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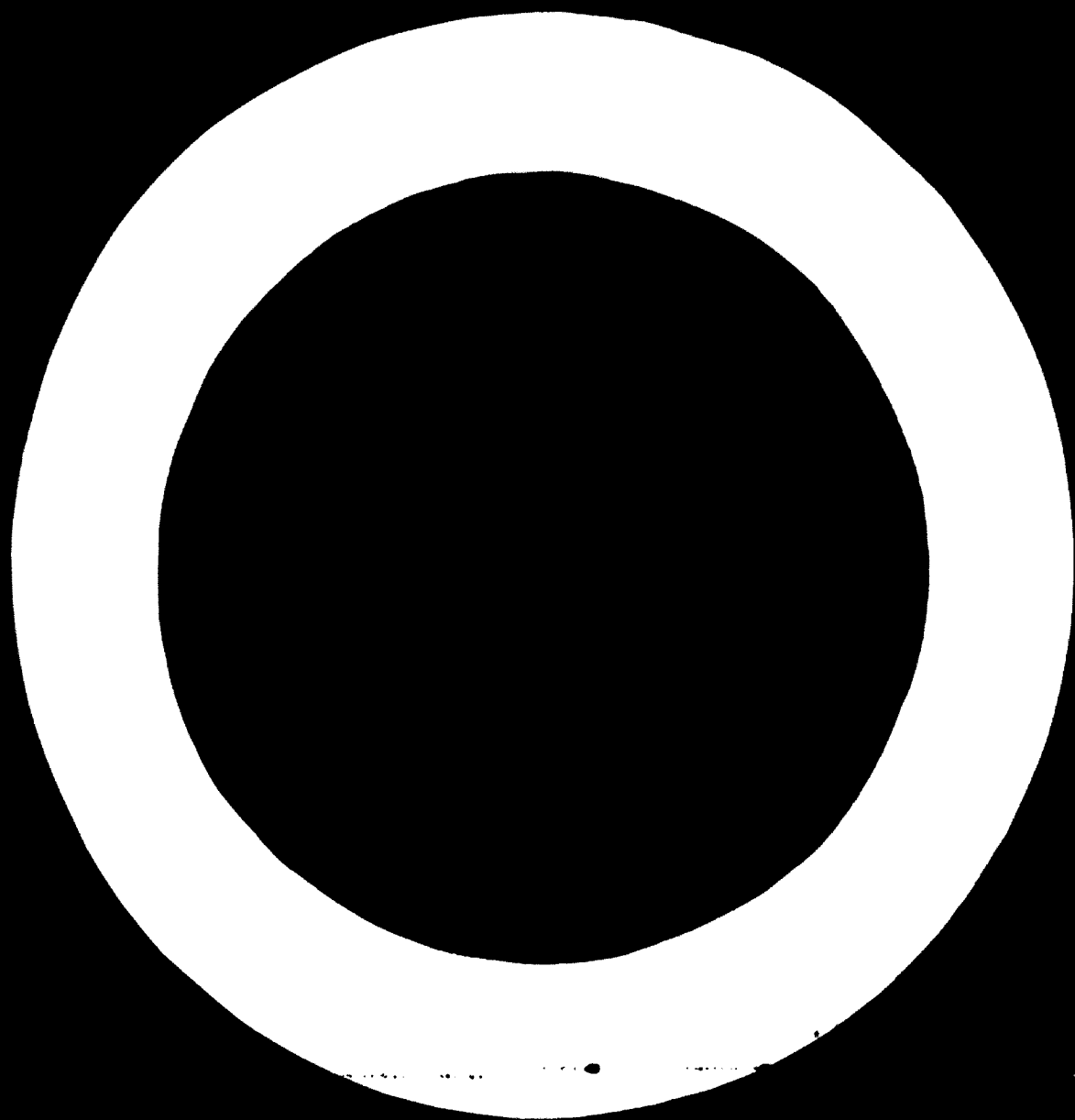


UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

**REPORT OF THE SEMINAR
ON
FINANCIAL ASSISTANCE
AND
EXTENSION SERVICES
FOR THE PROMOTION
OF
SMALL-SCALE INDUSTRIES
IN THE
CARIBBEAN AREA,**

**Bridgetown, Barbados,
3-8 December 1973.**

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EXPLANATORY NOTES

CARICOM	Caribbean Community Secretariat
CARIPI	Caribbean Industrial Research Institute
CDB	Caribbean Development Bank
ECOCM	East Caribbean Common Market
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ILO	International Labour Organisation
UNDP	United Nations Development Programme

INTRODUCTION

The Seminar on Financial Assistance and Extension Services for the Promotion of Small-scale Industries in the Caribbean area, organized by the United Nations Industrial Development Organisation (UNIDO), was held at Bridgetown, Barbados, from 3 to 8 December 1973.

Dr. J. G. Allen

The purpose of the Seminar was to provide information on forms of financial assistance for small-industry development and the establishment and operation of extension services for this sector to public officials from the English-speaking countries of the Caribbean. The participants included officials in charge of small-industry development, representatives of financial institutions and industrial extension services. The Seminar also served to acquaint these officials with the role that these measures of special assistance could play in the promotion of small-scale industries in the Caribbean islands and territories.

I. ORGANIZATION OF THE SEMINAR

The Seminar was opened by the Minister of Trade and Industry of Barbados, Senator Brandford Taitt. It was attended by 24 participants from 12 countries and territories in the Caribbean area; representatives of Caribbean regional organizations; and representatives of UNIDO, ILO and IBRD. The Seminar elected Harcourt Williams, Senior Assistant Secretary of the Ministry of Trade and Industry, Barbados, as Chairman of the Seminar. Michael Georges of the Industrial Development Corporation of Trinidad and Tobago was elected as Vice-Chairman.

II. DEFINITION OF SMALL-SCALE INDUSTRY

The first item to be discussed dealt with the contribution of small-scale industry to the development of the Caribbean countries. Speakers endeavoured to define what constituted small-scale industry in these countries. One participant explained that in his institution, in Barbados, small-scale industry was defined as enterprises having fewer than 25 workers employed with a total sales of East Caribbean dollars 250,000 and equity capital not exceeding \$EC 50,000. Other definitions used in the area were mentioned by other participants, including that used by the Caribbean Development Bank (CDB), which defines a small business qualifying for assistance under the loan fund as an enterprise with a net worth of up to \$EC 100,000. In general it was agreed that both the criteria of number employed and capital invested should be used rather than either of these alone.

Views were expressed that there were many difficulties in applying too rigid a definition of small-scale industry and that this was undesirable. It was pointed out that the territories of the area were very small and that practically all industries with very few exceptions could be classified as

small-scale, although some islands that were more developed industrially such as Jamaica and Trinidad might use more clearly defined limits for certain types of help. One participant stressed that in view of their difficult employment problems and very low level of industrialisation, most countries and territories of the region could not afford to ignore even the smallest of industrial enterprises, including those that hardly differed from artisan activities. Assistance should be given even to these enterprises, which often lent themselves to transformation into industries. The aim of the countries of the region should be to try to increase employment with limited capital investment and to bring the local communities into direct involvement in the economy. Any industry that reasonably satisfied these aims should benefit from the sort of help that might in more developed regions be given only to those rigidly defined as small-scale industries.

Some of the participants doubted the wisdom of seeking a rigid definition based only on size but proposed rather that the distinction as to what was a small enterprise should be based on the type of ownership and management. If the plant or factory was run by one owner/manager who operated the enterprise himself, it could and should be classified as a small enterprise even if the numbers employed might be higher than those fixed by a rigid definition. An example was given of a garment factory, of which there were several in the Caribbean countries, where, because of the nature of the manufacturing operations, over 100 persons might be employed but the fixed assets could be less than \$US 10,000. If the firm was in the hands of a single owner/manager it could be classified as a small enterprise.

The consensus at the Seminar seemed to be that some form of definition was needed to determine the eligibility of a firm to certain types of assistance, particularly financial, but in some cases also technical assistance, if this was being given free or on very generous conditions. The definition might differ depending on the degree of economic development of a country, its size, the resources available and in some cases might involve a different upper limit for eligibility for different types of assistance. Whatever the actual definition was at any time, the Seminar agreed that it should be interpreted flexibly to ensure that those who needed help would receive it; the definition should be reviewed periodically to make sure that changes were introduced when the situation altered.

III. TYPES OF SMALL-SCALE INDUSTRY

As regards the types of small-scale industry that existed or could be expected to develop in the Caribbean area, most participants thought that the first aim should be to promote local enterprises, i.e. those set up by entrepreneurs of the countries or territories. That would be in keeping with the social value attached to small-scale industry, the growth of which, it was felt, would spread the benefits of industrial development.

However, although the promotion of local entrepreneurship was the primary aim in the development of small-scale industry in the area, the Seminar recognized that the needs were such that it would be inappropriate to discourage the development of small enterprises by foreigners acting alone or through forms of partnerships with local entrepreneurs. The prevailing view appeared to be that partnerships ensuring involvement of local entrepreneurs in small enterprises were much more desirable than the creation of manufacturing operations entirely by foreigners.

A discussion then followed on the types of small-scale industry that could be expected to develop in the countries and territories of the Caribbean area. Several participants explained that most islands and countries tried to start industrialization by encouraging and stimulating the growth of small-scale import-substitution industries. The policy of Governments was in general to give full protection to such industries. One participant stated that owing to the size of the population of his country and the desire to give the maximum encouragement to entrepreneurs to begin manufacturing on a small scale, such entrepreneurs were promised that for a specified number of years no other small enterprises would be allowed to begin manufacturing the same item. Other participants felt that this was too drastic a step and contained many risks. Over-protection of this type might lead to an abuse in prices and quality standards and to inefficiency. The participants agreed that some competition between the products of different small industries was desirable; and if it could not be achieved within the limits of a small island economy, competition on a regional or subregional basis might be necessary. Undoubtedly regional groupings such as the East Caribbean Common Market (ECCM) and the Caribbean Community Secretariat (CARICOM) would help in creating regional markets in due course.

The participants also discussed the types of industries that could be developed in the Caribbean countries apart from those based purely on import substitution. Most participants felt that most possibilities lay in the utilisation of local resources; for example, the processing of agricultural materials or marine products or in a few cases local materials such as clays or construction materials.

It was agreed that to develop further agro-based small industries, improved methods might have to be introduced in the agriculture of some of the islands. Otherwise, inputs of the proper quality or quantity for agro-industries would be lacking. According to recent surveys of the economies of the area,^{1/} future small industries could probably be developed based on construction activities (concrete blocks, tiles, pipes and accessories etc.) on tourism (souvenir industries, entertainment items, processed food items etc.) and on marine-based activities (fishing, seafood, boat building etc.) apart from the agro-based items and import-substitution consumer goods already mentioned. The limitations of the small market even in the larger islands, but more so in the smaller territories, were stressed several times. Some participants pointed out that more account should be taken of the public institutional market. Small enterprises could provide goods and services for public institutions in the area, e.g. schools, hospitals, police force, government offices. Unfortunately, in many developing countries in the past such public institutions had used imported goods. It should be government policy as much as possible to direct purchases by local institutions towards goods produced by local entrepreneurs, preferably small enterprises.

As regards exports, most participants thought that ultimately some small industries would have to enter the export market whether by selling in the Caribbean community or outside it. However, in the first stages, most small industries would have to rely on the local market until they developed their operations to the required standards and could compete in export markets.

Some participants thought that in the small islands the types of industries to be set up should be very modest, those providing amenities and services for the inhabitants, e.g. bakeries, printing shops, repair shops and

^{1/} See Economist Intelligence Unit, Eastern Caribbean and British Honduras Industrial Survey (London, 1972).

service centres, small furniture factories and laundries. In this respect the small-industry sector would also fulfil an important social role.

Some participants reported that their countries had managed to obtain subcontracting work from larger enterprises inside or outside the region. There were few large industries within the Caribbean area that could provide subcontracting work to smaller ancillary industries, and most of this type of work would have to come from outside. However, it was felt that the area had potentially skilled manpower that could be utilized for the development of subcontracting by producing parts and components for assembly in machines or appliances manufactured by larger enterprises.

Some promotion work would be needed to develop such subcontracting relationships. Raising levels of skill and keeping down labour costs would be important.

In the following session a broad discussion took place on handicrafts and the possibility of transforming some of these activities into modern small enterprises. It was recognized that this sector of the economy was important, although some participants thought that it had been neglected and that many of the handicrafts sold to tourists in the Caribbean were actually produced outside the region. There were also doubts whether the craftsmen were prepared to undergo the psychological and sociological transformation needed to change their activities into manufacturing enterprises.

Some participants doubted whether a major distinction should be made between handicrafts and small industry, since they often overlapped, but the prevailing view was that a distinction should be made. Craftsmen in the islands carried out the entire production of an item with the aid of only simple tools, while in a small industry a group of craftsmen integrated themselves into a manufacturing schedule, each performing only part of the operation, possibly also with the use of machinery. That meant that a change in way of life and outlook was needed if a craftsman was to work in a small industry. This change was sometimes resisted by the craftsmen, who preferred to maintain their independence even at a lower standard of living and sometimes even at the risk of impoverishment.

The consensus was that some craftsmen would be unable to make the change involved in the transformation to small industry and these should be assisted in improving their crafts, particularly in the purchasing of materials and

marketing of products. However, some craftsmen could and should undertake the change, and they should be given every assistance in doing so.

With reference to marketing, some difficulties arose when handicrafts were displayed in foreign exhibitions and orders received, the volume of which was far beyond the production capacity of the craftsmen to supply. The ability to produce in large quantities was an indispensable condition to venturing into the export market. The problem could perhaps be solved by grouping craftsmen together or by organizing the production on a small scale. One participant favoured holding local exhibitions through which direct contact between the producer and the buyer could be established in an attempt to solve these problems. This direct contact was felt to be essential in the upgrading of handicrafts.

Despite the difficulties, it was agreed that handicrafts could not be ignored as a source of entrepreneurship for small-scale industries in the Caribbean area. Special measures were needed to assist the craftsmen to become entrepreneurs, including financial, technical, managerial and marketing assistance and possibly the provision of suitable workshop space.

IV. SOURCE OF ENTREPRENEURSHIP

It was recognized that one of the most important problems the region faced in trying to develop small industry was to find entrepreneurs.

Most participants agreed that qualifications and skills, even if these scarce resources were available in the area, were not enough. A man needed drive and spirit to achieve results if he was to become an entrepreneur. These were rare qualities in developing countries such as those in the Caribbean area, where there had been no previous tradition of entrepreneurship among the local population.

Several participants felt that ways should be developed for identifying the entrepreneurial personality, but it was recognized that that was difficult. Often, entrepreneurs were men without a great deal of education. Some participants pointed out, however, that the entrepreneur most likely to succeed was a man who had the necessary drive and who had, at least, some technical skills and/or sufficient education to develop managerial skills. The innate drive and will to succeed were perhaps the most important factors.

Most participants reported that in their area the most general source of entrepreneurs was to be found among those who had previously been actively engaged in commerce, such as merchants, importers and retail storekeepers. They had at least some business experience, although they often lacked both knowledge of and experience in production.

The Caribbean area had already quite a number of university graduates, who had been trained both in its own higher institutions and in universities abroad. However, until now very few, if any, of these had started small industries of their own. Special measures might be necessary to encourage these graduates to start small enterprises.

The Seminar considered whether emigrants from the region who had spent some time in developed countries and had acquired skills there might not be a potential source of small-scale entrepreneurs, if they could be encouraged to return to the Caribbean countries. In countries where emigrants lived, more publicity and information should be put out on the opportunities for setting up small businesses in the Caribbean countries and help offered. One step would be to obtain more information on the emigrants and to prepare a register of skills available both in the Caribbean countries and among emigrants living abroad.

Some participants stated that they were already offering to pay return fares and resettlement costs for emigrants who were ready to come back and start small enterprises. It was recommended that more schemes of that nature should be developed and publicised through all the media available.

It was recognised that a major problem was the lack of technical skills, since, except in the larger Caribbean countries, there were few opportunities to work in larger enterprises and thus to acquire such skills. Training programmes were needed to raise the level of technical skills so as to provide a greater reservoir of persons who had at least the basic training required to start manufacturing.

One participant from a smaller island (Montserrat) referred again to a scheme whereby older retired businessmen from North America were encouraged to start small enterprises together with local entrepreneurs. In the course of several years they passed on their experience to their local colleagues, who were then able to continue on their own. The view was expressed that this pattern might be followed in other Caribbean countries.

The Seminar concluded that a more aggressive policy was needed to seek out potential entrepreneurs. It was vital to furnish adequate information on opportunities and help available. Viable projects need'd to be worked out and information about them distributed among suitable groups. Some participants indicated that there were already profiles of industries that had been prepared by development corporations in their countries that could be disseminated at meetings as well as through radio, television and newspaper.

V. INSTITUTIONS

It was recognized that special institutions were needed to carry out the work of promoting entrepreneurs and small-scale industries. Most of the Caribbean countries had already created such institutions in the form of development corporations or development finance companies. The larger Caribbean countries - Barbados, Guyana, Jamaica, and Trinidad and Tobago - had a variety of institutions to carry out different forms of assistance, such as industrial development corporations and management and productivity institutes, special units for financial assistance, others for project preparation and evaluation, and in Trinidad there was even a special unit with the industrial development corporation for industrial estate development and an extension and liaison service for small industries. In some cases development banks were playing the role of industry promotion agencies and as channels for finance even for small industries.

Some discussion took place as to whether separate units were needed for different types of assistance. It was agreed that in the smaller islands this arrangement would be too great a tax on resources, since qualified manpower was rare. One development institution would probably be sufficient for a small island and should be staffed with as competent persons as possible in keeping with the human and financial resources available. Some participants commented that even in the larger countries efforts should be made to cut down the number of institutions working in the same field or at least to ensure close co-operation between them.

As regards the staffing of these institutions, it was recognized that it would not always be possible to have persons who were not only qualified and skilled but also had had some experience in developing businesses. The

Seminar thought that the staff of development corporations and financing institutions should be given an opportunity to improve themselves by visiting other institutions carrying on similar types of work in other countries. Some training would also have to be given through outside advisers who would work with these institutions temporarily and impart their knowledge to the staff during their stay.

There was a consensus at the Seminar that the local development agencies, whether development corporations or development finance institutions, should work out clear programmes, policies and objectives that would include setting priorities for different economic sectors and preparing specific projects for promoting small-scale industries.

VI. TECHNICAL ASSISTANCE

It was recognized that if entrepreneurs setting up new small factories were to succeed, they would need technical assistance. Some countries of the region already had agencies that were able to give various forms of technical assistance to small plants. However, some of the islands and territories were too small to have their own technical assistance services, although it was recognized that even a small island could afford to have one person who would help new small industries in choosing equipment and overcoming some of the technical problems in production faced by industrial plants. It was accepted, however, that such assistance could not answer all the needs of the small territories, and the solution might lie in regional agencies able to provide such help. It was also suggested that international organizations could, through programmes of technical assistance, provide experts that other countries could use even if the individuals concerned were accredited only to one country in the region.

It was noted that the Economist Intelligence Unit in its survey of the possibilities for industries in the region and CDB had strongly recommended a regional organization for providing technical assistance to small enterprises. This view was endorsed by the Seminar.

Some participants felt that while some entrepreneurs asked and wanted technical assistance, others had to be persuaded to accept it. In this connexion, it was proposed that loan assistance, such as that given through

local development corporations, using CDB funds, might be made conditional on recipients' obtaining assistance, at least in managerial problems from agencies in the region. As a condition for obtaining further loans, the entrepreneurs would have to implement the recommendations of these advisory services.

The courses in management subjects and techniques available in the larger countries such as Barbados, Jamaica and Trinidad and Tobago, each of which had its own centre or institute of productivity involved in management training, were also mentioned. Most of the participants thought that while courses on management subjects were helpful, the mere participation of an entrepreneur in such courses was not enough, since there was often a sharp diversion between what he had learnt and what he practised in his own firm. All such teaching of management techniques should be reduced to the simplest possible forms and presented in a manner that could be readily applied in a small factory with minimum overheads and by an entrepreneur/manager with limited educational background. All such assistance should be designed to raise the efficiency of the plant once it was in operation. It was proposed that agencies should provide packages of assistance to enterprises that would deal with a set of problems rather than deal with one problem after another as they arise.

One suggestion put forward was that visits should be arranged so that small entrepreneurs could observe small enterprises elsewhere in the region in order to broaden their horizons.

The prevailing view was that although not everyone could become a successful entrepreneur, entrepreneurial talent alone would not be sufficient if some skills were not acquired in production, financing and marketing management. Advice and assistance should be given in all these fields and not simply in one aspect of management.

One form of direct, practical assistance that was proposed was that groups of small enterprises of the same sector might arrange bulk purchase of raw materials so as to reduce the cost. In some industrial estates, even small ones, common facilities, with machinery that individual operators could not afford, might be provided. It was recognized that owing to the smallness of the islands, such common facilities would not always be feasible, except perhaps for artisans.

Sometimes small enterprises came across distinct technological problems, particularly when using local raw materials. For this, they might need assistance in research or testing. It was proposed that financial assistance be given to such enterprises to obtain such help, which would be repayable only if tangible results were obtained from the agency to which the problem had been referred.

The representative of the Caribbean Industrial Research Institute (CARIRI), located in Trinidad, reported that the Institute was attempting to develop a regional technological research service to assist small enterprises in the region. The Government of Trinidad and Tobago subsidized small enterprises that referred their problems to CARIRI, but there were no similar arrangements for enterprises on the other islands, and CARIRI had, in the views of several participants, so far been of little use to these islands. It was felt by the representatives of the other islands that they should be able to subsidize their small enterprises in their territories to enable them to refer their problems to CARIRI. It was suggested that there should, perhaps, be some further consultations between the representatives of the islands and the various small enterprises with CARIRI so as to make some concrete arrangements for the Institute to handle the technological problems arising in enterprises throughout the whole region.

In general, it was agreed that owing to the smallness of the territories, the sharing of technical knowledge as it became available in the region was most important. There was no doubt that the problem of obtaining technical assistance for small enterprises for the Caribbean region would have to be tackled on a regional basis.

VII. FINANCIAL ASSISTANCE

The discussion on financial assistance dealt with the conditions and form of financial assistance programmes and ways of making such programmes more effective. In general, it was felt that there were sufficient funds available through central banks, commercial banks and government loan agencies. The commercial banks in the region were sometimes ready to lend money, provided that it was through a government guarantee scheme. In particular, the commercial banks were able to lend small enterprises money

for working capital, whereas government loan agencies could usually lend only for fixed assets. However, commercial banks in the region could not be considered a major source of loan capital for small enterprises.

The financial assets provided by CDB were also mentioned. In most cases the sums made available through CDB for small-scale industrial development in the various countries, islands and territories were matched by contributions from Governments that might vary from 30 to 50 per cent of the CDB funds, according to the loan agreement.

Participants gave several illustrations of such matching in the area. The securities required for obtaining such loans were discussed at length. Participants mentioned the use of mortgages on lands and buildings and bills of sale or the use of fixed assets as security. In general, it was felt that a hire-purchase scheme would be helpful, but such a scheme might best be administered through a specialized hire-purchase bank. This arrangement was preferable, in the view of most participants, to having government loan agencies operate such schemes directly. It was felt that hire purchase was a special type of business that was expensive to administer, and most government agencies were ill-equipped to cope with the problems of repossession and disposal of assets in the case of default on payments. However, it was suggested that the form of security asked for be kept appropriate to the type of loan disbursements. It was also felt that loan schemes should not demand more security than the type and size of loan justified. One participant mentioned that in his country a loan scheme stipulated a 150 per cent security requirement. It was agreed that this was exaggerated and imposed an unnecessary burden on small entrepreneurs.

The participants agreed that one of the major problems as regards security was how to secure a loan for working capital. Suggestions were made as to how it could be done, including tying up assets or income from orders through handling the sales invoices and possibly developing close relationships between the loan authority and the suppliers of the raw material.

The Seminar also discussed how to generate loan business when funds were available and there were insufficient applicants. It was agreed that the availability of loan funds should be advertised. Some participants also warned against over-promotion, which could lead to wasted efforts in appraising applicants that were not serious. Pre-loan requirements, including the manner of

repayment, were also discussed, particularly the obligation to use extension and advisory services, to implement management advice and to allow regular auditing facilities to monitor progress both of the project and the firm as a whole.

The manner of screening loan applications, including investigation and appraisal, was also discussed. There was a consensus that this work should be carried out by suitably qualified personnel, who had to have an interest and an ability to assist small businesses. Several participants mentioned the lack of such personnel in their countries.

VIII. INDUSTRIAL ESTATES

It was agreed that industrial estates represented a very valuable tool for stimulating the growth of small-scale industries. Several of the islands in the Caribbean area had already worked out industrial estate programmes. Several industrial estates were already operating in Barbados, Jamaica and the island of Trinidad. In some of the smaller islands, areas had been designated for industrial estate development or small estates were actually operating.

The advantage of industrial estates, it was recognized, was that they could provide factory space and accommodation to a potential entrepreneur without his having to tie up his capital in a building, capital that very often he did not have. Practically all the estates that had been established in the Caribbean area offered factory space on a rental basis.

It was agreed that the infrastructural investment in industrial estates could be high, especially if suitable land was not available. However, without infrastructure such as roads and communications and services such as electricity, water and telephones, there would be little incentive for small industries to be established. In the view of some participants, the provision of such services often provided a greater incentive than tax concessions or other fiscal measures.

In view of the scarcity of suitable land for industrial development on the smaller islands, the Seminar considered it important to envisage the use of multioccupancy factory sheds and for multistorey flatted factories. Such structures had been most successful on islands with limited space such as Hong Kong and Singapore.

It was pointed out that industrial estates could provide additional services such as common facilities containing equipment that none of the small enterprises alone could afford. The services provided on the estates could include management consultancy, accountancy, marketing, permanent exhibitions of products, bulk purchasing and warehousing.

One participant suggested that since the communities of the Caribbean were small, the industrial estates should be small also and efforts should, therefore, be made to provide basic services at cost to the Government, i.e. at little or no cost to the entrepreneur. One possibility of such a basic service might be a combined secretarial and/or book-keeping service for small industries on an estate.

The question was raised as to suitable locations for an industrial estate. Since industrial estates could be a means of promoting development and employment opportunities, their main aims, it might be wiser to have a few small industrial estates dotted about an island rather than one large estate in a central location. In this way, the industries would be brought closer to those who would be employed on them.

However, all participants agreed that industrial estates could be costly ventures and required a good deal of investment if they were to provide standard factories in advance of demand. Every effort should be made to have the construction as simple as possible to cut costs. In some smaller islands where the industries might be very small, a row of workshop sheds might be adequate for a start. In other locations one large building whose space could be subdivided by simple partitions that could be easily demolished when necessary might be a more effective arrangement.

A discussion ensued as to whether occupants of industrial estates should be charged an economic rent right from the beginning. Most participants felt that for a period, subsidized rents could be justified as an incentive for small industries to set themselves up on the estate. However, one participant doubted whether this was the best form of subsidy and expressed the view that it might be better to charge an economic rent from the start and give subsidies in another form.

It was also felt that although industry was comparatively new to the Caribbean, in some places small enterprises needed to be relocated, particularly

those that provided services and had grown up in residential districts in the centres of towns. The industrial estate, which would in general be within a planned industrial zone, could provide for such relocation and possibly modernization and expansion.

The participants reported that most of the industrial estates in the Caribbean were managed directly by the development corporations in the islands. Industrial estates in the Caribbean were not in general specifically reserved for indigenous industries owned by local nationals. It was agreed that this practice might be necessary in the special conditions of the area and that factory accommodation on the estates should also be offered as an incentive to foreign industries to establish themselves in the territories. In Trinidad and in Barbados experience had shown that relocation or re-establishment on an industrial estate provided excellent opportunities for giving technical assistance to a firm in improving the efficiency of operations.

It was agreed that the industrial estates should be planned carefully to ensure full occupancy within a comparatively short time. Unoccupied plots or factory premises could serve as a disincentive for other industries to come to the estate. It was also felt that factory space should be planned to allow for expansion. Whether standard factory buildings should be erected ahead of demand or each factory constructed after an agreement with a specific entrepreneur during the period in which he ordered his equipment should be determined by the specific conditions in each location. Most participants felt that the time needed to order equipment in the Caribbean area was about equal to the time taken to build a factory; therefore, if no specific entrepreneur was known to be interested in occupying a building at the start of construction there was a danger that it would be unoccupied for a period, with a consequent economic loss for the corporation.

Finally, it was recognized that an industrial estate would not by itself create industry. It was one instrument in the process and had to be part of an over-all programme of incentives and financial, technical, managerial and marketing assistance if it was to succeed.

In general, it was felt that industrial estates in the Caribbean area would have to be set up by public bodies such as development corporations and in some cases with assistance from regional, bilateral or international institutions.

There did not appear to be great scope for setting up private industrial estates or for developing co-operative forms of estates in the near future. However, it was recognized that later on there might be room for such initiatives.

The Seminar accepted the view that the co-operative form of "self-help" between small industrialists was desirable but that this had not advanced a great deal in the Caribbean area. It was agreed that efforts should be made to promote the development of co-operatives between small industrialists for bulk purchasing of materials and possible marketing of products. It was felt that production co-operatives were more difficult to set up and it might take longer to develop them in the area.

IX. REGIONAL AND INTERNATIONAL CO-OPERATION

It was recognized that the geographic nature of the Caribbean area made efforts to strengthen regional integration especially important. The smallness of the islands and territories made some form of economic co-operation and integration vital. Several participants referred to the considerable progress that had been made in creating CARICOM, which, it was hoped, would ultimately bring together the English-speaking countries of the Caribbean area in a regional framework. The participant from ECCM, described this special sub-regional organization that incorporated all the smaller islands of the eastern Caribbean area. In particular, the representatives of the countries within ECCM felt that both of these regional groups - ECCM and CARICOM - should work closely together.

There was agreement that small-scale industries could be promoted through regional co-operation. Several projects for international assistance were already under consideration. There was a proposal that UNIDO provide a small industries regional adviser to CARICOM. In addition, there was the Eastern Caribbean Craft Training, Production and Marketing project executed by ILO to assist in the development of handicrafts on the islands. Another example was the CARIRI project, centred in Trinidad, assisted by UNDP and executed by UNIDO. In the first phase the work of CARIRI had been limited to Trinidad, but it was hoped that it could now develop into a regional Caribbean institution for technological research for industry throughout

the area. It was felt that there was scope (as had been mentioned in a previous session) for technical advisory help to be given on a regional basis through such regional institutions. Last but not least, there was the important regional institution of CDB, a project executed by IBRD, which operated an important and effective small-business loan service. This service had already proved to be extremely helpful in starting new industries and small enterprises throughout the Caribbean area, particularly in the small territories.

Both CARICOM and ECCOM had participated in prefeasibility studies for new industries. Some of these were planned on a regional or subregional basis. UNIDO advisers were assisting both in preparing such studies and identifying opportunities for industries on the islands and also in improving management of industries that were created. That was, in fact, the start of implementation of the proposals for such a regional service made by the Economic Intelligence Unit in its report on possibilities for industries in the small islands.

It was recognized that international organizations, in particular UNIDO, had an important role to play in providing technical assistance. UNIDO had so far concentrated its help in the small-industry field to the larger islands, such as Barbados, Jamaica and Trinidad. The appointment of a regional adviser for small industries would be a significant step forward. The Seminar proposed that the idea of establishing a regional technical service, which could be developed with international technical assistance, be investigated. Such a service would help small industries, particularly on the smaller islands and territories, to solve their technical and management problems. To become effective, a service of this nature would need to be combined with some form of financial assistance. In this respect UNIDO might co-operate with IBRD, IADB and CDB. International technical assistance such as that provided by UNIDO could be co-ordinated closely with bilateral programmes. The latter were better able to provide funds for infrastructure development and equipment for small industries.

Some participants inquired whether it was possible to send potential entrepreneurs from the Caribbean countries to observe the operation of small industries in other countries. The UNIDO representative replied that it would be possible to make arrangements for such study visits. In addition, he pointed

out that efforts were being made to establish some form of "partnership" between small industries in the Caribbean area and small industries in Europe so that experience and technology, including provision of marketing information, could be transferred and mutual visits and other forms of business co-operation arranged.

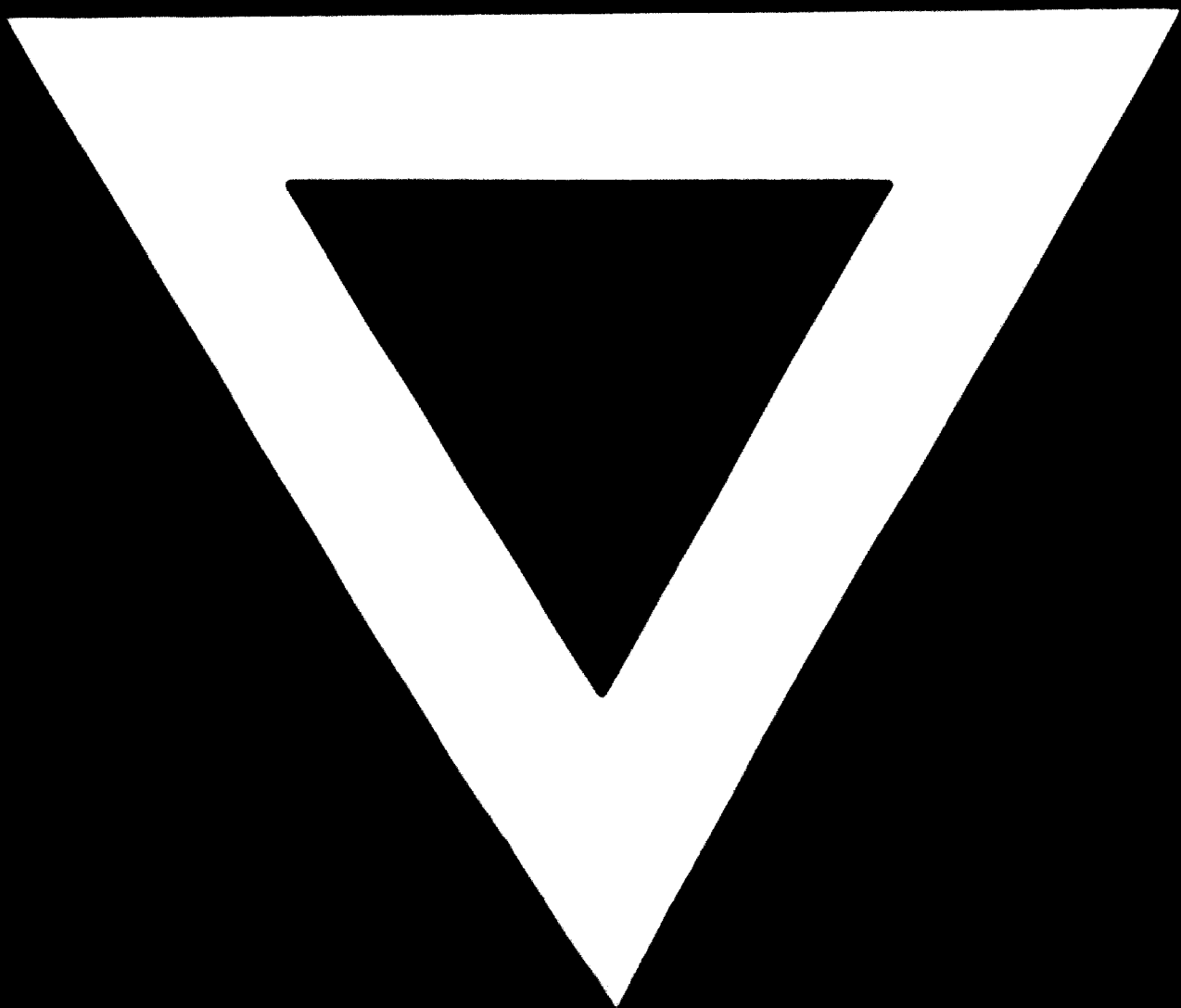
It was also pointed out that the international organizations, particularly UNIDO and UNDP, were looking for new ways of helping to develop small industry. Development corporations might endeavour to finance and set up directly some small factories that private entrepreneurs would later take over.

AGENDA

AGENDA

1. Adoption of the agenda
2. Election of Chairman and Vice-Chairman
3. Contribution of small-scale industries to the development of the Caribbean countries
 - (a) Characteristics and definitions of small-scale industries
 - (b) Development possibilities for small-scale industries
 - (c) Development of handicraft industries
 - (d) Sources of entrepreneurship
 - (e) Role of local development and promotion agencies
4. Technical services and assistance for small-scale industry
 - (a) Assistance in improvements in small plants
 - (b) Assistance to new enterprises
 - (c) Technical services and training for small-scale industries
 - (d) Industrial estates
 - (e) Forms of co-operation and self-help

Visit to industrial estates in Barbados
(Courtesy of Barbados Industrial Development Corporation)
5. Financing of small-scale industry
 - (a) Review of programmes of financial assistance for small-scale industry
 - (b) Supervised credit schemes
 - (c) Relationship of financial and technical assistance
 - (d) Hire-purchase schemes
 - (e) Other forms of financial assistance, through commercial banks, guarantee schemes
 - (f) Processing of applications for financial assistance
 - (g) Possibilities of equity financing
6. Regional and international co-operation in the field of small-scale industry
7. Adoption of the report



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