

Promoting Agribusiness within the CSME



NEWS & HIGHLIGHTS



Caribbean Regional Capacity Building Workshop on Factoring/Receivable Discounting: A financing tool for agriculture sector development

4-5 November, 2009

Christ Church, Barbados

The United Nations Conference on Trade and Development (UNCTAD) and the Caribbean Development Bank (CDB), recently hosted a two-day regional training workshop in Barbados on Factoring/Receivable Discounting – a financing tool that could improve farmers’ access to credit. Honourable Haynesley Benn, Minister of Agriculture, Barbados, who opened the workshop, commented that the use of this financial tool could “emerge as an important trade finance mechanism... by helping to minimise risks and facilitate lending.” The Minister further indicated that factoring could help to integrate small-scale famers into the supply chains of the tourist industry and supermarkets within the Caribbean Community.

While the understanding/practice of factoring varies depending on the country/legal environment in which it is practiced, a broad definition, based on US practice, allows for “a continuing arrangement between a factoring concern and the seller of goods or services on open account, pursuant to which the factor performs the following services with respect to the accounts receivable...|”

1. Purchases all accounts receivable for immediate cash (transfer of ownership; right to receive payment under law)
2. Maintains the ledgers and performs other book-keeping duties
3. Collects the accounts receivable
4. Assumes losses which may arise from the customer’s non-payment

While the benefits of factoring and receivable discounting to small-scale farmers were acknowledged, one of the key issues flagged is the need for an appropriate legal and regulatory framework to be developed and enforced to ensure that this mechanism is not misused. The role of the private sector in lobbying for the appropriate regulatory environment emphasised as well as the role of the CARICOM Secretariat in assisting to place issue on the agenda of Member States.

The Workshop was attended by a range of stakeholders from the public and private sectors, including national and regional financial institutions, farmers, processors, hotel and tourism associations, marketing boards, and research organizations

FOR MORE INDEPTH INFORMATION ON FACTORING, GO TO:

www.factors-chain.com/home or www.factoring.org