



AGRO-PARKS AND ECONOMIC RESILIENCE

Dr. John M. Ulimwengu

Senior Research Fellow

International Food Policy Research Institute (Washington, DC)

What is an Agro- park/Agropole?

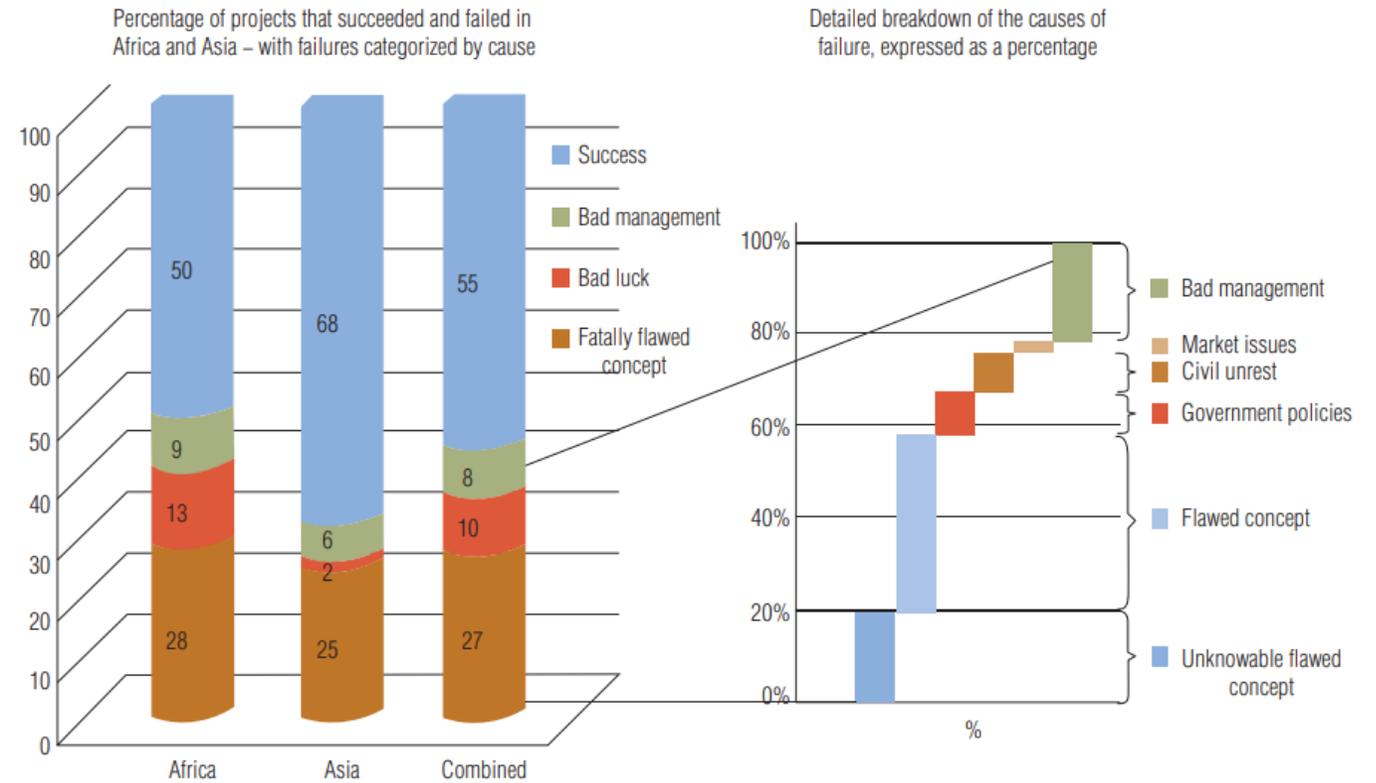
- Agro-industrial parks (AIPs), which are usually linked to territorial development strategies and may be referred to as agroparks, agribusiness parks, and agrifood parks.
- Overall, their concept is based on a concentrated industrial estate dedicated to the processing and promotion of agrifood value chains, including crops, livestock/dairy products, and allied services.
- They seek to drive technological change, add value, and industrialize the agribusiness sector by offering premises and supporting services on the microeconomic scale (Gálvez-Nogales and Webber 2017).

Why they matter for structural transformation and resilience?

- They are often based on a public–private partnership (PPP) scheme aimed at facilitating private sector investment in agribusiness by providing:
 - access to basic industrial infrastructure;
 - shared common services and facilities, and creation of economies of scale in terms of warehouses, cold storage facilities, logistic services, waste management, finance services, and other such services that may not be financially viable for individual firms;
 - specialized agro-industrial services, such as laboratory testing, certification, and new product development services;
 - improved access to technical support as well as information and management services;
 - facilitation of partnerships through effective networking between primary producers, agro-processors, traders, retailers, and end markets.

What did we learn from past experiences? Reasons for failures

- Flawed concept
- Bad management
- Issues beyond the control of the investor (for example, civil unrest, government policies, and markets)



What did we learn from past experiences? Factors of success

- Sustained high-level political leadership.
- Effective coordination and delivery mechanisms involving key stakeholders.
- Widespread political support, and alignment around clear priorities.
- Embed in broader national economic development strategies, urban development plans, regional infrastructure networks, and agricultural development strategies.
- Mobilize long-term capital, which is often not available.
- Target right tenant firms.
- Foster strong relationships between agro-processing firms in the parks and farmers in surrounding areas.

How do they strengthen economic resilience?

- **By promoting economic diversification:**
 - The former managing director of the International Monetary Fund (IMF), Christine Lagarde, is reported declaring that “We know that economic diversification is good for growth. Diversification is also tremendously important for resilience.” (Usman and Landry, 2021; p.1).
- **By promoting economic sophistication:**
 - Economic sophistication is defined as the ability to produce complex products which require specific skills and tacit knowledge embedded in labor (Arif, 2021).
- **By strengthening economic symmetry:**
 - Acemoglu et al. (2012) has shown that aggregate volatility is observed from sectoral idiosyncratic shocks only if there exists significant asymmetry in the interactions between sectors.

What lessons for the region?

- Need for strong and sustained political support for the development of the agro-park, based on the right design characteristics and appropriate implementation.
- Private sector involvement should be wide-ranging and should include strategy, development, financing, operation, and administration of key aspects of the business and regulatory environment.
- Governments should not embark on agro-park investments based on vested interest and politicized decision-making, but should ensure that the program is fully aligned with—and an integrated part of—their national development strategies.
- Dedicated and sustained administrative support is needed, from inception and design to implementation.
- Relevant administrations (land authority, finance, energy, transport, labor, customs, industry, and so on) should be engaged and provided with the resources needed to support the program.
- Investment support measures should also be put in place.

Merci

