Session 3 (Part 1): Case Study

**AGRO-INDUSTRIAL PARKS**

**CASE STUDY FOR DISCUSSION [IN PLENARY OR BREAK-OUT GROUPS]**

**INFRASTRUCTURE VS. NETWORKS: WHERE TO INVEST?**

**THE CASE OF THE KAKKANCHERY FOOD PARK IN INDIA AND OF THE AARHUS FOOD PARK IN DENMARK**

Food parks can vary widely on the base of the components prioritized, their business environment and their broader geopolitical and economic situation. The two cases described here are examples of adaptation of the agropark concept to very different environments.

***The Kakkanchery Food Park, India***

The Kakkanchery Food Park is a park sponsored by the Kerala Industrial Infrastructure Development Corporation (KINFRA) in the Indian state of Kerala. It is located at a vantage point close to farmlands and about 25 km from the city of Kozhikode (or Calicut, with a population of 3 million), granting access to both raw materials and a large pool of consumers. The park has good accessibility to National Highway 17, Kozhikode airport, Kochi port and national railways (FAO, 2006). It is also close to key knowledge actors, such as the Regional Engineering College and the Indian Institute of Management Kozhikode. Other reasons for choosing the location were the availability of land – a site development of over 28 ha acquired for the park from the University of Calicut in 1995 – and the existence of nearby food clusters, such as rice products, flour milling and bakery products, spices, soda water and coconut oil, which could be linked to the food park. This park is only one of a series of industrial parks launched by KINFRA targeting the food, clothing, textiles, marine/seafood, rubber, exports, electronics, biotechnology and small-scale industries.

In the creation of the Kakkanchery Food Park in 2003 the infrastructure component played a very relevant role. It included the construction of general infrastructure such as internal roads, power supply (substation and distribution system), water reticulation, common facility buildings and offices for park users, communications network, bank, post office and other facilities. The park was also provided with specific support facilities and equipment needed by the food processing industry. These include a water treatment plant (common effluent treatment plant, and hygienic waste disposal system for solid wastes and liquid effluent), a quality control laboratory, a food incubation centre, a weighbridge and a common warehouse run by the Central Warehousing Corporation,and modern cold storage facilities. The park planners established a single-window clearance facility for obtaining all regulatory licences/registrations from different public agencies in one place. They made available ready-to-use industrial plots with all utilities for investors, so they could have access to common facilities without any need to invest on an individual basis. Other common facilities for commercial and residential uses include a healthcare centre, convention facilities, a marketing and exhibition centre and accommodation for workers and staff.

The Kakkanchery Food Park is a park managed by the public sector. The decision-making body is a board subcommittee of KINFRA, chaired by the Principal Secretary of the Government of Kerala, who looks after the activities of the Department of Industries in that state. The policy-making apex body is the KINFRA board, chaired by the Chief Secretary of the Government of Kerala, the state’s highest-ranking official. Although the Managing Director of KINFRA heads the park organization, a general manager is entrusted with project-related activities in the park, and an officer-in-charge looks after day-to-day affairs.

The Food Park has received public investment for co-financing of common infrastructure facilities in excess of US$4.4 million. The private counterparts, i.e. the 28 companies established in the park as of 2014, have collectively invested US$19.4 million in the park, and have generated over 600 permanent jobs.

However, frequent interruptions and delays in the flow of funds from central to state authorities hindered the performance of the scheme in the first few years. In order to address this problem, measures to empower regional and local authorities (both in terms of financial and human resources) have been taken, and a new financing and operational PPP model adopted.

***The Aarhus Food Park, Denmark***

The Aarhus Agrofood Park, established in 2009, is the leading innovation and growth centre for the agriculture and food industry in Denmark. The park is privately managed and owned. It houses 75 agribusiness companies, knowledge institutions, venture capital, service providers and entrepreneurs engaged in fruitful cooperation.  The mix of firms include start-ups and established firms, and small and large companies (> 450 employees). Arla Foods has decided to build its Global Innovation Centre (11 600m2) in the Park (it will open in January 2017). Today there are about 1 000 people working in the Park, and the goal is to reach 3 000 people working and studying there by 2020.

The location of the Park was decided on the basis of:

* Available land. In the first phase of the project, the Park spread over 5 ha, growing up to 9.2 ha by end of 2016, and to 32.5 ha in the near future.
* Good infrastructure: 1 km to the E45 motorway, 6 km to the city centre and 750 meters to the light rail that will open in mid-2017 and very close to local airports (Tirstrup, Billund and Aalborg) with 190 international destinations and the Port of Aarhus, which is considered the largest international port container. The Skejby Business Park, with its 20 000 knowledge jobs is just 1 km away.
* Economic advantage: East Jutland, where the Aarhus Region is, produces more than one third of Denmark's total food exports to food. East Jutland has the highest concentration of food-related knowledge in Europe, with more than 700 scientists and specialists in food and agriculture and around 110 000 higher education students. Aarhus hosts an average of 10 industry relevant meetings and 5-7 major conferences a year. It receives visits of international delegations from around the world every week.

In a survey carried out in 2015, about 90% of the tenants indicated that they believe that the location of the Agrofood Park has had a positive impact on their development.

The motto of the Park is to offer not only infrastructure (“m2”), but notably “m3”, i. e. all the academic and networking activities and social events organized by the Park such as:

* M3 Meetings: The Park holds a number of major professional events, networking and social activities, thereby strengthening the tenants’ opportunities for business development. It is becoming the natural venue for the meetings of the Danish food cluster.
* M3 Open: The Park seeks to be an active player in the “Open Innovation” system that brings the Aarhus Business Region, which is a partnership of 12 municipalities that aims to create growth and jobs, and the Aarhus innovation ecosystem closer together and also closer to consumers. More concretely, the Park is part of an open and trusting knowledge and business ecosystem that is linked to the national Danish food cluster[[1]](#footnote-1), the Skejby Business Park, the Navitas Science and Innovation Centre at the Port of Aarhus, Aarhus University, SEGES[[2]](#footnote-2) and the Business Region Aarhus
* M3 International: The Park strives to be internationally recognized as an “innovation eco-system” for food and agriculture that actively promote the Park and the Invest in Denmark initiative.
* M3 Growth: The Agrofood Park hosts an incubator, Future Food Innovation (FFI), which supports business startups (25 in 2016) and links them with large and small players present in the Park.

As a result of this strategy, about 70% of the tenants collaborate with other companies in the park, and 20% with more than 5 companies. More than 80% of the tenants indicate that they regularly participate in professional events organized by the Park. Approximately 80% of the park tenants introduced new services or products in 2015 and 75% expected to introduce new services in 2016.

**C:\Users\Costanza\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\L56KVNET\MC900442072[1].wmfQUESTIONS:**

*⌦ Do you believe that the two park initiatives are well aligned with their respective geopolitical and business environments?*

*⌦ What similarities and differences can you identify between the two parks? ⌦ If you were in charge of design, would you change anything in terms of the soft/hard mix of park components?*

*⌦ Have you identified elements that could be applied to your country?*

**REFERENCES**

**FAO.** 2006.*Agro-industrial parks: Experience from India*.Rome: Food and Agriculture Organization of the United Nations (FAO). Available at: <http://www.fao.org/docrep/016/j7714e/j7714e.pdf>

<http://www.agrofoodpark.dk/>

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"Business Region Aarhus - A Great Place for Food Innovation". Available at: <http://www.businessregionaarhus.dk/da/Nyhedsliste/2016/2-kvartal/~/media/Subsites/Business-Region-Aarhus/Dokumenter/BRA-20x26-FINAL-030616.pdf>

1. The Danish Food Cluster is an international member-driven hub for businesses, research institutions and public authorities. It seeks to maximise the growth potential and innovation power of their members, who represent around 75% of Denmark’s food industry turnover. [↑](#footnote-ref-1)
2. Including SEGES, which is a private knowledge centre established in January 2015 with the merge of the Knowledge Centre for Agriculture and the Danish Pig Research Centre.

   SEGES covers all aspects of farming and farm management - from crop production, conservation agriculture, livestock farming and organic production to finance, tax legislation, information technology, architecture, accounting and human resources. SEGES collaborates with the Danish Agricultural Advisory Service in more than 1 000 field trials every year. [↑](#footnote-ref-2)