



## REGIONAL DEVELOPMENT BRIEFING N° 2

Caribbean Rural Development Briefings  
A series of meetings on ACP development issues

# Strengthening the Caribbean agri-food private sector: Competing in a globalised world to foster rural development

18-19th October 2010, Grenada

In the context of the Caribbean Agricultural Week  
<http://brusselsbriefings.net>

### Context

In the context of the current world food and financial crisis, the private sector is an important development tool for poor countries, promoting growth, generating employment and promoting Public-Private Partnerships. Small and medium-sized enterprises (SMEs) are key to the economies in developing countries in terms of employment creation. However, agriculture and agri-food sector are challenged by emerging threats like climate change, changing consumption patterns, natural resource management, food safety demands, and increased urbanization. For many SMEs, facilitating trade can provide opportunities to reduce the impact of the financial crisis and design of trade and investment policy frameworks consistent with their needs and priorities is crucial for ACP countries. While banks were beginning to turn to SMEs, the global crisis has come to restrict this trend and SMEs have seen their access to credit deteriorate sharply. However, these companies need more than ever long-term financing that the financial systems in countries are unable to provide. For SMEs, limited financing channels, low credit limits, high borrowing frequency and high transaction costs pose great challenges as export-oriented enterprises have to seek new markets and export opportunities. The agribusiness potential is underutilized leading to high level of imported food products, often higher prices and lack of investments and support to the local producers and exporters. There is a need for greater involvement of the private sector in designing and implementing viable local and export food industries<sup>1</sup>,

### SMEs conquering markets through innovative approaches<sup>2</sup>

Globalization imposes new conditions and rules for competitiveness in international markets. It poses the imperative for SMEs to link up with other actors, both at the local and at the global level, and find new ways to interact and learn. Can local markets and clusters represent a powerful alternative to global markets? Do transnational corporations and global buyers play a role and enhance or undermine local firms' upgrading and learning? What opportunities do clustering and global value chains offer to SMEs in global markets?

Clustering and collaborating with other local firms can offer substantial advantages, and participating in global value chains and interacting with foreign buyers and companies may enhance local firms' capabilities and access to distant markets. The global competitiveness and productivity, the public-private collaboration in education and research, the transport infrastructure, the standards required by global markets with regard to quality, health, and environmental sustainability and the analyses of industry clusters and global supply chains are key factors influencing the upgrading process of local SMEs.

### Value Chain<sup>3</sup> Development and Cluster Upgrading

In the context of globalization and trade liberalisation, many of the difficulties SMEs face, because of their size and limited access to resources, could be overcome by promoting links between them - horizontally, into clusters and networks, and vertically, in value chains. Applying value chain analysis, and upgrading to global

<sup>1</sup> OECD, Turning African Agriculture into a Business OECD, June 2009. <http://www.oecd.org/dataoecd/58/56/42987772.pdf>

<sup>2</sup> Roberta Rabelotti, Carlo Pietrobelli, Upgrading in Clusters and Value Chains in Latin America. The Role of Policies, Inter American Development Bank Sustainable Development Department Best Practices Series, 2004, [http://www.soc.duke.edu/sloan\\_2004/Papers/UNIDO\\_Pietrobelli-Rabelotti.pdf](http://www.soc.duke.edu/sloan_2004/Papers/UNIDO_Pietrobelli-Rabelotti.pdf)

<sup>3</sup> A value chain is a sequence of target-oriented production factors which combine to create a marketable product or service - from conception stage through to the final consumption. This includes activities such as design, production, marketing, distribution and support services to the consumer at the end of the line. The value chain approach is a methodology used to analyse and upgrade clusters or sectors. It is a methodology based on the assumption that economic performance and competitiveness of clusters or sectors largely depend on how these clusters or sectors are related to other actors both up and down the value chain. Upgrading is a multi-dimensional process which helps to increase the economic competitiveness of enterprises and their clusters, and at the same time to create a positive impact on the affected workforce, community and society at large.

[http://www.ilo.org/dyn/empent/empent.Portal?p\\_prog=S&p\\_subprog=MO](http://www.ilo.org/dyn/empent/empent.Portal?p_prog=S&p_subprog=MO)

and local production patterns, could offer learning and upgrading opportunities to SME producers in developing countries. In order to participate in global markets in a sustainable way, SMEs will have to (i) make better products (product upgrading); (ii) make products more efficiently (process upgrading); (iii) move into more skilled activities (functional upgrading), (iv) move into new sectors (intersectoral upgrading).

### **Improving Productivity and Competitiveness through an increase in R&D**

An economic and financial crisis provides the opportunity for a country and its private sector to review policies and programmes aimed at improving productivity and competitiveness which are central to a company's sustainability and profitability. Substantial empirical evidence supports the argument that investment in agricultural Research and Development (R&D) has contributed to economic growth, agricultural development, and poverty reduction in Latin America over the past 50 years (IAASTD 2008; World Bank 2007). New technologies resulting from R&D investments have enhanced the quantity and quality of agricultural outputs, while at the same time enhancing sustainability, reducing consumer food prices, providing rural producers with access to market opportunities, and improving gender-based allocations and accumulations of physical and human capital within households. Most private for-profit companies still outsource their research to government agencies or universities, or import technologies. Opportunities for private-sector involvement in research projects under competitive funding mechanisms need further development<sup>4</sup>.

### **Improving Access to Trade Finance**

Access to finance by the private sector has always remained a major challenge and SMEs still struggle to access finance due to some stringent requirements by commercial banks. Marketing and quality certification is another challenge for the private sector and sometimes private-sector associations are better at international marketing and quality certification, but international nongovernmental organization certification programs are unexplored, through which conscientious firms can seek a competitive advantage in global markets, where consumers are increasingly aware of social and environmental standards<sup>5</sup>.

### **Systems of Innovation and technical change**<sup>6</sup>

There is an increasing concern among policy-makers in many countries about national or regional "competitiveness" and the technological dynamism required to be competitive. In developing countries industrial and technological performance is closely linked to the capacity to use technologies efficiently. This reflects the fact that they are seldom "innovators" in a narrow sense, but they crucially need to be able to acquire the foreign technologies relevant to their competitiveness, absorb them, adapt and improve them constantly as conditions change. Deficiencies in the science and technological infrastructure can seriously constrain industrial performance and should be a priority.

### **Objectives of the Briefing**

In order to improve information sharing and promote networking, CTA, the EC-DG Development and EuropeAid, the ACP Secretariat, Concord, organise in collaboration with CARDI, the COLEACP/PIP, the AAACP a regional Briefing on key issues and challenges for rural development in the context of EU/ACP cooperation. The briefing will discuss by (i) raising awareness on existing and emerging key challenges for the agricultural sector in the Caribbean; (ii) promoting exchange of information and expertise; (iii) feeding in the debate various perspectives on the role of the private sector in the future of agriculture.

### **Target group**

Around 120 Caribbean policy makers, representatives of the Caribbean regional organizations, civil society groups, farmer's organizations, EU policy-makers, research network, development practitioners and international organizations.

### **Available material**

Input and comments before, during and after the meetings will be included in the Briefings blog: <http://brusselsbriefings.net/>. A short report and a Reader in printed and electronic format are produced shortly after the meeting. Results will be widely disseminated through the press and various networks.

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<sup>4</sup> The private sector in Chile, for example, is well known for its considerable expansion of fruit, salmon, and wine production in recent decades achieved with substantial public support, not for direct private research but for the importation of foreign technologies and the subsidization of agribusinesses.

<sup>5</sup> Roberta Rabelotti, Upgrading to Compete Global Value Chains, Clusters and SMEs in Latin America, presented at the Knowledge Economy Forum, June 2008, <http://siteresources.worldbank.org/INTECAREGTOPKNOECO/Resources/SessionRABELLOTTI.ppt#294.1>; Roberta Rabelotti, Carlo Pietrobelli, Upgrading in Clusters and Value Chains in Latin America. The Role of Policies, Inter American Development Bank Sustainable Development Department Best Practices Series, 2004, [http://www.soc.duke.edu/sloan\\_2004/Papers/UNIDO\\_Pietrobelli-Rabelotti.pdf](http://www.soc.duke.edu/sloan_2004/Papers/UNIDO_Pietrobelli-Rabelotti.pdf)

<sup>6</sup> Sanjaya Lall, Carlo Pietrobelli, National Technology Systems in Sub-Saharan Africa, in Int. J. Technology and Globalisation, Vol. 1, Nos. 3/4, 2005, <http://host.uniroma3.it/docenti/pietrobelli/publications/Lal%20Pietrobelli%20JTG%202005.pdf>



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#### Monday 18<sup>th</sup> October 2010

- 8h00-8h30 Registration
- 8h30-10h00 Introductory remarks- *Chair Dr Arlinton Chesney, Executive Director, CARDI*  
*Michael Hailu, Director of CTA, Guy Stinglhamber, Director, COLEACP/PIP, Representative of the Minister of Environment, Trade and Export Development, Minister of Agriculture, Prime Minister, Permanent Secretary, Ministry of Agriculture (Vote of Thanks)\**
- 10h00-10h30 Coffee Break
- 10h30-10h40 Objectives and Programme, *Isolina Boto, Head of the CTA Brussels Office*

#### 10h40-13h00 Panel 1 – Key challenges for SMEs in the agri-food sector in the Caribbean

This session will discuss the challenges that the Caribbean private sector faces in the context of the financial and food crises as well as the resulting increased demand for agricultural products. While looking at the broader economic environment, the panel will examine the key issues involved on value chains and clusters.

##### Panelists:

- Challenges for the agri-food sector in the Caribbean: challenges and opportunities  
*Nigel Durrant, Head, Agricultural Trade Unit, CARICOM Secretariat*
- Value chain approach and inclusive Business Models Approach  
*Heiko Bammann (FAO)*  
*Rufina Paul, Member of Board of Directors, WINFA*
- Clusters, Value Chains and Technological Capabilities Building  
*Robert Reid, Agribusiness Specialist, IICA*
- Product Carbon Footprinting Schemes and Standards  
*Dr. Katharina Plassmann, Expert, Institute of Climate Change, Germany*
- The importance of Agri-Food to nutrition and health  
*Dr. Ballayram, Head of the Food Security Unit, Caribbean Food and Nutrition Institute (CFNI)*

13h00-14h00 Lunch

#### 14h00-17h30 Panel 2 – Financial and technical instruments to support the agri-food sector

Access to finance by the private sector has always remained a major challenge and SMEs still struggle to access finance due to some stringent requirements by commercial banks. This session will discuss the existing and potential financing mechanisms in support of the private sector at regional level.

##### Panelists:

- Opportunities in new Agribusiness  
*Prakash Dhanrajh, Managing Director, MICROFIN*
- Commodity finance and risk management (to check exact content)  
*Yan Zhang, Expert, Special Unit on Commodities, UNCTAD*
- EC funding under the Cotonou Agreement  
*Percival Marie, Cariforum Secretariat*
- Innovative financial instruments for risk management  
*Carlos Arce, Senior Economist, the World Bank*
- Credit unions expansion in benefit of private enterprise development in the Caribbean.  
*Melvin Edwards, Caribbean Confederation of Credit Unions (CCCU)*
- ACP-EU technical programmes in support of agribusiness  
*Laurence Guigou, Coordinator, ACP Commodities Programme (AAACP)*  
*Guy Stinglhamber, Director, COLEACP/PIP*

**Tuesday 19<sup>th</sup> October 2010**

**9h00-13h00 Panel 3 – Repositioning Caribbean agriculture**

There are a number of options of future strategic agri-food sectors to develop which promote integrated approaches and strengthen links between key sectors in the region such as agriculture, tourism and environment. To achieve this key research and regulatory policy challenges would need to be addressed.

Panelists:

- Acquisition and use of technological advances in the agri-food production and processing industry  
*Dr. Audia Barnett, Executive Director, Scientific Research Council, Jamaica*
- Linking Agriculture and Tourism in processing and agro-tourism  
*Ena Harvey, specialist in agro-tourism, IICA*
- Investment in Agricultural Research development and innovation to increase business performance and competitiveness  
*Maurice Wilson, Head Resource Mobilisation and Monitoring and Evaluation Unit, CARDI for CFC*
- The use of technology to improve competitiveness of SMEs in the agribusiness sector  
*Dr. André Gordon, Managing Director, Technological Solutions Limited, Jamaica*
- Strengthening entrepreneurs groups to influence policy design and implementation  
*Jethro T. Greene, Chief Coordinator, Caribbean Farmers Network (CAFAN)*
- Leading non-traditional agricultural products: new opportunities  
*Vassel Stewart, Chief Executive Officer, Trinidad and Tobago Agribusiness Association (TTABA)*

Debate

Focus on Caribbean exports of fresh food and vegetables

- New opportunities for the agrifood sector in the Caribbean: how to access to the new PIP Programme  
*Guy Stinglhamber, Director, COLEACP/PIP*

Conclusions

**Strengthening the Caribbean agri-food private sector: the role of Media**

The conclusions and key points of each panel will be shared with media and journalists.