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THE ROLE OF CARIBBEAN INVESTMENT CORPORATION

The Role of the Caribbean Investment Corporation in Caribbean Agricultural Development

The Caribbean Investment Corporation (CIC) is one of the special mechanisms set up in August 1973 by the Caribbean Community and Common Market at inter-governmental level to serve the LDC's exclusively by "ensuring the promotion of industrial development including the development of agro-based industries, tourism and of integrated agricultural and industrial complexes."

In order to carry out this function, the Corporation makes available equity capital, medium and long term loans, convertible debentures, and guarantees suppliers' credits for the development of agro-industrial enterprises located in the LDCs.

Article 11 of the Agreement which established the Corporation emphasises the main issues:

- (a) investments must be in projects which are financially viable,
- (b) the projects must have the ability to promote further industrial and economic development in the economy of the LDC concerned, and
- (c) these projects must create employment opportunities.

The Corporation cooperates with the Governments of the ECCM and Belize, with regional organisations like the CDB, the ECCM and CARICOM Secretariats, CARDI, CARIRI, CARDATS, UN/MSRPP, in promoting and financing agro-based industrial enterprises and is taking an active interest in regional and sub-regional projects under the Caribbean Food Corporation, as well as other projects which might require financing by the CDB and CIC.

Areas of Interest and Activity

The main types of agricultural and agro-industrial enterprises which qualify for CIC investment include:

processing, canning, drying, altering and reconstituting agricultural products and by-products, the processing of fish and shrimps and other products of the sea as well as commercial fishing and shrimping operations.

In the area of agro-industry, four (4) projects were approved during 1977, involving a sum of EC\$790,000 or 5 per cent of total new authorizations by the Corporation in all fields in 1977. Of these, one investment of EC\$450,000 was made to Copra Manufacturers Limited, Soufriere, St. Lucia, for part-financing the processing of margarine and shortening, which has been allocated to St. Lucia under the ECCM Industrial Allocation Scheme.

Other approved investments for the development of agro-industries include the raising and processing of poultry products in Antigua, the processing of hides and skins for leather production in Montserrat and agro-processing of local fruits and vegetables for local consumption and export in St. Lucia.

Other agro-based industrial enterprises or integrated agricultural and industrial complexes financed in the past include the manufacture of sugar-based confectionery, the processing of pork and pork products, and an integrated logging and saw-milling operation.

A Summary of Past Activities and Results Achieved

The Corporation has achieved qualified successes in its agricultural and agro-industrial activities to date. Most of the projects financed by the Corporation are performing well, are able to pay their way and are competitive. One project has not been successful and its future is very much in doubt, while another one needs to be re-activated. At least two others are yet to come on stream and it is hoped that they will do so during 1979.

A List of Activities in which CIC is Involved at Present and Future Activities Planned

A list of agricultural/agro-industrial activities in which the Corporation is at present involved is attached as an appendix to this report. It will be observed that CIC is active in the agricultural sector in half of the LDCs.

During 1977, CIC prepared an indicative investment programme for the period 1977-1981. This indicative programme visualizes substantial CIC financial involvement in various national projects, areas like the processing of milk and dairy products (by-products), the rearing of beef cattle and ancillary slaughterhouse, the production of animal feed, sugar manufacturing, processing of local fruits, and vegetables, the manufacture of edible oils, margarine and shortening and the processing of peanuts and spices.

In addition to the above, CIC will be actively involved in the promotion and appraisal of other agro-industrial projects at both the sub-regional and regional levels. These include commercial fishing operations and peanut processing.

The Sources of Funding

CIC funds consist of its paid-up share capital, loans raised and other funds generated from its operations. The Corporation's paid-up share capital will initially consist of EC\$5m. to be subscribed 60 per cent by CARICOM Member States and 40 per cent by the regional private sector under the aegis of the Caribbean Association of Industry and Commerce (CAIC).

During 1977 the Corporation was successful in securing two loans. The first loan of US\$1.26m. (EC\$3.4m. approx.) was raised from the Caribbean Development Bank, and while the second loan of one million European units of Account (EC\$3.3m. approx.) was raised from the European Investment Bank (EIB), it is expected that the bulk of the Corporation's resources over the next few years will come from extra-regional sources.

Number and Designation of Professional Staff Employed

<u>Designation</u>	<u>No.</u>
General Manager	1
Finance Officer/Head Administration	1
Project Analyst	1
Financial Management Advisers	2
Industrial Engineering Adviser	1
Export Marketing Officer	1
Project Evaluation Officer	1