



SMAE Competitiveness in the Caribbean:

Proceedings of an FAO-JAPA agribusiness roundtable
on small and medium agro-processing enterprises

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ROUNDTABLE

Reports



SMAE Competitiveness in the Caribbean:

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on small and medium agro-processing enterprises

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List of acronyms

BCPA	Barbados Condiment Processors Association
BSO	Business Services Organisation
CABA	Caribbean Agribusiness Association
CAIC	Caribbean Association of Industry and Commerce
CARDI	Caribbean Agricultural Research and Development Institute
CARICOM	Caribbean Community
CARIRI	Caribbean Industrial Research Institute
CARISEC	CARICOM Secretariat
CDE	Center for the Development of Enterprise
CEDA	Caribbean Export Development Agency
CEE	Central and Eastern Europe
CEP	Caribbean Egg Processors Limited
CFCU	Caribbean Federation of Credit Unions
CIDA	Canadian International Development Agency
COTED	Council for Trade and Economic Development
CPA	Caribbean Poultry Association
CPGA	Christiana Potato Growers Association
CPL	Caribbean Producers Ltd.
CSME	CARICOM Single Market and Economy
DFID	Department for International Development
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAO-SLC	FAO Sub-regional Office for the Caribbean
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
GABA	Guyana Agribusiness Association
GAP	Good Agricultural Practice
GAPA	Guyana Agro Processors Association
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis & Critical Control Points
IDB	Inter-American Development Bank
IFAMA	International Food and Agribusiness Management Association
IICA	Inter-American Institute for Cooperation on Agriculture
ISO	International Organization for Standardization

JAMPRO	Jamaica Promotions Corporation
JAPA	Jamaica Agro Processors Association
JBDC	Jamaica Business Development Corporation
JEFA	Jamaica Egg Farmers Association
LEL	Liquid Eggs Limited
NAMDEVCO	National Marketing and Development Corporation (Trinidad & Tobago)
NGO	Non-governmental Organization
NPD	New Product Development
NPL	Nutrition Products Limited
OECS	Organisation of Eastern Caribbean States
PPP	Public Private Partnership
RADA	Rural Agricultural Development Authority
SBA	Small Business Association (of Barbados)
SF&FPL	Southern Fruit & Food Processing Limited
SKAPA	St Kitts Agro Processors Association
SMAE	Small & Medium Agro-Processing Enterprise
SME	Small & Medium Enterprise
T&T	Trinidad and Tobago
TSL	Technical Solutions Limited
TTABA	Trinidad & Tobago Agribusiness Association
TTASAP	Trinidad and Tobago Alliance of Small Agro Processors
UK	United Kingdom
US/USA	United States/United States of America
USAID	United States Agency for International Development
USFDA	US Food and Drug Administration
USFSMA	US Food Safety Modernization Act
UWI	University of the West Indies
WEF	World Economic Forum
WIPL	West Indian Projects Ltd.
WTO	World Trade Organization

Executive Summary

The Jamaica Agro Processors Association (JAPA), on behalf of the Food and Agriculture Organization of the United Nations (FAO), convened a three-day Caribbean Small and Medium Agro-Processing Enterprise (SMAE) Competitiveness Roundtable, at the Knutsford Court Hotel, Kingston, Jamaica, on March 6-8, 2012.

Thirty-five organizations from ten Caribbean member states participated¹, most of which were SMAEs along with some representatives from industry associations, non-governmental organizations (NGOs) and public sector organizations that provide services to SMAEs. See annex 2 for a list of participants. Business profiles of SMAEs involved in the roundtable are provided in annex 3.

SMAEs are key players in food systems globally and locally and, particularly in developing countries, can play a critical role in creating rural income and employment opportunities, including through the demand they create for raw material supply by smaller and medium sized farmers.

The main purpose of the roundtable was to:

- i. Share information on similar roundtables previously held by the FAO in other regions;
- ii. Clarify circumstances and competitiveness challenges which were specific to the Caribbean;
- iii. Reinforce understanding of Caribbean SMAE business development strategies, initiatives and priorities to address competitiveness constraints;
- iv. Promote public-private sector dialogue on SMAE development support in the Caribbean and identify innovative solutions to helping SMAEs;
- v. Provide a platform to facilitate business-to-business linkages/alliances, networking and information exchange between SMAEs.

The rationale for FAO-SMAE Global Initiative was to strengthen the capacity of FAO to lead and provide support to governments, development partners and private sector organisations with the scope to promote the SMAE sector as a vehicle to drive the development of the rural agro processing industry and of related rural supply chains, in particular where it involves the participation of women at all levels.

As many states of the Caribbean Community (CARICOM) are transitioning from low income to middle income countries, SMAEs need to confront themselves with a changing context, where disposable income has increased and , as a result of improved international communication, market liberalisation, urbanisation, globalisation of the food distribution sector, and high levels of international travel, consumers have raised their expectations.

The structure of the Caribbean agro-food industry has changed over the last decades with the top four retailers, in most countries, controlling over 50% of the market share, and even higher is the share of market controlled by the top four food service operators. Similar concentrators are becoming evident in the large agro-processing or importing (international brand) sectors. Agriculture production in many countries is becoming more commercial.

In spite of this, the SMAE sector has made major investments in serving the export market opportunities to the growing international market for Caribbean products marketed under the branding of cuisine and culture of the region, primarily to the North Atlantic Diaspora but increasingly to a larger global market. In this regard, key SMAEs have very high export concentrations in throughput, primarily under wholesale and customer brands, to these markets.

¹ The SMAE from Haiti was unable to attend the Roundtable and in general most of the conversation in this document relates to SMAEs from other CARICOM member states, recognizing that there is a significant divergence across member states.

Smaller SMAEs also serve this export segment by providing products and agro-tourism services to the domestic hospitality/cruise-ship segment. However, smaller SMAEs are not only preoccupied with the export market as they see the domestic retail, food service and catering markets offering opportunities in which they compete with international brands and, increasingly, with regional brands, which are entering the market as a result of the bilateral trade agreements between CARICOM and the European Union, and many countries in the Americas.

However, although there are signs that SMAEs are beginning to collaborate to exchange raw materials and intermediate products such as pepper mash and purees, trade within CARICOM for finished SMAE products remains limited.

The business environment for Caribbean SMAEs is challenging and characterized by a weak policy and institutional framework. Indeed, the agri-food sector, from farm to fork, is subjected to a lack of an overarching policy and incentive framework, as these often fall under several ministerial portfolios. There tend to be low levels of dialogue and coordination among ministries with portfolio responsibility for the extended agri-food sector and, in particular, a lack of overall policy promoting SMAE development. In terms of industry organisation, there is limited inclusion of the private sector, and especially of SMAEs and producers in the policy dialogue.

Most (13) of the businesses at the Roundtable were involved in producing principally processed foods from fruit, vegetable, root and herbal commodities, although there were two fresh produce (fruit and vegetable) pack house wholesalers and several producers of processed animal (eggs, dairy) and fish products.

The SMAEs sold product to a variety of markets, including domestic retail, food service and hospitality buyers, and export markets. Small operators focused on the domestic retail, food service and hospitality markets. Interestingly, several agro-processors, though relatively small in number, had significant shares of sales being exported into the USA, EU and Canada (and the rest of the world). Sales to regional markets seemed to be, in general, small.

There was a rich diversity of organisational types at the Roundtable, ranging from small sole traders and associations of small women's kitchens targeting local markets, to quite sophisticated limited liability, medium sized agro-processing enterprises highly focused on export markets.

Annual gross revenues of SMAEs at the Roundtable ranged from less than US\$100,000 to over US\$2,000,000 with the majority of businesses having less than US\$500,000. The number of permanent employees for SMAEs at the Roundtable ranged from one to 200 employees, with the majority of them having fewer than 60 permanent employees. The agro-processors bought raw materials from up to 75 small farmers and/or over 200 collector/wholesalers, under a range of arrangements including longstanding understandings and contract sourcing.

Caribbean SMAE businesses practices discussed can be summarized in several board trends:

- Procurement practices
- Product development, branding, labelling and packaging
- Quality and safety management systems
- Improving efficiency and reducing cost

Programmes to promote Caribbean SMAE development were discussed at the Roundtable and can be summarized in several broad trends:

- Roles for associations and alliances
- Innovative financing and technical support
- Policy support and programmes

In the concluding session, participants recognized that it was difficult to compete individually and they needed to find ways to build capacity and develop business alliances and clusters and work in competitive value chains to surmount the challenges of small size. There was confirmation that several business alliances between the SMAEs were being discussed in the corridors of the meeting, including those related to trade of raw and intermediate material (pepper mash, fruit pulp), and to the establishment of a distribution platform in export markets. This meeting was seen as a good first step to address these issues at a regional level. Numerous calls for action to implement solutions were made in the final session.

In addition to the discussions in the Roundtable, significant networking took place in the informal spaces of the meeting, which led to a pronouncement in the closing session that a meeting of SMAEs would be held, with a view to forming a SMAE Alliance to continue networking and explore business alliances in areas such as marketing, export distribution, co-packing, raw material exchange and ingredient procurement².

Service providers at the Roundtable were committed to provide support for the sector, at both the national and regional level. Caribbean Export reminded the meeting of its Caribbean Speciality Foods Sector Development Initiative, which planned to bring business support organizations (BSOs) and SMAE representatives together later in 2012 to create a development strategy and action plan, with support from the Caribbean Development Bank and the Department for International Development (DFID) which continues to provide support for SMAEs and for BSOs that support them. The Caribbean Agricultural Research and Development Institute (CARDI) reiterated its support for strengthening the raw material supply to small processors. The BSOs and development partners reiterated their support for SMAEs at both the regional and national level. The Caribbean Industrial Research Institute (CARIRI) pointed out the need for stronger processing productivity and management skills, especially in face of more stringent market access requirements coming into place in export markets. Financial specialists underlined the need to strengthen capacity for financial management of SMAEs and suggested the need for a more hands-on SMAE and value chain finance management capacity building programme, perhaps building on the FAO value chain financing training package. The Inter-American Institute for Cooperation on Agriculture (IICA) pointed out its intention to roll out several agribusiness and agro tourism programs, including several targeted to women's groups, which can provide support for SMAEs and their supply chains, and invited participants to approach them for support.

FAO returned to the opening comments on the purpose of the Roundtable and pointed out that the meeting will significantly contribute to developing capacity for the FAO and other development partners to provide support to SMAEs at the global, regional and national level. It was felt that more had been learned from SMAE exchanges than from a meeting with only development partners. Participants were encouraged to reflect on the exchanges in the meeting and to learn from the lessons of business alliances to address competitiveness challenges rather than simply seek development assistance.

The meeting concluded with agreement on several next steps:

1. Presentations and proceedings will be shared with participants;
2. For the guidance coming out of the Roundtable, the priority will be to indicate the innovative practices that address common problems. In this regard, an online survey might be sent to participants and other Caribbean SMAEs validating the finding of the roundtable;
3. The FAO will identify resource personnel to provide Caribbean SMAEs with support in areas such as competitiveness and specific thematic areas, like post-harvest loss management, agro-processing, and SMAE and related value chain finance management;
4. The feasibility of a knowledge and information platform on Caribbean SMAEs, to be hosted possibly on the CARICOM Secretariat (CARISEC) agribusiness website, will be explored and. While FAO can contribute to its development, its maintenance may be too expensive for FAO. Support from development partners can be explored;

² Since the Roundtable, a not-for-profit company with ten SMAEs from six countries has been registered in July 2012 in Barbados and the trade in intermediate products has begun.

5. The FAO has started advocating for SMAEs and will continue to advocate with development partners at various levels to provide support to SMAE development;
6. The FAO Sub-regional Office for the Caribbean (FAO-SLC) should participate in regional outreach and action planning meetings to promote follow up to develop a broader context of new functionality of the Ministries of Agriculture, to embrace agribusiness/agro processing support and to reinforce the need for services provision through commodity associations, agribusiness associations, agro processor associations, and small business associations. In this regard FAO-SLC should be forwarded this report to the Council for Trade and Economic Development (COTED) – Agriculture to inform its programmes for SMAEs;
7. The region should promote the hosting of programs to strengthen capacity and support financing initiatives, such as SMAE/value chain financing, investment funds, guarantee funds, agribusiness investment programmes and, in the areas of sustainable mechanisation, packaging, logistics and innovation systems for proprietary technologies;
8. The region should promote programs to develop and mobilize resources and enhance SMAE competitiveness at the country and regional level;
9. Resources should be mobilized to raise funds for SMAE development, probably in the agri-food value chain context;
10. The SMAE participants should meet to explore the formation of a regional Caribbean SMAE Alliance to promote information exchange, networking and business alliances between its members.

Attendees congratulated JAPA and the FAO for supporting a high level of participation of women at the Roundtable as well as having representation from smaller women's kitchen groups and female managers/owners of larger agro-processing enterprises. The meeting concluded with thanks to JAPA and the FAO for hosting such a dynamic, open and frank meeting.

1. Introduction

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The main modalities engaged by the Roundtable included several stage-setting papers to frame the background against which Caribbean SMAEs were operating; presentation of business case profiles by the SMAEs; small group roundtable dialogue exchanges around specific themes pertinent to SMAE strategies and trends; group reports and discussion on conversations; and panel discussions which allowed cross-fertilization of ideas between the private and public sectors. Most importantly, the emphasis of the Roundtable was to allow the SMAE operators to lead and dominate the conversation on SMAE experiences and development strategies, and to have the public sector/NGO service providers reflect and respond to the SMAEs' dialogues. This approach seemed to have been a first in the region and was very positively noted by the participants in the closing session. The programme is provided in annex 1.

1.1 Rationale for FAO-SMAE Global Initiative⁴

SMAEs are key players in food systems globally and locally and, particularly in developing countries, can play a critical role in creating rural income and employment opportunities, including through the demand they create for raw material supply by smaller and medium sized farmers. SMAEs are not micro, village or cluster enterprises and not SMEs in general, but agro processing enterprises. Notably, many SMAEs are led by and involve significant numbers of women within their organisations and their related supply chains. SMAEs that are appropriately capitalized and managed can produce high quality branded and labelled products, which can compete with international brands in domestic markets, thereby reducing reliance on imported products, providing support for national tourism services, and increasing export revenues. In order to realize the developmental potential of SMAEs, these firms must have business and operational

³ The SMAE from Haiti was unable to attend the Roundtable and in general most of the conversation in this document relates to SMAEs from other CARICOM member states, recognizing that there is a significant divergence across member states.

⁴ Presentation: FAO-SAME Competitiveness Roundtables, Doyle Baker, FAO, 2012.

management practices, technologies and logistics that enable them to compete with larger firms and international corporations.

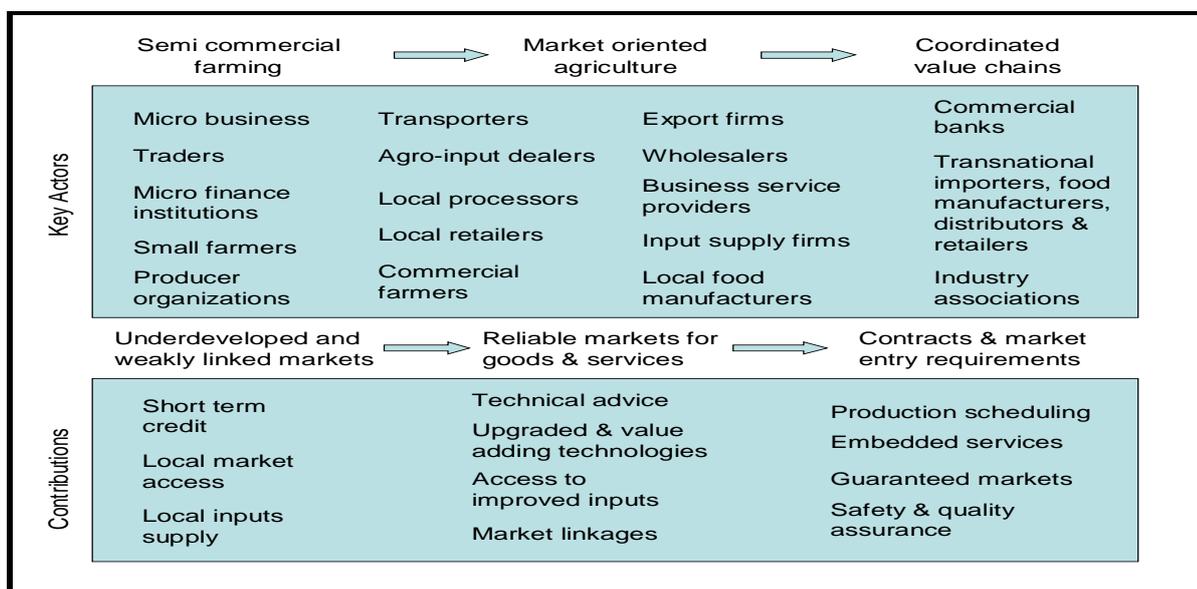
There is a concern that although SMAEs are pivotal to developing rural economies, their management practices, technologies and logistics are not at a competitive level compared to larger firms and international corporations. Often high costs and risks threaten profitability and sustainability and those that survive often cannot afford responsible business practices, thereby increasing the vulnerability of farmers and employees. Moreover, their interests are not well represented by private sector federations and organisations, which tend to be dominated by larger firms. Last of all SMAEs are subject to weak policy and institutional support, including technological services as, more often than not, the sector falls between the mandates of the ministries of agriculture and commerce.

Since 2007, the FAO has been promoting a discussion among FAO member countries about the trends and issues related to agribusiness and agro-industry modernization and transformation in developing regions, through the FAO Committee on Agriculture (2007), the Global Agro Industries Forum (2008), several Regional Agro Industries Fora in Asia and Latin America ((2009) and the Milan Private Sector Forum (2009). These dialogues have recognized the importance of agribusiness and agro industries and have been committed to establishing enabling policies. The consensus has been that the public sector had a role in value chain development, especially given the rapid impacts of change on smallholders. Moreover, the talks acknowledged the central role of the private sector, in its diverse forms, on agricultural development and concluded that it needed to be enabled to play its role through direct dialogue and partnering with the public sector and development partners. Last of all, the regional and global fora sought to learn from success stories, develop a shared vision of development issues, agree on strategies and clarify roles between the private and public sectors to improve food security, including by developing SMAEs.

Beginning in the 2010-11 Biennium, FAO has been organizing a series of regional Agribusiness Roundtables in order to support direct dialogue with and among SMAE managers, to clarify their opportunities and challenges and identify strategies and actions they were pursuing for achieving and enhancing competitiveness. Improved understanding of the challenges, strategies and priorities for SMAE development, as perceived by SMAE managers, will better position the FAO to be a credible service provider for assisting FAO member countries in developing programmes to support SMAEs and engage SMAEs in agricultural development.

Some of the medium term outcomes of an enhanced FAO program for SMAEs might include:

1. Advocacy for increased priority on SMAEs at national, regional and global levels;
2. Decision support and technical assistance on lessons learned and good practice;
3. Development of needs-driven technical programmes to enhance competitiveness;
4. Increased interest among SMAE managers for networking and information exchange.



To this point, SMAE roundtables have been carried out in Tanzania (for sub-Saharan Africa), El Salvador (for Central America), Malaysia (for Asia), Peru (for South America), and Hungary (for Central Europe and West Asia). These roundtables have provided substantial insight into strategies for supporting SMAE development.

The development challenges have been different for each sub-region. In Africa, SMAEs compete with privatized firms for domestic and regional markets. In Central America, they must compete within the context of a dualistic structure of large, traditional export-oriented sectors, alongside smaller, non-traditional product sectors targeting domestic and regional markets, where foreign direct investment (FDI) is driving change in the food distribution markets and where exports into the US face strong regulatory and private standards. In Asia, SMAEs are focusing on traditional products targeted to the Asian Diaspora. In the central and eastern Europe (CEE), where there was a breakdown of the entire food chain with the transitioning of the economies out of centralised state-planned economies, the food distribution services sector has been consolidating quickly and new European Union (EU) market conditions, private standards and regulations have increased the entry barriers for SMAEs.

However, there are many similarities of SMAE development across the sub-regions. Most SMAEs are family enterprises or are owned by a small number of partners with strong roots in their local communities, where they make significant contributions to value addition, employment creation and income generation. They tend to focus on producing differentiated products with specific traits, in many cases based on local and traditional cuisine, targeting specific consumers, often of related Diaspora. Most SMAEs provide technical support and other assistance to small farm suppliers and, in this regard, have taken steps to reduce post-harvest losses and improve quality and food safety of their products. The vast majority had financed their operations using savings, pensions and loans from family members, and had ploughed earnings back into building their businesses.

Moreover, the opportunities, strengths and challenges for SMAEs across regions appear to be similar. Successful SMAEs are targeting a clear market demand, driven by a growing middle class, for a mixture of high quality, safe, natural, ethical, and certified products, often based on local/traditional cuisine in both traditional and modern retail and food service formats, as well as the Diaspora in export markets. They are producing their products and services in diverse advantaged agro-ecological conditions with support from innovative services and financial mechanisms. They face common challenges, such as competition from large, established multi-national and national agro-processors, a high cost of doing business by way of taxes, energy, transport and food safety compliance costs, and the availability, seasonality, reliability, quality, consistency of raw materials. In addition, most have difficulty sourcing appropriate equipment, modern technology and packaging materials; restricted access to capital with high costs; weak policy support and regulatory framework; and daily emergence of new competitors.

Most SMAE managers believe that governments should do more by way of policies (or lack thereof) such as trade liberalization, and that business costs and regulations are putting them at a disadvantage relative to larger agro-processing companies, consolidated food retailers, food service and hotel operators. They feel that governments need to establish dialogue platforms, reinforce institutional and technical support capacity, and ensure transparency and free flow of communication, especially with respect to government regulations, grants and investment, and export support.

This Caribbean roundtable, together with another in the Pacific, completes the preliminary conversation of the FAO with SMAEs across the globe, with the objective of strengthening the FAO's programs to develop agri-food systems, which are inclusive of SMAEs. Following this, a comprehensive document will be prepared to draw together lessons learned, including other appraisals from other development partners, and provide strategic guidance on SMAE policy measures and development programmes. This will provide a platform for advocacy with international and regional financial institutions, donors and regional economic organisations, and a subsequent series of action planning meetings to promote regional and country level initiatives for enhancing SMAE competitiveness and the development of networking and information-sharing platforms. In support of this, the FAO will launch field programmes and mobilize resources to create the foundation for moving into action by mainstreaming and reinforcing existing SMAE development programmes and provide specialist support in major public-private sector initiatives, such as the World Economic Forum (WEF)'s "Grow Africa" partnership, and the provision of client-driven policy and technical assistance.

1.2 Regional context for SMAE competitiveness roundtable

The structure of the Caribbean SMAE industry⁵

The Caribbean agro processing industry is made up of a small number of large enterprises (e.g. especially in sectors such as bakery and snacks, beverages, oils and fats, sugar, rice and poultry) and a proliferation of micro, small and medium enterprises (e.g. preservatives, jams, jellies, condiments, juices, spices, herbs, hot beverages), many of which are family owned, often based at the entrepreneur's household.

The industry is a major source of employment, and the subsectors in which most SMAEs operate have relatively low barriers of entry, creating a platform for the development of small enterprise while making a significant contribution to rural development. In several states of the Caribbean community (CARICOM) it is a key component of GDP, saving and/or earning foreign exchange and is central to food and nutrition security programmes. The industry has a high growth potential as ethnic foods export markets surge and can play a strategic role in supporting the development of other industries, such as light manufacturing and tourism.

The industry plays an important role in adding value to agricultural farm output and minimizing post-harvest losses, thereby increasing the availability and quality of food available for consumption. While many of the larger enterprises utilise a high percentage of imported raw material, the smaller enterprises are more dependant on locally sourced raw materials. There is some sourcing of raw materials intra-regionally, although this is somewhat limited by transport linkages. However, there is a small but growing trend to source intermediate products from within the region. With a few exceptions, SMAEs tend not to have any formal arrangements for raw material supply and continue to be challenged with quantity, quality, seasonality and cost issues. Bilateral trade agreements are increasing both raw material supply and finished product offerings of similar finished products from neighbouring producers in the Americas, who often have good quality and competitive prices.

Basic packaging is sourced within the region but more high-end versions have to be imported. Processing equipment is more often than not imported, unaccompanied by adequate training, and after-sales services levels are low so that equipment often tends to be inappropriate, have low capacity utilisation, be subject to low economies of scale and have low operational flexibility. There is little use of collaborative solutions, such as multi-purpose processing facilities, mobile processing, inter-firm co-packing, and other forms of outsourcing services, to address these challenges.

Finance continues to be challenging for SMAEs, not so much from the perspective of availability and accessibility, but rather because of the inadequate capacity of SMAEs to develop and manage bankable propositions, and because of their lack of willingness to explore equity type injections as a significant financing vehicle, as it would produce the loss of some degree of ownership of the enterprise.

SMAE export market challenges⁶

Most micro and small agro processors sell the bulk of their products to domestic retail, food service and hospitality markets and, as they grow in size, begin to access export markets in North America, the EU and, to a lesser extent, in CARICOM. Indeed, as focus on export markets increases, share of throughput sold to these markets may exceed 75% of shipments.

Caribbean firms have been reasonably successful in breaking into export niche markets for differentiated products based on Caribbean cuisine and brands linked to their exotic location and culture. This has taken place in spite of the recession in some CARICOM countries, such as Jamaica, where food exports have continued to grow over the last four years.

⁵ Presentation: Caribbean SMAE Industry Profile, Megnath Gosein, CARIRI, 2012

⁶ Presentation: Challenges facing Caribbean Agro-processing Enterprises, Andre Gordon/ Odtette Knight, TSL, 2012

This has also happened against the backdrop of recent trade agreements, including the CARICOM Single Market and Economy (CSME), the Economic Partnership Agreement (EPA) with the EU, and the bilateral agreements with several countries in the Americas (United States, Canada, Dominican Republic, Cuba, Costa Rica, Panama and Brazil).

Increasing awareness and concerns by consumers and retailers in these export markets has led to strident calls for regulators to ensure a safe and secure food supply. As a result, there has been the introduction of basic regulatory requirements, such as the United States Food and Drug Administration (USFDA) Code of Federal Regulations, the US Food Safety Modernization Act (USFSMA 2011), the EU Regulatory Requirements (2004 & 2006) and the industry-led Global Food Safety Initiative, which have made safety, quality and labelling requirements a virtually mandatory cost for entry into export markets. For example, the recent USFSMA holds anyone who makes, brands, handles, stores, transports, exports, imports, and/or distributes foods liable for food safety infringements. This now makes it important for exporters, including SMAEs, to implement systems such as Hazard Analysis and Critical Control Points (HACCP) and International Organization for Standardization (ISO) systems, which often entail significant investment to upgrade plant, information systems, training, restructured relationships with raw material suppliers, and closer relationships with providers of services such as laboratory testing.

In addition, several Caribbean exporters targeting EU markets increasingly have to address new standards in the areas of the environment, ethical production and corporate social responsibility.

The business environment for Caribbean SMAEs⁷

The environment within which Caribbean SMAEs compete is becoming more challenging. Within the region, as per capita GDP increases, countries become more urbanized, communication/information technologies develop, transportation systems improve, and international retailers enter the market, the food retail markets are becoming more concentrated, with the top four supermarkets in most CARICOM member states accounting for close to or over 50% of consumer spend on food for consumption at home.

Food eaten away from home at food service outlets, many of which are dominated by international brands, is taking a larger part of household expenditure, as more women join the workforce and people work further away from home and seek the convenience of prepared foods. While the tourism/hospitality and cruise ship operators do provide increased “export” opportunities for Caribbean foods, their business models require them to assure reliable food supply and food safety and portion control, which most often leads them to depend on imports.

As more international retailers, food service and hotel operators enter the market with more competitive formats, they are introducing private standards and specialized procurement systems, which have served to change the business practices of the domestic operators.

The markets for ethnic foods in the North Atlantic metropolitan markets and in particular the Caribbean food segments are growing rapidly, providing an opportunity for Caribbean specialty foods, many of which are produced by SMAEs. However, several international brands, such as McCormick and Heinz, have recognised the opportunity and are now launching competitively priced Caribbean products, such as jerk sauce, as part of their product mix. In addition, leading Caribbean food manufacturing and distribution firms, such as Grace Kennedy Foods of Jamaica, are buying Caribbean brands and agro-processing plants in these export markets, creating a new form of competition for agro-processors based in the Caribbean.

A similar concentration is taking place in the primary and secondary food processing sectors. For most of the major food groups dominated by larger agro-processors and international branded importers, 1 – 3 players account for the lion’s share of each category, and often these have intraregional ownership and business alliances. This has meant that the majority of the SMAE activity has focused on the transformation of fresh products into shelf-stable products, such as: fruit and vegetables into condiments, preserves and frozen

⁷ Presentation: Caribbean SMAE Enabling Environment, R Best, WIPL, 2012

products; fresh and chilled livestock; short shelf life dairy; bottled honey; fish products; dried herbs and spices; drinks derived from fruit, vegetables and herbs; fresh bakery products; and food distribution services related to these products—all of which capture traditional Caribbean cuisine and the preference for “fresh foods”.

From the public sector perspective, there is an increasing awareness of the benefits of promoting small and medium enterprise (SME) development. However, for agri-food chains, unlike many other industrial chains, which fall more neatly under the purview of the Ministries of Industry, Commerce and Investment, the farm-to-fork continuum is faced with a lack of an overarching policy and incentive framework, as they often fall under several ministerial portfolios including agriculture (production), health (quality and safety), environment, industry (manufacturing) and commerce (distribution), and trade⁸. There tend to be low levels of dialogue and coordination among ministries with portfolio responsibility for the agri-food sector and, in particular, a lack of overall policy promoting small and medium agro-processing enterprise development and weak institutional capacity for supporting enterprises.

In terms of industry organisation, there is limited inclusion of the private sector, including SMAEs and producers in the policy dialogue. The larger players in the agro processing industry have been organised at the regional level around several organisations, like the Caribbean Agribusiness Association (CABA) and the Caribbean Association of Industry and Commerce (CAIC), which are at this point in time somewhat weak, and at the national levels by manufacturing associations and chambers of commerce, which are more effective but have tended not to represent SMAEs. However, development partners like the CARICOM Secretariat (CARISEC), Caribbean Export Development Agency (CEDA), the Inter-American Development Bank (IDB), the Center for the Development of Enterprise (CDE), the Inter-American Institute for Cooperation on Agriculture (IICA) and have been increasingly implementing programmes targeting SMAEs, for example the “CEDA/CDB/DIFID Caribbean Foods Sector Development Project”. At the national level there are several fledgling national SMAE organisations that receive some support from Business Services Organisation (BSO).

⁸ Rose, Stacey (2011): An Assessment of the Enabling Environment for Agri-Food Value Chain Development in Selected CARICOM Member States, Promoting CARICOM CARIFORUM Food Security Project, FAO.

2. Caribbean SMAE Business Profiles

2.1 Introduction

During the first day of the Roundtable, the 18 SMAE participants from ten CARICOM countries displayed samples of their products and presented profiles of their business, which are captured in annex 3.



Photo 1: Product samples displayed by SMAEs at the Caribbean Week of Agriculture in Grenada (October 2010)

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An overview of the SMAE organisational profiles and trends is provided below as a context for a more detailed conversation about Caribbean SMAE internal business practices and trends and the programmes to promote SMAE development in the region.

2.2 Profiles and trends

Most (13) of the businesses at the Roundtable were involved in producing principally processed foods from fruit, vegetable, root and herbal commodities, although there were two fresh produce (fruit and vegetable) pack houses wholesalers and several producers of processed animal (eggs, dairy) and fish products.

The products tended to be made from local perishable products, either capturing local recipes and traditional cuisine, or preserving primary commodities for use in these cuisines or for export, and most were careful to minimize or exclude additives and preservatives. In some operations, the service component of the firms' offering were found to be important part of the marketing mix, such as agro-tourism visits to condiment/preserve manufacturers factories and farms, private labelling for exporters of canned fruit and vegetables, retail franchises for ice cream, and customer-driven flexible product/packing configuration for fish exporters.

Branding often positioned the product as Caribbean/national product and labels made claims to be a combination of fresh, natural, preservative/additive-free content. The products came in a range of packaging formats, which were dependant on the nature of the commodity, level of transformation of the product and requirements of the target market. Target markets could be the domestic, regional or extra-regional markets. Product ranges varied from five for small operations to up to 50 products for larger operations, although some larger export orientated operations had very narrow ranges in a focused export marketing strategy.

Quality was an important claim for almost all the SMAEs, and food safety and, to a lesser extent, ethical product certification were especially important to exporters. Major shocks in export market food safety regulation had been a driving force in the investment of international food safety standards in processors of the two major export products (ackee and fish/shrimp).

The SMAEs sold product to a variety of markets, including domestic retail, food service and hospitality buyers and export markets. Small operators focused on the domestic retail, food service and hospitality markets. Interestingly, several agro-processors, though relatively small in number, had significant shares of sales being exported into the USA, EU and Canada (and the rest of the world). Sales to regional markets seemed to be, in general, small.

The technologies used by the agro-processors could be divided into two groups: those which sought to principally preserve single commodities, such as dried herbs, chilled juices, chilled liquid eggs, frozen roots, dried, chilled and frozen fish; and those which sought to combine commodities together and add other ingredients to arrive at bottled preserves, condiments, canned mixed juices, fresh packaged fruit salads, tropical fruit ice creams; and fruit-based alcohol drinks.

There were a variety of supply chain and logistics configurations across the businesses. For outbound logistics, SMAEs used combinations of traditional in-house direct distribution and sales; outsourced physical distribution and sales (private labelling); in-house retailing, franchising and agro tourism; and joint ventures with hospitality wholesalers. At the level of manufacturing, most processing was done in-house, but a few businesses were engaged in co-packing arrangements where they manufactured products to customer's specifications.

For in-bound logistics and procurement, several clear groups of arrangements presented themselves. For agriculture commodity input supply, most SMAEs had longstanding arrangements with a core group of farmers who had a reasonable understanding of specifications and for whom processing planning was managed through telecommunications. For several key products, such as ackee, coconut water and, to a lesser extent, fish, procurement took place through a network of collector/wholesalers. For a few medium sized processors, contracts were used to manage the procurement process.

There was a rich diversity of organisational types at the Roundtable, ranging from small sole traders and associations of small women's kitchens targeting local markets, to quite sophisticated limited liability medium sized agro-processing enterprises focused on export markets.

Many of the businesses were established 20 to 40 years ago, by women working out of their own kitchens. Even in the larger enterprises, women held senior management and technical (food technology, food safety) positions, so that of the 18 business participants in the meeting, 60% were women. In addition, it was clear from discussions on the sidelines of the Roundtable that women tended to dominate the workforce in most agro-processors and in some cases (Erica's) a large share of them were female small farmers.

The number of permanent employees for SMAEs at the Roundtable ranged from one to 200 employees, with the majority of them having fewer than 60 permanent employees. Annual gross revenues ranged from less than US\$100,000 to over US\$2,000,000 with the majority of businesses having less than US\$500,000.

Table 1: Caribbean SMAE Competitiveness Roundtable Participants' Basic Business Profiles

Company	Business Model & Size	Year Formed	Sales US \$000/ Yr	Perm/ Temp Employees	Management /Technical Employees #	Company Form	Key Commodities	Key Markets (Ranked)	Processing Location
Granmaaky Ltd	Artisanal Kitchen	1974	<100	1 / 2	1	Sole trader	Condiments, preserves	Domestic	Antigua & Barbuda
St Kitts Agro Processors Assoc.	Artisanal kitchen	1970	NA	2	NA	Agro processors Assoc	Condiments, Preserves, teas	Domestic	St Kitts & Nevis
Fitz Fresh Fruits	Produce Wholesaler	1975	<150	6	1	Sole trader	Fresh, pre-cut fruit	Domestic	Antigua & Barbuda
Phoenix Ent. Guyana	Small processor	2004	<150	5	1	Sole trader	Coconut water	Domestic	Guyana
Erica's Country Style	Small processor	1989	<150	9 / 2	2	Limited liability	Fruit, vegetables	Domestic, Export	St Vincent /Grenadines
Hot Mamas Belize Ltd.	Small processor	1996	<175	7 / 3	2	Limited liability	Condiments, preserves	Domestic, US, CDA	Belize
C&G Star Trading Ltd.	Small processor	1992	<400	14	2	Limited liability	Condiments, Cordials	Domestic, UK, US,	Barbados
De La Grenade Industries Ltd	Small processor	1968	NA	17	NA	Limited liability	Preserves, liqueurs	Domestic, UK, US,	Grenada
A Taste of the Caribbean Ltd.	Small processor	2003	NA	NA	NA	Limited liability	Condiments, preserves	Domestic	Jamaica
Jamaica Egg Farmers Assoc.	Small processor	NA	>200	6	1	Limited liability/ JV	Liquid eggs	Domestic	Jamaica
Southern Fruits & Processing	Medium processor	1989	>500	60/25	NA	Limited liability	Condiments, drinks	Domestic, UK, US,	Jamaica
Island Packers Ltd.	Medium processor	NA	NA	NA	NA	Limited liability	Ackee, fruit, vegetables	Domestic, UK, US,	Jamaica
Exotic Products Jamaica Ltd	Medium processor	1997	<500	25 / 40	4	Limited liability	Ackee, fruit, vegetables	Domestic, UK, US,	Jamaica

Company	Business Model & Size	Year Formed	Sales US \$000/ Yr	Perm/ Temp Employees	Management /Technical Employees #	Company Form	Key Commodities	Key Markets (Ranked)	Processing Location
SUVVEB	Medium processor	1990	>900	37/54	8 / 4	Limited liability	Frozen, fresh, processed fish	EU, Asia, Americas	Suriname
Central Food Packers Ltd.	Medium processor	1985	>1,000	200/150	6	Limited liability	Ackee, fruit, vegetables	Domestic, UK, US,	Jamaica
Christiana Potato Growers Coop.	Medium pack house	1959	>1,200	22 / 25	5	Producer association	Roots, vegetables,	Domestic	Jamaica
Trinidad & Tobago Agribiz Assoc.	Medium processor	2006	<2,000	140/60	8	Agribusiness association	Roots, fruit & vegetables, juices	Domestic	Trinidad & Tobago
B's Homemade Ice Cream	Medium processor	1985	>2,000	35	6	Limited liability	Ice cream catering	Domestic	Trinidad & Tobago

3. Caribbean SMAE Business Practices and Trends

Three panels were constituted to explore opportunities and challenges for Caribbean SMAEs in three broad areas (below) that impact on their competitiveness based on their business models:

1. Roundtable 1 - SMAEs whose primary business model was to convert (dry, chill, freeze, bottle, can) a raw commodity into a stable product for sale
2. Roundtable 2 - SMAEs whose primary business model was to process a raw material and combine it with other commodities, ingredients and additives, in a stable form, for sale
3. Roundtable 3 – Regional and national service providers from the public sector: NGOs, development partners and businesses service organisations who provided support for the development of SMAEs

The group discussed four main topic areas: procurement practices; product development, branding and labelling; quality and safety management standards; and efficiency and cost reduction. A summary of the key points from the discussion is provided below.

3.1 Procurement practices

When processors can align their raw material supply with their business needs it is possible to get required quantities, without having to engage in acquiring land, manpower and finances to produce the raw material themselves.

However, there may be high transaction costs in dealing with individual farmers and farmers' organisations, as well as issues of unreliability of supply quantity, quality, and timeliness. Many small farmers fail to respect written contracts or verbal agreements. This makes supply traceability difficult and costly and often requires the presence of company staff or similar agents.

In other parts of the world, SMAEs have adopted a mix of various strategies to address the challenges of procurement from small farmers. These include own production, formal contract farming or informal agreements, pre-paying farmers, procurement planning, organising farmers into groups, employing collection centres, outsourcing some pre-processing functions to farmers, and engaging other intermediaries (NGOs, buying agents, universities) to develop relationships with farmers.

In the Caribbean, SMAEs bought several main types of inputs, mainly commodity raw materials, other food ingredients, retail and wholesale packaging and labelling.

Most of the commodity raw materials were purchased directly from farmers under longstanding verbal agreements. Smaller women's kitchens and small processors also used combinations of collecting fruit from family and growing small amounts themselves. For almost a third of the processors, four ackee canners two coconut water bottlers, and two fresh produce producers, commodities were sourced from many wild trees, backyards, small farmers, and small estates through collectors/wholesalers. One ackee processor did collect a substantial amount of his fruit itself to lessen the post-harvest losses incurred in harvesting and transport. Two small processors in Antigua and St Kitts also sourced raw materials from the wild without having to pay. Many processors would turn to the spot market for some commodities when regular supplies failed, especially after a natural disaster. One processor (ice cream) sourced most of its fresh tropical fruit as intermediate products from other processors and pack houses, and another engaged a farmer's organisation to prepare (peel) the commodity (roots) before delivery.

Basic packaging and labelling was sourced within the region but more upscale market versions were imported. In larger territories, ingredients were sourced locally but in some smaller territories, processors sourced cheaper ingredients by importing them.

The relationship between the processors and farmers varied. Many had tried contract farming that had not worked and instead relied on verbal agreements with farmers with whom they had longstanding relationships, where the processors' specifications had been communicated to the farmers. One larger fruit and vegetable canner sourced commodities from farmers who were formally contracted by the processor or, to the processor's major customer. The liquid egg processor had longstanding agreements, including clear supplier specifications with commercial egg farmers, most of who were shareholders of the processing plant. The fish processor had contracts with deep-sea trawlers, longstanding arrangements with coastal fishermen and used a few brokers to source supplies from artisanal fishermen.

The number of farmers supplying processors ranged from less than twenty for most processors to upwards of 75 and for several processors. In the case of ackee processors, the numbers of collectors supplying the factories was between 75 – 200 regular collectors, not including a smaller number of itinerant collectors. As a result, various levels of production planning sophistication existed across the processors. For those supply chains where the production technology was more sophisticated and where there were "contracts," i.e. for fish, eggs, ice cream, coconut water and contracted pepper farming, there was a very clear understanding of supply volumes and timelines which were followed up closely, and transparency was maintained through telephone/radio contact and field staff supervision. Where collectors were the main delivery vehicle, i.e. for ackee and coconut, there was a clear set of preferred core collectors who were expected to deliver weekly and telephones were also used to maintain a database on incoming volumes. Other processors had arrangements longstanding with farmers that allowed them to plan processing runs through telephone contact. In the case of major exporters, for ackee and fish, export customer food safety requirements were driving forces in the relationship with suppliers.

Seasonality poses several challenges to different degrees for processors and was addressed in several ways depending on the commodity. For example, pepper can be grown across the year in most locations, but it is most cost effective to grow it during the dry season when productivity, yields and quality are highest and when supply volumes tend to peak. For the majority of processors, for which ackee and pepper were major commodities, many sought to transform the fresh product by way of canning (ackee) or fermentation (pepper) into an ambient stable intermediate pepper mash, which includes salt vinegar (or lactic acid as a natural product), which could then be stored for up to two years. Other fruits, liquid eggs, ice cream and fish were stored by refrigeration and raw material for tea by drying. However, preservation options have an impact on both working capital and production cost, due to high electricity cost (except in Trinidad and Tobago where costs are ¼ of the rest of the region), and shrinkage in storage.

Table 2: Relationships of Roundtable SMAEs with suppliers of commodities

SAME Product category	SAME #	SAME Sales Range US\$	Key relationships with suppliers	Supplier #
Bottled condiments & preserves	9	0.1 -0.5m	<ul style="list-style-type: none"> Mainly longstanding relationships with key farmers where specifications are established over time Contract farming in one case Own production and free collection in two cases Spot market at times Importation of intermediate product (pepper mash) at times 	15 - 75 small farmers
Canned ackee (and other vegetables, juices)	4	0.5 - 1.0 m	<ul style="list-style-type: none"> Longstanding relationships with key collector/wholesalers where specifications are established over time but reinforced by Standards Bureau oversight 	75 – 300 collectors
Bottled, chilled coconut water (and 1 other: fresh, frozen fruit & vegetables)	2	0.15 – 2.0 m	<ul style="list-style-type: none"> Contracts with key collectors Longstanding relationships with key collector/ wholesalers where specifications are established over time 	not known
Wholesale-packed fresh produce and roots (and retail-packed fruit salads)	2	0.1 - 1.2 m	<ul style="list-style-type: none"> Longstanding relationships with farmers, where specifications are established over time. In one case, members of large 400 farmers cooperative. Spot market at times 	20 – 400 farmers
Food service packed bottled liquid eggs	1	>0.4 m	<ul style="list-style-type: none"> Core farmers are share holders in joint venture with processor, whose specifications are well defined Additional amounts occasionally come from egg association pack house 	30 farmers
Wholesale packed fresh, frozen and retail packed prepared fish (burgers)	1	<1.0 m	<ul style="list-style-type: none"> Contracts with long liners Longstanding relationships with coastal fishermen Broker(s) at local fish markets for artisanal fishermen All fall under HACCP and ISO certification 	40 long liners 4 trawlers 1 main broker with 15 key small fishermen
Retail and wholesale packaged ice cream and related products	1	<2.0 m	<ul style="list-style-type: none"> Tropical flavours sourced mainly from other agro-processors Some fresh fruit from pack houses 	>20 farmers or agro-processor suppliers

NB: Categories overlap and are simplified to demonstrate differences.

Importation was an alternate solution for addressing weaknesses in supply. Few processors imported commodities consistently, except Trinidad and Tobago Agribusiness Association (TTABA), which imported frozen bottled coconut water from Guyana, and fresh roots from the Organisation of Eastern Caribbean States (OECS) for preparation of frozen pre-cut roots. Several processors (Jamaica, St Vincent, Grenada) had imported pepper mash from Central America but most reported that the quality (variety, blend, colour and contamination) was not satisfactory. More recently, several pepper processors in Belize, Barbados, Jamaica, Trinidad and Tobago (T&T), Suriname, and Dominica have agreed to develop a Caribbean business alliance and have begun exchanging intermediate pepper mash and fruit pulps.

With regard to quality and food safety, different approaches have been taken, depending on the target market of the processor and the food safety risks associated with the commodity. At an overarching level, almost all Caribbean processors positioned their products in the context of traditional Caribbean cuisine, which is based on fresh rural inputs that are of good quality and food safe. Many had specifications (e.g. hot pepper: varieties, maturity, colour, hotness, flavour, de-stemmed, clean) even if they were not written down, which were communicated to farmers with whom the processors had long-standing relationships. More often than not, the specifications were enforced at the processor's receiving dock, where product was sorted and ejected.

However, those selling major products (peppers, ackee, fish, eggs) to export markets or international hotel chains had to meet regulatory frameworks in importing countries, or private standards which required certification by domestic regulatory agencies, which in turn required training and traceability systems for fruit collectors and farmers. This is especially the case for fresh ackee, which contains hypoglycin (a natural toxin similar to cyanide), eggs, which can easily become contaminated with toxic bacteria, and fish, which faces similar challenges. As a result, these processors are investing in systems with farmers, collectors and suppliers to improve quality of harvesting, reduce post-harvest losses, improve quality delivered to the plant, as well as meet the requirements of the Bureau of Standards, Jamaica; Belize Agricultural Health Authority; and the Suriname Ministry of Health. Many smaller processors also kept track of supply sources and specifications through basic record keeping systems.

Transport to plant varied. For most processors, farmers (peppers, eggs, fish) and collectors/wholesalers (ackee, coconuts) delivered raw material to the factory. Some processors (ackee [1 processor], tamarind, noni, guava) preferred to collect their own fruit to ensure quality.

Most payments are made on delivery (in principle) but some processors used two payment systems, where larger and longstanding farmers are paid at regular intervals (fortnightly or monthly) while smaller and/or itinerant farmers are paid on the spot. Finance for paying farmers for surpluses during the crop season, which go into storage, was seen as a challenge by most processors.

Several national associations of agro-processors collectively tried to address quality and procurement issues, such as collective quality training and strategies for side selling.

The institutional and private sector service providers reflected on the presentation of the SMAEs and pointed out that governments, led by Trinidad and Tobago National Marketing and Development Corporation (NAMDEVCO) and Jamaica Jalis, were putting in place web-based national agriculture marketing information systems to improve the supply of price and volume information to support trading of agricultural commodities. In addition, several had recognised the importance of supporting the supply chains which include SMAEs and had agribusiness and agronomic programs to support these linkages. Some development banks and the Business Development Company in Trinidad and Tobago, had financing/grant programs for SMAEs and linkages with suppliers. The Caribbean Agricultural Research and Development Institute (CARDI) indicated that it was working with buyers to develop genetic material that meets the market needs of processors, as well as the agronomic needs of farmers. It was pointed out that the IDB had several programs to support SMAEs, such as the US\$ 500,000 grant program with the Trinidad & Tobago Manufacturing Association for agro processing and packaging sub sectors. The public sector pointed out that they continue to place great importance on providing regulatory and institutional support (testing, certification, as well as some flavour profiling) to allow agro-

processors to access export markets, as well as private standards of international distribution service buyers. Moreover, at the regional level, the CARICOM Secretariat is leading in developing risk mitigation and transference mechanisms, and trying to make insurance available to SMAE supply chains.

3.2 Product development, branding, labelling and packaging

Market segmentation based on consumer benefits and product quality attributes is becoming more important, especially to smaller firms that cannot supply conventional products at competitive prices. Uniqueness of a product can lead to customer loyalty and is often a necessary characteristic to achieve access to niche markets that are prepared to pay premiums for these characteristics.

Globalization and trade liberalization have led to increasing challenges for Caribbean firms in their own markets, from multinational firms in the domestic markets that have the resources to invest in process and product innovation and advertising and sales promotion. In addition, other SMAEs in the Caribbean (Cuba, Dominican Republic), and Central American firms with whom CARICOM has signed bilateral agreements, are entering the market with similar products (frozen cassava, banana chips, juices, etc) with lower price points. Differentiation through innovation requires attention to multiple facets of the business, such as market intelligence, technical knowledge and skills, operational configuration of assets, information, entrepreneurship, networking, business linkages and finance.

Across the developing world, SMAEs have adopted various actions to support their differentiation strategies. Essentially, all brand their products under their own retail or wholesale names, under private labels or customers' names, and under association or cooperative names. Often, several brands are used to target different market segments. Many differentiate their products through traditional or local cuisine, recipes, packaging and ingredients. Or, they employ a combination of ethical (fair trade), organic, natural, and geographic origin positions that may need certification by a governing body.

The experience in the Caribbean, as distilled by the presentations at the Roundtable, for differentiation through product development, packaging, labelling and branding, as shared by the SMAEs, is captured below. In this regard, the 18 SMAEs at the Roundtable could be grouped, though not without overlap, into several categories of products and packaging:

- Retailed bottled condiments and preserves (6)
- Retail and food service canned ackee and vegetables (4) one of which made fermented pepper mash in bulk plastic drums (1)
- Dried fruit vegetables, fruit in retail tea bags (1)
- Bottled, chilled coconut water and juices (2) one of which had a much wider range of processed products
- Wholesale packed fresh fruit, vegetables and roots (2)
- Food service packed liquid eggs (1)
- Wholesale packed, fresh, frozen, dried/smoked/salted fish (1)
- Retail and food service-packed ice cream (1)

Ideally, new product development should be driven by a unique selling proposition to a clearly defined (niche) market segment. In general, most SMAEs have initially developed products as cottage industries or women's kitchens, based on their interpretation and feedback from customers and associates of traditional, authentic, unique, local recipes and cuisine targeting local palettes, the tourist sector and the foreign diaspora. In a few instances, products were developed in response to queries from consumers or customers, except for a few processors servicing private label customers.

As SMAEs have grown and can access the services at the national level, such as the Jamaica Promotions Corporation (JAMPRO), and at the regional level, such as CEDA, they are able to visit export markets and get access to trade fairs, market studies that inform their product development process. Some exceptions to this would be TTABA, which was adequately resourced by the state to do marketing research and complementary new product and new process development research.

At times, new product development (NPD) became necessary as a result of an external shock such as a hurricane, that, for example, destroyed the supply of ackees in Jamaica or nutmegs in Grenada, requiring an urgent need to find raw material and products (jerk seasoning) to return to feasible throughput. Alternately, plants found it necessary to find products to maintain throughput in the plant and keep core employees engaged during the off-season for the main commodity. In the case of ackee plants, this led to the production of low-margin canned spinach and juices during the off-season for ackee and the production of hot pepper mash for major customers. In the case of liquid eggs, this is leading to extending the product line from wholesale products to retail packs with line extensions into seasoned liquid egg products.

Many of these NPD initiatives were undertaken either by owner/cook or, in larger processors, by an in-house NPD team, which might include a food technologist or be supported by an external consultant, CARIRI, university or scientific research council.

Table 3: Caribbean SMAE Product Development, Branding, Labelling, Packaging and Quality Profiles

Company	Key Markets	Export Share	Product Range #	Key Products / services	Brands	Packaging	Quality
Fitz Fresh Fruits	Domestic	0%	9	8 Fresh fruit I Pre-cut fruit	3 Fs , Fritz Fresh Fruit Salads	Wholesale boxes	Basic records
Granmaaky Ltd	Domestic	0%	NA	Condiments, preserves	Granmaaky	Bottles	Basic records
C&G Star Trading Ltd.	Domestic, UK, US, CDA	10%	20	Condiments, Preserves Syrups	Star	Bottles	Specifications & records
Hot Mamas Belize Ltd.	Domestic, UK, US, CDA	25%	30	Condiments, preserves; Bulk purees, mash; Sample packs Factory garden tours	Hot Mamas	Bottles Baskets Drums	Specifications & records
De La Grenade Industries	Domestic, UK, US, CDA	NA	14	Preserves, condiments, syrups, alcohol beverages; Sample packs Factory, garden tours	La Grenade	Bottles Baskets	Specifications & records
Taste of the Caribbean Ltd.	Domestic	NA	22	Condiments, preserves	Dunsons Jamaica	Bottles	Specifications & records
Phoenix Ent. Guyana	Domestic	0%	5	Coconut water	Phoenix All Natural Coconut Water	Plastic bottles	Basic records
Southern Fruits & Processing	Domestic, UK, US, CDA	85%	40	Vegetables; Condiments Bulk f-purees/ p-mash	> 15 PL brands Village Pride	Bottles Cans, Drums	BSJ HACCP approved
Island Packers Ltd.	Domestic, UK, US, CDA	NA	NA	Ackee, fruit, vegetables	NA	Cans	BSJ HACCP approved

Company	Key Markets	Export Share	Product Range #	Key Products / services	Brands	Packaging	Quality
Central Food Packers Ltd.	UK, US, CDA	95%	22	Ackee & vegetables; Baked cassava cakes; Condiments, preserves	>10 PL brands Sunrite	Cans Bottles Pouches	BSJ HACCP approved
Jamaica Egg Farmers Assoc.	Domestic	0%	5	Ackee, fruit, vegetables	Caribbean Egg Processors food service brand	Plastic bottles	Implementing HACCP/GAP
Exotic Products Jamaica Ltd	Domestic, UK, US, CDA	90%	3	Ackee, fruit, vegetables	>5 PL brands Exotic products	Cans Bottles	BSJ HACCP approved
Christiana Potato Growers Coop.	Domestic	0%	8	Roots, vegetables, fruit	Christiana Potato Growers wholesale brand	Wholesale bags	BJS GAP
St Kitts Agro Processors Assoc.	Domestic	0%	10	Condiments, Preserves, teas	N/A	Bottles	Basic records
Erica's Country Style Ltd	Domestic, Export	5%	22	Fruit, vegetables	Eric's Country Style	Bottles	Specification & records
SUVVEB	EU, Americas Asia, Domestic	>85%	50	Frozen, fresh, salted, smoked fish & fish burgers, nuggets, sticks	SUVVEB wholesale brand	Wholesale boxes/ bags	HACCP ISO 22000
B's Homemade Ice Cream	Domestic	NA	30	10 tropical flavours; Retail ice cream shops; Ice cream catering	Bs Homemade Ice-cream	Tubs	Natural Halall
Trinidad & Tobago Agribiz Assoc.	Domestic	<5%	40	Roots, vegetables, fruit, coconut	Flavour Islands	Pl/bags, bottles, drums	Natural No preservative

The SMAEs at the Roundtable demonstrated that NPD took place not only at the level of the product but also included development of services, such as private labelling for key customers (canned ackee); agro-tourism retailing (pepper and nutmeg); retailing formats and franchises (ice cream); processing flexibility (TTABA), to provide customers with different products and packaging configurations (fish).

Packaging was seen as a major element of current and future new product and process development in several dimensions. Cans were reported to be very expensive so processors were exploring alternate technologies. Freezing was an alternative with lower cost technology, but attracted higher working capital (storage) costs. For condiment and preservative processors, the NPD challenge was to find bottles that could differentiate their brand positions and be cost effective, since most of the bottles that were readily available were of very basic design and often not even produced in their own country.

For example, there is no manufacturer in Jamaica and in the southern Caribbean, Trinidad and Tobago manufactures basic glass bottles. As a result, several SMAEs were importing bottles from Miami and England. One supplier of condiments to the United Kingdom (UK) retail chains lamented the flexibility of Caribbean cardboard manufacturers to supply retail shelf-ready (6 bottles to a pack) wholesale packaging, which were now required by major global retailers.

Like packaging, labelling is a challenge. Labels are available in the region but many processors consider the quality limited. Many SMAEs have their labels done locally or in T&T or the USA. Several thought it was a challenge having to do different labels and branding for different markets.

Brand names were often chosen to represent country (e.g. Caribbean, Jamaica), location (Walkers Wood) or personalities (Erica's, De La Grenade) rather than simply based on marketing positions (Hot Mamas, Flavour Isles). A few of the SMAEs shared that they had considered changing their brand names but, having established recognition in the market, were reluctant to do so. The fish processor reported that although very little had been done to develop a brand, it was recognised that, in fact, its company name had become a good wholesale brand associated with quality, safety and reliability, and was planning to use this platform to enter into retail packs and launch a consumer brand. Many canners had large parts of their brand mix committed to between 5 – 20 private customers' labels, often supplying the same product under different labels, but also at times with different recipes.

3.3 Quality and safety management systems

The globalization of private standards is growing in importance and conforming to these requisites is becoming necessary for access to many fast growing markets and for building brand equity. If SMAEs can meet these standards, they provide an opportunity to strengthen their competitive position and improve market access. This requires information on market requirements and standards, the availability of local accreditation and certification systems, cost-competitive lab testing facilities, documentation and record keeping systems, traceability systems and auditors, which normally only better-off firms have the capacity to implement and pay for.

In other parts of the developing world, SMAEs have been addressing these challenges by recruiting staff or training their own personnel to carry out these quality and safety functions, accessing testing equipment either on their own, through associations or with NGOs and universities.

Most Roundtable members were interested in implementing food safety and quality systems and firms that had already installed systems had a significant proportion of their shipments in export markets and/or high-risk (ackee, dairy, eggs and fish) products.

Table 4: Food safety challenges driving implementation of food safety systems

Producing Country	Product	Market	Food Safety Challenge	Year	Food Safety Certification
Suriname	Chilled & frozen fish	North Atlantic	EU food safety import regulations	1994	HACCP & ISO certification
Jamaica	Canned ackee	North Atlantic	US food safety import regulations	Not known	Bureau of Standards Jamaica HACCP Certification
Jamaica	Bottled liquid eggs	Hospitality sector	International hotel chain private standards	2012	Bureau of Standards Jamaica HACCP Certification
Jamaica	Fresh roots & vegetables	Retail & hotel sectors	Not known	Not known	Bureau of Standards Jamaica GAP Certification

Others were in the process of implementing HACCP, while the remaining SMAEs, who had less robust safety systems, were notably involved in fresh fruit and vegetable chains for domestic markets. Two were planning to build new plants to meet the requirements of quality assurance systems.

Only a few processors had implemented quality programs and these tended to be in-house programs that were closely related in structure and management to the HACCP system. The majority of the others were in the process of implementing some systems.

Most had small equipment for checking PH, sugar and alcohol, and some had some form of rudimentary lab facility but still had to rely on external labs, normally from the public sector and at times from the private sector, especially as it related to monitoring export safety/quality programs. Many had created checklists, forms and/or flowcharts to do daily checks and had assigned someone to do the quality assurance.

Over half of the participants thought they had well trained professional or para-professional technical staff to implement and manage their safety and quality programs, with several having internal audit teams and over 30% having trained teams below them. Most had basic food handlers' certificates, as required by most ministries of health. Most trained employees regularly, especially because of high staff turnover, through a mixture of private, BSO and public organisations funded by a variety of commercial, grant and public sector sources. While there was an interest in Good agricultural Practice (GAP), only a few were GAP certified and there were challenges related to enforcement of the programs.

One processor had implemented environmental standards and several others were implementing waste management systems under requests from local government authorities or in order to convert waste into a commercial by-product.

These improvements in quality and food safety systems were undertaken through a variety of avenues, including owner's resources, commercial loans and grant funding, which often requires some degree of co-funding. Quality systems sometimes required complete rebuilding of operations and all processors required some modifications to their facilities. One processor avoided significant modifications by working closely with CARIRI in the initial design of its facilities.

Harmonization with export market regulatory requirements was recognized as a problem, but not a major concern at this time. One processor had addressed this by adopting the EU standard, which was recognized as the highest.

There were some related local certification programs, but these tended to be either rudimentary or poorly enforced, and service providers included public sector organizations and domestic and international organizations. While national regulatory services existed in most countries, there was variability of requirements and support programmes across countries, and roles differed in each country, such as the Ministries of Health (health and sometimes quality), Ministry of Agriculture (agricultural health and sometimes food safety), Standards Bureau (quality and sometimes food safety), and Belize Agricultural Health Authority (agricultural health and food safety). Some jurisdictions, like Jamaica, were more highly regulated, requiring many certificates and random audits, which is probably related to the high risks associated with ackee products. Others, like Belize, Barbados, Trinidad & Tobago and St Vincent and the Grenadines, conducted lower levels of interventions. Most offered food safety training, public health certificates, plant audits, export certification and worked to upgrade third-party certification capacity. Private sector organisations, such as Technological Solution Ltd., Jamaica Exporters Association and Barbados Small Business Organisation, also provide related services.

3.4 Improving efficiency and reducing costs

Management of inter-firm supply chain efficiency and logistics is important to improve productivity, reduce production cost, the cost of maintaining inventory, shorten cash-to-cash cycle, and enable firms to respond more quickly and effectively to changing consumer requirements. Such chain efficiency allows companies to manage supply sources and distribution networks, and is particularly useful for SMAEs with highly specific and highly independent value chains. These systems are based on robust information platforms, driven by performance indicators across the entire value chain, and managed by competent staff with experience in supply chain management, which is not yet widespread in agri-food systems.

Many large companies have already adopted advanced planning and control methods and as such the competitive position of many SMAEs has deteriorated.

In other developing countries, SMAEs have been moving toward these systems through initiatives such as ICK technology through the internet and mobile phones; pre-selling to match quality and quantity to specific consumer requests; use of buyer and supplier information and production planning to achieve higher levels of order fulfilment and lower inventory levels; hub-and-spoke warehousing systems; and investment in modern processing machinery aligned to the processors' marketing and operational strategy.

The SMAEs at the Roundtable were exploring several actions to improve efficiency.

Many of the SMAEs reiterated the dilemmas that faced processors that start as home kitchens and slowly grow by adding pieces of equipment and are eventually faced with an awkwardly configured plant layout that does not result in efficient and cost effective work process flows or meet the requirements for quality and safety systems to access export markets. In addition, as a result of lack of information or financial resources, inappropriate equipment is sometimes purchased; leading to low operational flexibility, low capacity utilization, and higher cost of operations. Eventually, in order to meet the requirements of Good Manufacturing Practices (GMPs), HACCP and ISO, they often have to restructure their assets, workforce and information systems or move to new facility (Star Trading) at significant new investment.

Participants explained that US/UK equipment sizes tend to be larger than needed and while more appropriately-sized equipment was available in China and Latin America, language, high installation cost, and poor post-sales parts availability and service were identified as challenges. Several SMAEs had moved to automatic digital labelling which increased the flexibility to change labels for different products and customers and reduced labour cost. Others had installed equipment to increase processing yield, such as humidifiers to reduce shrinkage in root crop storage (Christiana Potato Growers Coop), equipment to manage ice cream quality but more important improve processing yield (Bs Homemade Ice Cream), and technology for measuring productivity.

One processor had implemented an initiative to reduce processing scope by rationalizing and selling off product lines to reduce cost and focusing on fewer and more profitable higher value added processing lines.

In terms of staffing, one processor had moved to a task rate pay system to create incentive and reward worker performance. Another (De La Grenade Ind.) had moved to align staff holidays with slow periods.

Processors were adopting a range of ICK technologies to improve operational efficiency, such as fleet management systems to maximize payload on trucks (Bs Ice Homemade Cream); fleet and factory maintenance systems to reduce downtime and manage costs (Bs Home made ice cream) and to reduce the probability of reduction of temperature while in transit leading to histamines and spoilage of fish product (SUVVEB). Others were using payroll and accounting systems to increase accuracy, improve decision-making and reduce cost; introduce bar codes to improve traceability; use internet to improve communication and cost of procurement and sales transactions and computerization of sales documentation to improve efficiently, control and reduce work load.

In most CARICOM countries, with the exception of Trinidad and Tobago, utility costs were high. Several processors had or were conducting energy audits and had stopped the use of freezers, limited their daily use of processing equipment and provided training staff to manage use of electricity. Others had reclassified their customer rate status with the utility company into an appropriate, less expansive category. Others were exploring energy sources such as solar energy, and two SMAEs had established a rainwater harvesting system to reduce recurrent water costs.

A significant number of processors had explored ways of improving revenues by converting waste into commercial products. Examples of this include converting cassava peel into compost, coconut shells into mulch, ackee shells into compost and feed, nutmeg skins into jams and liquors, and tuna by-catch into pre-cut, retail-packed fish products.

There were several interesting examples of improving operational efficiency by aligning SMAEs' operations with those of buyers and suppliers. One processor had implemented an efficient consumer response system by making an alliance with food retail customers to have access to their inventory data base to minimize product stock-outs on supermarket shelves. Other examples have been mentioned before, such as the formation of a processing joint venture between farmers and a food distributor to distribute a highly perishable product; the packing of product under private brands for customers that have an advantage in marketing and distribution in export markets; the use of export buyers' access to cheaper international finance to fund investment into new processing plants to meet HACCP and ISO export requirements, which then allowed the buyer to realise larger volumes of product; several were sourcing additional products from domestic and foreign suppliers which were of interest to their main customers, as a means of maximizing the capacity of their delivery vehicles, which were often under-utilized.

Many were implementing different levels of production planning, such as communicating yearlong procurement programs with suppliers/agro processors to improve cost and availability. Smaller agro processors were keeping basic databases of their farmers and using mobile phones to coordinate inbound deliveries. Others were outsourcing by having farmers pre-process activities to reduce cost, such as having a farmer group pre-peeling cassava (TTABA) before delivery to the plant; having ackee suppliers/wholesalers operate ackee ripening houses to improve quality and reduce the level of post-harvest losses; and modifying the technical agronomic package to improve performance of processing facilities by increasing volumes and reducing pest load that leads to downgrading. Several processors were exploring collective buying of packaging and ingredients. Another had outsourced cold storage and plastic bottling requirements to larger agro-processors with spare capacity.

Within organizations, some processors were leasing, rather than owning, vehicles. Along the supply chain, one processor engaged a broker to move product from the delivery dock, rather than tie up resources in physical distribution. Many outsourced inbound logistics by having suppliers and farmers deliver product to the receiving dock.

Several SMAEs reported that they had taken steps to improve working capital efficiency by discounting slow-moving/surplus inventory to free up cash; using the export/import bank factoring facility to decrease receivables and reduce working capital cycle. Another used off balance sheet financing (also alliances with buyers) by having a key buyer access in the EU, without collateral, source cheaper financing on international markets (5%) than the domestic market (11%), and offer commission (1%) to allow factory refitting to minimize downtime and increase throughput.

4. Promoting Caribbean SMAE development

Having explored the opportunities and challenges by SMAE to improve competitiveness within their own business models (and to a certain extent their value chain) in the broad areas of:

1. Product development, branding, labelling and packaging
2. Quality and safety management systems
3. Procurement practices
4. Improving efficiency and reducing costs,

the meeting set out to address how SMAEs can improve competitiveness by working with stakeholders outside their operations (in the loosest sense). Three areas were addressed across the entire roundtable but in particular were led by panel commentaries followed by plenary discussions on:

1. The role for associations and alliances;
2. Innovative financing and technical support;
3. Public policy and support programmes.

The following is a synthesis distilled from references on the topics raised in the SMAE business presentations and small group roundtables, the panel discussions by the public officials, specialists and comments from the floor during the plenary feedback sessions and discussions in the corridors of the roundtable.

4.1 Roles for associations and alliances

SMAEs develop business models that have two dimensions, those that are directly under their management control, and others that are based on business relationships. Some of the relationships may be within the SMAEs vertical supply chain (buyers, suppliers, service providers) or, if there is high level of information exchange and coordination of the chains competitiveness strategy, one might call it the SMAE value chain. Others may be horizontal relationships amongst other SMAEs in a business association which seek to advocate for government policy, or negotiate preferred relationships based on economies of scale with buyers, input suppliers or service providers. However, SMAEs may belong to agro-processing collections where their interests are not well represented by private sector federations and organisations, which tend to be dominated by larger firms. The dialogue below tried to explore to what extent Caribbean SMAEs were integrating external relationships into their business strategies.

SMAE associations represented at the Roundtable were:

- Andrea Taylor, Barbados Small Business Association (SBA)
- Glendine Greaves, Barbados Condiments Processors Association (BCPA)
- Raymond Trotz, Guyana Agro Processors Association (GAPA)
- Michael Ming, Jamaica Agro Processors Association (JAPA)
- Teresa Connor, St Kitts Agro Processors Association (SKAPA)
- Vassell Stewart, Trinidad and Tobago Agribusiness Association (TTABA/ CABA)

- Kathlene Bethel, Trinidad and Tobago Alliance of Small Agro Processors (TTASAP)
- Robert Best, Caribbean Poultry Association (CPA)

The panel explored many of the experiences of how associations and Caribbean associations had successfully created value for their membership in all areas across the supply chain as shown by examples in table 5. As can be seen, the activities take different forms including delivering imbedded services to members and collaborating to exchange product between members.

Table 5: Examples of SMAE related association activities

Business function	Nature of collaboration	Business alliance examples
Marketing, sales & distribution	Investment	<ul style="list-style-type: none"> • Members of Jamaica Egg Farmers Association (JEFA) collaborated with a major food distribution company that specializes in distribution to form a partnership to process and supply liquid eggs to domestic hotel, manufacturing (bakery, ice cream) and retail buyers • built Caribbean SMAE export trading platforms in the export markets, formed a distribution arm; assisted those agro processors with distribution
New product development	Access to external service	<ul style="list-style-type: none"> • JAPA collaborated with Scientific Research Council to develop new ackee spread which was then licensed to its members
Processing	Facilitate sharing of services	<ul style="list-style-type: none"> • The CPA members used the association to arrange visits to each other plants, share technical expertise, sell second hand equipment
Intermediate supplies	Facilitate product exchanges members	<ul style="list-style-type: none"> • Several processors (which will be soon part of the SMAE Alliance) have begun collaboration to supply each other with intermediate pepper mash and tropical fruit purees
Farming supply	Provide imbedded services	<ul style="list-style-type: none"> • TTABA introduced contract farming system based around farmers organisations which includes provision of technical agronomic packages and related technical support
Input supplies and services	Procurement of external inputs	<ul style="list-style-type: none"> • St Kitts Agro Processors Association collaborated to buy packaging and ingredients • JAPA negotiated with the government to get reduced costs for services; formulations • Christiana Potato Growers Association (CPGA) purchases in large quantities and is able to offer its members the lowest prices in Jamaica • CPGA is able to offer its members clean tissue culture plantlets which has productivity of 30% more than non tissue culture plantlets
Business service provision	Make linkages with external business suppliers	<ul style="list-style-type: none"> • TTABA facilitated business- to-business relations

Business function	Nature of collaboration	Business alliance examples
Insurance services	Source external services	<ul style="list-style-type: none"> JAPA secured health plan to get reduction on health insurance for several companies through economies of scale
Standards development	Public private partnership to develop standard	<ul style="list-style-type: none"> Jamaica Egg Farmers Association worked with Bureau of Standards to develop the Jamaica Egg Standards
Advocacy	Sourcing support from government agencies	<ul style="list-style-type: none"> SBA lobbied for small business unit in government for administrative office, and provision of marketing and export promotion services
Training	Access in external services and funding	<ul style="list-style-type: none"> Guyana Women's Agro Processing Association managed to secure funding from several development partners to develop new products and improve their kitchen practices

There was a rich discussion on the drivers of sustainability of business alliances and SMAE related associations. It was generally felt that success requires that the programme is internally driven by persons committed to a well-defined cause, rather than by external governmental or developmental organisations. There are many examples that, despite all good intentions, businesses or enterprises initiated by projects or governments are not sustainable. This can be different for associations with support service functions. Some good examples of causes that created or galvanized association are shown in the table below.

Table 6: Causes that drove the work of Caribbean associations

Cause	Description
Market Access	Establishment of a Surinamese Fish Association to form a public private partnership with the Government to improve legislative and regulatory framework to re-access EU export markets for fish after change in EU regulations
Market Access	Collaboration of the Jamaica Agro Processors Association to advocate for and establish public sector food safety standards and regulatory mechanisms with the Bureau of Standards Jamaica to allow re-access to EU and US markets for canned fruit and vegetable products, in particular canned ackee
Market Defence	JEFA joined the Caribbean Poultry Association to have tariffs raised and/ or maintained across the regional industry and to have poultry and eggs deemed sensitive products in the World Trade Organization (WTO) agriculture negotiations
Standards Development	JEFA worked with Bureau of Standards to develop the Jamaica Egg Standards

For many associations this requires a mind change to operate the organisation more like a business that is targeted to delivering benefits that add value to the businesses stakeholders (i.e. the SMAEs) in the alliance or association. Several participants indicated that associations that work at the SMAE level, quickly become political and loose the business focus.

Associations also need to find a business model, which is low cost, and that will finance the organisation administration and deliver services to its members. If there are real benefits being delivered, then it is possible to

collect a contribution/service fee to sustain the organisation, and this will be explored further below in the section on innovative financing.

However, there was a view that it was difficult for smaller associations to survive on association membership and service fees and other vehicles need to be explored such as collaborations with other associations (TTABA, JAS), NGOs and government agencies, such as the provision of office facilities and equipment to help with start-up costs. However, several felt that one cannot build any useful organization without putting resources into the superstructure such as an executive of some type who can keep things moving between meetings. In other agribusiness associations in the Caribbean, this is made possible by using the secretarial and administrative services of a larger association member, sharing the cost of a coordinator with other associations, or assigning a manager from a larger member to act on a part time basis.

Finally, associations can draw strength by collaborating across the region as was done by the Caribbean Poultry Association to which JEFA belongs, and by the CABA for which TTABA houses the secretariat of the proposed SMAE alliance which will be based at the SBA in Barbados.

4.2 Innovative financing and technical support

SMAEs that can adequately fund their capital and recurrent operations can develop businesses that can grow sales to meet buyers' requirements while ensuring that rural processing workers, farmers, other suppliers, and financiers are adequately compensated on time.

The dialogue on financing was led by a panel discussion that included agro-food development banking specialist, Monica Roger-Fletcher and Megnath Gosein who had also previously been both a commercial and development banker. The panel began by examining the finance needs of Caribbean SMAEs, identifying the financing options available in the Caribbean and sharing the experiences of their organisations in addressing SMAE financial needs. Both the panel and the conversation with the larger meeting sought to unearth innovative financial solutions which involved the commercial banking sector, the development banking sector, as well as those that included SMAE business alliances. The following is a synthesis of the discussion.

Throughout the roundtable meetings, including in this panel, many Caribbean SMAEs indicated that financing was a significant challenge to the growth of their businesses. The financiers on the panel explained that there was not much difference between the financing requirements of SMAEs and those of larger agro-processors but there was a commonality of SMAEs not having collateral to access finance. There was a range of financing solutions available to Caribbean SMAEs, albeit not equally available in each Caribbean state, including, but not limited to, commercial bank loans, credit union loans, agri-food/ business development organisation loans, receivables factoring, equity financing, venture capital, grants and other innovative solutions which were eventually presented in the discussions.

SMAEs reported that commercial loans are the primary source of financing for their operations but this, more often than not, did not meet their business development needs, as the banks need collateral that SMAEs (Star Trading) have difficulty in providing. The panel indicated that SMAEs, like larger agro-processors needed finance to grow their business but often SMAEs tend to have higher risk profiles than traditional businesses, and that many commercial banks had very small agribusiness portfolios and were not resourced to understand, assess, design instruments to address this risk, and support clients as their needs changed. One processor pointed out that bankers do not support financing for farmers (Ericas) and so processors have to act as intermediaries to provide advances and make commitments to pay for their inputs.

On the other hand, development banks offered more favourable collateral requirements, lower interest rates, at times grace periods, more flexible payment periods designed around the business cycle, and can provide additional support to SMAEs through institutional linkages in the implementation of the loan. However, while several countries such as Trinidad and Tobago, Jamaica, Barbados and St Lucia had development banks with

agro-processing windows, other member states may not have similar facilities. In addition to national development banks, the Caribbean Development Bank, at a regional level, offers technical assistance facilities through their technical services grant window.

Credit Unions were another source of financing for SMAEs, and while many of the participants at the roundtable did not speak to this source of financing, one medium sized processor (Exotic Products), emphasized that his credit union had been his first and major financier since the inception of his company about 20 years ago. He pointed out that credit unions were also more likely to accept land as collateral, lend clients loans with a lower information requirement, provide moratorium, and less concerned about the lenders credit rating and often did not need the additional cost of insurance which commercial banks required. He went on recommending that other SMAEs, especially smaller businesses, explore this financing avenue further. Interestingly, the CEO of the Caribbean Federation of Credit Unions (CFCU) (), who was carded to come to the meeting, had pointed out to JAPA that several national credit union movements (St Vincent and the Grenadines, Jamaica) had developed programs which targeted agriculture/agro-processing SMEs, one of which was supported by a United States Agency for International Development (USAID) grant. The CFCU had plans to promote these programs in other national members.

Service providers on the panel were of the view that SMAEs have not made enough use of equity and venture capital funding which can provide significant resources to fund investments in plant, equipment and inventory perhaps because there were high levels of distrust in arrangements which require relinquishing some control over shareholding. For the most part, SMAEs at the Roundtable reflected this approach in their choice of legal structure, except for the four associations and cooperatives that were operating as businesses (SKAPA, TTABA, JEFA, CPGA). Notably, the 30 farmers from JEFA that formed the Caribbean Egg Processors Limited (CEP), sought to source new equity through a joint venture arrangement with a chilled food distributor, in part to finance their need to invest in a value added processing facility.

A number of other financing mechanisms were identified in the discussions. Several processors (Star Trading, Southern Fruits and Food Processing, Phoenix Enterprises) had requested terms of trade that included prepayment of customer orders or deferred payment of inputs of up to 50 percent of each shipment. Another (Star Trading) was exploring receivables factoring with a local financial institution for a cost of up to 6% of the receivables.

Service providers were of the view that often there are financial instruments to support SMAEs and the problem is often not the availability or access to funding but the weak financial and management capability of the firm which make it difficult to propose bankable business proposals. For example, many SMAEs tend to have balance sheets, which reflect this lack of financial and operations management capacity with over capitalization (over sized and under utilized equipment) or high levels of short-term assets/working capital (high inventory, uncollected receivables and/or early servicing of payables) or low levels of retained earnings (low gross margins due to low productivity and efficiency and relatively high overheads).

Some SMAEs agreed with this and provided examples where they were able to negotiate more favourable terms of trade with customers including advance payments (Star Trading) and lower interest rates because of strong credit rating (De La Grenade Industries). Some (Star Trading) underlined the challenge of selling to Government institutions which took long to pay receivables, and recommended that SMAEs try to achieve a balance of long term to short term customers.

The key in good financial management is to develop a business model that recognises these financial challenges and manage the cash flow, as it is cash that pays loans and not profit. So firms should seek to get payments as early as possible and pay debts as late as possible. A firm's business model might extend beyond the firm to developing business relationships and alliances that impact on the processors employment of fixed assets and management of its working capital cycle. See table 7 for examples from Roundtable participants, on business models and alliances that impacted on the finances of SMAEs.

Table 7: Business models and alliances that impact Caribbean SMAEs finances

Stage of SAME supply chain	Nature of Alliance	SMAE
Marketing, sales and distribution expenses	Contract packing under customers' brands who then marketed distributed product in export markets	Southern Fruits & Food Processors, Exotic Products, Central Packers, Island Packers,
Out bound physical distribution assets	Outsourcing distribution to a broker	Southern Fruits and Food Processors
Manufacturing assets	Contract manufacturing for other processors to improve plant throughput	TTABA
Production	Pre-processing preparation by contact farmers peeling roots or pre bottling coconut water in Guyana	TTABA
Input supplies and logistics	Outsourcing of cold storage and plastic bottle services to larger agro-processors	Phoenix Enterprises
Value chain finance	Cross border financing through key buyer to access cheaper finance for construction of HACCP ready processing facility	SUVVEB
Inventory expenses	Input supplier holds inventory of intermediate pepper mash product until required minimizing inventory expenses	Southern Fruits and Food Processing
In bound physical distribution assets	Engaging ackee and coconut water collector wholesalers	Southern Fruits & Food Processors, Exotic Products, Central Packers, Island Packers, TTABA, Phoenix Enterprises
Farm supply working capital	Contract farming costs were met by the SMAEs customers contract farming department	Southern Fruits and Food Processors

Grant funding and technical assistance was another source of financing that was available at both the regional and national levels from organizations such as CEDA, Caribbean Development Bank, Centre for the Development of Enterprise, IDB and the IICA. Caribbean Export reported that they had provided grant funding programs for SMAEs for some time for export marketing and related activities such as manufacturing upgrades and food safety, quality and product/packaging, and labelling development activities. CEDA pointed out that they were implementing a Caribbean Speciality Foods Sector Programme, which focused on SMAEs, and another programme on Export Competitiveness funded by the 10th European Development Fund (EDF) in 2014 and 2015. Service providers noted that there was a limited capacity in SMAEs to prepare applications for grant funding.

Many of the SMAEs at the roundtable had accessed grant support at one time or another, often on a co-funded basis. However SMAEs felt that grant programs should be extended beyond the provision of “workshops” and training, to that of supporting manufacturing equipment acquisition and the provision of working capital. In terms of grant funding at a regional level, some felt that the co-funding requirement and long processing periods of some schemes impacted on their cash flows was challenging. Other SMAEs found that grant funds could be used as collateral for commercial loans. Some SMAEs thought that starting grants and soft concessionary loans from governments were important in their early development, especially for micro and small SMAEs. However, participants expressed concerns about the bureaucracy and paper requirements associated with accessing the grants.

In the conversations it was clear that SMAEs were using a portfolio of financial sources, such as development banks for meeting capital/assets financing, commercial banks for working capital, and grant funding for market, product development and quality/safety upgrading. One processor (De La Grenade Industries) spoke to the use of a commercial bank to provide bridging financing for a grant facility.

However, service providers and representatives from regional organisations, such as the Caribbean Industrial Research Institute (CARIRI) and the FAO Sub-regional Office for the Caribbean (FAO-SLC), pointed out that even if an SAME has reasonable management capacity, the preparation of sound finance/investment proposal based on a sound business plan, to banks but also to grant agencies remains a challenge.

In conclusion, there seemed to have been a consensus in the meeting that SMAEs could benefit from programmes to strengthen the capacity of SMAEs for financial management of agro-processing enterprises and the business relationships in related value chains to improve their business models, including the use of less popular financial instruments as well as strengthening capacity in preparing financial proposals.

4.3 Policy support and programmes

Last of all, SMAEs are subject to weak policy and institutional support, including technological services as, more often than not, the sector falls between the mandates of the ministries of agriculture, health, industry, commerce and trade.

Most SMAEs across the globe feel that governments should do more by way of policies (or lack thereof) such as trade liberalization, and that business costs and regulations are putting them at a disadvantage relative to larger agro-processing companies, consolidated food retailers, food service and hotel operators. They feel that governments need to establish dialogue platforms, reinforce institutional and technical support capacity, and ensure transparency and free flow of communication, especially with respect to government regulations, grants and investment, and export support.

These dialogues have recognized the importance of agribusiness and agro industries and have been committed to establishing enabling policies. The consensus has been that the public sector had a role in value chain development that are inclusive of SMAEs, especially given the rapid impacts of change on small holders. Moreover, the central role of the private sector, in its diverse forms on agricultural development, is acknowledged as crucial and needs to be enabled to play its role through direct dialogue and partnering with the public sector and development partners.

Last of all, many dialogue platforms, such as chambers of commerce and manufacturing associations, at both the national and regional level, have not adequately captured the voices of the SMAE community.

The discussion on policy was led by a panel with two senior officials from the Jamaican ministries of agriculture and industry and supported by the representatives from IICA and the FAO who had previously been a minister and a senior official in their home countries of St Lucia and St Kitts Nevis.

The panel began by reaffirming that governments are there to create conducive environment and that there were a number of areas where ministries give support to SMAEs. They pointed out that for the most part, ministries of agriculture work closely with ministries of industry to ensure productivity and quality in processing, especially where firms targeted export markets. However it was acknowledged that ministries of agriculture had not paid much attention to food processing but this was starting to change as these ministries, especially in Jamaica, were reorienting to becoming more market led and adopting a value chain approach to commodity subsector development.

In Jamaica a lot of EU grant funding was received following decline of banana industry, much of which was used to facilitate business start-up and expansion. A lot of resources were placed in market information and market research to lead initiatives in commodity category development and linking producers and processors who offer the

potential to expand demand. In addition importers are being encouraged to switch from imported sources to domestic producers by creating new dialogue platforms with the help of the Ministry of Agriculture. It was recognised that skill levels in agro-industries are low and there was a need for adequate business training and business support services such as helping/hand holding with patenting good ideas. JAMPRO was restructured to become a one-stop shop to help companies get ready to export and the Ministry of industry, commerce, and investment sought to establish an enabling environment that was conducive for business. Special attention was paid to formalizing informal enterprises and communicating the benefits from becoming a formal entity.

In St Lucia there were a number of initiatives that impacted on SMAEs, such as the promotion of a small business association; the establishment of a small enterprise development fund which includes agro processors; the establishment of an office of private sector relation in prime minister's office; and a trust fund to encourage diversification efforts.

In Guyana the government placed EU funds with commercial sector and gave guarantee for loans at the development bank rate.

The panel pointed out that specific areas of support for SMAEs, given by governments, included attempts to reduce the cost of business for instance, making it easier for businesses to transact services online through the use of information technology. Other efforts included reducing electricity and transport costs, improving the reliability of primary supply and support for HACCP compliance and quality standards, including training for agro-processors, design of plans for operations and building of networks, so that smaller SMAEs can visit other progressive plants/managers. Governments were also promoting the establishment of organizations with producers as well as processors so that SMAEs could make connections with people on the ground. In addition, they were exploring ways of creating pack house and storage facilities, introducing solar drying facilities, removing import duties on machinery to improve efficiency/reduce energy consumption; and earmarking funds for laboratory accreditations.

In particular, ministries of agriculture were trying to address supply issues for SMAEs by supporting the introduction of irrigation and the development of more appropriate varieties to address seasonality and increase productivity. Several ministries have also been trying to establish funds so that SMAEs producers can be paid on spot. Ministries have also been strengthening their agriculture and food safety policy, providing training for producers and processors in GAPs and GMPs, and grants for smaller operations to transitioning to larger operations, and engaging in R&D processes.

Both ministries of agriculture and commerce were seeking to expand the Public Private Partnership (PPP) dialogue and partnering mechanisms to include more SMAEs, as well as ensuring that both ministries of agriculture and commerce were involved, and at the same time not duplicating what private and producer associations can do.

5. Observations and way forward

In their concluding comments, the participants noted that the challenges were similar across the region and were happy that the ministries recognized their challenges with the enabling environment and were taking steps to address them, both at the national and the regional level.

With regard to working at the regional level, SMAEs posited that there is need to develop a mechanism such as an association or an agro-processing alliance to better define the sector, understand competitiveness trends, define common challenges, create information platforms and networks to identify and share best practices, and work with development partners and governments. In particular, there was a call for an initiative to establish a marketing and distribution platform in selected export markets which would provide Caribbean SMAEs with a facility to ship larger quantities to the platform before separation into smaller shipments to individual buyers.

The meeting was very appreciative of the approach of having the economic stakeholders lead the discussion and share experiences while allowing the public and private sector service providers to provide reflection on the opportunities and challenges facing SMAE development. Exchanges between the SMAEs and development partners led to significant lessons being learnt. In addition, participants felt that the exchange among a broad spectrum of SMAE organisations, from smaller women's kitchens to medium sizes processors brought out a wider set of lessons. The networking session, display of participants' products and radio talk show were all thought to be useful vehicles for information exchange. This seems to have been very different from previous meetings, where development specialists dominated the discussion.

Agro processing, especially in the fruit and vegetable sectors, was seen as a key opportunity with relatively low barriers of entry that allowed rural entrepreneurs significant opportunities for growth. Marketing, finance and transportation were seen as major challenges. The need to develop financial solutions to challenges faced by SMAEs and their value chains was seen as especially important, given the small economies of scale of the processors and the need to collaborate to take advantage of the opportunity of growing markets for Caribbean foods in the North American, EU, cruise ship and regional hospitality markets. It was considered important that SMAEs in the region collaborate to develop strategic goals as the basis for practical action plans to be led by the agro-processors.

The meeting was happy to learn of other initiatives across the world and recognised the need for further exchange and further sharing of SMAE experiences within the region and even across the world. Suggestions were made to develop information platforms such as website with SMAE technology and business tools, case studies, linked-in professional social network, and regional radio talk shows which might be streamed on the web.

Participants recognized that it was difficult to compete individually and they needed to find ways to build capacity and develop business alliances and clusters and work in competitive value chains to surmount the challenges of small size. There was confirmation that several business alliances between the SMAEs were being discussed in the corridors of the meeting, including trade of raw and intermediate material (pepper mash, fruit pulp), and the establishment of a distribution platform in export markets. This meeting was seen as a good first step to address these issues at a regional level.

In addition to the discussions in the Roundtable, significant networking took place in the informal spaces of the meeting, which led to a pronouncement in the closing session that a meeting of SMAEs would be held, with a view to forming a SMAE Alliance⁹ to continue networking and explore business alliances in areas such as marketing, export distribution, co-packing, raw material exchange and ingredient procurement.

⁹ Since the Roundtable, a not-for-profit company with 10 SMAEs from 6 countries has been registered in July 2012 in Barbados and the trade in intermediate products has begun.

While SMAEs faced challenges, the commitment to address them evidenced in the room was refreshing and it was clear that there was a need for an institutional mechanism to help in this regard. An alliance of SMAEs would help members better understand market and sector trends, competitiveness, best practices, new product development and could establish a collaborative marketing distribution platform in export markets to address economies of scale.

JAPA was interested in extending value chain work, begun with the Italy-funded Promoting CARICOM CARIFORUM Food Security Project, to other agro processors and commodities in their association, to improve the volume, quality and safety of supply to allow them to meet market demand. Other SMAEs were encouraged to consider similar initiatives.

Several public sector service providers reminded the meeting that while many member states were improving their focus on SMEs, the policies and programs for the agro-processing sector were weak, located in several public sector institutions and not well coordinated across institutions, and that SMAEs and BSO needed to advocate for strengthening of the enabling environment for the agro-processing sector.

Numerous calls for action to implement solutions were made in the final session.

Service providers at the Roundtable were committed to provide support for the sector, at both the national and regional level. Caribbean Export reminded the meeting of its Caribbean Speciality Foods Sector Development Initiative, which planned to bring BSOs and SMAE representatives together later in 2012 to create a development strategy and action plan, with support from the Caribbean Development Bank and DIFID, which continues to provide support for SMAEs and for BSOs that support them. CARDI reiterated their support for strengthening the raw material supply to small processors. The BSOs and development partners reiterated their support for SMAEs at both the regional and national level. CARIRI pointed out the need for stronger processing productivity and management skills, especially in face of more stringent market access requirements coming into place in export markets. Financial specialists underlined the need to strengthen capacity for financial management of SMAEs and suggested the need for a more hands-on SMAE and value chain finance management capacity building programme, perhaps building on the FAO value chain financing training package. IICA pointed out its intention to roll out several agribusiness and agro tourism programs, including several targeted to women's groups, which can provide support for SMAEs and their supply chains, and invited participants to approach them for support.

FAO returned to the opening comments on the purpose of the Roundtable and pointed out that the meeting will significantly contribute to developing capacity for the FAO and other development partners to provide support to SMAEs at the global, regional and national level. It was felt that more had been learned from SMAE exchanges than from a meeting with only development partners. Participants were encouraged to reflect on the exchanges in the meeting and to learn from the lessons of business alliances to address competitiveness challenges rather than simply seek development assistance.

The meeting concluded with agreement on several next steps:

1. Presentations and proceedings will be shared with participants;
2. For the guidance coming out of the Roundtable, the priority will be to indicate the innovative practices that address common problems. In this regard, an online survey might be sent to participants and other Caribbean SMAEs validating the finding of the roundtable;
3. The FAO will identify resource personnel to provide Caribbean SMAEs with support in areas such as competitiveness and specific thematic areas like post-harvest loss management, agro-processing, SMAE and related value chain finance management;
4. The feasibility of a knowledge and information platform on Caribbean SMAEs, to be hosted possibly on the CARISEC agribusiness website, will be explored. While FAO can contribute to its development, its maintenance may be too expensive for FAO. Support from development partners can be explored;

5. The FAO has started advocating for SMAEs and will continue to advocate with development partners to provide support to SMAE development at various levels, such as:
 - a. FAO Committee on Agriculture
 - b. UN Private Sector Meeting
 - c. International Food and Agribusiness Management Association (IFAMA)
 - d. UN Focal Points
 - e. World Bank
 - f. Regional Conference on Agriculture
 - g. FAO Food Systems Project
 - h. FAO Inter-pack Alliance
 - i. FAO Logistics Collaboration
6. FAO-SLC should participate in regional outreach and action planning meetings to promote follow up to develop a broader context of new functionality of the Ministries of Agriculture, to embrace agribusiness/agro processing support and to reinforce the need for services provision through commodity associations, agribusiness associations, agro processor associations, and small business associations. In this regard FAO-SLC should be forwarded this report to the Council for Trade and Economic Development (COTED) – Agriculture to inform its programmes for SMAEs;
7. The region should promote the hosting of programs to strengthen capacity and support financing initiatives, such as SMAE/ value chain financing, investment funds, and guarantee funds, agribusiness investment programmes and, in the areas of sustainable mechanisation, packaging, logistics and innovation systems for proprietary technologies.
8. The region should promote programs to develop and mobilize resources and enhance SMAE competitiveness at the country and regional level;
9. Resources should be mobilized to raise funds for SMAE development probably in the context of agri-food value chain context;
10. The SMAE participants should meet to explore the formation of a regional Caribbean SMAE Alliance to promote information exchange, networking and business alliances between its members.

Attendees congratulated JAPA and the FAO for supporting a high level of participation of women at the Roundtable as well as having representation from smaller women's kitchen groups and female managers/owners of larger agro-processing enterprises.

The meeting concluded with thanks to JAPA and the FAO for hosting such a dynamic, open and frank meeting.

Annex 1

JAPA/FAO

Caribbean SMAE competitiveness roundtable programme

6 – 8th March 2012, Knutsford Court, Kingston Jamaica

Final Version

Day of Arrival - Monday 5th March 2012
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First Day - Tuesday 6th March 2012
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Registration of participants

Welcome

- Michael Ming, President, JAPA
- Michael Price, Ministry of Agriculture & Fisheries, Jamaica
- Jerome Thomas, FAO Representative, Jamaica

Introductions – Denyse Perkins, JAPA

Background, context and purpose of roundtable – Doyle Baker, FAO

Coffee/tea break

Presentations

- FAO perspectives on Caribbean SMAE development – Robert Best
- Challenges facing Caribbean agro-processing enterprises – Andre Gordon, JEA
- Public sector perspectives on SMAE competitiveness – Megnath Gosein, CARIRI

Observations by company managers on SMAE competitiveness challenges

Lunch

Company presentations - *Short (five minute) profiles of each company*

Coffee/tea break

Case study panel: Jamaican SMAE experiences and perspectives

- Panel discussion: Ministry of Industry, Investment & Commerce, Ministry of Agriculture & Fisheries, JAMPRO, JAPA, Jamaica Exporters Association, Jamaica Business Development Corporation
- Observations by company managers and dialogue

Second Day – Wednesday 7th March 2012

Parallel “round the table” discussions – Business models for procurement from small farmers

- SMAE managers – company challenges and initiatives
- Public/specialists – policies and programmes to assist companies

Coffee/tea break

Parallel “round the table” discussions – Product development, branding and labelling

- SMAE managers – company challenges and initiatives
- Public/specialists – policies and programmes to assist companies

Lunch

Parallel “round the table” discussions – Quality and safety management systems

- SMAE managers – company challenges and initiatives
- Public/specialists – policies and programmes to assist companies

Coffee/tea break

Parallel “round the table” discussions – Efficient supply chains and logistics

- SMAE managers – company challenges and initiatives
- Public/specialists – policies and programmes to assist companies

Networking Function

Third Day – Thursday 8th March 2012

Public-specialist panel (1) - common issues and challenges facing SMAEs

- Panel remarks covering topics discussed by managers on Day Two
- Dialogue between managers, public and specialists

Public-specialist panel (2) – Roles for associations and alliances

- Panel remarks: JAPA, Barbados Small Business Development Association, Guyana Agro Processors Association, TT Agro-Processors Association, CABA

Coffee/tea break

- Dialogue between managers, public and specialists

Public-specialist panel (3) – Innovative financing and technical support

- Panel remarks: TTABA, JAMPRO, Monica Rodgers, Caribbean Export
- Dialogue between managers, public and specialists

Lunch

Public-specialist panel (4): opportunities and priorities for policy support and programmes

- Panel remarks: CARDI, CARIRI, CARIBBEAN EXPORT, Ministry of Industry, Investment & Commerce, IICA, FAO-SLC
- Dialogue between managers, public and specialists

Coffee/tea break

Conclusions and observations on ways forward – FAO

Tour of the table for final remarks

Closure

Day of Departure - Friday 9th March 2012

Annex 2

List of participants

No	F Name	L Name	Company	Address	Country
1	R Fritz	Brathwaite	Fitz Fresh Fruits	St Mary & Market Street, St Johns	Antigua & Barbuda
2	Novella	Payne	Granmaaky Ltd	Cartys Hill, Glendwells, St Phillip	Antigua & Barbuda
3	Glendine	Greaves	C&G Star Trading Ltd.	3 Pine Ind. Est. St Michaels	Barbados
4	Wilana	Oldham	Hot Mamas Belize Ltd.	Mile 60 Western Highway, Cayo	Belize
5	Cecile	De La Grenade	De La Granade Industries	PO 788 St Georges	Grenada
6	Sonya	Dunstan	A Taste of the Caribbean Ltd	The Domes, Unit 53, 85 Hagly Park Road, Kingston 10	Jamaica
7	Raymond	Trotz	Phoenix Enterprises Guyana	143 Sunflower St, Enterprise Gardens, East Coast Demerara	Guyana
8	Donna	Bromfield	Southern Fruits and Processing	Bull Savannah PA St Elizabeth	Jamaica
9	Michael	Ming	Island Packers Ltd.	27 South Camp Road, Kingston	Jamaica
10	Natalie	Grandison	Central Food Packers Ltd	Central Village, White Marl, St Catherine	Jamaica
11	Paulette	Howell	Jamaica Egg Farmers Association	33 Durie Drive, Kingston 8	Jamaica
12	Nathan	Budhai	Exotic Products Jamaica	Danvers Pen, St Thomas	Jamaica
13	Alvin	Murray	Christiana Potato Growers Cooperative	PO Box Christiana, Manchester	Jamaica
14	Denyse	Perkins	Jamaica Agro Processors Association	1 Winchester Rd., Kingston	Jamaica
15	Teresa	Connor	St Kitts Agro Processors Association	Basseterre	St Kitts Nevis
16	Erica	McIntosh	Ericas Country Style	Prospect, Kingstown	St Vincent
17	Udo	Karg	SUVVEB	Paramaribo	Suriname
18	Katherine	Bethel	B's Homemade Ice Cream	Industry Lane Champs Fleurs	Trinidad & Tobago
19	Vassell	Stewart	Trinidad & Tobago Agribusiness Association	EMR, Auzonville, Tunapuna	Trinidad & Tobago

No	F Name	L Name	Company	Address	Country
20	Valerie	Viera	Jamaica Business Development Corporation	14 Camp Rd Kinston 4	Jamaica
21	Elecia	Myers	JAMPRO	18 Trafalgar Rd., Kingston 10	Jamaica
22	Michael	Price	Ministry of Agriculture and Fisheries	Hope Gardens, Kingston 6	Jamaica
23	Wayne	Robertson	Ministry of Industry Investment and Commerce	4 St Lucia Avenue, Kingston 5,	Jamaica
24	Beverly	Collins-Darby	Rural Agricultural Development Agency	Hope Gardens, Kingston 6	Jamaica
25	Don	Iton	Caribbean Agricultural Research and Development Institute	UWI, St Augustine	Trinidad & Tobago
26	Sam	Kruiner	Caribbean Export Development Agency	PO34, Hastings, Christchurch	Barbados
27	Megnath	Gosein	Caribbean Industrial Research Institute	UWI, St Augustine	Trinidad & Tobago
28	Monica	Rogers	MRF Management Consulting Ltd	142 Cypre Drive, Homeland Gardens, Cunupia	Trinidad & Tobago
29	Robert	Best	West Indian Projects Ltd.	16 St Augustine Villas, St Augustine	Trinidad & Tobago
30	Andrea	Taylor	Barbados Small Business Association	#1 Pelican Industrial Park, St Michael	Barbados
31	Ignatius	Jean	Inter American Institute for Cooperation in Agriculture	c/o Austin St., St Augustine	Trinidad & Tobago
32	Sonia	Dasher	Jamaica Agro Processors Association	1 Winchester Rd., Kingston	Jamaica
33	Oddette	Knight	Technological Solutions Ltd.	Technology Innovation Centre, 237 Old Hope Rd. Kingston 6	Jamaica
34	Doyle	Baker	Food and Agriculture Organization – AGS	Viale delle Terme di Caracalla, 00153 Rome	Italy
35	Vincent	Little	Food and Agriculture Organization – SLC	United Nations House, St Michael	Barbados
36	Jerome	Thomas	Food and Agriculture Organization - Jamaica	1 Lady Muskgrave Road, Kingston 5	Jamaica

Annex 3

SMAE Business profiles

Fritz Fresh Fruits, Antigua and Barbuda

R Fritz Braithwaite established Fritz Fresh Fruits (3Fs) in 1975 to supply fresh fruit to cruise ships, supermarkets, and hotels. The main products are whole fresh fruits such as pineapples, melons, mangoes, mammy sepote, guava, and a smaller amount of pre-cut fresh versions of these fruits which it supplies to employees of commercial businesses such as banks and government offices and to the general public through its retail outlet.

While 3Fs does some farming, its main activity is to provide wholesaling and pack house services, collecting fruit from farms and importers, sorting, packing, storing and distributing to customers and some retailing through its own road-side outlets. Local fruit is all distributed by the end of each day. A secondary and minor activity is the preparation of pre-cut fruit packs. It employs 6 employees and has several vans to support its wholesaling services. Information on annual sales was not available.

3Fs has built its business on strong relationships with all stakeholders in its supply chain which allows it to coordinate supplies between its key customers and suppliers. Nonetheless, it faces challenges in coordinating quality raw material supply from many small crop producers, high praedial larceny, and high post harvest losses.

The major opportunities being pursued by 3Fs include expanding current markets for fresh fruit with cruise ships and roadside retail outlets; expanding further processing of pre-cut fruit bowls to office workers and the school feeding programme; expanding the range of local fruits; and diversifying the value added product range into fruit platters, juices, and skin creams.

Christiana Potato Growers Cooperative, Jamaica

The Christiana Potato Growers Cooperative (CPGA), was legally established in 1959, as a farmers' cooperative with the mission to provide consistently high quality products and excellent services to shareholders and customers, and to focus on the growth and productivity of the Co-operative to the benefit of shareholders, customers, and the wider community. CPGA has about 5,000 members, most of whom are small farmers, and a board of directors that consists of 10 individuals selected at the annual general meeting of the CPGA by delegates from 26 districts.

CPGA produces a range of 8 main crops (Irish potatoes, sweet potatoes, yams, ginger and greenhouse salad vegetables, i.e tomatoes, sweet peppers, cucumbers, lettuce) that it wholesales to fresh markets and food retailers across Jamaica. Farmers produce other crops, but market those themselves. CPGA sales are over US\$1.2 million and the cooperative has 22 permanent workers and occasionally another 25 part time workers. It has a management/technical staff of 5 people that run the operations.

Most of the members farmers cultivate family farmers and farmers are located in the parishes of St Elisabeth, Manchester, Trelawney, Clarendon and St Ann. Farmers traditionally produce root crops such as Irish potato, yam, sweet potato, ginger mainly for the domestic and to a lesser extent to the export markets.

One of the early facilities of the CPGA has a 4,500 MT cold storage facility at Coleyville that is used to store imported seed Irish potatoes, fresh local mature table potatoes, and other roots and fresh produce prior to distribution. At times CPGA also imports table Irish potatoes for the local market. When not fully occupied, the cold storage is leased out.

CPGA operates a 15.25-acre demonstration farm with open field production, green house production, planting material production, research trials, rain harvesting and irrigation facilities located in nearby Devon, Manchester. The farms objective is to put into practice modern farming techniques to assist farmers increase their yield and the quality of their harvest, and provides demonstration in: greenhouse production, integrated pest management, fertilizer management, soil preparation, irrigation methods, harvesting and planting material production. Recently a large rainwater harvesting facility was installed to demonstrate how the growing season can be extended using this technology.

CPGA has operated a successful Farm Store at its Christiana Main Street location since 1968. It provides affordable farm products (seeds, feed, agri-chemicals, fertilizer, equipment and other farm inputs) at the lowest possible cost since it is able to purchase items and store in large quantities. The price position of the store has also kept competing retailers in surrounding areas at reasonable prices over the years. The farm store has always been a main source of revenue for CPGA and its continued success has been the result of its commitment to the profitability of the local farmer.

CPGA is in the process of strengthening its extension/outreach program that includes an office and training centre at the Devon farm property where it can provide farming trainer. Classes are provided in the areas of marketing, business, farming methods, crop selection and management, farm input management, pest control as well as field audits of member farms.

In late 2005, CPGA began construction of a tissue culture laboratory at the main building in Christiana, where over 78,000 plantlets can be generated in 6 months from the original stock material. By utilizing clean disease free planting material a farmer is able to realize up to a 30% increase in crop yield without making any other changes. Other benefits include increased crop quality and the reduced need for chemical application.

CPGA strengths are that they have a strong wholesale brand, good management team, committed farmer base, and strong asset base.

CPGA challenges are that most of their current product portfolio is focused on staple product categories.

Future plans are to enter into new product categories such as green house salad vegetables, develop new products to utilize the post harvest losses in roots and tubers such as roots bread, move from being only a wholesaler to also sell retail packed products and to target sales of high value roots (eg Ginger) for the export market.

Granmaaky, Antigua and Bermuda

Novella Payne started packaging local bush teas in 1994 and expanded into jellies, jams, and syrups as time went by. The key customers are local and regional retailers and tourists.

Granmaaky is a small artisanal kitchen-based enterprise, which produces local agricultural commodities and prepares traditional preserves. It employs 1 person full time and 2 persons on a part-time basis. Information on annual sales was not available.

The enterprise has a good raw material supply, and is able to maintain high quality since it grows most of its own supply and can monitor raw material quality. Its success is based on a well-known brand name, and the high quality of its natural products that are well received on the market.

Its main challenges are sourcing appropriate equipment and packaging, and financing its operations, which have now outgrown capacity.

C&G Star Trading Ltd., Barbados

Glendine Greaves, along with a business partner, started operations in room 11' x 5' in 1992 with five products, their own seed capital, and one staff member, selling and delivering directly to customers. Since then the product range has expanded to include branded syrups, sauces, seasonings, jams, jellies, and condiments. C&G Star Trading has become one of the market leaders in Barbados based on its insistence on natural, good quality ingredients, much of which is local agriculture produce and formulas based on traditional cuisine.

Star Trading is now one of the leading brands on the domestic market and exports to the UK, Canada and the USA has grown with key products listed in major supermarkets in the UK such as ASDA, TESCO and more recently Morrison's. The brand is also available in many street markets and ethnic stores. C&G Star Trading produces for several private labels in the domestic market as well as in the USA.

Star Trading now operates its processing operations from a government owned factory in an industrial estate. Over time, the business grew slowly from US\$6,000 per year to US\$ 750,000 by 1999. Mid December of the same year a fire destroyed the factory causing a drop in sales to approximately US\$300,000, currently. Star Trading now employs fourteen people on a full time basis.

Major challenges facing Star Trading include unreliable raw material supply and quality of packaging material, plant inefficiency, the need to comply with new Food and Drug Administration (FDA) requirements, lack of HACCP compliance, burden of stocking different labels for different markets; delays in receiving payment from customers and insufficient working capital.

Ms Greaves has been instrumental in establishing the Barbados Condiment Producers Association and is a member of the Barbados Small Business Association, as well as the Barbados Manufacturer's Association.

Hot Mama's Belize Ltd., Belize

Wilana Oldham began Hot Mama's Belize in 2003 to produce branded, bottled, quality habanero pepper products, gourmet sauces, and related speciality items based on natural, preservative-free raw fruits and vegetables.

Hot Mama's targets ethnic markets in the USA (Houston, Atlanta, Baltimore), Canada, and Guatemala. It is now negotiating a private label sales agreement with the leading Caribbean food distributor and with distributors in Germany and UK. The domestic cruise-ship market provides a platform for promoting products through speciality "tourist" packages. It is beginning to supply other CARICOM SMAEs with intermediate pepper mash products. The company also has an agro-tourist service which allows cruise-ship passengers, going to a major Belizean eco-destination, to visit the factory, including a hot pepper garden and a hot pepper retail shop to learn about the habanero pepper story.

The company's operations are based around a small processing plant, a hot pepper garden and a shop located close to a major eco-tourist town in Belize. It buys hot peppers from across Belize but recently has been working more closely with farmers in near-by districts. The climate allows for the production of peppers for most of the year. It employs ten, predominantly female, workers on a full time basis and sales are approximately US\$ 175,000 per annum.

Major strengths of the company are a strong brand, good quality natural preservative-free products, access to raw materials, and improvement of growing practices of producers

Major challenges are transport to export markets, lack of laboratory testing for quality and food safety testing facilities, expensive utilities, lack of qualified technicians, and expensive financing

The company is in the process of completing GMP for HACCP, with future plans of achieving ISO22000 certification. Concurrently, the programmes are to increase acreage of peppers with the different farmer groups.

De La Grenade Industries, Grenada

Sybil De La Grenade, a school teacher, established De La Grenade Industries as a family business in 1968; the company is now managed by her daughter, Cecile De La Grenade, a food technologist. In 1985 De La Grenade Industries was formed and registered as a limited liability.

The company produces branded natural fruit products from local herbs and spices, and including alcoholic beverages, jams and jellies, syrups, sauces and condiments with the main ingredient being nutmeg. It also produces gift baskets to promote its products. It extended its offering into factory and Caribbean garden tour services for cruise ship passengers to expand revenues and promote product sales. The company has won several national, regional and international awards for the quality of its products.

The main markets are the domestic hospitality/cruise ship/airline segments and exports to UK, USA, EU, and some CARICOM islands. It is targeting future sales to Brazil and China, and sales to tourist market –hotels, airlines.

The company has HACCP compliant processing facilities in Grenada where it processes 44 tons nutmeg pods, 15 tons of guava, and ten tons of hot peppers per annum. It employs 15, predominantly female, workers on a full time basis. Information on annual sales was not available.

Major strengths of the company are strong brand recognition, consistent quality, strong registered trademarks, modern processing facility; US trained food technologist, and good credit worthiness.

Major challenges are the lack of shipping to service regional markets; high labour, equipment, energy and packaging costs; increasing cost of ingredients; and access to concessionary financing.

De La Grenade plans to access non-traditional markets, expand its product range, upgrade processing equipment, attain ISO 22000 certification, and introduce solar energy to reduce cost.

Phoenix Enterprises, Guyana

When Raymond Trotz and his family returned to Guyana in 2005, he established Phoenix Enterprises in 2005 to bottle branded chilled, natural, preservative-free, coconut water to the domestic food retail, food service and hospitality markets.

The company operates out of a small processing facility in Georgetown and outsources its cold storage and plastic bottle forming. The company has annual sales of US\$140,000 and employs nine people.

The major challenge facing the company is that demand exceeds supply, and procurement of raw materials and packaging is limited by financing.

The company is planning to diversify into coconut-based wines, relish and sauces and to enter export markets.

Taste of the Caribbean, Jamaica

Taste of the Caribbean Ltd is 100% Jamaican owned and was started in 2005 when Sonya Dunstan left her job in a leading hotel chain to establish her own agro-processing business. It markets retail packed bottled and bagged preserves and condiments under the Dunsons Jamaica brand, mainly to local retailers, and hospitality buyers. It exports 20% of production to the US, UK and Canada.

Taste of the Caribbean sales are over US\$100,000 per annum and it operates from its factory in Kingston, where it employs five permanent workers and occasionally another five part time workers. It has three managerial staff, an owner/manager and accountant, and a food technologist who work on a part time basis.

The company buys raw material from ten farmers most of whom have a longstanding relationship and produce under contract. At times the processor buys from collectors for supplies of tamarind and the spot market.

Southern Fruits & Food Processing Lt., Jamaica

Southern Fruits & Food Processing Limited (SF&FPL) is 100% Jamaican owned and was started in 1989. It markets Island Pride and private label branded, canned ackees in brine, mango nectar, carrot juice, jerk seasoning, fruit and vegetable puree, and tomato ketchup. It also produces bulk and retail packed, fruit purees (June plum, mango, sorrel and carrots) and condiments (jerk seasoning and sauces, crushed scallion, and pepper mash). Seventy percent of its production is exported to the US and other export markets, 17% to hotels and food service operators and 10% to domestic retailers. It also prepares bottled hot pepper products for the largest food brand from the Caribbean, Grace, which is sold in over 30 countries across the globe.

Southern Fruits operates from its factory in St Elizabeth, which is food basket of Jamaica. Ninety percent of raw materials required for its operations is sourced locally providing a valuable outlet to farmers in five parishes: St Elizabeth, Manchester, Trelawny, Clarendon and Westmoreland, with whom it has long standing relationships and others which are contracted to its customer, Grace. It contracts out its distribution.

It has sales of over US\$500,000 per annum and employs 50 full time people and 25 part time people, including four managers, and six specialists.

In 2003, SF&FPL implemented the HACCP system of food safety for canned ackees, got the endorsement of the US FDA, and consequently was granted exemption status from batch-by-batch testing by the Bureau of Standards Jamaica for this product and more recently, for Tomato Ketchup. The HACCP system has enabled entry into the more lucrative US market for canned ackees and is in the process of extending this system to its other products.

Southern Fruits attributes its success to a good range of quality products, a strong supply of raw materials due to its good relations with farmers and a committed well trained staff. It plans to expand HACCP and food safety from the current two products to all its products, improve packaging of fruit and vegetable purees, set up compost facility, and expand pepper mash production.

Southern Fruits and Food Processors is a member of both the Jamaica Agro Processors Association and the Jamaica Exporters Association.

Island Packers Ltd., Jamaica

Island Packers is a member of both the Jamaica Agro Processors Association and the Jamaica Exporters Association. More information on the company was not provided at the time the preparation of this report was completed.

Central Food Packers Ltd., Jamaica

Central Food Packers Limited is an agro-processing manufacturing facility that began operations in 1985, led by Mr. Patrick Jarrett. The company currently manufacturers under two brands: Sunrite and Sunrite Select; producing a range of over twenty products inclusive of: canned vegetables (ackee and callaloo), baked cassava

cakes (bammies), and bottled products such as jerk seasonings, jerk sauces, Scotch Bonnet pepper sauces, jams, jellies, root wines and pickled herring.

The company also provides packaging services through private labelling contracts. Over the years the company has focused primarily on exporting with approximately ninety-five percent of total production exported to importers of ethnic foods under exporter brands in Canada, USA, UK, and the Caribbean. The company has also recently started selling its products on the domestic market.

Central Food Packers Limited's operation is based in Central Village, in the parish of St Catherine. The company purchases all of its raw materials locally and has long standing relationship with its suppliers from across the island. Over the past twenty-six years, Central Food Packers Limited has developed a strong reputation for consistently high quality products, which begins at the receipt and selection of raw material stage.

Central Food Packers Limited realises sales of over US\$1 million annually, and employs just over 200 persons from the environs of the Central Village. However, during the peak of the ackee season the total number increases to over 350 with the addition of part-time workers. The team is led by Managing Director, Paul Bravo and is supported by a management and technical team of six persons.

The company's strengths lie in the strong relationship with suppliers, experienced staff, capacity for product development, and the support received from strong business support agencies such as the Bureau of Standards. There are ongoing challenges with consistent and reliable raw material supplies due to natural disasters; however measures have been put in place to mitigate shortages of products by stockpiling raw materials where possible. Due to the absence of a local packaging industry in Jamaica, the company sometimes faces challenges in getting supplies and at competitive prices.

Over the next three years, Central Food Packers Limited plans to expand its manufacturing facility and install new equipment to automate manufacturing and packaging processes. Further the company will be completing HACCP certification for all of its products, and becoming ISO 22000 certified. Central Food Packers is a member of both the Jamaica Agro Processors Association and the Jamaica Exporters Association.

Jamaica Egg Farmers Association, Jamaica

In 2007 Caribbean Egg Processors Limited (CEP) established a plant to produce food-service packed liquefied eggs to meet the demand by the hotel industry, which was at the time importing most of its liquid egg supply. Three liquid products were produced, whole eggs, egg white and egg yolks.

CEP is a joint venture owned equally by Liquid Eggs Limited (LEL), a company established in 2007 by 30 members of the Jamaica Egg Farmers Association (JEFA) and Caribbean Producers Ltd. (CPL), which is a leader in chilled food distribution in Jamaica. JEFAs 70 members supplies about three quarters of the 11 million dozen eggs produced in Jamaica valued at JS\$ 1.6 billion (US\$ 18,000,000) produced locally each year.

CEP, assisted by the Government, built a US\$ 500,000 processing plant in Montego Bay. Later, new machinery was funded by the Private Sector Development Programme, a joint European Union and Government of Jamaica initiative, which was administered by Jamaica Trade and Invest (JAMPRO). The fully automated processing plant has not been operating at 50 to 60 per cent of the full capacity to liquefy 18,000 eggs per hour.

CEP has gross revenue of over US\$ 400,000 and employs eight workers, including a manager and lab technician to operate a state-of-the-art food safety laboratory that is necessary to meet the standards required to sell into major international hotel chains. CEP is in the process of implementing HACCP certification and working with the Bureaus of Standard to implement GAP for farmers.

CEP buys eggs principally from the 30 JEFA members who are shareholders in LEL and, when required, from other farmers through the JEFA pack house. Eggs must meet the requirements of the Jamaica Egg Standard, which is supervised by the Bureau of Standards and the Veterinary Authority.

The strength of the company lies in the high level of organization of both JEFA and CPL. JEFA has organized in collaboration with the Bureau of Standards Jamaica, a grading and labelling standard for eggs which helps producers to grow high quality, safe eggs. They have established a pack house to allow for grading and packaging of eggs, and hold continuous promotional programs for consumers on the healthiness of eggs. CPL brought their knowledge of cold chain management to the joint venture.

Major challenges include the dependence on the tourist arrivals as CEP already commands 60 per cent of the hospitality market and sales performance tends to track very closely with the fortunes or misfortunes of the hotel industry. At this point in time, arrivals were low. Domestically, consumption at less than 50 eggs per capita per year is far below the consumption in other parts of the world, such as France, USA, Mexico and China, where consumption is over 250 eggs per person per year. In addition, the cost of transport, especially inter island, is high.

Future plans include looking for new markets locally, such as the Kingston-based Nutrition Products Limited (NPL), to include liquid egg in their menu of meals supplied to schools under the school-feeding program. In addition JEFA has exported small amounts of fresh eggs abroad to CARICOM and is of the view that there are opportunities for liquid eggs in that market. In addition, they plan to extend the product line into retail packed liquid eggs (720-millilitre container) for the supermarket segment and eventually produce powdered eggs, which have a shelf life of over two years, for agro processors such as bakeries and ice cream processors.

Exotic Products Ltd., Jamaica

Nathan Budhai established Exotic Products in mid 1990s to produce canned ackee and callaloo, and bottled jerk seasoning for the domestic, Caribbean, US, and Canadian markets.

Exotic Products main activity is agro-processing and packaging of raw fruit and vegetable commodities into canned and bottled products. It also has a 150-acre farm where it grows raw material, the most important of which is ackee, to try to improve the reliability of supply. It has no contracts with its suppliers and offers a collection service to many of its farmers. Exotic has a gross revenue of over US\$1 million and employs 25 permanent workers and up to 125 seasonal workers.

The main factors underling the success of the company are: the capacity to deliver HACCP certified products; strong community involvement; dedicated staff; and ensured backward linkages with producers and longstanding relationship with the credit union that has provided financing for the operations from its inception.

Major challenges are the need to diversify away from the 95 percent dependence on canned ackee sales and, as a consequence, export sales, and space constraints in the processing plant.

Future plans include improving packaging, strengthening new processing lines, and establishing a warehouse facility in Kingston for distribution.

St Kitts Agro Processors Association, St Kitts and Nevis

No further written information were provided by the participants.

Erica's Country Style, St Vincent & the Grenadines

Erica McIntosh started Erica's Country Style in 1989, drying sorrel on tennis courts, and has now expanded her product range to include pepper sauce, pepper jellies, spices, and condiments, for sale into domestic, CARICOM, UK, USA and Canadian markets.

Erica's still operates at the level of an upgraded kitchen with no special agro-processing equipment and with mainly manual processes. She procures raw material from around 75 small farmers, most of whom are women.

Erica's Country Style averages US\$150,000 per annum and employs nine employees on a full time basis.

The company's success is attributed to good quality product, excellent relations with customers and farmers with whom there are no contracts but high level trust, and a very dedicated staff. Erica has won several prizes for her products and became the first female entrepreneur under the Caribbean Development Bank regional entrepreneurial awards.

Major challenges facing Erica's include the need to upgrade equipment, access to finance, transport to facilitate exports, competition from a new government processing facility, and better communication with ministries.

Erica's plans to upgrade plant facilities, expand market, increase producer suppliers, and expand into organic produce.

SUVVEB, Suriname

Udo Karg established SUVVEB in 1990 targeting the local market and gradually expanded to selling over 15 species of deep sea, coastal fish and shrimp in a combination of whole or pre-cut; fresh, frozen, smoked, salted and dried formats, principally to export markets in USA, UK, Holland, Asia and CARICOM. It also makes fish burgers, sticks and nuggets for the local market. Export markets now account for over 90% of throughput.

SUVVEB originally began in a small facility, but in 1994, the EU implemented new food safety (HACCP) rules which required construction of two new HACCP and ISO certified facilities and implementation of food safety new procedures. These took financing and time but were eventually completed by 2000 when exports to the EU resumed.

SUVVEB purchases fresh fish from three sources, through a charter agreement with large deep sea tuna fishing companies, from medium sized trawlers who fish in coastal water to Suriname and from artisanal small fishermen who catch secondary species near, to shore and smoke them through a traditional process. While most of the tuna is exported whole and frozen, other species are pre-cut and retail-packed under a wholesale brand. The smoked fish is sold in retail packs targeted to ethnic Surinamese markets in Holland. On average, 5-50 tons of fish are processed per day depending on species and time of year. Sales are in the order on US\$900,000 per annum and the enterprise employs 35 people full time and 54 people part-time, including five managers.

SUVVEB has contracts with 30 -50 long liners boats, longstanding agreements with four coastal trawling boats, and purchases from smaller artisanal fishermen via a broker.

SUVVEB's competitive advantage in the market is due to the high quality of its product, the strength of its wholesale brand, its ISO 22000 and HACCP certification, the reliability and continuity of its shipments and the strong relationships it has with the stakeholders in its supply chain. These relationships have led to year-end profit sharing arrangements with partners and it was able to access an EU loan with interest rates half of those available in Suriname.

Major challenges include the need to respond to continually changing food security regulations, the slow pace at which the Surinamese authorities adapt to these regulations and the need to continue to finance upgrades in plants.

SUVVEB was a founding member of the Suriname Seafood Association, which takes care of the administrative matters like the number of licenses granted and where to fish. The company collaborated in a public-private partnership with the Government to develop and advocate for the adoption of food safety laws in 2000 to allow for continued exports to the EU.

B's Homemade Ice Cream, Trinidad & Tobago

Katherine Bethel and her husband opened B's Homemade Ice Cream Ltd. in 1986 with US\$ 500. They opened a small retail outlet and began manufacturing ice creams and popsicles based on a traditional formula using condensed milk and tropical fruit flavours. Eventually, the range of flavours was increased to include coconut, cherry coconut, ginger coconut, soursop, vanilla, cookies n cream, rum & raisin, chocolate, sorrel, stout & cream (Guinness) which are now sold in food service and retail packed formats.

Since then, they have expanded to five of their own branded retail outlets, and several independent franchised retail outlets. B's supplies branded packaged ice creams to leading food retailers, food service operators, hotels and caterers, and provides event catering, event promotions, and event services for birthday parties, corporate and family events, premium entertainment and cultural shows.

Apart from its retail operations, B's operates a modern manufacturing plant and factory where branded ice cream is made and food is prepared for its catering service. It has strong linkages with producers and processors, who provide the tropical flavours for its ice creams. B's revenues are over US\$2 million per annum and it employs 35 full time people.

B's purchases raw materials (fresh fruits, including coconut, barbadine, passion fruit, guava, sorrel and soursop) from several regular farmers (ten), several farmer's organisations, and pack houses; other agro processors (pulp, juices, alcohol) and importers (other ingredients).

B's attributes its success to clever positioning as a local natural preservative free alternative to international brands through strong branding and promotion through attractive signage, rich fresh tropical fruits flavours and consistent homemade texture, entrepreneurial spirit, good credit rating, excellent stakeholder relationships and committed staff.

It identifies major challenges as being seasonality of raw material supply, high developmental costs, and competition from international brands.

B's has been instrumental in establishing the Trinidad and Tobago Alliance of Agro Processors, for which Katherine Bethel is currently the president and plans to develop further strategic alliances on the national, regional and international level to support the growth of her company.

Trinidad & Tobago Agribusiness Association, Trinidad and Tobago

Vassell Stewart, an agribusiness and food technology professional, was the main driving force behind TTABA, which was established in 2006 as a non-for-profit and for-development company to focus on growth and development of industry and its stakeholders and, as a result, works for member associations and reinvest profits for their benefit. The company originally derived much of its income from the Ministry of Agriculture for consulting services for implementing the National Agribusiness Programme but, as its commercial operations have been established, most of its income now comes from its own operations.

The key products in the TTABA's 30-item range, sold under the umbrella brand TTABA, are various. Healthy, preservative-free, "we put your health first" and Flavour Island brands, include packaged pre-cut frozen roots, fresh-cut packaged vegetables, bottled chilled fruit juices and coconut water, hot pepper mash and rabbit meat. TTABA has signed contracts with the leading local food retailers, food service operators, hotels and the school-feeding program in Trinidad and Tobago. It has identified export markets for several of its products and will begin servicing them when supply constraints are addressed.

TTABA's core operation centres around its three processing plants, for which raw material is sourced through contracts with farmers' organisations and to a lesser extent directly with farmers. It also secures raw materials from the OECS (roots) and Guyana (coconut water). It provides R&D and technical assistance for these farmers in collaboration with the Ministry of Agriculture and NAMDEVCO to improve the productivity of their

operations. It outsources R&D from service providers such as CARIRI and transportation from local contractors. Some pre-processing activities (e.g. peeling) are contracted to other processors and farmers organisations. TTABA's sales are over US\$ 2 million and it employs 200 full time employees and occasionally part-time employees.

TTABA has been a strong advocate of the development of farmers and agribusiness organisations as vehicles for developing SMAEs in the agriculture sector. To this end, Stewart and TTABA have been involved in the formation of CABA, a commodity association for its suppliers of such products as cassava and rabbits; the Trinidad and Tobago Alliance of Small Agro Processors; and the SMAE Alliance. The TTABA board itself includes associations such as the Supermarkets Association of Trinidad and Tobago and the Hotel and Food Service Association of Trinidad and Tobago.

TTABA attributes its success to a strong emphasis on differentiation through market development with a focus on institutional customers, product development, branding, and investment in appropriate agro-processing technology, and contract farming through farmer's organisations as far as possible. It focuses on developing relationships with buyers, farmers and service providers, many of whom are represented on its Board.

The main challenges are the need for larger processing facility, low productivity of primary production, which impacts on costs and prices, and quality management across the supply chains.

Annex 4

Jamaican SMAE experiences and perspectives

Jamaica special roundtable

The meeting took the opportunity of the broad participation of private sector, ministries and NGOs from Jamaica to hold, as a national case study, a conversation on development of SMAEs in a CARICOM member state. Each member of the panel was asked to explain the role of their organisation in the development of SMAEs and what lessons they could share with the meeting. The floor was opened up for a dialogue between panel members and the plenary:

Michael Price – Ministry of Agriculture and Fisheries

The main role of the Ministry is creating the enabling framework and setting policy to support the agricultural sector. This includes trade policies; market identification; market intelligence on prices and demand and supply forecasts; working with bureau of standards to develop agricultural sector standards; supporting some amount of product development; facilitating and linking buyers and sellers; encouraging partnerships between institutional buyers and farmers; assistance to organize farmers to smooth out problems related to seasonality; PPPs to put in processing and pack house facilities; fiscal incentives such as some tax exemptions and duty waivers on imported equipment; providing business development services through the Agro Investment Corporation.

The key lessons for others are the importance of market intelligence and information flows and organization and cooperation in between sub-sectors to develop the linkages across the agri-food supply chains, which include SMAEs.

Beverley Collins-Darby, Rural Agricultural Development Authority

The Rural Agricultural Development Authority (RADA) is an agency that falls under aegis of the Ministry of Agriculture and Fisheries, where it provides a range of agribusiness-related services to the agricultural sector. One of RADA's programs is to move micro enterprises to small and eventually medium status. In that context, its role in supporting SME development includes providing social services and home economics services; working with women and out of school youths; teaching skills to enable SMEs to be self sufficient; and assisting in accessing funding from agencies such as the Canadian International Development Agency (CIDA), the United States Agency for International Development (USAID), the EU.

Over the past 10 years, RADA has been focusing more on agro processing and, as such, assists SMAEs to link groups with the Scientific Research Council (food technologists) for product development; helps in developing labels and getting labels approved; aids in identifying suitable packaging materials; works with the Bureau of Standards Jamaica to make sure products meet legal standards; and facilitates training programs in various areas including food safety.

Key lessons for others are that when developing SMAEs, small business champions often create products based on their sentimental attachment to their creation instead of meeting market requirements; packaging and labelling are very expensive and so networking is very important; and training is a continuous process.

Denyse Perkins – Jamaica Agro Processors Associations

JAPA started as a lobby group to lift a ban on the export of canned ackee and has the objective of enhancing the profitability of the agro-processing sector. It has developed a strategic plan based on appraisal of the needs in agro processing sector. JAPA has 22 members, which extend beyond ackee processors and include associate members from related industries (e.g. canning). Its office is housed at the Jamaica Export Association which also provides it with administrative services.

It offers a number of services to its members that include being an effective lobby group; collaborating in public private partnerships to develop quality and food safety standards; collective procurement, such as buying rights to a soup formulation and making it available to members and securing a licence to use a new product from the Scientific Research Council; sponsoring members employees to processing school and organizing training at the HEART academy at Ebony Pack; and sourcing a more cost-effective health plan to get reduction on health insurance for its members.

The key lessons are that collective action within JAPA and between JAPA and other agribusiness organisations can help access markets; influence the development policy, regulatory frameworks and institutions; achieve economies of scale in procurement of inputs and services; and strengthen the human resource capacity of the membership.

Vassell Stewart – Caribbean Agri-Business Association

CABA has chapters and members in most CARICOM member states, including Jamaica. It supports SMAE development by providing a mechanism for regional planning for agribusiness at the industry level; providing a platform for networking and information exchange between members; sharing of technical expertise, inputs and raw materials; developing business alliances; encouraging banks to make funds available to agro processing sector; and influencing regional policy on SMAE development.

Key lessons learnt for others can be taken from the cases of the Caribbean Poultry Association and the Pork Association of the Caribbean which are good examples of how regional industries can achieve the objective of CABA laid out above. There is a need to extend this experience to the product categories on which most SMAEs focus on, such as the fruit and vegetable agro-processors.

During the brief plenary discussions, most of the experiences and lessons above were agreed and reinforced.