

CARIBBEAN PRIORITY SECTOR RESEARCH REPORT

DPM International

November 2009

Contents

Introduction	4
Regional and National Sector Prioritising Initiatives	9
‘Top Down’ Priority Sector Initiatives – Long Term Vision Related	9
CARICOM / CSME Vision.....	9
Trinidad & Tobago Vision 2020 Strategic Plan	10
Jamaica Vision 2030 Strategic Plan	10
Barbados 2025 Strategic Plan.....	11
St. Lucia Strategic Plan	12
St. Vincent & the Grenadines 2020 Strategic Plan	12
North Caicos Island 10 Year Socio-Economic Development Plan.....	13
‘Top Down’ Priority Sector Initiatives – Investment Promotion.....	13
St Kitts Priority Sectors for Investment	13
Grenada Priority Sectors for Investment.....	14
Belize Priority Sectors.....	15
Guyana Priority Sectors.....	15
Antigua & Barbuda Priority Sectors.....	15
The Bahamas	15
Other CARIFORUM countries	15
‘Bottom Up’ Priority Sector Initiatives	15
T&T Sector Best Bets Projects	16
T&T Advanced Sector Best Bets Projects	17
Barbados Sector Best Bets Projects.....	17
St. Vincent & the Grenadines Sector Foresight Best Bets Project.....	18
The OECS Sector Best Bets Project	18
Caribbean Entrepreneurship Workshops	19
Entrepreneur Related Sectors	19
Priority Sector Analysis.....	20
The top priority sectors	20
Potential Future Value Creation in Selected Priority Sectors.....	21
Final Comment	25

Accompanying Documents.....	26
Appendix: The Best Bets Process Template	27

Introduction

Many countries and ‘citistates’ have included a priority sector focus as part of a long-term overall strategic planning approach to advance economically and socially. There have been some outstanding examples of it being used successfully. Ian Ivey, DPM Associate and Principal of NEXT, recently compiled a document summarising ten examples where such an approach has been or is being used with real success in small countries and ‘citistates’ (¹).

One example of particular relevance to the Caribbean is Botswana. In 1996 the country developed a 20 year long-term vision based national development strategy that aimed to increase GDP per capita 300% by the end of the 20 year period. This included a multifaceted approach that included strong leadership, stakeholder alignment and planning integration, and engagement right down to community level. It also focussed on strengths the country had in four priority sector areas, namely:

- Small scale enterprises and manufacturing.
- Agriculture (with a greater use of technology and R&D).
- Mining (with more emphasis on non-diamond resources).
- Services (in particular tourism).

By 2008 they had already achieved a 700% increase in GDP per capita – a spectacular outcome. However, it is important to recognise that Botswana took a whole country approach towards realising the aspirations detailed in their Vision 2016 strategic plan (²). They also adopted an extensive engagement process to ensure that the general population was involved in the whole process of economic and social advancement. They did not focus on ‘educating’ people – which is a ‘top down’ statement often made by high level persons involved with economic and social development in the Caribbean countries and region. They focused on ‘engaging’ people and achieving high levels of ‘buy-in’ to the whole process – a ‘bottom up’ approach.

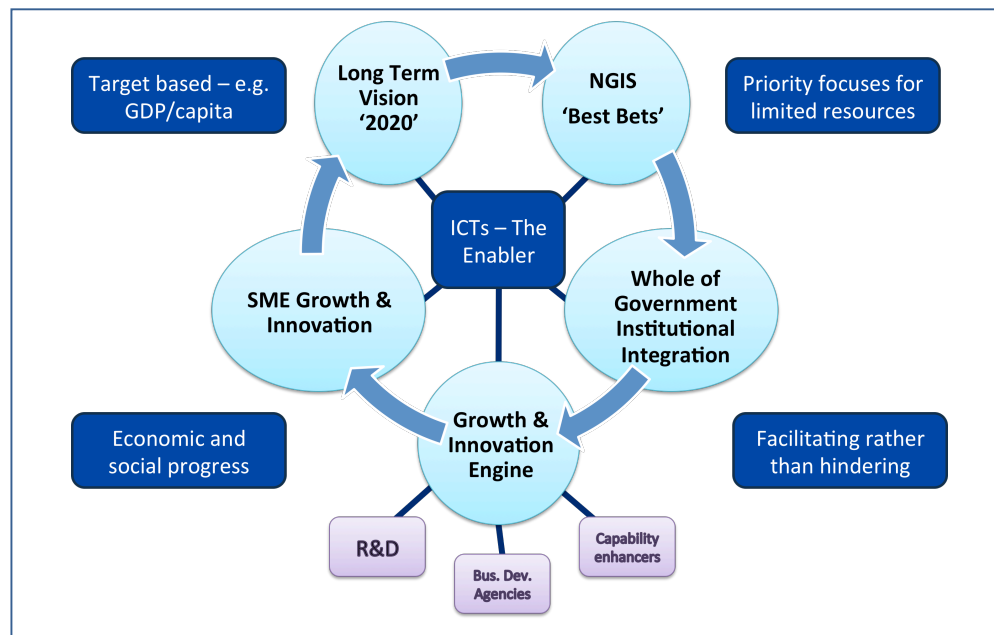
In terms of enhancing private sector development, there is a need to develop national and/or regional growth and innovation systems to deliver productive results from any sector priority setting initiatives. Such a system can be described in the general terms illustrated in Figure 1.

The key aspect of such a system is that it integrates and aligns a wide range of activities and stakeholder groups towards a common goal and that it is creating economic growth by enhancing the private sector, in particular the small to medium enterprise component. All small countries have very limited resources to work with and so it makes sense to position such resources so that they are targeted at areas where a country or ‘citistate’ will gain the greatest return on investment e.g. in areas such as education and training, research and development, business development, public sector policies and services, infrastructure, and international connectedness.

¹ National Growth and Innovation Frameworks and Strategies, Ian Ivey, NEXT, February 2008

² Botswana’s Vision 2016 <http://www.vision2016.co.bw/PDF%27s/English%20Full%20version.pdf>

Figure 1: Schematic Overview of a Growth and Innovation System (³)



There has been a lot of talk and some effort made at defining 'priority sectors' in the Caribbean region. However, many of the efforts are not producing results because there has been a lack of clarity of vision, a lack of engagement at the community and individual level, poor leadership, a lack of foresight and often far too many so-called priority sectors selected.

Many of the priority sectors identified in the few longer term regional and national exercises that have been carried out in the region appear to have been selected by 'elite' groups and heavily influenced by 'forecasting' rather than 'foresighting' principles. As a result the priority sectors that have been selected largely reflect extensions of highly traditional areas (and the strong vested interest groups associated with them), not necessarily those offering the best prospects for Caribbean countries and entrepreneurs in tomorrow's markets. A good example is the five priority sectors that were chosen by the CARICOM countries in 2007 as part of the CSME process. These were highly traditional. In addition, a range of other sectors are being given a priority sector status by regional agencies such as Caribbean Export and various CARICOM linked agencies.

The lack of focus also applies to the Trinidad and Tobago Vision 2020 project. In 2005 the Standing Committee on Business Development identified 7 priority sectors (⁴). However, since then at least a further six additional sectors have been added. The author has been involved in initiatives associated with a number of these additional sectors.

The reality associated with both these examples is that there are essentially no true national priority sectors being chosen. Resources are being spread thinly, as has always been the case, and little if any

³ NEXT Archives, 2009

⁴ http://www.tradeind.gov.tt/news%20and%20events/MTI_Col_05/Jan.htm

progress is being made to enhance private sector development and its contribution to regional and national economic improvements.

New Zealand chose three priority sectors when it began its economic restructuring process in 2002. They were biotechnology, IT and knowledge based industries, and the creative and fashion sector. A further five highly specific niche areas were also identified which included indigenous Maori ventures, and creating high value added wood and specialist marine products. After six years of pursuing this approach it became clear that the broad category processes the country had adopted were not yielding the type of economic benefits that had initially been hoped for. Much of the reason was it was too much of a 'top down' approach and it did not focus sufficiently on areas where the country had strong capabilities and enablers. These were the areas that entrepreneurs tended to focus on as they could see that there were real opportunities in these niches that they could exploit and work towards realising their aspirations.

Thus, in October 2008 the country adopted a different approach and the government approved a new strategy that would see strategic investments made into education, research, science and technology, and economic development that focused on areas that were identified as part of a consensus building approach and entitled 'Backing Our Strengths'⁵. This focused on far more specific niches where the country had an inherent set of capabilities and enablers that could be leveraged to advance the country economically and socially.

The particular 'Backing Our Strengths' niche areas chosen were:

- Sustainable pastoral agribusiness.
- Innovative foods.
- Applied materials technologies.
- Digital content and tools.
- Clean energy.
- Medical technologies.

These are all quite specific niche areas where the country already has significant numbers of innovative and entrepreneurial businesses evolving and has the right set of capabilities and enablers to 'make things happen'.

This is a quite different approach that prioritises resources towards a country's inherent strengths. Compare this to the situation in the Caribbean region where, for example, some 8 different countries want to become financial services centres. Nobody seems to have considered whether (a) there is a market for such services and (b) whether they have the necessary capabilities and enablers to deliver a positive benefit from such a priority focus. For example, there are no online electronic credit card

⁵ Backing Our Strengths: Giving Effect to the Areas of Focus to Support Economic Transformation, The Hon. Pete Hodgson, Minister for Economic Development, Tertiary Education, Research, Science and Technology, October 15, 2008 (a personal written communication to Mr Andrew Hamilton, CEO of the Icehouse Incubator).

transaction services available throughout most of the region, something which has been available in developed economies for almost a decade.

The reason priority sector strategies yield real results, as in Botswana or Singapore, is because they do have a strong niche focus within them built around a country's strengths – whether inherent or created by a huge investment into human capital and technology (as in the case of Singapore and its current biotechnology sector development project).

In our view, the true priority sector niches that the Caribbean countries should be focusing on are already being identified by the region's smart entrepreneurs, the people who are taking major risks to develop and expand their businesses. This is something that Mr Andy Hamilton, CEO of one of the world's most successful small country business incubators, The Icehouse ⁽⁶⁾, has found to work in practice.

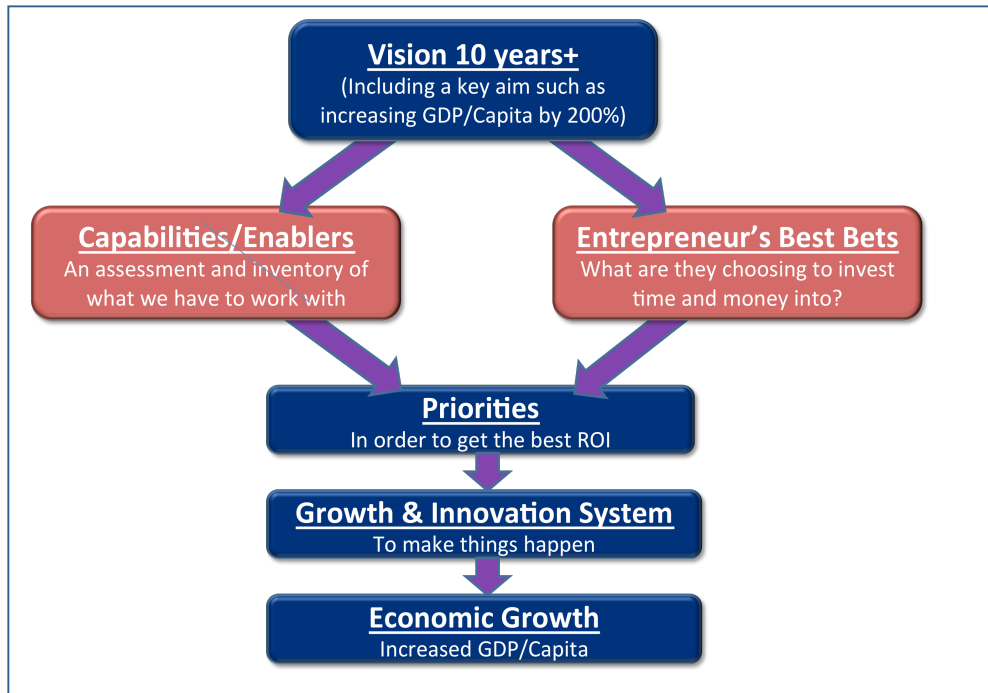
In his view when it comes to economic development the focus should not be so much towards priority sectors. He agrees with the New Zealand government's change in approach which aims to back niche areas where a small country has national strengths and a potential advantage internationally. But he adds that an entrepreneur has a far better idea of what the best opportunity areas might be than those who are working in government ministries and various support agencies. He is of the view that such groups should focus less on identifying priority sectors and more on identifying and supporting entrepreneurs, who have both the potential capability and a great idea, to help them realise their aspirations commercially.

Thus, in order for the 'Competitive Caribbean' initiative to be a real success it is our opinion that a focus on supporting the best emerging entrepreneurs, and the discrete niche areas in which they are developing their businesses, is likely to pay higher dividends than a focus towards more generic priority sector initiatives. This does not preclude the potential benefits that might accrue from sector cluster support programmes because often there are several entrepreneurs who have identified related opportunities within a specific market niche area. Clusters of entrepreneurs often develop by default because there is a clear mutual benefit that can't be supplied from elsewhere. And this is a real clue to help identify which cluster groups to work with. Those that evolve by natural evolution from the 'bottom up' tend to have sound set of drivers creating an impetus and are more likely to produce a positive outcome than cluster support initiatives that are 'top down' driven. The failure of several 'top down' driven Sea Island Cotton initiatives is a good illustration of this view.

The sector priority setting approach that is likely to yield the greatest benefits for the Caribbean countries is likely to be more of a 'bottom up' process and include a focus on the areas shown in Figure 2.

⁶ www.theicehouse.co.nz

Figure 2: A possible model for identifying the priority allocation of resources to achieve the best economic and social outcomes for the Caribbean countries (⁷)



A strong well defined target based vision has always been a key part of successful sector priority based economic transition processes. As is the case with the New Zealand experience, understanding which capabilities and enablers are present in a country (the strengths) is critical if success is to be achieved. This needs to be complemented by developing an understanding of where entrepreneurs are making their 'best bet' investment decisions. By understanding both these areas – which requires a 'bottom up' type of approach – then more meaningful and accurate sector niche area priorities can be identified and the limited resources available, where there is a discretionary investment opportunity, can be better targeted within a growth and innovation system which aligns all the key stakeholders in a common vision linked direction.

If all of this is done well progress in economic growth is highly likely to result as has been the case in Botswana, Singapore, Dalian (a citistate in China), Dubai, and a number of other small countries.

⁷ NEXT Archives 2009

Regional and National Sector Prioritising Initiatives

Sector prioritisation normally takes place as part of a national (or regional) vision based strategic planning exercise. In the Caribbean region such exercises have been carried out in a few countries including Trinidad and Tobago, Jamaica, Barbados, St. Lucia, St. Vincent and the Grenadines, and the Turks & Caicos Islands.

There is also the regional CARICOM / CSME initiative which includes an attempt to develop a consensus regarding a regional vision and priority sectors within that vision. In addition to these 'top down' projects, a number of 'bottom up' projects have been carried out in association with various national and regional agencies which have also focussed on identifying priority sectors and 'best bet' niche opportunities that can be practically exploited within those sectors, bearing in mind the constraints that exist in the Caribbean countries.

Many of the national reports are still at the 'work in progress' stage and, as far as the author can tell from an Internet search and discussions with key stakeholders, not available as yet in the public domain.

'Top Down' Priority Sector Initiatives – Long Term Vision Related

In this section the author summarise a number of regional and national vision based and long-term strategic plans which include a focus on sector priorities. Most have been politically and public sector agency driven.

CARICOM / CSME Vision

In a document approved by the Heads of Government of CARICOM in mid 2007 ⁽⁸⁾, five broad areas were identified as being priority sectors:

- Energy
- Manufacturing
- Agriculture, forestry and fisheries
- Sustainable tourism and agro-tourism
- Export and other services

However, these broad categories embrace a number of other areas that could also be classified as sectors and, in reality, CARICOM and affiliated agencies such as Caribbean Export are working with a much wider range of sectors including fashion, creative, and crafts. There are also initiatives associated with ICT and other service sectors such as architecture and music, video, and film (e.g. the CARIFORUM – EPA Business Forum project for the services sector during 2008 which focussed on the ICT, Architectural and Film and Video sectors. This was jointly managed by the CRNM, Caribbean Export and the CAIC).

⁸ Towards a Single Development Vision and the Role of the Single Economy, Norman Girvan, University of the West Indies in collaboration with the CARICOM Secretariat and the Special Task Force on the Single Economy, 2007

Trinidad & Tobago Vision 2020 Strategic Plan

The government of Trinidad and Tobago pursued a comprehensive process to develop its Vision 2020 document. The various focus areas included (over 20) produced over 3,500 pages of documentation and a huge 'wish list' of so-called priority focuses and projects. As a result there has been a real challenge deciding where to target resources to the greatest effect.

From the economic sector perspective, in 2005 the Standing Committee on Business Development in T&T identified 7 priority sectors ⁽⁹⁾ that should be a key focus within the Vision 2020 project, namely:

- Yachting.
- Fish and fish processing.
- Merchant marine.
- Music and entertainment.
- Film.
- Printing and packaging.
- Food and beverage.

However, since then it appears that at least a further six sectors may have been added including energy, ICT, health and wellness, the creative sector, construction, and fashion. The author has been involved as a participant in initiatives with a number of these additional sectors.

As a result it appears that Trinidad and Tobago may now be pursuing at least 13 different priority sectors. Different agencies including e-TecK, CARIRI, and the Ministry of Trade and Industry have been trying to make some progress but have generally failed to deliver much to date because resources are stretched too thinly. There is no national coordinated national growth and innovation system, there is a poorly designed engagement process and, to the author's knowledge, there are no useful and practical sector strategies complete with goals, targets, and accountability for achievement that have been put in place.

There appears to have been a 'flip-flop' approach to priority sector selection, something which has been seen in other Caribbean countries.

Jamaica Vision 2030 Strategic Plan

Jamaica has taken a highly inclusive engagement approach to developing its Vision 2030 Strategic Plan which is still not ratified and available in the public domain. This plan includes the following strategic priorities ⁽¹⁰⁾:

- Developing human resources
- Effective governance
- Environmental sustainability

⁹ http://www.tradeind.gov.tt/news%20and%20events/MTI_Col_05/Jan.htm

¹⁰ http://pioj.gov.jm/NDP_info.aspx

- Gender, culture & values
- Health
- Infrastructure
- International competitiveness
- Law & order
- Population
- Regional development
- Science, technology & innovation
- Social protection

A draft version of the Vision 2030 document presented at a CDB executive workshop in February 2008 referred to 32 priority sectors in total. The presenters indicated that some form of rationalisation of those sectors was likely to take place but there is no reference to such a rationalisation having happened at this stage. Various sectors were taking a task force study approach to develop their view of what their strategic focuses and goals should be within the overall Vision 2030 strategic plan.

Through an Internet search we have been able to identify what appear to some of the main sector task force sector focuses from the sources referred to:

- ICT sector ⁽¹¹⁾
- Transport ⁽¹²⁾
- Agriculture and agricultural processing
- Non-traditional exports
- Services ⁽¹³⁾

Barbados 2025 Strategic Plan

In 2006 the Barbados government finalised a National Strategic Plan for the period 2006 – 2025 ⁽¹⁴⁾. This was an attempt at developing a consensus view of the best way forward. However, as the Permanent Secretary at the time, Mr Bentley Gibbs explained, the greatest challenge would be actually implementing the plan if it as approved by the government. Another factor that was perhaps less than satisfactory was that the plan appeared to have been largely developed by a group of strategists and analysts associated with this and other state Ministries. After the report was completed there was a change of government and so the project was put on hold. In a recent conversation with Mr Gibbs he indicated that the current government was revisiting the document as at July, 2009.

¹¹ http://www.mct.gov.jm/Vision%202030%20Jamaica%20-%20First%20Draft%20ICT%20Sector%20Plan%20-%20November%2019%202007%20_1_.pdf

¹² http://www.mtw.gov.jm/general_information/reports/Vision%202030%20Jamaica%20-%20Final%20Draft%20Transport%20Sector%20Plan%20_Jul.pdf

¹³ http://www.jamaicatradeandinvest.org/news_463.html

¹⁴ http://planipolis.iiep.unesco.org/upload/Barbados/Barbados_National_Strategic_Plan_2006-2025.pdf

This plan identified five priority sectors:

- Tourism
- International business and financial services
- Manufacturing
- Agriculture and fisheries
- Cultural industries.

It also mentions creating 'new export services while expanding existing ones such as cultural, sports, education, professional, construction, computer and health services'. There are national initiatives currently focusing on some of these areas.

St. Lucia Strategic Plan

St Lucia is also in the process of developing some form of national long-term strategic plan but this is also not yet available in the public domain. A draft version of the plan was presented to participants at a Caribbean Development Bank (CDB) executive workshop in Barbados in February, 2008 ⁽¹⁵⁾. Several sectors were mentioned in this plan - namely:

- Tourism
- Agriculture
- ICT

However, at the workshop the big focus was towards the tourism sector being the major strategic plank for economic development in St. Lucia. The other two sectors received only a cursory introduction.

St. Vincent & the Grenadines 2020 Strategic Plan

This plan is still in the final stages of approval and has not yet been ratified by parliament. In a telephone discussion with the Hon. Jerrol Thompson, Minister of Telecommunications, Science, Technology and Industry, on Sunday, August 2, 2009, he said that the country's proposed plan, along with several other more specific national strategic planning initiatives, does have a focus on specific sectors including:

- Agriculture
- ICT
- Tourism
- Financial services
- Manufacturing

The government's National Investment Promotions Inc. agency ⁽¹⁶⁾ lists the following slightly more specific priority focuses that are currently in place:

¹⁵ The CDB Professional Staff Group Strategic Planning Workshop. Final Outcomes Report, Ian Ivey, NEXT, March 2008

¹⁶ <http://www.svg-nipi.com/>

- Hotel development
- Light manufacturing
- Agro-processing.
- International financial services.

At the February 2008 CDB workshop, the SVG representatives said that the following three sectors would be priorities in the Vision 2020 plan:

- Education
- Niche tourism
- Agriculture

A lack of focus has been a continuing issue in SVG, based upon the experience of the author in that country. There is a tendency to pursue whatever is ‘flavour of the month’ and this is often influenced by donor funding agency focuses at any particular time. As a result there appears to be a ‘flip flop’ type of approach to sector priority setting in SVG.

North Caicos Island 10 Year Socio-Economic Development Plan

This report completed in 2008 provides an excellent overview of the direction the island could aspire to up to the year 2017 (¹⁷). Two specific sectors were identified as offering potential for socio-economic development, particularly for the ‘Belongers’ (local born people):

- Agriculture
- Tourism

A more detailed view of specific opportunities within these two sectors was presented.

‘Top Down’ Priority Sector Initiatives – Investment Promotion

Following are priority sectors listed on investment promotion agency sites in other Caribbean countries

St Kitts Priority Sectors for Investment

The St Kitts Investment and Promotion Agency lists four priority sectors on its website:

- Tourism
- Financial services
- ICT (Information services)
- Agriculture

¹⁷ http://www.depstc.org/ndp/ndp_downloads/NDP_draft_reports/NSEDF%20-%20North%20Caicos%20Socioeconomic%20Development%20Plan.pdf

Grenada Priority Sectors for Investment

Four major sectors are listed (¹⁸) by the national Grenada Industrial Development Corporation but include a wide range of sub-sectors within each as shown in Table 1.

Table 1: Priority sectors for investment in Grenada

SERVICES	MANUFACTURING
<u>Information Communication Technology</u> • Data processing • Software development • Telephone and direct mail sales <u>Offshore Financial Services</u> • International Business Company • Offshore Banking and Trust Fund • International Insurance <u>Health Services Facility</u> • Retirement homes • Health & fitness centers • Laboratories & diagnostic centers <u>Education & Training Facilities</u> • Technical & Vocational training facilities <u>Recreational, Entertainment, Cultural and Sporting Facilities</u> • Indoor & outdoor sporting facilities • Water sporting facilities • Other Services • Laundry & Dry Cleaning Facilities • Machine Shops • Public Transportation, Tour & Taxi TOURISM • Hotels, Villas, Condominiums/time share property, Restaurants, Marinas, Attractions AGRICULTURE • Traditional Crops - Cocoa, Nutmeg, Banana • Organic Farming • Spice & Herb Farming • Fish Farming • Horticulture • Aqua-culture • Mari-culture • Hydroponics • Animal Husbandry	<u>Light Manufacturing</u> • Electronic components • Pharmaceuticals • Grain mill (Flour) • Bottled water • Animal feed • Beverages • Tobacco • Leather products • Furniture • Paint • Garments <u>Agro-processing</u> • Fruit & Vegetable juices • Jams, marmalades or jellies • Cocoa products • Honey and honey products • Rum, wines and liquor • Beer, malt, stout • Flour, animal feeds, rice, bakery, products, pasta • Chilled, frozen or processed fish/shrimps • Poultry products • Production of Essential oil <u>Handicraft</u> • Hand painted textiles • Jewelry • Musical Instruments • Toys & Games • Mementos • Artifacts <u>Film, Video and Sound Production</u> • Feature film • Commercials • Tele films • Music video • TV Specials

Basically they cover a wide range of areas and don't have a specific national development priority focus. There is also no national vision or growth and innovation strategy and framework in place. They represent more a list of areas where investors might receive incentives to develop a business. From discussions with numerous stakeholders in Grenada, there appears to be a lack of direction in this country and limited interest in private sector development at government level.

¹⁸ <http://www.grenadaworld.com/InvestorsGuide/IncentivesforInvestment/tabid/111/Default.aspx>

Belize Priority Sectors

Three priority sectors are listed on the Beltrade site ⁽¹⁹⁾ in Belize:

- Export services
- Food processing
- Tourism

Guyana Priority Sectors

The state run 'GoInvest website ⁽²⁰⁾ lists seven priority sectors - namely:

- Agriculture and agro-processing
- Seafood and aquaculture
- Forest products
- IT enabled services
- Light manufacturing
- Mining
- Tourism

Antigua & Barbuda Priority Sectors

The Antigua & Barbuda Investment Authority (ABIA) lists three priority sectors:

- Tourism
- Financial Services
- Medical Transcription

The Bahamas

Only one older reference to financial services being a priority sector was found in an Internet search ⁽²¹⁾.

Other CARIFORUM countries

No specific references to priority sectors were found for Haiti, the Dominica Republic, Suriname and Dominica during an Internet search.

'Bottom Up' Priority Sector Initiatives

This section refers to a number of projects that have been carried out in conjunction with several different agencies in various Caribbean countries over the past 3 years. These are the sector 'best bets' projects that are built around using a process developed by NEXT specifically for the region.

¹⁹ http://www.belizeinvest.org.bz/about_us.html

²⁰ http://www.goinvest.gov.gy/investment_guide.html

²¹ <http://www.bfsb-bahamas.com/news.php?cmd=view&id=836&pre=y>

The process has three steps:

1. A sector global foresight research study to identify the key trends shaping a sector, the development of national and sector scenarios, and the identification of specific high growth niche opportunities that are opening up as a result of those trends.
2. A national (or regional) sector capability and enabler assessment and inventory study which involves interviewing a range of key stakeholders to gather their views of 'what we have' to work with from a range of perspectives including human resources, natural resources, R&D facilities, support agencies, infrastructure, policies, logistics, key stakeholders, etc.
3. A sector 'best bets' development process that brings together groups of progressive people from the private sector, public sector, NGOs, and the R&D sector and asks them to identify a number of 'Best Bet Investment Opportunities' through a group based consensus building process using the template shown in the Appendix. In some projects the groups also played a role in identifying which sectors should be a national (or regional) priority for the 'best bets' process. After a ranking exercise the top 3 sector 'Best Bet Investment Opportunity' concepts are then developed into comprehensive investment opportunity cases which include 5 year implementation roadmaps and 10 year financial scenarios.

This process has proven to be a valuable way of stimulating new business developments because the investment cases have a high level of buy-in from participating stakeholders and often are the result of the greater development of an idea that already existed in one of the participant's minds.

Essentially, this is an innovative way of determining priority sectors because the participants identify those areas internationally which offer the greatest potential opportunities to establish a successful business in the Caribbean region, where many constraints exist, by using the capabilities and enablers (strengths) available locally to ensure there is the greatest chance of achieving a successful commercial outcome.

T&T Sector Best Bets Projects

Five sector 'Best Bets' projects were completed in 2006 by NEXT in association with the National Institute for Higher Education, Research, Science and Technology (NIHERST). The reason NEXT was asked to do these projects was because implementation of the Vision 2020 was becoming a real issue because of the huge 'wish-list' that had been compiled during the project consultation, development, and finalisation processes. The aim of these projects was to identify 3 'best bet' investment opportunities in each of the 5 sector so that a focus on implementation and commercial outcomes would result.

The five sectors allocated to NEXT were:

- Food & beverage
- Niche manufacturing
- Biotechnology
- Tourism
- Creative

All the sector reports are available at links on the NIHERST website (²²).

T&T Advanced Sector Best Bets Projects

During 2008 NEXT was contracted to complete three more 'Best Bets' projects because of the successful outcomes achieved by the first set of five projects. Two of these projects focused on more specific niche areas within two of the sectors completed in 2006 – namely:

- Advanced fashion
- Advanced biotechnology (with a strong emphasis on extracting greater value from indigenous resources).

The third was:

- Renewable energy.

The reports for these sectors can also be found on the NIHERST website at this link (²³).

Barbados Sector Best Bets Projects

This was a two part project funded by the National Council of Science and Technology (NCST) in Barbados which firstly involved a national foresight workshop in 2007 where a range of public and private sector stakeholders firstly developed national scenarios and then picked out a number of priority sectors for Barbados that related to those scenarios. These were agreed upon through a consensus based process (²⁴). The top four priority sectors selected by the participants were:

- ICT
- Health and wellness
- Culture and creative
- Agriculture

Of particular interest was the fact services and tourism were not picked by this group as being in the top 4. Their priority sectors differed significantly to those selected in 'The National Strategic Plan of Barbados 2006-2025', which was developed largely by staff working in the then Ministry of Economic Development in conjunction with strategists and analysts from other Ministries.

The second part of the project was to undertake full sector 'Best Bet' projects for the ICT, Health & Wellness, and Agricultural sectors. These commenced in the latter half of 2008 and were concluded in March 2009. The three reports were delivered to the NCST at the end of March, 2009 but have not yet been released into the public domain.

²² <http://www.niherst.gov.tt/s-and-t/projects/foresighting/index.htm>

²³ <http://www.niherst.gov.tt/s-and-t/projects/foresighting/vision-2020-oriented-businesses.htm>

²⁴ The Barbados Foresight Project. Outcomes Report: Foresight Workshop June 13-14, NEXT, June 2007.

St. Vincent & the Grenadines Sector Foresight Best Bets Project

This involved running a three day sector foresight workshop funded by the Government of SVG with EU assistance that took place when the country launched its Private Sector Development Program in February, 2007. Participants at the workshop came from both the public and private sectors and chose six priority sectors within which to identify sector 'Best Bet' investment opportunities ⁽²⁵⁾ – namely:

- Tourism
- Agriculture
- Agro-processing
- Creative
- ICT
- Manufacturing

Within these sectors some 15 niche areas were identified and 10 received 4 or 5 star ratings (5 stars meant an excellent opportunity for SVG) by the participants in terms of whether they were practical to implement in the country and could contribute significantly to national economic development.

The OECS Sector Best Bets Project

This was a multi-stage project funded jointly by the OAS and the Caribbean Council of Science & Technology (CCST) that took place during 2007 – 2009 and involved the four OECS countries of Grenada, Dominica, St. Lucia, and St. Vincent and the Grenadines. The approach adopted was similar to the Barbados project and resulted in three sectors being identified as a common priority – namely:

- Tourism ⁽²⁶⁾
- Creative ⁽²⁷⁾
- Agriculture ⁽²⁸⁾

A particular feature of this project was to do detailed capability and enabler assessments in the three countries using a novel approach developed by the author which involved interviewing key proactive stakeholders rather than using the more traditional institutional stakeholder channels. This provided a quite different perspective to what has traditionally been the case in the Caribbean. After the reports were completed, national roadmapping exercises were completed for each of the sector 'Best Bet' to enhance their chances of commercialisation.

²⁵ The SVG Foresight Project. Outcomes Report: Foresight Best Bets Workshop Feb 26 – 28 – SVG. Ian Ivey, NEXT, February 2008.

²⁶ S&T Foresighting and Innovation Roadmapping for the Caribbean. Final Report – Tourism, Ian Ivey and Rudi Daniel, NEXT, March 27, 2008

²⁷ S&T Foresighting and Innovation Roadmapping for the Caribbean. Final Report – Creative, Dr Michele Reis, NEXT, March 27, 2008

²⁸ S&T Foresighting and Innovation Roadmapping for the Caribbean. Final Report – Agriculture, Ian Ivey, NEXT, March 27, 2008

Caribbean Entrepreneurship Workshops

These were funded jointly by the OAS and CCST and held in 10 Caribbean countries during late 2008 and early 2009 – namely:

- Jamaica
- Guyana
- St. Kitts & Nevis
- The Bahamas
- Antigua & Barbuda
- Dominica
- St. Lucia
- Barbados
- St. Vincent & the Grenadines
- Grenada

At the workshops, the participants were asked to develop entrepreneurial business opportunities in groups and identify the sector to which they related (²⁹) using a different version of the ‘Best Bets’ template that was specifically designed for this purpose (see the Appendix). A summary of the sectors that featured in association with the new business concepts developed at the national workshops is provided in the Excel database file submitted along with this report.

The reason the sectors related to the participants’ entrepreneurial business concepts have been included is that they provide a ‘bottom up’ perspective of which sectors are a priority from the participants’ perspectives in a free thinking unconstrained situation.

Entrepreneur Related Sectors

The sectors associated with each of the 80+ successful and emerging entrepreneurs in 11 Caribbean countries interviewed by NEXT consultants over the 2007 – 2009 timeframe are also summarised in the Excel database file referred to above to illustrate the frequency of sector association amongst this group.

As for the previous example, the reason these have been included is that they provide a ‘bottom up’ view of which sectors are a priority from their own perspective – an important consideration when one takes into account these are the sectors in which they are investing time, money and resources to achieve commercial and personal success.

²⁹ Caribbean Entrepreneurship & Innovation. Entrepreneur Training Sessions: Outcomes Report. Ian Ivey, NEXT, February 2009

Priority Sector Analysis

The top priority sectors

The author has done a simple analysis of the different sources of priority sector identification in the associated Excel file referred to previously. This is a very approximate analysis and is not particularly scientific. However, it does illustrate a difference in views with regard to priority sectors between the 'top down' groups versus the 'bottom up' groups. The results are shown in Table 1.

Table 2: The Top 5 Priority Sectors From a 'Top Down' vs. 'Bottom Up' Perspective (numbers in brackets represent this category as % of all recorded priority sector categories)

Ranking*	'Top Down' Priority Sectors	'Bottom Up' Priority Sectors
1	Agriculture (11%)	Food & Beverage (11%)
2	Tourism (11%)	ICT (9%)
3	ICT (9%)	Agriculture (8%)
4	Financial Services (8%)	Fashion (8%)
5=	Agro-processing (6%)	Health & Wellness (7%)
5=		Creative (7%)

* The top 5 selected from the Caribbean Priority Sector Analysis Excel database were the five highest for each perspective out of a total of 45 different sectors identified by different sources.

What Table 2 indicates is that entrepreneurial individuals and groups in the 'bottom up' category appear to have a significantly different view of where they see opportunities compared to those who are involved in the 'top down' category. The 'top down' category stakeholder groups tend to be dominated by political and public sector stakeholders and agencies.

Only two priority sectors are common to both categories – agriculture and ICT – although there is a degree of possible overlap between the agro-processing and food and beverage sectors depending upon definitions used. The bottom up group has a stronger focus on personal consumer needs in areas such as fashion, the creative sector and health and wellness.

This perhaps illustrates a possible disconnect that is hindering economic development in the Caribbean. The 'top down' categories are predominated by a commodity approach and commodity thinking with little thought about where value can be created by connecting with strong consumer 'want areas' as opposed to 'need areas'. There is a much higher value proposition attached to 'wants' compared to 'needs'. The 'bottom up' category stakeholders appear to have a strong connection with consumer 'wants' rather than 'needs' and this is reflected in the categories that predominate.

A more detailed view of the areas entrepreneurs are focusing on is provided in the 'Entrepreneur' Excel database that is a separate deliverable in this project.

Potential Future Value Creation in Selected Priority Sectors

The project brief requires the author to undertake an analysis of the priority sectors and products to assess how relevant they might be in terms of economic benefit generation.

The author has been involved in priority sector development projects in New Zealand, in particular with the ICT and Biotechnology Sectors. In both cases sector task forces were set up and they developed strategies complete with clear empirical goals of what each sector felt they could achieve in a ten year time frame. In the case of the ICT sector it was NZD 1 billion (about USD 650 million) of new business within 10 years in specific niches ⁽³⁰⁾. In the case of biotechnology it was NZD 650 million (about USD 420 million). Similar empirical targets were set for various creative sector sub-sectors such as film and video, music, and design. Copies of all these reports are available through the New Zealand Trade and Enterprise online portal ⁽³¹⁾.

In the almost four years that the author has been working in the Caribbean, he has not seen a single priority sector report that attempts to identify any specific economic value creation opportunities associated with each sector. There have been numerous sector reports developed by overseas consulting groups such as OTF from Canada and EME out of the UK ⁽³²⁾. But these reports only described big picture international niche market trends and did not identify specific target based sector value creation opportunities for the countries to aspire to and this has not been a part of the sector processes run by institutions such as e-TeCK in T&T. As a result little progress is being achieved as there is nothing to aspire to.

The author was asked to develop a framework for the Fashion Sector in Trinidad & Tobago in 2007 as the basis of developing a sector strategy in association with the Ministry of Trade and Industry and a group of key stakeholders. An overview of the format for a target based strategy is shown in Figure 3.

However, there seems to be a real reluctance by all parties involved to actually commit to any specific targets. The author has been involved with all the main ‘top down’ priority sector projects that have been running in the region and identified earlier in this report. Not one of these projects has produced any reports that estimate the potential values that could be realised in specific niches. There has been some work done on identifying specific sector niches but by far the majority has been low key and has not been developed upon a basis that has any real value in terms of creating economic and social progress. A number of people, local and international, have commented that there is an aversion to setting targets in the Caribbean region as it means that someone has to take responsibility to actually achieve them and few seem to be willing to do that.

³⁰ ICT Sector Strategy Report, NZ ICT Sector Taskforce, 2003.

³¹ NZTE portal <http://www.nzte.govt.nz/>

³² In both cases the author has received a number of documents from the project leaders related to this theme – Eva Wong and Neal Donahue of the OTF group and Sunil Sinha of the EME group that are not available for public access. They relate to global studies of the ICT, Health and Wellness, Educational, and other sectors in T&T.

Figure 3: Proposed framework and targets for the T&T Fashion Sector ⁽³³⁾



Dr Gem Fletcher at the CARICOM Secretariat has done some interesting work in the tourism and agricultural sectors that was presented to the CSME group several years ago. However, it had no potential value generation assessments associated with it. There are several sector task force groups operating in Jamaica (see references to these in the ‘Caribbean Sector Cluster Research Report’ compiled as part of this project). However, these are all very much ‘works in progress’ and have a long way to go before they are in a position to provide an empirical goal-based strategic approach for the sectors.

There may well be a few reports in the region that have made some empirical assessments of potential sector niche value generation opportunities but, in spite of extensive involvement in this area, the author is not aware of any such reports at this time and resource limitations have precluded the pursuit of such reports and documents.

The only work that has attempted to provide some sort of estimate of potential value creation in specific niches within specific priority sectors are the ‘Best Bets’ projects that NEXT has designed and managed over the past 4 years in various countries in conjunction with NIHERST in T&T, the NCST in Barbados, and the OAS and CCST in the OECS countries. The approach to these projects has been described previously in the ‘Bottom Up’ section of this report and the associated sources are referred to. The outcome has been the identification of some specific product and service niches within the sectors examined and the value that could potentially be realised over a 10 year timeframe in such niches, provided certain limitations could be addressed.

³³ NEXT Archives

A summary of the estimated value creation potential for those projects in countries where full ‘Best Bet’ business investment opportunity cases were completed is shown in Table 3.

Table 3: An overview of the potential value creation from niche product/service areas derived from the sector ‘Best bets’ projects

Country	Sector	Niche Opportunity	10 Yr Value (USD)*
T&T (2006)	Creative	Caribbean Music Portal – electronic downloads	\$ 203,000,000
		Carnival in a Box – international Carnival management	\$ 4,580,000
		Twin Island Fashion Cluster	\$ 3,950,000
		The Pan Tree – steel pan innovation clusters	\$ 72,800,000
T&T (2006)	Food & Beverage	Cacao – Brown Gold – a business to extract more value	\$ 22,200,000
		Trini-Flava – specialist ethnic and cultural foods and franchise	\$ 150,500,000
		Red Hot Peppers – Soca Fire – unique derivatives of peppers	\$ 40,400,000
T&T (2006)	Niche Manufacturing	Trinidad Marine Services ‘One Stop Shop’ Portal	\$ 3,600,000
		Caribbean Wellness Spa Franchise and Products	\$ 42,100,000
		Creative Electronic Solutions Portal – Electronic engineering	\$ 207,100,000
T&T (2006)	Biotechnology	Cocoa – Brown Gold – business built around novel bioactives	\$ 5,200,000
		Novel Tropical Flowers and Seeds – PVR royalty generation	\$62,600,000
		Bio-Solutions – for environmental improvement	\$118,240,000
T&T (2006)	Tourism	Small Country – Big passion – immersion tourism	\$ 200,000,000
		Sports Capital of the Caribbean – sports tourism	\$ 400,000,000
		Eco and Immersion Tourism	\$ 400,000,000
T&T (2008)	Fashion	‘e-Suiting’ – an electronic design and manufacture business	\$ 25,000,000
		POS International Fashion Centre (including online)	\$ 23,550,000
		Caribbean Design Portal – matching designers with clients	\$ 29,000,000
		Toco Transitions – smart high tech clothing	\$ 287,500,000
T&T (2008)	Advanced Biotech.	SuperCane Inc – extracting high value from sugar cane	\$ 52,390,000
		Customised Bio-indicators – for safety and forensics	\$ 61,040,000
		Value Miners Inc – creating value from ‘X-factors’	\$ 28,920,000
T&T (2009)	Renewable Energy	Energise – a high tech energy efficiency company	\$ 30,000,000
		SolarTech – a business focusing on TFPV systems	\$ 24,700,000
		SunCool – solar powered air-conditioning	\$53,040,000
Barbados (2009)	Health & Wellness	The Green Spa – an environmentally friendly spa	\$ 23,200,000
		Lifestyle solutions – to reduce US health insurance costs	\$ 25,200,000
		BoBeSo – a health and wellness cluster of businesses	\$ 30,000,000
Barbados (2009)	Agriculture	Island Supreme – turning Sea Island Cotton into a real business	\$29,020,000
		Bajan Sea Eggs – farming a delicacy and extracting value	\$ 26,480,000
		MaxiCane – creating a totally different sugar sector	\$ 125,500,000
Barbados (2009)	ICT	Bimshire – Virtual Barbados – like a 2 nd Life	\$ 340,000,000
		Best of Barbados – an international high end e-tailer	\$ 75,000,000
		Smart Energy – ICT ‘smart’ management systems/solutions	\$ 75,850,000
OECS (2008)	Creative	Garifuna Ware (SVG) – clothing and accessories	\$ 52,500,000
		Massav Market (St Lucia) – high end cultural products	\$ 13,723,000
		Green Lens Productions(Dom) – an eco themed business	\$ 10,000,000
OECS (2008)	Agriculture	Breadfruit Pasta (SVG) – healthy pasta	\$9,000,000
		Nutmegificent (Gren) – value adding for nutmeg	\$ 66,000,000
		Life-Line (St. Lucia) – clinically proven natural health products	\$ 36,000,000
OECS (2008)	Tourism	Bwa Bande – natural Viagra from bois bande	\$ 80,400,000
		Together as One (SVG) – an integrated tourism experience	\$ 136,000,000
		Get Real With the DREAM (Dom) – alternative tourism	\$ 240,000,000
		Gros Islet Experience (St. Lucia) – taking it international	\$ 302,000,000

The data in Table 3 is the type of data that one would expect to see in any priority sector strategic planning approach but which does not appear to be happening in the CARIFORUM countries to any extent – if at all. All the above data has been generated through a joint consultative process that has involved key sector players in the process of identifying the opportunity areas and estimating the

potential value that could be generated provided that certain 'what we need' areas are addressed. These relate to factors such as funding, capabilities, the availability of electronic transaction processing systems, building alliances and networks, and investing in a certain amount of R&D in many cases.

To the author's knowledge these 'Best Bets' projects are the only ones in the region that have used a foresighting approach to identify and quantify specific potential priority sector niche value creation opportunities using a properly designed and facilitated stakeholder engagement process.

Final Comment

In the view of the author the approach to priority sector setting in the Caribbean has been based on poor (or no) vision development, a lack of foresight, a 'top down' process, and carried out without a contextual framework within which key stakeholder alignment and goal oriented implementation can take place. Too much of the priority setting appears to have been done by the public sector and associated agencies (national and regional) and reflects a significant disconnect from what entrepreneurial business people in the private sector are focusing on in the 'real world'. In reality the majority of the priority sectors chosen tends to reflect the status quo and the influence of politically powerful traditional vested interests rather than the best opportunity areas going forward.

Even when a specific group of priority sectors appears to have been agreed to by the relevant stakeholder groups, after a short while additional sectors seem to be added on a whim. The whole purpose of the exercise is then lost as the focus and resource allocation becomes so diluted that nothing of any substance happens.

As noted earlier in this report, an excellent example of how the regional sector priority setting approach is not working is reflected by the number of Caribbean countries that have chosen 'Financial Services' as a priority sector in their 'top down' approach. It makes the whole process nonsensical from both a national and a regional perspective because, quite clearly, it will be impossible for eight individual Caribbean countries to successfully develop a strong financial services sector. Indeed, some of the more established ones, such as in Barbados, are already under threat because of possible changes in tax laws in countries which provide a great deal of business e.g. Canada. Antigua's financial services sector has also received some major setbacks in recent times with changes in the US law regarding online gambling and the indictment of Sir Allen Stanford for running a possible 'ponzi' scheme. There is also competition from well established financial services sectors in countries such as the Cayman Islands and Bermuda.

Without strong national (and regional) vision setting, the proper identification of the capabilities and enablers available in the region and each country (their strengths), matching these to international niche growth opportunities identified using foresighting processes in association with smart entrepreneurial people living in the Caribbean countries, and using a growth and innovation system to support target based private sector development, the current sector priority setting exercises in the region are unlikely to create much in the way of positive economic outcomes. They are certainly not using the successful approach that small countries such as Botswana and Singapore have used to great effect to benefit their citizens economically and socially.

Because of the complex nature of the Caribbean situation, it may be more useful to target support towards specific niche areas that are evolving nationally (and perhaps regionally if appropriate) that true entrepreneurs are already identifying as being those that offer the best future outcomes. This is the approach that New Zealand has moved to after achieving limited success with the broader priority sector approach. The broader 'top down' approach is unlikely to yield much in the way of benefits to the citizens of the Caribbean region.

Accompanying Documents

- An Excel database file titled 'Caribbean Priority Sector Analysis' that provides a matrix analysis of the various sector sources.
- An Excel database titled 'Entrepreneur Database' file detailing the sectors and product/service focuses on over 80 Caribbean entrepreneurs.

Appendix: The Best Bets Process Template

A simple overview of the NEXT designed 'Best Bets' opportunity development template that has been used to identify specific potential investment opportunities in the Caribbean region is shown in Figure 3.

Figure 3: The NEXT 'Best Bets' development template

The 'Best Bet' process

The Best Bet Title	What's your 'brand'?
The Customer Offer	What is the product/service you are offering to customers?
The Foresight Context	What global trends ensure future growth for your offer?
Target Markets	Who are you selling to and where?
What We Have	What do we have now that would help us?
What We Need •From the private sector •From the public sector •From R&D sector	What would we need from these 3 sectors to maximise the value we could extract from our best bet?
The Value Chain	What are the key links between the supplier and buyer?
Key Players	Who do we know on and offshore who could add value?
Implementation Roadmap	Who does what by when?
Financial Summary	Estimated revenue in 2010, 2014, and 2018



A simple overview of the entrepreneurship workshop 'Business Building' template is shown in Figure 4.

Figure 4: The NEXT 'Business Building' template developed for the 10 national Caribbean Entrepreneurship Training Workshops

Building An Entrepreneurial Business – Your Task

SECTOR	
Your high value niche business	Describe what it is
Your customer offer	Why would they want your offer?
Your competitive advantage	What gives you an advantage over competitors
How to fund	The bank won't help
How to market	The best channel(s)
Who to work with	Because you can't do it alone
Your 'Plan B'	If it doesn't work out

