International Trade Centre

TRADE IMPACT FOR GOOD

SBF SURINAME BUSINESS FORUM

SBC SURINAME BUSINESS DEVELOPMENT CENTER

Coconut Industry Development in Suriname

From coconuts to coconut-based products such as coconut oil, coconut milk and coconut powder, according to FFTC-Agricultural Policy Platform, the global coconut demand will increase, due to the growing preference for healthier alternatives and naturalness, among other things. In 2021, the import value of dried coconuts, fresh coconuts in the inner shell (endocarp) and fresh coconuts (shelled or peeled) by the CARICOM and EPA, aggregated to US$ 1.97 billion. In addition to the existing private - and governmental initiatives, such as the National Development Fund for Agribusinesses (NOFA) and Production Credit Fund (PKF), within Suriname's coconut industry, business opportunities and possibilities within this industry are endless.
As of end 2022, the share of credit to the agricultural sector in Suriname amounts only 1.8 percent of total lending (0.4 percent of estimated nominal GDP of 2022). Although there are many prospects in agriculture, the sector is not being used to its full potential. The Government, business support organizations and agricultural entrepreneurs frequently lack the capacity to create investment strategies for sustainable coconut growing and processing.

The project "Alliances for Coconut Industry Development Expansion and Enhanced Support for the Caribbean" is a European Union (EU) financed project and is supported by the 11th European Development Fund (EDF), in accordance with the Caribbean Regional Indicative Program (CRIP), which is under auspices from the CARIFORUM-secretariat. The Coconut project is executed by International Trade Centre (ITC), CARDI and important national partners, such as the Suriname Business Forum (SBF), Surinamese Standards Bureau (SSB), Centre for Agricultural Research in Suriname (CELOS), Ministry of Agriculture, Animal Husbandry and Fisheries (LVV), according the Alliances for Action (A4A)-approach. This is a participative -, multi-stakeholder approach for sustainable - and innovative development of the agriculture sector. The main goal is to improve competitiveness of small farmers in the value chains of coconut by better local -, regional - and worldwide market integration and - production. The project is executed in 12 CARIFORUM country states. The beneficiaries are small coconut farmers, plantation operators, owners and workers, communities that produce and process coconut, youth and women in the processing and marketing of coconut products and small - and medium size enterprises which are involved in the production of coconut products
.
Within the framework of the MoU between the Suriname Business Development Center (SBC), the Executive office of the Suriname Business Forum (SBF) and the International Trade Centre (ITC), which work towards global prosperity by connecting small businesses in developing countries to international,

awareness and training sessions were held, bolstering understanding of individual coconut growers, agro-processors, business support organizations a.o. These sessions were in the areas of Coconut - & Coconut Water Production, Cold Pressed Virgin Coconut Oil, Coconut Waste Management, Business plan formulation, Financial administration, Marketing and Financing. The useful one-day awareness training sessions from the coconut expert Mr. Ricardo Vriesde comprised the sessions on Coconut - & Coconut Water Production, Cold Pressed Virgin Coconut Oil and Coconut Waste Management.
The trainings developed by Proplan Consultancy N.V. (Business plan formulation, Financial administration, Marketing and Financing) consisted of 3 modules of each 2 days. The combined come-back days are planned at the end of the training traject. The total Training programme under this project was scheduled to run from July 2022 till December 2022 in the following areas/districts: Paramaribo, Saramacca, Coronie and Commewijne. In the districts the training sessions were held for practical reasons at identified coconut lead farmers (with a nursery) under this ITC Coconut programme in Suriname.

The trainees were intensively made aware of the value of Coconut & the various coconut products, the different sorts and varieties of the coconut palm, how to grow and farm the coconut trees, the benefits of coconut water, all stages of the production of coconut water and important aspects of hygiene, safety & storage, the benefits of the use of coconut oil, the different varieties of produced coconut oil, the production process of the Virgin coconut oil, coconut waste management, the use and applications of the waste in many forms and manners & the different products derived from those. During these very interesting sessions use was made by very practical stuff like, many videos, (Power-Point) presentations, showcase of demo materials, useful websites and links. Also, the interaction was very good between the different attendees and the feedback afterwards by setting a useful Q&A WhatsApp group with all parties involved.

Further participants were taught the value of working in a planned and structured manner, keeping proper records of production activities and financial flows (administration), staying up to date on market developments and opportunities, and the power of cooperation and networking. Participants expressed a desire to improve their existing micro -/small enterprises, while others intend to invest and operate in the coconut/agricultural industry. These courses covered the essential components for developing a business plan, including background information on the agricultural sector, the prospective company's mission and vision, market analyses, financial feasibility analyses, and basic organizational structures with practical tasks and cases. During the business plan development training, participants were encouraged to work on developing their own business plans (eventual in cooperation), whereas some conducted a concept business plan on which they received individual coaching and feedback.
The course on business plan formulation focused on technical and organizational aspects as the starting point for financial-economic calculations. These were depicted using a practical business plan for an agricultural company called 'Staatsbedrijf Alliance' (SBA).

The financial calculations were progressed with the various operational cost items of a typical coconut farm, based on practical information from this sector participants. Furthermore, the revenue generated was calculated using realistic cropping intensities and yields.

After combining the costs and benefits, the Cash Flow could be analyzed and the results calculated. Furthermore, the participants were taught how to calculate key profitability metrics such as the Internal Rate of Return (IRR), Net Present Value (NPV), and Payback Time (PBT). The sensitivity analysis was used to familiarize the participants with unexpected risks.

Staying informed of changing markets, market conditions and trends is crucial to remaining profitable. Aside from meeting domestic market needs, they learned about market segmentation and developing Unique Selling Points (USPs). Existing market requirements and practical non-tariff barriers were highlighted in particular for those who were already considering exporting market accessibility. A recent market study conducted by Proplan Consultancy for both the CARICOM - and EU markets was used. Also they were guided to the ITC Trade.Net website how to find relevant trade statistics and figures.

Another practical case study regards the specific feasibility of exporting traditional Surinamese fruits and vegetables to the T&T market. Price determination, i.e. the calculation from the market back to possible farm-gate prices via CIF - and FOB prices, is one of the key results of the market analysis. The sessions also focused on agriculture industry financing, emphasizing the financing institutes' lack of understanding of agricultural production challenges.

Overall, the participants found the training to be very useful for their current and/or future work/jobs and investments. The interactive sessions and practical scenarios also provided depth & improved insights. At the end of the Proplan Consultancy training program, the consistent participants received a certificate of participation.

How can the development of the coconut industry influence Suriname's economy?
Because of the wide range of industrial applications for most of the agro products, coconut farming is a 'gold mine'. For a crop/fruit that is not indigenous to Suriname, it has the potential to become an industry due to ideal soil conditions and coconut trees that could be harnessed for industrial development, improving people's quality of life and standard of living. Despite the small scale of Suriname's coconut industry, it has the potential to employ a large number of people living in the coconut belt if special attention is paid to its cultivation. Furthermore, as the value chain in Suriname offers various opportunities for individuals through, for example, coconut processing and packaging, coconut production in Suriname has the potential to be an industrial and economic springboard from which a country's development can progress geometrically. Coconut has a lot of potential for added value because it can be processed in various forms and has readily available and consuming markets in and outside of Suriname, further contributing to the country's Balance of Payments and GDP.

Ratan Kalka – Manager Business Support Services SBC

rkalka@sbc.sr – 8833804 – www.surinamebusinessforum.com