

Draft

**Strategic Approach to Realising the Agriculture Contribution
to CARICOM Development**

1.0 CARICOM Agricultural Sector

1.1 Introduction:

Member States of the Caribbean Community (CARICOM) are redoubling their efforts to transform their agricultural sectors and position them as one that is strategic to the economic, social and rural development of the Community. In reviewing the regional and national agricultural strategic frameworks and agricultural plans it was recognised that there is a critical shortage of resources to support these transformation efforts. As a consequence, the Eighteenth Inter-Sessional Meeting of the Conference of Heads of Government of the Caribbean Community (CARICOM) held in Kingstown, St. Vincent and the Grenadines, on 12-14 February 2007 agreed that a Special Agriculture Donor Conference will be held in June 2007 in Trinidad and Tobago in order to mobilise financial and technical assistance for expansion and diversification of the sector.

1.2 Importance of the Agriculture Sector in the Region

Throughout the fifteen Member States of CARICOM, the agriculture sector continues to be an important contributor to Gross Domestic Product (GDP), employment and foreign exchange earnings. However, over the last two decades agricultural output as a percentage of GDP has declined to less than 10 per cent in seven Member States. In the other seven States, agriculture's contribution to GDP is greater than 10 percent, and for at least three of these States Belize, Guyana, and Haiti - it is in excess of 20 percent. In nine CARICOM countries, more than 15 per cent of foreign exchange earnings are derived from merchandise exports which originate from the agricultural sector. In 2003, in six of those countries the earnings were greater than 30 percent.

In terms of employment, the agriculture sector accounts for more than 15 per cent of total employment in eleven countries and in six of those countries, agricultural activity contributes more than 25 per cent to total employment. The agriculture sector is therefore an important

contributor to rural development, the alleviation of poverty, and increasing household food security.

In terms of economic development there is considerable scope and opportunity for this sector to be a dynamic contributor and engine of growth in the CARICOM Single Market and Economy (CSME). In the document entitled, 'Towards a Single Economy and a Single Development Vision', which was adopted by Heads of Government of CARICOM as the framework for achieving the CSME, agriculture has been identified as one of the engines of growth for the Region. There are many possibilities for industry expansion and for generating sustainable business enterprises at the national and the regional level through cross border ventures and investments especially in the supply of fresh, chilled, frozen and further processed products for commodities such as fruits, vegetables, peas, beans and legumes, meat and meat products..

1.3 Challenges being faced by the Agriculture Sector – The Constraints identified in the 'Jagdeo Initiative'

The agriculture sector has faced immense challenges both nationally and in the global economic environment over the past two decades. Nationally, deregulation and privatisation were promoted by/in Caribbean countries as a part of structural adjustment programmes without the pre-requisite development strategy for the agriculture sector. As a result Government's support to the agriculture sector declined and among the consequences were a reduction in credit availability to farmers, weakened agricultural technology development and transfer, deteriorated marketing infrastructure, reduced research support including the unavailability of, and an inconsistent supply of good quality germplasm for both plants and animals, and a deterioration of physical infrastructure as roads, bridges, and irrigation facilities.

To assist the resurgence and reorganisation initiated by CARICOM Member States and to assist in the development of the new agriculture perspective, in 2004, the Region embarked on a review of the constraints which barricade agricultural growth and development. This initiative was spearheaded by H.E. the President of the Cooperative Republic of Guyana, Mr. Bharrat Jagdeo, the lead Head of State with responsibility for Agriculture in CARICOM. The review resulted in an Initiative articulated in a document titled- 'Strengthening Agriculture for Growth and Sustainable Development' – now popularly referred to as 'the Jagdeo Initiative'. The CARICOM Heads of Government at their Sixteenth Inter-Sessional Meeting held in Suriname in

February, 2005 endorsed this Initiative as a means of addressing key binding constraints to the development of Agriculture. The priority constraints identified and for which interventions have been designed are as follows:-

- (i) Limited financing and inadequate new investment in agriculture;
- (ii) Deficient and uncoordinated risk management measures including praedial larceny;
- (iii) Fragmented and unorganised agricultural private sector;
- (iv) In-adequate research and development;
- (iv) Outdated and inefficient agriculture health and food safety systems;
- (v) Inefficient land and water distribution and management systems;
- (vi) Inadequate transportation systems particularly for perishables;
- (vii) Weak and inadequate information and intelligence systems, weak markets, and lack of linkages and participation in growth market segments;
- (ix) Lack of skilled human resources.

In addition to these overarching constraints, attention is also being given to the impact of the decisions taken in the global economic environment and particularly on how trade liberalisation has decreased the relative access and reduced the returns to the major agricultural commodities which are grown by CARICOM countries, mainly through price reductions, the reduction of tariff rates, the increase in quotas to third countries. As a consequence of these global policies, there has been a significant decline in CARICOM's shares in global trade and in the absolute value of its trade. CARICOM shares in world agricultural exports declined from 2 per cent in 1988 to 0.30 per cent in 2004. Net agricultural trade moved from being a surplus of US\$ 2.9 billion in 1988 to a deficit of US\$2.2 billion in 2004. Thus, agricultural imports have escalated beyond agricultural exports.

Production of sugar and bananas dominate the agricultural sector in six countries in the Community. In five of the six major sugar producing countries in the CARICOM exports of sugar declined between 1996 and 2004. The reform of the EU Common Market arrangements for sugar, approved in November 2005, has resulted in a severe loss in market value for Caribbean sugar output. Similarly, export volumes and values of bananas declined sharply in the post 1993 period. In the Grenada, St Vincent and the Grenadines, Dominica and Saint Lucia gross export revenues fell by a half between 1990 and 1996 and have continued to spiral downwards ever since.

2.0 THE TRANSFORMATION OF AGRICULTURE – THE REGIONAL DEVELOPMENT STRATEGY/THEMATIC AREAS

The agricultural policy framework in the Revised Treaty establishing the Caribbean Community, including the CSME, supported by the Regional Transformation Programme for Agriculture (RTP) (A), and recently the Jagdeo Initiative (JI), form the skeleton for the supportive and facilitative focus for the agricultural sector development. Together they provide an overall policy and planning framework needed to guide the actions for achieving a dynamic and competitive agricultural sector in the context of the CSME.

The RTP (A) remains the broad framework for guiding agricultural sector change in CARICOM. It serves as an umbrella framework for revitalisation and restructuring of the agriculture sector.

The RTP (A) addresses four strategic/thematic areas as follows: –

- (i) **Enabling Environment – ‘The Jagdeo Initiative’** is a constraint resolution process directed at alleviating key binding constraints, The current list of nine (9) constraints as priority recognises that there are other constraints which must be addressed, some concurrently. Some of the actions aimed at addressing and developing interventions include –
 - (a) Developing/formulating policy as appropriate prescription;
 - (b) Creating/strengthening institutional arrangements; and
 - (c) Developing human resource capacity.

- (ii) **Enterprise Development** - This is the Regional Enterprise/Commodities Development Strategy which favours commercial agriculture as it investigates particular commodities on the basis of ability to achieve international competitiveness and potential to be developed into cross border enterprises to achieve the desired economies of scale and sustainability.

(iii) **The Diversification and Expansion for Food Security and Sustainable Development** – This is an area in which food security, poverty alleviation, and accelerated rural development are placed in the context of declining markets and global trade decisions which impact negatively on the rural sector.

(iv) **Research and Development – Technology Adaptation and Transfer.**

This encompasses the development of technological packages including mechanical and biotechnological initiatives to provide the cost and quality efficiencies and expansion in the supply chain.

2.1 Actions taken to date and existing gaps

A summary of some of the key actions being undertaken both at the national and Community levels consistent with the 'Revised Treaty' and the supporting RTP and the 'Jagdeo Initiative' are outlined as follows:

(i) **Strengthening Agriculture for Sustainable Development – 'The Jagdeo Initiative'**

In initiating, designing and implementing interventions to alleviate targeted constraints the Community has set out to create the enabling environment to foster investment in the agricultural sector. The outcome of the process is to create, develop and facilitate institutional arrangements, strengthening and formulating appropriate policies, formulating legislation, and implementing training and public education programmes.

(ii) **Enterprise Development:** CARICOM has embarked on the identification of commodities that are internationally competitive, and have the capacity to be developed into regional enterprises and impact on the region's share in the international market. Entrepreneurial development and organisation of private agribusiness is a major part of the process and in that context the Caribbean Agribusiness Association (CABA) serves as an umbrella organisation. CABA is implementing a US\$2.6M Strengthening Market Access Project through IDB/MIF-funds. In addition regional poultry producers are represented by the Caribbean Poultry Association (CPA). The CPA works diligently to strengthen the profile of the industry while developing and implementing industry protocols, technology transfers, capacity

building, expansion considerations and safeguarding their trade interests among other things.

- (iii) **Expansion and Diversification Strategy:** This is an accompanying strategy to that of Enterprise Development as the region's response to changes in the global market with particular reference to the treatment of preferential markets for its agricultural products and the dynamics of the commodity food chain. The process entails the diversification of products and markets within commodities; diversification in the use of resources; a value added approach and the introduction of new production systems to improve utilisation of water resources and reduce the dependence on rain fed production. The Region's food security initiatives are therefore in the context of diversification and expansion.
- (iv) **Technology Development and Transfer:** The current challenge with respect to technology development and transfer is to assemble the various packages that have been developed over time from several sources. A reassessment of their relevance and upgrading may be necessary. A more coherent research and development strategy needs to be formulated in the wider context of science and technology.

3.0 REGIONAL AND NATIONAL PROJECTS

In order to accelerate the implementation of the RTP (A), an Integrated Package of projects is being promoted to specifically address these strategic areas. The project summaries and the overview presentation of the package will explicitly illustrate this.

In order to implement the regional agricultural strategy on the required scale a number of regional and national programmes and projects have been prepared for consideration as concepts within the strategic framework. Over the past three years, the CARICOM Secretariat and Member States, on their own, and with assistance from regional and international partners, have prepared these regional and national development concepts and projects already referred to in order to advance the development of the agricultural sector across the Community.

In each CARICOM country, Government-sanctioned National Medium Term Investment Programmes (NMTIPs) for the agriculture sector identify priority areas for investment as well as

gaps in available resources, especially funding. In addition, several project profiles were prepared. At the regional similar activities have taken place and have given rise to projects that emphasise the agricultural sector linkages across states and the critical need for coordinated regional action. Two examples of such projects would be one for the strengthening of the CARICOM Secretariat to improve regional coordination of the agricultural sector; the other is a project which further promotes food security throughout the Region. A list of regional and national project profiles is presented in the **Appendix**. A separate document 'Moving CARICOM Agriculture Forward - Synthesis of Proposals' provides an integrated analysis of the project profiles.

The most frequent problems highlighted by the NMTIPs relate to an inadequate "incentive framework", associated with the lack of appropriate policies, financing terms and conditions for agricultural investments, low returns for crop and livestock products, trade and marketing bottlenecks, complicated land tenure systems, and insufficient insurance coverage against risks. All these speak to the absence of an enabling environment. The NMTIPs also identified deficient infrastructure, weak institutions (technology and training) and underdeveloped organizations as needing support from public institutions even though the services might be supplied through the private sector. The importance of ensuring the availability of services typically supplied by the private sector were also highlighted – transport, post harvest and agro-processing facilities.

3.1 Regional Projects

At the regional level, the proposals fall into two general categories – institutional capacity building to provide coordination and technical services across all Member States, and projects that focus on specific agricultural production and marketing activities, especially where there are cross border linkages.

Regional projects will address the common needs related to institutional strengthening, information on best practices, the design of adequate policies, strengthening of technology development systems, addressing risk management and praedial larceny issues. Important areas emphasised are on youth programme development in rural areas, enterprise and entrepreneurial culture development, market development and transport and trade facilitation, and private and public sector strategic alliances for investment. Regional level action is also

justified in the search for appropriate technologies for agro- industrial processes, adoption of required agricultural health and food safety systems, quality and standards, and facilitating mechanisms for supporting marketing and exports of agricultural products. In the latter regard, structured promotion efforts and publicity campaigns at the regional level to support new and higher valued agricultural products are important.

Across groups of specific Member States there are some common production and marketing thrusts that would benefit greatly from increasing economies of scale and specialisation through clusters. Such areas as production and marketing of small ruminants, aquaculture products, and sharing of market information are recognised.

The proposed up-scaling of the **regional special programme for food security** includes both regional and national level modules and addresses many of the major thrusts identified as essential to poverty alleviation, agricultural sector, and rural development. Its three specific objectives are to:

- (i) **strengthen** agricultural production, marketing systems, and enterprises including building institutional capacity to support their development;
- (ii) **improve** the capacity of policy and programme frameworks for managing key threats to food security; and
- (iii) **promote** the consumption of safe and nutritious food by strengthening institutions and organizations working in the areas of agricultural health, food safety systems, standards, and improved nutrition.

3.2 National Projects

The national projects were derived through consultation within countries and are endorsed by national authorities. There is considerable coherence between the national projects and regional priorities as most projects will enhance supply side capacity including infrastructure expansion, increased agricultural sector diversification, improved agricultural services, provision of agricultural credit, and facilitation in meeting agricultural health, food safety systems, quality and standards. There are components for institutional and organizational capacity building, including strengthening community and farmer level organizations.

Thirty nine (39) national projects are presented for consideration by the donors and have been disaggregated by commodity type, Twenty four (24) were found to be crop production,

marketing/processing and diversification type projects; Seven were found to be livestock development types; Six of aquaculture / fisheries types; and two of agro-energy types. The majority of the projects are therefore mostly of an agricultural development / diversification nature and are characterized by both traditional crop production and marketing projects (arrowroot, cocoa/nutmeg, coffee, and cotton) and non-traditional fruit and vegetable investments (peppers, pineapples, root crops). They also include enterprise development activities and trade facilitation interventions. Technology development and transfer activities are also a large a component of almost all projects. The national projects will therefore generally contribute to reducing poverty and food insecurity through the creation of income earning opportunities.

4. MANAGING THE AGRICULTURAL SECTOR THRUST FOR SUCCESS – REGIONAL AND NATIONAL MANAGEMENT

The public and private sector interface, at both the regional and national levels are essential to managing the successful transformation of the agricultural sector. Identifying, agreeing and delivering on their different but complementary roles in a timely manner will have to be negotiated as investments are funded and pursued.

4.1 Regional Level Management and Implementation

Overall, CARICOM agricultural policy guidance would be at the level of the CARICOM Ministerial bodies such as the Council on Trade and Economic Development (COTED), essentially providing broad policy thrusts and conceptual oversight, including review of performance evaluations of the sector. The CARICOM Secretariat, which has responsibility for regional coordination, would, through a Regional Programme Management Unit (RPMU) provide oversight and coordination at both the regional and national levels. The RPMU would need to be strengthened with technical capacity in areas central to the transformation of the sector, such as -

- (i) Project planning and coordination;
- (ii) Policy and investment environment analysis;
- (iii) Entrepreneurship and enterprise development;

- (iv) Diversification/expansion and production growth; and
- (v) Agricultural technology development and transfer coordination.

The Management structure proposed for the PMU of the secretariat based on the above functions include -

- (i) Head of the PMU;
- (ii) Reform Specialist (Policy reform and developing the enabling environment);
- (iii) Enterprise Development Specialist (Entrepreneurship development, trade facilitation, etc.);
- (iv) Diversification/expansion Food Security Specialist; and
- (v) Technology Innovation Transfer Co-ordinator.

The Secretariat has already received a pledge of support for funding two of these positions over a period of three years - the Reform/Planning Specialist and the Enterprise Development Specialist.

The RPMU would be responsible for executing regional coordination activities, particularly of regional projects, working very closely with the technical regional organizations who might be the implementing agencies, for instance the Caribbean Agricultural Research and Development Institute (CARDI), the coordinating agency for Agricultural Health and Food Safety (CAHFSA), and the Caribbean Regional Fisheries Mechanism (CRFM). The RPMU would maintain linkages with relevant institutes such as CRNM, CROSQ, CEHI, CAREC, CDERA etc) and other regional and international partners to ensure synergies with their programmes. The RMPU would manage the Programme monitoring system based on information collected at regional and national level, and assist with the administrative management and support for all projects as needed.

4.2 National Level Management and Implementation

The full responsibility for and control of national projects lies with the national authorities. Planning and delivery strategies will be determined on the basis of the requirements and needs at the level of each country. However, given the regional thrust of the integrated package and the commitment to a single economic space through the CSME, the regional and national

projects are generically linked, with the regional projects playing a catalytic and supportive role to the success of the national projects. Thus, the success of the projects, both regional and national, is influenced by the effective communication and delivery of the responsibilities at respective levels. However, given the wide disparity and spread of projects, failures at any level or in a single country does not condemn all national projects or the regional level projects to failure.

The promotion and strengthening of National Programme Advisory Committees as the link between national and regional levels is planned. Advisory Committees would in principle include members from key ministries with a stake in poverty reduction, agriculture and food security (for example, agriculture, health, social development, trade, finance), representatives from civil society (especially including local and rural level organizations) and the private sector, as well as from regional and international institutions where present and relevant. The Advisory National Committees will advise on policies and guidelines for the co-ordination of project activities, review and evaluate the progress of the national level activities as well as participation in regional activities. This arrangement may well require structural re-organisation within Ministries of Agriculture.

5. CONCLUSION AND ADDITIONAL CONSIDERATIONS

The presentation before the Conference provides an opportunity for Donors to pledge their commitment to partner with CARICOM and support the Community's efforts to achieve increased agricultural and rural development.

Some of the project proposals are at the level of identification and preliminary design in the form of project profiles. Based on discussions with interested Donors and with their support and participation, the profiles will be adjusted and elaborated further into fully prepared projects. Some of the project proposals in any given country, for instance the small scale irrigation and the hot pepper production project in Jamaica could be amalgamated into one overall project proposal depending on the mutual interest of the respective country and Donor partners. This is particularly the case for those projects related to agro-industry and capacity building or involving rural credit schemes.

The regional dimension acquires importance especially in terms of cross border production and marketing activities, especially the diversification and innovation projects which require the exchange of experiences across countries and specialised technical assistance. The same applies to the introduction and modernisation of laws and regulations which involve natural resources, animal health, food safety, quality and standards, and environmental management.

The organisation and management arrangements reflected in the proposals at the regional and national levels will be augmented and agreed on with the collaboration of the Donor community once the funding commitments and calendar of activities are established.

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# Appendix

**Table 1: List of National Project Profiles for Consideration by Donors**

| Number | Names of Projects                                                                                                   | Budgeted Sum (US\$) |
|--------|---------------------------------------------------------------------------------------------------------------------|---------------------|
| 1.     | Rehabilitation of farm and feeder roads                                                                             | 5,660,000           |
| 2.     | Agriculture production, marketing and food safety                                                                   | 6,407,000           |
| 3.     | Training and research facilities for livestock farmers                                                              | 1,042,000           |
| 4.     | Production, marketing and processing of hot pepper                                                                  | 462,000             |
| 5.     | Expanding citrus and vegetable production                                                                           | 6,513,100           |
| 6.     | Sustainable fisheries development in Acklins & Crooked island                                                       | 1,225,400           |
| 7.     | Improving small ruminant production                                                                                 | 2,313,440           |
| 8.     | Promoting youth in agriculture through the introduction of greenhouse and irrigation technology                     | 4,000,000           |
| 9.     | Scotland District Development Project                                                                               | 27,600,000          |
| 10.    | Livestock development and services                                                                                  | 7,500,000           |
| 11.    | Increasing non-traditional crop sector development                                                                  | 9,600,000           |
| 12.    | Fisheries expansion                                                                                                 | 3,280,000           |
| 13.    | Supporting agro-processing development                                                                              | 80,000              |
| 14.    | Replanting damaged cocoa and nutmeg fields                                                                          | 5,390,000           |
| 15.    | Food security enhancement for the Rupununi Savannahs Communities                                                    | 643,000             |
| 16.    | Livestock support services                                                                                          | 2,967,000           |
| 17.    | Sustainable development of marine fisheries and aquaculture                                                         | 5,820,000           |
| 18.    | Development of Guyana's agro-energy potential                                                                       | 5,000,000           |
| 19.    | Support for the development of maritime and continental fishing                                                     | 6,000,000           |
| 20.    | Project for establishing aquaculture facilities                                                                     | 15,000,000          |
| 21.    | Project for the management of natural resources agricultural intensification in the mountainous areas               | 4,500,000           |
| 22.    | Support for the revival of research/development in Haiti                                                            | 8,000,000           |
| 23.    | Support for the development of the production of biodiesel in Haiti                                                 | 5,000,000           |
| 24.    | Development of poultry production                                                                                   | 5,000,000           |
| 25.    | Increasing productivity and competitiveness of the Jamaican coffee industry                                         | 4,590,000           |
| 26.    | Sea Island cotton development                                                                                       | 17,000,000          |
| 27.    | Small scale irrigation                                                                                              | 7,060,000           |
| 28.    | Ebony Park hot pepper mash and export facility                                                                      | 5,300,000           |
| 29.    | Improving entrepreneurial capacity of farmers and youth in agricultural development                                 | 4,400,000           |
| 30.    | Irrigation development for crop farmers and support for the value chain through to post-harvest and agro-processing | 1,835,000           |
| 31.    | Development of rainfed crop production utilizing new and improved technologies                                      | 693,000             |
| 32.    | Small ruminant development                                                                                          | 789,000             |
| 33.    | Cattle expansion and development programme                                                                          | 1,900,000           |
| 34.    | Arrowroot industry rehabilitation programme                                                                         | 1,650,000           |
| 35.    | Fruit sector development                                                                                            | 9,000,000           |
| 36.    | Aquaculture production                                                                                              | 4,000,000           |
| 37.    | Expansion of the irrigated area                                                                                     | 20,000,000          |
| 38.    | Strengthening the marketing system and linkages to demand centres                                                   | 12,000,000          |
| 39.    | Reducing key institutional constraints to increased agricultural productivity                                       | 8,000,000           |
|        | <b>Total</b>                                                                                                        | <b>237,219,940</b>  |

**Table 2: List of Regional Project Profiles for Consideration by Donors**

| <b>Number</b> | <b>Names of Projects</b>                                                                                                                                             | <b>Budgeted Sum (US\$)</b> |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1.            | Upscaled Caribbean Regional Programme for Food Security - Module 1                                                                                                   | 21,850,000                 |
| 2.            | Upscaled Caribbean Regional Programme for Food Security - Module 2<br>(The total cost of US\$105,257,000 for Module 2 is already incorporated at the national level) |                            |
| 3.            | Caribbean Invasive Species Surveillance & Information Program                                                                                                        | 15,624,106                 |
| 4.            | Development of a biologically-based area-wide pest management systems for horticultural                                                                              | 926,000                    |
| 5.            | Support for hot pepper production, marketing and trade                                                                                                               | 1,231,925                  |
| 6.            | Regional small ruminant production, marketing and trade project                                                                                                      | 4,732,466                  |
| 7.            | Promotion of improved crop production technologies to enhance competitiveness                                                                                        | 2,092,200                  |
| 8.            | Inclusive rural finance for competitive agribusiness                                                                                                                 | 779,000                    |
| 9.            | Developing an Effective and Efficient Marketing System for the OECS                                                                                                  | 6,482,534                  |
| 10.           | Improving Agricultural Health and Food Safety Systems (AHFS)                                                                                                         | 922,680                    |
| 11.           | Improving the Availability, Quality, and Management Systems for Water in Agriculture                                                                                 | 550,400                    |
| 12.           | Mitigating the Long Term Effects of Natural and Man Made Hazards on Agriculture Production                                                                           | 416,200                    |
| 13.           | Assisting in the Development of Land Use Planning and Agricultural Diversification                                                                                   | 284,300                    |
| 14.           | Developing clusters in the agribusiness industry                                                                                                                     | 2,145,000                  |
| 15.           | Creating a competitive anthurium industry                                                                                                                            | 622,985                    |
| 16.           | <b>Total</b>                                                                                                                                                         | <b>58,659,796</b>          |