

Export Platforms: The IICA Experience in the Americas
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Abstract

IICA through the Agribusiness Development Directorate impulses and develops the program “Export Platforms” since 2000. This Program has the objective to diversify and increase the number of exporters from developing Latin American and Caribbean (LAC) countries and the value of the agribusiness exports to the US, Canadian and the European market.

The program consists of three stages: training in international business, validation the product in the target market and in situ marketing and negotiation skills (participation in a commercial event). In each stage, a group of approximately 15 small and medium agribusiness companies participates with different products. To date four platforms have been held in Costa Rica, three in El Salvador, two in Nicaragua, two in Honduras and one in the Dominican Republic. It is expected that in 2006, the program will continue in Central America and Dominican Republic and extended to other countries of the Caribbean and the Andean Region.

So far, the main results are:

- More than 125 small- and medium-scale agribusinesses have been modernized and have been given the basic tools needed to enter, or increase their share of the export market.
- More than 150 entrepreneurs now know more about the target market and understand how their products must be modified to meet the demands of potential buyers.
- 50% of the agribusinesses that have completed the program and complied with all requirements are now exporting to the selected market.
- Among the main exported products are: Tropical fresh and frozen fruits and vegetables, organic produce, green, organic, roasted and gourmet coffee, ethnic food, sugar, honey, meat, cakes and shrimps.

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I Background

The methodology of the Export Platforms was developed by the Club Export Agroalimentaire du Québec and the training materials were designed by the Forum for International Trade Training (FITT). IICA translated and adapted the materials to Spanish and signed a letter of understanding with FITT to use the training material and must pay a royalty whenever a program of this type is carried out. Currently, all the activities are executed by the Agribusiness Development Directorate, based in Miami, Florida, USA.

II Target

To diversify and increase the number of exporters and the value of the agribusiness exports to the United States of America, Canada and European market through a specific program oriented to the owners and/or managers, which offers effective decision-making tools and market information.

III Structure of the Program

The Program is constituted by three stages developed to support the agribusiness companies that want to export to a specific market. It is mandatory that the participant companies fulfill all the stages of the program.

Stage 1: Training in International Business

In this stage, the program offers to the participants the information and the basic tools and skills to initiate or to strengthen their exporting capacity. A series of eight one-day modules is developed in this stage, once every four weeks. Also the participants must realize tasks in their offices.

The training includes the following modules:

1. Getting Ready
2. Your Business Plan for Export Marketing
3. Assessing Market Opportunities
4. Getting to the Market
5. Making the Sale
6. Getting Paid
7. Export Marketing for Specific Agri-Food Industries
8. Implementing Your Business Plan

It is necessary to emphasize that the modules of training have a practical and not academic approach. This is achieved through an agenda that includes case studies, team work dynamics and the active participation of experts in each of the topics.

For instance, the module of payment methods is provided with the presence of a local banker.

Stage 2: Validation of the products in the target market

Throughout this process is possible to determine the acceptance of the products in the chosen market, as well as, the necessary adaptations to accomplish the existing regulations, needs and preferences of the potential customers. In this stage, a marketing expert is in charge of the relationships in the target market relationship and also is the one who takes responsibility of:

- Identify and to qualify the potential buyers in the target market, as well as the procedures and regulations for the import process.
- Present the products to at least four potential buyers and to verify their interest in such products.
- Recommend the necessary adaptations to enter to the target market, if need it.
- Verify the acceptance of the products on the market in accordance with the demand, the competitors, the price in every level of the distribution network, the norms and regulations, and the transportation costs, among others.
- Obtain the buying criterias of at least four potential buyers, the prices at different points of selling and to obtain samples of the competing products.

Finally, the report of the market validation is sent in a confidential form to every agribusiness. The approval of the final report is under the responsibility of IICA.

Stage 3: In situ marketing and negotiation skills

This stage is composed by the following activities.

- Participation in a fair and/or trade mission.
- Visit to supermarkets and distribution centers in the target market
- Meeting with possible clients (identified in the above stage)
- Promotional campaign of the agribusiness (printed material)

IV Benefits of the Program

As soon as the three stages are concluded, the participating agribusinesses will have the following benefits:

- Participated in the training program where they learned the good agribusiness practices, applied skills and tools for better decision-making processes.

- Increased their knowledge related to the logistics of export to the target market and to be exposed to the market environment.
- Provided with the necessary elements to adapt their products to the target market according to the results of the marketing studies.
- Provided a list of potential buyers of their products.
- Had one-on-one meeting with potential buyers.

V Beneficiaries

In every platform, approximately fifteen agribusinesses participate and must fulfill the following requirements:

- Not to be a regular exporter to the target market.
- To have a quality product with exportable characteristics ready to compete in the international market. Ideally, the product should be sold on the domestic market and in the nearby countries.
- To have production capacity (a consistent and exportable supply) that guarantee potential international demand.
- To participate in the three stages of the Program.
- To have financial capacity that allows them to cover the participation fee; as well as other expenses related to the participation in the fair (ticket and traveling expenses) and the adaptations of the products if need it.

VI Preparation for the Export Platform

Preparation for the Export Platform is based on the prior experience. It is important to highlight that it may change depending on the countries financial resources.

Establishment of the Coordinating Committee

The first step consists in the formation of a Coordinating Committee (CC). The CC is made up by representatives of the public sector (Department of Agriculture or the Institution in charge of the export promotion) as well as representatives of the private sector (farmers, industrialists, exporters, among others) and representatives of IICA in the country.

Responsibilities of the Coordinating Committee

- Promotion of the Export Platform Program
- Securing financial resources
- Selecting the trade fair or destination of the trade mission
- Searching for the participating agribusinesses
- Supporting the development of the program
- Selection of the national coordinator of the platform

Appointment of the National Coordinator of the Export Platform Program

In every single edition of the platforms, it is necessary to nominate a national coordinator. The national coordinator is the person in charge of the execution of the program and represents the liaison with the Agribusiness Development Directorate of IICA. His/her responsibilities are:

- Follow up the agreements of the Coordinating Committee
- Organize the logistics of the workshops
- Invite the identified lecturers
- Visit the companies that will participate in the negotiations
- Advise the participants
- Prepare the evaluation forms and perform the interviews after the workshops
- Collaborate in the preparation of the company's profiles for the stage of validation of the products in the target market
- Accompany the consultant during the participants interviews
- Coordinate the shipping of the products samples for the validation process
- Coordinate the design of the stand and logistics at the fair (if necessary)
- Support the event logistics: shipping samples to the fair, reservations of hotel, air tickets, and transportation to the supermarkets, among others.

- Support all the activities carried out by the National Coordinator throughout the Specialist of the Agribusiness Directorate based in Miami.

It is recommended that the leadership of the Coordinating Committee be the responsibility of the IICA office in the country.

VII What do we offer?

- Support the Export Platform planning and organization:
 - Mailing the Power Point presentations
 - Mailing the Program detailed information
 - Share the experiences of Costa Rica, El Salvador, Honduras, Nicaragua and Dominican Republic
 - In site training of the National Coordinator
 - To visit the country to support the promotion of the program.
- Support to the Export Platform execution:
 - Mailing training materials (it must be included the IICA's copyright has to pay to FITT and printing costs)
 - Mailing the training presentations (Power Point)
 - Mailing the Sections TIPS. The National Coordinator will have to adapt them to the country's needs.
 - Mailing the profiles of the invited lecturers.
 - Offer the training modules and share the experiences of other platforms.
 - Mailing the forms for the validation process.
 - Mailing the profiles to be fill out by the participating companies
 - Support the participating companies at the fair or trade mission.

VIII Budgeting

This is an example of an Export Platform budget for 15 agribusiness companies, including consultant and lecturers fees, training material, FITT fee and copyright, IICA overhead, fair trade participation, etc.

Platform for Export

Stages	US\$
Training in International Business	20,000.00
Validation of the product in the target market	40,000.00
Negotiation: Participation in a Fair Trade	40,000.00
TOTAL	100,000.00

As an option, instead of participating in a trade fair, it can be organized a trade mission, with its respective savings.

IX Main results

As of December 2005, four platforms were accomplished in Costa Rica, three in El Salvador, two in Nicaragua, two in Honduras and one in the Dominican Republic. During 2006, it is expected to continue in Central America and others countries in the Caribbean and the Andean Region.

Among the principal results, are:

- More than 125 small- and medium-scale agribusinesses have been modernized and have been given the basic tools needed to enter, or increase their share of the export market.
- More than 150 entrepreneurs now know more about the target market and understand how their products must be modified to meet the demands of potential buyers.
- 50% of the agribusinesses that have completed the program and complied with all requirements are now exporting to the selected market.
- Among the main exported products are: Tropical fresh and frozen fruits and vegetables, organic produce, green, organic, roasted and gourmet coffee, ethnic food, sugar, honey, meat, cakes and shrimps

X Success factors in the Program

The following are a series of critical factors for the success of the Program:

- The national counterparts must play a fundamental role as promoters of the program, and must support the selection process of the companies, as well as the follow up and pre and post evaluation.
- The invited lecturers must present practical experiences or case studies of exporting companies as well as answer the worries of the participants without any restriction or commercial fear. Avoid any political issue or topic.
- It is recommended that the organizers visit the participating agribusiness companies at the beginning of the program in order to clarify which are the responsibilities of the participants as well as the real scopes of the program. Also it is important that during the program the trainers know the company: managing capacity, its infrastructure, the production process, human resources and the product itself.

- During the training process, it is necessary to emphasize on the importance of the active participation and the punctuality of the participants in each of eight modules.
- In addition to the information given in the training material, it is important that the trainers prepare complementary information about the target market: economic situation, country risk, distribution networks, transportation logistics, needs and consumers preferences, etc. Also it is recommended to include a section of "Tips" which provides some guidelines how to export successfully to the selected market.
- It is recommended that before the validation process, the consultant meets and visits each of agribusiness companies. This is an important issue since it will help to have a better understanding of the company and its product, and also, the company must realize that the result from this stage is only an opinion poll of the market rather than a detailed market study. As a result of this interaction, it must be cleared to all the participants what is the distribution network and the strategies to implement in the target market.
- It is recommended that immediately after the stage of validation, the consultant meets the participant agribusinesses to provide more information or to clarify any doubt prior to visiting the target market.
- Before the trade fair or mission, the participant agribusiness companies must present a business export plan. It is important to emphasize on the importance of developing the tasks of every module properly.
- It is extremely important to remind to the agribusiness companies the development of promotional materials, such as banners, videos, photos that facilitate the presentation of the company and its products during the fair event. Also, the companies must provide the product price (Ex-Works, FOB and CIF), as well as others related with shipping, import taxes, legal documents, etc.
- The agribusiness companies must be clear that its products must be ready to be exported, to fulfill any demand identified during the trade fair, the trade mission or later in the negotiation process.
- The follow up process is a responsibility of the agribusiness company, so it is very important that at the time of closing a business, the participants must be well prepared, with a defined export plan. A passive attitude on the part of the participant hardly will result in a signed contract.
- Although that during the process has prevailed the teamwork and the genuine interest in doing business, it is important to consider that no one can lose sight that they all represent their country's image which over all must stand out, so that future negotiations between countries do not be affected.

XI Examples of Successes

a. ADAPEX, Costa Rica

Product: Baby vegetables: Baby corn, scaloppine, zuchini, egg plant, squash, etc.

In the highlands of Cartago, a province of Costa Rica, a group of approximately 40 farmers started producing baby vegetables for the domestic and regional market. For more than 14 years, the association's production was potatoes, onions and carrots and it has been struggling with random price fluctuations and the high input costs.

After attending the Export Platform Program, they began to export its produces to Canada and then the United States of America. Meanwhile, they decided to diversify its produces: baby corn, scalopines, zuchinies, egg plants, etc.

Currently, ADAPEX employs about 200 people and exports over one million dollars to North America.

As a result of the Program implementation, the managers of the company highlight the followings:

- Have a better understanding of the social and economic environment of the target market
- Know how to gauge the needs and consumer behavior of the target market
- How to obtain and interpret the rules and regulations of the target market
- Shipping methods
- How to better participate in a fair trade and negotiate with potential clients
- How to implement a HACCP Program
- Reduction of returns and increase of the production volume

b. Santa Eduvigis, El Salvador

Product: Semitas (Puff pastry)

This bakery business started in 1990 producing "semitas", a Salvadorian puff pastry filled with guava or pineapple jelly. At the beginning, Mr. Pablo Duran was targeting Los Angeles, California where thousands of immigrants from El Salvador are living.

According to Mr. Duran, when they sent the first shipment, everything was a mess. The package was not appropriate, did not have a bar code, and did not have the mandatory nutrition fact table.

After attending the Export Platform, Santa Eduvigis was in better shape to export to the American market. They adapted the product, the packing, the labeling and other regulations that FDA requires for import products.

Today, the product is shipped not only to Los Angeles, but also to Houston, San Francisco, Chicago and Washington. Currently, it is also exporting to Canada: Vancouver, Toronto and Montreal.

To date, Santa Eduviges is exporting more than twenty different varieties of pastry through many distributors such as Dubon and Son, S&M, Distribuidora Cuscatlan, Carmen Import, Vallarta Market, Ranch Market, Vidal Products, among others.

In January 2006, the Central America Free Trade Agreement (CAFTA) is expected to start and this will allow thousands of products to enter tax free to the United States. This situation is creating a lot of opportunities to small and medium agribusinesses to explore new opportunities in the American market, from organic, fair trade to ethnic products.

c. COGAP, Honduras
Product: Shrimp

COGAP is a Honduran company dedicated to the production and export of shrimp since 1991. This agribusiness is made up of four shrimp farms totaling 800 hectares of shrimp ponds with a production capacity of 2 million pounds of shrimp per year and a packing plant with a capacity of 30,000 pounds per day.

COGAP is certified by the FDA and has HACCP certification. Shrimp production is from April to December. COGAP offers the following presentations:

- Whole shrimp
- Shell-on headless
- Peeled and deveined tail-on (P & D Tail-on)
- Peeled and deveined tail-off (P & D Tail-off)
- Peeled round

Each of these five presentations is available in 5 pound or 2 pound boxes, frozen or IQF.

COGAP participated in the Program “Platforms to Export” led by IICA and Pronagro in Tegucigalpa, Honduras. As a result of the process, in March 2005, the company attended the agrifood fair SIAL in Montreal, Canada and in October 2005, participated in Anuga, Germany.

In both fairs, COGAP exhibited their products to buyers, distributors, supermarkets and other trade agents their produce. After the negotiations, the company would be able to increase its exports from \$400,000.00 to \$4,000,000.00.

XII Conclusions

The Export Platform Program has been successful due to the integration of three stages

- a. Stage 1: Training in International Business
- b. Stage 2: Validation of the products in the target market
- c. Stage 3: Negotiation

In general, other similar programs have emphasized each of the stages separately with satisfactory results but without the participants reaching the target markets with their products.

The approach implemented in the platforms is unique, since it not only allows building local capacity but also it opens new opportunities to the participants in developing negotiation skills, a better self esteem and exposure to the international market arena with managerial tools.

Another important aspect is the fact that the chosen companies are those that already have an product(s) and have experience with the domestic or regional markets, but that for some reason have not managed to penetrate on other markets, such as the United States of America, Canada or Europe. The Program is targeted to those companies that are really committed and focused on the expansion of its business.

Finally, in addition to the direct benefits to the participating companies, the indirect benefits to the private sector generated in twelve platforms up to today it is also necessary to take into account the fact that official institutions, such as the Ministries, are building local capacity. Increasing institutional capacity is a goal that IICA has in order to assist countries, so they can reduce its dependency on foreign organisms.

For instance, in Costa Rica where PROCOMER (Promotora de Comercio Exterior) has been developing the platforms by its own account, the same situation is in Honduras, where the Unit of Agribusiness in the Ministry of Agriculture has initiated efforts to support the platforms by itself.

**Main Financial Sponsor organizations of the Platforms to Export
in the different countries**

Country	Market	Financial Sponsors
Costa Rica	Montreal, Canada	<ul style="list-style-type: none"> ▪ Cámara de Exportadores de Costa Rica, CADEXCO ▪ Promotora del Comercio Exterior de Costa Rica, Procomer ▪ Consejo Nacional de Producción, CNP ▪ IICA Office in Costa Rica ▪ Participating agribusiness companies
Costa Rica	Toronto, Canada	<ul style="list-style-type: none"> ▪ Iniciativa Costarricense para la Competitividad Internacional, ICCI with Agencia Canadiense para el Desarrollo Internacional, ACDI funds ▪ Promotora del Comercio Exterior de Costa Rica, Procomer ▪ IICA Office in Costa Rica ▪ Participating agribusiness companies
Costa Rica	Toronto, Canada	<ul style="list-style-type: none"> ▪ Promotora del Comercio Exterior de Costa Rica, Procomer ▪ IICA Office in Costa Rica ▪ Dirección de Comercio y Agro negocios ▪ Participating agribusiness companies
Costa Rica	Miami, USA	<ul style="list-style-type: none"> ▪ Promotora del Comercio Exterior de Costa Rica, Procomer ▪ IICA Office in Costa Rica ▪ Dirección de Comercio y Agro negocios ▪ Participating agribusiness companies
El Salvador	Vancouver, Canada	<ul style="list-style-type: none"> ▪ Programa Nacional de Frutas (IICA-MAG) ▪ Proyecto Agroindustria GTZ ▪ Instituto Salvadoreño de Formación Profesional, Insaforp ▪ Proyecto de Apoyo a la Competitividad ▪ IICA Office in El Salvador ▪ Participating agribusiness companies
El Salvador	Montreal, Canada	<ul style="list-style-type: none"> ▪ Cámara Agropecuaria y Agroindustrial de El Salvador, CAMAGRO ▪ Instituto Salvadoreño de Formación Profesional, INSAFORP. ▪ IICA Office in El Salvador ▪ Participating agribusiness companies
EL Salvador	New York, USA	<ul style="list-style-type: none"> ▪ EXPRO El SALVADOR, with USAID funds ▪ IICA Office in el Salvador ▪ Participating agribusiness companies
Nicaragua	Toronto, USA	<ul style="list-style-type: none"> ▪ Proyecto EPAD with USAID funds ▪ IICA Office in Nicaragua ▪ Participating agribusiness companies
Nicaragua	Los Angeles, USA	<ul style="list-style-type: none"> ▪ Proyecto EPAD with USAID funds ▪ IICA Office in Nicaragua ▪ Participating agribusiness companies
Honduras	Montreal, USA	<ul style="list-style-type: none"> ▪ Fundación para la Inversión y Desarrollo de Exportaciones (FIDE) a través del Programa Nacional de Competitividad (PNC), ▪ Federación de Agro exportadores de Honduras FPX a través de su Programa PROFORCA, ▪ IICA Office in Honduras ▪ Dirección de Desarrollo de los Agro negocios ▪ Participating agribusiness companies
Dominican Republic	Miami, USA	<ul style="list-style-type: none"> ▪ Secretaría de Agricultura ▪ CEI - RD ▪ IICA Office in Honduras ▪ Dirección de Desarrollo de los Agro negocios ▪ Participating agribusiness companies