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ARE AGRICULTURAL GROWTH POLES THE MIRACLE SOLUTION TO AFRICA'S AGRICULTURAL ISSUES?

Public-private partnerships are becoming more and more popular as a financing strategy in Africa's agricultural sector. The phenomenon is driven by a desire to transform "traditional" farming into capital-intensive farming that will speed up agricultural growth and meet demand for food. The desire to tap into private investment in order to boost the agricultural sector can take the form of a number of different policies, one of which is the agricultural growth pole (or 'agropole'). Although these processes are more advanced in some countries than in others, they have already sparked debate about several issues relating to the large-scale entrepreneurial farming model that is being promoted and their ability to help resolve current challenges relating to food and nutritional security in Africa. There are a number of important questions to examine with respect to growth poles. Do they actually support the development of competitive and inclusive supply chains for small family farms? What risks do these approaches pose for family farming? This document will provide an overview of the emergence of growth poles in Africa, assess their performance in a few different countries (Burkina Faso, Cameroon) and analyse their initial impacts and potential risks.

I- Growth poles: a new approach to agricultural development in Africa?

A. A shift towards public-private partnerships over the past decade

Confirmation of the growing need for investment in agriculture. The 2008 food crisis highlighted the need to make farming in Africa more capable of addressing issues such as food and nutritional security. According to several players in the development sector, the best way to do so is by boosting investment in the agricultural sector, as investment in the sector is currently too low. The FAO's report from the 2009 forum "*How to Feed the World in 2050*" estimated that the level of net investment the agricultural sector would need in order to feed the world in 2050 is USD 83 billion a year, which represents a 50% increase in investment.

Challenges that governments and financial sponsors face when it comes to funding the agricultural sector. Despite recognition of the urgent need to boost investment in the agricultural sector, governments are struggling to meet the needs of the agricultural sector. At the 2003 African Union Summit, African countries agreed to allocate 10% of their budget to the agricultural sector to remedy chronic underinvestment in the sector. Ten years later, they were struggling to meet those commitments: only seven countries had reached or surpassed 10%. In addition to the commitments made by African governments, many developed countries also promised financial assistance in response to the 2008 food crisis. At the 2009 Aquila Summit, the G8 promised to invest USD 22 billion over three years in the form of public development aid for agricultural development and food security. When an initial progress report was conducted in 2011, however, only half of the promises had been kept.

Turning to the private sector. Given the challenges faced when it comes to mobilising public investment to overcome agricultural and food challenges, the private sector has been identified as one of the main solutions. In 2008, as part of an attempt to come up with solutions to the food crisis, the Private Sector Forum on the Millennium Development Goals and Food Sustainability was organised on the sidelines of the UN General Assembly. The importance of the private sector was reaffirmed at the FAO's 2009 World Summit on Food Security in Rome. The heads of state and government said that they were "*in favour of cooperation between the public and private sectors and in favour of private investment, whether domestic or foreign, for agriculture and food security in developing countries*." More recently, at the Third International Conference on Financing for Development in Addis Ababa (July 2015), the African Development Bank recognised the importance of the private sector in covering the colossal financing needs of developing countries.

B. Agricultural growth poles as a major operationalisation tool for public-private partnerships

Spatial approaches in support of private investment. Different spatial approaches to economic growth have been identified as instruments for mobilising private investment. Those approaches mainly include Special Economic Zones, growth corridors and growth poles. According to the African Development Bank (Feeding and Industrialising Africa workshop, 2016), such systems could "*lead to greater investment from the private sector in specialised and highly productive areas of certain industries that, with the right connections, would have a positive impact on the economy in general and encourage significant growth in sustainable jobs."* Those systems have important points in common, but differ in certain aspects. Developed in the 1950s, the growth-centres approach has been taken up again in recent years by several players in the development sector, such as the World Bank and the African Development Bank. Those players define growth poles as "*simultaneous, coordinated investments in many sectors to support industrialisation in a country…around an already-existing resource in an economy...and focusing on a group of industries that are connected around a particular resource*" (joint report on competitiveness in Africa by the World Bank, World Economic Forum and African Development Bank, 2013).

Table 1: Spatial operationalisation approaches for PPPs

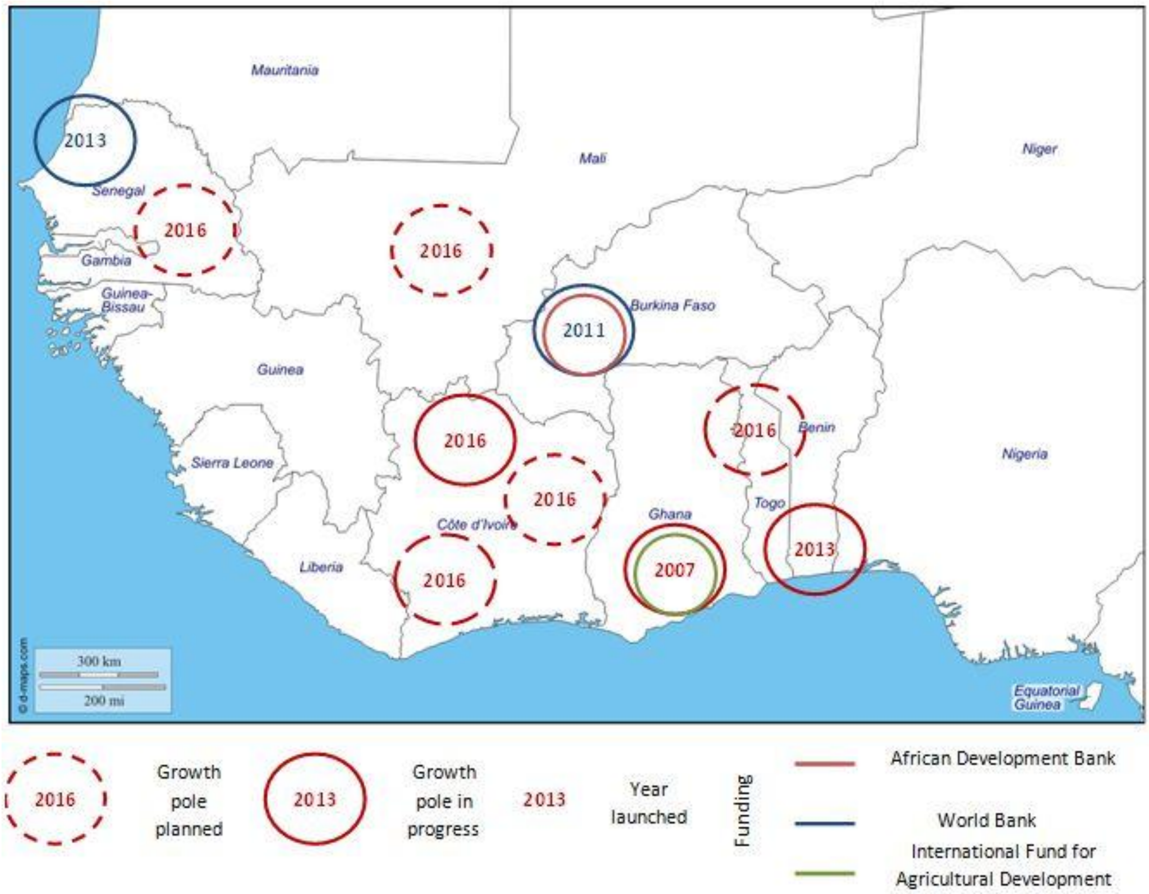
Types	Common points	Specifics
Special Economic Zones (SEZs)	- Facilitation of trade, tax, funding - Multisector strategy	- Smaller areas (smaller than a town or region) - Infrastructure and services exclusively for companies within the SEZ
Growth poles		- Larger areas (the size of a region or several regions within a country) - Development around an agricultural or mining basin - Zone for coordinating investments - Infrastructure and services for companies both within and outside the area
Growth corridors		- Development around a transport corridor - Zone for coordinating investments - Larger areas (the size of several regions within a single country, or several countries) - Infrastructure and services for companies both within and outside the area

Agropoles: main characteristics. The growth-poles approach applied to the agricultural sector has given rise to the concept of agricultural growth poles, or "agropoles". In its strategic plan for agropoles, the government in Mali has defined agropoles as: "*a group of companies within a particular geographic area that maintain functional relationships for producing, processing, marketing and providing support services for a particular vegetal, animal, fish or forest product"*. Analysis of agropoles has revealed several characteristics: (i) combination of a territorial approach to development and a "value-chain" approach linking the production basin and demand; (ii) downstream approach to production with a focus on industrialisation and not on a fabric of artisan companies; (iii) clarification of rights and granting of land deeds, with land reserves for private investors; (iv) a system where contracts are formed between family producers and industries, with the industries being either specialised in the downstream stage of production or involved themselves in that production; (v) government intervention to attract the private sector; (vi) and provision of services to producers, small and medium-sized companies (loans, technical support) and local institutions (capacity-building).

Differences in the implementation of agropoles. Agricultural growth poles can nevertheless come in different forms depending on: (i) combinations and decisions between family farming and agribusiness (ii) choice of agricultural supply chain, from food production for the local/regional market or for export, to industrial non-food production (mainly for export) (iii) levels of public and private investment (iv) type of private investors mobilised (local private sector or multinationals).

Agricultural policy: gradual shift towards agropoles. For several years, agricultural policies focusing on agropole projects have been showing strong growth, either internally or at the instigation of international partners. In its new strategy for Africa drawn up in 2011, the World Bank identified growth poles as a new approach to strengthening the economy. It went on to define a sub-group of projects dedicated to the agricultural sector, with four pilot projects launched since October 2010 in Burkina Faso, Ghana, Malawi and Senegal. The promotion of agropoles by the African Development Bank was more recent. Since 2015, as part of its "Strategy for Agricultural Transformation 2016–2025", the African Development Bank affirmed its commitment to promoting agropoles as a key instrument in the development of 18 integrated value chains. As part of the creation of national agricultural investment plans in ECOWAS countries, countries such as Burkina Faso, Ivory Coast and Togo are actively involved in creating agropoles and have shown that they are committed to making it one of the pillars of those plans. There is therefore reason to believe that the phenomenon will continue to grow over the next few years.

Diagram 2: Development of growth poles in West Africa

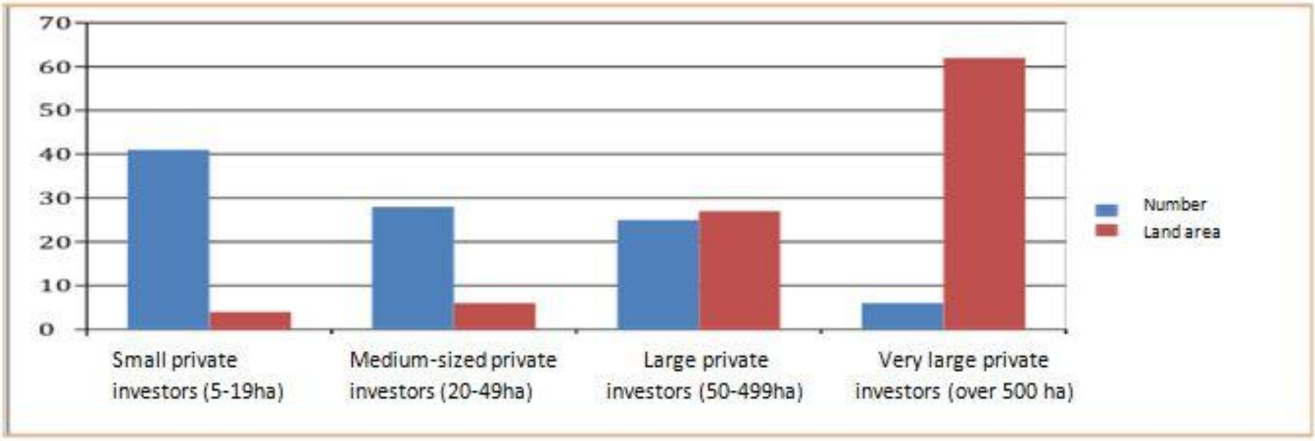


II- Assessment of agropoles in Africa: high hopes, but challenges in terms of implementation

A. Differences encountered in the implementation of growth poles in Burkina Faso and Cameroon

Private entrepreneurs: between the local private sector and multinationals. The term "private entrepreneurs" covers a wide range of players, from large multinationals and local entrepreneurs, to SMEs and producer co-ops. While Bagrépôle includes small, medium and large investors, both national and foreign (see Graph 2), the agropoles in Cameroon focus more specifically on the local private sector. The type of private players involved in growth poles results in very different balances of power and financing capacities.

Graph 2: Types of investors in the Bagré pole



Implication of family farming: different realities. Family farming covers a range of different realities, from subsistence family farming to intensive family farming. The creation of growth poles may include a large diversity of family producers (e.g. Bagrépôle) or focus on a specific category of family producers, particularly those who "already have a high level of production" (e.g. Cameroon). Those differences in approach may give rise to very different forms of support.

Table 2: Comparison of agropoles in Cameroon and Burkina Faso (Bagré)
- major differences are highlighted in orange -

Criteria	Bagré growth pole (Burkina Faso)	Agropoles (Cameroon)
Initiative	World Bank	Government
Governance	Government/private	Government
Total investment	USD 320 million	XAF 33 billion (EUR 50.160 million)
Public investment (%)	50%	35%
Sources of public investment	Government + financial sponsors	Government
Support linked to public investment	- Institutional capacity - Essential infrastructure (irrigation, roads, etc.) - Essential services and support for SMEs - Value chains	- Social and community infrastructure - Capacity-building - Private equipment and infrastructure - Inputs
Types of public support	Direct support	Pre-financing from private players
Private investment	- On-site infrastructure - Farming inputs - Working capital	- On-site infrastructure - Farming inputs - Working capital
Main speculations	Rice (1/3 of land)	Diversified supply chains, but specialisation by agropole
Private entrepreneurs	1-National entrepreneurs 2-Multinationals	National entrepreneurs
Land granted to private investors	Between 5 ha and 2,500 ha	Not defined
Support specifically for family farms	- Facilitation of access to financial institutions - Capacity-building - Aggregation	N/A
Special tax advantages	Special tax rules for growth poles in Burkina Faso	N/A

B. Big delays owing to the complexity of the system's implementation

The challenges of coordinating a multisector approach with multiple players. The growth poles are generally multisector projects involving many different types of investments in areas such as development, infrastructure, support services and capacity-building. The projects also bring together many different players (government, private sector, producer organisations, civil society) with very specific expectations. This makes things complex when it comes to coordination and governance of action. Likewise, political instability and changes in public governance bodies adds an additional layer of complexity to the entire process.

The social and historical context has not been sufficiently taken into account. Implementation of the agropole theoretical model encounters different historical and social realities that are specific to the zone where the agropoles are being implemented. Those realities are not sufficiently taken into account when reflecting on and creating agropoles. In many cases, agropole projects come after previous programmes that achieved mixed results and that have resulted in a tense socio-economic situation. Those past programmes make local communities reluctant to join the project, which makes the implementation of the growth poles even more complicated.

Initial assessments of land were too simplistic. The completion of new developments and infrastructure as part of the implementation of agropoles involves uprooting communities and redistributing land on a large scale. Land management in rural areas is generally based on customary law and on various complex cultural and historical factors. In village areas, procedures for expropriating land and for compensating and resettling affected communities do not sufficiently take into account this land component. Those procedures are too simplistic and reductive. They lead to many disputes and cause projects to be blocked by local communities.

Challenges mobilising public investment. Developed through public-private partnerships, agricultural growth poles still need a large initial investment of public resources (which is difficult for governments to mobilise) and support from partners in the development sector. Despite growing interest in the growth-poles approach, international financial sponsors are exercising caution. Several of those players are waiting to see the results of pilot projects before making new commitments.

C. Mixed initial results

Mixed results in terms of improving productivity. Although growth poles have recently been recognised as valid a solution, initial results from countries such as Morocco, Burkina Faso and Cameroon are mixed. Although several projects resulted in higher production (agropoles in Morocco, for instance), productivity levels were low in other countries. In Burkina Faso, certain production-oriented pilot projects conducted by private agricultural entrepreneurs in the Bagré growth pole had yields that were two to three times lower than average. Private players' highly acclaimed technical capacities for production seem to be far from the general reality and are raising questions as to their ability to serve as technical "models" for farming families.

Focusing more on production than on access to markets. The approach developed by growth-pole policies shows a desire to act throughout the entire value chain, with an emphasis on facilitating access to markets for agricultural producers. In reality, the concentration of support in the upstream portion of the value chain seems to be favoured at this stage. In agropole projects in Cameroon, government support is mainly focused on access to inputs and to production equipment, while actions linked to downstream aspects are not as visible. In the Bagré growth pole, rice producers in the old plains still face big challenges when it comes to marketing their products. The few actions carried out by Bagrépôle are at this stage not very efficient and raise questions as to the future ability to sell surplus production from the cultivation of new developments.

Opaque aggregation initiatives that are not very visible. Aggregation initiatives remain limited. Aggregation systems are almost nonexistent in the pilot projects at Bagrépôle and are not very developed at the agropoles in Morocco. At Bagrépôle, collaboration between agribusiness and small producers mainly involves subcontracting farming equipment to small producers and/or transforming family farmers into agricultural workers for private entrepreneurs. Persistent delays in the implementation of those systems are linked to the inherent risks of those systems, both for players in agribusiness and for small producers. From the aggregators' point of view, the low technical efficiency of small producers and the complexity of relations with those actors are the main concerns that have been underlined. The vulnerability of small producers in comparison with players in agribusiness owing to weak negotiating capacity is an obstacle when it comes to adopting the system. In Cameroon, where the aggregation principle seems to be more developed, regulating the system seems to be problematic because of the lack of a formal contractual document between the different stakeholders. In general, the lack of specific regulatory frameworks for those systems in the different poles is a source of concern for the different players.

Limited investment from private actors. To date, investors have been slow to mobilise. In the Bagré growth pole, some pilot investors are encountering difficulties putting to use all of the land that they have been granted. One of the limiting factors is access to sufficient levels of funding through commercial banks. That issue has also been raised by private operators in the agropoles in Cameroon. In the case of foreign investors (for whom the availability of financial resources is not a major constraint), the low level of investment is mainly linked to persistent uncertainty regarding land and to worries generated by the many delays in the implementation of various infrastructure projects and services.

Inset 1: Do agricultural growth corridors in southern Africa have more highly developed processes?
Like growth poles, the implementation of agricultural growth corridors is on the rise in southern Africa. At the instigation of the 2009 World Economic Forum, several countries in the region began setting up agricultural growth corridors: *Southern Agricultural Growth Corridor of Tanzania* (SAGCOT) in Tanzania and *Beira Agricultural Growth Corridor* (BACG) in Mozambique. The vision underlying the implementation of those corridors is based on two key points: i) mobilisation of investments from international or local partners in the private sector in order to develop commercial agriculture; ii) development of efficient systems within value chains that bring together, through a fair and sustainable partnership, big investors and small producers with a view to improving farming productivity and the income of small producers. The processes for implementing those corridors are currently being developed. Initial results, however, have been mixed. Little progress has been made in the implementation of SAGCOT and BACG owing to insufficient energy supplies, high taxes, political constraints, land issues and poor coordination of activities.

III- Questions about the efficiency of agricultural growth poles

A. Cost-benefit analysis: governments at a disadvantage?

Doubts about concentrating public investment on the private sector. The high concentration of public investment on just a few thousand hectares, mainly in favour of the private sector, is to the detriment of other key players in the agricultural sector, and more generally civil society. Expectations are high, particularly regarding the driving force that those investments should ignite in the private sector. Without any studies on the competitiveness of farms, debate is continuous over which farming models to support and promote. It is exacerbated in the growth poles, with great inequality in the support provided to private players and family farms. For the CFP (Faso Confederation of Smallholders), the umbrella body for smallholder organisations in Burkina Faso, those same levels of investment directed towards certain constraints of family farming would help strengthen family farmers and improve their ability to respond to agricultural and food challenges.

Doubts about tax cuts for growth poles. Growth-pole policies mobilise a large share of government budgets. On the other hand, tax cuts and the liberalisation of economic activities for growth poles partially eliminate the two main sources of government revenue: customs duties and corporate tax. The creation of special tax provisions for certain agricultural growth poles is justified mainly by the desire to create an environment that is more attractive for investors. To date, no ex-ante study analysing the loss in tax revenue versus the proposed benefits for the government can justify the current level of tax advantages and their benefits for governments.

B. Are growth poles able to address current challenges in agriculture?

Food and nutritional security. Growth poles are heavily promoted through several initiatives in support of food and nutritional security for communities, following the example of NASAN. But the supply chains promoted appear to be destined for standardised external markets and call into question the food and nutritional security of local communities, who are more vulnerable. The issue of food and nutritional security is mainly addressed under the angle of availability through the objective of boosting production within growth poles. That "agricultural-supply" vision prevails in the agricultural policies of African countries. The issue of food security, however, should not be addressed solely from that angle, but must include aspects of diversity and accessibility. Those aspects are given little attention because of crop specialisation and limited actions when it comes to questions about markets.

Funding for the agricultural sector. Growth poles are clearly limited in their ability to mobilise private investment for the agricultural sector. The managing bodies of certain agropoles are therefore trying to develop more-flexible financing systems in favour of private investors with support from technical and financial partners. In Bagrépôle, there are plans for guarantee funds for those players. That approach has gotten the attention of producer organisations that have been fighting for years for the implementation of financing systems that are adapted to the constraints of the agricultural sector. Of course, there are cases where the mobilisation of private investment has been successful, and those should not be ignored. But to date, they have not succeeded in considerably reducing the lack of financial services for farmers.

C. Is the family-farming model viable?

Should family farms be incorporated into intensive supply chains? Doubts persist as to the capacity of family farming to be incorporated into this type of farming. The inclusion of small producers (who are more vulnerable to farming and commercial risks) in highly intensive supply chains seems improbable without a specific regulatory framework, financial assistance for family farms and capacity-building for producers and their organisations. The risks of vertical integration, where small producers become employees/seasonal workers, and of the gradual transfer of land through the indebtedness of family farmers vis-à-vis investors have increased. The balance of power between family farming and agribusiness appears to be very unbalanced, which increases the risk that agribusiness will dominate the agricultural sector and leads to the decline of family farming.

Are family farms viable in the production systems promoted by the growth poles? The viability of family farms within growth poles has been called into question. While vast tracts of land have been attributed to players in agribusiness, family producers dispossessed of their land risk becoming confined in tight spaces. The projected size of the plots would not be enough to ensure the survival of a household. In addition to the size of the plots attributed, the production system characterised by the specification of farming has been called into question. Various studies of production systems on family farms confirm the importance of crop diversification to ensure the food and nutritional security of households.

Land security for family farmers. The major challenge when it comes to securing land, especially for small producers, still has to do with the trends underway in the agropoles. Within certain agropoles, regulating access to land is almost nonexistent. Most small producers have customary rights to land, which sometimes are not recognised in national land laws, making them more vulnerable with the arrival of agribusiness. Several agropoles, however, are creating processes for attributing land deeds to family farmers. But land deeds are not the only factor when it comes to securing land for family producers. Securing land also depends on the conditions offered to guarantee the economic viability of family farms through assistance in gaining access to different production factors. Land governance remains rather weak in growth poles, indicating potential risks such as large-scale land-grabbing and land conflicts.

Smallholder innovation. The highly "top-down" systems, in which family farmers are integrated through aggregation systems, give little room for smallholder innovation. Small producers are forced to apply a technical package that does not adequately take into account the technical constraints specific to each farm and the farming model that the producers want to promote.

CONCLUSION

Growth-pole policies in Africa are far from being an epiphenomenon. After the launch of pilot projects in the ECOWAS region in recent years, several countries are using that approach as a major instrument for strengthening the agricultural sector as part of the creation of the second generation of national agricultural investment plans. The growth-pole policies show, in theory, a desire to make family farming and agribusiness the pillars of agricultural development. Analysis of the support and systems for family farmers casts doubt on this apparent objective. Evidence of a large shift towards an "agribusiness" farming model exists with a major step back at political level for family farms.

Although recent, the initial results obtained indicate high risks regarding the viability of family farms. Faced with those results, it is important to think about strengthening the role of organisations that support producers (producers organisations, NGOs). There is great need in terms of advocacy, but especially in terms of legal support/advice in negotiating contracts for monitoring and assessing the impacts of the implementation of those approaches.

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