

**STATEMENT BY
THE PRESIDENT OF
THE CARIBBEAN DEVELOPMENT BANK
DR. COMPTON BOURNE, O.E.
ON THE OCCASION OF
THE AGRICULTURE DONOR CONFERENCE HELD AT THE
CROWNE PLAZA HOTEL, TRINIDAD AND TOBAGO
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CDB welcomes the opportunity to participate in this Conference on the transformation of the Region's agricultural sector.

Let me take the opportunity to assure our Borrowing Members Countries (BMCs) and partner institutions that we take seriously our responsibility to assist the Region in the development of a strong and dynamic agricultural sector.

The development of the agricultural sector has been one of the areas of focus for the Bank since its formation in 1970. Consistent with the Bank's Charter, our approach to supporting the agriculture sector has been to lend directly to Governments and private enterprises or indirectly to the private sector operatives through national Development Financial Institutions (DFIs). Through these DFIs, we have been able to improve access to credit especially to small farmers and thereby directly impact the livelihood of large segments of the rural population.

In most of our BMCs, agriculture remains a core economic activity. In the course of our lending and through our Country Poverty Assessments (CPAs), we have been increasingly aware of the high levels of un- and under-employment, and the increasing number of persons living in poverty particularly in rural communities. The mission of CDB, as articulated in our 2005–2009 Strategic Plan, is the systematic reduction of poverty in our BMCs through social and economic development, while one of our corporate priorities is to support agriculture and rural development. To this end, we will continue to focus on improving the income generating capacity of rural people with specific emphasis on the creation of sustainable livelihoods. Given the decline in the sector and the fact that other sectors in the Region have not been able to absorb large numbers of the working population our poverty reduction initiatives have included measures which support the creation of a more dynamic and efficient agricultural sector.

Over the period, 1970 to 2006, the CDB has invested approximately USD 275 million (mn) in loans, equity and grants for projects in the sector, of which approximately 55% was channelled through DFI. Support to the sector represents approximately 10% of the total net financing approved by the CDB for its BMCs and is triple the USD89 mn, that we have invested in the tourism sector over the same period.

However, notwithstanding substantial support provided by the Bank and other

key agencies – it is of significant concern that sustained growth and performance in the regional agriculture sector has continued to elude us. I recall the statement made by one of my predecessors and first President of the Bank, Sir Arthur Lewis, during his address to the first Board of Directors Meeting back in 1971 when he stated:

“Agriculture is in a bad way: sugar, bananas, cotton and foodstuffs have all declined. The fisheries sector shows signs of exhaustion and livestock output is not keeping up with demand.”

Much was done in the interval since then to develop the agriculture sector and sustain rural livelihood. There was progress evidenced in the production and export levels of bananas, sugar, rice and citrus, and strong showing of the domestic food crop industry in some countries. Natural hazard shock, either hurricanes or floods resulting from tropical storms have been a recurring problem. However, the greatest challenges to the sector’s well-being are undoubtedly the erosion of export trade preferences and the liberalisation of imports. We need to accept several facts:

- i. In its current form, much of the Region’s agriculture will not survive the loss European Commission preferential trade arrangements and the impact of the forces of globalisation;
- ii. domestic agriculture can no longer be shielded from imports; and
- iii. consumers, (including our domestic consumer) have high demands on the quality standards expected of agricultural produce.

Agriculture needs to be transformed, to be modernised, and to establish new bases for competitiveness in domestic markets as well as in export markets.

We need also to recognise two trends in agricultural trade, namely:

- i. the growing demand for high-quality fresh, wholesome food and food products including fresh fruits, vegetables and meat; and
- ii. the attention being placed on traceability and the strengthening of agricultural health and food safety standards. The trend in international trade suggests that throughout the food chain compliance with agricultural health and food safety standards will be an absolute prerequisite for trade.

While much of our attention is focussed on export agriculture with the consequence that perhaps a disproportionate percentage of the resources invested in the sector are in support of generating extra-regional exports, as a Region we continue to be dependent on imports to meet a large percentage of our food requirements. Current estimates place the Region’s food import bill at over two billion United States Dollars annually, with growth in real terms of 2.4% compared with 2.5% per annum for regional food exports. Taking into

consideration consumer preferences and resource constraints the Region may not be able to realise substantial import substitution. However, the composition of the food imports reveals that there is scope for substitution/displacement which can make a significant contribution to growth, foreign exchange savings and employment in the Region, examples include the production of fruits, vegetables and animal products.

Our farmers, processors and exporters must be appropriately trained and supported to enable them to take advantage of the emerging opportunities and meet the compliance issues. We will require closer cooperation between farmers and, restaurants, hotels, supermarket and other food distributors to coordinate and more accurately match production with demand. We need to see more private enterprises involved in the distribution and marketing of farm produce. We will also require improvement in technology and methodology to enable us to increase yields and quality and even out the production cycle to avoid the endemic problem of gluts and shortages.

The Region as a whole is best placed to realise gains if we embrace the agricultural sector within the framework of the Single Market and Economy. In this regard, due attention must be given to the issue of transportation systems especially as it relates to the movement of goods within the Region. While the distances between the islands are relatively short, it remains much easier for supermarkets in the region, notwithstanding the eight day sea transit, to source products out of Miami than from neighbouring islands. The reasons are varied and accordingly overcoming the constraints to intra-regional sea transportation will require a partnership between all players – the link between buyer, consumer and producer must be sufficiently developed and reliable and the regulatory framework conducive to investment to ensure the viability of investments in the area. We need also to take a closer look at resources within the Region and exploit areas of comparative advantage in light of our resource endowments and structure of our economies.

CDB is committed and prepared to work with our BMCs and development partners in providing appropriate responses to those emerging challenges. The future of the sector will depend on how well we optimise our response to the domestic and international opportunities and how we shape our investments in line with global challenges. In this regard, we foresee investments in a number of areas including:

- i. irrigation systems aimed at ensuring a consistent supply of affordable water to the sector thereby minimising the effects of droughts and allowing for improvement in farm water management. In the design of such systems, due consideration must be given to the protection of the environment, conservation of watersheds etc.

- ii. technical assistance (TA) to assist in the strengthening and development of institutional arrangements and capacity for production and marketing of produce and the training of farmers;
- iii. farm access roads, produce packing, processing and temporary storage facilities and related infrastructure designed to protect the quality of produce throughout the marketing chain;
- iv. capacity building and the development of systems to assist farmers, produce exporters, processors, etc. to ensure compliance with the animal health and food safety standards and in general, provide our consumers with safe, nutritious foods; and
- v. TA to member states in the development of appropriate and responsive policy regimes, and in the modernisation of their regulatory and administrative systems to allow for greater efficiencies in land markets and investment in all segments of the food chain – from production through to the final consumer.

We also see the need for investment in infrastructure outside of agriculture but which impinge critically upon the performance of the sector. Two which stand out more than most are maritime transportation between members of CSME and port facilities for inter-regional trade.

We at CDB stand willing to work collaboratively with our BMCs and developmental partners in the repositioning of the agricultural sector.