ACS Supports Small business development through IDB Regional Public Goods Initiative



PRESS RELEASE:

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The Association of Caribbean States (ACS) has been awarded $720,000 by the Inter-American Development Bank (IDB) under the regional public goods programme (RPG) to execute an MSME development and competitiveness project over the next three years. The project is geared towards strengthening MSMEs and value chains in the agribusiness, community-based tourism and creative industries.

Through the Directorate for Trade and Sustainable Development, the ACS responded to the 2022 call for proposals for the RPG Initiative. The corresponding grant agreement was later signed on March 7th, 2023 signaling the official start of the project. Together with business support organizations (BSOs) in the beneficiary countries which include Belize, Barbados, Honduras, Jamaica, Nicaragua and Trinidad and Tobago, the ACS will lead the execution of this project that is intended to increase the integration of MSMEs in regional and global value chains.

In the Greater Caribbean, MSMEs continue to be important engines of economic activity contributing approximately 67% of employment and 25% of GDP to the region[1]. Yet, MSMEs are facing myriad challenges and constraints that are resulting in high failure rates and low levels of internationalization, reducing their participation in regional markets and global value chains. Consequently, the contribution of MSMEs to exports is significantly low and most do not specialize in high value-added products.

To address these challenges, the project aims to create a suite of tools for capacity development, clustering and e-commerce that would support the development and internationalisation of MSMEs in three key sectors: the agribusiness, community-based tourism and creative industries. Although MSMEs operate across a wide range of productive sectors, the value generated through the aforementioned industries account for a great deal of economic returns in the Greater Caribbean region. Additionally, these sectors cover a wide economic base, which make them suitable vehicles for inclusive development.

Therefore, as it relates to the sustainable tourism sector, the objective is to equip BSOs with the capabilities to foster environments where MSMEs in tourism can cluster to offer high-quality community-based tourism experiences. The envisaged impact of the project also includes a system enabling more value-added processing of agricultural commodities. In this light, the objective is to provide policy makers with the tools and resources to support growth in agribusiness that can transform food production, facilitate entry into niche high-value markets for artisanal and organic products and increase investment. Furthermore, the region is rich in creative, artistic talent that continues to be transformed into products and services. A more systematic approach to nurturing talent and developing competitive creative products and services will be sought through the project.

MSME development is not only one of the strategic priorities of the ACS 2022-2028 Plan of Action, but also one of the key pillars of the Memorandum of Understanding signed by the ACS and IDB in 2021. Among other areas, this MoU takes into account the adverse effects of the pandemic and seeks to support economic recovery especially in relation to sustainable tourism, competitiveness improvement, digital transformation and MSMEs. This project is one of many decisive steps toward the fulfillment of the goals set out in this MoU and ACS Plan of Action. The ACS remains committed to adding value to its membership and anticipates the successful implementation of this project.

[1] MSME Financing Instruments in Latin America and the Caribbean During COVID-19 https://publications.iadb.org/en/msme-financing-instruments-in-latin-america-and-the-caribbean-during-covid-19