

# Private Sector Commission

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*The Jagdeo Initiative*

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## **Preface**

We are pleased to send you this copy of Technical Information Bulletin No. 8 – The Jagdeo Initiative

The declining role of agriculture in the Region, the continuing loss of preferential markets for the Region's traditional products and the rapidly increasing extra-regional food import bill are among the serious and challenging issues highlighted in the Jagdeo Initiative.

Data for this Bulletin has been difficult to source and we were advised that some documentation are awaiting clearance for public disclosure.

We hope, however, that the information in this Bulletin will be useful in an understanding of the Initiative and the business opportunity it offers. We hope that we will be able to supplement this publication some time in the future when additional information becomes available.

Bal Parsaud  
Executive Director

## **Previous Bulletins**

*Bulletin 1 (Dec 2006) - The Guyana Economy June 2006*

*Bulletin 2 (Mar 2007) - Highlights of the Guyana National Budget 2007*

*Bulletin 3 (Mar 2007) - Recent Growth Trends in the Guyana Economy*

*Bulletin 4 (Apr 2007) – Labour Force and Employment in the Guyana Economy*

*Bulletin 5 (May 2007) – Employment Structure in Guyana*

*Bulletin 6 (July 2007) – Measuring Inflation in Guyana*

*Bulletin 7 (July 2007) – Living Conditions in Guyana*

**E-copies available on request.**

## The Jagdeo Initiative

This bulletin looks at the initiative put forward by Guyana's President for addressing the problems faced by agriculture in the Caribbean. The information in this bulletin has been sourced from IICA and the Caricom Secretariat.

### What is it?

The Jagdeo Initiative is a strategy for removing constraints to the development of agriculture in the Caribbean. It builds upon past regional efforts to develop a Common Agricultural Policy, CAP and identifies ten key binding constraints faced by the sector.

### The problems it addresses

Agriculture has been in decline in the Caribbean for some years with persons moving out of the sector and with preferential market access removed for many of the Region's agricultural products.

At the same time, the Caribbean's extra-regional food import bill has been growing steadily (*see Table 1*).

Table 1

Value of Extra-Regional Food Imports to the Caribbean						
US\$ '000	2000	2001	2002	2003	2004	2005
	\$1,054,506	\$1,077,621	\$1,027,445	\$1,142,904	\$1,250,856	\$1,540,792

Source: Caricom Secretariat

In 2002 President Jagdeo proposed to a Caribbean Heads of Government Conference that the Region should build on its past efforts to develop a Common Agricultural Policy. He stressed that in the changed global environment, the "agricultural sector was neither providing for food security nor earning the foreign exchange to cover the Caribbean's growing food import bill."

### IICA's involvement

The President called upon the Inter-American Institute for Co-operation in Agriculture (IICA) and the UN's Food and Agriculture Organisation (FAO) to assist in developing a repositioning strategy for agriculture in the region.

Consequently, IICA prepared a Situation and Outlook Report for Agriculture and Rural Life in the Caribbean. This report was endorsed by Ministers of Agriculture in 2004 and became the "first step for repositioning of agriculture and preparation of the initial proposal for the Jagdeo Initiative itself."

### The Grand Anse Framework

In July 2004, at the Caribbean Heads of Government conference in Grenada, President Jagdeo presented a paper entitled "*A Framework for the Repositioning of Caribbean*

*Agriculture*". In this Framework he stressed the need for a Regional Policy and Strategy for strengthening food security and alleviating poverty.

The Framework was presented in the context of the Caricom Regional Transformation Program (RTP) for Agriculture in Chapter V of the Revised Treaty establishing the Caribbean Community which is "a basis for elaborating national and regional strategic policy and plans to accelerate agricultural transformation, growth and development".

### **Key elements of the Framework**

- The new global environment threatens agriculture in small Caribbean countries. There exists a threat to traditional main agricultural products such as sugar, rice and bananas and the region has to work to restructure these industries to enhance productivity and value and increase product range.
- There is a need to multiply the beneficial impact of sectors such as tourism and other services by linking them to a strong agricultural sector.
- The agricultural sector is the main source of foreign exchange earnings for some countries but also contributes to agri-business and is integral to the meeting of food security concerns and the protection of the natural environments.
- Recent experiences with bananas and rice, the uncertain future of sugar and the selective liberalization of agricultural markets in developed countries are evidence of the fact that agriculture in the Caribbean was at a crossroads.
- The speed at which untoward developments in the global environment are unfolding and the rapid onset of globalization means that Caribbean agriculture has to undergo "deep, systemic and rapid transformation".
- While many countries had been responding to the new challenges, a more comprehensive and strategic approach is needed "to better facilitate the sector's capacity to speedily adjust to the global dynamics".
- Agriculture in the region must be "strategically repositioned" and must rest on the twin pillars of "global competitiveness of agri-products and balanced development of rural areas and communities".

### **Requirements for global competitiveness:**

The Framework highlights the following:

- (i) re-definition of the agricultural sector to include the entire agri-product chain and the linkages with tourism and other economic activities;
- (ii) re-thinking the importance of the regional markets, including the tourism and hospitality industries, and those markets made available through the Caricom bilateral trade agreements;

- (iii) strengthening the region's negotiating stance to secure the best conditions possible for production and trade;
- (iv) appropriate packages of support for both the traditional and new areas of production;
- (v) policy reorientation that is fully grounded in the changed context for agriculture;
- (vi) institutional realignment, away from traditional structures and organisational forms towards smart public-public, private-private and public-private sector partnerships and alliances.
- (vii) technological readiness to change existing structural systems and build flexibility and capacity to achieve product realignment and relevance within changing product preferences and to provide the critical supply side mass to deal with supply chain consolidation.
- (viii) physical and regulatory infrastructure that underpins the entire agri-food/product production, distribution and trade system to reduce transaction costs and facilitate expanded trade.
- (ix) human resource development, to facilitate the mastering of information and knowledge-driven practices.

### **Balanced Development**

The Framework argues for “balanced development of rural areas and communities that ensure the retention of skills required to produce the agri-product competitively whilst sustainably managing the natural biodiversity and ensuring the equitable distribution of income within the rural areas and between the rural and urban areas.”

Requirements for balanced development of rural areas and communities:

- (i) development and implementation of appropriate pro-agricultural and pro-rural macro-policies and programmes that encourage investment in rural areas, catalysed by the national and regional development banks.
- (ii) installation and/or modernisation of physical, educational and social facilities.
- (iii) the management of the natural biodiversity, underpinned by an enforceable legal regime in order to enhance the commercial use of traditional knowledge and agro-forestry products, such as herbal medicines.
- (iv) the development of agro/eco-tourism opportunities to allow rural dwellers to become an integral part of the tourism industry and product.
- (v) emphasis on the more vulnerable groups, indigenous peoples, youth and women to bring them into the economic mainstream.

It was concluded that agriculture remains a “critical building block in safeguarding rural welfare and facilitating balanced rural development.”

### **Key Binding Constraints**

Between 2004 and January 2005, national and regional consultations were held by IICA and 10 Key Binding Constraints and Interventions were identified:

<b>Constraints</b>	<b>Necessary Interventions</b>
<b>1. Limited financing and inadequate new investments</b>	<b>Establishment of a Regional Agricultural Modernisation Fund</b>
<b>2. Outdated and inefficient agriculture, health and food safety systems</b>	<b>Establishment of a Caribbean Agricultural Health and Food Safety Agency (CAHSFA)</b>
<b>3. Inadequate research and development</b>	<b>Definition and implementation of a regional R&amp;D policy and Action Plan</b>
<b>4. Fragmented and unorganized private sector</b>	<b>Strengthening of private sector organisations and collaboration</b>
<b>5. Inefficient land and water distribution and management systems</b>	<b>Establishment of a system of incentives for improved land and water use</b>
<b>6. Deficient and uncoordinated risk management measures including praedial larceny</b>	<b>Development of integrated regional risk mitigation (natural disasters) and relief (including agricultural insurance)</b>
<b>7. Inadequate transportation system particularly for perishables</b>	<b>Determination of freight needs, upgrading of ports and consolidation of services</b>
<b>8. Weak and non-integrated information and intelligence systems</b>	<b>Integration and modernisation of industry and national information systems and services</b>
<b>9. Weak marketing systems, linkages and participation in growth markets</b>	<b>Strengthening of joint marketing opportunities and facilitation of access to EXIM-type financing</b>
<b>10. Lack of skilled human resources</b>	<b>Upgrading and integration of curriculum and training at all levels</b>

In January 2005, President Jagdeo’s proposal was formally dubbed the “Jagdeo Initiative” – “Strengthening Agriculture for Sustainable Development”. The proposal

was endorsed by members of the agri-business sector, the forum of Ministers of Agriculture and the 2005 Heads of Government Conference.

From 2005 to 2007, the FAO was involved in actions which led to the development of National Medium Term Investment Programmes. From these, potentially fundable investment projects have arisen.

In June 2007, Caribbean Heads of Government met at a special meeting of donors and, among other actions, it was decided that the Jagdeo Initiative would be implemented over the next 18 months.