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Policy Brief

Key points

- The establishment of the inter-professional association by the authorities themselves will allow a better adhesion and a broad mobilization of the actors at the national level

- This inter-professional association will take into account the direct actors of all the links of the value chain (production, collection, processing, distribution) but also the indirect actors (suppliers of inputs and services, technical support services, financing structures, etc.).

- The inter-branch association will promote the professionalization of the milk value chain (CVL) professions, with positive impacts on the productivity, quality and therefore the commercial performance of local dairy products.

Upgrading the milk value chain through the establishment of an interprofessional organization.

Summaryry

This policy brief focuses on the dynamics initiated by the Senegalese public authorities for the development of the livestock subsector, in particular dairy production. Work under the project «Improving the resilience of smallholder farmers in North and West Africa through the upgrading of women-managed milk value chains» identified a critical need to restructure the value chain for upgrading. The transfer of consultation and regulation functions to professionals in the sector, with the support of the public authorities, is presented as an alternative for improving the economic and social performance of the milk sector.

In spring 2004, Senegal adopted an Agro-Sylvo-Pastoral Orientation Law (LOASP) which will constitute the framework for the development of Senegalese agriculture for the next 20 years and whose objective is to base rural development on a family farm to be modernized, while promoting agricultural entrepreneurship.

The creation of an interprofessional organization of actors in the milk sector at the national level will allow a sustainable development of the sector, a union of its members and the defense of their interests with the State, donors and development partners as well as the establishment of a framework for reflection, proposal of solutions to the problems identified in the sector.

Introduction

In Senegal, the livestock subsector ranks second among primary sector activities. It is practiced by nearly 350,000 families, corresponding to about 3 million individuals, for whom it has a food and nutritional security function. In a socio-economic context marked by high population growth, livestock is of paramount economic and social importance because of its contribution to household incomes and job creation.

The country thus has enormous potential to cover its milk needs, estimated at a rate of 40 liters per capita per year. With a view to exploiting this potential, the public authorities have made significant investments in recent decades, which have resulted in a relatively significant increase in national milk production. Indeed, from an estimated production of 111 million liters in 1992, it reached 247 million liters in 2017, thanks to progress in improving the genetic potential of local cattle breeds, strengthening pastoral infrastructure and numerous initiatives to promote local cow's milk.

The modernization dynamic initiated by the Senegalese authorities has also led to major transformations in the structuring of the livestock sector, which is now characterized by a diversity of actors and production systems. Indeed, the characterization work carried out has made it possible to identify in the Ferlo (main pole of milk production), the cohabitation of two production systems: (1) an extensive system that largely predominates, marked by a strong seasonality due to its dependence on natural resources (natural pastures and surface waters), evolving alongside a semi-intensive system characterized by continuous production provided by exotic breeds.

Taking into account the results of the diagnostic phase, reforms in value chain management should be considered to make milk production more responsive to market needs. In a liberal economic context, market management mechanisms and instruments for collaboration and coordination between the different actors in the dairy sector are necessary for an effective and transparent implementation of these reforms.

I. I) A nationalenvironment favourable to the creation of interbranch organisations (favourable legal framework and presence of national umbrella organisations):

Since 2004, Senegal has had an Agro-Sylvo-Pastoral Orientation Law (LOASP) which stipulates, in article 25, that *« Groups of professional organizations representing agricultural production, processing and marketing of agricultural products may be recognized as agricultural interprofessional organizations by the competent administrative authority (...) Where a national agricultural interbranch organisation is recognised, the regional agricultural interbranch organisations which belong to it shall constitute committees of that organisation and shall be represented on it. »*

Today, the milk sector faces many challenges, including strong competition from imports and the lack of coherent national policies to support the production and marketing of local milk, which have contributed to the birth of professional breeders' organizations, then interbranch organizations. This dynamic followed a three-stage development.

The first generation of professional breeders' organizations received support from livestock services. This structuring aimed to support the experience of setting up dairy farms in the peri-urban area of Dakar.

The second generation of organizational dynamics was initiated by local associations under the impetus of civil society. This structuring was part of local development actions including livestock and more specifically milk production.

The third generation of structuring concerns the creation of interprofessional organisations from 1997 onwards. Three inter-professional associations were set up with the support of projects, state or parastatal structures.

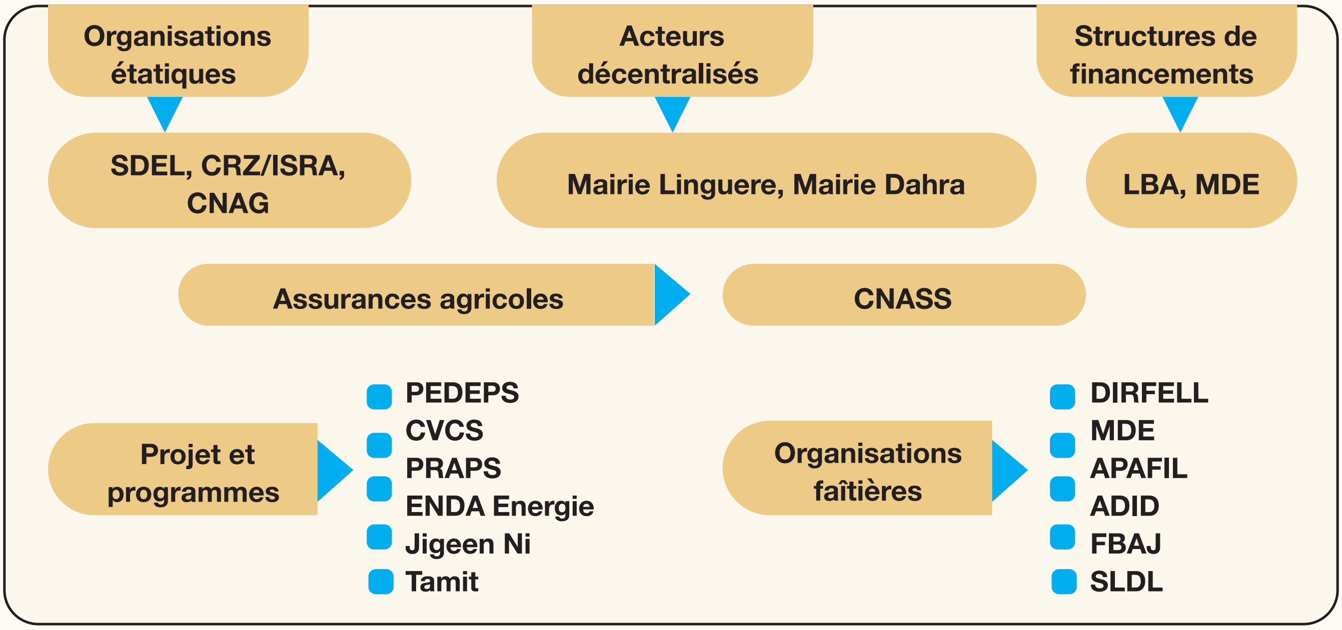
Despite all these many initiatives,organizations still face challenges of legitimacy and recognition. This therefore entails the need to develop these organizations towards the establishment of consultation frameworks or national interprofessional organizations, serving as a link between the actors themselves and the various partners: authorities, funding institutions, customers.

II. Diagnosis of the milk value chain

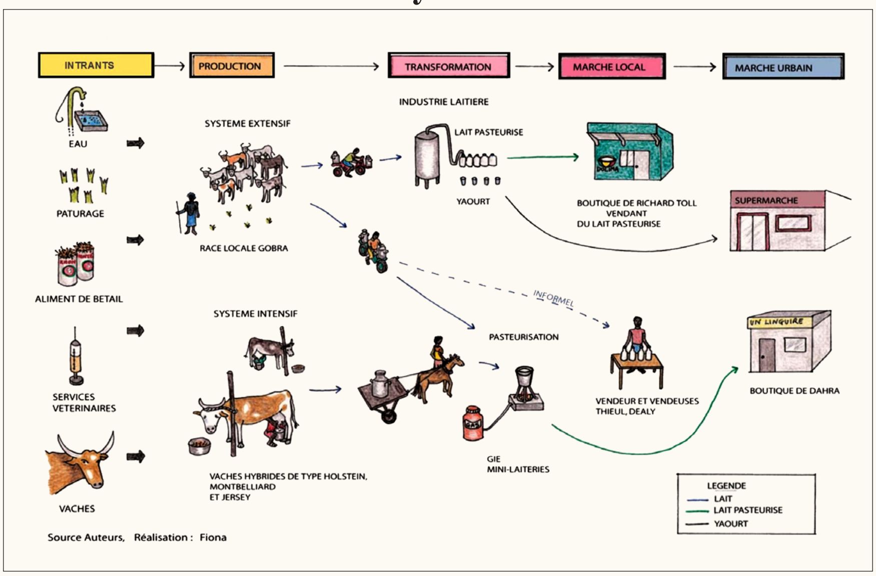
1. Mapping of actors in the value chain

The mapping of actors involved in the milk value chain stems from an attempt to answer the questions «Who are the actors? and «How do they interact? «. The activities carried out at this stage have made it possible to identify the different actors of the VC and the nature of their relationships. Two (2) categories of actors have been identified: the first category includes direct actors in the value chain whose operations start from the production of raw materials (raw milk) to the marketing of finished products (fresh milk and other dairy products). The implementation of their economic activities is influenced by a second category of actors that consists of a diversity of service and product providers from the public, private and civil society sectors.

Who are the actors?



How do they interact?



2. Analysis of the economic performance of the sector (equests by questionnaire):

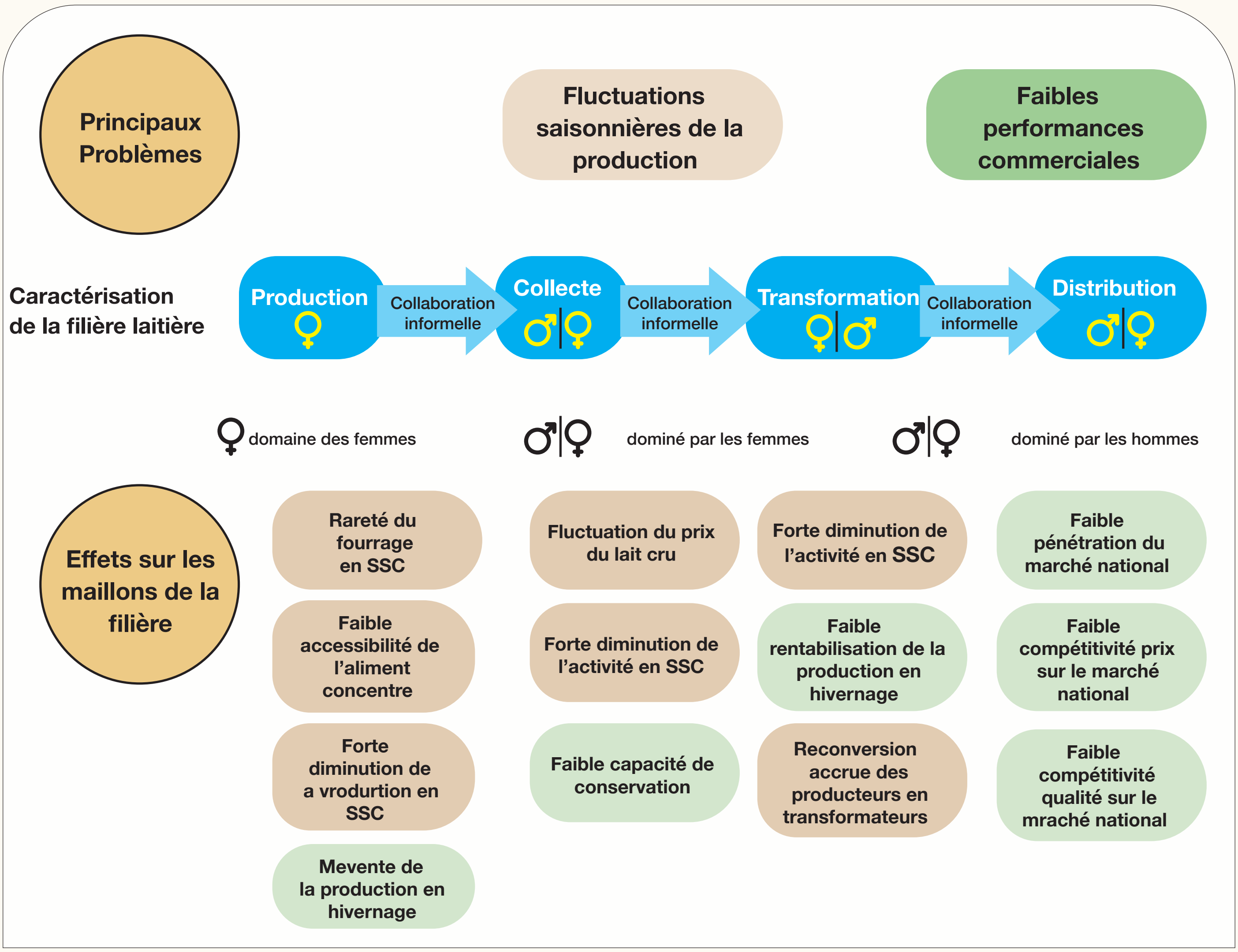
Thisstep made it possible to analyse the commercial performance of the value chain and the factors hindering their optimization. In addition, the interviews made it possible to characterize producer organiza tions in terms of factors such *as corporate governance methods, access to productive resources, perception of the impact of climate change, the power and capacity of actors , etc.*

Service Provision (Training, Information and Technology)	Assets	Financing
100% of the actors on the 4 links have benefited from specific training	100% of the actors on the 4 links have the basic equipment required	96% of the actors on the 4 links use various sources of funding
100% of the actors on the 4 links have access to information through different platforms	96% of actors are affiliated with umbrella organizations	
100% of the actors on the 4 links use various channels, including digital platforms, for information and marketing	Projects and programmes working on the CVL have been identified	96% of companies can access banking and microfinance institutions present in the locality
92% of the actors involved in the Processing and Marketing links have a quality certification (FRA authorization)		

3. Analysis of the problems of the milk sector:

Within the framework of this project, a series of activities were carried out to analyse the economic performance of the milk value chain, with a particular focus on identifying the main problems that contribute to hindering its development, as well as the strengths and opportunities that can serve as a lever to solve them sustainably. As described in the figure below, the problems that have been identified stem from two main bottlenecks: seasonal fluctuations in milk production and poor commercial performance of dairy products.

Analyse des problèmes



III. Limitations hindering the development of the milk value chain

• Irregularity in feed availability

Extensive livestock farming remains the most widespread in the Ferlo area. However, the Ferlo is a semi-arid zone, marked by a long dry season (very low vegetation cover) and a short rainy season (3 months). The aridity of the climate exposes the difficulties of extensive livestock farming specific to this region. Herders are forced to travel for seasonal transhumance. With the deterioration of the climate, pastoralists are forced to make long journeys to find covered vegetation areas for grazing and water points for watering livestock. The early drying up of ponds and the degradation of grazed ecosystems determine the extent of transhumance, the pressure on available resources and the balance of the ecosystem. This irregularity in the feedingstuffs implies a decrease in the production of raw milk.

Some producers in the area are increasingly practicing intensive livestock farming, which is more profitable. However, the intensive system is more expensive because it incurs costs related to the acquisition of exotic breeds and inputs, water connections, veterinary fees and other equipment. From an economic point of view, production costs and financial risks are also lower for traditional systems.

• The difficulties of marketing milk production

There is a low penetration of local dairy products on the domestic market. Indeed, some processors have enormous difficulties in selling their products or make poor commercial performance.

A survey conducted in 2022, by IED Afrique in Dahra and Linguère on the 25 EIGs of the Association of Professionals and Actors of the Milk Sector (APAFIL), showed that only 12% of processors manage to sell on the national market. This can be explained by a multitude of factors:

- Processing actors still lacking organization: indeed many EIGs that are in processing and marketing are not well structured (no sales strategy or product marketing, lack of label for the most part, irregularity in the supply of fresh milk during the dry season, and no distribution or sales points).

  But the challenges for these local sectors are significant with a highly competitive environment and a market increasingly open to imports. These challenges relate to a transformation of the organization of production systems but also of exchanges. The question does not only concern levelling or upgrading, but of clearly perceiving the functioning of these sectors, in particular the whole process of placing on the market products that are initially essentially self-consumed (Dièye, 2006)
- A national market potentially controlled by modern dairies that hold a virtual monopoly of the market. They are positioned on several links in the value chain: production, marketing processing.

• Absence of a national market regulatory body and organizations in the milk sector

The analysis of the institutional framework of the milk sector in Senegal shows that there is no national body to regulate the sector's markets, despite efforts made by the actors by setting up some interprofessional organizations that are trying to organize and structure the sector.

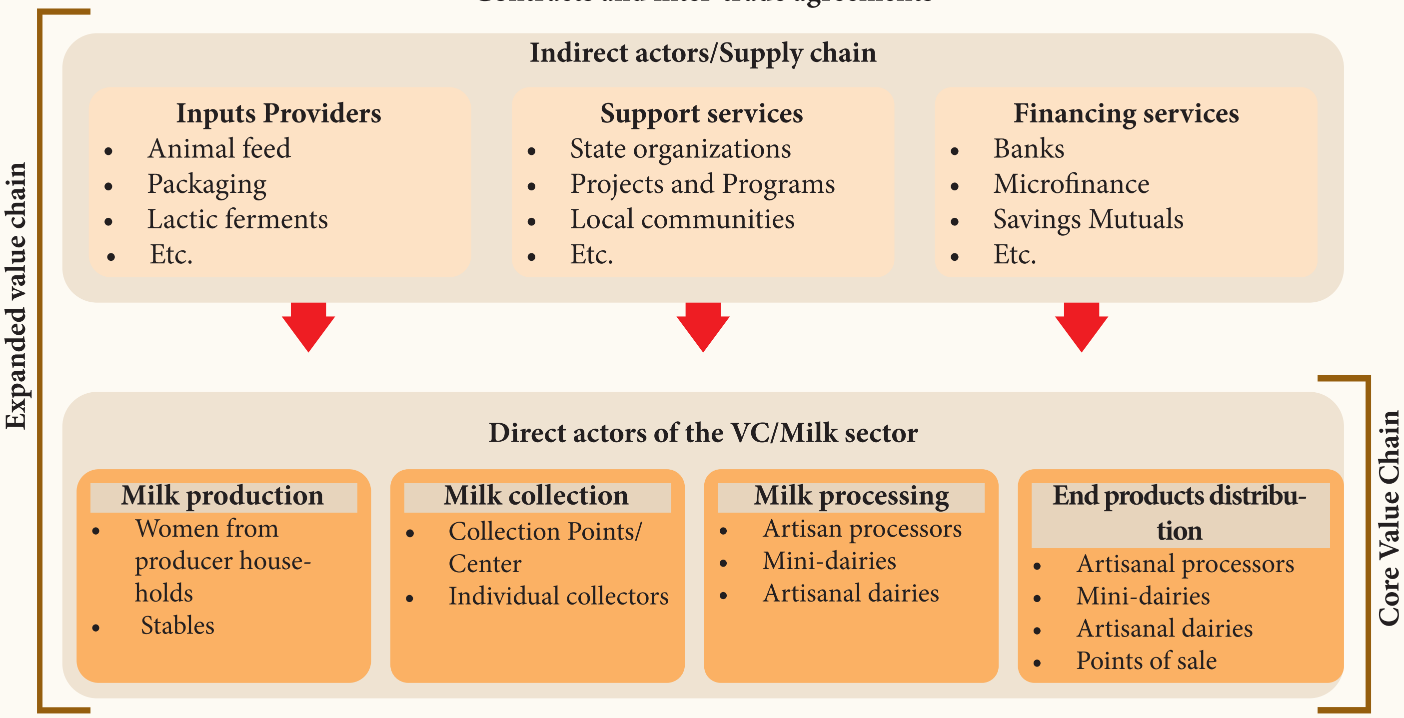
The State should support the actors in the value chain, facilitate the establishment of an interprofessional organization and ensure the successful process of skills transfer. State action in this process may concern policy orientations in the sector, particularly on regulatory aspects, product quality and standards, product taxation, price fixing and control, institutional and organizational aspects, financing and support for the sector.

IV.Recommandations:

The establishment of an interprofessional organization of the milk sector, driven by the State of Senegal, is necessary for a better structuring of the sector by improving socio-economic relations between the different professions in the value chain and facilitating their «formalization». It will also respond to the challenge of improving the competitiveness of local milk products by regularizing the market (supply management, setting prices, compliance with standards, improving quality, competition) but also in defending the local milk sector against imported products, especially milk powder, on the local market.

- An effective establishment of an interprofessional organisation would require certain stages, including the conduct of a study to identify the actors concerned and analyse their interests and influence in the establishment of an inter-professional organisation. This analysis will help determine the roles and needs of each category of actors (see figure below).
- Classification of organizations of direct actors in the value chain according to 4 families that are Producers-Collectors-Processors-Distributors. This measure would facilitate the formalization of their interactions through contractualization between professional families and actors.

Contracts and inter-trade agreements



- Establishment of an inclusive steering committee whose mission will be the adoption of an action plan for the creation of the interprofession. This committee will be made up of representatives of all local umbrella organizations, industrial structures, as well as supply chain actors and state agencies.
- Revitalization and capacity building of producer organizations: for strategic issues to be managed by these organizations, including supply management, market access, input supply, etc. The State's support must be continuous to reach the desired level of «formalization»;
- Reflection on the issue of financing the interprofession in order to define sustainable financing modalities (autonomous financing, State, technical and financial partners).

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