

# Staple Crops Processing Zones

## A Flagship Program of the Feed Africa Strategy



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## Transforming African Agriculture: The Feed Africa Agenda

The transformation of African agriculture is long overdue and it is the only way to unlock Africa's enormous potential. The African Development Bank's agenda aptly termed "Feed Africa" focuses on 18 priority commodities across the five agro-ecological zones of Africa and has set the targets of raising Africa's 2015 food production by an estimated 174 million metric tons (see Figure 1).

Such an increase in production requires the development of allied agro-industries to absorb the expected additional production, add value to it, produce and market high quality and nutritious food products to replace current over-dependence on imports, and in the process, create business and employment opportunities at all stages of agricultural value chains.

Commodity	Supply 2015	Demand 2015	Demand 2025	Additional production to reach self-sufficiency
	x 1000 metric tons			
Rice	17,477	26,047	34,925	17,448
Cassava	137,765	137,937	167,873	30,108
Sorghum	32,142	32,018	42,370	10,228
Millet	21,323	20,877	27,179	5,856
Cowpea	5,928	5,669	7,521	1,593
Beef	7,332	7,545	11,138	3,806
Maize	58,863	78,529	103,417	44,554
Soybean	1,428	2,797	3,531	2,103
Milk (dairy)	41,725	51,598	64,165	22,440
Poultry	4,595	5,420	7,725	3,130
Cocoa	3,272	632	902	-2,370
Coffee	981	741	1,035	54
Vegetables	44,500	48,491	68,691	24,191
Wheat	23,707	24,645	32,419	8,712
Fish	1,485	2,706	3,545	2,060
<b>Total</b>	<b>402,524</b>	<b>445,652</b>	<b>576,436</b>	<b>173,912</b>

**Figure 1** Total African supply and demand of key commodities in 2015, projected demand for 2025 and additional production to reach self-sufficiency

## What are Staple Crops Processing Zones (SCPZs)?

Staple Crops Processing Zones (in some instances may also be known as Agro-Industrial Parks, Agribusiness Parks, Mega Food Parks, Agropoles, Agro-clusters, etc.) are agro-based spatial development initiatives designed to concentrate agro-processing activities within areas of high agricultural potential to boost productivity and integrate production, processing and marketing of selected commodities. These initiatives may or may not be granted Special Economic Zones status.

They are purposely built shared facilities, to enable agricultural producers, processors, aggregators and distributors to operate in the same vicinity to reduce transaction costs and share business development services for increased productivity and competitiveness.

By bringing adequate infrastructure (energy, water, roads, ICT) to rural areas of high agricultural potential, they attract investments from private agro-industrialists/entrepreneurs to contribute to the economic and social development of rural areas.

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# What are we trying to achieve through Staple Crops Processing Zones (SCPZs)?

The ultimate aim of SCPZs is to turn the African rural landscape into economic zones of prosperity. SCPZs are intended to lay the foundation for Africa's agro-industrialization and contribute to lifting millions of Africans out of poverty.

Source : <http://footage.framepool.com/shotimg/qf/703743477-irrigation-serre-botanique-agriculture-industrielle-pays-bas.jpg>

## SCPZ objectives include:

- Increasing food production capacity and efficiency.
- Increasing value addition to agriculture.
- Promoting local, regional and international trade.
- Promoting investments in agribusiness.
- Increasing the contribution of the agriculture sector to GDP, wealth and employment creation.



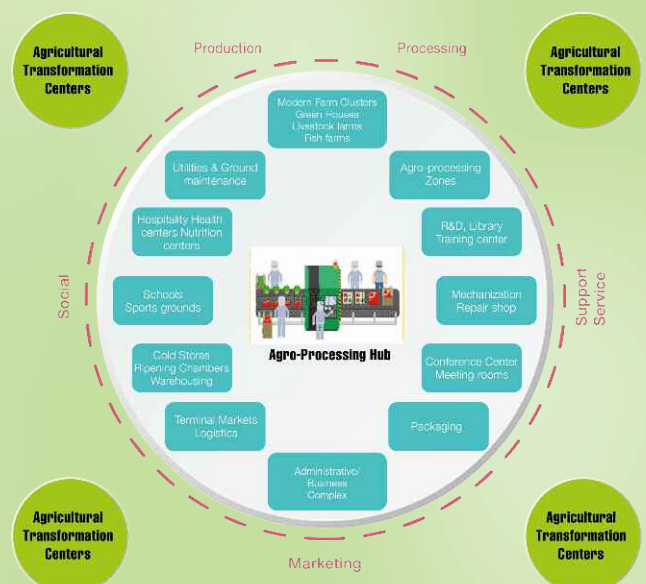
## Essential components of a Staple Crops Processing Zone (SCPZ)

### An Agro-Processing Hub,

is a well-defined, centrally managed tract of land developed, subdivided and dedicated to supporting firms and other stakeholders engaged in agro-processing and related activities located throughout the production area surrounding the hub. (FAO, 2017);

The hub offers adequate infrastructure, logistics and specialized facilities and services (e.g. electricity, water, cold chain facilities, laboratory and certification services, business services, ICT, waste treatment, etc.) required for agro-industrial activities (Figure 2).

The ownership and management of the hub is controlled by a dedicated and independent entity, often in a public-private partnership arrangement.

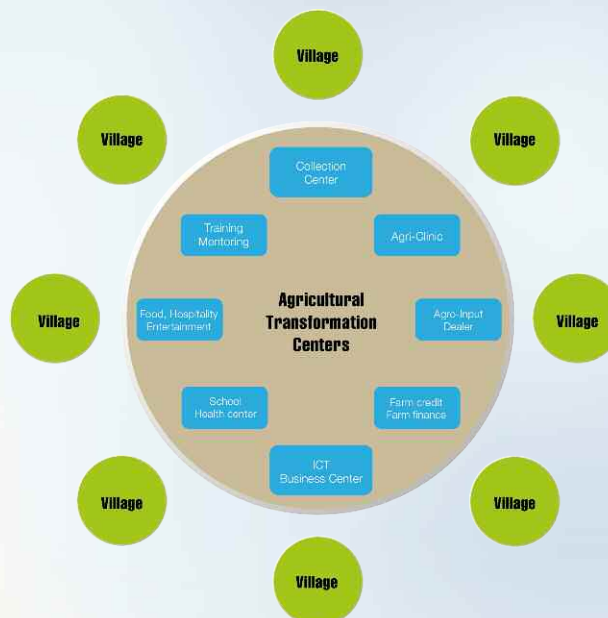




## Agricultural Transformation Centers (ATC)

For each SCPZ, a number of Agricultural Transformation Centers (ATCs) are strategically located within the production area to serve as aggregation points to accumulate products from the community to supply the Agro-Processing Hub for further value addition or send to centers of great demand for distribution and retail to consumers;

The ATC is a physical complex of facilities centrally located in the middle of a farming community, where required services are offered to farmers, including crop drying facilities, cold stores and warehouses, farm equipment rental and maintenance services, crop handling, grading, storage, and processing for increased shelf life; livestock handling, slaughtering and meat packing; fish handling, grading and processing; food quality and safety control and certification; distribution and marketing platforms (Figure 3).



## What are the Key Success Factors for an SCPZ?

Overall, an SCPZ should be based on a national action plan for agricultural transformation that targets areas of high agricultural potential and builds the needed infrastructure to attract private investments in agro-processing activities and associated agricultural production. The program must be supported by policies and regulations that facilitate public-private partnerships and foster a conducive business climate. Such policies and regulations are prerequisites for a successful SCPZ programme.

SCPZ must be Government-enabled (facilitator) but private sector-led (manager). The effectiveness of private sector implementation is a necessity for the success of the SCPZ program. Governments' role must be to facilitate the program by creating a conducive policy and regulatory environment and investing in the essential economic infrastructure required for agro-industrial development.

SCPZs offer reliable hard and soft infrastructure required by agro-industries to be competitive. Uninterruptible power supply at competitive cost, good roads, clean water, telecommunications, waste treatment, as well as proximity to administrative and regulatory offices.

(one-stop-shop), to business services and innovation systems are highly attractive to agro-industrial investors.

All actors in the SCPZ should adopt best management practices. An effective governance system should be in place to ensure rapid identification of bottlenecks and finding of solutions, and regular sharing of information to build trust amongst all actors and facilitate the resolution of conflicts should they arise.

Inclusion of smallholder producers and SMEs in the SCPZ model is essential for sustainability. SCPZ initiatives should identify challenges faced by smallholder farmers and SMEs along the value chain and endeavour to build their capacity and improve their performance so that products from the SCPZ can be competitive on the market.








SCPZs will play a major role in bringing about agricultural transformation and achieving the vision of the Feed Africa strategy. SCPZs will build this capacity so that large stocks of marketable food products are produced and can be locally or globally traded, driving Africa to become a net food exporter. By bringing the demand for farm produce to the farm gate, SCPZs offer an opportunity to smallholder producers to increase their productivity and grow their farm incomes. SCPZs also bring non-farm employment opportunities to rural dwellers, thus contributing to eliminating extreme poverty and hunger. Making agriculture production profitable and opening business opportunities along value chains promoted by the SCPZs are necessary conditions for attracting African youth into agribusiness.







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# Study on African Staple Crops Processing Zones (SCPZs)

**T**he Staple Crops Processing Zones (SCPZs) are critical in the Bank's agenda for the transformation of African's agriculture. They present a tool that can help to boost increased agricultural productivity and strengthen the capacity of Regional Member Countries (RMCs) to create added value to agriculture, livestock and fisheries, with a view to reduce food imports, initiate a structural change in the agricultural sector and diversify the national economy. SCPZs as a flagship program is already attracting the interest of many RMCs.

Before a full scale, rollout of the implementation of this program, the status study of Africa's SCPZs was conducted to draw up lessons learned, identify the challenges, risks, success and failure factors, and assess how African SCPZs have contributed to economic development goals. Such knowledge would inform the formulation of the Bank's strategy to better respond to requests from its RMCs for assistance in establishing SCPZs as part of their agricultural transformation programs. It would also help RMCs to better plan, design and implement their SCPZ programs.

The study assessed the effectiveness of the implementation and the performance of SCPZs in ten African countries, their characteristics, and the lessons learned from these initiatives, the challenges and opportunities they represent. The study covered five French-speaking countries (the Democratic Republic of Congo, Gabon, Morocco, Senegal and Tunisia) and five English-speaking countries (South Africa, Egypt, Ethiopia, Nigeria, and Zambia).

The results of this study show that the SCPZs approach has been implemented in Africa for about 20 years compared to over 50 years elsewhere in the world. The pioneers of this approach in Africa are Morocco and Tunisia, and are even beginning to offer their expertise to other African countries. The study noted that the models of SCPZs sampled vary in form and content: their designs, implementation arrangements, financing and management modalities. The disparities in the findings led to the identification of the following key success factors that would trigger sustainable SCPZs:

1. Adequate policy and regulatory framework and supportive business environment sustained by legislation and official documents describing the national development strategic framework in which they fit.
2. Private sector leadership based on state facilitation in SCPZs' animation and mobilization of investments. This requires continuity in political will despite changes in government and active promotion of the initiative by very senior level champions in the public and private sectors.
3. Important, patient and inclusive financing accessible to all actors, including small producers and small and medium enterprises operating in the SCPZs.
4. Quality infrastructure (energy, water, roads, ICT) conducive to well managed agro-industrial development maintained in carefully chosen locations.



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5. Executive, technological and innovative management capacity capable of ensuring the competitiveness of the agro-industrial sector. This requires availability of skilled labor and support from research, training; and maintenance and repair of the machinery.
6. Connectivity of SCPZ actors to each other and to global markets in an integrated value chain approach, and a governance system that facilitates trade agreements and conflict resolution for increasingly successful value chains.

The study concludes that the SCPZs approach is widespread throughout the world can be successful in Africa and can play an important role in the transformation of African agriculture. However, some issues need special attention for their success in Africa:

1. Securing access to land for the inhabitants of the areas concerned and for small, medium and large scale farmers

2. National consensus on the SCPZs approach for agricultural development, to converge contributions from various sources
3. The dynamics of the relations between the private and the public sectors for a win-win public-private partnership
4. The competitiveness factors of the agro-industrial sector, in particular:
  - a. Increase of agricultural productivity
  - b. Excellence in executive and technological management
  - c. Constant innovation
  - d. Quality management and phytosanitary standards for global competitiveness.

The implementation of the SCPZs would require case-by-case adaption of what has worked to the emerging realities of each country, and even of the region of the country where the SCPZ is set up. However, countries that consider adopting this approach should draw on the experience of other countries to avoid mistakes based on experiences.

