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SENEGAL

Making Better Use of Agribusiness Potential

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Preface

Since the beginning of the new millennium, African governments, donors and the private sector have all stepped up their efforts to revitalise the agricultural sector by mobilising additional resources and putting new business initiatives to work. Through the approval of NEPAD's Comprehensive Africa Agriculture Development Programme (CAADP) in 2003, African leaders agreed to governmental responsibility for providing technical and financial support to the agricultural sector and the development of the agro-based private sector. In addition, trade issues have been increasingly seen as intrinsic to agricultural development strategies.

Governments and business actors agree on the need for better co-ordination of each other's strategies and interventions in the agricultural sector. This places public-private dialogue at centre stage of Africa's agricultural development process. More emphasis should therefore be placed on policies in favour of market expansion and improved regulatory conditions to underpin private-sector development and redefine the roles of government, donors and business.

Africa is daily facing new challenges caused by market transformations on a global scale. Technological advances, changes in food consumption patterns, the demands of private retail companies and stricter quality and health standards imposed by OECD importing countries have been at the root of some of this change. Meanwhile, African agro-food companies are faced with rising demand for food in Africa due to rapid urbanisation and increased industrial activity. In addition, China and India have provided new outlets for African agricultural exports but have also increased competitive pressures.

To address these challenges, a change of perspective is needed to promote commercial agriculture and the development of rural non-farm activities. More emphasis should be placed on policies that raise agricultural productivity and expand market opportunities at the international, regional and national levels. Private investment in appropriate technology and scientific expertise to support the agricultural sector in Africa requires adequate policies and regulations.

This edition of *Business for Development: Promoting Commercial Agriculture in Africa* looks at recent trends in trade and aid in African agriculture, including an overview of the corporate landscape of the agro-food sector, and takes stock of donor activities aimed at supporting commercial agriculture in the continent. This new publication will make a substantial contribution to what we know and need to do to support private-sector development in Africa.

Javier Santiso,

Director, OECD Development Centre

March 2008

ACRONYMS ABBR.

Acronyms and Abbreviations

ADEPME	Small and Medium Enterprises Development Agency (Agence de Développement et d'Encadrement des Petites et Moyennes Entreprises)
AFD	French Development Agency (Agence Française de Développement)
AfDB	African Development Bank
ANCAR	National Agricultural and Rural Advisory Agency (Agence Nationale de Conseil Agricole et Rural)
APIX	Investment Promotion & Major Public Works National Agency (Agence Nationale chargée de la Promotion de l'Investissement et des Grands Travaux)
ASEPEX	Senegalese Export Promotion Agency (Agence Senegalaise de Promotion des Exportations)
BADEA	Arab Bank for Economic Development in Africa (Banque Arabe pour le Développement Économique en Afrique)
BMN	Office for Levelling up of Enterprises (Bureau de Mise à Niveau)
BOAD	West African Development Bank (Banque Ouest Africaine de Développement)
CAADP	Comprehensive Africa Agriculture Development Programme
CIDA	Canadian International Development Agency (Agence Canadienne pour le Développement International)
CNCR	National Counsel for Rural Cooperation (Conseil National de Concertation et de Coopération des Ruraux)
DAPS	Directorate of Analysis, Forecasts and Statistics (Direction de l'Analyse, de la Prévision et des Statistiques)
EIB	European Investment Bank
EU	European Union
EurepGAP	Euro-Retailer Produce Working Group Good Agricultural Practices
FNRAA	National Fund for Agricultural and Afro-food Research (Fonds National de Développement Agro-Sylvo-Pastoral)
GDP	Gross Domestic Product
IF	Integrated Framework for Trade-Related Technical Assistance

IFAD	International Fund for Agricultural Development
IsDB	Islamic Development Bank
ISRA	Senegalese Agricultural Research Institute (Institut Sénégalais de Recherches Agricoles)
ITA	Food Technology Institute (Institut de Technologie Alimentaire)
ITC	International Trade Centre
LOASP	Agriculture, Forestry and Livestock Guideline Law (Loi d'Orientation Agro-Sylvo-Pastorale)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ONAPES	National Organisation of Senegalese Fruits and Vegetables Exporters (Organisation Nationale des Producteurs et Exportateurs de Fruits et Légumes du Sénégal)
PAOA	Agro-Food Operators Support Project (Projet d'Appui aux Opérateurs de l'Agro-alimentaire au Sénégal)
PDMAS	Agricultural Markets and Agribusiness Development Project (Programme de Développement des Marchés Agricoles du Sénégal)
PIU	Project Implementation Unit
PLDP	Participatory Local Development Programme
PPEA	Agricultural Export Promotion Programme (Projet de Promotion des Exportations Agricoles)
PROMER	Rural Micro-entreprises Promotion Project (Projet de Promotion des Micro-Entreprises Rurales)
PRSP	Poverty Reduction Strategy Paper
PSAOP	Agricultural Services and Producer Organisations Programme (Programme des Services Agricoles et d'Appui aux Organisations de Producteurs)
PTIP	Triennial Public Investment Programme (Programme Triennal d'Investissements Publics)
REVA	Return to agriculture (REtour Vers l'Agriculture)
RoS	Republic of Senegal
SAED	State Company for Senegal River and Delta Land Setting and Development (Société Nationale d'Aménagement et d'Exploitation des Terres du Delta du Fleuve Sénégal et des Vallées du Fleuve Sénégal et de la Falémé)
SAGIC	Support for Accelerated Growth and Increased Competitiveness for Trade
SCA	Accelerated Growth Strategy (Stratégie de Croissance Accélérée)
SEPAS	Senegalese Agricultural and Service Export Company (Sénégalaise d'Exportation des Produits Agricoles et de Services)

SMEs	Small and Medium-sized Enterprises
SONACOS	State Groundnuts Purchasing and Processing Company (Société Nationale de Commercialisationdes Oléagineux du Sénégal)
UEMOA	West African Economic and Monetary Union (Union Économique et Monétaire Ouest Africaine)
UNIDO	United Nations Industrial Development Organisation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

SENEGAL

Making Better Use of Agribusiness Potential

ABSTRACT

Senegal is a showcase of donors' support to horticultural export development in sub-Saharan Africa. The first direct donor support to the Senegalese horticultural value chain dates back to 1998, with the World Bank-funded Agricultural Export Promotion Project (PPEA). Early recognition of the need to tackle the whole agricultural value chain, from inputs to production, processing and marketing, characterises donors' support to the agricultural sector in Senegal.

Facing declining traditional export sectors, groundnuts and fishing, Senegal has been undergoing a difficult transition process from traditional to commercial agriculture over the past decade. The 1994 devaluation of the CFA franc has benefited Senegal's fruit and vegetables sub-sector, which presents the main hope of diversifying the country's agricultural export structure. Consequently, the primary sector grew annually at an average 6.2 per cent between 2002 and 2005, which was much higher than real annual GDP growth.

The chapter shows that aid to the agricultural sector has been proving positive in supporting the Senegalese government's new sectoral development principle, the Accelerated Growth Strategy (SCA). Senegal has started to attract foreign investment in the export-oriented horticultural sector. Moreover, small and medium-sized horticultural producers and exporters, better organised and more empowered, have succeeded in increasing production and export volume, while simultaneously satisfying the stringent sanitary and phytosanitary requirements of the OECD markets.

Today, Senegal's agriculture faces challenges of expanding targeted products and markets. Donor assistance to Senegalese agriculture has evolved and donors are now applying a differentiated market approach for multiple private actors to work better with agricultural entrepreneurs. Strengthening Senegal's agricultural potential and diversifying its agricultural production and export profile both horizontally and vertically are the long-term goals for both donors and the country.

INTRODUCTION

This Senegal country chapter reviews the initiatives of the government and donors to promote agricultural diversification in Senegal, and tries to examine to what extent the country is exploiting its agricultural potential, in particular in the horticultural sector. The chapter starts with a short analysis of the agricultural and agribusiness sectors, followed by an examination of the government's agricultural strategies to make a transition from traditional to commercial agriculture. Afterwards the chapter provides an overview of donor activities in the agricultural sector and discusses several major donor programmes supporting commercial agricultural development in more detail. The chapter concludes by pointing out the important role that donors play in transforming the way the public sector interacts with the agro-related private sector.

STATUS OF AGRICULTURE AND AGRIBUSINESS

Senegal's agricultural sector has two faces. On the one hand, sluggish sales of groundnut products and the deep crisis in fisheries, the country's major traditional agricultural exports, have brought down the sector's GDP contributions. Groundnuts earn less foreign revenue, with a 60 per cent drop in output over the past 20 years (Hazard *et al.*, 2006); and reform of the groundnut sector still has a long way to go (OECD/AfDB, 2007). Overfishing has diminished fish stocks, and unemployed fishermen illegally migrate to Europe[1]. Efforts to conserve resources are too slow and overfishing is still insufficiently controlled.

On the other hand, Senegal has seen some agricultural products, such as cereals and horticulture, growing. Production of rice, maize and manioc has increased in recent years to meet rising local demands in urban areas. The fruit and vegetables sub-sector presents the main hope of diversifying Senegal's agricultural export structure. Grown mainly in the Niayes, the Senegal River Valley, Casamance and Dakar regions, fruits and vegetables for export have done well since the 1994 devaluation of the CFA franc. Senegal's geographical[2] and climatic situation enables out-of-season crops to be grown for the European market. The primary sector grew annually at an average 6.2 per cent between 2002 and 2005 (ANSD, 2007)[3].

Emerging Horticulture

The country's leading horticultural production zone, the Niayes region (the coastal zone between Dakar and Saint Louis), provides the best example of integrated use of favourable factors of production and marketing. The region's climate is adequate for off-seasonal production. Geographically, the region is close to Dakar where transport and port infrastructures exist for exports. Moreover, the region has a good reputation for highly organised producers' associations.

Despite Senegal's huge potential in horticultural exports, market opportunities at national, regional and international levels remain underexploited. Emerging private entrepreneurs have expanded their production capacities, but made far less progress with their marketing skills. For instance, Senegalese cherry tomato and mango exports to Europe account for a mere 2 to 3 per cent of their domestic production[4] (FAO, 2006; ITC, 2007). Given the limited scope of economies of scale in small domestic markets, Senegalese horticultural producers and exporters would benefit from improved functioning of domestic agricultural markets and better linkages with regional and international markets.

Compared with other leading export countries of horticultural products, Senegal faces supply-chain constraints in terms of provision of inputs, production, logistics and marketing (Geomar International 2004a; 2004b). In Senegal, production and marketing assets (e.g. land, technology, finance, business know-how, human networks) are unevenly distributed across different types of producers, ranging from a few large commercial firms (e.g. Safina, Sepam[5] and GDS[6]) to

small-scale family farmers who represent the majority. For the latter, the installation cost of modern equipment and materials often exceeds small family farmers' financial capacity (World Bank, 2005). Moreover, their low level of production technology and marketing know-how impedes product diversification and quality improvement.

Food Processing

The food-processing industry in Senegal is the second most developed among West African countries, after Côte d'Ivoire. This industry accounted for 7 per cent of GDP on average in 2002-05, following the phosphate-processing industry (ANSD, 2007). The industry employed about half the people working in Senegalese industries and two-thirds of seasonal workers in 2002 (Planconsult, 2003). Eighty per cent of total agro-industrial firms in the formal sector are located in the Dakar area (Gret, 2006*b*). These agro-industrial firms benefit from proximity to the port of Dakar, rapid transportation and access to credit. Most of them are linked to a foreign firm which provides them with access to foreign capital and technology.

Two broadly defined sectors dominate the food-processing industry in Senegal. One is export-oriented (groundnut oils[7] and canned fish[8]), and the other serves the domestic market (tomato concentrates[9], sugar refining, flour milling[10], soda water, beer and other beverages[11], milk powder). However, the growth of the food-processing industry has been very weak, only 2.9 per cent on average during 2002-05 (ANSD, 2007) owing to poor performance of the fish-canning, groundnut oil and cake, and sugar and confectionery sub-sectors.

Senegal's food-processing industry depends highly on imported inputs, used directly in processing or indirectly in packaging activities. According to a recent study, 72 per cent of inputs used for processed food products are imported[12] (Gret, 2006*a*). These imported inputs vary from wheat[13] for flour milling to industrial packages. Production of tomato concentrates by SOCAS[14] and sugar refining by CSS[15] are the only examples of industrial use of domestic agricultural products, but they are not exceptions. SOCAS, for example, has started using cheaper imported tomatoes from China and Iran in order to cut down production costs (RoS, 2006*a*). This has dealt a blow against domestic tomato producers in the Senegal River Valley.

Besides large food-processing industries, local small and medium-sized enterprises (SMEs) engage in processing domestic agricultural products, such as local cereals, fruit and vegetables, fish and milk. Their production technology is usually very primitive and production output remains small. Several characteristics associated with domestic agricultural production — such as products that are difficult to conserve without adequate facilities, or fragile to transport, or that producers are unable to supply in a stipulated quantity and time, and the lack of quality control — present major constraints to industrial and commercial use (Gret, 2006*a* and 2006*b*). Adding higher value to domestic agricultural products remains limited.

Today, Senegal's challenge remains to widen the scope of the country's production and export profile both horizontally and vertically. Applying modern business practice (i.e. market analysis, client-oriented business plans and contract-based business transactions) to the agricultural sector is key to increasing the sector's competitiveness.

WHAT IS THE GOVERNMENT DOING?

Senegal had lacked a clear agricultural development policy for diversifying the sector's portfolio in the 1990s, but this situation is now changing. The Senegalese agricultural focus has gradually shifted from traditional to non-traditional produce, seizing emerging business opportunities domestically, regionally and internationally.

The Government of Senegal started to liberalise the agricultural sector in 1995. However, progress so far has been disappointing. Agricultural liberalisation has led to a widening of trade deficits due to a faster rise in imports than exports. Senegal's traditional agricultural exports have been

losing their share of world trade. The country's agricultural and food imports exceeded exports by 56 per cent in 2006 (RoS, 2007*d*).

Senegal is slowly moving towards a more proactive agricultural development strategy to realise the sector's potential in favour of rural households. Adoption of the Integrated Framework (IF) for Trade-Related Technical Assistance in 2003 was the first concrete political action taken to enlarge the country's export profile from traditional to non-traditional agricultural products (IF, 2003). This is reflected in the second generation of the Poverty Reduction Strategy Paper (PRSP 2) adopted in 2006. The PRSP 2 defines the primary sector as the major source of the country's "wealth creation for pro-poor growth" as the sector has large spill-over effects to create employment (RoS, 2006*b* and 2007*b*). The government plans to allocate 25 per cent of the total investment budget to the sector between 2007 and 2009 (RoS, 2006*c*). In 2008, the Ministry of Agriculture will receive 5 per cent of the national budget, an increase of 16 per cent over 2007(RoS, 2007*a*). However, Senegal is still far away from achieving the Comprehensive Africa Agriculture Development Programme (CAADP) target.

At the sub-sector level, the government of Senegal has drafted the Accelerated Growth Strategy (SCA) to implement the "wealth creation" pillar of the PRSP 2 and speed up economic growth (RoS, 2007*e*). Based on the major recommendations of the research done by the IF, the SCA targets five key areas with high potential, including agriculture/agribusiness and fishing. Linking production to marketing and trade, the SCA provides detailed measures to diversify agricultural and agro-food produce in domestic, regional and international markets (Geomar International, 2005 and 2006; RoS, 2006*d*). The SCA also provides the basic principles for creating an investment-friendly business environment, a prerequisite to private sector development.

Major Actors in Agriculture and Agribusiness

Involvement of many different ministries has made it difficult to undertake a well co-ordinated approach to building production capacity and competitiveness in agriculture (see Figure 1), even though the government has shown a strong commitment to improving institutional capacity and internal co-ordination. To improve its policy design capacity, the Ministry of Agriculture, for example, has created a planning, analysis and statistics directorate (DAPS). However, the Ministry has failed to harmonise its actions with other political decisions made further up the hierarchy, for example, by the Presidential Special Initiative (Collion and Rondot, 2004). Intra-ministerial co-ordination in formulating sectoral policies still needs to be improved.

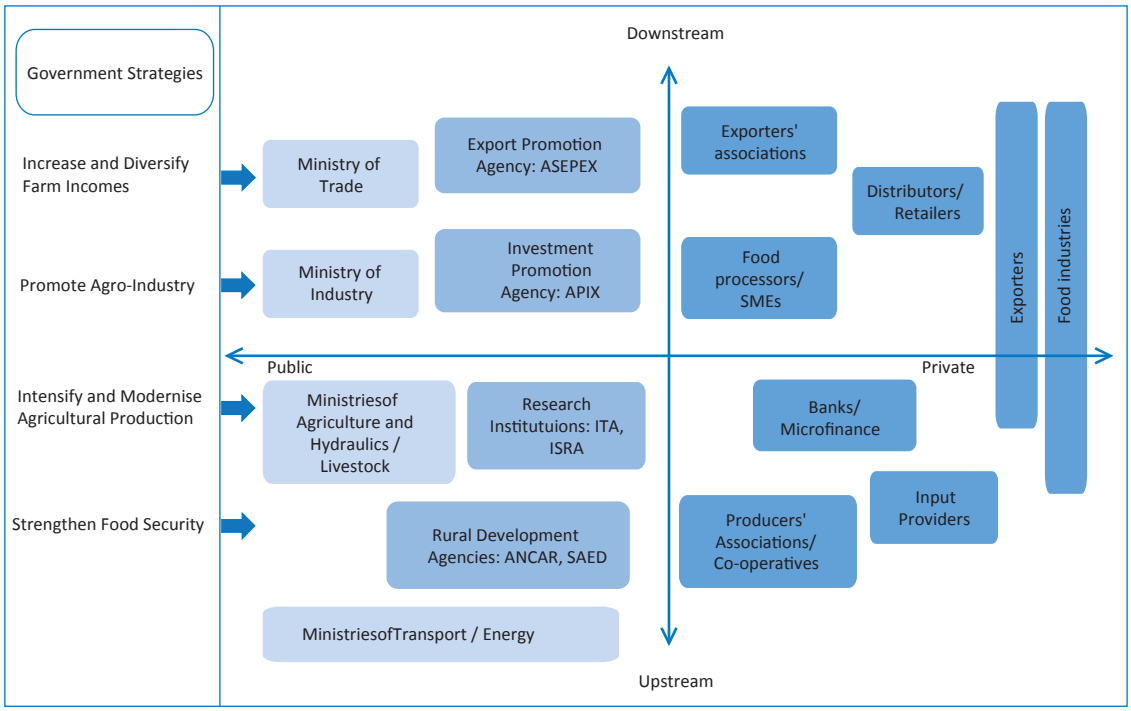
Public agencies play an increasingly important role in implementing government strategies, interacting directly with the private sector (Figure 1). The government has transferred certain roles to these agencies and given them financial and management autonomy. For example, the APIX, a semi-private national investment promotion agency created in 2000, today plays a leading role in determining development strategies, including the SCA. But some public agencies still need further institutional capacity building, such as the agricultural and agro-food industry research institutes ITA and ISRA, and the export promotion agency ASEPEX.

The involvement of the private sector in policy design and implementation has been enhanced through the National Council for Rural Co-operation (CNCR) (see Section III). The CNCR represents producers' associations and plays a central role in dialogue between the government, donors and producers on agro-related issues. Even though in some cases the CNCR may not exactly reflect the voices of small-scale farmers on the ground, producers' associations have an official channel and opportunities to participate in policy-making processes, along with large commercial firms, exporters and food industries (Hazard *et al.*, 2006).

But gaps exist between government strategies and the needs of the private sector. Despite recent improvements in the government's capacity to formulate agricultural trade and industrial policies, neither has been able to fill the gaps and create an effective value chain for producers, exporters and food processors to enable them to link the provision of agricultural inputs, production, processing, logistics and marketing. In the absence of private entities, the suppression of public mechanisms for regulating the prices of agricultural produce and inputs as well as the privatisation of public marketing functions have prevented appropriate application of policy into action. Transferring certain tasks to rural development agencies and even to local communities

has been in progress through the semi-private National Agricultural and Rural Advisory Agency (ANCAR) (World Bank, 2006*b*). This decentralising process of decision making and financial resources should be further reinforced.

Figure 1. Mapping of Major Actors in Agriculture and Agribusiness in Senegal



Source: Author's presentation based on Geomar International (2006) ; RoS (2006b); RoS (2006d).

WHAT ARE DONORS DOING?

Senegal is the region's biggest recipient of official development assistance (ODA) ($839 million in 2005) after Ghana (World Bank, 2006*a*). The country received $92 of aid per capita in 2004, the highest among West African countries. However, the national budget shows that the disbursement rate of aid projects was only 66 per cent of the total commitments in 2004 (Hazard *et al.*, 2006). Given the large ODA flows to the country and relatively low absorption capacity of the government, increasing aid effectiveness is high on the agenda.

Mapping Donor Support to Private Sector Development in Agriculture

According to the country's Triennial Public Investment Programme (PTIP) for the period 2007 - 09[16], donors were supporting 75 ongoing projects in agro-based private sector development in 2007 (Table 1). Including aid for basic economic infrastructure development, donor support to this area is estimated at $332 million (on commitment basis). The actual volume of donor support to this area is probably even larger since the PTIP omits information on certain projects. Also, the PTIP does not include general budget support. Despite these limitations, this section uses the PTIP because it provides the most up-to-date information on commitments by donor and project, allowing examination of the current status of donor support in 2007.

Table 1. Donor Support for Private Sector Development in Agriculture (2007)

No.	Areas of Intervention	Donors	No. of Projects	No. of Donors	Total Commitments ($ million)	% of Total Commitments	Average per Project ($ million)
1	**Firm / Farm Level**						
1.1	Access to Inputs	EU	1	1	2.2	0.7	2.2
1.2	Production – Technical Assistance	AfDB, IFAD, BOAD	3	7	4.0	1.2	1.3
1.3	Production – Rural Infrastructure	AfDB, BADEA, Belgium, EU, IsDB, World Bank	18	23	45.9	14.2	2.6
1.4	Agricultural Production and Processing and Marketing	AfDB, BOAD, France, IFAD, United States, World Bank	5	7	21.9	6.8	4.4
1.5	Agricultural Processing	Canada, EU, World Bank	3	5	5.4	1.7	1.8
1.6	Environmental Protection	Italy, Japan, UNDP, World Bank	12	14	19.4	6.0	1.6
1.7	Rural Development — Food Security, Employment	BOAD, Germany, IFAD, Spain	4	6	12.2	3.8	3.1
2	**Public / Private Sector**						
2.1	Agriculture Policy	Canada, EU, France, IFAD, World Bank	5	6	9.8	3.0	2.0
2.2	Trade Negotiation	EU	2	2	1.8	0.5	0.9
2.3	Business Environment and Regulations	EU, Spain, Switzerland, UNDP, World Bank	2	5	1.3	0.4	0.6
3	**Infrastructure**						
3.1	Transport Infrastructure	BADEA, AfDB, BOAD, EIB, EU, France, Germany, IsDB, Japan, Kuwait, Saudi Arabia	16	22	159.8	49.5	10.0
3.2	Energy	Germany, World Bank	3	7	32.6	10.1	10.9
4	**Support to Private Sector Development Policies**						
4.1	General Private Sector Development Support	World Bank	1	1	6.5	2.0	6.5
	Total		**75**	**106**	**322.8**		

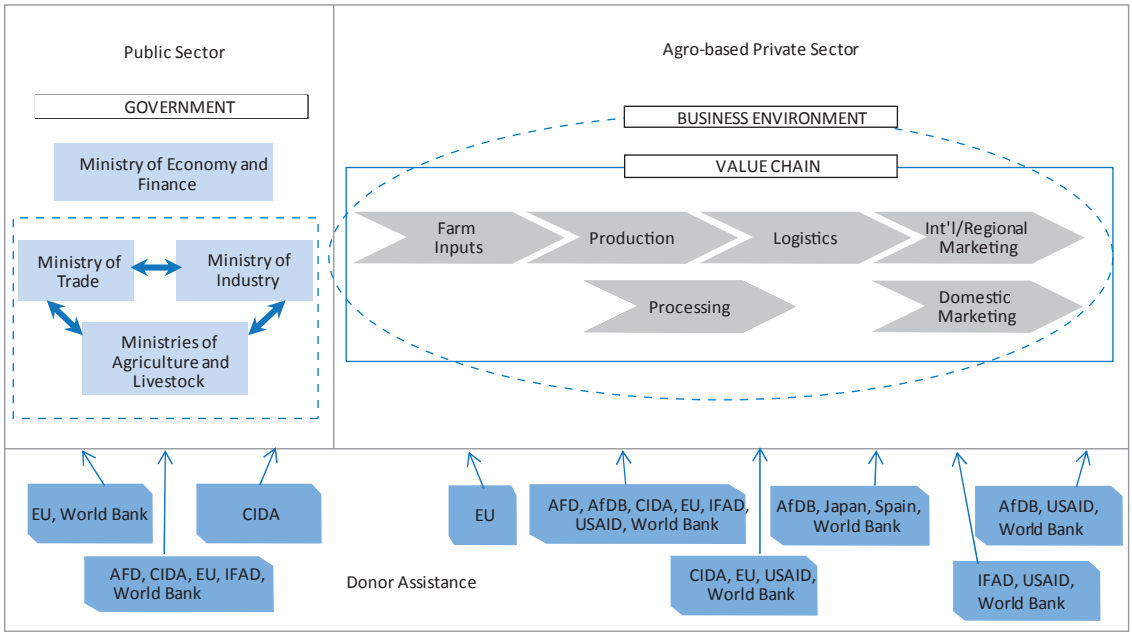
Source: Author's own calculations based on RoS (2006*c*).

With respect to donor support to agro-based private sector development in Senegal, Table 1 shows three main characteristics. First, hard investment, including transport, energy and rural irrigation, takes up to 75 per cent of the total funds. The major donors are Belgium, European Investment Bank (EIB), Islamic Development Bank (IsDB), Kuwaiti and Saudi Funds, which invest only in hard infrastructure. Second, although food security and rural development receive relatively less donor attention (3.8 per cent), donors invest intensively in the country's whole agro-food value chain (8.5 per cent), transforming production-focused agriculture to market-oriented agribusiness (i.e. commercial agriculture). This agribusiness support component, for which the World Bank is a leading donor, is four times greater than donor support to agricultural production (e.g. AfDB, BOAD). Moreover, the average size of agribusiness projects surpasses that of other projects apart from infrastructure. Third, environmental protection emerges as the second largest donor intervention area, receiving 6 per cent of the total donor support to agro-based private sector development.

Early recognition of the importance of support to agribusiness characterises donor support to agriculture in Senegal. In the late 1990s, donors started to help improve logistics and marketing of export-oriented horticultural produce. The World Bank-funded Agricultural Export Promotion Project (PPEA, 1998-2003) marked the first pilot project of a value-chain approach in West Africa, as shows the next section. IFAD, USAID and, to a certain extent, AfDB adopt the value-chain approach and apply it to the domestic market. The Canadian International Development Agency (CIDA) also supports the value-chain approach through projects in food-processing, targeting both domestic and international markets (Figure 2).

Major donors support Senegal in formulating policies on agro-based private sector development through their work on Senegalese agricultural value chain (Figure 2). The World Bank, which covers almost all the areas related to agro-based private sector development, shows a strong presence in assisting agricultural policy formulation at the Ministries of Agriculture and Livestock. The EU plays a critical role in assisting the Ministry of Trade to formulate agricultural trade strategies, completing the EU's support to the inputs-production-logistics stages of the value chain. Assuring its unique role in promoting local food-processing, the CIDA stimulates agro-industrial policies at the Ministry of Industry. This "policy-project relationship" proves donors play an important intermediary role in creating positive linkages between political strategies and private business reality. However, this policy-project linkage is somehow limited to the AFD, AfDB, the CIDA, the EU, IFAD and the World Bank.

Figure 2. Donor Interventions in Agriculture-Related Public and Private Sectors in Senegal



Source: See Table 1.

Donor Co-ordination: Still Segmented

Donor support to agriculture remains segmented. While rural infrastructure development (AfDB and IsDB) and environmental production (Italy, Japan and UNDP) are the top priorities of certain donors in agriculture, they rarely work with other donors covering the entire value chain from production to marketing or processing (Table 1). Agropôle, an ultra-modern storage and processing centre in the Saint Louis region funded by Spanish co-operation, is situated in the area where local producers and exporters with limited transport means had no easy access. This centre could serve better if it were constructed in the project site covered by other donors helping to improve logistics for horticultural producers and exporters in the region (Hazard *et al.*, 2006). In addition, a strong presence of Islamic development institutions, which separately finance rural irrigation in particular, may make adequate donor co-ordination more problematic.

To date, donor co-ordination in the agricultural sector is on an *ad hoc* basis. The operations of Senegal's Agricultural Sector Working Group are limited to urgent issues such as bird flu. The move to a sector-wide approach is slow and does not seem to be feasible in the near future. To some extent this is due to the difficulty facing the government in setting a clear long-term vision of the country's agricultural development and transforming it into coherently prioritised concrete actions. At the same time, donors tend to select intervention areas according to their expertise and based on bilateral dialogue with the government.

However, there have been positive changes. Like-minded donors increasingly co-finance and co-manage projects responding to the government's call for better co-ordination of their interventions. For example, the CIDA and the World Bank co-finance Senegal's largest agricultural diversification project, PDMAS (Agricultural Markets and Agribusiness Development Programme), with close technical collaboration with the AFD and the EU (see the following section). IFAD and the BOAD co-finance rural development projects (World Bank, 2006*c*). In 2007, among 75 projects registered in the PTIP in the area of agro-based private sector development, 21 projects are co-financed and/or co-managed (see Table 1). Moreover, in 2008 agriculture will

receive sectoral budget support from Canada, following the education and health sectors. The government's efforts to consolidate its sectoral budget to solicit donors' budget support have at last borne fruit (RoS, 2007c).

Major Donor-supported Projects to Private Sector Development in Agriculture

Senegal's strength in the agricultural sector lies in continuing diversification efforts in close collaboration with the private sector, despite the lack of coherent action and segmented donor efforts. Given the importance of this collaboration, in Table 2, six projects were selected to illustrate donors' support for public sector policy formulation capacity in agriculture (see Table 1, sub-category 2.1) and to improve competitiveness of the agro-based private sector in agricultural production/processing/marketing (Table 1, sub-categories 1.4 and 1.5). This covers the government's first three strategic objectives – diversification, agro-industrialisation and modernisation of agricultural production, presented in Figure 1.

Except for PDMAS and "Mise à Niveau" (Levelling up of Senegalese Enterprises Programme), all the projects are coming to an end or have terminated at the time of writing. This allows examining project outcomes and seeing how the projects developed, in the event of a continuing generation of projects. This is the case of the PSAOP 1 (Agricultural Services and Producer Organisations Programme), the PPEA (Agricultural Export Promotion Programme), the PDMAS (Agricultural Markets and Agribusiness Development Project) and the PAOA (Agro-Food Operators Support Project). Table 2 provides an overview of the projects being examined.

PSAOP 1, PPEA and PDMAS demonstrate the largest and most influential agricultural projects in both public and private sectors. These projects are closely associated since agricultural sector reform and institutional capacity building of the public sector (PSAOP 1) provide prerequisites for the agro-based private sector to play an active part in the entire agro-food value chain (PPEA and PDMAS). Even though the project size is relatively small, the PAOA, the Wula Naffa (Agricultural and Natural Resources Management Programme) and Mise à Niveau bring an agro-processing focus to donors' value chain approach and have a direct private sector co-operation component. These projects show a contrasting approach to the PDMAS (PAOA and Wula Naffa) and in working directly with private agribusiness (Wula Naffa and Mise à Niveau).

Table 2. Discussed Donor Projects in Agro-related Private Sector Development

Projects	Donors	Objectives	Execution Period	Amount (Disbursement Rate)	Major Characteristics /Relative Importance
PSAOP 1	World Bank	Increase access to agricultural extension services; Empower producer organisations	2000-2005	$47.1m (99.4%)	Agricultural sector reform, institutional capacity building
PPEA	World Bank	Increase horticultural exports and diversify the sector while targeting domestic, regional and international markets	1998-2004	$10.4m (96.5%)	Pilot case of horizontal diversification in the 1990s
PDMAS	Canada World Bank		2006-2015	$91.3m	Second generation of the PPEA, integrated value chain approach, targeting multiple market
PAOA	Canada	Support the business development of small-scale food processors	2002-2007	$8.1m (106%)	Agro-processing focus, in search for partnership with the PDMAS, direct private sector co-operation
Wula Naafa	USAID	Increase revenues of enterprises and local governments; Support decentralisation	2003-2008	$11.8m	Agro-processing focus, value chain approach to the forestry sector, completing the PDMAS, direct private sector co-operation
Mise à Niveau	AFD AfDB EU	Increase business capacity ; Building of SMEs	2004-2008	$ 17.1m*	Direct financial support to privaate agro-food industry, packaging

*The amount includes only the AFD's contribution.

Source: The author's own presentation based on projects' appraisal documents, implementation completion reports and evaluation reports.

PSAOP — Empowering Private Actors in Agriculture

The Agricultural Services and Producer Organisations Programme (PSAOP)[17], funded by the government of Senegal and the World Bank, provides a good example of empowering the private sector in agriculture in the context of agricultural sector reform. The state's direct control over agricultural marketing has been reduced and agricultural trade has been liberalised. Now, the Ministry of Agriculture outsources its agricultural extension services to the private sector and is expected to play a further role in agricultural policy formation[18] (World Bank, 1999). Rural producer organisations and their associations are actively involved themselves to improve these services. The PSAOP 1 terminated in 2005 and the second generation of the project (PSAOP 2) is currently being implemented.

The project's completion report (World Bank, 2006*b*) shows that this reform was positive, encouraging political discourse on "participation" in the context of larger economic reform movements in the agricultural sector (Diaz *et al.*, 2004). Traditional public agricultural extension services, based on the training and visit model, were replaced by demand-driven, client-oriented agricultural advisory services, covering more than 50 000 rural producers. These services have also extended their scope to cover not only production but also agricultural inputs, market access and organisation of producers (see also PPEA and PDMAS). Through its national federation, the National Council for Rural Co-operation (CNCR), better organised and empowered rural producers started to make their voices heard at the national level and influence the national agricultural development policy, land reform, the reform of the groundnut sector and the

privatisation of the State Groundnuts Purchasing and Processing Company, SONACOS (Collion and Rondot, 2004).

However, the completion report shows that problems remain in the public sector (World Bank, 2006*b*). With its unique institutional and implementation arrangement, having no independent project implementation unit (PIU) outside the Ministry of Agriculture, the Ministry failed to play a central role in reforming technical and fiduciary co-ordination functions[19]. But the newly created directorate of analysis, forecasts and statistics (DAPS) lacked institutional strength, partly because of a rapid turnover of staff and lack of financial and logistic resources (Collion and Rondot, 2004). Decentralised regional offices of the Ministries of Agriculture and Livestock lack close co-ordination with the central offices. ISRA and ITA, two major public agricultural research institutions need more highly qualified staff (World Bank, 2006*b*).

With respect to donor co-ordination, the PSAOP 1 involved various donors at the design stage – AFD, AfDB, the EU, FAO, IFAD, Swiss co-operation, USAID and the World Bank at conception level (Diaz *et al.*, 2004). This collaboration has evolved in a more concrete manner in the second phase, for which IFAD finances $6 million (World Bank, 2006*b*). Internal co-ordination at Bank level is also improving. Complementing the Bank's rural portfolio in Senegal, the PSAOP 2 tries to create synergies with other World Bank-funded agricultural projects, namely the PDMAS (see the following section) and the forthcoming Participatory Local Development Programme (PLDP).

PPEA – Horizontal Diversification: Initiation of the Value Chain Approach

The Agricultural Export Promotion Programme (PPEA) is the first test case of agricultural diversification efforts in West Africa by promoting horticultural efforts to Europe. This pilot project was accomplished in 2004 with positive results and has been followed by the Agricultural Markets and Agribusiness Development Programme (PDMAS), the second generation of the PPEA, which enlarges the targeted products and markets.

In 1998, the PPEA, funded by the government of Senegal and the World Bank, started looking for demonstrable effects of international marketing of Senegalese horticultural exports (World Bank, 1997). To reduce the country's marketing constraints, the PPEA provided 58 exporters and 700 producers with business-oriented technical assistance. International experts with commercial know-how and, in particular, "know-who" (i.e. private business partners) ensured the quality of this help. The project enabled the exporters and producers to identify product potentials and market opportunities, create commercial linkages, diversify transport strategies (i.e. air and maritime) and increase awareness of quality issues (RoS, 2004; World Bank, 2004).

According to the project completion report (Fall, 2004; World Bank, 2004), the project contributed to a doubling of Senegalese horticultural exports in volume and a tripling in value between 1998 and 2004. The project's specific contribution was the first institutionalised "EurepGAP[20] Zero Assessment" in sub-Saharan Africa in 2002 (Planconsult, 2003). This assessment has raised awareness of quality issues for medium-sized and large Senegalese exporters. From 2005, Senegalese major producer/exporters such as GDS, Safina Agrocap, SEPAM and Soleil Vert were certified by EurepGAP for quality control of fresh fruit and vegetables exported to Europe. Moreover, the PPEA promotes a national image of Senegalese horticultural products abroad under the newly introduced national label "Origine Sénégal".

"Origine Sénégal" is an important achievement of the PPEA. Helping to overcome conflicting business interests, the PPEA succeeded in generating a sector-level consensus among the two major producer/exporter associations (ONAPES and SEPAS) to introduce this national standard and create a foundation to operate the label (World Bank, 2004). The participation of the largest Senegalese producer/exporter association, ONAPES, grouping seven major operators accounting for 75 per cent of Senegal's horticultural exports, was a key to this success. Such a favourable business consensus attracted, among others, the Compagnie Fruitière, a French-based horticultural importing company operating in Cameroon, Ghana, Côte d'Ivoire and Mauritania, to set up its production base in Senegal with an investment of more than $9 million

between 2003 and 2005 (*ibid.*). To make the foundation's operation more solid and effective is a continuing assignment for the PDMAS.

PDMAS –Widening Diversification Options to Put More Focus on Small Players

Serving as a main implementation tool of Senegal's accelerated growth strategy (SCA) in the agriculture and agribusiness sector, the PDMAS, the second generation of the PPEA, started in 2006. The project covers ten years with a substantial budget of $150 million, including 40 per cent of the Senegalese counterpart's financial contributions. The innovative evolution between the PPEA and the PDMAS is the inclusion of a domestic market approach, well adapted to small-scale producers with a cultivation area of less than 0.5ha (Fall, 2005). According to the project appraisal report (World Bank, 2006*c*), the PDMAS aims at creating 9 000 jobs for export markets and employment for 35 000 temporary workers in domestic markets (where more than 17 000 families are engaged in horticulture in rural areas). Supporting the packaging sector and investing in irrigation infrastructure have also become project components of the PDMAS.

The PDMAS brings a new focus to family farming in the Senegalese agricultural diversification process in the domestic market. In the long run Senegal would face difficulties keeping smallholder producers and small-scale exporters in the agricultural sector if the country's development were focused only on the export-oriented horticultural sector (Maertens *et al.*, 2006). Given limited production and marketing capacities, small-scale players are less competitive in this sector. Moreover, small-scale players are losing business linkages with large operators who tend to reduce out-grower schemes to smallholders and increase their own production (*ibid.*). Therefore, exploiting domestic market potential, for example, for eggplants, onions, mangoes, pigments and tomatoes for industrial processing is an urgent option for the smallholder producers (World Bank, 2006*c*).

Project co-ordination has also evolved in the PDMAS. The PDMAS enriches public-private partnership networking between the government, public institutions and the private sector. With the Ministry of Agriculture at the centre of co-ordination and management, the PDMAS involves related public institutions such as the Ministries of Trade, Infrastructure and Livestock, the irrigation development agency (SAED), the agricultural and rural advisory agency (ANCAR), the private investment promotion agency (APIX), research institutions ISRA and ITA, and private actors including producers/exporters' associations and service providers. The World Bank-funded PSAOP 1 served as a solid foundation for this public-private partnership. On the donors' side, too, co-ordination has improved. The World Bank and Canada co-finance the PDMAS (see also the PAOA case below). The EU and AFD implement projects in parallel giving close support to the PDMAS in the areas of construction of rural roads and an agricultural information system (EU), and financial policy and land reform (AFD) (World Bank, 2006c).

PAOA – Bottom-up Support for Vertical Diversification

Supporting the conception and implementation of the agribusiness component of Senegal's SCA, the Agro-Food Operators Support Project (PAOA) demonstrates the first systematic donor support to vertical diversification through food processing. The PAOA targets micro and small local enterprises in embryo engaging in processing domestic agricultural products. The PAOA was close to completion in 2007, allowing us to evaluate its major achievements. The project is seeking a partnership arrangement with the PDMAS to guarantee the sustainability of the project and scale up its strategic interventions at the national level.

The PAOA targets SMEs with proven export and other commercial capacity, engaging in the processing of fresh fruit and vegetables, fish, milk and cereals. Up to 80 per cent of these processors are women, absorbing almost half of the labour force (Anwer and Senghor, 2005). The PAOA technically and financially supports the processors' entrepreneurship and business initiative to improve processing and marketing capacities and product quality control. Regarding

the latter, the PAOA also reinforces the client-oriented research capacity and the quality of services supplied by the public food research institute, ITA. Moreover, through linking actors to government policy, the PAOA aims to influence the formulation of the SCA through the Ministry of Industry to make the food-processing sector more effective and profitable (SNC-Lavalin international, 2007).

According to the Ministry of Industry's joint field mission report and the project's annual report of 2007 (*ibid.*), the project's results are positive at the micro level. The project secured and diversified provision of the primary materials and other inputs. The food-processing sector has created new employment. Small-scale processors have increased by two to four times their processing and marketing capacity, diversified their products and improved their quality to meet industrial norms and their presentation by using logos and labels. Moreover, the processors now have access to credit from local banks. Furthermore, the participatory approach used in the project has helped the beneficiaries to analyse their potential and weaknesses and design business plans accordingly.

At the macro level, the PAOA faced a challenge in creating an effective sector-wide partnership with the government, public institutions and other donor projects, since domestic agricultural product-based processing received scant political attention compared with the export-oriented horticultural development (Anwer and Senghor, 2005; SNC-Lavalin International, 2007). Starting from scratch, the PAOA closely collaborated with the Ministry of Industry on detailed sector analysis and with the Ministry of Trade on production and sales permits.

Canada is effectively linking the PAOA to other donor projects. The PAOA developed partnerships with the Mise à Niveau implementation office concerning packaging and with several USAID projects (Wula Naffa and the West Africa Trade Hub) in the area of export promotion (SNC-Lavalin international, 2007) (see the following section). Furthermore, the PAOA is planning to link up with the PDMAS, the USAID-funded SAGIC (Support for Accelerated Growth and Increased Competitiveness for Trade) and the IFAD-funded PROMER (Rural Micro-enterprises Promotion Project) to scale up targets beyond its current beneficiaries.

Wula Naffa – Applying the Value Chain Approach to Forestry

The Agricultural and Natural Resources Management Programme, "Wula Naffa" (which means "benefits of nature" in the local language), presents another case for supporting the agribusiness component of the SCA by applying a value chain approach to forestry. Targeting this sub-sector, the Wula Naffa complements the PDMAS which covers the agricultural and livestock sub-sectors, but not forestry. Similar to the PAOA, the Wula Naffa works directly with the private sector, while putting more emphasis on modernising rural business practices by contract enforcement (USAID, 2006a). A financial support component was introduced only at the last stage of the programme[21].

To establish a rural business model based on forest products, the Wula Naffa directly provides rural entrepreneurs with step-by-step technical assistance to improve their business management and create business linkages with private processors/exporters (*ibid.*). According to the project evaluation report, the Wula Naffa reinforced the supply chains for non-traditional forest-based cash crops (cashews, Karaya gum[22], palm oil, etc.) of Eastern Senegal and Casamance (USAID, 2006*b*). The Wula Naffa largely contributed to creating private local business partnerships. Setexpharm[23], a Dakar-based exporting company for Karaya gum, is one of the major private counterparts. This local private business partnership proved to be effective in improving product quality, guaranteeing a higher average price for producers and reducing marketing costs for processors/exporters[24].

Being a stand-alone project, the Wula Naffa faces the problem of sustainability. USAID concedes that the programme risks failure without continued outside (i.e. USAID) support and has suggested continuing with a second phase (USAID, 2006*b*). Unlike the PAOA, which is seeking a partnership with the PDMAS, the Wula Naffa seems to be concentrating on internal co-ordination only among USAID-funded projects, namely with the SAGIC (USAID, 2007). Given high donor

attention to environmental issues in Senegal, the Wula Naffa should attempt to scale up the project at national level.

Mise à Niveau – Directly Supporting Private Agribusiness

Also supporting the agribusiness component of the SCA, the Mise à Niveau (Levelling up Senegalese Enterprises) Programme[25] provides direct technical and financial support to eligible private enterprises, including agro-food processors. Mise à Niveau is a national pilot programme under the Ministry of Economy and Finance, working closely with the Ministry of Industry. It differs from the PAOA, which targets micro food processors; the Mise à Niveau Programme covers a broad range of Senegalese industries, in particular SMEs. As of May 2007, 21 per cent of the private enterprises supported by the programme belong to the agro-food industry (BMN, 2007a; BMN, 2007*b*).

In the agro-food sector, developing a local packaging industry is one of the main objects of the programme (BMN, 2006; BMN, 2007*c*). Sharing this major concern, the Mise à Niveau and the PAOA collaborate closely to study the constraints associated with this industry, working with the ITA, the Ministry of Industry and the International Chamber of Commerce (see also ITC, 2006). The study results are broadly shared with the private sector, donors and other private sector development supporting agencies, and contribute to the development of the packaging industry in Senegal. Field interviews in September 2007 with the USAID West Africa Trade Hub and the Mission économique of the French Embassy confirmed recently improved quality of plastic packages for locally processed foods in Senegal.

Unlike Wula Naffa, which introduced a financial assistance component at a very late stage, the Mise à Niveau focuses on financially supporting private enterprises. Its technical, advisory and financial support structure is somewhat similar to that of the PAOA. Interested enterprises, which must be committed to a minimum two-year operation in the formal sector, should submit their business development plan to the programme. Once recognised as eligible for programme support, enterprises receive subsidies of up to 20 per cent for investment in materials, such as equipment, and 70 per cent for "soft" assets, e.g. staff training, market research, quality management and information systems, in addition to technical assistance, such as business advice and help with bank applications (BMN, 2004). According to the programme's staff, investing in soft assets (i.e. human resource development, business capacity building) rather than hard assets is crucial but largely absent in the Senegalese private sector.

The success of the programme lies in its active co-ordination, both internal and external. For internal co-ordination, a steering committee involving three major actors – the government, private banks and private enterprises – guarantees mutual trust and brings private sector commitment to the programme. Placing the PIU in the semi-independent SME development agency (ADEPME) also helped the programme acquire autonomy to operate in favour of the private sector (Bougault and Filipiak, 2005). As for external co-ordination, the national programme benefited from co-financing, by the AFD, the AfDB, the Enterprise Development Centre, the EU and the UEMOA. It is to be noted that the Mise à Niveau in Senegal is now part of the UNIDO-funded UEMOA's regional programme in private sector development in West Africa, focusing on the agro-food industry (UNIDO,UEMOA, 2007).

CONCLUSIONS

Steady Transition from Traditional to Commercial Farming

Facing the declining traditional agricultural export sectors, groundnuts and fishing, Senegal has been steadily pursuing a difficult transition process from traditional to commercial farming over the past decade. The results have been quite encouraging. The non-traditional and semi-traditional agricultural sub-sectors, such as cereal production and horticulture, have revived, seizing emerging business opportunities domestically, regionally and internationally. Horticulture is emerging as the country's new export-earning sector in the Niayes region, the country's leading horticultural production zone, and expanding to the Senegal River Valley, Casamance and Dakar regions. Senegalese producer and exporter organisations have proved to be key drivers of change by rapidly adapting business strategies to emerging market needs.

Vertical diversification through processing domestic agricultural products represents another growth potential for Senegal, but currently this receives only limited political support. While Senegal is proud of having the second most developed food-processing industry in West Africa, up to 70 per cent of input use in the formal sector is imported. Not only could the performance of poorly performing formal traditional domestic food-processing industries (fish canning, groundnut oil and cake) be improved, but Senegal has also an enormous informal food-processing sector whose potential has been largely under-exploited. A positive sign is an emerging packaging sector in Senegal, which helps these processors improve their product quality and expand marketing channels.

Even though they still have to be elaborated in more detail, the government is adopting new agricultural and agribusiness development policies, the Accelerated Growth Strategy (SCA), as a sectoral development principle. There is a national consensus on the need to strengthen the country's agricultural potential and diversify its agricultural production/export profile both horizontally and vertically. The second generation of the Poverty Reduction Strategy Paper (PRSP 2), adopted in 2006, ensures the government's full political involvement in the agricultural sector which, including fishing, is receiving 25 per cent of the total national investment budget for the period 2007-09. In 2008, the Ministry of Agriculture will receive 5 per cent of the national budget, an increase of 16 per cent over 2007. However, Senegal is still far away from achieving the Comprehensive Africa Agriculture Development Programme (CAADP) target.

Another challenging task is to translate agriculture and agribusiness development strategies into concrete political actions to support private businesses. In the absence of private entities, the suppression of public mechanisms for regulating prices of agricultural produce and inputs, as well as the privatisation of public marketing functions, has disrupted the appropriate translation of policies into action. Moreover, even after the adoption of the 1996 decentralisation law, devolving decision-making processes and financial resources to the rural entities is slow to meet the expectations of rural agricultural entrepreneurs.

Strong leadership from the government is needed for it to pursue its political objectives, particularly at the Ministry of Agriculture. The Ministry's newly created planning, analysis and statistics directorate (DAPS) is expected to improve its capacity for policy design and increase co-ordination with other public and semi-public institutions and the private sector. But harmonising the Ministry's actions with other political decisions coming from further up the hierarchy, from the Presidential Special Initiative, is a challenge. Applying the Agriculture, Livestock and Forestry Guideline Law (LOASP) (RoS, 2005), Senegal's long-term aim for development of the agricultural sector, in the direction of agro-based private sector development under the PRSP 2 and the SCA, is yet another challenge which requires high level co-ordination between ministries.

Donors' Role in Senegal: Linking Public to Private

Senegal is the region's biggest recipient of ODA ($839 million in 2005) after Ghana, and received the highest amount of aid per capita among West African countries in 2004. The first direct donor support to the Senegalese horticultural value chain, in particular to logistics and marketing, dates back to 1998, from the World Bank-funded Agricultural Export Promotion Project (PPEA). Since then, small and medium-sized horticultural producers and exporters, better organised and more empowered, have succeeded in increasing production and export volume, while simultaneously satisfying the stringent sanitary and phytosanitary requirements of the EU markets.

Donors are closely supporting Senegal's agricultural and agribusiness development strategies set out in the PRSP 2 and the SCA. Including aid for basic economic infrastructure development, donor support to agro-based private sector development is estimated at $332 million in 2007 (on commitment base), which consists of 29 per cent of the total ODA to Senegal. Hard investment (transport, energy and rural irrigation) takes up 75 per cent of the total donor support, followed by support to commercial farming and environmental protection. Application of the agro-food value chain approach characterises donor support to commercial farming.

Extensive donor support for fundamental institutional changes in the government and public agencies has dramatically transformed the way the public sector works with the private sector. In particular, the World Bank-funded Agricultural Services and Producer Organisations Programme (PSAOP) helped reduce the workload of the Ministry of Agriculture by supporting the outsourcing of traditional agricultural extension services to the private sector. Moreover, the restructured public and semi-public agencies APIX and ASEPEX have become more efficient in helping private entrepreneurs create commercial linkages domestically and internationally. The semi-public agencies SAED, which promotes rural investment, and ANCAR, which provides business-based agricultural advisory services, have adopted operations that are friendlier to private business.

High-level involvement of international technical experts characterises interventions by donors adopting a value chain approach in Senegal. The leader is the Agribusiness and Agricultural Market Development Project (PDMAS), a vast 10-year agricultural diversification programme with national coverage co-financed by the World Bank and Canada. PDMAS provides the Senegalese private sector with business-oriented international expertise, with commercial know-how and "know-who" (private business partners). From analysing sector constraints to establishing marketing strategies, donors accompany the private sector at a close distance to increase business transactions and competitiveness. Transferring such competence to domestic public and private partners will be a challenge.

Since the late 1990s, Senegal has seen several developments in the value chain approach in donor support to agricultural diversification. A domestic market approach in favour of small-scale producers was introduced by the PDMAS by enlarging beyond horticulture the targeted products and markets for export to Europe. A vertical diversification variation, food-processing focus, to the agro-food value chain, also emerges and covers all types of domestic agricultural materials. Donor co-ordination has also evolved; like-minded donors, such as the AFD, AfDB, the CIDA, the EU, IFAD and the World Bank, collaborate well at project level. However, co-ordination of donor support to Senegal's vertical diversification could be further improved.

But donor support to Senegal's agriculture and agribusiness remains segmented. Because of limits on the functions of the official sectoral donor working group on agriculture, donor co-ordination is on an ad hoc basis. The strong presence of Islamic development institutions, which mainly finance rural infrastructure, makes adequate donor co-ordination more problematic. There is still progress that needs to be made in harmonising donor interventions at sub-sector and sector levels, as confirmed at the 2007 Consultative Group Meeting. Sectoral budget support for agriculture from Canada will give momentum in 2008.

Having taken off with commercial farming, Senegal will face a difficult task in balancing interests between the different types of producers, ranging from a few large commercial firms to small-

scale family farmers who form the majority. In the long run, keeping smallholder producers and small-scale exporters in the agricultural sector would be difficult if the only focus in the country's development were in the export-oriented horticultural sector. With the SCA and its main implementation tool, the PDMAS, Senegal has already taken a big step forward in this difficult task by applying a differentiated market approach for multiple private actors. Opening democratic channels for dialogue with the various levels of the private sector, particularly rural agricultural entrepreneurs, will provide a collective effort to help establish policy actions that are more concrete and coherent.

NOTES

1. With financial support from Spain, Senegal launched the REVA (return to agriculture) plan, designed to re-energise the agricultural sector to stop migration.
2. Senegal is six hours by air and six days by sea from the European market and 10 days by sea from the US market.
3. According to the latest government statistics, the annual growth rate of the primary sector fell by 2.9 per cent, reflecting the weak performance of cereal and fishing production (ANSD, 2007).
4. This is with the exception of green beans, for which roughly 90 per cent of domestic production is destined for export.
5. Safina and Sepam grow their export produce exclusively under their own management. In the past, these operators collaborated with outgrowers, but for reasons of traceability, food safety and hygiene, these companies stopped contract-growing by small-scale out-growers (Planconsult, 2003).
6. The GDS (Grands Domaines du Sénégal) is a member company of the Compagnie Fruitière group based in France. The group operates in Cameroon, Côte d'Ivoire, Ghana, Mauritania and Senegal. See www.fruitiere.fr.
7. Groundnut production accounts for around 40 per cent of cultivated land, taking up 2 million hectares, and provides employment for as many as 1 million people (U.S. Commercial Service and the U.S. Department of State, 2005).
8. Two fish-canning firms are in operation: Société Nouvelle des Conserveries du Sénégal (SNCDS) and Pêcheries Frigorifiques du Sénégal (PFS). These firms are exporting fish products to the European markets.
9. Senegal is the only West African country where a local tomato-processing industry is operating, principally based on domestically produced fresh tomatoes (local production of fresh tomatoes for industrial use is estimated at about 100 000 tonnes).
10. Flour production is largely dominated by three mill factories: Les Grands Moulins de Dakar (GMD), les Moulins de Sentenac and La Nouvelle Minoterie Africaine (NMA). They provide flour to local bakers, produce pasta, couscous and semolina as well as animal feed.
11. Other than industrial enterprises, women's groups have been progressively engaged in traditional drink production, such as juice made of hibiscus, tamarind, ginger, etc.
12. Imported packaging materials (e.g. glass and metals) tend to increase the price of final products by 30-40 per cent, or more (Gret, 2006a).
13. Wheat must be imported entirely from abroad; 80 per cent comes from France.
14. SOCAS recently purchased a transformation factory, SNTI (Société National de Tomates Industrielles) in Dagana, which was a state-owned enterprise.
15. CSS produces sugar pieces from both sugar cane produced in its own fields in Richard-Tolls and imported unrefined sugar.
16. The PTIP corresponds to the budget allocation of the PRSP 2, which shows that ODA from donors finances 57 per cent of primary sector investment. Concessional loans take up 70 per cent.

17. The PSAOP is designed as a three-phase ten-year programme, using an Adaptable Programme Loan (APL) which provides flexible funding for long-term development programmes. This is due to the very complex nature of the project, actually combining three former World Bank projects on agricultural research and extension and grassroots development into one, learning from past experiences and failures of the World Bank. It took three years to reach agreement on the content of the programme with the government of Senegal.

18. To move out of a state-led extension system, the project created a semi-private agency for agricultural advisory services (ANCAR), co-managed by the government of Senegal, professional organisations and agro-based private actors, to replace the former public regional development agency (SODEVA).

19. A steering committee represents ministries involved (agriculture, livestock, economy and finance, scientific research, fisheries, environment, social development, decentralisation), national federations of producers' organisations, and implementing public and semi-public agencies (ISRA, ITA, FNRAA, and ANCAR). This arrangement was the first case in the World Bank projects in Senegal.

20. EurepGAP is an internationally recognised set of farm standards dedicated to good agricultural practices (GAP) (see also www.globalgap.org).

21. To improve the availability of credit, which remains one of the constraints to securing established regular business operations, the Wula Naffa Programme added $1 million of a small grants facility. The Programme also worked with Crédit Mutuel du Senegal (CMS).

22. Karaya gum is used in pharmaceuticals, textiles, foods, and as tragacanth gum substitute.

23. Setexpharm is the major purchaser, buying perhaps 70 per cent of production for Norgine (France) for the production of a laxative called Normacol. Setexpharm also works with the USAID-funded SAGIC project under the bissap (hibiscus juice) value chain.

24. The availability of marketing credit guarantees sound business transactions. Without sufficient working capital, processors may fail to enforce their contract agreement with producers to purchase a large quantity of primary material. For example, despite having agreements with Setexpharm, affiliated producer organisations sold only 32 per cent of their Karaya gum production to the company and sold the remaining 68 per cent to bana-bana or to the competition (Socogomme), largely owing to lack of working capital to pay cash for gum from producers and to its failure to meet pick-up schedules on time.

25. Following Morocco and Tunisia, Senegal is the third country in the African continent to benefit from this tool kit initially implemented in Europe by the UNIDO. Senegal's programme took a close example from that of Tunisia, from where it received a technical assistance team. This permitted Senegal to apply the experiences of African countries with similar sectoral constraints (Bougault and Filipiak, 2005).

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