



**ORGANISATION OF EASTERN CARIBBEAN STATES
Export Development Unit (EDU)**



**Grenada Emergency Response Report
SME Technical Assistance Programme**

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Emergency short-term Technical Assistance Programme to be delivered to the SME Productive Sector in Grenada

Objectives

This programme will focus on the manufacturing and services sectors. Initially, clients of the GIDC and the OECS SMED programme will receive priority attention. The objectives are as follows:

1. To present a holistic short-term emergency response to the hurricane ravaged SME sector
2. To formulate a plan for rapid reemployment and retraining of employees to align to new business strategic direction.
3. To facilitate the repair, refurbishment and replacement of damaged plant and machinery
4. To assist in establishing the raw material segment of the agro-processing supply chain
5. To develop a coordination mechanism for the administrative, procurement and marketing support to meet short and medium term needs of the enterprises.

This strategy is geared towards the creation and improvement of the human resource base and production capacity of the enterprises as well as institutional strengthening with a view towards developing appropriate coordination mechanisms for the promotion of best practices and long-term sustainability and competitiveness.

Situational Analysis

The manufacturing sector in Grenada accounts for approximately 6.0% of GDP and has significant linkages with the agricultural sector. This sector accounts for over 1,000 direct employees. The damage to the sector was estimated at EC\$17 million and the indirect cost at EC\$4 million. Lands owned by Agro-processing companies were severely destroyed. Generally, the sector experienced significant damages of approximately 75% to buildings and installation, equipment and inventory, with the passage of hurricane Ivan. The majority of companies were either uninsured or under insured.

Field visits to a representative sample of companies indicate that firms have already began minimal repairs to structures, mainly roofs and are in the process of re-organizing operations using limited funds available. It was also encouraging to note that firms are making every attempt to minimize the layoff of staff and have taken approaches of requesting that employees take accumulated vacation. In the companies visited approximately 60% of staff have been retained and used for clean up operations. Concerns are being expressed in respect to access to domestic raw material supplies, as well as imported supplies. The latter is being affected because of lack of in house telecommunication services. Additionally, concerns for retention of domestic and overseas markets have been expressed. Companies therefore are anxious that production can be restored in the next two to three months in order to prevent permanent losses.

Information from research done on a sample size of 21 companies shows that direct employment has been reduced to approximately 45% and sales by approximately 40%.

From interviews conducted with leading small/medium size enterprise managers/owners, it has been indicated that there are immediate needs for technical advice and financing to get their companies operational in the shortest possible time. It is crucial that rapid intervention be done in order to mitigate against potential social dislocation and lost of trained employees due to immigration. Without technical and financial assistance the period for the re-commencement of some enterprises operations will be uncertain.

Implementation Strategy

The Grenada Industrial Development Corporation (GIDC) will be the primary implementing agency for the program. GIDC has an existing staff of seventeen (17) and office facilities on the industrial estate at Frequente. Their professional staff is complemented by the Grenada National Bureau of standards (GNBS). The program will be delivered using the existing strategic framework of the SMED Technical Assistance support units system and through the MOU, already established between OECS-EDU SMED. GIDC will receive direct support from EDU-SMED technical team. Through its linkages with other relevant government departments GIDC will address issues of environmental impact constraints relevant to the delivery of this programme of assistance. Synergies developed over the years will be further complemented by the CTradeCom, the entity contracted to lead the Grenada recovery initiative.

The emergency program will be delivered through three technical assistance components:

- I. Management Support
- II. Product Development and Marketing
- III. Plant Engineering and Quality Assurance

Program Description

I. Management Support

Under this component client firms within the SME sector will be assisted with training in strategic planning to ensure a rapid return to previous operational levels and to further promote best practices approaches in production. An urgent activity will be support to firms with the review and revision of business plans (and preparation of new plans if required) that will allow companies to be positioned to access credit facilities being developed with financial institutions under this program. In this regard the even more important area of debt structuring and management will be of germane importance. This process will be supplemented with the training of business owners in business strategies which will involve operations management and control, financial management and marketing in the post-Ivan era. In company counselling in crisis management will also be offered to companies.

II. Product Development and Marketing

Enterprises need immediate mentoring support to establish new confidence of both management and staff. Activities related to product development systems that will ensure product re-entry into the markets at a minimum acceptable international quality standard will be pursued with urgency. Under this component generic training and in-plant echo workshops that will upgrade skills and provide solutions for alternative products which will mitigate against traditional supply losses will be delivered through in-house expertise from GIDC, SMED with support from appropriate external expertise to be contracted. The GNBS will be required to play a critical role in the certification of plant operations and products.

Another urgent requirement is the capacity of companies to re-establish contacts with regional and international providers of inputs and services as well as the reestablishment of market arrangements and contacts. The program will provide assistance for a concerted campaign, which will provide assistance with promotional material materials, market research and visits to facilitate product re-launch. Particularly critical is access to regional and international suppliers via telecommunications especially through the Internet service, which has been severely damaged. The need for the development of a focal facility to provide such access is required in the short term. In this regard facilities at the GIDC will be upgraded and appropriate staff assigned to allow it to serve as a **RESOURCE CENTRE** that will provide the required research and facilitation support for SMEs with the assistance of OECS-EDU's Marketing and Information System (MKIS). The GIDC has sustained serious roof damages and would require immediate repair assistance. In the short term a dedicated source of power must be made available through the procurement of a generator.

With regards to domestic raw materials supplies special attention needs to be given to the agro-processing sector and support to be provided to the agricultural sector under and the USAID program should give priority support to farmers who supply those companies.

III. Plant Engineering and Quality Assurance

There is an immediate need for the assessment of the operational status of companies that will advise on actions required to bring plant back to full productive capacity and should include opportunities for improvements as identified in business plans. National professional expertise is not readily available at this time and this component will provide for a team of engineering persons to be recruited within National/ OECS Bureaux of standard OECS-EDU and other regional service providers to undertake the following and to prepare financing proposals for appropriate institutions. Plant design/layout, process flow, equipment assessment /identification, equipment procurement, installation, production evaluation, plant engineering, raw materials identification, raw material procurement, post harvest, Hazard Analysis of Critical Control Points (HACCP), World Class Manufacturing (WCM) and Quality Assurance (QA) and certification. It is important to use this time to not only restore existing structures but to improve to international specifications. Activities will be directed to:

1. training of enterprises in Good Manufacturing Practices
2. audit of plants for HACCP compliance

3. initiate compliance with ISO, HACCP and WCM systems.
4. provision of technical skills in equipment and machinery repair.

Program Component	Activities	Inputs	Performance Indicators	Costs
Management Support	Business Review & Preparation	<ul style="list-style-type: none"> Technical Support EDU (Staff Travel and Per diem 2 officers 14 days) Recruitment of Business Consultants (professional fees, travel and Perdiem 14 days) 	<ul style="list-style-type: none"> Business plans will be developed for 20 companies 	EDU Contribution US\$7,000 Program contribution - \$20,000
	Crisis Recovery Workshops <ul style="list-style-type: none"> Operations management and control Financial management and 	<ul style="list-style-type: none"> Recruitment of resource persons Preparation of workshop manuals & strategic sector program In-Plant Crisis Counselling Workshop facilities 	<ul style="list-style-type: none"> Two (2) workshops will be completed 100 managers and management personnel trained 	Program contribution (Recruitment of Resource Persons & Workshop cost) - \$12,000
Plant Engineering and Quality Assurance	<ul style="list-style-type: none"> Assessment of plant productive status Preparation of technical/engineering requirements for financing proposal Training in skills enhancement in GMP and HACCP training Recruitment of appropriate technicians to assist in plant repair and refurbishment Bureau of standard inspection and re-calibration of plant equipment 	<ul style="list-style-type: none"> Recruitment of four (4) Engineers and a Quantity Surveyor over a period of ten (10) days Recruitment of consultant for conducting GMP and Quality System training Recruitment of Technical skills for the emergency repair, refurbishment, and installation work Maintenance supplies for repairs and maintenance Inspection by the bureau of standard staff 	<ul style="list-style-type: none"> Assessment will be completed for twenty (20) plants Financing proposals will be prepared for up to 15 firms Twenty (20) employees – at least one (1) per plant will be trained in GMP and Quality system At least twenty (20) Plant Inspections will be carried out by the bureau of standard in compliance with national standards for products At least ten(10) plants will be assisted in their repair and 	Program contribution (Recruitment of five (5) Engineer for assessment) - \$37,000 Program contribution (Recruitment of two (2) consultants for conducting GMP/Quality system in-plant training) - \$8,000 Program contribution (Recruitment of five (5) technicians for doing repairs and refurbishment work) - \$15,000 Program contribution

			refurbishment	Maintenance supplies for repairs and refurbishment - \$10,000
Product Development and Marketing	<ul style="list-style-type: none"> Upgrading the GNBS for product development functionality Product analysis and testing done Resource Centre establishment and managed Market visits for re-launching product, promotional processes established with necessary promotional material 	<ul style="list-style-type: none"> Procurement of appropriate equipment for replacement and upgrading Procurement of appropriate for equipment for Resource Centre Recruitment of RC management personnel Identify systems Recruit PR materials design firm 	<ul style="list-style-type: none"> At least fifteen (15) companies have products will be tested to meet international standards At least fifty (50) companies assisted with a "one-stop" Resource Centre for business support, Market Access and international connectivity assistance At least fourteen (14) firms assisted with sales visits and materials to re-launch products. 	<p>\$30,000 already allocated by CTradeCom + \$10,000 for other testing equipment</p> <p>\$51,000 for procurement of Resource centre equipment, (9,000) GIDC made secure (12,000) subscriptions, connectivity and reliable power source(30,000)</p> <p>\$28,000 (\$2000 average per firm) Per company costs \$500 travel, \$1000 accommodation and per diem, \$500 promotional material)</p>

Appendix I : Grenada recovery calculation details

PLANT ENGINEERING & QUALITY ASSURANCE								
Activity Description	# of Individuals	Airfare	Per Diem	Professional Fees	# of Companies	# of Days	Man-Days	Total
Engineers for Assessment of Plants	5	300	200	500	20	10	50	36,500
Technicians for doing Repairs & Refurbishment	5	300	200	150	10	6	30	12,000
Consultant for GMP & Quality System	2	300	200	500	20	4	8	6,200
Maintenance Supplies for Repairs & Refurbishment							Sum	10,000
							Sub- Total	88
MANAGEMENT SUPPORT								
Technical Support OECS-EDU Staff	2	300	200	0	20	14	28	6,200
Recruitment of Business Consultants	2	300	200	500	20	14	28	20,200
							Sub- Total	56
PRODUCT DEVELOPMENT AND MARKETING								
Institutional Strengthening - GNBS							Sum	30,000
Institutional Strengthening - (GNBS testing equipment)							Sum	10,000
Marketing and promotion - Travel	14	500			14			7,000
Marketing and promotion - Per Diem			1000		14			14,000
Marketing - Promotional Materials					14		Sum	7,000
Resource Center Establishment							Sum	51,000
							Sub- Total	119,000

Total		210,100
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Appendix II : Sample of Companies Surveyed

	Company Name	Sub-Sector	Employment (Pre- Ivan)	Present Employment Level	Value of Sales/Trade (2003)	Current Status (% Production)	% Physical Damage
1	La Sagesse Farms Inc	Agro processing	17	13	450,000	10%	30%
2	Rainbow Products	Agro processing	3	0	74,243	0%	40%
3	W H Industry	Agro processing	13	6	145,310	30%	40%
4	Noelville	Agro processing	12	12	376,714	90%	60%
5	De La Grenade Industries	Agro processing	15	8	650,000	50%	20%
6	Grenada Sugar Factory	Agro processing	60	45	3,542,677	50%	40%
7	Sugar n Spice Investments	Agro processing	10	8	Not Available	60%	20%
8	Ben San's Beekeeping	Agro processing	6	2	37,000	40%	40%
9	Glenelg Spring Water Co Ltd	Beverage	36	36	2,000,000	80%	40%
10	Classique Ceramics & Pottery	Ceramics	6	0	130,000	0%	20%
11	Arawak Islands	Craft	12	7	684,443	10%	95%
12	Home Pride Bakery	Food	35	38	Not Available	100%	10%
13	G'da Bottling Company	Food & Beverage	80	80	203,183	50%	25%
14	Caribbean Seafoods	Food & Beverage	18	6	1,000,000	0%	80%
15	Antoine Woodwork	Furniture	30	16	1,210,000	30%	95%
16	Signs and Designs	Screen Printing	3	0	590,000	0%	0%
17	Deco Industries Ltd	Textile	152	0	Not Available	0%	95%
18	Grenada Paper Products	Textile	45	45	388,739	95%	20%
19	Art Fabrik	Textile	15	0	34,274	0%	0%
20	Greens Collection	Textile	3	0	16,000	30%	45%
21	Nordom Seafoods		15	9	2,000,000	10%	0%

586	331	13,532,583	35%	39%
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Emergency response requirements for Arawak Islands

Company: Arawak Islands

Contact: 403-7167, 403-6589

Address: PO Box 432
St Georges

Background

Arawak Islands is a LLC registered in Grenada which has been operational since 1986. It is the premier maker of gift items and natural based cosmetics and beauty products. The company has earned a reputation for producing hand crafted beauty items and have as their clients the Sandals Grande in St Lucia, Four seasons Resort Nevis and Sea Island Cotton Duty Free shop in St Lucia. They have several orders outstanding with these high-end clients which they must supply so as not to lose these very important markets. In this regard the Grenada Industrial development Corporation GIDC has provided new processing facilities for the company in their

The pre Ivan average monthly sales value of: EC\$684,000 – value of trade- per year

The company employed 12 persons; 4 males and 8 females.

Production structures and equipment

1. 1400 square feet. two storey building
2. Equipment value \$50,000
3. raw materials on hand \$128,000

Damages were sustained to the following production structures and equipment:

- Structure - QS value assessment attached – totally demolished
- Equipment – \$30,000 equipment loss – easily available for replacement in Trinidad or the United States
- Stock: work in progress and finished goods - \$45,000
- Raw Materials loss \$70,000
- Total loss assessment - EC\$290,000 ()

Pre Ivan Expenses configuration

Loans:		
1.	Amount:	None
	Institution:	Not applicable
	Monthly instalment:	Not applicable
	Status:	Not applicable
	Hire Purchase	None
Salaries and wages / month:		19,000 month
Utilities:		2,000
Rent:		4,200
Taxes:		4,000 GCT
Other	Raw material cost	30,000
Total Debt burden: \$		64,000

Pre Ivan Income

Sales:

Local411,000
Exports.....273,600

Insurance:

Provider – none available
Value

Rebuilding cost – structures ----- EC\$310,000 to be done by landlord.

Replacement cost – equipment-----EC\$40,000

Repair cost – equipment -----EC\$15,000

Factors costs to restore operations:-----EC\$30,000

Orders outstanding -----EC\$15,000

Total Assistance requirement----- immediately ***EC\$35,000 to replace some equipment and purchase inputs not already in stock. Additional inputs will be purchased as operations come on stream***

Priorities :

- Relocation of plant – this is in progress with GIDC help
- Factors of production – the second step will be to purchase needed inputs for making items for sale, especially stocks that got damaged during the storm.
- Replace equipment - as indicated above but will be procured over time in a phased manner.

Operationalise the Plan:

Coordination Point: Grenada Industrial Development Corporation

Financer: Local financing entity and possibly access to USAID funds when it become available.

Technical Assistance:

- In the short run SMD will continue with work in progress on the modernisation of the business procedures and the completion of the accounting update with Peachtree consultant on SMED's behalf.
- Revision of Business plans to access other funding - SMED will provide this service.
- Market visit to clients in St Lucia and St Kitts to ensure sustainability in present contractual arrangements.
- Assistance with product testing and development of appropriate labelling for export

Gantt

	WK1	WK2	WK3	WK4	WK5	WK6
<i>Rapid Assessment:</i>	—	—				
<i>Source Raw materials</i>			—			

<i>Prepare financing Plan</i>	_____	_____	_____			
<i>Prepare TA Plan</i>	_____	_____				
<i>Restart Operations</i>			_____	_____	_____	

Assumptions:

Close collaboration between CTrade com Team and SMED Business Advisor in client contact and assessment process.

Credit entity identified

Bankable projects presented with the aid of SMED Business Advisor

Feedback mechanism in place to ensure collaboration among support organisations.

Constraints :

Labelling, packaging, transportation

Legal assistance with respect to the rights of Arawak Island to exit the present lease arrangements since the facility was demolished by the hurricane.