

APP Thematic Feature No. 1

Intra-ACP Agriculture Policy Programme (APP) Caribbean Action, with funding by the European Union under the 10th European Development Fund (EDF)



Intra-ACP APP Caribbean Action

Taking action to support MSMEs who play a vital role in agriculture and the economy of the Caribbean.

Diandra Rowe is a unique and driven young woman. She arrives at her family's shade-house vegetable business in Jamaica at 8am each morning. She makes her rounds to ensure that staff are all set to complete their daily assignments and then, after making sure that orders are ready for pickup by wholesalers and individual customers, she spends much of the rest of her day sowing seeds.

"I sow anywhere from 2000-3500 lettuce seeds, along with other seeds in a day, depending what is happening on the farm," she says.

These tasks more than fill her day but before her work is done, Diandra ensures that accounts are up to date, books are in order and payroll is prepared before she goes home.

Diandra left a corporate job in the car sales industry about a year and a half ago in order to pursue farming full time at Abbey Garden Farm. She knows that running a small agricultural enterprise in the Caribbean isn't easy but her passion for the farm keeps her going. Despite challenges, she is sure that she made the right decision to join her family's business.

Micro, Small and Medium Enterprises like Abbey Garden Farm, or MSMEs as they are commonly referred to, represent much of the Caribbean's GDP and employment however, they still face many challenges as they climb up the ladder to 'mainstream' their enterprise into the formal business sector. For agricultural MSMEs, making this climb can be even longer and harder.

This Feature highlights the importance of Micro, Small and Medium Enterprises (MSMEs) in agriculture in the Caribbean, and the role that they play in the development process. It recognises that in spite of their initiative, self-investment and hard work, small agriculture based business owners do face challenges. It urges 'policy' to

What's the big deal about MSMEs?

understand core needs and create the framework necessary for MSMEs to survive, thrive and inspire a new crop of agricultural enterprises.



Diandra Rowe sowing seeds at Abbey Garden Farms (Photo Abbey Garden Farms)

This is the first in a series of four Thematic Features to be produced under the Agricultural Policy Programme (APP) Caribbean Action. The APP is funded by the European Union (EU) under the 10th European Development Fund (EDF) with the Intra-American Institute for Cooperation on Agriculture (IICA) as Executing Agency and the CARICOM Secretariat (CCS) and the Caribbean Agricultural Research and Development Institute (CARDI) as Implementing Partners.

Current State for MSMEs in the Caribbean

The name alone, MSME, tells us that these enterprises are small. However, it is businesses like these that are the backbone of the Caribbean business sector. We are often impressed by big stores and 'branded' operations but MSMEs represent as much as 70% of the region's GDP and almost 80% of employment. So, for small Caribbean economies, the success of small business enterprises is a big deal.

We are often impressed by big stores and 'branded' operations but MSMEs represent as much as 70% of the region's GDP and almost 80% of employment. So, for small Caribbean economies, the success of small business enterprises is a big deal.

Yet despite the evident importance of these businesses, according to the 2016 World Bank's Doing Business survey, the atmosphere for operating a small or medium businesses in the Caribbean is less than agreeable. The rankings are based on the ease of things like starting a new business, getting access to electricity and financing, paying taxes, trade across borders and more. Though most Caribbean countries have improved in their ranking, out of 189 countries surveyed, the average ranking for the Caribbean is 114.

In a 2013 World Bank report on private enterprise in the Caribbean they readily acknowledge that entrepreneurs are "key actors" in creating lasting economic benefits for the region. The report recommends establishing an environment which supports entrepreneurs in their quest to innovate and compete, leading to increased productivity and a diversified business environment.

Both of these World Bank reports point to the fact that relative to the other countries, much work remains to be done in the Caribbean to create an environment where MSMEs can flourish and do the important work of bolstering the economy.

MSMEs make up a remarkable 95% of companies in the region. By definition, an MSME would be a business that has less than 250 employees, however, 77% of businesses in the Caribbean have only five employees or less. Regardless of their individual size though, these businesses together provide an important source of tax revenue, employment, innovation and skills training. They are also beginning to play an important role in the

growth of a green economy in the Caribbean by providing alternative energy sources and offering green products and services.

Ownership of MSMEs has also served as a social safety net for women and youth. Entrepreneurship offers them the opportunity to earn a living and allows them to be active contributors in their communities.

Studies conducted by the Global Entrepreneurship Monitor show that men generally become involved in the business sector for "opportunity", while women tend to start and maintain a business out of "necessity". That doesn't mean however that women are building these business just so they can survive. They are in fact building businesses which will allow them to thrive.



Young entrepreneur displaying value-added soap products at market. (Photo APP)

Women in the Caribbean are taking advantage of the opportunities being presented to them including training, technical assistance, conferences and more. In 2012/2013 women represented 55% of business owners that became involved in development activities to support MSMEs which were offered under the 10th EDF. This demonstrates that women are serious about growing their businesses and making their products into globally competitive brands which is sure to benefit them, their communities and the regional economy.

Kamarsha Sylvester is a true example of that determination. She runs 'Taste of Eden', a small tea and

seasoning company in Dominica. It has been operating for eight months now and Kamarsha is unwavering in her resolve to make it work for many years to come. By 2017 Taste of Eden plans to employ other farmers in the production of necessary crops. A few years later the hope is to purchase more property and build a new plant.

In 2012/2013 women represented 55% of business owners that became involved in development activities to support MSMEs which were offered under the 10th EDF.

In the long run, Kamarsha foresees her products being a staple in the region, and eventually in international markets.

“Taste of Eden will become a household name”, Kamarsha says. “In short, Taste of Eden is going to conquer the world.”



Kamarsha Sylvester working at Taste of Eden. (Photo APP)

The potential opportunities offered by running a small business have not been lost on young people in the region either. The average youth unemployment rates in the Caribbean are grim at 25%, however many enthusiastic young people with good, marketable ideas



Taste of Eden teas. (Photo APP)

are making their own jobs by starting a business. Most are entering at production or processing levels of the value-chain, while others have started providing Business Development Services. There have been limited, formal studies on youth entrepreneurs in the Caribbean but the enthusiasm and energy, as well as numbers, presented by youth at recent agricultural policy and business forums has been encouraging.

Spotlight Agri-MSMEs in the Caribbean

Purely from a numbers perspective, MSMEs dominate economic activity in agriculture in the Caribbean. They make up the bulk of the farming community and small-scale food processing. The Caribbean Action under the APP aims specifically to support these small agri-enterprises and businesses.

The objective of the Action is to contribute to enhanced capabilities of the sector with the end goal of eradicating poverty. The plan is to achieve this goal through various means, one of which is the development of small holder agriculture, or agribusiness MSMEs.

Since the late-1980s, the agricultural sector’s contribution to GDP and employment in the region has been declining relative to other economic sectors. According to a 2014 study from the International Labour Organization (ILO), agriculture employment in the Caribbean fell from 25% in 1991 to only 15% in 2013. This has impacted incomes and living standards, especially in rural areas. It has led to an increase in rural poverty and the migration to urban living in many places across the Caribbean. Additionally, cost of food in the region continues to rise due to imports.

The presence of strong agricultural businesses in a country reduces foreign currency expenditure and food costs by

providing local products at market and using local raw materials for inputs to further production. An excellent example of this can be seen in Jamaica where the food import bill was reduced by 11.5% last year. This 10.5 billion dollar savings was credited to deliberate strategies to increase domestic food production. Jamaica has been able to attain self-sufficiency in pork, poultry, white potatoes and most vegetables. Further plans are in place to increase production in cassava, onions, coffee and bananas.

In Jamaica, the food import bill was reduced by 11.5% last year. This 10.5 billion dollar savings was credited to deliberate strategies to increase domestic food production.

MSMEs can be major drivers of increased food production in the Caribbean, leading to these kinds of positive economic outcomes. But to reach their full potential, Agri MSMEs must meet the traditional 'constraints' to agriculture head-on. Young agri-MSMEs are not standing idly by expecting handouts. They are pushing against several closed doors to reach their goals. But, to use their own words, 'they need more targeted help' from:

- financiers, to provide the funds needed to start, invest in and grow their businesses
- farmers, domestic and regional, to get the necessary raw materials to make market-ready products
- education and community development agencies, to 'turn out' the skills and attitudes needed to staff their businesses
- public and private sector marketing agencies, to create linkages, mainstream their products and develop innovative strategies to deal with demand and price fluctuations
- technical research agencies, to advise and facilitate their access to updated equipment and technology, and to provide information on business risks and threats, including climate change and water for agriculture
- policy makers, to create the proverbial 'enabling environment' that allows all of this to happen, especially equitable access to land for production from the farm MSMEs

Diandra Rowe of Abbey Garden Farms has become quite familiar with the demands of running a small, family farm in the Caribbean but she is not backing down from them. She understands the value of these

enterprises in her community and this understanding fuels her passion to keep going.

"Businesses like mine are very important as they support food safety and security for the region," she says. "80% of the workers we employ are from within the community and we make it our point of duty to provide fresh produce for two children's homes in our parish as often as we can."

Abbey Garden Farm really is about giving back to the community. They allow schools to visit and provide educational tours, free of charge. They encourage high school students interested in agriculture to work with them so that they can learn the tools of the trade.



Working hard at Abbey Garden Farm. (Photo Diandra Rowe)

Diandra's father, Jervis Rowe, is a foremost practitioner in the Caribbean on protected agriculture systems. He travels around the country assisting other farmers and schools in setting up farming programs, hoping to pass the Abbey Farm passion on to the next generation.

When asked about her daily challenges, Diandra cited a lack of professionally trained labour, fluctuations in the



Packing products for local market at Abbey Garden Farms. (Photo: Abbey Garden Farms)

market price for produce and managing the temperatures in the growing environment as part of the regular list of problems. When asked about long-term challenges and needs she mentioned access to good land, enough water and necessary financing as her main concerns.

Moving Agri- MSMEs forward in the Caribbean

As part of the Caribbean Action under the APP, there is focus on development of agri- MSMEs in the areas where they need it the most. One such immediate need is financing and investment.

“The truth is, money is needed to make money”, says Kamarsha from Taste of Eden. She understands the importance of getting more land, increasing the amount of raw material produced, investing in faster and more efficient machinery and as a result, getting more product on the shelves.

Caribbean Action under the Agricultural Policy Programme

Component 3 – Enterprise Development through Market Linkages

Action 1: Facilitate improved governance frameworks and organizational capacity of National producer groups and Regional Networks.

Action 2: Support small CARIFORUM producers/entrepreneurs to improve marketability (presentation and market opportunities) of select agri-food products

Action 3: Enhance CARIFORUM financial service providers’ understanding of innovative agri-value chain financing schemes for MSMEs.

Agriculture projects are seen as high risk though. They are challenged by produce theft, poor infrastructure, variable weather and climate change, which are beyond the control of the business owner. In developing countries there is often limited know-how, or education and technology to support and grow these businesses. And, competition from bigger, global competitors makes investors nervous.

Action is being taken under Component 3 of the APP in the Caribbean that seeks to directly tackle this challenge. One of the goals is to improve finance schemes to support commodity value chain development.

“They need the support of finance experts who understand and have experience in agri-value chain financing schemes, risk management, and facilitating engagement with financing institutions which are inherently cautious to finance agribusiness enterprises”, says Robert Reid, Agribusiness and Commercialization Specialist with IICA.

The APP is working with financial institutions to develop financing mechanisms which provide more targeted support to agricultural MSMEs. Small producers and processors have been requesting this type of help for some time.

The most recent action was taken on this initiative in April of this year. The focus was on reaching agriculture Enterprise and Producer Groups. These groups met with representatives from the Financial Alliance for Sustainable Trade (FAST), a Canadian-based entity. FAST experts shared knowledge on capacity building tools in the areas of credit-readiness, investment profiling, and engagement with banks. The local enterprise and producer groups were then tasked with taking this information back to their members.

The success of these Regional, National and Local agriculture groups is also a key to the success of individual agricultural MSMEs. An additional goal of Component 3 of the APP is to strengthen the governance frameworks and organizational capacity of enterprise and producer groups.

“We have proven that when small farmers are clustered into groups, like if you take 10 small farmers with three acres, the output is three times that of a person with the same single acre because of the intensity of management, coordination, production, family labour, etc.” commented Jethro Greene, Chief Coordinator of the Caribbean Farmers Network (CaFAN), in an interview with the CTA on how farmers in the Caribbean can best be helped.

Mr. Reid of IICA agrees, “These groups play the role of sources of information about product availability and market opportunities, coordination of production to meet market requirements, stabilization and competitiveness of prices, reduction in transaction cost to buyers, and most importantly, achieve a level of bargaining power relative to other chain actors that will secure greater equity in the portion of the consumer dollar that they receive.”

Kamarsha from Taste of Eden also understands both the practical and motivational support that these groups offer. "Advice is given about how to care for crops. Information is shared and solutions to problems are given. This leads to an increase in crop production and in turn an increase in the products", she says. "No longer am I alone in this. We're all in it together."

The APP has been carrying out workshops with members from these groups on green farming technology, improving market infrastructure, strategic business and chain facilitation and more. Further initiatives are underway to link enterprise and producer groups with supermarkets, restaurants, traders, exporters, agro-processors and input suppliers through the publishing of a directory. And, a 'Producer, Enterprise Group & Network Governance and Dynamics Workshop' was held in Saint Vincent & the Grenadines in April which sought to improve the governance processes and organizational competencies of these groups so that they could better deliver services to their members.



AgriSME workshop participants getting expert tips on product marketing at MASSY Supermarket (Photo: APP)

Clearly, it is important to have reliable financial backing and solid groups and networks in place to support the creation of your product, but in the end none of it will matter unless you can get your product out to market and attract buyers. Action under Component 3 of the APP also aims to improve the marketability of agri-food products from small entrepreneurs.

Large companies have money to spend and resources to access to bring their products up to international standards and make them stand out. This is not so for most small businesses in the Caribbean.

This problem was the impetus for the 'Product Development, Marketing, Food Safety and Good Manufacturing Practices Workshop' that was put on by the APP in March of this year. Agricultural entrepreneurs and producer group leaders from around the Caribbean attended informative sessions on Health and Food Safety, Food Marketing, and Packaging and Labelling. They visited a well-known Caribbean supermarket chain to see what successful products on their shelves looked like and they were given the opportunity to meet one-on-one with experts who gave them advice on how to improve their current packaging and labelling.



Providing expert labeling advice at the 'Product Development, Marketing, Food Safety and Good Manufacturing Practices Workshop' (Photo: APP)

"All in all the workshop enlightened me on a whole new level, allowing me to see exactly what I should do in order for me to meet international standards," shared Kamarsha. "The experts who spoke at the workshop were very helpful. In fact I got great advice from them and presently some of them are assisting me in getting my labels and logo redone."

This reflects, in large part, the attitude and effort being put forth by the APP. By bringing existing organizations, producer groups, entrepreneurs, farmers and even financiers together, they hope to strengthen MSMEs and encourage the people who run them.

"The APP program has allowed me to connect and network with young farmers like myself and experts within the profession throughout CARICOM," says Diandra from Abbey Garden Farms. She had the opportunity to attend the Youth in Agriculture Business Forum put on by the APP as part of the Dialogue for Development (D4D) Forum in January of this year. "I would not have

otherwise had the pleasure of meeting such a supportive and very passionate group young of entrepreneurs...and gained a wealth of knowledge from the various presentations. I left the workshop feeling positive, very inspired and reassured."

So, while Diandra Rowe spends her day managing staff, planting, reaping and doing the books; and while Kamarsha Sylvester spends her day drying leaves,



Diandra Rowe working with strawberries (Photo: Abbey Garden Farm)

stuffing tea bags and dreaming of conquering there tail world, they know that they each face constraints. With a little bit of help though, they might just reach their goals and in the process make a meaningful mark on the community around them.

"Because if I plan on conquering the world", Kamarsha says, "I can't do it all by myself now can I?"

SMEs
the majority of the companies in the world

for individuals
they represent a first job, a first step in a career and into the world of entrepreneurs

for the economy
they are an important source of jobs, launchers of new ideas and the 'seed' of economic development

"no one works like them; no one takes greater risks"

Taken from 'The Role of SMEs in Modern Economy'
Ludovica Ioana SAVLOVSKI and Nicoleta Raluca ROBU, 2011
The Bucharest Academy of Economic Studies, Romania,
<http://www.management.ase.ro/reveconomia/2011-1/25.pdf>

This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.



Intra-ACP APP Caribbean Action is funded by the European Union (EU) under the 10th European Development Fund (EDF)

Document prepared by:
Canbean Associates Inc. Toronto, CANADA



Intra-ACP Caribbean Action Implementing Partners

