

Rationale and Recommended Response for Establishing Clusters: agro-industrial clusters and food parks

A cluster is simply a geographic concentration of producers and institutions that are engaged in the same industry and which, through collaboration, generate efficiencies and competitive advantage for the individual partners and for the cluster as a whole.

Clusters also stimulate innovation and accelerate the adoption of new ideas and processes. They lead to the greater availability of, and enhanced access to, business information and specialized inputs – physical, technical and legal (such as those relating to certification). They generate important local externalities, such as a skilled labour pool.

The promotion of clusters has become a key feature of industrial policy in many countries, developed and developing. Yet, in the majority of developing and transition economies, agro-industrial clusters have not achieved a significant level of success.

The principal reason may be that public policy has failed to recognize the special requirements of the agro-industrial sector, and particularly how to involve the small-scale producer. A change in approach is, therefore, required.

Public policy should recognize, first and foremost, that in the agro-industrial sector, clusters are unlikely to naturally evolve and that they must, therefore, be “induced”. The role of government is to play a central role in the inducement process and to catalyze the process, facilitate it and, to some extent, bankroll it, at least in the first ‘priming the pump’ stage.

Public policy should recognize that for the cluster to be successful, its members must “buy in” to the process and be “empowered” to assume leadership from the onset.

Public policy must recognize that special competencies are required to manage the inducement process and that some form of public-private sector partnership will, therefore, be required.

Focus of the Debate

Do you agree that agro-industrial clusters are a way of increasing the sector’s competitiveness?