



**Agricultural Policy Framework
and
Strategic Plan
for the
Organisation of Eastern Caribbean States
(OECS)**

**7 October 2003
OECS Secretariat**

Table of Contents

Executive Summary	4
Background to Policy Document	15
International Context	17
Situational Analysis	18
i. Changing Demographics of the Producer	18
ii. Sectoral Performance	20
iii. Sectoral Constraints	24
Agricultural Policy Background and Sector Goal	26
Strategic Areas and Actions	28
i. Policy, Legal and Institutional Reform.	29
<i>The Issue:</i>	29
<i>Background:</i>	29
<i>The Objective:</i>	30
<i>Strategic Actions:</i>	30
ii. Natural Resources Management	32
<i>The Issue:</i>	32
<i>Background:</i>	32
<i>The Objective:</i>	33
<i>Strategic Actions:</i>	33
iii. Financial Options, Incentives Regimes and Insurance	34
<i>The Issue</i>	34
<i>Background:</i>	34
<i>The Objective</i>	36
<i>Strategic Actions</i>	36
iv. Production, Product Development and Marketing	38
<i>The Issue:</i>	38
<i>Background:</i>	38
<i>The Objective</i>	39
<i>Strategic Actions:</i>	39
Cross-Cutting Issues	44
Food Production - Food Security Considerations	45
Fostering Agri-Tourism Linkages – Some Considerations	47
Considerations for Youth in Agriculture	48
Operational Issues	49

i. Strengthening the Capacity of the OECS Secretariat	49
ii. Implementation Schedule	50
iii. Sharing of Responsibility	50
iv. National Pre-Requisites	51
v. Facilitating Sub-Regional Dialogue and Consensus Building	52
vi. Commitment to Action	53
Conclusion	53
Matrix 1: Sub-Regional Strategic Actions and Schedule	55
Matrix 11: National Strategic Actions and Schedule	59

Agricultural Policy Framework and Strategic Plan for the OECS

Executive Summary

Background to Policy Document

Agriculture remains an essential sector in the economic and social development of the sub-region. This notwithstanding, and despite some efforts, strategic planning for agriculture has suffered from lack of a long-term vision, institutional commitment and capacity and a formal mechanism to define, integrate and consolidate national priorities and actions at the sub-regional level. Through a process of national and sub-regional consultation among agricultural technicians and support institutions over the March 2002 to June 2003 period, issues and concerns surrounding the performance of the sector were elaborated towards the preparation of an Agricultural Policy Framework and Strategic Plan.

The Agricultural Policy Framework and Strategic Plan sets the structure and framework for the development of a cohesive and long-term agricultural policy to guide agricultural development in the sub-region. This is deemed critical given the continuing declining performance of agriculture, which is having serious adverse impacts on OECS economies and the adverse impacts of globalisation and trade liberalisation on the agricultural sector and the livelihoods of rural populations.

International Context

The agricultural sector is no longer being insulated from the changes occasioned by globalisation and trade liberalisation. Preferential trading arrangements have given way to the opening of markets to competition within the rules based trading arrangements of the World Trade Organization (WTO). In addition, more stringent enforcement of regulations in trade related areas, such as, intellectual property rights, application of biotechnology to food production and protection of biological diversity place significantly more demands on the weak institutional and resource capacity of the small OECS island states. Against this backdrop, the declining level of foreign direct investment and financial resources available for continuation of projects and programmes in the manner in which they were undertaken in the 1980s and 1990s and the climate of increased uncertainty and macroeconomic instability have far reaching implications for agricultural repositioning in the OECS.

The unfolding global environment therefore provides the context within which this Strategic Framework is essential to guide the implementation of actions

aimed at agricultural repositioning. These external factors combined, require that agriculture not only adapt, but also undergo a fundamental reshaping that will enable an effective response.

Situation Analysis

Essentially, the response must be driven by the real decision makers in agriculture, that is, the producers, facilitated by a policy environment, which is conducive to the emergence of competitive firms. At the outset, therefore, this Strategic framework recognises the wide diversity in agriculture and the food chain among and within OECS countries. A large number of small, semi-commercial food producers, which constitute the foundation of food security make up the base of the agriculture and food pyramid. At the centre is a smaller group of 'core' farmers who essentially carry the commercial aspects of agriculture and who tend to be the focus of most market-led agricultural development programmes. At the apex of pyramid, is an even smaller group of small-to-medium-sized food processing industries based largely on domestically-produced raw materials. This diversity in OECS agriculture must be recognised and understood for developing an appropriate policy framework aimed at agricultural repositioning since the output from these distinct, yet inter-dependent decision makers have a critical role in the overall performance of agriculture in the OECS sub-region.

Over the last decade, the performance of agriculture in the sub-region has been generally disappointing. Declines in the traditional export industries, specifically banana, sugar, cocoa and nutmeg, between 1995 and 2001, led to an overall decline in gross agricultural output. The United States (US) challenge of the European Union's (EU) banana trade regime, which has hastened the deterioration of the banana and sugar industries in the Windward Islands and the more recent sugar market challenge, have exacted a heavy toll on the performance of traditional industries and threaten to place OECS agricultural sector on an even more precarious footing.

Domestic deficiencies have also constrained the capacity of agriculture to respond to the dictates of the changing external trade environment. Notwithstanding the high expenditures on export diversification among OECS countries over the past two decades, the extent to which production and export structures have in fact been diversified has been limited, particularly in terms of an expansion in value-adding or further processing activity throughout the commodity chain. Deepening agricultural export diversification within commodity groups by adding value continues to hold clear benefits for the OECS countries. Agro-tourism linkages, which have positive implications for the food import bill and food security in the OECS sub-region, also remain very weak.

Given the primacy of food safety issues both for the export market and tourism industry, consolidating improvements in agricultural production generally, will provide a significant and much needed boost to establish a solid platform from which agro-tourism linkages can be built.

Background to Agricultural Sector Policy and Goal

The heavily dependent nature of the OECS economies on agriculture present greater adjustment challenges than for the more developed Caribbean Community (CARICOM) countries. This situation derives from a host of constraining factors, few of which, such as, natural disasters, including pest and disease problems, are within the control of the small and vulnerable OECS island states. The range of constraints to agriculture in the OECS is well known and has been well documented. These can be summarised in terms of a weak policy framework, weak institutional structures and declining productivity and competitiveness. Concerted and continued efforts to overcome these domestic deficiencies are an essential prerequisite that will enable the improved competitiveness and ongoing transformation of OECS agriculture within the context of the still emerging consumer-driven international food system.

Ensuring productivity and growth in agriculture is an essential pre-requisite for effectively sustaining the social, economic and political stability of OECS economies. Many difficult choices face the OECS governments regarding development and structural change of the agricultural sector. The lessons of the past, including the ineffectiveness of incentive and support systems and the conflicts between external trade and agricultural policies, need to be borne in mind in the formulation of sub regional policy. In addition, given the well-established relationship between sectoral performance and macro-economic policy, the goal of repositioning OECS agriculture also depends critically on the macro-economic environment within which agriculture must function.

The policy framework for agricultural development in the OECS sub-region must, in the first instance concentrate on stabilisation, to create the conditions conducive to a successful diversified expansion of the sector and in the process reducing the growing food import dependence and improving export growth development. In keeping with the above considerations, the goal defined for agriculture in the sub-region is:

- “To transform the agricultural sector of the OECS Member States by diversifying agricultural production and exports, intensifying a market led agro-industrial development, deepening institutional reform, expanding agricultural business and management and generally, conducting agricultural production on a competitive market-oriented, internationally integrated and environmentally sustainable sound basis”

This goal assigns a major and multi-functional role to agriculture, which more explicitly relates to repositioning the 'commercial' element of agriculture in the OECS. That is, generating net foreign exchange earnings, viable employment and income-earning opportunities along all elements of the food production chain. While the focus is on pursuing policies that support market-oriented agriculture, parallel commitment is also given to minimising the adverse effects of such policies on the 'food production' element of OECS agriculture. That is, considerations of rural development, enhancing food security and preservation of the natural resource base and the environment.

Strategic Areas and Actions

The strategic Framework is based on the premise that certain actions, i.e., those issues and problems common to the countries of the sub-region, should be best addressed at the collective level. It is to selected common actions within the realm of 'commercial agriculture', that the document elaborates a strategic policy framework for agricultural repositioning in the OECS. Four broad strategic areas have been identified to address aspects of the above elements, and for consolidation and action at the sub-regional level over the next 10 years.

Policy, Legal and Institutional Reform.

As OECS agriculture becomes more integrated into the complex legal and regulatory international system, domestic and ultimately, sub-regional agriculture policy must adapt in order to enable effective participation. This adaptation must therefore, focus on transforming and upgrading their institutional and regulatory framework and capacity to create an environment conducive to agriculture's repositioning.

Structural adjustment programmes of the recent past have substantially reduced the capacity of the public sector to undertake much needed institutional and legislative reform in keeping with the international requirements and obligations. No Member State has the capacity to individually undertake such institutional and legislative reform, hence the need for collective action in this regard.

The objective of Policy, Legal and Institutional Reform in agriculture in the sub-region is to establish the common legal basis whereby reform of the institutional system and regulatory framework for sustainable agricultural development can be systematically and effectively undertaken within the context of the changing international environment. Specific actions to be undertaken at the sub-regional level to achieve this objective are:

- the development of a common framework within which Member States, given their own unique circumstances, can develop appropriate land use policies and planning to secure the existing land base for future agricultural development;
- the establishment of the guidelines for the identification and updating of common legislation and institutional mechanisms to facilitate reform of the legal and regulatory framework for agriculture production and trade in the sub-region, within the context of the wider regional and international requirements;
- the definition of a common framework based on Member States experiences, within which the farming community can be effectively organised to facilitate their representation and integration in the policy and institutional reform process

Natural Resources Management

Achieving the goal of sustainable agriculture requires that the close interactions between farming practices and natural resources be properly recognised and managed. Agriculture holds a special responsibility for resource stewardship, a role that is increasingly receiving attention in the international trade negotiations. The challenge to agriculture will be to provide for the food needs of the vastly increased population on reduced acreages of farm land with water shortages, as well as a switch to food consumption based on more local livestock products, fruits, vegetables and processed foods.

The objective of Natural Resources Management in agriculture in the sub-region is to take appropriate action regarding natural resource management within the context of sustainable agricultural development and to strengthen the institutions and mechanisms necessary to ensure continued focus. Emphasis is herein placed on addressing the mechanisms for effecting the updated policies and legislation with regards to land and water including forestry and fisheries management to ensure sustainability of agriculture in the sub-region. Specific actions to be undertaken will focus on:

- the establishment and co-ordination of a sub-regional mechanism for effective agricultural land and water use management, including aspects related to training and information management;
- the consolidation and enhancement of the management capacities of fisheries units, including emphasis on the development of value-added in fisheries, such as, the production of enzymes and animal feed;
- the protection and restoration of the social functions of the forest to conserve biodiversity and protection of the watershed to ensure the provision of domestic and industrial water supply.

Financial Options, Incentive Regimes and Insurance

Agriculture in the OECS developed within an environment characterised by dependency on public sector driven incentives, financing, investment and limited risk-mitigation measures. The new private sector driven business environment requires a fundamental shift in the way the business of agriculture is facilitated and conducted. The sector requires adequate flows of investment and a reliable and dedicated sustainable source of financing to foster that development and to meet desired outcomes.

The objective of this Strategic Area is to provide effective and appropriate risk mitigation services and credit facilities that will encourage entrepreneurship, the emergence of commercial enterprises and stimulate investment in agriculture. At the sub-regional level, action will focus on:

- the exploration of options towards the development and operation of a sub-regional insurance facility specially tailored to the need to reduce risks for commercial agriculture that covers a range of crops and specific types of enterprises;
- the promotion of dialogue and working collaboration between government agencies, the private sector and credit institutions to address issues of financing, risk minimisation, investment promotion and access to and management of funds.

Production, Product Development and Marketing

Continuous movement towards liberalized trade within the Hemisphere and at the global level places an even greater premium on fostering export diversification and improving the competitiveness of OECS goods and services in external markets. Ensuring agriculture's ability to satisfy consumer requirements must factor in agricultural policy. Agriculture can no be longer viewed as merely a primary 'goods' sector, since increasingly, in the changing nature of the demand for food, consumer focus has shifted from the simple availability of foods, to value-added products and the services embodied in a diversity of product forms.

To successfully meet the challenges that lie ahead, fundamental change in policy approaches and views is required. The objective of actions in this area is to provide agriculture producers with the necessary tools and support systems that will enable them to readily respond, adapt and operate within the increasingly rules-based, competitive and consumer-driven environment. Actions to be undertaken at the sub-regional level to achieve this will focus on:

- the prioritisation, reorientation, consolidation and strengthening of research and development actions within the context of emerging consumer trends and market opportunities, for expanding diversified and higher value production;

- the facilitation and provision of support to the development of mechanisms for sharing of capacities and services to accommodate the changing environment, from stronger food safety monitoring and inspection to establishing product grades and standards;
- the development of focused programmes and networking for marketing of agricultural produce, within and outside the region, including expanding opportunities for joint marketing;
- the prioritisation, reorientation, consolidation and strengthening of actions aimed at technical capacity building along the agri-food chain in support of the industry development approach and in furtherance of establishing the solid base for the emergence of commercial agriculture in the OECS.

It must be reiterated that within the context of the OECS common economic space, the need to address common issues collectively, to maximise resources for impact and to reduce duplication is critical. While four Strategic Actions and their sub-activities were defined for specific attention, the following are equally important in the goal of repositioning OECS agriculture.

- Market-driven Research and Development (R&D)– A strong science base for agriculture is an essential pre-requisite for its sustained development and transformation. **It is recommended** that a task force be convened to define the research needs and develop a R&D capacity and delivery for the Sub-region for presentation to and action of the OECS Ministers of Agriculture.
- Human Resource Development (HRD) – to keep actors and stakeholders, as a whole, current within the global dynamism. **It is recommended** that a task force be convened to define the training needs, inventory existing training facilities and services towards consolidation and strengthening of the HRD in agriculture along the entire food chain.
- Coordination and Networking – given the dwindling resources to the public and the emergence of private sector initiative and investment, the different yet complementary roles of the public and the private sectors in agricultural development must be recognized and harnessed, through establishing formal coordination and networking mechanisms to achieve maximum benefit. **It is recommended** that full recognition and support be provided to existing efforts to establish sub-regional networking activities, such as, the OECS Chamber of Commerce.
- Monitoring and Evaluation – to develop a systematic and continuous process for collecting and analysing data, which will enable decision makers, executing agencies, and other stakeholders to critically question the various stages of implementation and the assumptions consistent with the goal of the sector and the objectives of the programme. **It is recommended** that Ministers appoint a special sub-regional committee, which will meet periodically to review and brief Ministers on progress-in-implementation of the actions detailed herein.

Food Production - Food Security Considerations

CARICOM, as a whole, has been facing an increasing food trade deficit during the last two decades. Given the highly open nature of OECS countries, the increasing complexities of the international market and the net-food importing status of most, food security can no longer be viewed in the context of a country's capacity to generate the foreign exchange to purchase imports. Rather countries must make an explicit policy decision as regards food security, which unambiguously articulates the roles of both local food production and imports in meeting domestic food supplies.

While self-sufficiency at the national level is highly unlikely for small OECS economies, articulating a goal of maximum food security, supported by prudent domestic policies may prove feasible. In this regard, a regional and sub-regional approach is far superior to national approaches in addressing the legitimate food self-security concerns.

The FAO, supported by the Government of Italy, is spearheading a CARIFORUM Food Security Project to "promote improved food security at the national community level through the establishment of holistic, successful and sustainable food security policies, programmes of production and consumption activities". In this regard, the OECS Secretariat will undertake to liaise closely with the FAO programmes at both the sub-regional and national levels to ensure that the issue of food security continues to receive the level of attention and support from all stakeholders.

Fostering Agri-Tourism Linkages - Some Considerations

The tourism sector is fully recognized as a lead sector responsible for a significant contribution to GDP in almost all the Member States. The sector has the potential to stimulate activities in other sectors including agriculture and to promote diversification of product while generating income from a wide range of activities linked to it.

Encouraging the development and strengthening of the linkages between agriculture, tourism and manufacturing must be considered and emphasized in the following areas:

- Food production and diversification of product – this includes the production of a range of non-traditional fruits and vegetables adding value along the chain to meet the demands of the hospitality sector. The chefs must be reoriented to use and prepare local foods in different forms at acceptable standards.

- Craft – this involves improving the varieties and diversifying the craft product to avoid product obsolescence.

Private sector participation and investment must be encouraged and promoted in supporting and developing the agri – tourism linkage.

Considerations for Youth in Agriculture

The youth comprise about one-quarter of the population of the OECS. Their involvement in effecting agricultural and economic transformation is essential for the sustainability of the sector, food security and for conducting agricultural business on a competitive market oriented basis consistent with domestic and international obligations.

Agriculture must be made attractive to sustain increased employment opportunities for young people by reforming and refocusing the agricultural education programmes of training institutions to meet the needs of the agribusiness sector in response to the changing consumer preferences and challenges; and providing the necessary technical support services including mechanization to enhance the competitiveness of the youth in agriculture

Operational Issues and Pre-requisites

Coordinating Capacity

Even before the elaboration of the policy areas and their strategic actions, the issue of strengthening the institutional capacity of the agricultural unit within the OECS Secretariat to undertake this responsibility, must be urgently and precisely addressed through the establishment of an effectively resourced Agricultural Development Unit. The resolution of this issue holds serious implications for the OECS Secretariat's ability to implement and achieve results from undertaking the specified actions.

Implementation Period

Four broad strategic areas have been identified to address aspects of the above elements, and for consolidation and action at the sub-regional level over the next 10 years, which is defined as the long-term. Long-term may also be interpreted as an activity requiring continuous and re-enforcing action. Given the urgency and the time-limitations to effect the necessary changes in agriculture, particularly in light of the looming 2005 deadline for the two major trade negotiations (WTO and FTAA) and the 2008 deadline for the termination of any real protection in the EU market, there are some actions that must of necessity, be completed in a shorter time-frame, that being a period extending from 1 to 5 years.

Sharing of Responsibility

The actions identified are not detailed in terms of the tasks that must be undertaken to achieve the desired results. This is because while these broad areas were the result of consultation and consensus, the details as to how best to undertake these actions will be left up to the specific executing 'agency' to determine. The proposed executing agencies per activity are identified from a number of national, sub-regional, regional and international agricultural development agencies in the sub-region. All efforts should be made, at the earliest, to seek commitment from these proposed executing agencies in order to further develop and agree on the implementation mechanisms for the activities.

National Pre-Requisites

The successful implementation of this Policy Framework and Plan of Action requires a level of commitment and responsibility for ensuring national execution of the interventions. It has been suggested that the limited success of previous strategic interventions was due in part to the restricted performance at the national level and the limited authority of the OECS Secretariat within the same domain. For measurable success of the implementation of this Agricultural Policy Framework and Strategic Plan, certain specific and complementary actions have been identified for appropriate national level commitment, initiative and follow-up.

Facilitating Sub-Regional Dialogue and Consensus Building

The document is developed in full cognisance of the existing CARICOM framework for agricultural development, within the context of the Regional Transformation (RTP), the Caribbean Regional Negotiating Machinery (CRNM) for coordinating external trade issues, and the CARICOM Council on Trade and Economic Development (COTED) for dialogue and decision-making in CARICOM. It is recognised that the Alliance for the Sustainable Development of Agriculture and the Rural Milieu (The Alliance) has envisaged a similar role and function at the regional level, and hence to avoid duplication of resources, it is proposed that concerted efforts be made to incorporate as far as possible, an opportunity for the OECS as a sub-region to meet and be represented within this emerging wider Caribbean framework. This will facilitate and strengthen private-public sector collaboration and advocacy, which are essential to sustainable agricultural development in the sub-region.

vi. Commitment to Action

Upon agreement, the Ministers are invited to review and commit themselves to approval of the Policy Framework and Strategic Plan at the national level and to allocate the required resources for effective implementation. The Ministers are also expected to clearly outline the critical areas of commitment to collective action at the sub-regional level.

Conclusion

Taking cognisance of the myriad of constraints, challenges and developmental needs of agriculture in the sub-region, this OECS Strategic Policy Framework will focus on pursuing policies and actions that support the development of commercial agriculture on a sub-regional basis, based on a market-led approach. It is to selected common actions that the document elaborates a policy strategy for agricultural repositioning in the OECS. This focus on development of commercial agriculture does not however, disregard the need for parallel actions aimed at improving the situation of the semi-commercial segment of agriculture in the OECS, which forms an important building block in the sub-region's food security.

The goal defined for sub-regional agriculture and the strategic actions elaborated raise the question as to whether the sector is provided with the requisite human, financial and technical resources and support infrastructure that will allow it to respond to these expectations. In this context, and notwithstanding the previous efforts at sub-regional planning and implementation of agricultural development programmes, success of this Strategic Framework and Plan of Action rests critically on the adoption of a systematic approach to its implementation, the provision of requisite resources and continued and genuine long-term commitment to the goal and objectives contained herein. Capacity strengthening in the OECS Secretariat will be an essential prerequisite for successful execution of the actions. Shared responsibility and sustained commitment from public and private sector support institutions will also be a critical success factor.

Background to Policy Document

Agriculture remains an essential sector in the economic and social development of the sub-region. This notwithstanding, and despite some efforts, strategic planning for agriculture has suffered from lack of a long-term vision, institutional commitment and capacity and a formal mechanism to define, integrate and consolidate national priorities and actions at the sub-regional level. Consequently, the absence of a cohesive and strategic sub-regional agricultural policy, which sets the framework within which developmental actions are to be designed and effected, has been a major limiting factor to the development of agriculture in the Organisation of Eastern Caribbean States (OECS).

Within the context of the sub-regional economic space this OECS Agricultural Policy Framework and Strategic Plan is driven by the need to effectively address:

- the absence of a cohesive and long-term agricultural policy to guide agricultural development;
- the continuing declining performance of agriculture in the sub-region, which is having serious adverse impacts on OECS economies;
- the adverse impacts of globalisation and trade liberalisation on the agricultural sector and the livelihoods of rural populations.

To this end, the OECS Secretariat embarked on a sub-regional study in March 2002 the results and conclusions of which were discussed during a technical consultation in July 2002. At that consultation agricultural technicians and support institutions further elaborated the issues and concerns surrounding the performance of the sector. Emerging from the technical consultation was a draft Plan of Action which, detailed actions aimed at making agriculture in the sub-region more efficient and competitive. The Plan of Action was crafted within the framework of the OECS Development Charter and Strategy, the St. George's Declaration and the OECS Fisheries Development and Management Strategy and the wider regional Rural Transformation Programme.

The Draft Plan of Action Agricultural Policy Framework and Strategic Plan was presented to the Inter-American Institute for Cooperation in Agriculture (IICA)/OECS convened meeting of Ministers of Agriculture, technical support institutions and stakeholders to Consolidate Actions Towards the Sustainable Development of Agriculture in the OECS, in December 2002. The meeting mandated the preparation of an Agricultural Policy and Strategic Framework to be guide the implementation of a revised Action Plan.

A draft policy framework was prepared and circulated for comments. A revised version of the document was subsequently circulated to agricultural technicians

and support institutions in Member States for comments. A taskforce, comprising, the OECS Secretariat, IICA, Food and Agriculture Organisation (FAO), Caribbean Agriculture Research and Development Institute (CARDI) and senior technicians from the Ministries of Agriculture of St. Lucia, St. Kitts and St. Vincent, was convened to review and refine the draft strategic framework. *This Policy framework was presented to the Ministers of Agriculture in St. Kitts in July 20003. The Ministers recommended some level of revision and stakeholder consultations to enhance the document as we move towards finalization for presentation to the Authority and emphasized the importance of a clear participation and integration of all stakeholders, which includes the private sector in the Agricultural development process in the Member States*. The Strategic Policy Framework represents the outcome of the deliberations of the task force, taking into consideration the views expressed during the previous national-level and stakeholder consultations to chart a development path that can be taken as a collective within the context of the international environment. It sets the structure that will guide the implementation of defined and agreed strategic actions towards the repositioning of agriculture in the OECS.

The primary focus is on pursuing policies and actions that support the development of commercial agriculture in the OECS, based on a market-led approach. The underlying philosophy is based on the premise that certain actions, i.e., those issues and problems common to the countries of the sub-region, would be more cost-effectively addressed at the collective level. This approach takes explicit recognition that certain actions must remain within the domain of national policy and action. It is to selected common actions that the document elaborates a policy strategy for agricultural repositioning in the OECS. This focus on development of commercial agriculture does not however, disregard the need for parallel actions aimed at improving the situation of the semi-commercial segment of agriculture in the OECS, which forms an important building block in the sub-region's food security.

Notwithstanding the previous efforts at sub-regional planning and implementation of agricultural development programmes, success of this Strategic Framework and Plan of Action rests critically on the adoption of a systematic approach to its implementation, the provision of requisite resources and continued and genuine long-term commitment to the goal and objectives contained herein. The key role of the OECS Secretariat in implementing the Policy Strategy is at the policy coordinating and farm business enterprise development level through the Dominica based Export Development Unit (EDU). It has been suggested that the limited success of previous strategic interventions was due in part to the low performance at the national level. The delivery and support services of the Strategic Plan remain the function of the Member States coordinated by the OECS Secretariat. The Secretariat can play a

co-ordinating role working with the Ministries of Agriculture and the support institutions. The role of the support institutions at the various stages of implementation will vary between lead agencies and cooperants, as deemed necessary.

International Context

The global environment is in constant flux, influenced by the increased international mobility of goods, services, money and finance, information, people and ideas. This phenomenon has been made possible by the recent dramatic developments in communication and transportation technology that have reduced the time and cost of travel and the impact of trends towards liberalized global market arrangements. The agricultural sector has not been insulated from these changes as preferential trading arrangements have given way to the opening of markets to competition within the rules based trading arrangements of the World Trade Organization (WTO).

In the context of trade liberalisation not only tariff reductions appear to be an inescapable outcome, but also stringent regulations in trade related areas, such as, intellectual property rights, application of biotechnology to food production and protection of biological diversity. Ironically, while these areas affect agriculture and food production, most have not been initiated in the agricultural sector. They however require that agriculture not only adapt, but also undergo a fundamental reshaping that will enable an effective response. In the area of biotechnology for example, and the future relationships between science, policy and regulation and the development of modalities arising from the debate about genetically modified foods (GMO's), there is urgent need for the development of a long term regulatory and policy framework on pre-market entry requirements of GMOs into the sub region.

This is even more critical given the need to address the issues of safety and other public concerns of Member States. Until recently there was no international agreement with regard to trade in foods containing GMOs. On June 13 2003, ratification by Palau triggered the countdown of the entry into force of the Cartagena Protocol on Biosafety, the first legally binding international agreement governing the movement of living modified organisms across national borders, which took effect on September 11, 2003. It is now incumbent on the sub-region to build consensus on acceptable modalities on trade in and pre entry requirements GMOs before conditions of compliance are imposed. A recent imposition that has little to do with international trade regulations and more to do with concerns over national security is the 2002 US Bio-terrorism Act which has far reaching implications for entry conditions into the US market.

In terms of trends in international assistance to agriculture, there have been developments, which are having a direct impact on agricultural transformation in the region.¹ One of these, as reported in the FAO State of Food and Agriculture 2001, is a decline in external assistance to developing countries in the form of official development assistance (ODA) for agricultural development from 1999. Amidst this decline in external assistance to agriculture, the level of total assistance to Latin America and the Caribbean has also declined, by 33% in 1999. About 76% of this fall in external commitments to agriculture was attributable to declining assistance from multilateral donors, mainly the World Bank as well as bilateral assistance to agriculture, which accounted for 40% of the total. However, in July 2002, the United Kingdom (UK), the second largest bilateral donor after Japan, announced an increase in its ODA by £1.5 million to reach 0.4% of national income by 2005-2006, the highest level of UK assistance for over twenty years.

The tendency of international financial agencies to provide financial support directly to the beneficiaries (private sector and non-governmental organisations) coupled with the decline in foreign direct investment (FDI) flows to Latin America and the Caribbean after 2000 will substantially curtail the ability of the public sector to continue to spearhead the agricultural development and transformation process. The declining level of resources available for continuation of projects and programmes in the manner in which they were undertaken in the 1980s and 1990s and the climate of increased uncertainty and macroeconomic instability have far reaching implications for agricultural repositioning in the OECS.

Situational Analysis

i. Changing Demographics of the Producer

The effectiveness of policy as the guiding framework within which agricultural development must occur depends to a large extent, on the characteristics of the producers. The producers however profiled and configured, are the true “sources of growth” in agriculture, and the ultimate decision makers based on the signals they receive from the policy framework and the incentives they face.

The producers, or decision makers in the agriculture and food industry in the OECS can be said to comprise:

¹ FAO, State of Food and Agriculture 2001; ECLAC, Foreign Investment in Latin America and the Caribbean, 2002 Report.

- 'core farmers', who are estimated to represent less than 20% of the total farming community, but who account for over 70% of commercial output;
- a diversity of agents and businesses which service the sector, but have generally been outside the agricultural development programme.
- a large number of small to medium scale food processing industries based largely on domestically-produced raw materials.

It is essential that this diversity is recognised and understood if we are to adequately prepare agriculture for its future. The result of this wide diversity in the food chain is that agriculture cannot be accurately characterised by any single policy measure. This therefore, imposes a set of conditioning factors with significant implications for policy based on a grouping of the farming community into two types:

- commercial agriculture, based on a small core of business-oriented producers, who specialise in specific commodities and make use of government programmes. For this category, the goal of achieving productivity and competitiveness as a means of securing maximum profits is central to the enterprise. This grouping is expected to significantly satisfy the goals of foreign exchange earnings, import displacement, and consumer requirements and sustain inter-sectoral linkages, through stimulation of value-added enterprises and the cross-over into services;
- food production (semi-commercial), which may not necessarily operate along strictly commercial principles and includes a large segment of part-time, semi-commercial farmers, operating farms that are not as profitable as 'stand-alone' ventures, as well as subsistence units which depend significantly on government programmes. While for this latter category, the goal of achieving productivity and competitiveness continues to be both under-emphasised and elusive; its continued presence is essential to ensure food security and the maintenance and well being of rural livelihoods and communities.

Both groups of producers have a critical role in the overall performance of agriculture in the OECS sub-region as they engage in traditional export agriculture (Bananas and Sugar), non-traditional export agriculture and non export agriculture. Efforts in the Policy are directed towards boosting the production and distribution of agricultural goods and services suited to the generation and adequate financial returns to farmers.

In the traditional sector efforts must be made to hasten the introduction of mechanisms and standards that would ensure that only the most efficient, industrious and responsible farmers produce bananas for export in the Windwards and that the Sugar sector in St. Kitts be diversified into other sugar based products, including high quality rum.

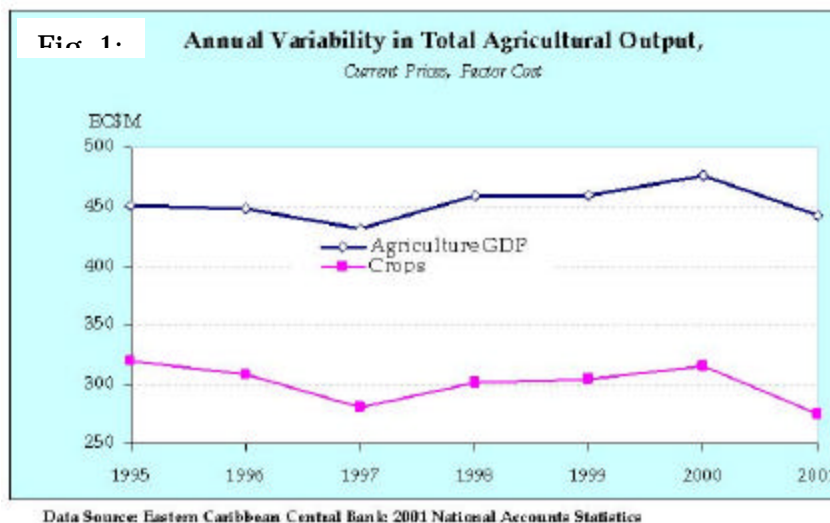
In the non traditional export agriculture there is an increasing demand for tropical fruits and vegetables and exotics (particularly cut flowers, cut foliage and hybrid plant varieties) in the global market. Agricultural production should be further diversified towards development of a horticultural class and production should take place on a regional basis to take advantage of economies of scale.

In non export agriculture production should be oriented towards reducing the food import bill and should be rationalized to ensure that the increasing and changing demand of the tourist industry and local demand are satisfied. This approach to non export agriculture will ensure that the quantity and quality demanded by the tourist industry are satisfied, while at the same time addressing the twin issues of efficient import substitution and food security. Agricultural science should be revitalized in schools and agricultural extension support and other technical services should provide scientific and technological input to transform this sector.

ii. Sectoral Performance

The unfolding global environment provides some of the background against which the performance of agriculture in the OECS must be placed into perspective. Since the early-1990s, the very existence of agriculture in the OECS has been virtually undermined by the processes of globalisation and trade liberalization. The United States (US) challenge of the European Union's (EU) banana trade regime has hastened the deterioration of the banana and sugar industries in the Windward Islands (St. Lucia, Grenada, Dominica and St. Vincent), resulting in adverse impacts on aggregate agricultural output. There is now the need to contend with the more recent sugar market challenge, which could have similar effects in St. Kitts and Nevis, if successful.

Quite apart from the effects of trade liberalisation, depressed world market prices, a combination of adverse weather conditions and disease problems and the continuing exodus of core farmers also exacted a heavy toll on the performance of traditional industries. The substantial contraction in banana production, in particular, resulted in a marked decrease in the share of banana in the contribution of agriculture to GDP from 53 percent in 1995 to 22 percent in 2001. Over the 1995–2001 period uneven, albeit declining growth in the traditional banana, sugar, cocoa and nutmeg industries led to an overall decline in gross agricultural output in the OECS (*Fig.1*).



The data reveals that there has been a steady decline in agriculture's contribution to GDP (at factor cost in current prices) from 1995 to 1997, a moderate increase from 1998 to 2000 and a sharp decline in 2001 with the crop sub-sector being the major contributor followed by fisheries, which has been registering steady growth since 1995. (See Table 1)

Table 1
SUMMARY OF AGRICULTURAL OUTPUT BY SUB-SECTORS FOR THE OECS
REGION 1995-2001

Factor Cost, Current Prices (EC\$m)

Agriculture Sub sectors	1995	1996	1997	1998	1999	2000	2001
Crops	319.61	308.15	281.06	301.39	304.36	314.95	275.33
Livestock	40.99	44.10	45.28	47.78	42.74	46.14	49.20
Forestry	15.63	15.45	15.06	15.00	15.03	15.18	15.12
Fisheries	75.31	80.27	89.47	95.47	97.89	100.34	103.40
TOTAL	451.54	447.97	430.87	459.64	460.02	476.61	443.06

Data Source: Eastern Caribbean Central Bank: 2001 National Accounts Statistics
Eastern Caribbean Central Bank National Accounts Data Base.

Table 2
Gross Domestic Product by Economic Activity, At Factor Cost for the OECS
In Current Prices (E \$ M)

SECTOR	1995	1996	1997	1998	1999	2000	2001
Agriculture	451.83	448.23	424.98	438.18	463.75	469.34	447.64
Crops	319.89	308.40	275.15	280.91	309.81	309.68	271.90
Livestock	40.99	44.10	45.28	47.78	42.74	46.14	48.64
Forestry	15.63	15.45	15.06	15.00	15.03	15.18	15.12
Fishing	75.32	80.28	89.49	94.49	96.17	98.34	111.98
Mining & Quarrying	38.31	40.79	43.67	45.49	47.69	52.80	49.14
Manufacturing	306.07	316.93	325.99	335.20	351.03	366.83	357.03
Electricity & Water	194.73	196.87	220.26	231.62	260.20	278.14	307.91
Construction	481.55	503.43	551.24	633.04	698.96	734.39	744.27
Wholesale & Retail Trade	626.89	657.62	692.80	741.70	789.50	808.82	777.01
Hotels & Restaurants	495.79	529.65	572.93	589.69	618.38	623.33	595.09
Transport	559.54	599.06	651.28	677.84	710.55	748.60	744.54
Road Transport	323.48	342.89	370.81	382.97	397.67	426.24	421.07
Sea Transport	129.05	138.56	147.08	158.41	167.04	172.93	171.47
Air Transport	107.01	117.61	133.39	136.46	145.84	149.43	152.00
Communications	383.54	407.74	426.47	465.83	489.35	490.62	498.14
Banks & Insurance	462.35	495.26	533.06	583.11	612.47	671.50	685.00
Real Estate & Housing	255.94	262.46	268.55	277.88	294.97	308.83	323.40
Government Services	847.62	890.06	954.62	1030.25	1067.11	1121.84	1159.16
Other Services	221.87	232.78	240.63	252.35	269.41	291.09	301.00
Less Imputed Service Charge	362.93	381.30	416.12	448.13	468.89	504.55	496.27
TOTAL	4963.11	5199.58	5490.36	5854.05	6204.48	6461.58	6493.06

*Data Source: Eastern Caribbean Central Bank: 2001 National Accounts Statistics
Eastern Caribbean Central Bank National Accounts Data Base.*

Table 2 above shows the relative contribution to GDP by economic activity from 1995 to 2001.

Agricultural output, which accounted for 9.1 per cent of total GDP in 1995 steadily declined to 6.9 per cent in 2001.

Domestic deficiencies have also constrained the capacity of agriculture to respond to the dictates of the changing external trade environment. Attaining sustainable agricultural development in the OECS has been elusive, due, in large measure, to a focus on short-term production problems. While the short-term production focus may have been essential to maintain export market share, it encouraged a shift in policy orientation away from long-term productivity and competitiveness and ecological and environmental sustainability issues. In addition, the difficulties in adapting to the new requirements of international marketing, particularly the focus on food quality and safety issues, have been a major constraint to the performance of the non-traditional agricultural production.

Notwithstanding the high expenditures on export diversification among OECS countries over the past two decades, the extent to which production and export structures have in fact been diversified has been limited. A number of recent studies, which attempted to measure the export diversification performance of agriculture in the OECS indicate that exports had become more specialized, and hence, less diversified over the 1989-2000 period.² This was particularly the case in St. Lucia and St. Vincent and the Grenadines, where no clear trend in agricultural export diversification was observed compared to St. Kitts & Nevis, Dominica and Grenada which exhibited slight and modest increase in the diversification of agricultural exports in the post-1980 period.

The performance of diversification in the OECS countries raises two important possible conclusions. Firstly, the existence of preferential arrangements might have been a constraining factor on expansion into non-traditional agriculture. Secondly, incentives have not been adequately provided to stimulate the agricultural sector, resulting in limited diversification and structural change. Research suggests that the nature of export diversification that has occurred was unrelated to the value-adding or further processing activity throughout the commodity chain. Deepening agricultural export diversification within commodity groups by adding value continues to hold clear benefits for the OECS countries.

Diversification, in terms of forging effective and sustained linkages between agriculture and the tourism industry has also produced limited results.

² Timothy G. Taylor and Brian Francis (2002), University of Florida, Gainesville.

Notwithstanding the significant level of resources invested into the development of the tourism sector, including the provision of opportunities for the stimulation of local food products, agro-tourism linkages remain, at best, very weak. From all indications, the bulk of foods consumed in the tourism and hospitality sector, particularly in the more tourism-oriented OECS Member States, continue to be sourced from extra-regional imports.

It appears that the requirements of the export markets for food products, particularly those that relate to food quality and safety, are also acting as constraints to use of local food products within the tourism industry given the slow adoption of HACCP and producer certification programmes. Improving the safety and other quality attributes of agriculture and food products, therefore, is as important for maintaining export market share as it is for creating and sustaining linkages between agriculture and tourism. This holds significant positive implications for the food import bill and food security in the OECS sub-region.

iii. Sectoral Constraints

The preceding discussion strongly suggests a generally disappointing performance of agriculture in the OECS. This situation derives from a host of constraining factors, few of which are within the control of the small and vulnerable OECS island states. Natural disasters, pest and disease infestations result in insecure control of output volumes and quality, resulting in high annual variability in output levels. The range of constraints to agriculture in the OECS is well known and has been well documented. For the purposes of this Strategic Framework, they may be summarised under the following areas³:

Weak Policy Framework, characterised by:

- low national capabilities in planning, evaluation and implementation of agricultural policies;
- lack of an integrated sub-regional planning and monitoring systems and mechanisms, particularly as they relate to the synchronising of domestic agriculture and trade policies;
- dependence on market regimes that have insulated agriculture from international forces;
- weak mechanisms to foster and strengthen linkages between agriculture and other sectors, (tourism and manufacturing).

Weak Institutional Framework, characterised by:

- deficient agricultural production and trade information systems;

³ 'Performance and Prospects for Caribbean Agriculture', Diana Francis, IICA, ISSN 0256-4746, June 1998. OECS Agricultural Survey, March 2002

- fragmented and inadequate institutional support service in the area of marketing, research and training;
- weak and undeveloped financial market and absence of risk-mitigating facilities;
- a declining production base (number and productivity of producers);
- lack of finance and a traditional insurance and banking system, which is unsympathetic to the uncertainties of agriculture resulting in inadequate financial resources to drive a concerted effort in developing the non traditional sector.
- Reduced incentives in the sector.
- Land tenure issues and allocation of lands.
- Trade liberalization and an unclear interpretation of the multi lateral trade agreements and how they impact on domestic production initiatives.
- Poor representation of Member States interests at hemispheric and international fora where trade modalities are being clarified, elaborated and finalised.

Declining Productivity & Competitiveness, manifested by:

- low levels of human capital and under-utilisation of improved technologies (low and variable volumes& quality);
- high reliance on imported inputs and improper application (increases costs with little commensurate increase in yields);
- slow progress in agricultural diversification and difficulties in achieving market competitiveness for a large number of products of export interest;
- inadequate marketing and transportation facilities for both intra-regional and external trade.
- Pest and disease, low productivity and a lack of dedicated Research and Development support for non-traditional agriculture.
- Water shortages and the absence of irrigation programmes.
- A large number of low resource farmers oriented towards semi-commercial agriculture.
- High cost and low productivity of labour.
- A stable ageing population of farmers reluctant to utilize resources made available through credit agencies.
- High unit cost of production.
- Poor soil and land management.
- Praedial larceny

The heavily dependant nature of the OECS economies on agriculture, and in particular agricultural exports to preferential markets will present greater challenges from globalisation and trade liberalisation than for the more developed Caribbean Community (CARICOM) countries. This places an even greater premium on improving the competitiveness of OECS agriculture by

finding new and innovative mechanisms and strategies to ensure the ongoing transformation of OECS agriculture from the historical commodity-oriented focus to a product and function/service focus of the still emerging consumer-driven international food system.

Many difficult choices face the OECS governments regarding development and structural change of the agricultural sector. The lessons of the past need to be borne in mind in the formulation of sub regional policy. Some of these are:

- the inadequacies of incentive and support systems, particularly as these relate to agricultural diversification.
- the need to tailor solutions to address the particular and specific needs of the different segments that comprise the farming community.
- the conflicts between external trade and agricultural policies that inadvertently reduced agricultural competitiveness.
- the passive approach to natural resource management and the limited commitment to common action.

Ultimately success depends on policies that empower individuals by providing support and encouragement for the development of business acumen and the translation of innovative ideas into working and practical realities.

Agricultural Policy Background and Sector Goal

Ensuring productivity and growth in agriculture is an essential pre-requisite for effectively sustaining the social, economic and political stability of OECS economies. Despite its declining contribution to gross domestic production, the agricultural sector remains central to OECS economies, in terms of foreign exchange earnings and for employment generation, income distribution, food security and social equity and stability. Its declining performance, has, therefore, triggered a social, economic and political crisis in the economies of the OECS sub-region.

The elimination of preferences for major commodities, which is likely to take effect by 2008 could worsen the already increasing impoverishment of rural communities. The reduction in agricultural export earnings and the dismantling of import tariffs is also likely to widen the fiscal deficit in several countries. As growth has slowed or turned negative, tax revenues have stagnated or declined and the option of maintaining and/or increasing government revenues through increased borrowing holds significant implications for the level and nature of investment for economic development generally, and particularly, in agriculture.

A 1998 review of national agricultural policy in CARICOM, including the OECS suggests that the four broad objectives remain applicable⁴:

- to increase competitiveness of fresh traditional and non-traditional exports and processed products;
- to enhance the food security status of the population through 'efficiency-based' import substitution programmes;
- to strengthen inter-sectoral linkages and increase value-added to the sector; and
- to foster equitable income distribution and sustainable agricultural development.

Policy making at the sub-regional level, therefore must explicitly recognise that national policies exist and that⁵:

- the national policy environment is critical with respect to its influence on the output and related decisions in agriculture;
- regional actions must complement national initiatives;
- the full support of national member governments, the private sector and civil society and access to the necessary human and financial resources are necessary pre-requisites for implementation and oversight of these sub-regional policies.

The relationship between sectoral performance and macro-economic policy is already well established. The goal of repositioning OECS agriculture also depends critically on the macro-economic environment within which agriculture must function. Macro-economic issues, beyond the mandate of agriculture but critical to a successful treatment of the issues that constrain agricultural development, include the tax structure, fiscal and external trade policy, which all have implications for the incentives system and investment in agriculture. Improving confidence in the tax and investment regimes, in particular, is critical to successful agricultural development.

Given the foregoing, the policy framework for agricultural development in the OECS sub-region must, in the first instance concentrate on stabilisation, to create the conditions conducive to a successful diversified expansion of the sector and in the process reducing the growing food import dependence and improving export growth development.

In keeping with the above considerations, the goal defined for agriculture in the sub-region is:

⁴ Ibid.

⁵ 'Establishment and Development of a Regional Agricultural Policy Network in the Caribbean', Claremont Kirton and Arlene Bailey, UWI, Mona, Jamaica, 2002.

- “To transform the agricultural sector of the OECS Member States by diversifying agricultural production and exports, intensifying a market led agro-industrial development, deepening institutional reform, expanding agricultural business and management and generally, conducting agricultural production on a competitive market-oriented, internationally integrated and environmentally sustainable sound basis”

This goal assigns a major and multi-functional role to agriculture, which more explicitly relates to repositioning the ‘commercial’ element of agriculture in the OECS. That is, generating net foreign exchange earnings, viable employment and income-earning opportunities along all elements of the food production chain. While the focus is on pursuing policies that support market-oriented agriculture, parallel commitment is also given to minimising the adverse effects of such policies on the ‘food production’ element of OECS agriculture. That is, considerations of rural development, enhancing food security and preservation of the natural resource base and the environment. The goal ‘lays down’ the characteristic elements for boosting the production and distribution of agricultural goods and services suited to the generation and maintenance of adequate financial returns to farmers.

Over the course of the consultations towards articulation of this document, policy makers, technicians and support institutions recognised that a comprehensive reshaping of agriculture is needed if it were to meet the above-specified goal. Such reshaping would require simultaneous focus on three distinct, but mutually-reinforcing fronts:

- human capacity development, at the producer and policy levels in order to create the policy and enabling operational environment that prepares and strengthens the capacity of all stakeholders to effectively function within the global trade environment;
- technological improvements, as an essential complement to human capacity development, in terms of improved production and processing methods, information and communication;
- institutional and regulatory framework and infrastructure, including making support institutions more relevant and effective, putting in place participatory planning and institutional arrangements to guide the development of the sector, updating the legal framework and refocusing investment in refurbishing and modernising the infrastructure services that underpin agricultural production and trade.

Strategic Areas and Actions

As stated previously, the document is based on the premise that certain actions, i.e., those issues and problems common to the countries of the sub-region, should

be best addressed at the collective level. This approach takes explicit recognition that certain actions must remain within the domain of national policy and action. It is to selected common actions within the realm of 'commercial agriculture', that the document elaborates a strategic policy framework for agricultural repositioning in the OECS.

Four broad strategic areas have been identified to address aspects of the above elements, and for consolidation and action at the sub-regional level over the next 10 years:

- Policy, Legal and Institutional Reform.
- Natural Resources Management
- Financial Options, Incentive Regimes and Insurance
- Production, Product Development and Marketing

i. Policy, Legal and Institutional Reform.

The Issue:

Repositioning of small-island developing agriculture in the increasingly integrated, competitive and rules-based global market system requires that the OECS states transform and upgrade their institutional and regulatory framework and capacity. Simultaneous internal repositioning is required as agriculture competes with other domestic economic interests and activities for scarce resources.

Background:

As OECS agriculture becomes more integrated into the complex legal and regulatory international system, domestic and ultimately, sub-regional agriculture policy must adapt in order to enable effective participation. This adaptation must therefore, focus on transforming the institutional and regulatory framework to create an environment conducive to agriculture's repositioning.

Creating the enabling institutional and regulatory framework remains within the mandate of the public sector, specifically the Ministry of Agriculture. This mandate has been reinforced by the global scenario, which requires a critical role for the State in the provision of the regulatory framework necessary for the development of a competitive agriculture. **However, the structural adjustment programmes of the recent past have resulted in a reduction in the budgetary resources allocated to Ministries of Agriculture in the sub-region as well as in the wider CARICOM.** This has substantially reduced the capacity of the public sector to undertake much needed institutional and legislative reform in keeping with the international requirements and obligations.

Within the WTO framework, assistance to undertake such reform has been taken into consideration. However, to date such assistance, in terms of the depth and type required by developing countries to undertake meaningful reform has not been forthcoming. At the Monterrey Summit in March 2002, developing countries committed to improving their governance, institutions and policies and developed countries to increasing aid, opening trade and supporting capacity building. Specific policies and implementation strategies and programmes have a better opportunity to attract development aid for institutional capacity building.

Of the various elements that must be addressed in this institutional and regulatory transformation, focus is herein placed on a sub-set of elements that are integral to repositioning and will benefit from action, consolidation and leadership at the sub-regional, as opposed to the individual national levels. Consequently, these selected elements focus on reform in the areas of land use policy, core agricultural legislation and the institutional framework, which allows for producer-level organisations to be an integral partner in the sub-regional policy and planning process.

The Objective:

- “To establish the common legal basis whereby reform of the institutional system and regulatory framework for sustainable agricultural development can be systematically and effectively undertaken within the context of the changing international environment”.

Strategic Actions:

At the sub-regional level, the OECS Secretariat, assisted by identified support agencies and national Member governments, will lead and coordinate actions to:

- Develop a common framework within which Member States, given their own unique circumstances, can develop appropriate land use policies and planning to secure the existing land base for future agricultural development.

This issue becomes even more imperative in the context of the CARICOM Single Market and Economy (CSME), which will open up opportunities for cross-border establishment of business. The establishment of a clear and common policy to guide agricultural land use, therefore, must be an essential pre-requisite for achieving sustainable agricultural development in the sub-region. This policy will further establish the framework for the common legal basis for the allocation and use of agricultural lands. Such an action will necessarily involve a review of existing land use policy and legislation towards identification of aspects of common policy and harmonisation of legislation to ensure proper land use in the sub-region.

- Establish the guidelines for the identification and updating of common legislation and institutional mechanisms to facilitate reform of the legal and regulatory framework for agriculture production and trade in the sub-region, within the context of the wider regional and international requirements.

It is agreed that no Member State has the capacity to individually undertake such a comprehensive review and reform of its agriculture-related legislation, including agricultural health and food safety and intra-regional trade issues. Given the prominence attached to compliance with international rules and standards, such an exercise will be best and most expeditiously executed at the regional level. This will involve a comprehensive review of production and trade related agricultural legislation, in terms of their relevance and their compliance with international requirements towards their updating. Once consensus regarding the areas for common legislation is established, the onus for ratification of legislation in National Parliaments and enforcement will become fully nationally driven.

Supporting the several initiatives aimed at implementing and streamlining the agricultural health and food safety regulatory framework and as well promoting the development and adoption of standards for agricultural products on domestic production and intra-regional interest will be important elements in the transformation of OECS agriculture. Formalization of various protocols for the conduct of trade in products, which have proven difficult due to agricultural health and food safety concerns, will constitute an important step towards the fostering of intra-regional trade.

- Define a common framework based on Member States experiences, within which the farming community can be effectively organised to facilitate their representation and integration in the policy and institutional reform process.

The organisation of the farming community within the sub-region, based on a common framework is a pre-requisite for long-term sustainable development of agriculture. This is particularly critical given the responsibility of agriculture to forge linkages with value-adding enterprises and service industries. This common framework must accommodate the diversity of the farming community and promote solutions tailored to effectively address particular needs. Concerted and well targeted action in this area is a necessary complement, and in some cases, a precursor, to the strengthening of the institutions, networking and coordination and advocacy to facilitate sustainable agricultural development.

ii. Natural Resources Management

The Issue:

Achieving the goal of sustainable agriculture requires that the close interactions between farming practices and natural resources be properly recognised and managed. Agriculture holds a special responsibility for resource stewardship, a role that is increasingly receiving attention in the international trade negotiations.

Background:

Over the next thirty to fifty years, world food requirements are projected to more than double. The challenge to agriculture will be to provide for the food needs of the vastly increased population on reduced acreages of farm land with water shortages, as well as a switch to food consumption based on more livestock products, fruits, vegetables and processed foods.

The continued viability of agriculture requires that the current stock of land and water resources sustain agricultural production over generations. The manner, in which this responsibility is addressed within agriculture, remains a matter of both public and private concern. In the context of the new generation of global regulations, agriculture in small-island developing states, such as, the OECS, is expected to play a fundamental and balancing role in the preservation of natural resources, including mitigating the effects of climate change.

While sub regional action in the legal and regulatory strategic area is a necessary pre-requisite, it is equally important that follow-up, in terms of implementation of measures at the national level and enforcement of such policy, is emphasised. Emphasis is herein placed on addressing the mechanisms for effecting the updated policies and legislation with regards to land and water including forestry and fisheries management to ensure sustainability of agriculture in the sub-region.

Addressing sustainable water and land management issues at the sub-regional level will focus on developing capacity for integrated management systems, based on shared information systems. Coastal and fisheries management is also an important component of the natural resource base for agriculture and the focus will be on the strategic management of marine and inland fisheries resources consistent with international regulations.

The Objective:

- “To take appropriate action regarding natural resource management within the context of sustainable agricultural development and to strengthen the institutions and mechanisms necessary to ensure continued focus”.

Strategic Actions:

At the sub-regional level, the OECS Secretariat, assisted by identified support agencies and national Member governments, will lead and co-ordinate the following actions. The actions identified for implementation at the sub-regional level are:

- Establish and co-ordinate a sub-regional mechanism for effective agricultural land and water use management, including aspects related to training and information management, including, focus on:
 - water allocation and distribution for agricultural purposes based on projections of land use for agriculture for food security or export;
 - assessment of water supply as relates to sources, quantities, threats and the demand of households, industry and agriculture;
 - criteria for determining water allocation across sectors;
 - the establishment of water information systems to augment the Land Resource Information System (LRIS), particularly in determining the irrigation potential of specific areas.

Appropriate use and management of land and water resources is an essential building block for sustainable agricultural development in the sub-region. Action in this area will revolve around the establishment of a sub-regional mechanism for land management that includes, upgrading science-based land capability and land use maps for informed decision-making, through development, acquisition of and training in satellite imagery to update land use maps.

This important aspect of this strategic action, the operation of a LRIS will facilitate integrated land and water resource management within the sub-region. This includes design, provision of and training in the use of the (LRIS) system, and monitoring and informing on the implications of developments in global climate change, particularly as it will impact agricultural production systems. This information system will facilitate the operations of national Land Management Authorities, including the development of an appropriate incentive regime to encourage compliance with land and water use regulations. In addition to the LRIS, Member States should also pay specific attention to the use of a land evaluation system to provide alternative uses of land based on land characteristics, socio-economic factors, markets and current use and the development of a land capability system for the countries of the sub-region.

- Consolidate and enhance the management capacities of fisheries units, including an explicit emphasis on the development of value-added in fisheries.

While the lead responsibility for fisheries management lies with the CARICOM Fisheries Management Unit, the balanced management and development of natural resource base for agriculture requires a close collaboration with land-based and marine activities, particularly due to the cross-over of many farmers into fisheries activities. Fisheries development should also explore the viability of moving beyond exploitation of marine and land based fisheries into the production of fishery by-products, where appropriate.

- Protect and restore the social functions of the forest to conserve biodiversity and protection of the watershed to ensure the provision of domestic and industrial water supply.

Forestry planning and management plays a significant role in the conservation of the natural resource base for sustainable utilisation of land and marine resources. The natural resource base may be destroyed by over exploitation or misuse. The resources have to be cared for and managed to sustain productive capacity over time for future generations. The policy should focus on the better utilisation of timber and non-timber forestry resources, enhancing eco-tourism and biodiversity management.

The policy should also focus on reforestation especially in areas where non sustainable exploitation of the resources has taken place.

iii. Financial Options, Incentives Regimes and Insurance

The Issue

The new private sector driven business environment requires a fundamental shift in the way the business of agriculture is facilitated and conducted. The underdeveloped nature of capital and finance markets in the region, particularly in terms of meeting the special requirements of agriculture, acts as a constraint to the transformation and integration of agriculture into the mainstream business environment. The sector requires adequate flows of investment and a reliable and dedicated sustainable source of financing to foster that development and to meet desired outcomes.

Background:

Agriculture in the OECS developed within an environment characterised by dependency on public sector driven incentives, financing, investment and limited risk-mitigation measures. This system evolved from the widely held view

that the unique nature of primary agriculture, in particular, was not adequately being addressed by the commercial principles against which other business operated and functioned. Commercial lending based on stringent legal requirements for the qualification of loans, rendered access to adequate credit for agriculture prohibitive.

While public-sector financial assistance was usually complemented with concessionary financing from international donor organisations for agricultural ventures on terms and conditions specially suited to the needs of agriculture, a major shortcoming continues to be the absence of risk mitigation measures that, for any other business venture, affords some level of confidence and security. This deficiency in agriculture is a significant failure of the enabling environment for the emergence of a commercially oriented agricultural system, particularly given the additional costs to meet internationally accepted food quality and safety enhancing innovations.

Developed countries have well-established safety net programmes and options to address any adverse and unexpected events beyond their control, such as, acts of nature, theft and vandalism in agriculture. These programmes take several forms, including crop and revenue insurance and direct payments. The only existing risk mitigation facility that exists for OECS agriculture is the long standing, but apparently floundering Windward Islands Banana Insurance programme (WINCROP). Practically all other agricultural enterprises, whether on a commodity basis or otherwise, has no such facility for compensation.

The impact of risk on agriculture and the alternative ways of dealing with it has captured the attention of the Ministers of Agriculture and the technicians for a long time. During the recent consultations the issue has gained renewed interest and the consensus is to find some mechanism for risk mitigation which should include credit institutions, insurance agencies, WINCROP and other private sector stakeholders. This requires consultations among these stakeholders to arrive at feasible prescription for risk mitigation.

WINCROP, in its new Business Indicative Proposal 2002 identifies new possible areas that the organization could expand its insurance business to the farming sector in the near future. The possible areas of the new businesses are likely to be among the following:

- Diversified Agricultural Crop loans and advances to plant and replant diversified agricultural crops, including irrigation systems, agricultural machinery, vehicles etc.
- Insurance of Residential and Commercial Buildings with extra coverage of contents of buildings and personal possessions where specifically requested.

- Insurance of vehicles, compulsory by law, coverage for both private and business/commercial.
- Pensions Plans for farmers either on a contracted out scheme to NIS in each Island or a supplement thereto.
- Personal Accident and Life Insurance.
- Hospital Cash Plan over and above that provided at the National Level-NIS or Government in each Island
- Death Benefit- Funeral expenses etc. A service to Farmers.
- Financial Services-Receive deposits and offer loans for Agriculture and Property Mortgages.

The areas identified above are conceptual ideas and require policy directive and financial evaluation.

The challenge is to provide an adequate safety net, or security, without encouraging sustained dependency on government. Within today's commercial business environment, risk management programmes are extremely beneficial to commercial producers. Among the options available to commercial farmers, as with other successful businesses to manage risks, include insurance. However, effective risk control planning must take into account the need to evaluate and manage natural hazards and to apply appropriate mitigation measures in the risky areas. Such considerations must include:

- Investment in diversification.
- Education and training in disaster vulnerability and means of preventing the worse.
- Collective responsibility among Member States through insurance.
- The provision of incentives for the establishment of windbreaks in appropriate production systems, and for enterprises in the right ecological environment, water harvesting and storage for irrigation, drainage and better management of runoff in high rainfall areas and for compliance to accepted fishery safety procedures and use of new technologies.

The Objective

- "To provide effective and appropriate risk mitigation services and credit facilities that will encourage entrepreneurship, the emergence of commercial enterprises and stimulate investment in agriculture".

Strategic Actions

At the sub-regional level, the OECS Secretariat, assisted by identified support agencies and national Member governments, will lead and coordinate the following critical action:

- Explore options towards the development and operation of a sub-regional insurance facility specially tailored to the need to reduce risks for

commercial agriculture that covers a range of crops and specific types of enterprises.

Insurance provides farmers with a range of choices to reduce risk, given their individual circumstances. This proposed insurance facility should take explicit consideration of the need to be more market-oriented and less dependent on the public sector. It should explore the option where private companies and agents sell and service policies and the government provides permissible incentives to encourage lower premiums paid by farmers. While insurance programmes do not directly interfere with market prices, they must be expanded and managed carefully to avoid distorting markets by providing guarantees that are out of line with market conditions.

- Promote dialogue and working collaboration between government agencies, the private sector and credit institutions to address issues of financing, risk minimisation, investment promotion and access to and management of funds.

A clear identification and analysis of the issues associated with credit and risk from the institutional and client level is a sine qua non for addressing the issues of financing of the sector. The peculiarities and Byzantine realities of the sector warrants the strengthening of the lending portfolios both in the commercial lending sector and rural financial institutions to minimize risk through the use of an agricultural risk analysis instrument, project development and improved loan supervision, monitoring and management.

- Mobilizing financial resources for Agricultural Development.

This involves the use of STABEX resources made available to assist with the restructuring of the Banana industry in particular and the agriculture sector in general. This may be achieved by establishing an OECS Technical Committee on Agricultural Development, comprising Ministries of Agriculture, WIBDECO, National STABEX Committees, and representatives of farmers organizations and key consumers including the hotel and manufacturing sectors. Technical support could be provided through OECS with the Ministers of Agriculture providing broad policy oversight and monitoring. CARDI as the lead Research and Development Institute would also assist in this thrust.

This would facilitate:

- The sharing of project profiles and other technical information among industry actors;
- The strengthening of backward and forward linkages between the agriculture, tourism and manufacturing sectors.

iv. Production, Product Development and Marketing

The Issue:

The economic prosperity of agriculture can be expanded through increased diversification and value-added activities, providing it with a more stable economic foundation. The challenge is to find new and innovative mechanisms and strategies to ensure the transformation of OECS agriculture from the historical commodity-oriented focus to a product and function focus of the still emerging, global, consumer-driven food system.

Background:

Approaches to engender sustainable agricultural production activities and to promote agricultural export diversification over the past two decades have not yielded the desired outcomes. Too much emphasis has been placed on the diversification of production agriculture (i.e. crop diversification) and far too little emphasis on livestock and the diversification of economic activities along the entire agribusiness chain. Deepening agricultural export diversification within commodity groups through adding value continues to hold clear benefits for the countries of the OECS. Transforming agriculture from the historical commodity-oriented focus to a product and function focus underscores the need for policies that support growth in competitiveness in the world's inter-related food system, through effective trade negotiations and market expansion.

Continuous movement towards liberalized trade within the Hemisphere and at the global level will continue to erode the existing preferential margins afforded to OECS agricultural exporters. This places an even greater premium on fostering export diversification and improving the competitiveness of OECS goods and services in external markets. Prudent trade and domestic policies matter a great deal for successful agricultural diversification. Ensuring agriculture's ability to satisfy consumer requirements must factor in agricultural policy. Agriculture can no longer be viewed as merely a primary 'goods' sector, since increasingly, in the changing nature of the demand for food, consumer focus has shifted from the simple availability of foods, to value-added products and the services embodied in a diversity of product forms. This move towards the value-added 'products and function' focus of the agriculture and food market system is consumer-driven and is now well entrenched in the realm of the service industry. Ensuring food safety, promoting nutritious and convenient foods and products, are all added service requirements. Developing the capacity to tap into the emerging markets and to provide convenience foods in the manner that consumers demand and expect could be an important strategy for agricultural firms and enterprises in OECS countries.

The traditional private sector and non-governmental organizations are increasingly involved in the provision of technical and support services, such as, rural infrastructure, security of land tenure, training, and research and extension. However, the role of government in building new strategic partnerships with the private sector, non-governmental organizations, and the institutions of civil society is a critical one. To successfully meet the challenges that lie ahead, fundamental change in policy approaches and views is required. Such policies and actions should empower individuals by developing human resource capacity through increased business acumen, training in entrepreneurship and providing the necessary tools and support services for the ideas of individuals to be put into action.

The Objective

- “To provide agriculture producers with the necessary tools and support systems that will enable them to readily respond, adapt and operate within the increasingly rules-based, competitive and consumer-driven environment”.

Strategic Actions:

At the sub-regional level, the OECS Secretariat, assisted by identified support agencies and national Member governments, will lead and coordinate actions to:

- Prioritise, refocus, consolidate and strengthen research and development actions within the context of emerging consumer trends and market opportunities, for expanding diversified and higher value production.

It is accepted that producers respond to market signals. Agricultural production and research systems will be challenged to meet the demands of the growing organic sector, keep abreast of changing dietary preferences and will have to employ all the technologies, policies and management systems in the rural sector to increase productivity and to meet market demand. In order to ensure a more cohesive approach and to optimise scarce resources for agricultural development, producer decisions should also be guided and reinforced with adequate research, in terms of market and product research and development. This will continue to be a responsibility of the public sector along with the OECS Secretariat and support institutions.

The shift away from commodity to ‘product’, based on a clear identification and response to consumer signals logistically provides for development based on an industry approach, which encourages the production of high-value products. This approach also, out of necessity, calls for a streamlining of research and development priorities and prudent utilisation of research capacities and

resources for sub-regional agriculture and a coordination of efforts at industry development.

- Facilitate and support the development of mechanisms for sharing of capacities and services to accommodate the changing environment, from stronger food safety monitoring and inspection to establishing product grades and standards.

Agricultural trade is increasingly market-driven and agricultural products are required to adapt to a new generation of global regulations, covering areas, such as, intellectual property rights, application of biotechnology to food production, protection of biological diversity and climate change. **A diversifying agricultural system, based more on end products and less on fresh commodities requires efficient storage, distribution and transportation systems based on international safety regulations.** Support institutions and services, therefore, must be relevant and effective to ensure competitive production and marketing of agricultural products. The cost, in terms of establishing necessary infrastructure, equipping the facilities and in human capacity development appears too prohibitive to be undertaken on an individual country basis.

Alternatively, the cost of not putting these facilities and capabilities in place will be significant in terms of the inability to trade, both in terms of access to extra-regional markets as well as stimulating intra-regional trade in agricultural products. Consequently, action aimed at developing physical infrastructure, technical capacities, and the enabling environment for transport providers and product regulations will be best undertaken at the sub-regional level, with maximum national participation to the benefit of Member States. Standards, and the costs of certification present a clear area where shared action will be of tremendous benefits to Member States.

Facilitate the improvement and development of livestock production systems and processing to meet market demands.

The output of the livestock sector in the OECS has been fairly stable with an average contribution to GDP in current prices of over 45 million EC dollars from 1995 to 2001. The sector, especially small stock (ruminants, poultry, and pigs) has the potential to lead the diversification thrust in agriculture. Emphasis should be placed on production systems, training in meat technology and processing, abattoir design, construction, management systems and packaging.

- To encourage and promote product development and innovation in the sector.

The manufacturing sector in the OECS can be broadly categorized into three sub-sectors: the enclave; the agro-processing and the import substitution sub-sectors.

Agro-processing is confined to a few products, sugar cane, coconuts and citrus fruit. Small scale agro-processing of sauces, jams and jellies and spices and juices also occur. Agro-processing firms serve a range of markets, domestic, CARICOM, the US and Europe. The major products are refined sugar, soap, coconut oil and concentrated fruit juices.

The manufacturing sector must be integrated and linked more closely with the primary production sector to ensure growth. This integration will determine the products to be pursued, guided by considerations such as comparative advantage, link to tourism and the demand in the expanding markets including CARICOM.

A reorientation of skills training programmes towards utilizing modern science and technology and the adoption of good laboratory practices where appropriate are important strategic considerations.

- Develop focused programmes and networking for marketing of agricultural produce, within and outside the region, including expanding opportunities for joint marketing.

Globalisation of markets pressure firms to be competitive, to shorten the supply chain, streamlining the system by eliminating unnecessary transactions and their associated costs. Additionally, new technologies, together with market integration, are influencing changes in both the demand and the supply of food. Food marketing is also changing, as mass merchandising, warehouse club stores, specialty stores and restaurants are becoming increasingly favoured over traditional supermarkets. Such changes in marketing as opposed to simply selling agricultural and food products have been the recent experience in the banana industry.

OECS countries have not taken advantage of the flexibility available within their international or domestic policy space to apply measures aimed at improving marketing efficiencies or to develop critical infrastructure. A recent paper prepared by the Trade and Development Division of the WTO Secretariat, concluded that transportation cost was significantly higher in small economies than in economies which were not characterized by smallness. Incorporating support programmes that offer assistance to agricultural traders, who are constrained in their exports by the relatively high cost of transportation and marketing to regional and extra-regional markets constitutes one facility through which the disincentive to non-traditional agriculture could be surmounted.

Another well-documented facility relates to expanding opportunities for joint marketing. This will require equal focus at the national level, on selection of

appropriate products that lend themselves to joint marketing, production scheduling to ensure consistency of supplies, as well as the coordination of all necessary services to ensure that these products meet the quality and safety requirements. Given the limited volumes of any agriculture product produced in the sub-region, focusing on joint marketing, including labelling of OECS agriculture products will auger well for the sustained competitiveness of OECS agriculture in both the external and regional markets.

- Organization of production at the sub-regional level for joint marketing by sea and air, focusing on coordination and scheduling of production, upgrading of port facilities and providing the enabling environment for efficient and effective operation of transport providers and other agri-business private sector facilitators.

A lack of adequate transport services for the movement of agriculture commodities within and out of the region is often referred to as a bottleneck. The transport providers consulted (LIAT, AMERIJET, Caribbean Star, and the Thin Red Line) are of a contrary opinion. They believe however, that the problem is production related i.e. low volumes and inconsistent supply and quality. The policy must therefore focus on transforming agriculture from the traditional mode to a more modern market oriented commercial type, utilising productive technologies, and science and research and development as essential inputs in transforming the agricultural commodities in time, space and form. Diversified end products and fresh commodities must also be categorised by the transportation technology available so as to organise production of commodities for air and sea transport.

The policy must provide the enabling environment for private sector investment in transport services and must ensure the upgrading of both air and sea port facilities, establishing the necessary infrastructure and equipment.

- Establish a well developed and diversified regional fisheries sector optimising the use of available resources, reflecting stakeholders participation and fishers safety and increased investment in sustainable production and marketing.

The fishery sector plays an important role in the economies of Member States and is very important for sustained economic opportunities and social stability particularly within rural communities and among the poor, and as well as for food security and economic growth.

While moves have been made to manage existing resources, the existing technologies are inadequate to take up the challenge of resource management and the exploitation of new resources.

The CRFM of CARICOM, the lead agency in fisheries development in the region in its Strategic Plan outlines priority areas of assistance to Member States for the

development and transformation of the fisheries sector. The strategic areas include, research and data analysis for policy formulation and decision making; the strengthening of the human and institutional capacity of the sub sector; resource assessment and management and the preparation for global competitiveness; and the development and expansion of programmes to transform the sector. These programmes offer Member States an opportunity to develop a scientific approach to fisheries development and management.

- Prioritise, refocus, consolidate and strengthen actions aimed at technical capacity building along the agribusiness chain in support of the industry development approach and in furtherance of establishing the solid base for the emergence of commercial agriculture in the OECS.

An appreciation of the role and dynamism of technology at every level in the production and marketing chain, toward satisfying consumer demand for quality, safety, nutrition and choice, must induce an appropriate response among OECS agricultural producers. Institutions, individuals and enterprises in the sub-region need to take advantage of the opportunities provided by the new technology to increase the competitiveness and variety of their products and develop new market opportunities. To accelerate the changes in attitude and practices required at the producer level, the focus must be on human capacity development at two levels. Public sector technicians must be adequately informed and trained in order to be a relevant and effective agent of change. Simultaneously, direct capacity building among producers must be an integral and sustained element of actions to strengthen the human resource base for agriculture.

While training itself remains well within national scope and action, the benefits of such training will be best maximised if based on the identification of common areas, messages and approaches to ensure the balanced and integrated development of agriculture. A practical example of such commonality is the sub-regional programme to promote training and adoption of good agricultural practices (GAP), which addresses food safety and quality issues on the farm, and which also has positive externalities, such as, facilitating technology transfer directly related to the industry development approach, joint input sourcing, production scheduling, supply of raw materials for processing and marketing under an OECS 'Safe Foods' label. Integrated training programmes, such as these, offer tremendous opportunities to maximise scarce resources and benefits for the farming community.

Cross-Cutting Issues

It must be reiterated that within the context of the OECS common economic space, the need to address common issues collectively, to maximise resources for impact and to reduce duplication is critical. While four Strategic Actions and their sub-activities were defined for specific attention, there are other important areas that are equally important in the goal of repositioning OECS agriculture. Some of these areas cut across policy objectives and will impinge on all actions to be undertaken. These cross cutting areas are:

- Market-driven Research and Development (R&D)– to adequately meet the demands of the consumer driven international market. A strong science base for agriculture is an essential pre-requisite for its sustained development and transformation. R&D capacity within the CARICOM region has been woefully inadequate and has not served the agriculture sector well. There must be commitment by all stakeholders, particularly a shared commitment on the part of the government and private sector, to invest in R&D capacity at the sub-regional level. Such investment must occur at all links in the agri-food chain if R&D is to be relevant to needs of agriculture. **It is recommended** that a task force be convened to define the research needs and develop a R&D capacity and delivery for the Sub-region for presentation to and action of the OECS Ministers of Agriculture. CARDI the lead R&D institution in the region should lead this process.
- Human Resource Development (HRD) – to keep actors and stakeholders, as a whole, current within the global dynamism. In terms of training, conventional training institutions for agriculture will need to review whether or not their services equip graduates to meet the needs of a ‘new’ agriculture. HRD should be driven by a new integrated inter-sectoral approach to agricultural training at all levels, linked to education and rural development, to adequately meet the needs of farmers and fishers in enhancing their production and entrepreneurial capacity and to attract the youth to agriculture. This service will go well beyond the capacity and mandates of conventional training institutions, and all other means, including distance learning, should be explored. **It is recommended** that a task force be convened to define the training needs, inventory existing training facilities and services towards consolidation and strengthening of the HRD in agriculture along the entire agri production chain.
- Coordination and Networking – the effects of structural adjustments and internal restructuring have significantly eroded the capacity of the public sector to lead the process of agricultural development and transformation. The direct provision of financial support from international agencies has also

led to an increased proactiveness of private sector groups. The different yet complementary roles of the public and the private sectors in agricultural development must be recognized and harnessed to achieve maximum benefit. This can only be achieved through establishing formal coordination and networking mechanisms, such as, National Agricultural Advisory Councils, National Agribusiness Associations, which link directly to the OECS Secretariat. **It is recommended** that full recognition and support be provided to existing efforts to establish sub-regional networking activities, such as, the OECS Chamber of Agriculture.

- Monitoring and Evaluation – to develop a systematic and continuous process for collecting and analysing data, which will enable decision makers, executing agencies, and other stakeholders to critically question the various stages of implementation and the assumptions consistent with the goal of the sector and the objectives of the programme. The system must be developed at all levels of the program with the aim of assessing whether the objectives are realistic, and are being or have been met. The monitoring must be accurate and effective outlining key indicators to compare actual achievements at various levels against the objectives. The method of collecting will be specified in the programmes and will be carried by the Member State Ministries, The National Agriculture Advisory Councils (NAACs), the OECS Secretariat and support institutions. The provision for evaluation must look at the impact of the plan of Action intended or unintended, its contribution to the overall objectives/goal and performance thus far in terms of the purpose of the actions and results. **It is recommended** that Ministers appoint a special sub-regional committee, which will meet periodically to review and brief Ministers on progress-in-implementation of the actions detailed herein.

Food Production - Food Security Considerations

CARICOM, as a whole, has been facing an increasing food trade deficit during the last two decades. This may be partly due to the almost single-minded emphasis on export agriculture with insufficient attention placed on maintenance and development of domestic food production capacities and also on the growth in exotic taste of the population and the response of agriculture. The base of food security in the sub-region comprises a large segment of part-time, semi-commercial farmers, operating farms that are not as profitable as 'stand-alone' ventures, as well as subsistence units. While their productivity levels continue to be sub-optimal, and competitiveness under-emphasised and elusive, ensuring the continued presence of this diverse segment of food producers is essential to the food security in the sub-region.

The role of international trade in facilitating countries to consume more than they produce has become a much greater influencing factor in the debate on food security in the region.⁶ The World Food Summit (WFS) in its Plan of Action (PoA), affirms that trade contributes to food security by stimulating economic growth. The WFS also affirms the effect on access to food on economic growth, employment and income, and recognises the harmful effects of unfair competition. Recognising that certain poor and vulnerable groups might not benefit from economic growth, the WFS-PoA articulates the need for undertaking and completing appropriate domestic economic and social policy reform. While there are commitments in several international agreements on this matter, including the WTO, effective access to these trade remedy instruments by CARICOM countries continues to be an issue for concern. So too is the absence of well-targeted programmes and policies to address the fall out from both fair and unfair liberalisation.

Given the highly open nature of OECS countries, the increasing complexities of the international market and the net-food importing status of most, food security can no longer be viewed in the context of a country's capacity to generate the foreign exchange to purchase imports. Rather countries must make an explicit policy decision as regards food security, which unambiguously articulates the roles of both local food production and imports in meeting domestic food supplies.

While self-sufficiency at the national level is highly unlikely for small OECS economies, articulating a goal of maximum food security, supported by prudent domestic policies may prove feasible. In this regard, a regional and sub-regional approach is far superior to national approaches in addressing the legitimate food self-security concerns. This should be augmented by initiatives geared towards smoothing consumption and encouraging substitution of certain types of basic and essential food products. Strategies oriented toward increasing the responsiveness of domestic supply, increasing investment in storage and marketing infrastructure and in insulating farmers from excessive risk (insurance instruments for floods, hurricanes, fire, pest and disease outbreaks for example) will also be important.

The FAO, supported by the Government of Italy, is spearheading a CARIFORUM Food Security Project to "promote improved food security at the national community level through the establishment of holistic, successful and sustainable food security policies, programmes of production and consumption

⁶ "Trade liberalisation and its impact on food and nutrition security in the region", Patrick Antoine, 1999.

activities". This will be achieved through two inter-related programme components:

- the strengthening of the policy, trade and services capacity of the different regional, national and community institutions and organisations working to promote food security in the region; and
- the improvement of production and marketing systems accessible to small farmers in food insecure communities to be achieved through technical support, training and group activities.

The latter component will be particularly important to the rural dwellers who are invariably involved in agriculture and who represent a large proportion of the poor in the sub-region. Hence, there is need to ensure that an explicit focus and development of specific interventions and measures to address poverty reduction by enhancing productivity of agriculture is maintained. Admittedly, while the primary focus of this strategic framework is on the commercial element of agriculture, to achieve an improved economic performance of the sector, this will have positive externalities that will not only benefit the major stakeholders, but also the poorest factions of the sector. In this regard, the OECS Secretariat will undertake to liaise closely with the FAO programmes at both the sub-regional and national levels to ensure that the issue of food security continues to receive the level of attention and support from all stakeholders.

Fostering Agri-Tourism Linkages – Some Considerations

Agri – tourism linkage refers to the various ways in which the agriculture and tourism sectors facilitate each other. The use of locally grown food in a tourism related food service enterprises offered at a premium price by the food service provider is one form. Another form of Agri – tourism linkage is the on farm establishment to offer entertainment, products or experiences to visitors for a fee.

The tourism sector is fully recognized as a lead sector responsible for a significant contribution to GDP in almost all the Member States. The sector has the potential to stimulate activities in other sectors including agriculture and to promote diversification of product while generating income from a wide range of activities linked to it. Development plans in the OECS, as a sub-region, and as individual Member States, and reports from official meetings are replete with statements which speak to the need for agri-tourism linkages. In spite of this, the sub-region has made very little real headway in forging these linkages. This may be due to the lack of explicit policies and continuity of measures geared towards ensuring that these linkages emerge and are sustained.

Encouraging the development and strengthening of the linkages between agriculture, tourism and manufacturing must be considered and emphasized in the following areas:

- Food production and diversification of product – this includes the production of a range of non-traditional fruits and vegetables adding value along the chain to meet the demands of the hospitality sector. The chefs must be reoriented to use and prepare local foods in different forms at acceptable standards.
- Craft – this involves enhancing the varieties and diversifying the craft product to avoid product obsolescence.
- A formal working relationship with the cruise ship and hotel sector ensuring consistency and reliability of product quality through the adoption of good agricultural practices, and production scheduling.
- Eco Tourism – this involves utilizing the natural and cultural features of the countries and at the same time promoting the conservation of the natural environment. Dominica, which is unsuited for the large scale tourism of built up resorts pursued by the other Member States is well endowed with the natural and cultural attributes for embarking upon ecotourism development embracing the appropriate mix of planning and management policies that will ensure economic and environmental sustainability.

While the elaboration of policies to engender such agri-tourism linkages, particularly as they relate to the increased use of local food supplies, are beyond the scope of this agricultural sector strategic policy framework. It should be clear, however, that in the final analysis, the success of such measures will rest partly on the ability of agriculture, to improve product quality, increase the consistency of supply and establish some basis for contractual arrangements between producers and firms operating in the tourism/hospitality industry. While it may never be possible to totally replace imported produce, OECS producers, as demonstrated by a few successful cases, presently possess the capacity to supply a far greater portion of the food requirements of the hospitality industry than it does currently. Private sector participation and investment must be encouraged and promoted in supporting and developing the agri-tourism linkage.

Considerations for Youth in Agriculture

The youth comprise about one-quarter of the population of the OECS. Their involvement in effecting agricultural and economic transformation is essential for the sustainability of the sector, food security and for conducting agricultural business on a competitive market oriented basis consistent with domestic and international obligations. Unfortunately, their contribution to economic development is constrained by high levels of unemployment accounting for 50 to

75 percent of the total unemployed. Educational and special skills attainment is low and declining as many youths graduate from primary and secondary institutions without the appropriate skills, knowledge and character building.

According to the OECS Development Strategy, the youth are confronted among other things by the following:

- An inferior and deteriorating labour market status;
- Age discrimination within the labour market linked to their inability to satisfy experience requirements of most jobs;
- Poor access to agriculture lands;
- Lack of access to secondary and tertiary education to adequately deal with the challenges facing agriculture.
- Lack of capitalization, network support and training, which are critical for any successful commercial agricultural endeavor

To reverse these trends and to enable the youth to realize their potential to contribute to national development through agriculture, the OECS must consider objectives and strategies, which emphasize knowledge and the use of technology in agricultural development. Agriculture must be made attractive to sustain increased employment opportunities for young people by reforming and refocusing the agricultural education programmes of training institutions to meet the needs of the agribusiness sector in response to the changing consumer preferences and challenges; and providing the necessary technical support services including mechanization to enhance the competitiveness of the youth in agriculture and making land available in a secure form of tenure.

Operational Issues

The goal defined for agriculture and the strategic actions elaborated raise the question as to whether the sector is provided with the requisite human, financial and technical resources and support infrastructure that will allow it to respond to these expectations.

i. Strengthening the Capacity of the OECS Secretariat

The effectiveness of action at the sub-regional level in these policy areas as outlined in the Strategic Areas and Actions requires that the co-ordinating and executing mechanism and agency be provided access to the necessary human and financial resources. The agency best placed to take on this responsibility is the OECS Secretariat, which is well placed to lead and co-ordinate this approach given its documented experience with the OECS Agricultural Diversification Coordinating Unit, which developed the Strategies and Plans of Action to Improve the Effectiveness of Agricultural Diversification and its relationship with regional and international institutions.

However, within recent times, the institutional capacity to effectively carry out this function has been severely weakened by the reduction in both human and financial resources allocated to the Agricultural Unit of the Secretariat. Even before the elaboration of the policy areas and their strategic actions, the issue of strengthening the institutional capacity of the agricultural unit within the OECS Secretariat to undertake this responsibility, must be urgently and precisely addressed through the establishment of an effectively resourced Agricultural Development Unit. The resolution of this issue holds serious implications for the OECS Secretariat's ability to implement and achieve results from undertaking the specified actions.

ii. Implementation Schedule

The actions elaborated above provide a general description of the nature of the effort required in each particular strategic action to contribute towards the goal of a competitive and sustainable agriculture in the OECS. Implementation issues, such as the expected timing and duration of the activities within each Strategic Action are provided in Matrix I based on whether they constitute short, medium or long-term activities. Given the urgency and the time-limitations to effect the necessary changes in agriculture, particularly in light of the looming 2005 deadline for the two major trade negotiations (WTO and FTAA) and the 2008 deadline for the termination of any real protection in the EU market, for the purposes of implementation of these actions, 'short term' is defined as a period no longer than 1 year. 'Medium-Term' is defined as a period extending from 3 to 5 years. The specification of 'Long-term', however, will depend on the nature of the action and on the current situation in the OECS with respect to such action. Long-term may also be interpreted as an activity requiring continuous and re-enforcing action.

iii. Sharing of Responsibility

It should also be pointed out that the activities identified are not detailed in terms of the tasks that must be undertaken to achieve the desired results. This is because while these broad areas were the result of consultation and consensus, the details as to how best to undertake these actions will be left up to the specific executing 'agency' to determine. The proposed executing agencies per activity are identified in Matrix II. They have been identified based on their existing competence and capacity to execute these activities.

As indicated previously, the OECS Secretariat will be charged with the overall coordinating and supervisory role for all activities under this OECS Agricultural Development Strategy. The Secretariat must be provided with access to the necessary human and financial resources necessary pre-requisites for implementation and oversight of these sub-regional policies.

The main cooperants, essential to the process of building public-private sector collaboration and consensus and advocacy, are identified as:

- Caribbean Agribusiness Association (CABA), supported by (IICA), as the lead in-country cooperants;
- Ministries of Agriculture, as the in country facilitators;
- Caribbean Agricultural Research and Development Institute (CARDI), with responsibility for research and development;
- Caribbean Agri-business Marketing Intelligence and development (CAMID) network;
- Food and Agriculture Organisation (FAO) with responsibility for resource mobilization and technical assistance;
- CARICOM, with responsibility for designing a framework to ensure consistency and compliance with international treaties and to assist in marketing;
- Existing producer, commodity and other networks;
- The Private Sector;
- Other related Government Institutions and Non Government Organizations.

All efforts should be made, at the earliest, to seek commitment from these proposed executing agencies in order to further develop and agree on the implementation mechanisms for the activities.

Matrix II also provides an indication of where the full support of national member governments, the private sector and civil society is particularly critical for successful implementation of the sub-regional actions. With respect to the role of the national counterparts, two points are worth reiterating:

- the sub-regional actions herein identified are based on requests and proposals from national counterparts and hence therefore, do not represent an imposition of un-related actions at the national level.
- this document takes explicit recognition that certain actions must remain within the domain of national policy and action. To ensure success of some sub-regional actions, these must be reinforced at the national level. Hence the Ministries of Agriculture and their key stakeholder partners must reaffirm their commitment to the sub-regional action in the defined strategic actions.

iv. National Pre-Requisites

The successful implementation of this Policy Framework and Plan of Action requires a level of commitment and responsibility for ensuring national execution of the interventions. It has been suggested that the limited success of previous strategic interventions was due in part to the restricted performance at the national level and the limited authority of the OECS Secretariat within the same domain.

For measurable success of the implementation of this Agricultural Policy Framework and Strategic Plan, the following must be made certain at the national level:

- Establishing NAACs, through which implementation strategies, in keeping with the sub-regional policies, can be designed, monitored and revised as appropriate and inter-Ministerial and inter-sectoral linkages, dialogue, information dissemination and cooperation facilitated (especially between agriculture and health, tourism, trade and bureaus of standard).
- Enhancing capacity and, a refocusing of the programme of the Ministries of Agriculture to ensure relevance and effective treatment of emerging agricultural production and trade issues, including, but not limited to the:
 - inventory, updating/development and enforcement of all other critical agricultural legislation, including land use issues, to facilitate competitive production;
 - development and effective implementation of projects and programmes and support mechanisms, including preparation of investment profiles to facilitate financing and equity in agriculture;
 - provision of effective agricultural support services with emphasis on information and communication delivery and technology transfer mechanisms;
 - internal ability to undertake capacity strengthening of farmer/producer and fisher organizations, to engender a business culture among stakeholders and facilitate cross-over into viable agri-businesses;
- Upgrading/construction of the necessary infrastructure and networking linkages to facilitate domestic, regional and extra-regional marketing of agricultural products including fish and livestock, including, but not limited to:
Selection of crops and products for joint marketing, production scheduling, ensuring adequate and timely availability of inputs, identification and support for research requirements.
- Establishing/institutional strengthening of National Agribusiness Associations and their constituent members to facilitate wide representation of stakeholders and partnerships between government agencies and the private sector to address issues of supply, distribution and consumption.

v. Facilitating Sub-Regional Dialogue and Consensus Building

The document is developed in full cognisance of the existing CARICOM framework for agricultural development, within the context of the Regional Transformation (RTP), the Caribbean Regional Negotiating Machinery (CRNM) for coordinating external trade issues, and the CARICOM Council on Trade and Economic Development (COTED) for dialogue and decision-making in

CARICOM. However, since the disbanding of the CARICOM Standing Committee for Ministers of Agriculture (SCMA), agricultural issues of the OECS Member States have not been well represented at the wider CARICOM (COTED) level.

For the purposes of dialogue, consensus building and monitoring to facilitate effective implementation, it is important that all stakeholders, including the OECS Ministers of Agriculture and representatives of all cooperants and stakeholders meet annually to focus on the issues and constraints of the sector with a view to realigning policies and strategies to address poverty eradication and food security within the sub-region, and also to formulate key positions, which could be fed into the wider CARICOM process. It is recognised that the Alliance for the Sustainable Development of Agriculture and the Rural Milieu (The Alliance) has envisaged a similar role and function at the regional level, and hence to avoid duplication of resources, it is proposed that concerted efforts be made to incorporate as far as possible, an opportunity for the OECS as a sub-region to meet and be represented within this emerging wider Caribbean framework. This will facilitate and strengthen private-public sector collaboration and advocacy, which are essential to sustainable agricultural development in the sub-region.

Given the differences in the degree of concerns, interests and positions between the OECS and other CARICOM member states, it is important that even within the CARICOM umbrella, the OECS countries must continue to emphasise our common position as it relates to special and differential treatment, and hence be allowed to address issues and concerns common to the OECS sub-region, in a systematic, sub-regional framework.

vi. Commitment to Action

Upon agreement, the Ministers, Prime Ministers and Ministers of Finance are invited to review and commit themselves to approval of the Policy Framework and Strategic Plan at the national level and to allocate the required resources for effective implementation. The Ministers are also expected to clearly outline the critical areas of commitment to collective action at the sub-regional level.

Conclusion

Taking cognisance of the myriad of constraints, challenges and developmental needs of agriculture in the sub-region, this OEC Strategic Framework will focus on pursuing policies and actions that support the development of commercial agriculture on a sub-regional basis, based on a market-led approach. It is to selected common actions that the document elaborates a policy strategy for agricultural repositioning in the OECS. This focus on development of commercial agriculture does not however, disregard the need for parallel actions

aimed at improving the situation of the semi-commercial segment of agriculture in the OECS, which forms an important building block in the sub-region's food security.

The goal defined for sub-regional agriculture and the strategic actions elaborated raise the question as to whether the sector is provided with the requisite human, financial and technical resources and support infrastructure that will allow it to respond to these expectations. In this context, and notwithstanding the previous efforts at sub-regional planning and implementation of agricultural development programmes, success of this Strategic Framework and Plan of Action rests critically on the adoption of a systematic approach to its implementation, the provision of requisite resources and continued and genuine long-term commitment to the goal and objectives contained herein. Capacity strengthening in the OECS Secretariat will be an essential prerequisite for successful execution of the actions. Shared responsibility and sustained commitment from public and private sector support institutions will also be a critical success factor.

Matrix 1: Sub-Regional Strategic Actions and Schedule

Policy Area/ Strategic Action (s)	Duration			Proposed Executing Agency	
	Short-term	Medium Term	Long Term	Lead Agencies	Support Agencies
Policy, Legal and Institutional Reform.					
1.1 Develop a common framework within which Member States, given their own unique circumstances, can develop appropriate land use policies and planning to secure the existing land base for future agricultural development.		v		OECS, Ministries of Agriculture and Planning	FAO
1.2 Establish the guidelines for the identification and updating of common legislation and institutional mechanisms to facilitate reform of the legal and regulatory framework for agriculture production and trade in the sub-region, within the context of the wider regional and international requirements.	v			OECS	Min. of Agric, Legal Affairs, Min. of Trade, Min. of Health
1.3 Define a common framework based on Member States experiences, within which the farming community can be effectively organised to facilitate their representation and integration in the policy and institutional reform process.	v			Ministry of Agriculture	NGOs
Natural Resource Management					
2.1 Establish and coordinate a sub-regional mechanism for effective agricultural land and water use management, including aspects related to training and information management.		v		Ministry of Agriculture	Planning, OECS, CEHI, Water users groups, water authority.

Policy Area/ Strategic Action (s)	Duration			Proposed Executing Agency	
	Short-term	Medium Term	Long Term	Lead Agencies	Support Agencies
2.2 Consolidate and enhance the management capacities of fisheries units, including an explicit emphasis on the development of value-added in fisheries.				Ministry of Agriculture	CRFM, FAO, OECS.
2.3 Protect and restore the social functions of the forest to conserve biodiversity and protection of the watershed to ensure the provision of domestic and industrial water supply.				OECS, MOAs	FAO, UNCCD, IICA
Financial Options, Incentives Regimes and Insurance					
3.1 Explore options towards the development and operation of a sub-regional insurance facility specially tailored to the need to reduce risks for commercial agriculture and that covers a range of crops and specific types of enterprises	v			OECS	IICA, CABA, WINCROP, Private sector
3.2 Promote dialogue and working collaboration between government agencies, the private sector and credit institutions to address issues of financing, risk minimisation, investment promotion and access to and management of funds.	v			MOAs, OECS, IICA	ECIB/ECCB, CDB, Ministries of Finance, Lending Institutions

Policy Area/ Strategic Action (s)	Duration			Proposed Executing Agency	
	Short-term	Medium Term	Long Term	Lead Agencies	Support Agencies
3.3 Mobilizing financial resources for agricultural development.	v	v		MOA's, NAO's WIBDECO	OECS, CARDI, Commodity organisations, Consumer organisations, Hotel and Manufacturing.
Product Development and Marketing					
4.1 Prioritise, refocus, consolidate and strengthen research and development actions within the context of emerging consumer trends and market opportunities, for expanding diversified and higher value production.	v	v		Ministry of Agriculture	OECS, IICA, CABA, FAO, UWI, CARDI
4.2 Facilitate and support the development of mechanisms for sharing of capacities and services to accommodate the changing environment, from stronger food safety monitoring and inspection to establishing product grades and standards.	v	v		Bureau of Standards	MoA, MoH, MoT, CARDI, Commodity Associations, OECS, IICA
4.3 Encourage and promote product development and innovation in the sector	v	v	v	MOA, OECS/EDU	FAO, CARDI, IICA, CARICOM, Bureau of Standards.

Policy Area/ Strategic Action (s)	Duration			Proposed Executing Agency	
	Short-term	Medium Term	Long Term	Lead Agencies	Support Agencies
4.4 Develop focused programmes and networking for marketing of agricultural produce, within and outside the region, including expanding opportunities for joint marketing.		v		Marketing Agencies	MoA, CARDI, CAMID, OECS, IICA, FAO
4.5 Organization of production at the Sub regional level for joint marketing by sea and air, focusing on coordination and scheduling of production, upgrading of port facilities, and providing the enabling environment for efficient and effective operation of transport providers and other agri business and private sector facilitators.		v	v	MOA, Marketing agencies, OECS,	Transport providers, CARDI, IICA, FAO
4.6 Establish a well developed and diversified regional fisheries sector optimizing the use of available resources, reflecting stakeholders participation and fishers safety and increased investment in sustainable production and marketing.	v	v	v	CRFM, OECS, MOA's	CARICOM, FAO, CDB, IICA, CPEC
4.7 Prioritise, refocus, consolidate and strengthen actions aimed at technical capacity building along the agri-business chain in support of the industry development approach and in furtherance of establishing the solid base for the emergence of commercial agriculture in the OECS.	v			CABA/ Marketing Boards	MoA, CARDI, CAMID, IICA, OECS, FAO, WIBDECO, Community Associations

Matrix 11: National Strategic Actions and Schedule

Policy Area/Action	Schedule
	(S/M/L- term)
1. Policy, Legislative, Institutional Reform	
<i>Policy reform</i>	
Land use policy and planning Common Principles/framework to address land use -National policies	M to L
<i>Legislative reform</i>	
Review and assess the existing Agricultural legislation with a view to harmonizing appropriate legislation across the OECS.	S
<i>Institutional Reform</i>	
Strengthen the capacity of farmer/fisher commodity organizations.	S
2. Natural Resources Management	
Land use policy and planning (operational aspects)	M to L
Integrated Land and Water Management (Land Resource Information System)	M to L
Enhance fisheries units capacities to effectively manage (strategic mgmt) marine and inland fisheries resources	M to L
3. Financial Options, Incentive Regimes and Insurance	
Develop capacity to prepare investment profiles that facilitates financing & equity for agriculture	S to M
Develop risk mitigation measures/mechanisms (including insurance)	S to M
Develop a policy/support mechanisms to engender a business culture/orientation among farmers	M to L
4. Product Development and Marketing	
Establishment of Product Grades & Standards	S to M
Provision of necessary infrastructure to facilitate domestic, regional and extra-regional --marketing of agricultural (fish) produce	M to L
Develop focussed programmes, linkages networking for marketing of agricultural produce within the region	S to M
Capacity building of human resources along the agri-food chain (R&D)	S to M
Selection of crops for joint marketing	S
Production scheduling	S
Provision of inputs	S
Identify and support research and development requirements of Member States	S to M
Agricultural Services and technology transfer	S to M