



IICA-COLEAD Caribbean Agrifood Business Series

Session n°12:

Business opportunities in the agroprocessing for Caribbean entrepreneurs

Thursday 21 March 2024 – 14:00-16:00 UTC / 10:00-12:00 AST

[Online \(Zoom\)](#)

Live interpretation in English, French, Spanish and Portuguese

1. Context

Agro-processing is a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector.¹ It refers to the addition of value to raw agricultural material through product transformation; postharvest grading, sorting, washing, and packaging; and storage and distribution. The middle segment of value chains—including processing, logistics, and wholesale functions—makes up 30 to 40 percent of the total value added. Agroprocessing, whether through complete transformation of the agricultural product or postharvest management and packaging to extend the shelf life can provide jobs and help to reduce the high food import bill.²

The food supply chains have changed from farm-based and informal to market-based and formal, involving more actors and intermediaries, such as processors, wholesalers, retailers, and food service providers. Food system transformation has created more opportunities and challenges for small and medium enterprises (SMEs) in the agri-food sector as well as for women and youth beyond primary production. The industry plays an important role in adding value to agricultural farm output and minimizing post-harvest losses, thereby increasing the availability and quality of food available for consumption.

SMEs sector accounts for the majority of private enterprises in the Caribbean, and contributes more than 50% to the region's Gross Domestic Product (GDP) and employment. Moreover, given the unique challenges of Caribbean islands, including low growth and high debt and vulnerability to external shocks, entrepreneurship is an essential ingredient for economic growth and development. The Caribbean also has its own structural and social psychological factors, which oftentimes hinder entrepreneurial activity. Increasing entrepreneurship in the region is thus essential.³

- Main Caribbean products being processed

In the Caribbean region, the processing done by small and medium sized enterprises (SMEs) include pepper sauces, condiments, seasonings, jams, jellies, syrups, preserves, cassava flour, bread and bammie, ackee, jerk products, fruit chips, rum cakes, and traditional confectionery and ethno-botanic products. chocolate, processed spices. Coconut is also an emblematic product with multiple uses such as coconut water, virgin

¹ The State of Food and Agriculture, FAO, 1997.

² IICA. [An analysis of local agribusiness trends: promoting opportunities for young Barbadian agripreneurs](#). 2020.

³ Mohan, P.S. An investigation into entrepreneurial intentions in Caribbean Small Island Developing States. *J Innov Entrep* 11, 60 (2022). <https://doi.org/10.1186/s13731-022-00253-0>



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coconut oil, coconut cream, coconut milk and even coconut flour, cosmetic products, arts work. Root and tuber crops, grown in most islands of the Caribbean by smallholder farmers, are an important source of dietary needs and a regular source of income for many rural dwellers. Many initiatives are based on the processing of root and tuber crops to increase value-added products and to enhance market opportunities.⁴

The Caribbean agro processing industry is made up of a small number of large enterprises (e.g. especially in sectors such as bakery and snacks, beverages, oils and fats, sugar, rice and poultry) and a proliferation of micro, small and medium enterprises (e.g. preservatives, jams, jellies, condiments, juices, spices, herbs, hot beverages), many of which are family owned, often based at the entrepreneur's household.⁵ Successes also include byproducts from sweet potato, breadfruit and cassava (i.e., sweet potato flours as well as pancake and cake mixes, icecream and sorbets made from cassava and sweet potato).⁶

There is a renewed interest in dehydrated products using a range of locally produced fruits and vegetables. The packaging of produce such as pre-cut vegetables could lessen the preparation time for cooking for many persons. Packaged pre-cut produce is available in some supermarket chains on a very limited scale and there is significant opportunity for expansion.⁷

2. Opportunities for entrepreneurs and SMEs in the processing sector

SMEs in food processing help to reduce food losses across the food chain, to promote circular economy by developing by-products from produce which would have been wasted and caused economic losses for the operators, including smallholders.

Processing requires innovative, eco-friendly and cost-effective technologies, such as solar drying, cooling systems, refrigeration and cold chains which SMEs make more and more use of. Innovations in food packaging (i.e., bio packaging solutions, smart labels such as QR codes, vacuum sealing and hermetic storage) can maintain the quality, safety and nutritional value of food products required by the market and consumers while minimising food losses and supporting the circular economy. The sustainability of the processing sector will entail developments to incorporate more eco-friendly packaging to minimise the use of plastic which is still predominant, and a requirement to export to some markets as the EU.

More and more, SMEs innovations use different tools in smart farming aimed at increasing transparency in the food chain and allowing food traceability. The use of digital technologies to optimize farming practices, combat climate change, reduce costs, and improve yields (i.e., GPS-based applications to help farmers survey their fields, analyze soils, navigate tractors, monitor growing crops, and measure their yields). E-commerce platforms offer new opportunities for SMEs and entrepreneurs shortening value chains and increasing their market access by selling their products directly to consumers and retaining higher profit margins.

SMEs are more and more aware of the need to differentiate products through quality and safety and just doing more of the same is not a viable option. SMEs operate largely in local and regional markets, but more and more have found a space in export markets. They seek premiums for their goods and increasingly adopt social and environmental certifications that can generate greater income and recognition by consumers (i.e. organic, fair-trade food products, Geographical Indications...).

Several agro-processors have also been linking agro-processing with agro-tourism, taking advantage of the large tourism industry.

3. Challenges for SMEs to better position themselves in the processing sector

Entrepreneurs need stronger **skills and knowledge** to develop viable business plans, develop processing plants and access new markets. The need to constantly keep abreast of new skills, new regulatory requirements, new markets and technologies (food storage, preservation, packaging and labelling) has a cost for enterprises which are small and have limited staff.

⁴ FAO. [Sustainable approaches to agro-processing and value chain development of root and tuber crops in the Caribbean](#). February 2020.

⁵ https://www.fao.org/fileadmin/templates/ags/docs/Agribusiness/SMAE_RT_Caribbean.pdf

⁶ IICA. [An analysis of local agribusiness trends: promoting opportunities for young Barbadian agripreneurs](#). 2020.

⁷ ibid

It is indispensable for them to comply with **quality, food safety standards, and certifications** requirements. **Access to finance** and investments in infrastructure, equipment, and inputs remain a challenge for small operators. Finance remains a challenge at different stages of the business growth, especially due to the existing gap in financing for small and medium enterprises (SMEs) that are too large for microfinance, but too small or risky for traditional banks and investors.

Investments in infrastructure -irrigation cold chains, food safety systems, port operations- are key to enable farmers to comply with the standards required by international companies.⁸

Establishing networks across the food chain is a must and opportunities to do so include study tours, trade fairs, and business roundtables. Linkages with farmers, commercial partners, technical service providers, or financial intermediaries need to be nurtured and strengthened constantly to ensure a good quality, quantity, consistency, and timing of the supply of raw materials to processing plants. Agroprocessors also need to invest in their relationship with smallholders, notably in the form of services, capacity development and finance.

One of the constraints on agricultural production for processing in the Caribbean is that of maintaining quality and consistency of output, forcing processors to rely on imported inputs for their processing operations. Many processing plants run at low capacity, partially due to the seasonal availability of produce, the limited supply from farmers, and the challenge of finding larger markets. The competitiveness of the products is also reduced by high production costs, which mostly are the result of very high energy costs and the high cost of importing inputs for production.

As climate change makes rainfall more erratic and increases the risks of floods and droughts, investing in improved water management and infrastructure, including water and energy-saving technologies is even more important. Access to green technology and infrastructure should be facilitated for SMEs and businesses as the cost remains high and SMEs can help in the rapid implementation of off-grid renewable sources like solar, wind, and other sources, especially in rural areas that are not yet connected to the national grid.

4. The way forward

To unlock the full potential of food processing technologies in the Caribbean, it is essential to address infrastructure limitations, provide education and training, and create an enabling environment for small-scale entrepreneurs and agribusinesses to thrive. Smallholders, SMEs and value-chain actors need to acquire more knowledge on food storage, preservation, cooking, date-labels and the many implications of loss and food waste to increase their presence and efficiency in the agro-processing sector.

Technologies to optimise production include water and energy-saving and access to green technology. SMEs can help in the rapid implementation of off-grid renewable sources like solar, wind, and other sources, especially in rural areas that are not yet connected to the national grid.

Smallholders and SMEs often lack the financial resources required to invest in technology. Access to loans and credit for technology adoption is limited, and interest rates can be too high for small businesses to afford. Creating incentives and an attractive enabling environment for the development of rural business services, especially those that are suitable for smallholders. Incentives such as tax breaks, technical assistance, or business planning could help develop valuable services to farmers such as the provision of modern farm inputs, technical advisory services, small-scale commercial laboratories for food testing, irrigation, packaging, small-scale cold rooms, and processing technologies.⁹

⁸ FAO. 2019. [Current Status of agriculture in the Caribbean and implications for Agriculture Policy and Strategy. 2030 - Food, Agriculture and rural development in Latin America and the Caribbean](#), N°14. Santiago de Chile. FAO. 28p.

⁹ Ibid.

Key points for discussion on the role of agrifood businesses in the agroprocessing sector:

- What investments are required for entrepreneurs to succeed in agroprocessing?
- What do we learn from best practices in terms of innovations, technologies, and knowledge needed?
- What incentives can be provided to SMEs to scale up their offer in processed products?

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Agenda

10:00-10:05 Introduction

Moderation: *Isolina Boto, Head of Networks and Alliances, COLEAD*

10:05-11:00 Panel: experiences from entrepreneurs and SMEs in the processing sector

- *Tricia Webbe, Managing Director, BWC Enterprise Inc., Antigua and Barbuda*
- *Nadine Benn-Greaves, Founder, Vedge Out Food Products, trading as Ligon's Gluten-Free Mixes, Barbados*
- *John Robin, Owner, Benjo's Seamoss & Agro Processing Co Ltd, Dominica*
- *Negus Sealy, Brand Manager, International Food Science Center, Barbados*

Moderation: *Allister Reynold Glean, Representative in Barbados, IICA*

11:00-11:30 Insights from support programmes

- *Professor Rohanie Maharaj, Food Science and Technology programme, University of West Indies (UWI)*
- *Deneé Gilman, Senior Marketing Research Officer, Marketing and Corporate Communications Division, Scientific Research Council, Jamaica*

11:30-11:50 Q&A session

11:50-12:00 Conclusion and way forward



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