CANARI

Action Research and Learning Agenda

for the Caribbean Small and Micro Enterprises Action Learning Group

September 2014

Introduction

Under its ongoing programme of work on *Green Economy* in the Caribbean, the Caribbean Natural Resources Institute (CANARI) has brought together entrepreneurs and support agencies in a Small and Micro Enterprise Action Learning Group (SME ALG). The purpose of the SME ALG is to contribute to creation of a sustainable green enterprise sector (formal and informal) in the Caribbean through assessing ***"How can we catalyse, support and empower Small and Micro Enterprises (SMEs) so that they bring co-benefits (economic, environmental sustainability, social equity)?"*** SME ALG members are working to build and share evidence-based knowledge to build understanding and capacity on what are the opportunities, what are the threats, and what could be a Caribbean strategy for economic development using SME development as a focal point. This Action Research and Learning Agenda was developed by the SME ALG to reflect their initial assessment of the needs and priorities for their work moving ahead. This is part of a project supported by UK aid from the UK Government through the International Institute for Environment and Development (IIED).

Background

SMEs are an integral part of any society. In most cases they form the backbone of an economy providing jobs and economic growth as well as knitting the fabric of the communities and the economy. Recent studies have shown the importance of SMEs in the Caribbean by pointing out its contribution to economic growth and Gross Domestic Product (GDP). Over the years there have been numerous methods, interventions and programmes to support and develop the SME sector with differing levels of success. Progress has at best been slower than anticipated with mixed reviews on the methodologies to support, develop and grow at a rapid and sustained pace. New approaches are needed.

Green economy approaches to economic development are fairly new within the Caribbean region and early work has focused on economic sectors (e.g. tourism, agriculture) and not particularly on what does a green economy approach mean for the SME sector and what role can the SME sector play in transitioning Caribbean economies to be more socially equitable and environmentally sustainable.

If the region is to nurture SMEs as engines of growth for the green economy, there is a strong argument to use novel approaches which facilitate innovative methods which integrate the experiences, challenges and lessons by both SMEs and correlated support agencies. The Caribbean SME ALG offers an avenue for exploring innovative approaches to development of the SME sector with particular focus on the green economy. The questions that the SME ALG will tackle should be of assistance to governments, SMEs, and support agencies to make decisions and formulate approaches and instruments that would support the growth and development of SMEs as a strategy for economic development that is socially equitable and environmentally responsible.

This work on SMEs in a green economy is situated within the overall vision and principles for a green economy as defined in the CANARI Policy Brief 13 and related work by the Caribbean Green Economy Action Learning Group (see here for more information). The green economy in the Caribbean context aims for long-term prosperity through equitable distribution of economic benefits and effective management of ecological resources. It is economically viable and resilient, self-directed, self-reliant, and pro-poor.

Scope of the research and action learning agenda: an initial set of questions

The agenda is intended to address a set of fundamental questions about the role of SMEs in a green economy:

- *What could be a Caribbean strategy for economic development using strengthening of the SME sector as a focal point?*
- *What are the opportunities, challenges and lessons for using SMEs to drive and develop the green economy?*
- *What kinds of policy measures, finance instruments and programmes are able to catalyse, support and scale up sustainable SMEs?*
- *What activities in the SME and informal sectors contribute to green economies through resilience, innovation, low energy consumption etc.? How can these activities be effectively supported to deliver environmental, social and economic benefits?*
- *How can green economies contribute to more resilient and sustainable livelihoods for the most vulnerable?*
- *How can we build resilience to climate change and natural resource-based disasters in SMEs in the Caribbean?*

Specific questions that have been identified by members of the SME ALG include:

SMEs and the Greening of the Economy:

- How can SMEs be greened?
- What are the characteristics of a SME in the green economy?
- What are the drivers of and opportunities for SMEs in the green economy?
- How does a green economy approach to developing SMEs differ from other approaches?

The benefits of green SMEs:

- In what ways and through what measures could green SMEs drive an economy's growth and development?
- How can SMEs and support agencies work together to grow SMEs in the green economy, foster social inclusion, cultural resilience, and promote coordination and collaboration rather than competition?
- How can we get policy makers to accept social entrepreneurs and self help as valid enterprises?

- How can employment creation be included in the green economy?

Policies:

- How can national, regional and international policies agreements be more enabling to a green SME sector?
- What sustainable development goals and indicators would support Caribbean progress towards developing green SMEs?
- What policy process, methods and skills are needed to support a shift to a green economy? What are the opportunities for Caribbean countries to develop and refine these?
- What incentives could governments offer SMEs and support agencies to develop green businesses particularly in rural communities, community businesses and social enterprises?

Roles in developing SMEs in the green economy:

- What is the role of the state? What kinds of leadership and incentives should the state offer to SMEs and support agencies to foster "greening the economy"?
- What are some of the innovative funding mechanisms to allow for the growth and development of SMEs in the green economy (public - private partnerships [PPPs], crowd sourcing, credit unions)?
- How can governments, the private sector and civil society collaborate on building SMEs in the green economy?
- How can the capacity of support agencies be built so that they are more effective partners? How can a culture of respect and value for entrepreneurs be built?
- How can SMEs more effectively collaborate to support each other and to catalyse and support new entrepreneurs?
- How can SMEs more effectively access the services available?

Measuring progress

- How can the contribution of SMEs to transforming economic development be assessed?
- How can we brand the "specialness" of green SME products and services?

The social dimension

- How can green SMEs assist in the development of rural communities and by extension improve the rural landscape and social equity (e.g. poverty alleviation, gender equity, youth empowerment)?
- How can green SMEs develop sustainable livelihood assets?

Local economies and scale:

- What kinds of policy measures, institutions and programmes are able to catalyse, support and scale up sustainable SMEs?
- How can the informal sector be a part of the green economy? How can these activities be effectively supported to deliver environmental, social and economic benefits?
- How can community initiatives support local green economy transformations? What organisational arrangements are required?
- How can learning from local experience be fed into national planning processes (and vice versa)?
- How can community enterprises network to be able to penetrate international markets?

Research and action learning approach

Who will do the research?

The SME ALG will work **collectively** on priority research questions that can draw on the group's range of skills and expertise. Members will also contribute **individually** through their own research and reflective learning activities. In addition, the SME ALG will work **with and through others**: individuals, institutions and programmes within and outside the region that are engaged in research relevant to the GE ALG's agenda. The SME ALG will also encourage Caribbean researchers and research and academic institutions to engage in green economy and SME work. To expand its capacity, the SME ALG will also develop linkages with other relevant groups and initiatives (for example, other CANARI-organised Action Learning Groups, SME workshops and training and other projects within the region), and draw on their results and lessons.

How will the research be done?

Most of the research carried out by the SME ALG collectively, and much that they will contribute individually, will take an action learning approach, involving engagement of the researchers in the activities under study. Country and sector action learning case studies will make it possible to identify similarities and differences among countries, facilitate cross-country learning and exchange and support individual countries to set their own pathways.

The action learning approach will involve the group coming together with individual members sharing challenges, group questioning to explore and openly discuss the issues related to each challenge, and collective identification of potential approaches and innovative solutions in the Caribbean context. Group members will be able to take action to test potential solutions and they will share the experiences, results and lessons with the whole group for further analysis and development of recommendations.

The SME ALG will also undertake and draw on research using other methodologies besides action learning.

Although this Action Research and Learning Agenda identifies an initial set of challenges which the SME ALG believes needs to be addressed to kick start the move to supporting green SMEs in the Caribbean, the Agenda will be refined as the group learns and new opportunities, challenges and priorities are identified. Much of the research and action learning will be carried out through focusing on a Caribbean context and best practice. This will make it possible to identify similarities and differences among countries, facilitate cross-country learning and exchange and support individual countries to set their own pathways.