PERSPECTIVES

Four structural constraints that shape agro-industrial performance in Africa — and what shifts them

A practitioner's view on the gap between operational potential and observed performance across African agro-industry.

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Why this matters now

African agro-industry occupies a peculiar position in the continental economic imagination. It is, by acreage and headcount, the largest economic activity across most of the continent; it is, by capital allocation and policy bandwidth, persistently underweighted. The result is a sector that operates significantly below its productive frontier — and a set of structural constraints that recur with such consistency across countries and crops that they merit treatment as features of the system, not anomalies of firms.

The four constraints described below are not exhaustive. They are the four that, in almost three decades of operating responsibility within and adjacent to West African agro-industrial groups, we have seen shape outcomes more consistently than any single management decision or capital injection. Each is recoverable. None is recovered by accident.

1. The productivity-discipline gap

The yields routinely observed in African plantation agriculture — for oil palm, natural rubber, cocoa, sugarcane, cashew — sit at a fraction of the levels achieved by best-in-class Southeast Asian and Latin American operators on comparable agro-ecology. The gap is not principally one of seed material, soil chemistry, or climate. It comes down to operational discipline.

A well-managed oil palm plantation in Côte d'Ivoire delivers twelve to eighteen tonnes of fresh fruit bunches per hectare on mature stands. A less well-managed plantation on identical land, with identical seed, delivers less than six tonnes. The variables that explain this divergence are unglamorous: respect for the technical agronomic itinerary, fertilization calibrated to leaf analysis, harvest cycle discipline, road maintenance, water management and mill uptime. None requires breakthrough technology. All require a consistent and unsparing focus on operational metrics that are harder to sustain than to install.

The reason these disciplines erode is rarely incompetence; it is a slow accommodation to constraints — a missed fertilizer shipment, a broken laboratory contract, a lost field manager — none of which would be tolerated on an Asian estate, but which compound over years on an African one. Recovering the gap requires not so much new investment as the systematic re-installation of discipline across the value chain. This is hard, patient work. It is rarely glamorous and almost never headline-making, but it is by some distance the highest-return intervention available to most African agro-industrial operators.

We are convinced that this ambition lies within the grasp of most African agro-industrial operators.

2. The intermediate-scale void

African agriculture is bimodal. At one extreme sit large estates, often historically established by parastatals or multinational groups, operating at industrial scale with formal management. On the other sit millions of smallholders, each cultivating ranging from one hectare to several dozen hectares, with limited capital, training, or market access.

This is the missing middle of agro-industry, and it matters because it is on the intermediate scale that operational disciplines take hold and capital is deployed productively. Smallholder schemes are difficult to make consistently bankable; mega-estates absorb capital but are politically vulnerable. Intermediate-scale operators — professionally managed, structurally bankable, embedded in regional networks — are the missing rung on the ladder.

The reasons the rung is missing are several: land tenure systems that complicate aggregation; financing mechanisms that are either insufficiently developed or inadequately aligned with the sector's requirements; the absence of management talent willing to operate at this scale; and a regulatory environment that imposes formal-sector costs without delivering formal-sector services. Each of these is solvable in principle. None is solved by markets alone.

3. The financing mismatch

Capital allocation to African agro-industry is bifurcated in a way that systematically excludes some operations. Commercial banks, structured around quarterly reporting and short-tenor lending (less than 12 months), are ill-equipped for crop cycles that run eighteen to thirty-six months and capital expenditures that pay back over decades. Development finance institutions — the African Development Bank, AFD, the European Investment Bank, the U.S. International Development Finance Corporation — are equipped for the long tenor, but they require deal sizes, governance standards, and preparation depth that exclude all but the largest agro-industrial companies.

The result is a financing gap at the very layer where agro-industrial productivity is most easily recovered: companies generating a few million dollars in annual revenues while possessing the capacity to absorb tens of millions of dollars in growth capital, but unable to navigate the space between commercial bank limits and DFI minimums.

Closing this gap is partly the work of new instruments — blended finance, partial guarantees, intermediate-tenor mezzanine. It is also, and more importantly, the work of preparing Agro-industrial actors to meet the institutional standards that unlock concessional capital. A bankable case is not the work of a bank. This is the role of a structured advisory partner: to provide the guidance, discipline and expertise required to deliver sustainable results.

Most financing institutions underestimate by a factor of three the depth of work required to transform a credible agricultural or agro-industrial opportunity into an institutionally bankable investment case.

4. The governance and succession question

A significant share of African agro-industrial enterprises is founder-led or family-owned, with governance structures that reflect the founder’s authority rather than an institutional architecture. This is not a defect — founder authority is often what built the enterprise — but it becomes a binding constraint at the point where the enterprise seeks growth capital, prepares for succession, or contemplates partnerships with institutional players.

The constraint manifests in a recognizable cluster of features: management decisions concentrated on one or two individuals; financial information that serves tax compliance rather than management or investor disclosure; family and business finances incompletely separated; the absence of a non-executive Board or its presence in name only; a thin second tier of management. Each is manageable in isolation. The cumulative effect is to render the enterprise illegible to institutional capital and vulnerable to disruption at the point of founder transition.

The work of installing governance — drafting a Board charter that means something, separating ownership from operations, building management accounts and a financial control that withstand audit, planning succession in a structured rather than ad-hoc fashion — is among the most consequential transformations any African agro-industrial enterprise undertakes. It is also, in our experience, the transformation most consistently undertaken too late.

A diagnostic synthesis

What unites these four constraints is that none of them is technological in the sense that imports a breakthrough. None is solved by a new variety, a new digital platform, or a new policy framework. All are about the patient installation, or re-installation, of disciplines that the most demanding global operators take for granted: operational rigor, capital structure that fits the asset, governance that survives the founder, scale that fits the financing instrument.

Each constraint can be addressed by an enterprise acting on its own behalf. None requires markets to change first. The work is internal, finite, and within the advisory firm's control — which is, in a meaningful sense, the most encouraging feature of the diagnosis.

What FACINEX brings

FACINEX exists in part because the advisory market available to African agro-industrial operators has not, in our view, adequately served them on these dimensions. International firms apply frameworks that travel poorly to African operating conditions; many local firms lack the cross-border benchmarking that calibrates ambition against the best global comparators. The combination of operator's perspective, financier's literacy, and auditor's discipline — held in a single senior practice — is the firm's response to a recurring need we have lived from the inside.

The work itself is unspectacular. It is reading the soil-test results, sitting in the harvesting yard at dawn, walking the maintenance schedule with the mill engineer, reviewing the management accounts and financial control reporting line by line, writing the Board memo that finally separates owner and operator. It is in this register that performance has recovered.

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