPECTS OF PRODUCERS IN COMAYAGUA. 106

4.7.1 Motivations of producers to plan Asian vegetables. *106*

4.7.2 Characteristics of Producers *108*

4.8 DISTINCTIVE ASPECTS OF PRODUCERS IN OLANCHO. 112

4.8.1 Motivations of producers to plant Asian vegetables. *112*

4.8.2 Characteristics of Producers *114*

4.9 BUSINESS ENVIRONMENT IN THE VALUE CHAIN. 117

4.9.1 Policy Environment *117*

4.9.3 Infrastructure Services *132*

4.9.4 Institutional Services in Comayagua and Olancho *148*

4.10 SUPPORTING MARKETS TO THE VALUE CHAIN ACTORS. 156

4.10.1 Financial Services in Comayagua and Olancho *156*

4.10.2 Cross Cutting Services in Comayagua and Olancho *163*

4.10.3 Sector Specific Services in Comayagua and Olancho *165*

4.11 VERTICAL RELATIONS IN THE CHAIN 173

4.11.1 Relations between Producers and Exporters in Comayagua and Olancho *173*

4.11.2 Relations between Exporters and Importers *197*

4.12 HORIZONTAL RELATIONS IN THE VALUE CHAIN 204

4.12.1 Relations among Producers *204*

4.12.2 Relations among Exporters. *211*

4.13 END MARKET 213

4.13.1 Location of the End Market *213*

4.13.2 Population Segment *214*

4.13.3 Main Competitors *216*

4.13.3 Main Market Situation and Alternative Markets *218*

4.14 SUMMARY OF RESULTS 221

5. ANALYSIS AND INTERPRETATION OF RESULTS 229

5.1 INTRODUCTION OF ASIAN VEGETABLES IN COMAYAGUA AND OLANCHO 230

5.2 ABOUT THE GEOGRAPHIC CONCENTRATION OF ACTIVITIES IN COMAYAGUA 230

5.3 UNDERLYING REASONS THAT ENCOURAGE PRODUCERS TO PLANT ASIAN VEGETABLES 233

5.4 STRATEGIES OF LOCAL ACTORS TO ACCESS AND SECURE PARTICIPATION IN THE INTERNATIONAL MARKET 235

5.4.1 Vertical Relations between Local Actors from a TCE Perspective. *236*

5.4.2 Power Relations between Local Actors *243*

5.4.3 Trust between Local Actors *249*

5.4.4 Inter-firm Governance in the Value Chain *251*

5.4.5 The Role of the Government *255*

5.4.6 Supporting Markets *258*

5.5 MARKET SITUATION AND TENDENCIES 261

5.6 REVISITING ASSUMPTIONS 264

6. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 265

6.1 INTRODUCTION OF ASIAN VEGETABLES IN HONDURAS 265

6.2 DISTINCTIVE ASPECTS OF PRODUCERS 266

6.3 RELATIONS AMONG ACTORS PARTICIPATING IN THE CHAIN 266

6.3.1 Relations of Local Actors *266*

6.3.2 Relations among other Actors in the Chain *267*

6.4 ENABLING BUSINESS ENVIRONMENT 268

6.5 SUPPORTING MARKETS 269

6.6 END MARKET 269

6.7 RECOMMENDATIONS 270

6.7.1 Policy Implications 270

6.7.2 Recommendations for Local Actors 271

6.7.3 Further Research 271

REFERENCES.....273

APPENDIX.....295