

The Outlines of a Stimulus Package for Dominican Agriculture

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For hundreds of years, the foundation of the economy of the island has been farming for a living and for trading. The climate, lands, forests and water have been the basic resources used by the Kalinago and every inhabitant since, to feed, house, heal, clothe, create businesses, jobs and income that has sustained life on Dominica.

Farming and agriculture became and remained the main economic activity of the people of the island in spite of repeated devastation by hurricanes of crops, livestock, farm facilities and infrastructure.

It was not until the late 1990s in the face of more hurricanes and the Chiquita/USA/WTO banana challenge that the revenue earned from agriculture was exceeded by income from any other sector, in this case, tourism.

From a high point of EC\$150 million in annual foreign exchange earned by agriculture in the late 1980s and into the 1990s, the sector that had created fulltime employment for over 15,000 farmers at its peak and for almost that number of service providers and employees, the farming of lands in Dominica is the enterprise that has delivered economic and social benefits to the largest number of people for the longest period.

If agriculture was the main vehicle driving the country, farming was the engine of that vehicle.

In the large modern economies of the world, the Banking sector can be said to play a similar role of engine. This is so vital a role with such a powerful influence over the policymaking process that when confronted with the financial collapse of 2008/09 the bipartisan decision in all the major economies was to design a stimulus package for the engine of their economies – the Banking sector.

The Dominican economy is feeling the unfolding impact of the continuing global financial and economic crisis and we have yet to design a stimulus package as part of a strategy for protecting and restarting the engine of the economy.

In fact, instead of focusing on the real engine for growth, much has been said and done to restore the State's finances at the expense of disposable income for the taxpayers. The Insurance and Banking sectors have made adjustments that have left their clients and investors, the taxpayers, in crisis.

In sharp contrast, agriculture was declared a "dead industry: by one prominent businessman/politician an opinion that has been reflected in steadily declining annual Budgetary allocations for the sector over the last 5 years.

We propose a Stimulus Package for Agriculture, the one sector which has the capacity to involve and impact the largest number of working Dominicans as investors, employers and employees, service providers as researchers, extensionists, technicians, suppliers of Banking and Insurance services, transportation, construction and, every other field and sector of the economy and society.

The State sector employed elements of the Stimulus Strategy that we propose including the use of grants, negotiated debt forgiveness and rescheduling, technical support from Regional and International Agencies with expertise in making the operations systems of the State more efficient and effective. These are fundamental principles of the stimulus package needed for agriculture.

We therefore, propose a 5-year Stimulus Package that includes:

1. Rescheduling of business debts for all bona fide farmers.
2. This measure to include negotiated debt forgiveness, refinancing and grant financing of selected components of the new investment packages along with agreements by farmers to adhere to the clusters of best practice known to reduce risk and ensure income for the farmer.
3. Special incentive financing, technical support and marketing services to be included in the renegotiated investment packages for farmers willing to enter the high value fields of organics and naturals.

4. Collateral investments in shipping, agro-processing, training, storage and merchandising of local products should attract similar stimulus packages.
5. All home mortgages for farmers should be considered for refinancing that allows for payment installments to be in sync with projected income increases over the period of the package.
6. Farmers who have invested in their children’s education should also receive special stimulus consideration with the additional consideration that the trained person will commit to a minimum of 3 years working service in Dominica.
7. The savings per farmer and farm household arising from this stimulus package is expected to ease the emotional stress of the farmer, to provide for additional resources for investment in the farm business and generate the collateral beneficial effect on investment in other sectors.
8. A version of the Stimulus Package can be used to encourage investment in related fields likely to benefit farming and agriculture such as: renewable energy, waste recycling/composting, food and nutrition education, health and wellness tourism.
9. Such an initiative can be accompanied by other bold actions designed to strengthen agriculture’s capacity to withstand future crises and to diversify the economy into the production of high value goods and services.
10. The following investments are suggested for urgent consideration as ways of building institutions of the future that will consolidate Dominica’s place as the Nature Island of the Caribbean and the World:
 - The Christopher Maximea Institute of Tropical Island Forestry
 - The Andrew Royer School of Organic and Natural Farming
 - The Glennis Bellot Center for Research on Traditional Medicinal Herbs
 - The Simon George Conservatory of Herbal and Medicinal Plants
 - The Sylvester Joseph Institute for Local Government
 - The Tom Henderson Institute of Agricultural Extension and Learning
 - The Edward Oliver Leblanc Institute for Good Governance and Rural Development

For discussion and negotiation