

**PROJECT NAME:** Integrating Small Farmers into the Cruise Ship Value Chain in Barbados.  
**PROJECT NUMBER:** BA-M1009

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**I. PROJECT SUMMARY**

This project will address the lack of technical capacities and limited access to markets faced by small farmers in Barbados as well as the lack of knowledge that anchor (or buyer) companies have in dealing with low income commercial partners. Increasing skills, engaging farmer associations and formalizing linkages within the cruise tourism/grocery sector value chain, will improve farmer competitiveness. MIF's participation will facilitate the inclusion and participation of a wider number of small farmers in higher value markets.

**II. PROJECT CONTRIBUTION TO THE ACCESS FRAMEWORK**

*MIF agendas:* The project contributes to private sector development, under the following MIF agenda: linking small farmers to access higher value markets. The project will result in substantially improved access by small farmers to emerging high-value fresh fruit and vegetable markets, by increasing their capacity to consistently supply high-quality products that meet the industry's high standards. *Results and knowledge:* The project will provide the opportunity to test, evaluate and generate a *methodology* for an *inclusive business model* to enhance vertical coordination between key stakeholders in the cruise/tourism industry value-chain for a high-value, high-quality produce in the horticultural sector. The model will provide the opportunity for farmers and buyers to interact in a more organized setting for business development. The project will build on a current relationship with **Carnival Cruise Lines**, the main demand driver in the cruise industry, and **Super Centre Ltd.**, an important regional supermarket with operations in Barbados, that currently buys from farmers. The model can have an important replication effect in other islands that have a thriving cruise industry (e.g. Bahamas, Jamaica, Haiti, Belize), and the potential to mobilize the wider tourism and fresh produce sector - encouraging hotels, restaurants and supermarkets to outsource current demand in fresh produce to small farmers across the Caribbean. The proposed executing agency, NUF (National Union of Farmers of Barbados), is a member of the Caribbean Farmers Network (CaFAN) and can share best practices generated from this initiative with their regional partners.

**III. INFORMATION**

<b>COUNTRY:</b>	Barbados	<b>TECHNICAL COOPERATION/ TOTAL MIF FUNDING:</b>	\$150,000	70 %
<b>LOCATION:</b>	Bridgetown	<b>COUNTERPART:</b>	\$ 64,000	30 %
<b>EXECUTING AGENCY:</b>	National Union of Farmers (NUF)	<b>COFINANCING (IF AVAILABLE):</b>	N/A	N/A
<b>ACCESS AREA:</b>	Access to Markets and Capabilities	<b>TOTAL PROJECT:</b>	\$214,000	100 %
<b>AGENDA:</b>	Higher Value Markets	<b>NUMBER OF DIRECT</b>	100-150 farmers	

		<b>BENEFICIARIES:</b>	
<b>COMPLEMENTARY BANK OPERATIONS (IF ANY):</b>	NA	<b>NUMBER OF INDIRECT BENEFICIARIES:</b>	5,000 farmers
		<b>QED SCORE:</b>	8

**IV. PROBLEM DIAGNOSIS**

**Summary of Problems:** In this sector there is a serious problem of low yields, crop mismanagement and volatile prices which limit farmers’ ability to deliver reliably and consistently. The fluctuation of supply in the market is a major constraint for working with small farmers that generally produce all at once with different quality standards. The habitual scarcity of produce induces buyers to accept poor quality product, pay lower prices or import agreed products -often at a loss- to fulfil the cruise ships contract. This results in a high incidence of farmers entering and exiting the industry, which further increases the potential for formalizing commercial partnerships in the value chain. Lead buyers in the cruise industry are unable and unwilling to co-operate with large numbers of fluctuating agricultural suppliers, and require a single interface to facilitate engagement with and mobilization of small farmers.

**The Causes of these Problems** are: 1. Small farmers lack technical skills (adequate agricultural practices to avoid crop mismanagement); 2. Small farmers lack market knowledge, skills, and managerial capacity to engage adequately with the demands of the lead companies; and 3. Limited institutional capacity of NUF to coordinate the efforts of all the stakeholders.

**Classify the problem** in one or more of the following categories that most apply:

Market failure	<input type="checkbox"/>	Skill deficit	<input type="checkbox"/>
Institutional weakness	<input checked="" type="checkbox"/>	Collective action problem	<input checked="" type="checkbox"/>
Policy weakness/failure	<input type="checkbox"/>	Lack of appropriate technology	<input type="checkbox"/>
OTHER:		<u>Explain as needed</u>	

**Project Beneficiaries:** This project will directly benefit approximately 100-150 small farmers, of which approximately 28% are lead by women. In general, these small farmers grow crops on less than 5 acres of land all in rural areas and the farming enterprise is their main source of income. The project will also indirectly benefit all 5,000 registered farmers in Barbados. These farmers make on average less than \$5000 a year from their farm and off farm income.

**V. PROJECT DESCRIPTION**

**Project Objectives.** This project will stimulate smallholder farmer development by catalyzing the migration of smallholder farmers to access higher value markets through supporting productive value chains, strengthening strong business networks in the cruise industry/grocery sectors and -providing technical training in agricultural best practices.

This project will partner with the **Barbados National Union of Farmers (NUF)**, which already has established market linkages with key buyer and anchor companies in the cruise/tourism value chain as well as other key partners in the agricultural sector.

***Model/solution/intervention & its financial viability.*** The project will scale-up an existing sustainable value chain model which centres on partnering farmers, with a supermarket and the cruise tourism industry. Currently, a group of about 20 small farmers are already providing high-value, high-quality products to Super Centre, but there is a need to increase volumes, the range of the products and establish a consistent supply throughout the season. The cruise tourism sector is prepared to buy local produce, only if it is packaged and inspected at a single pack-house which is certified by their food safety standards. Super Centre designed and built such a facility, the first of its kind in Barbados, which has been awarded a gold standard by **Carnival Cruise** lines. Super Centre has employed an experienced *Fresh Produce Consultant* to promote trade with local farmers and ensure they meet the quality standards. By having this company as the intermediary buyer, small farmers are able to have a sustainable income all year round since the company is planning to expand the supply to major hotel chains, restaurants and other touristic facilities. Additionally, the supermarket provides a *factoring service free of charge* to the farmers by paying them weekly while cruise lines pay in 60 – 90 days. As the potential to expand this model emerges, Super Center Ltd. has found it necessary to engage with a representative farmer organization, and a relationship with the NUF has developed. Thus, twinning the cruise tourism and grocery sector together creates a win-win situation for the small farmers and the buyers. Farmers will receive intensive training in quality and food safety regulations as well as post-harvest handling and production techniques, in order to meet the stringent standards of the cruise tourism industry, which are also applicable to the international food industry.

**Component I: Improving Market Access to Develop Business Partnerships.**

This component seeks to expand the cruise ship market by developing a model to strengthen commercial relationships in the value chain. This will be achieved through **(i) Improved Market Research**: sustainable data-collection and analysis mechanisms will be developed in the following areas: (a) *Analysis of Market Opportunities/Demand Forecast*: to identify immediate opportunities for increasing the export-oriented market share. This will include identification of other commercial opportunities within the cruise/tourism value chain as well as wider local and select regional markets with growth potential; (b) *Assessment of Farmer' Endowments (Baseline Survey)*: to determine how farmer varying endowments impact on their production costs and ability to deliver to these key markets on a consistently high level; and **(ii) Governance of the Value Chain**: between Super Centre Ltd., input suppliers, farmers and other relevant stakeholders. A code of conduct among the stakeholders will be designed to find common grounds in case of disputes.

**Component II: Strengthening compliance with food industry standards.**

Building on the research findings of Component I, the NUF will enhance farmer competitiveness by addressing inconsistency in quality and supply as well as high production costs. This will be achieved through **(i) Design and Implementation of a Training & Farmer Support “Road Map”**: NUF will develop a market-driven training strategy aimed at securing immediate market opportunities and stimulating increased demand over the longer run. Training, farmer support and knowledge transfer exchanges will cover areas such as Best Management Practices (BMPs), Good Agricultural Practices (GAPs), post-harvest handling/storage, cruise industry sector specifics, entrepreneurship and interpersonal skills (to improve engagement with commercial buyers). **(ii)** To address inconsistency in supply, NUF will develop a **Production Management System** to establish demand for local produce on a weekly, monthly and annual basis, assist farmers to supply gaps in the market and explore the potential for new high-value products.

**Component III: Institutional Strengthening of the National Union of Farmers (NUF).**

This component will strengthen NUF’s capacity to improve service delivery and better fulfill their role as the interface with commercial partners. To ensure their relevance and sustainability as NUF expands, it will require *institutional strengthening* to mobilize membership, improve communications, plan strategically and address long-term financial viability. Additionally NUF will benefit from capacity building to improve internal policies and procedures, establish new by-laws, towards good governance and management - which will facilitate broader based trust with commercial intermediaries as a more credible interface with farmers. NUF will benefit from the services of a *part-time Project Coordinator*, to execute the delivery of technical services under this project.

**Component IV: Knowledge Sharing & Dissemination.**

The project’s main knowledge product will be part of a more regional knowledge product that will assess the capacity and constraints of small farmers to work collectively and to ensure the supply of high quality/high value fresh produce to companies in the cruise sector and wider high-standard tourist market in the Caribbean. In addition a *Supermarket/Grocery Code of Good Conduct* will be part of the knowledge products of this project. It is intended that the NUF will use this model to engage in *new and current commercial partnerships* in the wider tourism value chain. Knowledge Dissemination: The project will encourage representatives from the NUF (and other stakeholders) to present their model at one specific regional event/conference regarding sustainable agricultural value chain development.

MIF Organizational Experience: MIF has ongoing projects with organizations working in the horticultural sectors in Honduras and Guatemala. Both SEP projects that grant loans to horticulture farmers linked to supermarkets. With SNV, the MIF has some experience on integrating small farmers to larger companies’ value chains in Nicaragua and Peru. The MIF also has experience in working with the cruise sector in Belize, in the project BL-M1001 “Improving small business competitiveness in the Tourism Industry”.

Although the experiences have been different, lessons have been learned and are outlined below

Lessons Learned: The following points have been taking into account to proceed with this project and will also assist the team in the design stage:

- From the lessons in Belize (BL-M1001), the team has ensured that adequate financial capacity and commitment of the EA and other stakeholders. If EA is too weak, analyze opportunities of partnerships with a stronger organization and appropriate training. Success depends to a large degree on the local experience and knowledge of the EA;
- Training must go beyond production to include entrepreneurial/interpersonal skills components;
- Customization of projects according to beneficiaries' level of development and trust between different actors are essential for successful inclusion in value chains. Intervention should link small players with buyers;
- Alignment and synergies with other agencies in the sector can allow limited project resources to be leveraged considerably;
- For sustainable inclusion of small and medium size producers into agricultural value chains, the projects needs to address access to market, access to training, coordination capacities and collaboration building, and access to adequate financing tools (from Duke University methodology, lessons learned, 2012).

## VI. MIF ADDITIONALITY

***MIF Non-Financial Additionality:*** The MIF's participation in this project will play an important role in catalyzing and mobilizing important stakeholders in the private sector, Government and multilateral agencies, to participate more fully in the project. MIF will provide the NUF with the necessary capacity and institutional support to expand existing commercial arrangements and, importantly, to leverage new opportunities on a sustainable basis. The MIF's focus on knowledge and strategic communication will increase the likelihood that lessons and experiences from this project will be effectively disseminated both within Barbados, and across the wider Caribbean - where there is a significant potential for replication given the presence of strong agricultural communities as well as vibrant cruise and wider tourism sectors.

***MIF Financial Additionality:*** MIF participation is critical for the project because it will strengthen the institutional capacity of the NUF to expand its operations with existing business partners, secure new commercial arrangements and ensure farmers meet the stringent standards of the cruise sector and by extension the international food industry. MIF funding will provide the necessary financial additionality to allow the NUF develop and mobilize a new generation of high-value, high-quality producers that are more oriented to joint-action – not only is this central to ensuring the success of the value chain model, but this can only be effectively achieved by a strong, representative and credible grass-roots farmer organization such as the NUF.

## VII. RESULTS INDICATORS

***Quantitative and Qualitative Metrics*** Preliminary indicators to measure project results are:

- Total volume of fresh produce yields per acre (Target: 10-15% increase in month 36)
- Total volume of fresh production certified to comply with quality standards set by cruise industry (pidamos el nombre del estandar requerido- HACCP maybe or certifying body??)
- Total volume of fresh production certified to comply with food safety standards set by cruise industry
- 750 tons of fresh produce marketed through Super Centre to cruise ships docking in Barbados (annually?)
- Number of farmers (male and female) who sold their production to Super Centre

These indicators may be refined during the preparation of the Plan of Operations.

***Adoption and scaling:*** The model has a great potential to be replicated in other communities across the Caribbean. The government has shown support and interest in the project to expand the model. Super Centre is a member of the Neal and Massey Group which has 27 supermarkets across the Caribbean and has expressed an interest in replicating its experience with Carnival Cruise lines in other Caribbean Islands – including potentially investing in construction and management of pack-houses. The NUF is working with other important stakeholders such as the FAO, IICA and local business partners. These organizations have been increasingly involved in exploring the potential of the cruise/tourism value chain and have expressed a strong interest in providing technical expertise to the NUF and participating in the implementation of the project.

## VIII. IMPACT INDICATORS

***Quantitative and Qualitative Metrics of the Desired Impact***

- Annual income of fresh produce small farmers (male and female) who have implemented the practices and techniques imparted by the project (target: X% increase in month 36)
- Revenue from sales of fresh produce through Super Centre to cruise ships (sex disaggregated)

These indicators may be refined during the preparation of the Plan of Operations.

## IX. BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS

***Baseline data*** will be obtained for the agriculture sector under the Farmer Endowments' Assessment, gender-disaggregated data on geographic dispersion, farm size, terrain, business characteristics, exports (etc.) will be collected to establish socio-economic improvements at the end of the intervention. The baseline study will also facilitate better targeting of project interventions. Data may be obtained from Ministry of Agriculture and Ministry of Tourism, NUF and Super Centre, and from the *Country Assessment of Living Conditions (2012)*.

***Monitoring mechanisms*** The starting point will be the baseline which NUF will use to measure progress from the periodic information that the farmers will provide on volume, income and procedures. This monitoring system will consider gender variables as well as other pertinent characteristics, in order to monitor and evaluate results related to the intervention. A Final Evaluation will be undertaken to assess project results and impact.

***Impact Evaluation:*** N/A

## X. EXECUTING AGENCY

The Executing Agency is the **National Union of Farmers (NUF)** of Barbados. The NUF is a not-for-profit farmers' organization established in 2002. Its aim is to bring more professionalism to agriculture and promote the interests of all members and others within this sector. The organization has a constitution and it is governed by a council made up of seven members including a President, Deputy President and Secretary, Treasurer, Public Relations Officer. The financial statements are audited by a chartered accountant every two years. Officers of the council are elected biennially by its members at the Annual General Meeting. The council meets quarterly at the Ministry of Agriculture to conduct the management of the organization. Members are required to pay a membership fee annually. The association is rich in technical expertise. Three members teach agriculture at tertiary institutions and a number of progressive local farmers are also members of the association. The NUF has strong, established relationships with a wide range of national and regional agencies that have committed to support this project.

Institution's core business: The NUF core business is to (1) provide members with training and access to accurate and relevant information; (2) promote commercial production and marketing of agricultural products; and (3) engage in advocacy and lobbying on behalf of farmers. This project enhances NUF's core business activities at the policy, administrative and farmer levels.

Other partners. NUF has established strategic relationships with key commercial partners in the cruise tourism value chain, including **Super Centre Ltd.**, the largest supermarket in Barbados with 27 outlets across in the Caribbean; and **Carnival Cruise Lines**, local input suppliers and other key stakeholders. This project will assist the NUF to *formalize these strategic partnerships* through a *structured interactive value chain dialogue/mechanism*. To ensure the effective financial implementation of this project, **Super Centre Ltd.** has agreed to provide accounting services for the fiduciary oversight of the project as a counterpart contribution. Furthermore in support of the technical implementation of the project, the NUF has established relations with **IICA, FAO** and the Chamber of Commerce, who have all expressed a strong commitment to the project.

## XI. PROJECT RISKS

The potential risks that may impede achievement of the objectives, anticipated results and project impact are: **(i) Executing Agency risk:** the project is an expansion of NUF's current financial and technical operations, and as such brings with it the challenges associated with institutional growth. The NUF will mitigate this risk by bringing reputable partner organizations to the project - Super Centre Ltd will take over responsibility for the fiduciary management of the program and act as the project partner as the main buyer (for key anchor companies), other agencies have committed to support the NUF to coordinate the project activities. **(ii) External Risks** such as a downturn in the cruise industry and reduction of passage of liners through Barbados as well as a general downturn in the tourism sector could compromise the project impact. **(iii) Sector Risks:** These risks are largely mitigated by the fact that the project is scaling-up an existing initiative to which key stakeholders, commercial partners and farmers alike have already demonstrated a strong commitment. Super Center Ltd. is part of **the Neal and Massey Group** a large regional company with operations across the Caribbean. They have expressed an interest in securing the markets for trade in fresh produce with cruise partners in other islands.

In addition, **Carnival Cruise** lines is already purchasing from local farmers and have committed to scaling up local purchasing. The success of the model to date provides a good incentive for farmers to buy into the project and commit to making the necessary technical and on-farm financial investments. **(iv) Sustainability Risks** the long term viability of the project could be compromised if the NUF fails to become an effective, efficient and well-governed member-oriented farmer organization. These risks will be mitigated given that the project will provide specific, well-tailored organizational development tools to allow the NUF to build its capacity in a sustainable and relevant manner. **(v) Financial Risks** volatility in the local market that has a sufficient impact on the cost of input supplies could compromise the financial viability of the sector. NUF will mitigate this risk by engaging with value chain partners in a structured dialogue to sensitize stakeholders to the impact of their pricing and standards policies. **(vi) Reputational Risks:** MIF's institutional image could be affected if the NUF were unable to mobilize new farmers/membership, or existing members are resistant to change/positioning the NUF in its new role. This could result in weakening relationship with key anchor and buyer commercial partners, and may result in the viability of the value chain model being compromised. **(vii) Environmental or Climate Change Risks:** NUF will mitigate this risk by exposing farmers to the availability of environmentally friendly alternatives and sensitizing stakeholders to the need for joint action and collaboration to ensure long term sustainability.

## XII. ENVIRONMENTAL AND SOCIAL ASPECTS

*Positive or negative environmental or social spillover effects.* NUF will work closely with farmers to mitigate potential environmental risk that may arise with intensified agricultural practices through dissemination of best practices and lessons learned to farmers. The project will have a **positive impact on the environment** given that farmers will need to observe stringent pesticide residue levels and eliminate the current use of toxic chemicals currently banned by developed countries, and by extension the cruise industry operators. The NUF will ensure that efforts are made to improve soil conservation and on-farm water conservation through exposure of farmers to new techniques and practices relevant to local conditions. Special efforts will be made to eliminate over fertilization, use of toxic pesticides and agro-chemicals, to reduce ground water contamination and associated negative impacts. The project will have a **positive social impact** given the multiplier effect across the rural economy and local food industry.

## XIII. COUNTRY OFFICE COMMENTS

*Country Office view:* The Executing Agency is a representative, credible and well respected non-profit organization with 10 years of experience in working with farmers at a grass-roots level. The NUF has obtained commitments for counterpart contributions from reputable stakeholders including key private sector organizations - principally Super Center Ltd. the largest supermarket chain in Barbados - who will provide the necessary accounting functions to ensure effective fiduciary oversight of the project. NUF has also established direct relationships with Carnival Cruise lines, other key cruise tourism stakeholders and key support agencies such as IICA, FAO and the Chamber of Commerce - each have indicated a strong interest in assisting NUF. With these key partners on board, this gives the NUF the necessary credentials, and relevant capacity, to effectively manage this project.