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CHARACTERISTICS OF THE
HORTICULTURAL EXPORT ENTERPRISES
UTILIZING CONTRACT FARMING SCHEMES
IN SENEGAL

by

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PREFACE

This Working Paper is part of a larger research project on Contract Farming in sub-Saharan Africa conducted by the Clark University/Institute for Development Anthropology Cooperative Agreement on Settlement and Resource Systems Analysis (SARSA) for the Africa Bureau of the US Agency for International Development (AID).

For purposes of this study, contract farming is defined by three fundamental characteristics: (i) a futures or forward market in which a buyer or processor commits in advance to purchase a crop acreage or volume; (ii) the linkage of product and factor markets insofar as purchase rests on specific grower practices or production routines and input and/or service provision by buyer-processors; and (iii) the differential allocation of production and marketing risk embodied in the contract itself. Contract farming includes, therefore, the large-scale nucleus-estate/outgrower schemes associated with, for example, palm oil in West Africa and sugar production in Kenya; the parastatal, export-oriented smallholder schemes associated with tea, tobacco, and coffee in Central and East Africa; and a multitude of private schemes producing fresh fruits and vegetables for canning, drying, and direct export to international markets.

Contract farming in a variety of institutional forms has been present in North America since the 1930s, but it has more recently become of increasing importance in Third World states, particularly throughout much of Africa. The objective of this study is to assess the form, organization, and impact of a diversity of contracting arrangements in sub-Saharan Africa, based on both secondary literature and field research in seven countries (Gambia, Nigeria, Ivory Coast, Ghana, Kenya, Malawi, and Senegal). The case studies have been carefully selected to represent the primary commodities and diversity of institutional forms of contract farming. A final report, based in part on the representative case studies, will indicate the conditions under which contract farming emerges; assess the distribution of costs and benefits to the principal actors, including growers; and evaluate the role of contract farming with respect to donor and host-government policies, technology transfer, and institutional development.

Michael Watts and Peter Little

INTRODUCTION

CHARACTERISTICS OF THE HORTICULTURAL EXPORT ENTERPRISES UTILIZING CONTRACT-FARMING SCHEMES IN SENEGAL

The purpose of this report is to characterize the nature of the Senegalese horticultural-export sector that utilizes contract-farming schemes so extensively. Ten field interviews form the basis upon which the report draws its conclusions. These ten firms account for 95 percent of the Senegalese national fresh-produce exports currently allocated by the interindustry Airfreight Committee. Most of the firms rely predominantly on contracts for their supply of produce, and many source all of their fruits and vegetables this way. All twelve of the horticultural export companies in Senegal depend on contract farming to some extent.

The results of the ten structured interviews are included in their entirety in ANNEX I. SECTION I draws upon the profiles to generalize about the characteristics of the firms and their approaches to contract farming.

A. The Introduction of Contract Farming to the Horticultural-Export Sector in Senegal

None of the exporters currently active in the fresh horticultural sector had begun operations before the early 1970s when BUD-Senegal started up its massive estate-grower export scheme. Some of the growers had begun growing fresh produce for the local market as early as the 1950s through a cooperative union called SYNJAMAR (Syndicat des Jeunes Agriculteurs Maraichers.) As the name maraicher implies, the growers depended then as they do today on the humid or marshy areas, specifically the region referred to as the Niayes.

The Niayes is that swath of wetland growing area some ten to thirty kilometers wide that extends from the Cap Vert region near Dakar hugging the coastline up to St. Louis. The agricultural economy of the Niayes has shaped the development of contract farming in Senegal to a considerable extent. Limited availability of these prime growing areas represents an important factor conditioning the expansion of horticultural farming and exporting as it is currently practiced.

BUD had a substantial and lasting impact on the development of the sector in Senegal. At its peak, BUD-Senegal was exporting 12,000 metric tons of winter vegetables to Europe. All twelve exporting entities together now ship only half that amount. The technology introduced and the market channels opened by the large-scale estate growing operations, however, provided the basis upon which contract farming was later to develop.

It is doubtful that the horticultural export industry could have established itself in Senegal to its present extent, were it not for the massive initial investment by BUD-Senegal. Production and marketing of export produce requires a specialized expertise and supervision that goes beyond the technological requirements of producing traditional cash crops, not to mention traditional food crops.

Groundnuts were the preeminent cash crop in Senegal until recent years. This provided a pool of farmers familiar with the use of improved seeds, fertilizer, and phytosanitary products unfamiliar to traditional food crop farmers. Few of these semitradeitional cash-crop farmers, however, would have possessed the knowledge of irrigated row-crop farming sufficient to grow produce to export specifications. Before the introduction of a wide variety of agronomic technologies by BUD, even local-market produce farmers such as those associated with SYNJAMAR lacked the experience with the breadth of crops and their associated agronomic challenges necessary to form the basis of the industry.

The challenges posed by marketing fresh horticultural commodities internationally exceeds even the difficulties of growing the products. A few of the largest Senegalese produce shippers today (e.g. TOLL, SAFINA, JARDIMA) initiated operations during the early years of BUD. These firms had the capacity to market produce but would have lacked the pool of potential contract growers of the magnitude that BUD served to develop.

The pioneers of Senegalese produce exporting definitely paved the way for many of the smaller firms that would have lacked the familiarity with the export systems and the ties to European markets that are the legacy of the exporters of the 1970s. It is important to bear in mind that produce marketing does not lend itself to the establishment of an export marketing board of any sort. The perishable nature of the produce necessitates direct links between producers, shippers, and broker/importers in the market place. Produce markets are extremely dynamic. The commodities are not readily standardized into homologous shipments that can be traded in uniform lots. The nature of the product requires regular and direct contact with the European importers. Produce demands an aggressively vigilant control over handling, grading, cooling, and air freight shipping conditions.

One may speculate as to whether another firm might have taken the initiative, had BUD-Senegal not played the lead role it performed. The essential point with regard to understanding the nature of contract farming, however, is that the present contract system in Senegal could not exist were it not for an available supply of growers familiar with specialized technology but who lack the substantial means and knowledge of markets to engage directly in exporting.

B. Key Institutions : GEPAS, ASEPAS and the Airfreight Committee

As of 1986, twelve groups are actively exporting fresh horticultural products. All are members of either GEPAS (with 78 percent of export volume) or ASEPAS (with 22 percent.) To date all of the exporters have used contract farming, and most rely upon it principally or exclusively.

Table 1 summarizes the tonnage of fresh produce exported by each firm and association during the 1985-86 shipping season. Table 2 is a graphical representation of the market share held by each firm.

GEPAS and ASEPAS

GEPAS is a groupement d'interet économique, a legal entity that is generally used to form a corporation from a cooperative membership to enhance a group's ability to negotiate more effectively as a united industry. Until the formation of GEPAS two years ago, the only representative body was ASEPAS, a somewhat looser association of both exporters and producers. Today only four of the twenty-five ASEPAS members are exporters. Only one is a relatively high-volume exporter (JARDIMA). Without the participation of the most substantial member, ASEPAS would likely collapse. All of the other important fresh produce exporters are members of GEPAS.

The scope and capacity of the Export Associations are limited. Their foremost purpose is to represent the interests of exporters vis à vis the Government, the air freight companies and, to a lesser extent, the importers. Specifically GEPAS and ASEPAS endeavor to speak with one voice vis à vis the other members of the Airfreight Committee, the central forum for issues pertaining to their interests. The Associations help to provide feed-back to members on issues that may effect the industry.

The Associations are voluntary and work without any support staff. They engage in no promotional campaigns, provide no credit, nor serve any function other than provide an organ through which exporters can meet to pursue their collective interests.

Air Freight Committee

The pressures for rationalizing the access to air cargo space resulted in recent years in the creation of the Air Freight Committee (Comité de Fret Aerien.) The Committee is overseen by the Civil Aviation Board (Direction de l'Aviation Civile). Its membership includes representatives of the aircargo companies, of the freight forwarding and transportation companies, of the

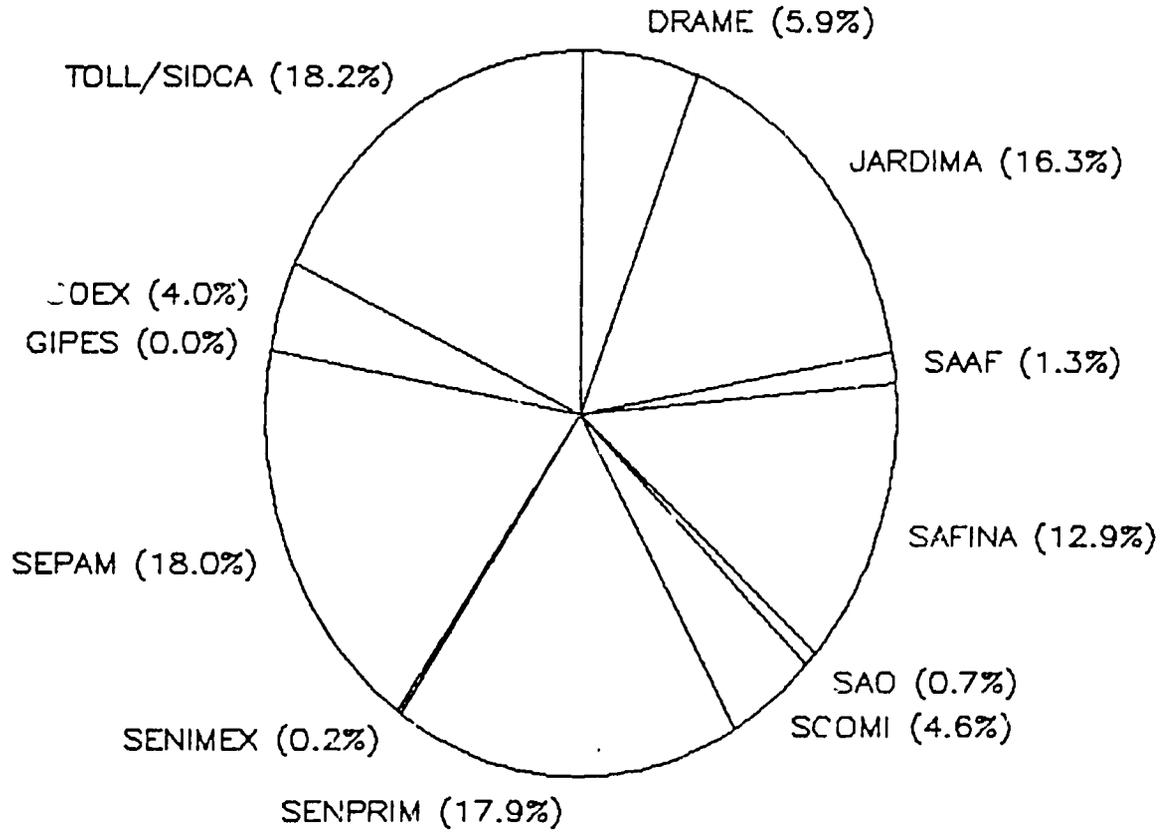
TABLE 1: TOTAL SENEGALESE FRESH PRODUCE EXPORTS

EXPORTERS	TOTAL TONNAGE	TOTAL % BY FIRM
GEPAS MEMBERS		
SENPRIM	1079.18	17.86%
SIDCA	144.71	2.39%
TOLL SELECTION	952.40	15.76%
SEPAM	1090.60	18.05%
SAFINA (AGROCAP)	779.61	12.90%
SOEX	242.74	4.02%
ETS. T. DRAME	358.41	5.93%
SAAF	79.99	1.32%
GIPES	NA	NA
TOTAL GEPAS	4727.64	78.23%
ASEPAS MEMBERS		
JARDIMA	987.64	16.34%
SCOMI	276.01	4.57%
SAO	39.54	0.65%
SENIMEX	12.18	0.20%
TOTAL ASEPAS	1315.37	21.77%
GEPAS & ASEPAS TOTAL TONNAGE	6043.01	100.00%

(SOURCE: Senegalese Plant Health Inspection Service,
Yoff International Airport, Dakar, 1986)

TABLE 2:

MARKET SHARE BY EXPORTER (1985-86)



national plant health inspection service, and all exporters of fresh produce.

Exporters are dependent on airfreight under the currently prevailing conditions. Development of the market niches and export systems required for sea freight is only just beginning. Sea freight was used in the early period of produce export development in the heyday of BUD, but is only now being reconsidered as the air freight opportunity has become saturated.

The policy developed by the Air Freight Committee to allocate the limited space available to exporters of fresh horticultural goods was to use the volume exported during the 1985-86 season as the basis for space quotas during the 1986-87 season, which began in November 1986. Thus total air shipments were frozen at near 6000 MT for the season, allocating 78 percent (4730 MT) to the GEPAS membership and 22 percent (1320 MT) to the ASEPAS membership. Part of the problem with the situation before the implementation of the new policy was that more cargo space was booked by produce exporters than was actually delivered for shipment. This problem in turn arose at least in part out of the contract farming system and the vagaries of grower deliveries to exporters.

The system allocating access to shipping thus perpetuates and is quite simply predicated upon the status quo. The past performance of exporters determines their allowance under the currently frozen export quotas. None of the exporters interviewed cited difficult access to freight space as a problem during the earlier unregulated era. The real problem arose in fact when exporters were collectively unable to supply as much air cargo as they had promised to deliver. A recent meeting of ASEPAS brought up the issue of establishing ground rules for the cancellation of booked space in sufficient time for other firms to take advantage of the space. This approach strongly suggests that the industry perceives the struggle to achieve consistency and dependability of production and delivery as a collective battle rather than a free-for-all fight to grab space away from competing exporters. Each firm perceives the current airfreight allocation as a constraint to growth under periods of optimal output. They simultaneously expressed their understanding for the underlying failure to achieve consistent performance as the root of the essentially punitive allocation imposed by the Airfreight Committee after repeated experience with reserving space for which the produce was not delivered.

C. Three Types of Senegalese Horticultural Export Enterprises

All of Senegal's current production of fruits and vegetables grown for the fresh export market can be broken down into three distinct groups:

TYPE 1) Smallholders grouped together to contract with exporters. This is the most common pattern and accounts for the bulk of current output. For example, all of SENPRIM (former BUD-Senegal) production is contracted in this way. Each grower typically works gardens of between 2000 sq m and 4000 sq m. The estimates in SECTION I indicate that about 70 percent of all exported volume is produced this way.

Not all smallholders, whether contracted or not, will deliver to the exporters as agreed. All exporters interviewed complained of the frequency of farmers' defaulting on their contracts. Still other farmers grow independently without the benefits of direct contracts. Thus there is generally produce for sale on the open market. During the November to May season merchant-exporters are eager to purchase the produce on a spot-market basis. It is difficult to gauge the magnitude of these spot-market transactions, whether with broken contractors or independent smallholders, but all indications suggest the volume is substantial. The estimate of TYPE 1 production at 70 percent includes the total volume produced whether delivered under contract or to the open-market.

TYPE 2) Individual farmers operating on a sufficiently large scale to contract directly with exporters. Only a handful of micro truck farmers are associated with each of the dozen produce exporters, but their aggregate acreage is substantial. They usually run small mechanized operations of between one and five hectares (25 times as much acreage as a 2000 sq m smallholder.) Table 5 (see SECTION I) estimates that micro truck farmers produce 17 percent of all fresh produce exports. These estimates were drawn from data supplied by the firms with which these larger growers contract. Interviews with micro truck farmers in the course of a future study would likely prove a rich source for insights into the contracting system from a grower perspective.

TYPE 3) Estate Growers. Only one of the current exporters who reports practicing "régie directe" (estate growing) should be included under this rubric. What this refers to in most cases is simply the means of production. Exporters commonly refer to régie directe as any large area cultivated mechanically and irrigated by non-traditional means (diesel pumps or SONES public utilities metered sources.) Upon closer enquiry these areas turn out to be contracted as well, though with TYPE 2 contracts rather than TYPE 1. Only one company relies principally on estate-growing (SAFINA.) The volume of this non-contract growing is significant (12 percent), but clearly secondary to contract horticultural farming.

The contracts used between exporters and growers are written documents that ostensibly carry the force of law. In practice that law is exceedingly difficult to enforce, as the comments of various exporters attest in the interviews. A sample of an

actual contract between an individual small-scale truck farmer and an exporter (SAAF) is included in Annex III. It bears noting that in the particular case of SAAF most of its contractors defaulted, to which the company finds no recourse.

SECTION I

SYNTHETIC AGRIBUSINESS PROFILE

The following characterization of the agribusinesses utilizing contract-farming schemes in Senegal represents a synthesis of the data collected from the ten exporters interviewed. The results of the structured interviews with each firm are included in their entirety in Annex I.B through I.K. The organization of the synthetic profile diverges from the organization of the individual profiles in some significant ways.

Eight of the ten points covered in the interviews are presented here under six headings. The data reported in the complete interviews as "1. OVERVIEW OF START-UP" have been divided here into a review of personal biographical data (I.A below) and a review of the choice between contract farming vs. estate growing (I.B. below.) The two remaining points not included from the complete interviews are "8. PROBLEMS/SUCCESS" and "10. PROGRAM INTERVENTIONS." These observations have been incorporated respectively into the two Sections that follow, "SECTION II: Contract Farming Issues" and "SECTION III: Program Responses."

A. Start-Up of Contract Exporters

Previous Produce Export Background

Most of the firms were initiated by entrepreneurs with a commercial background rather than direct experience in growing and shipping agricultural produce. This is significant since it predisposes the firms towards the purchase of products on contract rather than involvement in direct growing operations. The relevant experience of each firm is summarized below:

1. SENPRIM: Extensive experience as the pioneer grower-shipper group in Senegal.
2. SIDCA-TOLL: SIDCA had no direct experience in the produce field, but recently has acquired that background by joining forces with the TOLL SELECTION group managed by a major French produce import/export firm with expert grower staff in-country.
3. SEPAM: The family has developed experience and training in pertinent areas in recent years, but lacks the expertise and means to undertake direct farming.

4. SAFINA: Sole major estate-grower of produce in Senegal today.
5. SOEX: Extensive experience as traders. Ventured into agriculture only in recent years.
6. DRAME: Considerable experience in freight and shipping, but no production background.
7. SAAF: Long experience in agricultural processing and trade. No produce industry experience.
8. GIPES: Academic background in growing and shipping, but only starting in practice.
9. JARDIMA: Considerable experience in Mali and Senegal in the produce business.
10. SENIMEX: Experience limited to commerce and promotion.

Four major firms possessed substantial previous experience in produce growing and shipping, SENPRIM, TOLL, SAFINA and JARDIMA. Table 3 depicts the relative importance of firms with significant previous produce industry experience. While these companies ship about two-thirds of the total volume presently allocated, the presence of various smaller exporters conditions their behavior. All of the companies realize that as long as Senegalese commodities fetch acceptable profits in foreign markets, an array of exporters will compete for contractors and their product. It is less clear that all of the competitors have a comparable commitment to behavior that would tend to assure the longevity of the industry. Some of the behavioral issues pertinent to that longevity are raised in SECTION II.

Foreign Origins of Companies

Several of the companies began with considerable foreign backing. One group (SIDC/Toll Selection) continues with substantial expatriate involvement. Another company (Ets. T. Drame) was sold to its Senegalese manager. The other major expatriate firm, BUD-Senegal, was started with American and European capital and technicians but is now entirely operated by Senegalese government employees who contract for their produce with local farmers.

Four exporters, accounting for half of the current total exported output, are Senegalese of Middle-Eastern origin. Table 4 depicts the market share of these companies graphically. All have been Senegalese for generations. There is no indication

TABLE 3

PREVIOUS AGRICULTURAL BACKGROUND
(FROM THE TEN PROFILE FIRMS)

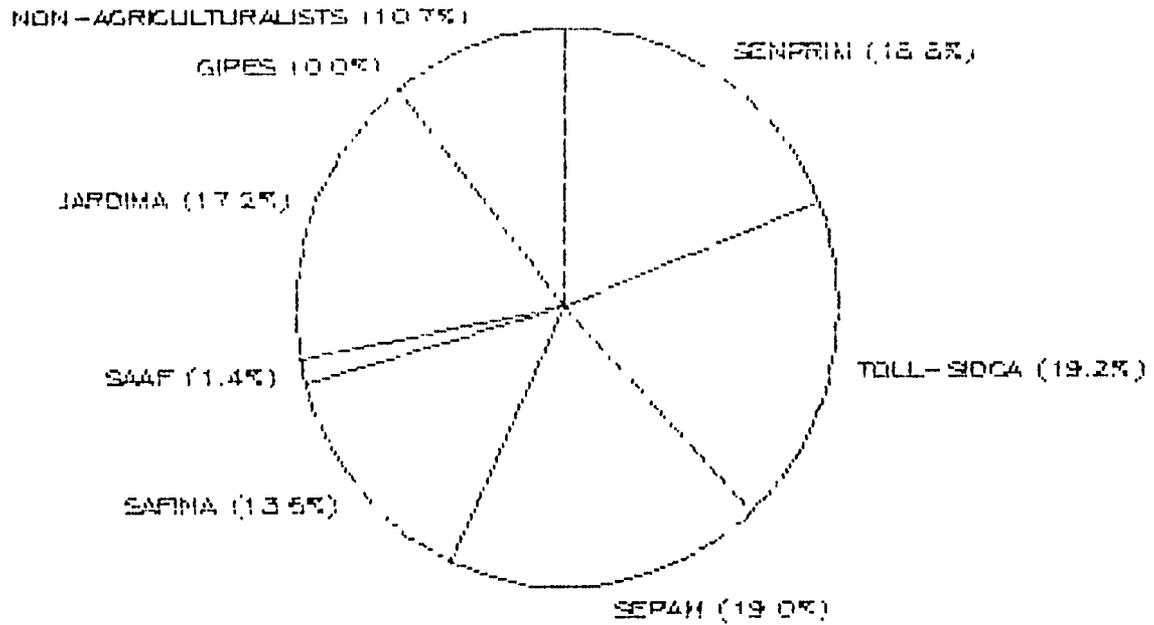
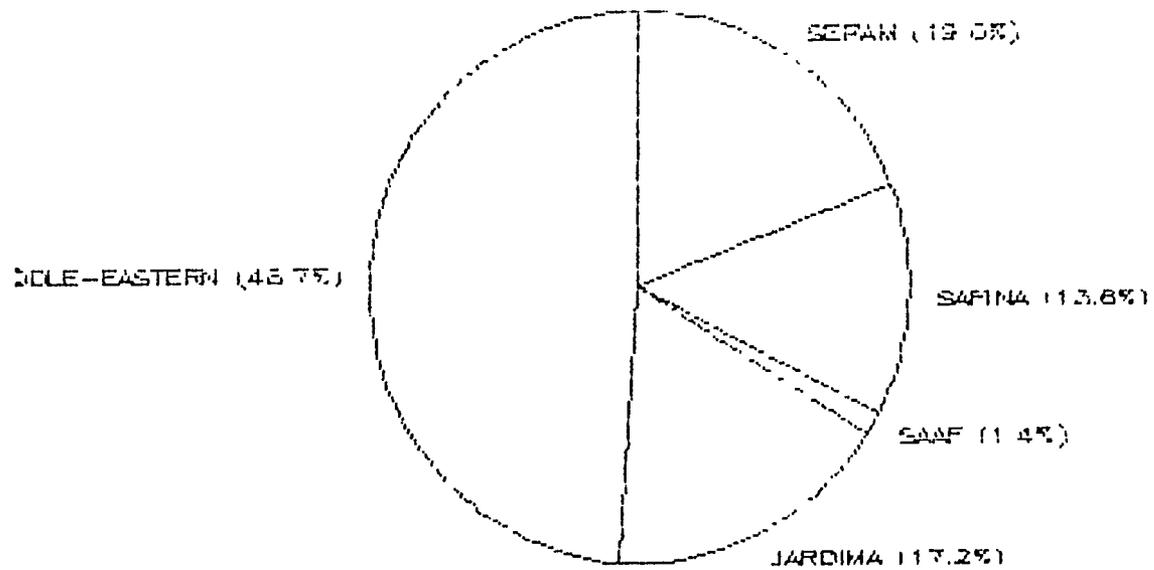


TABLE 4

ENTREPRENEURS OF MIDDLE-EASTERN ORIGIN
(FROM THE TEN PROFILE FIRMS)



that these three companies and families differ significantly from other exporters in their commitment to the development of the sector or their willingness to reinvest their capital in Senegal.

Some of the exporters themselves raised the issue of social origins in a quite different regard. The exporters of Middle-Eastern origin in Senegal are Christians in a predominantly Moslem society. Various exporters expressed their experience that the few Christian smallholders with whom they contracted tended to respect the sanctity of their contracts to a far greater degree than did the Moslem contract farmers.

Five of the twelve export companies are controlled by Senegalese of Senegalese origin. These account for just one sixth of the total output, however. (SOEX, DRAME, SCOMI, SAC, and SENIMEX.) None of these smaller firms came to the horticultural export sector with previous direct involvement in growing operations. The smaller firms tend to follow the pattern of businessmen looking to diversify their investments away from other commercial enterprises.

B. Choice of Contract Farming vs. Estate Growing

Only one exporter, SAFINA, makes substantial use of an estate-grower scheme, directly producing 90 percent of its export volume. This represents 12 percent of the national export volume. Computing estimates of the use of micro truck-farmer contracts by each firm reveals that this type of production (referred to as "TYPE 2" in the introductory overview) accounts for 17 percent of the national production. Table 5 depicts the importance of individual truck-farm contracts. Small-scale grower contracts provide the remaining portion of the national export volume, approximately 60 percent in all.

The synopses below address the choice made by each firm to pursue contract farming rather than direct growing schemes:

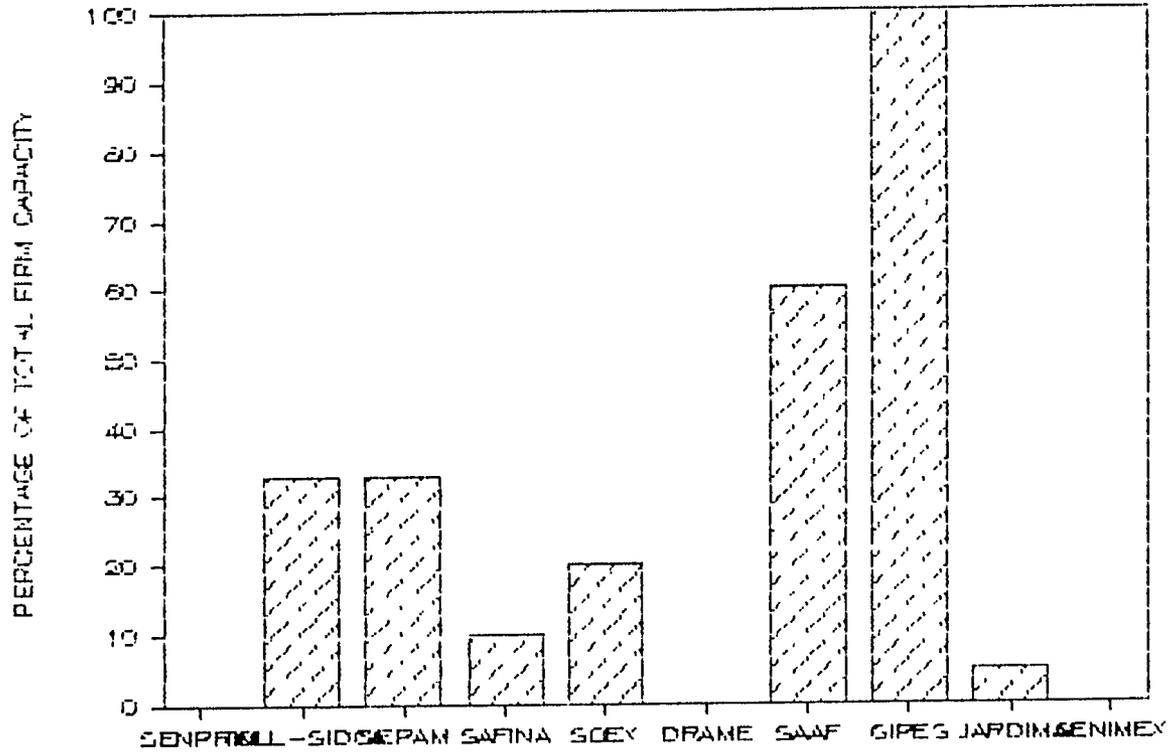
1. SENPRIM (Formerly BUD-Senegal)

House of BUD, a European affiliate of Bud Antle, Inc. of Salinas, California, began the first large-scale production of export fruits and vegetables in Senegal under an entirely estate-grown production scheme. It is important to note that this ambitious start-up was part of a vertically integrated production-marketing corporation quite unlike most of the firms exporting from Senegal today. Furthermore, as a pioneer exporter, BUD-Senegal had no alternative horticultural-product sources of the magnitude and varieties it needed. Only after the horticultural export technology introduced primarily by BUD diffused to independent growers did it become possible for

TABLE 5

USE OF MICRO TRUCK FARM CONTRACTS

(ESTIMATES FROM THE TEN PROFILE FIRMS)



exporters to contract with growers capable of producing to their specifications.

SENPRIM was born into a situation that lay at the opposite end of the private-public spectrum. As an entirely government-owned and operated corporation, SENPRIM had no alternative but to rely upon the growers who were left when BUD-Senegal was dissolved.

2. SIDCA/TOLL SELECTION

La Cours, a very substantial French importing firm, is the marketing firm behind Toll Selection, now SIDCA/Toll Selection. Starting up at about the same time as BUD-Senegal in the early 1970s, though producing no more than an eighth of BUD's output at its peak, the La Cours affiliate was also obliged to operate entirely as an estate grower until 1980. The company prefers to remain a contract exporter. Currently SIDCA/Toll operates as one of the largest contractors of beans and peppers in Senegal.

3. SEPAM

The firm began substantial operations in the beginning of the years when contract farmers were becoming available. SEPAM currently has one contract with a melon producer that may be considered a micro estate grower. The substantial majority of its products are contracted from small semi-traditional growers.

4. SAFINA

SAFINA is currently the most important independent grower in Senegal. It employs a handful of contract outgrowers on a trial basis. While the firm perceives advantages to the flexibility of contract arrangements, it finds the contracts insecure and prefers to rely upon their substantial and technologically advanced productive capacity.

5. SOEX

SOEX is a relative newcomer to the fresh horticultural export business. It is a firm that can remain in the business only so long as contract farming remains feasible. The parent company is a medium-sized diversified national company that has neither the inclination nor the capacity to involve itself directly in estate production.

6. ETS. THIERNO DRAME

Etablissements Thierno Drame works entirely with contract farmers. The firm has neither the means nor the access to economical land and water that would enable Mr. Drame to ponder the prospect of estate-farming seriously. The configuration of contracts held is similar to the system used by most contract

exporters. Growers are divided between what Mr. Drame refers to as the "traditionnels" and the "projets." The projets, as he terms them, are individuals with up to several hectares who deal with him directly as individuals. The traditionnels are semi-traditional farmers of quite limited resources who form groups of fifty to sixty farmers under each "chef de secteur."

7. SAAF

SAAF operates a combined contract and direct production scheme. It is difficult to characterize that mix as the firm has been the neglected subsidiary of a more important agricultural processing company (coffee roasting). Last year for example the company had seven medium to large (3 to 8 hectares) contracts that could have produced many times greater tonnage than was actually exported. The choice of mixed direct and contract farming arose in part from the direct involvement of a French melon importer from Cavaillon looking for off-season melon operations and who was able to supply direct market links and technical supervision.

8. GIPES

GIPES is a new and unusual entity. It is composed of a group of young independent farmers who found themselves unemployed after having completed their master degrees in agricultural disciplines abroad and at the University of Dakar. The government, through the national development bank SONABANQUE, has helped to form and promote this group. GIPES will rely entirely on the production of its members working small farms of varied acreage. Contract farming does not fit into their overall development plan.

9. JARDIMA

The company purchases its produce through guaranteed contracts administered through forty-eight "chefs de zones." The firm has concentrated its efforts on state-of-the-art packing and cooling facilities and on the management of export facilities, rather than on emphasizing direct involvement in production. The company until recently operated a successful mango-exporting operation in Mali. JARDIMA has developed a comparative advantage in areas that enable it to utilize the contract-farming system efficiently.

10. SENIMEX

SENIMEX is a small firm that depends entirely on contract farmers to supply it with beans for the fresh market. As stipulated in the characterization of "Type 1" producers, many of these "contract farmers" are selling to SENIMEX on a spot-market basis.

C. Selection of Products and Markets

The contract farming system as it has developed in the Senegalese horticultural sector does not favor a dynamic relationship between product selection and market demand. The orchestration of all the elements of the production/export chain required in order to respond to the changing conditions of the European (and alternative) market places exceeds the short-term coordination capacity of the present contract system.

Interviews with the exporters reveal several general patterns. The firms have redirected their marketing plans little since they were originally laid out during their respective start-up periods. Furthermore, the export product mix is the same or nearly the same for all firms. Sixty-nine (69) percent of all fresh produce is beans of one sort or another. Beans, melons, and peppers account for 96 percent of all exports. Only eight commodities are exported in all. Five firms currently export three or fewer commodities.

Table 6 analyses the distribution of fresh produce exported from Senegal by commodity. A pictorial presentation follows the completed interviews in the Annexes. The Annex tables break down the same data to present a graphic representation by firm. The same scale is maintained to facilitate a quick visual comparison of the firms.

D. Contracting Farmers and Negotiating Prices

The quite small acreage farmed by the typical¹ contract produce farmers in Senegal means that an exporter is required to deal with as many as one thousand growers to have enough product for even a small-scale operation. On the other hand, the requirements of operating a viable export operation are prohibitively expensive for small truck farmers or cooperative groups of growers to contemplate direct exporting.²

¹ According to a Ministerial survey report, the average smallholding is only 2000 sq m: "Communication en Conseil Interministeriel sur le Maraichage," Report of the meeting of November 29, 1984, Ministry of Rural Development.

² The average export entre prise ships 500 MT annually. A minimal sustainable operation in the long run is probably on the order of 100 MT annually. The 100 MT firm would require at least US\$200,000 in working capital. If one assumes that half of the working capital required could be generated from cash flow from sales, a minimum of \$100,000 would be needed. The more typical 500 MT firm would require some \$500,000 in annual working capital. This says nothing of the fixed investment cost requirements of a packing facility.

TABLE 6: DISTRIBUTION OF FRESH PRODUCE COMMODITIES EXPORTED FROM SENEGAL (1985-86)

EXPORTERS	FILET	BOBBY	MELONS	TOMATOES	PEPPERS	OKRA	EGGPLANT	MANGOS	TOTAL TONNAGE
SENPRIM	31.65	626.30	306.47	15.79	95.85	0.00	3.12	0.00	1079.18
SIDCA	100.36	40.05	0.00	0.00	4.30	0.00	0.00	0.00	144.71
TOLL SELECTION	610.51	236.46	0.00	0.00	105.44	0.00	0.00	0.00	952.40
SEPAM	390.45	161.04	433.83	5.02	85.67	1.87	0.00	12.73	1090.60
SAFINA (AGROCAP)	239.26	92.51	254.71	148.88	39.98	4.28	0.00	0.00	779.61
SOEX	186.01	35.64	0.00	0.00	21.09	0.00	0.00	0.00	242.74
ETS. T. DRAME	107.78	222.14	11.48	0.00	17.00	0.00	0.00	0.00	358.41
SAAF	0.00	0.00	79.99	0.00	0.00	0.00	0.00	0.00	79.99
GIPES	NA	NA	NA	NA	NA	NA	NA	NA	NA
JARDIMA	580.98	265.42	1.64	4.70	134.46	0.44	0.00	0.00	987.64
SCOMI	106.05	97.52	16.17	0.00	56.27	0.00	0.00	0.00	276.01
SAO	3.26	34.02	0.00	0.00	2.26	0.00	0.00	0.00	39.54
SENIMEX	4.46	7.72	0.00	0.00	0.00	0.00	0.00	0.00	12.18
TOTAL TONNAGE BY COMMODITY	2360.78	1818.81	1104.29	174.38	562.33	6.59	3.12	12.73	6043.02
COMMODITY AS % OF TOTAL	39.07%	30.10%	18.27%	2.89%	9.31%	0.11%	0.05%	0.21%	100.00%

(SOURCE: Senegalese Plant Health Inspection Service, Yoff International Airport, Dakar, 1986)

Chef de Groupement

To enable the exporter to manage so many growers, farmers are obliged to group together. A "chef de groupement" or "chef de secteur"³ serves as the intermediary between the farmers and the exporter. Those larger scale growers referred to previously as "micro truck farmers" require no intermediary. They sign contracts directly with the exporter.

The relationship between the chef de groupement and the growers merits considerably more attention than it has received to date in the literature. Discussions with exporters suggest that these intermediaries recruit growers to form a contract group. Instances in which a prospective contract group designates a leader or representative undoubtedly occur. An empirical analysis to determine the relative frequency of the two approaches (recruitment vs. community organization) would be valuable to understand the relationship between the growers and the exporters. The importance of the issue is to determine whether the chef de groupement tends to behave more as an advocate of the interests of the farmers or of the exporter. Even chefs de groupements who are from the rural milieu and designated by their respective grower groups may eventually become increasingly dependent on the exporter.

The chef de groupement does not serve primarily as an extension agent between the exporter and the growers. His primary responsibility is to act as the titular contractor. He is responsible for the collective performance of the small-scale producers. The chef de groupement is theoretically independent of the exporter. The interview with Etablissements Drame (see Annex) suggests how that distinction may become blurred through the tendency for the intermediary to become indebted to the exporter. The chef de groupement receives no salary, but earns his living by commission based on the performance of the group.

The scope of the present study did not permit an investigation of the position of these intermediaries. Preliminary impressions, however, suggest that there exist a great variety of relationships between the chefs de groupement and the exporters. In some cases the responsible party is a grower himself, while others are rural entrepreneurs. These

³ Exporters appear to use a variety of terms interchangeably for the same function, to wit "chef de groupement," "chef de zone," or "chef de secteur." Elsewhere in West Africa these same terms are used to distinguish different levels of the private extension service hierarchy in large-scale cash crop schemes such as cotton.

section bosses vary in their degree of involvement in technical extension activities as opposed to their purely coordinative role.

Price Negotiation

As a matter of practice, product price negotiations do not appear highly problematic. Exporters report that the farmgate price history has been relatively stable for the crops produced. Any more detailed investigation of the negotiation system should corroborate these assertions with historical price data. All interviewed, however, indicated that prevailing rates were generally well recognized and were not the subject of great contentiousness. The tendency toward a uniform producer price is favored by the recognition among exporters that price variability greatly increases the chance of broken contracts in an environment where the sanctions for default are weak. This is not to imply that a degree of price fixing occurs. There is no evidence to suggest that collusion is necessary to maintain a stable purchase price under the current situation.

Many exporters report that they take an average of the past several years to determine the following season's price at the time contracts are signed. Furthermore, historically many of the exporters are merchants who respond to the opportunity presented by a particular commodity price and their speculation of the Paris price. They tend to behave more as price takers than as price makers. Given the current air freight ceiling, which has resulted in the Air Freight Committee is allocating frozen export quotas, the presence of what are essentially surplus buyers in the market will be reduced. Nonetheless the greatest likelihood is for stable pre-season contract prices.

H. The Operation of Contracts

The day-to-day operation and oversight of contract produce farming in Senegal varies little between grower groups or export companies. Exporters provide credit, seed, and occasionally tractor service. While some firms still provide fertilizer, the experience in recent years is that the farmer finds it more profitable in the short-run to sell the fertilizer on the open market as a scarce highly liquid commodity. Brokers report that fertilizer is in fact as good as money in rural communities. It is more expedient to provide the farmer directly with credit.

The technical assistance lent to farmers comes to them from the chefs de groupement. The exporters in turn support these extension personnel with their own personnel. The in-house technical assistants interact with the commercial agents to stay abreast of problems in quality or changes in preference in the market. In addition to the agronomic problems such as plant disease, infestation, and fertilizer or water response rates,

private extension agents must be aware of the economics of producing to different size specifications. The semi-traditional farmers have a strong tendency to maximize production volume rather than to analyse the price structures so as to maximize revenue by responding to premia placed on size specifications. This is particularly apparent in the string beans, which represent nearly forty percent of all Senegalese exports.

Assembly and packing of produce at harvest is the responsibility of the exporting firm. It provides the transportation to collect the product for weighing, cleaning, sorting, and grading at the packing sheds. The sophistication of the packing operation varies greatly. The economies of scale in packing mean that generally the most advanced and efficient packing lines are operated by the high-volume exporters.

F. Financial Results

The exporters interviewed varied in their willingness to reveal their financial results. That willingness did not seem to be a function of whether their performance had been good or bad. Companies with results on both ends of the spectrum responded. The competitive nature of the business, however, suggests that exposing too much would be unwise. Without firm indications of that performance it is difficult to ascertain which approaches to contract farming hold the greatest promise. Those results that exporters did reveal are summarized below:

1. SENPRIM: After a slow start-up SENPRIM showed three strong years of profit, 1980-83. Since then it has suffered one substantial loss, followed by losses of less magnitude.
2. SIDCA-TOLL: TOLL Selection is one of the only firms that responded that it has had positive financial returns rather consistently. The 1985-86 season showed a loss, while the previous years were profitable after export subsidies. No financial data were available for SIDCA.
3. SEPAM: SEPAM broadly described its results as four bad years, and one that was about break-even.
4. SAFINA: The estate-farming business has proven lucrative consistently. The contract-farming portion of the business has failed, but remains on an experimental basis.
5. SOEX The past year brought failure. SOEX did not describe the preceding years' performance.

6. DRAME Etablissements Drame reported a moderately profitable trade until the mid-1980s, followed by two losing years.
7. SAAF SAAF has never shown a profit, remaining solvent through the mother-company that has neglected it.
8. G PES The GIPES group has only attempted trials thus far. There is little indication as to their collective financial performance.
9. JARDIMA JARDIMA did not characterize its financial results.
10. SENIMEX This small venture has never generated much profit. The owner reported that 1982-83 proved more favorable than the other years.

Examining the financial bits and pieces from the structured interviews yields some evidence, though only in the broadest strokes. To the extent that the sketchy impressions can be relied upon, a few of the firms have consistently performed well or poorly. Among the remaining firms industry-wide performance trends exist. The early 1980s brought profits to most, turning to a mediocre performance by 1983-84. During the past two years virtually all firms have lost money in contract farming. None of the exporters conveyed the sentiment that the industry was in peril in the immediate future, but most acknowledged that declines in Senegalese productivity coupled with the entry of so many other producer countries into the market has resulted in declining profits for most firms.

SECTION II

CONTRACT FARMING ISSUES

A number of salient issues have come out of the field research process. Some of them are particular to the Senegal case, but most have importance for contract farming of export commodities anywhere in Sub-Saharan Africa.

A. Problems Inherent in the Poverty Cycle vs. Opportunities for Market Access

The difficulty that many smallholders have surviving leads to management practices that run counter to the system of contract farming. The sanctity of contracts is not widely respected. This is due in large measure to the short horizon of farmers who are concerned with surviving one season at a time. In this same environment the allocation of resources is skewed towards fulfilling immediate needs. Inputs received for contract production are frequently diverted to meet pressing needs, only to find shortfalls at harvest that lead to default or indebtedness, thus perpetuating the cycle.

All of these difficulties must be seen against the highly attractive advantages contract farming can offer to smallholders. Without credit and input advances, most small-scale producers would be unable to muster even a small operation. Access to improved seed varieties, technical assistance and credit may only be through contract farming. Contract farming is definitely the only means by which these same producers can gain access to the primarily foreign markets for these products.

B. Limited Skills and Flexibility of Contracted Growers vs. Market Dynamism

A severe handicap of the contract farming system as it now exists in Senegal is the period of time required for farmers to adapt to a new production technology. When market demand changes for the narrow array of commodities that most growers produce, and when the market niche shifts to new commodities, farmers are unable to respond. To capture a shifting opportunity, producers assisted by exporters have to learn of all the particularities of the crop, its handling and preferred specifications. All the while the market opportunity for new products may emerge and old opportunities languish. The system is relatively cumbersome for semi-traditional farmers to adapt to market changes in the short-run.

Farmers seeking to adapt to new cultivars or other innovative production practices must rely on the limited extension resources of the export companies, other farmers or, in some cases, their chef de groupement. Only the export companies

provide specialized inputs such as improved seeds, fertilizer, and plant protection products. Government extension services do not support contract export farmers. The benefits of Government technical support only filter down to export-oriented contract farmers in a limited and indirect fashion. The Government conducts research at the National School of Horticulture, for instance, which addresses some of the technical problems farmers encounter. Exporters however generally expressed the opinion that these sorts of Government research projects did not yield practical results in a timely fashion. The private sector finds that it must rely on its own resources to address technical difficulties but that the costs are prohibitive to invest in substantially broader extension programs.

C. Tendency Towards the Emergence of Larger Scale Enterprises

Contract farming as it is practiced in the export horticultural sector tends to favor the emergence of relatively large-scale operations that can maintain close contact to various markets and respond to changes in demand in a timely fashion. In the case of Senegal, this tendency has not played itself out to the detriment of smallholders for the most part. The particular land tenure and water access situation in Senegal, described in further detail below (Subsection G), protects smallholders from losing a substantial share of the production opportunities to larger producers. If however other countries are able to respond to changing market opportunities better than the Senegalese can under the predominantly smallholder contract farming system in Senegal, the country as a whole will lose market share to those countries in which production costs are similar or lower and whose products respond more precisely to market demand.

The tendency towards large-scale operations has few exceptions with respect to horticultural export enterprises. Whether in Senegal or elsewhere, the scale of operations necessary for an exporter to sustain a viable business precludes small firms from starting up. The conservative estimate of working capital requirements presented in Section I (Footnote 2) was of \$100,000 for a small enterprise and considerably more for the typical packer-shippers.

D. Short-Term Business Opportunities vs. Long-Term Development of the Horticultural Sector

This dilemma primarily concerns export firms that have no long-term commitment to production in Senegal. They are conditioned by their commercial experience that, as the market opportunities shift, they may no longer be involved in the same product lines. There is a tendency for merchant-exporters to disregard long-term production issues.

The short-run profit mentality poses a fundamental challenge to the future of contract farming in Senegal. Those firms that engage in "open-market" purchases regularly benefit from the sale of produce grown under contracts with firms that have been broken. This represents a transfer of capital from the original contract exporter who ultimately exports the product. Undoubtedly some of these transfers off-set others as an exporter whose contract is broken may resort to spot-market purchases himself.

The effect of the prevalent tendency to accept purchase on the spot-market from producers who have defaulted (whether through re-vendors or not) introduces costly inefficiencies into the export market coordination process. Furthermore, the economic costs of these inefficiencies mean very real financial losses for those who do not succeed in their buying strategies. Despite this substantial imperfection in the contract farming system in Senegal, exporters who cannot contemplate estate growing realize that they could not operate at all were there no contract farming system. The great mass of horticultural farmers could not afford to grow without the advance of credit and technical inputs that the contract farming arrangement supplies. The spot market would soon dry up were the bulk of growers not able to plant under contract.

The dilemma of short-term vs. long-term gain applies to the farmer's situation as well as to the exporters. As discussed further below (Subsection G), many of those interviewed cited problems of soil depletion and diminishing yields. This phenomenon is linked to the issue of the poverty cycle. As explained with regard to the tendency of contractors not to provide fertilizer inputs, farmers often liquidate their fertilizer to attend to other cash needs.

The diversion of fertilizer to other activities does not necessarily suggest that other agricultural activities are more lucrative than is contract farming. The contract exporters report that the fertilizer is converted to cash rather than applied directly to other crops. It is uncertain whether this is a rationale decision with regard to allocation of household resources. There may be little choice in the short-run. In the long-run however it depletes the productive capacity of the land, constituting a negative externality of the smallholder industry for the broader agricultural economy.

E. Market Information Issue

This issue can be greatly exaggerated or misconstrued. Sophisticated market information systems are not likely to yield important benefits to export firms. Telephone and telex connections are effective links between exporters and importers already at the disposal of every firm. More sophisticated

analysis of ephemeral market news cannot be utilized by these firms at any rate, but they need long-term market analysis and exploration of new opportunities. Most of the firms expressed considerable interest in understanding the U.S. market and regulatory (APHIS) system better.

The Animal Plant Health Inspection Service of the United States Department of Agriculture is responsible for granting or denying clearance to foreign exporters and domestic importers of all unprocessed agricultural commodities. The system can prove to be a daunting one even for those familiar with it. This constitutes a significant hurdle to market entry. An understanding of that system is a form of long-term market information that would prove invaluable to Senegalese exporters who are eagerly awaiting access to the strong New York market. They await taking advantage of the available direct flights to New York for that there is no freight quota or shortage of cargo space. Exporters have grown accustomed to the easy access to the European market. They must now become better informed as to how to accede the American market.

A horticultural production system that relies extensively on smallholders is limited in the rapidity with which it can respond to changing opportunities. This does not mean however that there is a less important role for market information development than there is in the case of estate grower production systems. It simply means that the types of market information interventions need to be tailored to relatively longer-term information utilization needs.

F. The Freight Issue

Expansion of contract farming must take into consideration important constraints in volume imposed by the available freight capacity. As has been explained with reference to ASEPAS, GEPAS, and the Air Freight Committee, the freight volume is currently frozen. Government intervention would be required before this constraint could be eased. Unless this occurs, alternative markets will have to be developed.

The freight dilemma is particular to Senegal in only in its details. The inherent link to contract farming is that part of the problem has arisen because of the difficulties shippers have with providing space to unpredictable deliveries. Currently ASEPAS is working on a system to shift the burden of responsibility to exporters in a way that will insulate the industry from the poor performance of a few. In the past, non-delivery of produce has had repercussions for all members, even when only a minority of exporters may have been delinquent.

G. Water, Soil Fertility, Conservation, and Land Tenure Issues

The growth and nature of the growth of the contract farming system in Senegal is critically shaped by the availability of economically irrigable land, specifically the

band of land from Cap-Vert to St. Louis called the Niayes. It is of note that the current system tends to favor smallholders because of their access to economical water. The soil depletion dilemma previously mentioned will however tend to reduce productivity under the current system.

The smallholders have access to economically exploitable land where larger-scale farmers do not. The question of access is a matter of land tenure. Smallholders who settled the Niayes long ago retain usufruct rights to the land. The parcels that come available at what would be an economical price for new farmers do not constitute tracts of land large enough for mechanized farming on a large-scale. Moreover small-scale farmers are able to draw water through labor-intensive techniques with no capital expenditure. Larger-scale operations are obliged to function with diesel pumping of metered wells. The lands available that fulfill both the acreage and water cost requirements to produce at competitive costs lie too far away to operate under the current system. The coincidence of these various circumstances form the basis of the continued comparative advantage of the current smallholder contract farming system.

The significant development that is only just beginning to emerge in response to these circumstances will be export production for sea freight. Already SENPRIM and others are preparing to grow and ship produce varieties that can sustain maritime freight handling conditions and still fetch a profitable margin in Europe. This will mean the expansion of tracts in the northern Niayes that are less occupied than are the Cap Vert garden perimeters. Independent and estate growers will find land that can be cultivated and irrigated economically on a larger and more mechanized scale.

Under the current Government the system of usufruct rights to land in the Niayes is not likely to change, thus tending to guarantee the contract farming system that relies heavily on smallholders. This situation may not be true for many other countries or for Senegal for all times. Exploration of various land tenure issues by USAID is currently under way. The basic point is to consider this element of the overall production environment whenever evaluating the feasibility of any prospective contract farming scheme.

H. Suitability of Horticultural Export Contract Farming System to Production for the Local Market

Contract farming for sale in the local market already exists within Senegal. However the Senegalese experience suggests that contract farming primarily for the local market makes little sense. Important secondary or residual flows from the export trade will however continue to have significance for the local trade. Should current exporters succeed in expanding their aggregate exports substantially the secondary flows of some commodities could prove disruptive, even disastrous, to those who produce directly for the local market. This is an unfortunately common experience in developing economies that emphasize export horticulture involving products for which there is a local market, since the "rejects" may well be disposed at prices well below producer costs. The fact that few of the commodities exported to Europe in large quantities (e.g., green beans and peppers) are in great demand in Senegal tends to protect the local producers to some extent.

It bears noting that the single largest producer for the local market is also the single largest produce estate-grower (rather than contract-grower group) in Senegal. SAFINA (formerly AGROCAP) grows both for the export market and for the local market. The key to their production-market coordination for the Dakar market is their vertical integration. The mother company operates a small chain of grocery stores (Filfili), which it supplies from its own production.

The market price level and level of specialized expertise required to produce traditional crops are both too low to create the conditions necessary for contract farming. The non-traditional crops also demanded by the local market are supplied in good part from secondary and residual flows of the export trade. ("Rejects" in the export trade often refer to off-sizes or shapes that are highly saleable in the local market.)

The important possible exceptions to this general rule are onions and potatoes. Price levels during their off-season is apparently sufficient for a potential commodity developer to invest in the storage technology necessary to capture the market opportunity.

I. Technology Transfer: Needs for Improving Extension

Growers currently possess a limited repertoire of agronomic techniques, though some of them have become quite expert in one or two commodities. The initial transfer of production technology to a large number of growers associated with the original BUD-Senegal scheme appears to have been one of the project's principal benefits. Continued extension support is

needed to maintain a vital contract farming system. Without additional training, or technical support through trained extension agents (whether public or private), the farming resources will tend to constrain the expansion of new commodities under cultivation.

Chefs de groupement are not primarily responsible for providing extension support and are inadequately suited to do so. Exporters find the costs of developing a stronger extension staff exceeds the benefits under the prevailing conditions. Government extension agents are too few and poorly trained to address the problems of export horticultural crops. The issue placed at the feet of those who wish to initiate training programs for extension specialists is the determination of what will be a cost-effective means of upgrading the extension capacity.

SECTION III

PROGRAM RESPONSES

The analysis of the Senegalese contract farming case suggests various programmatic responses that may be of interest to the Government of Senegal or international donor groups, notably the Agency for International Development. While the Consultant's scope of work does not specifically include making programmatic recommendations, a few brief suggestions are proffered here by way of a conclusion to some of the issues raised in SECTION II.

A. USAID/Senegal's Current Orientation and Interests

The USAID Mission has cordially received all three of the Contract Farming Study research visits to Senegal. The Agricultural Development Officer was nonetheless obliged to stress that the current priorities of the Mission allow little opportunity for important interventions regarding contract farming in Senegal if they were to be proposed.

The USAID Mission priorities rest in three areas: 1) Irrigation; 2) Conservation; and 3) Agricultural Policy. The latter might be construed to include contract farming policy issues, but primarily centers on macroeconomic tariff and trade rationalization. One exception may be privatization issues effecting SENPRIM. USAID has already received a mission to propose an approach to the impending privatization of the company.

Notwithstanding the current priorities of USAID/Senegal, the opportunities for the Agency for International Development to intervene effectively in the horticultural sector in Senegal merit consideration. There exist a number of interventions that would have excellent prospects for success. These projects could be undertaken by centrally funded programs, or by assisting non-governmental organizations already in the field.

B. Program Orientation and Interests of the Agribusinesses

The individual firms were forthcoming in their suggestions, many of which are worthy of further exploration for the development of the current contract farming system, whether in Senegal or elsewhere.

Particularly if American development agencies were to lend assistance, one of the consistent suggestions of exporters is that they be assisted through programs that would allow them to accede the New York market. Such a program is not without precedent. Many countries assisted by USAID have received

support to learn how to export more effectively to the American market.

Another consistent theme in the agribusiness perspective of their own needs was training and technical assistance. The produce export sector exists today because of skills that were transferred to Senegalese growers over a decade ago. Exporters are keenly aware of the importance of continual development of their extension capacity.

C. SEMPRIM Privatization

The Center for Privatization, funded by the AID Bureau for Private Enterprise conducted a study in September 1986 to recommend how SENPRIM should undertake its proposed privatization. The report emphasized measures that would be necessary to induce private foreign and local investors to take equity shares in the company. The Government and SENPRIM officials appear to be intent on restructuring the parastatal, but as yet have not proposed a plan to do so. Assisting in a privatization plan that is realistic in the Senegalese context would be a most valuable contribution to contract farming in Senegal. It could furthermore create a precedent that could be followed in other developing countries where contract farming is prevalent.

D. Technical Assistance in Extension (U.S. Observation and Training)

An excellent contribution American assistance could offer to strengthen the horticultural export sector and the contract farming system in Senegal concerns transfer of extension techniques, both in production and marketing. An important twist recommended here would be on-site participation and "hands-on" training rather than degree-granting programs.

E. Market Information Development and Special Case of US Market and APHIS

Following on the issue raised above, a cost-effective program of market information development could be designed. The special case of access to the US market and the instructing exporters on the basic aspects of the APHIS system would prove invaluable. Such a project, in conjunction with other efforts to advance American market information development in Senegal is entirely feasible and quite valuable.

F. Interventions for Contract Farming Development for Local Market

Two important exceptions to the general rule that contract farming is not well adapted to production for direct local market consumption are the cases of onions and potatoes. This is because of the investment, carrying costs, and technical knowledge of conditioning involved in these storable yet perishable commodities. Furthermore this development would lead to a regional trade in these staple food crops that chronically suffer from dramatic price variations over a widespread area on sub-Saharan Africa under the prevailing conditions. Dissemination of the best storage technology information would be an important first step. The Post-Harvest Institute for Perishables at the University of Idaho would be the logical organization to take a first step in this direction.

G. Floriculture

Developments in the local floriculture and live-plant trade in Senegal suggest that it merits further investigation as a new realm of export development that fits the characteristics of a commodity system suited to a contract growing scheme. Small-scale intensive ornamental plant growers have developed just outside Dakar adjacent to some of the same areas used by vegetable growers. The market for tropical and off-season plants in the European and American market is certainly strong enough to warrant closer scrutiny of pro forma production and export budgets for ornamental plants. Once the profitability of these products is demonstrated, the same sorts of interventions suggested here in support of other horticultural products would serve to promote this important potential diversification of Senegalese contract production and export.

ANNEX I
AGRIBUSINESS PROFILE QUESTIONNAIRE

A. Question Format

Presented below is the original format of the structured interviews conducted with all ten agribusinesses profiled.

QUESTION FORMAT

COMPANY: _____

SOURCE: _____

DATE: _____

-
- 1) Système de contrat v. Régie directe. Situation contractuelle avant BUD-Sénégal?
 - 2) Profil biographique/historique de l'initiateur.
 - 3) Sélection de produits à exporter.
 - 4) Étude du marché.
 - 5) Développement des marchés nouveaux.
 - 6) Négotiation de prix (formule?)
 - 7) Organisation de producteurs.
 - 8) Collection de produit après la récolte.
 - 9) Détails opérationnels:
 - A) Recrutement
 - B) Détermination de superficie exploitée
 - C) Provision d'intrants agricoles
 - D) Encadrement
 - E) Résolution de disputes sur les contrats.
 - 10) Transformation.
 - 11) Problèmes/Succès principaux.
 - 12) Résultats financiers.
 - 13) Divulgarisation observée.

ANNEX I. B. : EXPORTER PROFILE 1

COMPANY: SENPRIM
ASSOCIATION: GEPAS
DATES: November 26, 30 and December 5, 1986
LOCATION: Patte d'Oie (offices), Dakar; Kirene and
Baobab farms, Cap Vert region
TELEPHONE: 22.67.89 and (Direct:)22:53.02
SOURCE: Lamine Ndiaye, Production Manager

1. OVERVIEW OF START-UP

BIOGRAPHICAL SKETCH

Most of the Senegalese horticultural export enterprises are operated as extensions of family businesses, as tends to be the case the world over. Biographical sketches of the principals has particular importance as part of the overall case study. A biographical sketch of SENPRIM does not make similar sense, since it is a parastatal. What does bear noting is that even the mother company that gave its name to the Senegal project, Bud Antle of Salinas, California, was also a majority family-owned private company at the time. (It was subsequently acquired by Castle & Cooke, well after BUD-Senegal was dismantled.) The individual who was most closely associated with the start-up of the BUD-Senegal operation is Mr. Fritz Marschal, a German produce broker. Marschal held the majority of the shares of House of Bud, S.A., a firm set up and incorporated in Brussels in 1968 with the primary purpose of launching the Senegal project.*

Since the Government of Senegal formed SENPRIM and took over all of BUD-Senegal's operations, the Ministry of Rural Development (MDR) has overseen its management. The first Director, Mr. Paye, who served in 1979 and 1980, has returned to MDR. Mr. Waly Ndiaye served from 1980 until very recently, returning to MDR as Director of the Direction de L'Agriculture. The new Director, Mr. Ousmane Seck has just come from the Direction de L'Agriculture where he served as Director of the Studies division. It bears noting that while the management of SENPRIM has been conducted by Government functionaries, many of

* The history of BUD-Senegal is traced as part of the dissertation of Maureen M. Makintosh, "The Impact of Newly-Introduced Estate Farming on the Surrounding Rural Economy: A Case Study of Bud-Senegal 1971-1976," University of Sussex.

the technical directors are former BUD-Senegal employees with considerable practical experience.

CHOICE OF CONTRACT FARMING

To maximize output the Production Manager would gladly return to the system of direct operation of the Kirene and Baobab farms initiated by BUD-Senegal in the 1970s. This is not an alternative, given the socio-political circumstances. SENPRIM is committed to sustaining its operation under the contract farming system that guarantees employment to 650 families through this state-run operation. The course that SENPRIM will pursue under the proposed privatization initiative is yet to be defined.

The investment in infrastructure required for a larger-scale operation is already in place. The SENPRIM estate farms cover 316 hectares. All are irrigated using pump stations on the property owned and operated by SENPRIM. The field layout and access permits the use of any of the large-scale equipment that an estate grower might find efficient due to the economies of scale it would permit. Furthermore the situation of the packing facility adjacent to the largest farm gives the operation the autonomy a packer-shipper seeks, while most of its competitors are obliged to carry produce to central grading and packing stations from numerous contractors dispersed throughout the area.

2. PRODUCT SELECTION

The product selection of SENPRIM is to a considerable extent a legacy of BUD-Senegal. The export items are: green beans (bobby), string beans (filet), peppers, melons, tomatoes/cherry tomatoes, and eggplant. Last year (1985-86) air shipments were as follows:

ITEM PERCENTAGE

Bobby	58
Melons	28
Peppers	9
Filet	3
Tomato	1
Eggplant	<1

Initially BUD-Senegal grew a larger gamut of products. Their single most significant crop was yellow bell peppers. They also exported iceberg lettuce that is the commodity for which Bud Antle was best known. The market opportunity for these additional crops has since been lost due to developments in other growing areas closer to the market, developments in which the original principals have participated.

Various volumes of each of the export crops that do not meet export specifications or timing go to the local market. Overall SENPRIM production volume is about evenly split between the domestic trade and the export market. SENPRIM grows onions, cabbages exclusively for the domestic market. It also grows tomatoes under contract in more significant amounts than it grows for export.

3. MARKET STUDY AND DEVELOPMENT

BUD-Senegal was a market-driven company from its inception. Mr. Marschal, who is credited with launching the venture, was a produce broker in search of a country and a production scheme that could respond to his needs for off-season commodities for a market with which he was quite familiar. Specifically, the original market program emphasized specialty peppers.

The difficulty with the orientation of the original scheme is that the plan appears to have been part of a strategic marketing scheme with expedience rather than long-range durability in mind. As the market niches and windows have changed, and the initiators have had the luxury of moving on to new and "greener gardens," the Senegalese committed to national development do not have the same freedom.

Under SENPRIM little has been done to reexamine the marketing plans systematically. Formal market studies have not been undertaken. The staff intends to redress this situation. All of the necessary elements will be gathered at the end of this season.

SENPRIM appears to monitor the changing market environment as well as or better than most of its competitors within GEPAS and ASEPAS. It relies upon the same sources of information using telephone, telex, and direct visits to Europe and from European buyers to stay close to the market. SENPRIM's current clients are distributed as follows: France (2); Belgium (2); Holland (2); and Switzerland (1). As most Senegalese exporters, the firm follows market trends through its subscription to the COLEACP European market information service.

The parastatal firm has the capacity to devote more ample resources to following market developments than do some of its competitors. The size of their operation and the fact that it has an obligation to maintain a full complement of staff members as a parastatal firm means that it can afford a higher degree of specialization than other firms. In most firms all functions are closely held by a core of family staff members.

The firm is currently experimenting with sea freight shipments of certain commodities. It will be in a position to capitalize on this new marketing approach should this prove to be profitable. This is an example of how SENPRIM has the capability to reassess evolving export opportunities, probably more vigorously than many other firms.

4. PRICE NEGOTIATION

Determining and negotiating prices is a straightforward process. SENPRIM financial and technical staff analyse the basic parameters of production and marketing to determine the competitive range between production costs and historic market price range. Once they determine the range of acceptable grower prices, the production director meets with representatives of the producer groups to higggle hagggle (bana bana, as it is called in Senegal.) The negotiation process appears to be good-natured though sometimes protracted. Expectations are tempered on both sides by the tendency for well recognized prices to prevail among the various exporters.

5. LABOR ORGANIZATION

The 650 producers who contract with SENPRIM on its four farms are comprised of individual farmers and farmer households working as a single productive unit. These productive units are too small and numerous to contract directly with the firm. The transaction costs would become prohibitive trying to account for all the inputs and outputs of each producer. The firm instead contracts with forty-seven (47) groupements. The representative of each of the groupings is chosen by the farmers, often an extended family member.

The relationship between SENPRIM and its contract farmers differs from the relationship of other exporters and their growers in the Senegalese fresh produce system. Typically Senegalese growers who contract with exporters are spread out among disparate parcels. The situation at the Kirene and Baobab farms created by BUD-Senegal resembles the sorts of outgrower schemes used for plantation commodities, in which the population is concentrated in an adjacent area, coming to work on a continuous expanse of land operated by one company. The relationship between the company and the community is significant. Dating back to the inception of the Kirene and Baobab farms, BUD-Senegal was demonstrably involved in community development activities. During a site to the farms Mr. Ndiaye pointed out various structures and improvements of the adjacent villages provided by or assisted by the company.

6. FIELD COLLECTION AND PACKING

SENPRIM operates its own vehicles entirely to collect harvested produce from the fields. The produce is then transported directly from the farms to the packing shed located on the larger farm.

The cleaning, grading and packing station is equipped with a system comparable to that found in European or American packing operations, but the facility shows its age and that it has not been upgraded in many years. The packing lines and refrigeration units of the best of the competitors are superior to the SENPRIM equipment in its present condition.

7. GENERAL OPERATIONS

The structure of SENPRIM and its approach to contract farming derives directly from the estate grower scheme established under BUD-Senegal. Their direct involvement with overseeing the provision of all inputs including water distinguishes them from contracting exporters who entered the industry primarily as traders. The production staff oversees every detail, affording a higher degree of extension oversight and troubleshooting.

The centralized configuration of the SENPRIM contract grower scheme facilitates their overall coordination. Its communication with the production staff and extension workers is facilitated by constant radio and direct contact between the farms and the commercial representatives.

8. PROBLEMS/SUCCESS

As the financial results indicate in the section below, SENPRIM has been operating at a loss during the past several seasons. Were it not for substantial government subsidies to the firm, it would already have entered bankruptcy. The problems from which the firm suffers are not fundamentally related to the contract farming system, though they are related to the SENPRIM's unique status as a government-operated contract exporter. The two most basic problems are declining sales over the last eight years and poor yields.

The problem of overfarming, which afflicts all production in the Niayes to some extent, is especially acute in the case of SENPRIM, which is committed to farming mainly in Kirene and Baobab. Were it obliged to invest in restoring the fertility of the area, it could not compete with others not similarly constrained. Thus the yields of the older farm lag behind the newer, and both have declined over the years.

Sales have declined over the years principally as a result of developments in other growing areas in Africa and the Mediterranean. To put this in perspective, one must recall that while the dozen exporters divide the 6000 MT annual quota currently, BUD-Senegal formerly exported 12,000 MT alone.

9. FINANCIAL RESULTS

The following summary of results comes from published SENPRIM financial reports updated by Mr. Ndiaye :

NET PROFITS (Millions of F CFA)

SEASON	79-80	80-81	81-82	82-83	83-84	84-85	85-86
NET CFA	-15	+35	+74	+114	-43	-15	-20

10. PROGRAM INTERVENTIONS

The privatization of SENPRIM is the program area of greatest relevance and concern to the firm. The current dependence on subsidies to hold the firm back from the brink of bankruptcy reveals that the organization needs to change fundamentally if it is to operate profitably again. Premature privatization without fundamental reforms would, however, mean condemning the firm to failure.

The study undertaken by the Center for Privatization as part of an Agency for International Development initiative represents a first attempt at analysing some of the issues of privatization. The emphasis of that study was on what it would require to induce a foreign investor to take over the operation. The commitment of the Government and of SENPRIM to a national perspective suggests that the appraisal of alternatives should be based on the assumption that the firm would remain under Senegalese ownership with or without Government participation.

Another area of interest for program review expressed within SENPRIM is developments in domestic food crops, especially onions and potatoes. They recognize the need to diversify as the markets for some of the previously profitable export commodities have dried up.



EXHIBIT 1:
BUD of California
1979 Letter Re:
SENPRIM Take-over

BUD ANTLE, INC. POST OFFICE BOX 1759 SALINAS CALIFORNIA 93902 PHONE 408/422 8871

January 22, 1979

Mr. John S. Horton
Fletcher School of Law
and Diplomacy
Tufts University
Medford, MA 02155

Dear Mr. Horton:

I received your letter of January 12 inquiring as to Bud Antle, Inc's activities in Senegal. Some years ago we provided technical expertise and the use of our "Bud" label for certain quality produce to be produced under a joint program with the Senegalese government in Senegal. After the program got on its feet, we phased out of any active role in the program. Currently, we are in no way connected with that operation and no longer even provide technical services. The Senegalese government and people have taken over the operation completely.

As of February 6, 1978, Bud Antle, Inc. merged with Castle & Cooke, Inc. So that you might better understand what we do, as well as what the entire organization of Castle & Cooke does, I am enclosing a brochure, "The World of Castle & Cooke". I hope this will help to put things about our company into perspective. Thank you for your interest.

Yours very truly,


J. W. Buffington
President

JWB:kdg
Enclosure

EXPORTER PROFILE 2

COMPANY: SIDCA/TOLL SELECTION
ASSOCIATION: GEPAS
DATE: Friday November 28, 1986
LOCATION: 750m SW off of Km.4 Route de Rufisque, Dakar
TELEPHONE: (c/o SIDCA 21.56.04)
(La Cours, Paris (4)6.86.48.47)
SOURCE: Mr. Georges Venot, Manager and
Technical Director

1. OVERVIEW OF START-UP

SIDCA (Societe Industrielle Dakaroise des Conserves Alimentaires) is a food processing firm that diversified into produce exporting. SIDCA no longer performs any of the day-to-day operations that are now entirely performed by its French-backed Senegalese partner, Toll Selection (toll being the Wolof word for "garden"). Toll Selection is exclusively devoted to produce growing and shipping. During the last season, SIDCA nominally shipped the same three commodities as did Toll Selection, but only one seventh of the volume.

Toll Selection is backed by the French brokerage, La Cours, which coordinates and guarantees a market for its output. Mr. Venot, who manages and directs Toll Selection, divides his year between similar operations with complementary export calendars in Senegal (Toll), Ivory Coast, and Cameroon.

Mr. Venot first came to grow and ship in Senegal in 1972. Until 1980 the firm operated direct growing schemes. He expressed a strong preference for the contract growing system, in contrast to the preference expressed by Mr. Ndiaye at SENPRIM (Profile 1). Venot emphasized, however, the difficulty in accounting for independent contract growers' use of inputs. Fertilizer is the most regularly diverted input, given its easy exchange for goods on the rural market. Thus growers tend to apply less than optimal amounts of fertilizer. Despite these difficulties he perceives the risks of direct growing worse still.

He argued that one of the reasons exporters are so dependent on green beans is that green beans are relatively better suited to sustaining the less than optimal growing practices under the contract system. While green beans and peppers can still be successfully exported under the contract farming arrangements, the shortcomings of the contract system preclude diversifying into other commodities that would fetch greater revenue. In other words, other commodities for which a stronger market may exist would require an estate growing scheme.

2. PRODUCT SELECTION

Over the years Mr. Venot has experimented with a variety of products, both under contract and under direct growing schemes. He has grown with varying degrees of success eggplant, squash, melons, tomatoes, and butter beans. Furthermore he followed with particular interest experimentation by a Chinese (Taiwanese, apparently) group in Senegal a few years ago. They found asparagus feasible, but too expensive to export competitively. Similarly he eliminated other possibilities. His conclusion is that under the current system he is largely confined to the beans and peppers that dominate Senegalese export shipments.

3. MARKET STUDY AND DEVELOPMENT

The special relationship that SIDCA/Toll Selection maintains with the La Cours brokerage in Paris simplifies its consideration of market alternatives. As long as growers find that it is still worth conducting business with SIDCA/Toll, there will be little pressure on Toll or La Cours to reorient their market thrust.

4. PRICE NEGOTIATION

Price negotiation is relatively straightforward. What Mr. Venot emphasized is that the problems come in when farmers are to deliver on the contracts at the end of the season. He claims that contract breaking is rampant if there is any slight additional profit to be made by selling outside of the contract.

The experience of the firm in attempting to redress the problems of broken contracts has not given them any reason for optimism. The one instance in which Toll Selection took a farmer to court they found no satisfactory result. Generally cases never arrive in court, since the defendant has no means to make a settlement if the verdict is against him.

When Mr. Venot was Director of ASEPAS some years ago, he proposed that an average purchase price be established. The purpose of this was to undermine the incentive to break contracts. The other exporters were not willing to lock in a single price.

The difficulties with contract sanctity in this quite stable price environment bode poorly for prospective contract farming schemes in which the commodity displays any price volatility whatsoever. Prices for the basic commodities they ship have evolved little in Europe over the years. Typically the fresh bean price at Rungis varies about one French franc (+/- 1 FF) from one year to the next. Senegalese export purchase prices tend to remain stable around 180 F CFA for "bobby beans" and 220 F CFA for string beans (filet).

5. LABOR ORGANIZATION

SIDCA/Toll Selection works with a combination of mini truck farmers with individual contracts, and groups of much smaller parcels organized through a chef de secteur. The twenty individual contracts vary between one and ten hectares. Each has its own well water for irrigation. Altogether they farm fifty hectares. Mr. Venot estimates that some 2500 small-scale growers contract with an unspecified number of chefs de secteur covering a total of about three hundred hectares.

6. COLLECTION AND PACKING

SIDCA/Toll performs the collection and packing functions as is typical with their own equipment in a central site. The innovation that Mr. Venot is introducing in an effort to earn greater value-added in Europe is a convenience pack for consumers. We visited the packing line he has developed and is now completing to produce ready-to-cook green beans.

The technique seems a good response to an otherwise stagnant market opportunity, given the homogeneity of exports and the freeze on allocated export space. The new pack utilizes a semi-permeable cling-wrap film that releases carbon dioxide while retaining condensation to avoid post-harvest produce shrinkage. The advantages of the innovation are that the green beans can be cleaned, prepared for cooking, and pre-weighed without sacrificing shelf-life time. The wrap is designed in fact to prolong the shelf-life for an additional six days.

7. GENERAL OPERATIONS

The company provides farmers with tractor tilling, seed, phytosanitary products, and fertilizer. The latter is provided on a limited basis, when it is provided at all, since it is not as crop specific and therefore tends to be converted into cash or otherwise diverted. The extent of their oversight is a weekly visit, on the average. SIDCA/Toll confines itself to beans and peppers for the export market. It is involved in growing potatoes and onions for the domestic market to a more limited extent.

8. PROBLEMS/SUCCESS

Soil depletion under the current contract farming system is impinging on productivity. The short-run response has been to

double the amount of seed applied to approach the expected yields. Mr. Venot cites the fertilizer dilemma as the number one problem. A related problem of trust and security is that of other stolen inputs or praedial larceny in more remote areas. At one time Toll/Selection had grown melons one hundred kilometers from Dakar. They were obliged to abandon the operation.

Freight is another problem. As one of the three largest producers, the firm feels constrained by the freight quota more than many. They have the capacity now to export some 1500 MT, while the SIDCA/Toll allotment is 1100 MT per export campaign.

An initial market success that has turned sour concerns the American market. SIDCA/Toll succeeded in penetrating the New York market. One out of three shipments, however, were being fumigated, irrespective of the condition of the shipment, based on the African point of origin. Fumigation greatly detracts from the market appeal of the beans. Mr. Venot conceded that there may well have been shipments infested with caterpillars from Senegal. The phytosanitary standards not only of the firm but also of the country as a whole and its reputation among the inspectors in the U.S. market were challenged.

9. FINANCIAL RESULTS

Currently SIDCA/Toll Selection would not be turning a profit were it not for the fifteen percent Government subsidy they receive on their F.O.B. price. In general the twenty individual contract truck farmers have been profitable, even in recent years. The 2500 farmers grouped under chefs de secteur have had their financial ups and downs, but have shown a profit with the subsidy from 1980 through 1984. Last season the firm suffered a financial loss due to the low productivity of this latter group, even after the subsidy payments.

10. PROGRAM INTERVENTIONS

The area of program support that Mr. Venot perceives to be the most fruitful for intervention in support of the contract-farming system lies in training the chefs de secteur to improve their extension approach. He emphasizes that even those who demonstrate considerable technical agronomic competence suffer from a lack of business acumen. He believes that on-farm training by American or other extension experts would improve their approach to maximizing profitability within their constrained resources.

PROFILE 3

COMPANY: SEPAM
ASSOCIATION: GEPAS
DATE: Thursday December 4
LOCATION: Ndiayelo, Rufisque
TELEPHONE: 36.44.69 & 36.11.81
SOURCE: Michel Gaffari, Manager

1. OVERVIEW OF START-UP

The Gaffari family entered the produce exporting business in the early 1980s, when contract farming became an option even for those who had not previously established their own farms. Had the family been in a position fifteen years ago to receive investment tax credits to purchase the otherwise prohibitively expensive farm equipment, they might well have pursued the direct farming option.

The family immigrated from Lebanon some fifty years ago, with less means than other exporters of Middle-Eastern origin. The father and son are both formally educated in France in business and agricultural engineering. Michel Gaffari, born in 1962, returned recently from a five month off-season internship with a broker in the Rungis wholesale market in Paris.

2. PRODUCT SELECTION

The SEPAM strategy has emphasized diversification of commodities. Last year they packed and shipped seven of the eight commodities exported, more than any other firm. They are the largest shipper of melons, with nearly forty percent of the national air shipments; and they were the only exporter of mangoes.

3. MARKET STUDY AND DEVELOPMENT

The firm has never performed a formal market study. The younger Gaffari considers that it would be cost effective if performed in-house. His task would be greatly facilitated by a microcomputer, which they do not feel they can afford. SEPAM appears inclined to consider a broad array of options whether evaluated systematically or not. Gaffari mentioned considering the possibility of avocados, but fears that intensive Spanish plantings precludes competitiveness in the European market. Also of note is the possibility of exploiting the niche of new crops

(e.g. cauliflower) that can sustain economic yields on soils depleted by excessive dependence on beans.

4. PRICE NEGOTIATION

SEPAM does not differ from other firms in its approach to establishing a prevailing price with growers through the respective chefs de secteur. Mr. Gaffari emphasized that more important than the price in establishing the basis of a profitable transaction is the selection of those farmers who prove to be the most responsible.

Selectivity in choosing farmers with whom to contract is possible only to a limited extent, given the large number of growers. Some efforts can help marginally. First, the firm can endeavor to avoid those who have demonstrated their irresponsibility. The firm can scrutinize most closely the larger growers who contract as individuals rather than as a groupement or secteur. Lastly the firms can strive to select section bosses (chefs de secteur) who in turn show judgment in choosing growers.

5. LABOR ORGANIZATION

SEPAM contracts with groups of farmers through 25 section bosses. Mr. Gaffari estimates that these groupings account for some 2500 farmers. In addition they contract individually with a small number of independent melon growers. One grower operates a five-hectare melon farm. Last year this accounted for 45 hectares of melons, whereas this year the number will be considerably reduced

6. COLLECTION AND PACKING

The growers who contract with SEPAM are scattered widely around the Niayes area. The company trucks continuously move around the area during harvest periods to assure regular pickups. Coordinating a more efficient collection schedule to economize on fuel and transport expenses is not possible given the distribution of growers, poor lines of communication, and the vagaries of harvesting schedules. Speed of pickup is the overriding concern in minimizing losses.

The SEPAM packing lines and cooling facilities are in good condition. The sorting equipment is relatively new and well maintained. Storage space is ample and the cooling equipment is consistent, even during peak periods.

7. GENERAL OPERATIONS

SEPAM provides the same basic inputs supplied by the other packers. They have no equipment to provide tillage or to otherwise become directly involved in farming. The only way in which SEPAM operations may differ notably from those of its competitors appears to be in the variety of commodities handled. Their contracting begins in September and activities extend throughout the Senegalese shipping season until alternative European supplies increase in the spring. Green beans, filet and bobby, which account for about half of SEPAM shipments (compared to 69 percent for all shippers) require relatively low levels of input and technical supervision. Tomatoes and melons, for example, require considerably more.

8. PROBLEMS/SUCCESS

SEPAM suffers principally from what Mr. Gaffari characterized as the level of indiscipline to be overcome. Using the example of string beans, they see no reason why it is not possible to achieve top grade ("extra fin") from half of all string beans delivered. Instead they receive only about fifteen percent (15 percent.) The problem, Gaffari explained, is that although the premium for top grade would make it more profitable for the farmers to deliver as much top grade as possible, growers continue to the largest (lowest grade) string beans possible. The grower bias persists that the greater the total weight, the greater the profit.

Another problem SEPAM perceives is the prohibitive expense of imported equipment. Firms that began in the business some years ago were able to receive an investment tax credit that entitled them to duty-free import for many years. Mr. Gaffari conceded that the 15 percent export subsidy was substantial, but noted that their subsidy will be reduced to 5 percent this year.

Mr. Gaffari believes that the problems of soil fertility will begin to take an increasing toll. The convergence of lower yields and lower subsidies furthermore implies that some of the companies exporting today may have to phase out their operations.

9. FINANCIAL RESULTS

Mr. Gaffari summarized the performance of SEPAM since 1981 as four bad years and one neither good nor bad. He characterized the results from seven years ago (1980-81) as excellent. It is not clear whether the losses were reported before or after calculating all subsidies. Had the last five seasons been so poor, it seems unlikely the firm would still be solvent in the

absence of any other highly profitable family business offsetting the loss.

10. PROGRAM INTERVENTIONS

Mr. Gaffari put forth no particular program interventions. He would be pleased to acquire the advantages of subsidized purchase of farming materiel, but saw no particular realistic basis for such a program.

PROFILE 4

COMPANY: SAFINA
ASSOCIATION: GEPAS
DATE: Thursday November 27, 1986
LOCATION: Sebikotane
TELEPHONE: 36.33.04 and 36.33.05
SOURCE: Mounir Filfili, President

1. OVERVIEW OF START-UP

SAFINA (Societe Africaine Industrielle et Agricole de Sebikotane) is the fresh produce growing and packing wing of a diversified family-operated agribusiness. The Filfili family raises livestock, farms extensively for local and export markets, operates a Dakar grocery "chain" (two stores), and owns various other food manufacturing enterprises. Approximately 60 percent of the organization's business is livestock related while the remainder is based on other agricultural activities. When asked what crops SAFINA grows, Mr. Filfili replied they grow all the crops grown anywhere in the area, with the exception of groundnuts.

The Filfili family is a Lebanese-Senegalese family that has been heavily involved in mechanized agriculture and food processing for over forty years. Mounir Filfili, the third generation in the family's diversified Senegalese companies, received his degree in management after three years of study in Lyon. Their involvement in the export of fresh produce is a logical extension of their vertically-integrated growing and domestic marketing business. SAFINA (or SAFINA/AGROCAP as this part of the family business was called until recently) supplies its "Filfili" stores in Dakar with fresh produce. These stores give a convenient outlet for sizeable (unspecified) volumes of fruits and vegetables that are not exported. This lends flexibility to the export side of the business while reducing transaction costs for the domestic business.

SAFINA is the only member of GEPAS that functions primarily as an estate grower. The company farms three hundred acres of which no more than a tenth has been contracted out. These are experiments with substantial individual contract farmers to determine to what extent contract farming can prove profitable and valuable as a means of risk reduction.

Mr. Filfili added that the Government of Senegal approached SAFINA to take over the Kirene and Baobab farms now operated by SENPRIM as BUD-Senegal was leaving. The Filfili condition of

acceptance was that all existing farmers be let go and that they would be able to start over anew. The Government refused.

2. PRODUCT SELECTION

Mounir Filfili terms the process of product selection speculation. They change their product mix more regularly than most, making use of their autonomous and mechanized means of production. As well as adjusting product mix in attempting to target market opportunities, SAFINA adjusts planting times in anticipation of favorable market timing.

3. MARKET STUDY AND DEVELOPMENT

SAFINA conducts its own market studies in response to requests from European clients or market information leads. Representatives of each of the European clients to whom the firm exports have come to Sebikotane to visit the operations in person. The firm's leadership seems vigilant in its efforts to discover new market windows. The company endeavors to stay in touch with production information from competing countries such as Egypt, Mali, and Burkina Faso, which can have considerable bearing on the timing of shipments and anticipated market price levels.

The COLEACP commercial market information service for Europe supplies elements that are useful in generating ideas when reviewed in conjunction with telex, telephone and personal contacts. Again, just as Mr. Filfili characterized the spirit of market analysis as one of speculation, he emphasized that ultimately business decisions are subjective and in response to feelings of how the market will move.

Thanks to its superior technical control over production, SAFINA is able to consider, evaluate, and put on the market new products more quickly than those firms who depend on contract growers. The contract farming system is cumbersome in introducing new cultivars and all the associated production and handling changes. SAFINA has, for instance, exported cherry tomatoes to New York and to Europe outside of the usual export calendar. Mr. Filfili notes that the official statistics reporting that he currently exports 780 MT annually do not capture his flows before the end of November, when the season ostensibly begins, and after May 31 when the season is considered over. SAFINA exported 320 additional tons during the period of unrestricted freight. None of the companies depending on contract farmers appear capable at present to take advantage of this expanded shipping season.

Mr. Filfili stressed that successful exporting, whether based on estate-farming schemes or on contract farming schemes, requires a high degree of market coordination. It is not enough to put a product in the market as if sending up a flare and hoping for a response. Coordinating production with marketing entails receiving a strong indication from the importer as to projected timing for the shipment and then to deliver on time.

As for local market development, the local market absorptive capacity is so limited that growth in this area is dwarfed at present by the productive capacity. The institutional trade (hotels and restaurants requiring the sorts of products exported to Europe) is very small in Dakar. Mr. Filfili reports that the institutional trade is saturated daily with deliveries as small as three hundred kilograms of produce. This represents approximately 55 tons of sales during the export season or approximately five percent of the export figure of any one of the most substantial exporters.

4. PRICE NEGOTIATION

SAFINA establishes its fixed buying price for its few individual contractors based on an average of the actual prices from the previous year. It places the important condition on its contractors that they must deliver the entirety of their crop to SAFINA. This is a standard condition but one that is more easily abused when the exporter is contracting indirectly with hundreds or thousands of farmers.

5. LABOR ORGANIZATION

SAFINA worked with four farmers under contract last season. Their acreage is summarized below:

<u>ACREAGE</u>	<u>STATUS</u>
9 HA.	Delivered
6 HA.	Defaulted
5 HA.	Defaulted
<u>3 HA.</u>	<u>Delivered</u>
23 HA. TOTAL	12 HA. TOTAL DELIVERED

Despite the high rate of default, the company has retained the two growers who delivered on their contracts and added a new contractor for the 1986-87 season. The new contractor will farm ten hectares. Thus the total acreage under contract this year is 22 hectares or about seven percent of the total area farmed by SAFINA.

Mr. Filfili believes that SAFINA may well be able to develop a reliable cadre of contract farmers whose importance can increase as a part of the total production portfolio. He proposes to do this by culling out the best farmers and by encouraging them, while simultaneously working to prevent defaulters from contracting with other firms in the future. The latter he attempts to accomplish by blacklisting those who default. This is only effective of course for farmers of a certain means, since it is not possible to keep track of the large numbers of the smallest-scale farmers. On the other hand, Mr. Filfili is pessimistic about the future achievements about contract farming as it now operates in Senegal. He believes that a sense of responsibility has not been inculcated in the smallholders who operate in groups through section bosses.⁵

6. COLLECTION AND PACKING

As in the case of SENPRIM, collection of farm produce is greatly facilitated by the centralized location of its fields. They transport the various commodities promptly to their packing facilities. The forced-nitrogen cooling system they utilize is a state-of-the-art technology.

7. GENERAL OPERATIONS

Mr. Filfili emphasizes the importance of recruitment in the success of a contract-farming scheme. The ability of SAFINA to be selective in screening potential contractors distinguishes it from all the other exporters who must rely on a large number of individuals with highly variable levels of ability and commitment.

SAFINA provides for the farmers a full range of inputs including extensive use of mechanized equipment. They benefit from a high degree of technical assistance. A full-time French agricultural engineer oversees the SAFINA estate growing operations during six months each year. His services were made available to SAFINA through a Chamber of Commerce program supported in part by importers in France. The contract farmers request technical assistance that SAFINA provides intermittently. At present this assistance is more a technical oversight than a complete extension service. This is partly because the contractors are based near Sandiara, seventy kilometers away. Mr. Filfili envisions a full extension service if his limited success with contractors continues to show promise. He

⁵ Mr. Filfili's words were, "Des groupements ne sont pas sensibilisés à la fidélité de contrat."

characterized the Frenchman's rapport with the Senegalese as excellent.

8. PROBLEMS/SUCCESS

The insufficiency of air freight constrains SAFINA considerably. The only opening in this situation is in the New York market. SAFINA did initially break into that market but has suffered from the fumigation practices. As expressed by other firms above, exporters complain that their shipments are subjected to fumigation, which increases costs and decreases the produce's value simultaneously, often irrespective of the condition of the actual shipment. The regulatory practices of APHIS create an effective barrier against continued penetration of the New York market. This problem is particularly aggravating to the firm since it claims to have sent prime quality produce. Mr. Filfili contacted USAID in Dakar to address this problem. Despite reassurances in person that a response would be forthcoming, SAFINA has not received any follow-up on the matter during the last three months.

9. FINANCIAL RESULTS

Without indicating the financial details, SAFINA indicated that the estate-farming business has proven to be quite lucrative. As for the contract farming experiments they have conducted over the past three seasons, the results have been less favorable. They have lost money all three years, but stressed that they have not lost a lot. He characterized their results as still very interesting, promising to become more profitable. The company considers their losses to date to represent the cost of learning the contract-farming trade. They are optimistic about their results during this current fourth season.

10. PROGRAM INTERVENTIONS

The only government intervention Mr. Filfili cared to propose was with regard to assisting in the improved clearance of produce into the American market. The company has little need for any assistance in its relations with Europe, but requires some sort of intervention to facilitate American sales. Any such program would include disseminating information about the regulatory practices while simultaneously improving communication between the regulatory agencies and the exporters.

PROFILE 5

COMPANY: SOEX
ASSOCIATION: GEPAS
DATE: Friday November 29, 1986
LOCATION: Quai de Peche, SOFRIGAL, SOPESEA Bldg.
Dakar
TELEPHONE: 21.42.22 & 21.29.30
CONTACT: Alassane Diallo, Director

1. OVERVIEW OF START-UP

The Diallo family businesses are founded upon their still active trade in "l'oiseaulerie," the capture and sale of live exotic birds for the export and domestic market. This has proven to be a highly profitable business employing some seven hundred hunters in West Africa. Incidentally, these hunters work under a contract basis for the company, receiving credit assistance in advance of the delivery of the live birds. The family subsequently diversified into fish packing and export (SOPESEA) and fresh vegetable packing and export (SOEX). Both of the latter firms are legal corporations, but Mr. Diallo described them as "quasi-familial" with only a token two percent participation from outside of the immediate family.

Alassane Diallo and his brother Amadou Diallo initiated SOEX in about 1971 as one of the first firms in the field. Their inspiration came principally from travel and observation of the European market in their search to diversify the family holdings. Alassane Diallo completed his studies in management in France during the same period in which the firm was being initiated.

2. PRODUCT SELECTION

SOEX initiated its business during the early period when contract farmers and spot-market sales first became a viable option in the 1970s. The never has had its own productive capacity. It is basically a trading company with sufficient funds to be a small-to-medium exporting firm. As such its product selection has been conditioned by the availability of a limited array of commodities for sale on the open market or easily contracted. The nature of the business tends to limit SOEX to exporting beans and peppers. In the past they have also exported mangoes and melons.

3. MARKET STUDY AND DEVELOPMENT

SOEX considers its product selection to be appropriately demand-driven. They base their feasibility analysis upon market information gathered during regular visits to Europe and their familiarity with the production possibilities and costs. These visits average about one visit every two months during the export season. An example of a recent market study is the case of eggplant. A Belgian client requested that they consider shipping eggplants. They were aware of the feasibility of production. SENPRIM has exported a few tons of eggplants recently. Upon further examination, however, SOEX found that they could not produce eggplants that would be competitive with Spanish eggplants available at the same time of year.

In the absence of promising new opportunities in Europe, SOEX is focusing its market development efforts on regional trade, notably to Gabon. They have previously succeeded in exporting melons to Gabon. Now they wish to expand their line to ten fruits and vegetables. Not all of these commodities are exported to Europe, but they are available in the domestic trade.

The firm also has its eye on New York as do so many. SOEX has succeeded in exporting green beans to the Hunt's Point terminal market in New York. They are now awaiting resolution of the current phytosanitary problems that have preempted further trade.

4. PRICE NEGOTIATION

The price established with growers before planting is based on an average of the prices during the same period for the preceding year. These prices have been relatively stable. The firm does have some flexibility in responding to market price changes throughout the season by virtue of its ability to buy on the open market as well as from its contract growers. For example, even if SOEX purchases beans from contract growers at a price that is not profitable for export, the firm may recover in part through open market purchases. Furthermore, their own resale on the local market can depress the local market price for strategic purposes to the extent that domestic market prices effect spot market prices for the export trade.

5. LABOR ORGANIZATION

Mr. Diallo describes the organization of production as forty percent spot market purchases, forty percent contract purchases

and twenty percent régie directe (estate grown). In light of his description of the enterprise it seems clear that they are not involved in estate growing, as it is properly construed. What he refers to as "estate-grown" is instead an unspecified arrangement with a mini-estate grower(s) who produces on their behalf, perhaps a trusted family friend working under a less formal contract.

The two-fifths of the export volume that SOEX organizes through contract growers is divided between 18 contracts. These contract are split between individual contractors and village groupements. The mini truck farmers can handle up to about four hectares effectively, though they range from two to five hectares. Those producers who are too small-scale to contract directly designate a spokesperson. The entire village group collectively commits itself to respecting the terms of the contract.

6. COLLECTION AND PACKING

SOEX supplies all the transportation and logistical support to assure that the product is pre-cooled and handled properly for export. The firm has several trucks that collect the produce and deliver it to the central packing facility for sorting. They perform no further processing functions.

7. GENERAL OPERATIONS

Contractees are selected principally on the basis of demonstrated yields. For example, a producer who can obtain a yield of sixty kilograms of beans for each kilogram of seed planted is considered a low risk. Growers who produce in the range of forty kilograms per kilogram of seed planted are not selected, or are dropped from the contract scheme. The farmers' perceived degree of responsibility and meticulousness are important considerations in the absence of definite, yield performance records.

Mr. Diallo emphasized that recruitment control is most important. In the event of default, the farmers generally have neither assets that can be seized nor other leverage that SOEX can exert to recuperate its loss.

8. PROBLEMS/SUCCESS

The Director referred to various difficulties they were having in starting up their exports to neighboring countries in the region. SOEX has been troubled by receiving and handling problems in Gabon. He complains of a lack of professionalism on

the part of the freight crews. Containers are left exposed to the rain, for instance. The clients complain and attempt to hold the exporter responsible. SOEX intends to contract with a Gabonese agent to represent their interests in the hope of remedying the problem. The other principal initial success that is currently stymied has been the export of green beans to New York. The firm is seeking representation there as well.

9. FINANCIAL RESULTS

SOEX did not provide detailed financial information. Mr. Diallo reports, however, that their only bad loss in recent years was in 1985.

10. PROGRAM INTERVENTIONS

Mr. Diallo declined to suggest any specific program interventions.

PROFILE 6

COMPANY: Etablissements Thierno Drame
ASSOCIATION: GEPAS
DATE: Thursday December 4, 1986
LOCATION: Km. 10, Route de Rufisque, Dakar
TELEPHONE: 34.01.30
CONTACT: Mr. Thierno Drame, President

1. OVERVIEW OF START UP

Thierno Drame started his career as a freight agent for a firm at the airport. He began working with a French exporter named Corneloup, one of the first involved in the Senegalese fresh export trade. Drame left the freight company in 1971 to work full-time with Corneloup. When Mr. Corneloup had a bad auto accident in 1979, Drame continued to operate the business successfully. Corneloup received good reports from their European clients. Gradually the business was sold to Drame. Corneloup returned to France, maintaining a small share of the business, yet continuing to facilitate Drame's relationship with importers in France. During the last season (85-86), however, Drame claims that Corneloup diverted 18 million CFA (\$55,000). He brought out the proces verbal indicating he has begun litigation in France.

2. PRODUCT SELECTION

The selection of the usual crops [haricots filet (string beans), haricots bobby (green or "snap" beans), and melons charentais (small "Cavaillon" type melons)] is a matter of having ironed out the problems with these now familiar commodities initiated by the original association with the French exporter.

3. MARKET STUDY AND DEVELOPMENT

Drame conducted no particular market study. Mr. Drame has found his best market from melons is March and April. He confines his operation primarily to green beans during the rest of the season. He has exported small quantities of peppers as well as mangoes to Brussels and Geneva. His source of market information is primarily his direct telephone and telex communication with Europe. He finds that the COLEACP quotes are inexact and of only limited value.

The output of all of Drame's contract farmers is intended for the export market. His local sales are exclusively taken from produce that does not meet export specifications. Rejects represent about 15 percent of overall production purchased. Thus he must dispose of some 70 MT in addition to the 400 MT he exports. These seconds are sold at a fraction of the price (15-25 CFA/kg) to gleaners or fed directly to livestock.

The firm has few market development plans or aspirations at this time. Mr. Drame has contemplated exporting cherry tomatoes.

4. PRICE NEGOTIATION

He calculates his breakeven price based on Rungis prices (the Paris terminal wholesale facility) including all transport and handling costs. (Ex. Beans CIF 14.24 FF = 712 CFA/kg including transport at 235 CFA/kg.) He attempts to get a feel for the price variance and to keep an eye on other producer countries to anticipate supply conditions, but this is very difficult in his position.

Basing producer prices on his projected revenue, he then negotiates with his chefs de secteurs. These section bosses have an interest in obtaining price levels that will stimulate maximum output. They derive their income from a 10 CFA/kg commission (ristourne) at the end of the season. Drame noted that advances disbursed against anticipated commission sometimes exceed the actual end-of-season revenue. Section bosses sometimes are left owing the company.

5. LABOR ORGANIZATION

Ets. Thierno Drame works entirely with contract farmers. These are divided between what Mr. Drame refers to as the "traditionnels" and the "projets." The projets, as he terms them, are individuals with up to several hectares who deal with him directly as individuals. The traditionnels are semi-traditional farmers of quite limited resources who form groups of fifty to sixty farmers under each "chef de secteur." The small farmers thus become subcontractors of sorts. They typically farm parcels of roughly 400 sq. meters. All of the farmers are men. Their ages vary widely.

Currently Drame has four chef de secteurs. In past years he has had as many as eight, but he finds that tends to go beyond the management capacity of the company. Furthermore he finds that too many contracts dilutes the sense of commitment or strength of rapport between Drame and his chefs de secteurs.

Ets. Drame undertakes no direct estate growing. He explains that the well situated land is publicly held (Domaine National.) Usufruct rights pertain, whereby those who have been working the land or their descendants maintain their right of access to the land and to its production. To make a direct growing scheme economical, he would need five to ten hectares at least. That is not available under the prevailing system and the current extent of truck farming already underway.

6. COLLECTION AND PACKING

The firm has one truck used to collect all produce. The growers are located in two production sites.

Mr. Drame operates a cold storage facility with a 30 MT capacity, though he rarely goes beyond 25 pallets (400kg, i.e., 10 MT.) Maximum storage time is three days before shipping beans. The firm owns a grading line to pack string beans.

The firm is currently working out the details of an arrangement whereby Drame will pack and store produce for GIPES (PROFILE 8.). This unusual arrangement (possibly by contract) will enable GIPES producer-exporters to enter the trade directly without relinquishing ownership of the product until it is sold on the European market. The deal has been arranged on a test basis through the personal intervention of Mr. Alioune Fall of SONABANQUE, former commercial representative for SEMPRIM and friend of Mr. Drame.

7. GENERAL OPERATIONS

Seeds, fertilizer, and credit are all supplied to farmers by the company. Mr. Drame showed his system of receipts and bookkeeping, which records all provisions received by each grower, although each chef de secteur is considered responsible for his group. Each boss is the source of all technical extension assistance. He claims he has no recourse over contract defaults other than to exclude the grower in the following season.

Payments to growers are made without immediately deducting pre-season financing. This credit is generally paid back only towards the end of the growing year.

8. PROBLEMS/SUCCESS

Thierno Drame perceives his overwhelming problem to be financing the purchase of all the contracted produce while attempting to finance the growth of the company. He reports his cash out-flow for the current season to follow approximately the following pattern:

CASH REQUIREMENTS FOR RAW PRODUCT PURCHASES

13 Million CFA	December
14 Million CFA	January
<u>18 Million CFA</u>	<u>February-March combined</u>
41 Million CFA	TOTAL purchase of produce

(This is the equivalent of some US\$125,000.)

Most of his credit comes from advances from importers. He claims that the interest paid is not explicitly stated, rather it is recovered by the importers before reporting the final sales price. Drame emphasizes the conflicts of interest engendered by financing from importers. Once the exporter becomes dependent upon a given buyer through financial debt, the exporter loses his leverage in negotiating prices. (As Mr. Drame put it, <<Tu n'es plus maitre de toi-meme.>>) He is attempting to reduce his cyclical debt level for that reason. He has had to cut his output. This year he will be exporting to a reduced number of brok -importers with whom he has had the most satisfactory dealings. Previously he was diversified between buyers in Paris, Lyon, Marr lles, Geneva, and Holland.

9. FINANCIAL RESULTS

Mr. Drame reported the following results informally:

NET PROFITS (Millions of CFA)

SEASON	80-81	81-82	82-83	83-84	84-85	85-86
NET CFA	+13	+15	+13	+6	-16	*

(* This last season is the one involving the dispute in which he alleges M. Corneloup diverted 18 Million CFA. His financial results have not yet been determined.)

He cites natural risks still as the biggest determinant of his financial results. For instance he cites vulnerability to freeze conditions in Europe that sometimes delay landing, putting his product all at risk.

10. PROGRAM INTERVENTIONS

The two chief areas in which government intervention, especially foreign government assistance, could have a substantial impact would be: 1) Access to credit; and 2) Improved technical supervision of chefs de secteur.

PROFILE 7

COMPANY: SAAF
ASSOCIATION: GEPAS
DATES: November 26-27, 1986
LOCATION: Km. 3.5, Route de Rufisque, Dakar
TELEPHONE: 21.05.79 & 22.03.64
SOURCES: Aly Saleh, (Director) and Maguette Gueye
(Deputy Director)

1. OVERVIEW OF START-UP

The Saleh family has long operated STIMEX (Société de Torrifaction de Café, Importation/Exportation), a successful coffee processing company. This Lebanese-Senegalese family formed STIMEX apparently making use of Lebanese contacts in the Ivory Coast to buy coffee beans each year, which it then processes in Senegal. The Saleh family sought to diversify into other areas of agriculture, trade, or processing. STIMEX officially created SAAF (Société Agricole Africaine) in 1973 to take advantage of the opportunities in fresh produce exporting. Mr. Maturin, originally a broker in France, assisted SAAF in the start-up phase to establish ties to French importers of green beans and melons. Mr. Robert Duran, a melon importer in Cavaillon holds a 40 percent share in SAAF.

Aly Saleh recently took over the reins of what has been an operation adrift, neglected by the members of the family and management more absorbed by STIMEX mainstream business. Mr. Saleh has recently left his private accounting practice to involve himself in the redirection of SAAF. Mr. Maturin remains involved in principal but in a less active role as the company has shrunk.

2. PRODUCT SELECTION

Business ties to Mr. Durand considerably influenced the start-up and product selection of SAAF. Last year SAAF exports were limited exclusively to shipments of melons. In better times, however, the company reported to have produced a broad range of exportables: tomatoes, cabbage, onions, new potatoes, watermelon, peppers, and melons. Furthermore SAAF imported onions and potatoes for sale in the domestic market.

3. MARKET STUDY AND DEVELOPMENT

Neither SAAF nor STIMEX undertook any market studies before launching the business. SAAF simply established agreements with French importers to purchase various commodities. The Director criticized the previous approach, noting that budgets were never drawn up, no trial exports were attempted, and results were never disaggregated to analyse performance. The original management took an entirely hands-off approach, providing financing, then turning the farmers loose to grow with minimal oversight.

Since 1973 SAAF has occasionally considered new market opportunities. Mr. Durand initiated an eight to ten hectare production scheme for garlic. Unlike all other exports, Mr. Durand has wanted to experiment with garlic shipments by sea freight.

4. PRICE NEGOTIATION

Mr. Saleh described price determination as a simple examination of an historical price trend. SAAF establishes its price based on a new price somewhat higher than the average over the past seasons.

5. LABOR ORGANIZATION

SAAF has arranged its operation into individual contracts ranging from three to ten hectares, totally thirty-five hectares. Growers have not organized themselves into any formal group, each operating independently.

In addition to the purchase of produce under contract with these small-scale truck farmers, SAAF purchases some of its export product on the open market. Mr. Saleh characterized the blend as sixty percent contract farmers and forty percent spot market purchases.

6. COLLECTION AND PACKING

Currently SAAF requires minimal packing facilities since they confined exports to melons. The company provides imported export-quality cardboard boxes so that each producer packs separately. I was unable to visit any previous packing facilities to assess whether they are in sufficiently good condition so the firm might relaunch its diversified packing operations without substantial investment. SAAF still operates a diesel generator to provide electricity for cooling the product once it is received from producers.

7. GENERAL OPERATIONS

SAAF determines its target acreage before approaching the individual contractors for discussions. The pool of possible farmers are the larger individual enterprises that spun off from earlier experience with either BUD-Senegal or SAFINA. All farmers were supplied during the season with the usual inputs, including fertilizer, seeds, and phytosanitary products. SAAF also provides tilling services to the farms.

8. PROBLEMS/SUCCESS

SAAF production and export deteriorated due to neglect since its promising start in 1973. The thirty-five hectares they have under contract normally should produce six or seven times as much tonnage as they exported last year. However, only one of the seven contractors respected his agreement to deliver melons. The company was an accomplice to its own failure to provide adequate agricultural extension. The extension system does not motivate the agents to exercise their responsibilities energetically.

9. FINANCIAL RESULTS

Mr. Saleh reports that SAAF has lost 190 million francs (190,000,000 F CFA, equivalent to more than half of a million US dollars) since 1973. Each year the parent company offsetting the loss expected that it would improve, relying on a different manager each year. Last year's loss was twenty million francs (20 million F CFA).

10. PROGRAM INTERVENTIONS

The management of SAAF perceives the greatest need for government reform in the area of improved agricultural extension. Growers lack the knowledge of agricultural practices necessary to operate an effective contract-farming system.

Mr. Saleh recommended that the government reexamine its policy of food imports. SAAF was successfully producing onions and potatoes for the local market. The bottom dropped out of that market when these commodities were imported, presumably sold below the local producer price through substantial subsidies.

PROFILE 8

COMPANY: GIPES
ASSOCIATION: GEPAS
DATE: Wednesday December 3, 1986
LOCATION: Interviewed at USAID-Dakar
TELEPHONE: 21.51.98 or c/o SONABANQUE 22.05.94
SOURCES: Cheickh Ngane, Sales & Promotion Manager
Simon Diouh, Agricultural Engineer
Alloune Fall, SONABANQUE GIPES Director

1. OVERVIEW OF START-UP

GIPES (Groupement d'Intérêt Economique des Producteurs/Exportateurs de Produits Agro-Pastoraux du Senegal) is an organization unlike any of the other exporters of fresh produce in Senegal. GIPES is different from all other members of GEPAS and ASEPAS in several significant respects:

- 1) It is comprised entirely of young well-educated producer/exporters;
- 2) The group was formed and supported through direct Government involvement.
- 3) GIPES has yet to export its first season, yet it is an official member of GEPAS and has received a sizeable initial export freight allocation.
- 4) GIPES operates under no farming contracts as such.

The group known as "Les Jeunes Maîtrisards" is, as the name suggests, a group of young Master's degree recipients. They banded together to form a g.i.e. (groupement d'intérêt économique) in 1985. The g.i.e. is the same cooperative legal entity introduced into Senegalese law of which GEPAS itself is one. The GIPES g.i.e. is devoted to direct production and export of fresh fruits and vegetables.

The six principals of GIPES received their advanced degrees in either European universities or the University of Dakar in fields allied to agricultural production and marketing. One of the two principals interviewed, for example, Mr. Diouh, completed his Master's in economics in Florence. The Government became aware that over one hundred Master's degree recipients representing all sectors of the economy had returned to the Senegalese economy only to face unemployment. The formation of GIPES is but one result of a broader program known as "Opération des Anciens d'Etudes Supérieures." The Government has placed a

highly qualified official counterpart to act as technical advisor and to facilitate each group's penetration of its respective commercial milieu.

GIPES received 600,000 F CFA as foundation capital at its inception through SONAGA/SONABANQUE, a national development bank. The Director of the program from within SONABANQUE is Mr. Alioune Fall, former commercial director of SENPRIM.

2. PRODUCT SELECTION

As GIPES is just starting up, its members have selected the hardest of commodities, those that can sustain less than optimal physical handling yet still provide a modest profit margin in the export market. These are green beans (bobby, not the more delicate filet) and a type of pepper (piment suzette de provence). These choices provide the group with the greatest latitude as they begin the task of coordinating production with market. This precaution is particularly important given that they must contract out packing and cooling functions during their initial start-up.

3. MARKET STUDY AND DEVELOPMENT

GIPES representatives explained that they lacked the means to launch a formal market study of the sort they are capable of undertaking themselves in the future. They have had to depend to a considerable extent on the expert assistance of Mr. Fall in conceiving their marketing strategy and in establishing contact with European buyers. They are members of the COLEACP market information service. The group has visited Europe to make direct contacts. An exposition at the Salon International in Paris assisted them. Since then GIPES has received a visit from a Belgian broker interested in buying from them.

The crucial marketing achievement of their start-up period was establishing their air freight allocation (190 MT per season.) GIPES was able to base their negotiation with the Airfreight Committee on their productive capacity.

4. PRICE NEGOTIATION

As an autonomous group of grower-shippers, GIPES does not contract with its members. They negotiate only with the importers based on current prices in RUNGIS or elsewhere. The producer price does not exist separately since the production and marketing operations are vertically integrated within GIPES.

5. LABOR ORGANIZATION

Each of the six members of GIPES determines the size of his grower scheme based on the technical means at his disposal. The acreage varies from six to twelve hectares for a total of fifty hectares. Within GIPES the allocation of acreage cultivated shifts. The results of trial production have already shaped the distribution. The group will confront the situation in the future should important discrepancies arise after successive seasons. Each member is to some extent a competitor of the others, yet protects the interests of the group as a whole vis à vis other groups. GIPES presents a united front and a unitary marketing entity under one appropriately named brand label ("Master.")

6. COLLECTION AND PACKING

Initially all post-harvest assembly and storage will be subcontracted to Etablissement Thierno Drame (Profile 6). Alioune Fall arranged the agreement with Mr. Drame based on their long-standing professional friendship.

While this unusual arrangement contracting with a competitor could lead to a conflict of interest, GIPES does not anticipate any. Again, the selection of commodities took this situation into account. By choosing not to produce string beans, GIPES obviated the need for a grading machine.*

7. GENERAL OPERATIONS

GIPES is the only exporter that does not employ any contract farming per se. The firm plays a role in the contract farming system insofar as it sells produce on a spot market basis to exporters who experience shortfalls in contract farming production. The GIPES model is in fact an alternative to contract farming. All of the other growers farming more than a hectare but less than enough acreage to sustain an export company are obliged to contract with export companies. The g.i.e. mechanism in Senegal has permitted, in this case thanks to Government funding, an alternative to contract truck farming.

* String beans (haricots filet) are graded into three size categories, since the more delicate "fine" or "superfine" fetch a premium in the market. The sorting machine (calibreuse) represents a substantial additional investment. Bobby beans, or "snap beans" in American parlance, are a larger green bean that is sold in only one size category world-wide.

The GIPES representatives expressed that each of its members may be conceived of as holding a contract, but the contracts are their obligations to the g.i.e. Their advances and technical inputs come from the central organization, though each member company is somewhat different. Each has its own technical director in addition to the technical assistance offered to any member by Mr. Fall.

8. PROBLEMS/SUCCESS

The GIPES representatives relayed their problems and successes in terms of their actual production results. For example their potato yields suffered from inferior quality seeds and from the break down of a motor as an irrigation pump. They experienced considerable success with eggplants and with groundnuts. The latter are intended for the local market.

9. FINANCIAL RESULTS

The 1985-86 season was a trial period for all of the members. Despite variable technical success by different producers and different commodities, all six members suffered net losses.

10. PROGRAM INTERVENTIONS

As GIPES effectively increases the surface area under production for export, they consider that the airfreight limits imposed must eventually give way. These ceilings were penalties initiated by airline companies that are members of the Airfreight Committee after exporters failed to deliver the quantities of freight upon which they had previously agreed to deliver. GIPES therefore recognizes that before the Government can intervene in order to raise the freight ceiling, producers must demonstrate that they have increased exportable output to a higher sustainable level.

PROFILE 9

COMPANY: JARDIMA
ASSOCIATION: ASEPAS
DATE: Monday December 1, 1986
LOCATION: Km. 23, Route de Rufisque
TELEPHONE: 21.81.63 & 36.33.51 & 36.33.88
SOURCES: Michel Layousse, Financial Director
André Layousse, Administrator

1. OVERVIEW OF START-UP

JARDIMA is a subsidiary of the diversified family enterprise "Groupe Fauzie Layousse." The Layousse family immigrated from Christian Palestine to Senegal in 1887. Since those early years they have progressed from one link in the agricultural commodity chain to another. Initially the family prospered from groundnut production and marketing. They then moved into commerce, then transport, industry, and manufacturer representation for machinery and transport equipment. JARDIMA was formed in 1972 to seize the opportunity for production and export of horticultural crops. JARDIMA began first in Mali where, until recent years, the company has exported substantial quantities of mangoes. During the period from 1981-1984 JARDIMA substantially developed its tonnage to its present capacity now as one of the largest exporters in Senegal.

The corporate hierarchy of the Groupe Layousse adheres strictly to the family hierarchy. JARDIMA is the full-time responsibility of André Layousse, one of the younger brothers. The next eldest brother is Michel Layousse who is responsible not just for financial analysis of JARDIMA but of all the Groupe Layousse enterprises. He earned his doctorate in mathematics in France and continues to teach two hours a week at the University of Dakar.

2. PRODUCT SELECTION

Dependence upon the commodities available in the Niayes contract farming system limits JARDIMA to the usual array of crops. The company exports six commodities including small quantities of melon, okra, and tomato. The three leading horticultural export commodities in Senegal, string beans (filet), snap beans (hobby) and peppers, account for 99 percent of JARDIMA exports. They lament the excessive dependence on a handful of commodities and continue to consider alternatives. JARDIMA, like most of the exporters, is constrained by the availability of products and producer know-how so long as they rely on contract farmers.

3. MARKET STUDY AND DEVELOPMENT

JARDIMA perceived the task of market analysis as a very simple one. The limitations described in reference to product selection apply to all aspects of horticultural marketing. The firm remains vigilant to new opportunities, but sees little point in further formal market studies.

The company has considered adding two new commodities to its line, one that would require utilizing the usual contract farming scheme and possible alternative. Cherry tomatoes are becoming more interesting in the European market as are the number of farmers with experience in growing tomatoes or cherry tomatoes. An original alternative that would probably offer a new approach to product sourcing is papaya. The JARDIMA representatives did not discuss their analysis of the marketing potential for papaya.

4. PRICE NEGOTIATION

Once again JARDIMA emphasized that their procedures differ little from other exporters. The Layousses emphasized only that the result of the prevailing production and market pressures has been the gradual squeezing of profits to the point that, barring fundamental changes, the prices will prove insufficient to sustain the various exporters in business. They foresee no particular change in the process of negotiation, however.

5. LABOR ORGANIZATION

JARDIMA purchases about half of its volume on the open market and half from contractors. Those contractors are organized under forty-eight chefs de zone. In response to their need for increased oversight, the firm has subdivided some of their contract zones to increase the total number of contract agents to 62.

6. COLLECTION AND PACKING

JARDIMA is one of the only companies employing a packing and cooling system that compares well with the international industry standard. The other such firm is the estate-grower SAFINA (Profile 4.) For more discussion see Subsection 8, PROBLEMS/SUCCESS.

7. GENERAL OPERATIONS

Seven JARDIMA technicians oversee the entirety of their contracted zones. The company attempts to introduce marginal improvements that may gradually improve performance and maintain output in the face of diminishing soil fertility. Michel Layousse referred to inculcating a pride and improved approach to farming techniques as part of a long-term on-going effort by the extension staff.

JARDIMA attempts to involve the traditional political leadership in their contracting process as much as possible to enhance the sense of moral authority associated with the chef de zone and the sanctity of the contract. When a farmer defaults on a contract commitment, JARDIMA attempts to seize the crop. The amounts recovered generally do little to offset the losses but serve to increase the respect for the importance of the contract.

8. PROBLEMS/SUCCESS

The outstanding feature of the JARDIMA approach to contract exporting concentrates on improvement in post-harvest handling. Along with SAFINA, the big estate grower (PROFILE 4), JARDIMA operates one of the only packing and cooling systems in Senegal that compares well with the international industry standard. The system has reduced produce shrinkage considerably through its humidity control mechanism. Losses due to poor sorting have dropped dramatically. The Financial Director did not claim that the additional revenue from reduced losses has offset the additional costs of operating the new system. That calculation is not clear. The distinct advantage he sees financially arises from the additional flexibility the system offers in the timing of his shipments. Given the limitations of controlling the timing of contract farmers, this additional flexibility in the length JARDIMA can effectively hold its produce helps maintain a competitive edge.

9. FINANCIAL RESULTS

Mr. Layousse did not report the JARDIMA financial results during the interview, but expressed their willingness to open their books should USAID or another institution committed to concrete results express a serious commitment to becoming involved in reforms of the current system. Mr. Layousse expressed skepticism that other firms would be willing to demonstrate the same openness in revealing their losses. The distinct impression left by the interview was of a dwindling opportunity for profit under the current state of affairs.

10. PROGRAM INTERVENTIONS

JARDIMA officials recommend an aggressive effort to open the New York market. Part of the growing malaise of the Senegalese horticultural export industry derives from the saturation of the French market. The Layousses would enthusiastically support any efforts to facilitate entry into that new market.

Simultaneously while striving to expand markets, JARDIMA would like to reexamine the overall contract-farming production mechanism. It is towards this end that the firm expressed its willingness to open itself to a formal dissection.

The Layousses emphatically invited the Director of USAID and the Ambassador or any other official to involve themselves in the review of the contract-farming system if JARDIMA or ASEPAS and GEPAS could first receive their commitment to reach some solution. They believe that another "forum" for discussion is irrelevant. What is needed is a commitment to act at the end of a considered appraisal of the situation. Without such a commitment the firm believes further information gathering is pointless.

PROFILE 10

COMPANY: SENIMEX
ASSOCIATION: ASEPAS
DATE: Wednesday December 3, 1986
LOCATION: FIDAK Exposition Site, Dakar
TELEPHONE: 22.32.75 c/o Ousmane Ndiaye
SOURCE: Abdoul Rany Ben Geloune, President

1. OVERVIEW OF START-UP

Mr. Ben Geloune is a businessman who ventured into the export trade in recent years. His own career began as a prominent national athlete over twenty years ago. He moved on to journalism and coaching, then insurance and the transport business. He has only been active in his current trade since the early 1980s. SENIMEX reported export volume is minute, the smallest of any firm with only twelve tons last year, or only slightly more than one percent of the volume of the largest export enterprises. Mr. Ben Geloune claims the actual volume was in fact twice as much, though this is still less than the smallest exporter.

Mr. Ben Geloune's activities in the field have emphasized his role as a promoter. He is currently the President of ASEPAS. (André Layousse of JARDIMA is Vice-President, even though his firm dominates ASEPAS volume overwhelmingly.) Mr. Ben Geloune serves also as an Administrator of COLEACP representing Senegal for the European based market news service.

2. PRODUCT SELECTION

SENIMEX at present confines its limited activities to green beans. The proportion of the two types of beans principally reflects the availability of the two at the time of purchase. The acreage that Ben Geloune contracted did not produce according to plan.

3. MARKET STUDY AND DEVELOPMENT

Mr. Ben Geloune is constantly looking to new market opportunities so that he can diversify from the green bean exports upon which SENIMEX has been dependent during his start-up period. He is currently considering exotic fruits in which he has been involved in European tastings and promotion (e.g., soursop and zapote.) Furthermore, he is considering the market

for medicinal herbs and extracts, especially with a view to the Eastern European and Asian market.

Other market opportunities that Mr. Ben Geloune believes merit further study by SENIMEX and other exporters include technological advances in sea-freight storage. He is currently examining the prospects for inter-African freight. Furthermore he considers the opportunities for onion and potato storage for local and regional markets. This appears to provide a promising avenue for an otherwise static market supplied by the current contract-farming system.

4. PRICE NEGOTIATION

SENIMEX behaves as a price-taker. The firm elicits producer prices from various growers. A high degree of price uniformity tends to prevail. Mr. Ben Geloune then calculates if his cost structure enables him to turn a profit based on export price expectations. In some cases he pays a premium above what other exporters are offering.

5. LABOR ORGANIZATION

SENIMEX held one grower contract last year, apparently an individual grower rather than a chef de zone representing a variety of growers. The contractor defaulted. Mr. Ben Geloune reports that he took the case to court. His actual exports were purchases made on the open market, including a substantial portion through his ASEPAS colleagues at JARDIMA.

6. COLLECTION AND PACKING

The only fixed installation SENIMEX requires is his input supply storage in the Castor Market area of Dakar. The actual sorting is done by hand by women in a rural area near Thies and a second area near SENPRIM in the Patte d'Oie area of Dakar. Mr. Ben Geloune then arranges for a truck and a scale to pick up the loads. The only cooling facility he utilizes is the airport pre-departure facility.

7. GENERAL OPERATIONS

The preceding headings summarize the basic operations that comprise the business of SENIMEX. In addition to providing basic inputs to one contractor, Mr. Ben Geloune explains he has at his disposal as technical advisor a friend who retired from a large-scale rice production company.

8. PROBLEMS/SUCCESS

Mr. Ben Geloune perceives the airfreight limitations to be a key problem compared to the productive capacity in place.

Furthermore he alleges that those firms that are entirely Senegalese work at a disadvantage to those exporters who have a French presence. He claims that Air France has a pro-French bias that influences the determination of allocation by the Airfreight Committee.

Mr. Ben Geloune favors the development of a national label and promotion group. He undoubtedly feels that small exporters cannot easily gain the market recognition larger companies achieve. Maintaining a high quality product at a competitive price is not enough. SENIMEX export shipments were among the few that the phytosanitary service at Yoff International Airport characterized as "Good." ⁷

9. FINANCIAL RESULTS

Mr. Ben Geloune claims to have lost money during these first few years of operation, without specifying the magnitude of the losses. He singled out 1983 as a fairly good year financially relative to the rest.

10. PROGRAM INTERVENTIONS

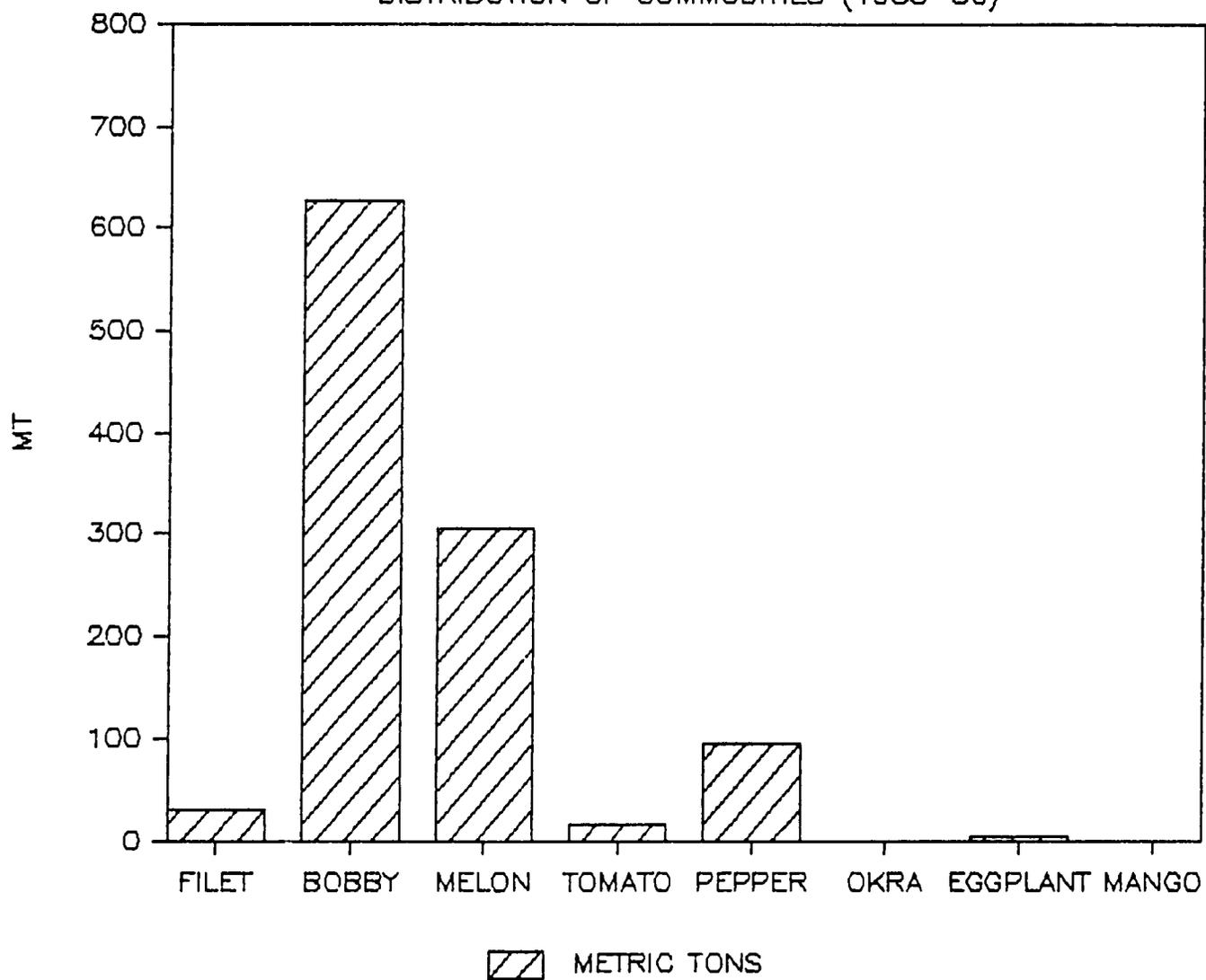
Mr. Ben Geloune favors the establishment of a CICES (Centre International de Commerce Extérieur Sénégalais) branch in Europe. He notes that the smaller exporters are all Senegalese of Senegalese origin. While the larger firms do not perceive an important role for CICES, Mr. Ben Geloune contends that the smaller national firms would all benefit from a united effort to promote the produce of Senegal in foreign markets.

⁷ The four exporters characterized by this highest quality of produce were: SENPRIM, SAFINA, JARDIMA, and SENIMEX. SENIMEX's rating may be attributable to the fact that JARDIMA sold a considerable portion of SENIMEX's volume to them. Both JARDIMA and SAFINA possess the most advanced cooling and packing facilities in Senegal. SENPRIM quality is favored particularly by the centralized structure of the growing schemes situated near the packing and storage facilities. The remaining exporters were classified as "Assez Bon" (good enough) or in one case simply "Assez."

ANNEX II.A.

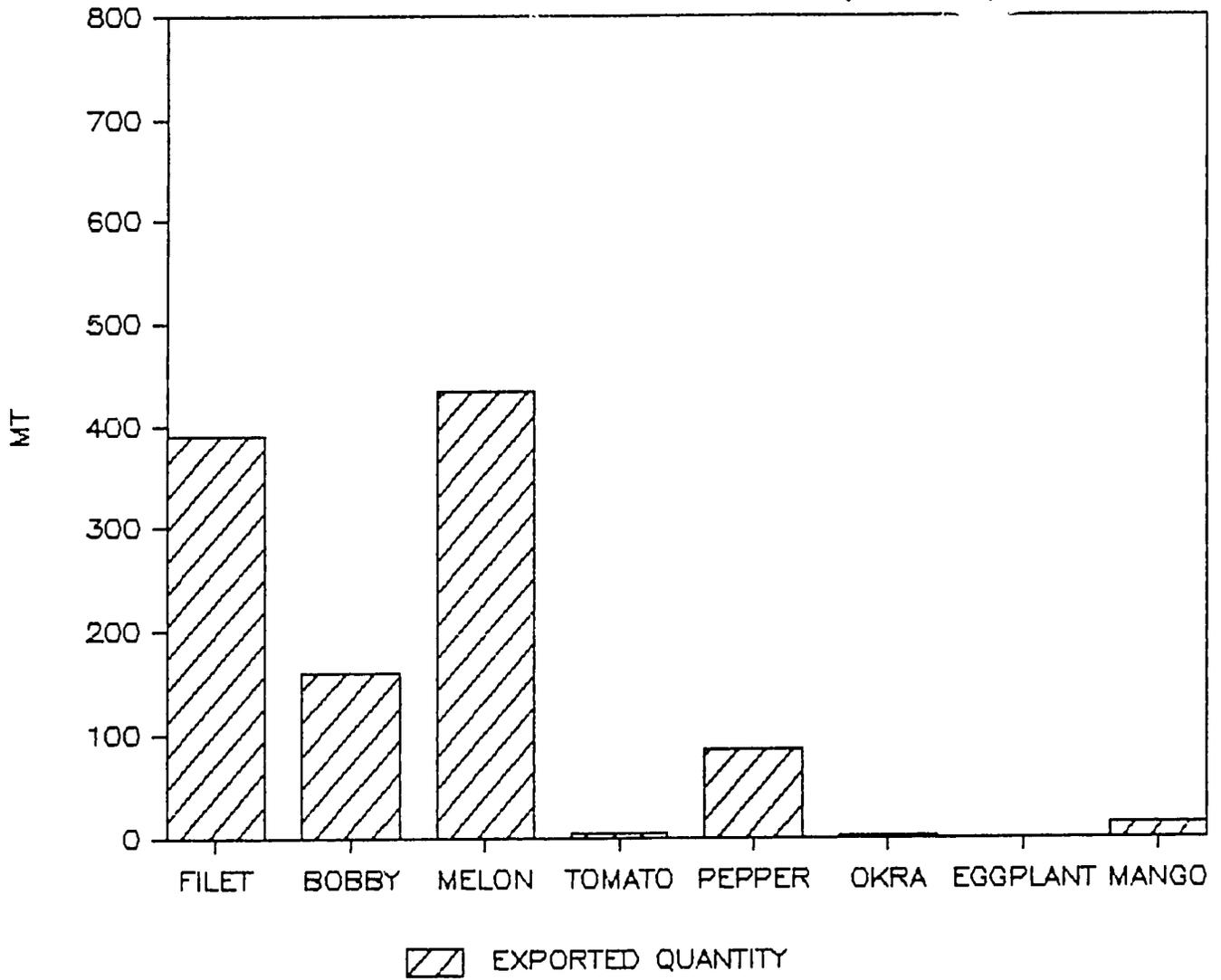
SENPRIM

DISTRIBUTION OF COMMODITIES (1985-86)



SIDCA/TOLL

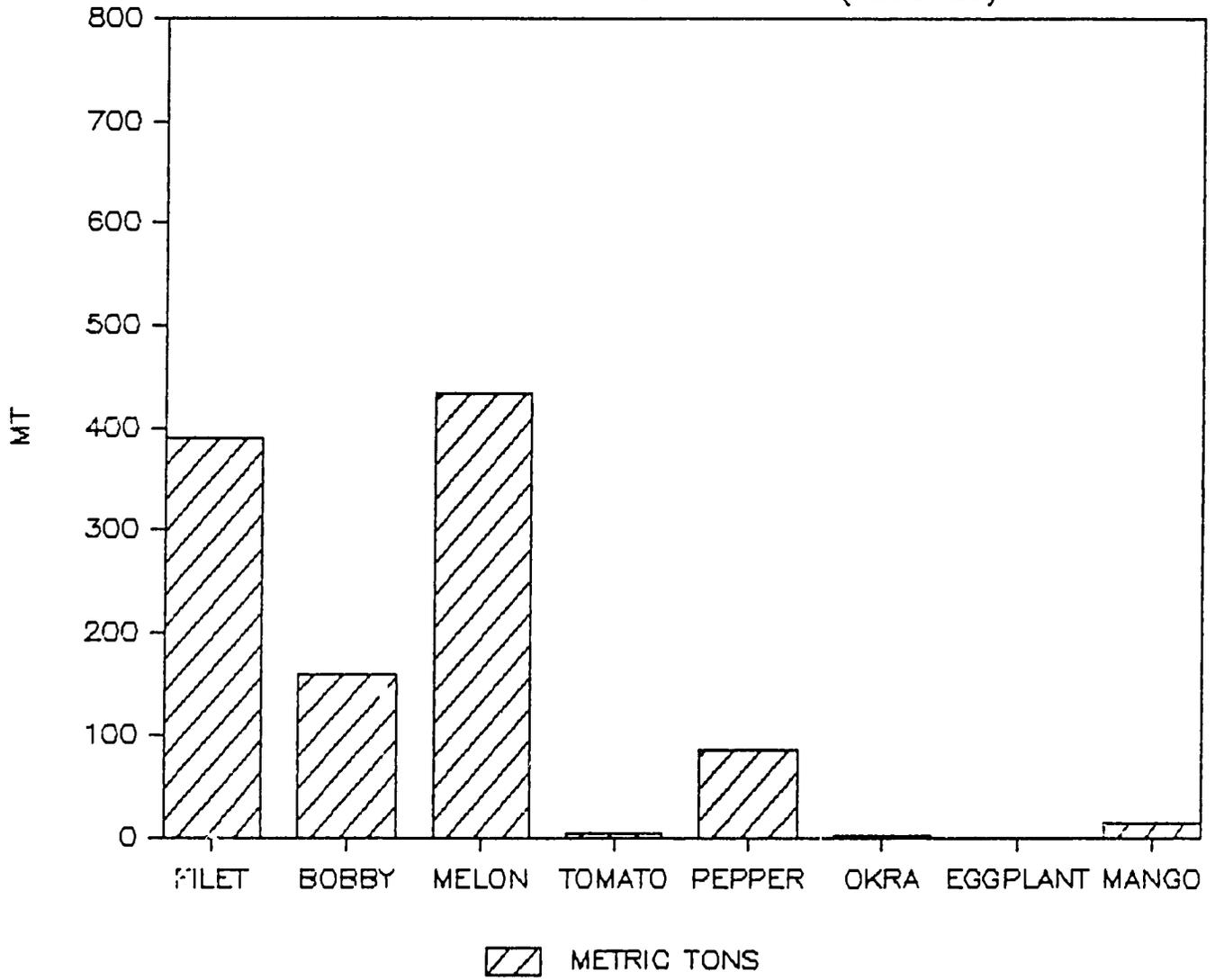
DISTRIBUTION OF COMMODITIES (1985-86)



ANNEX II.C.

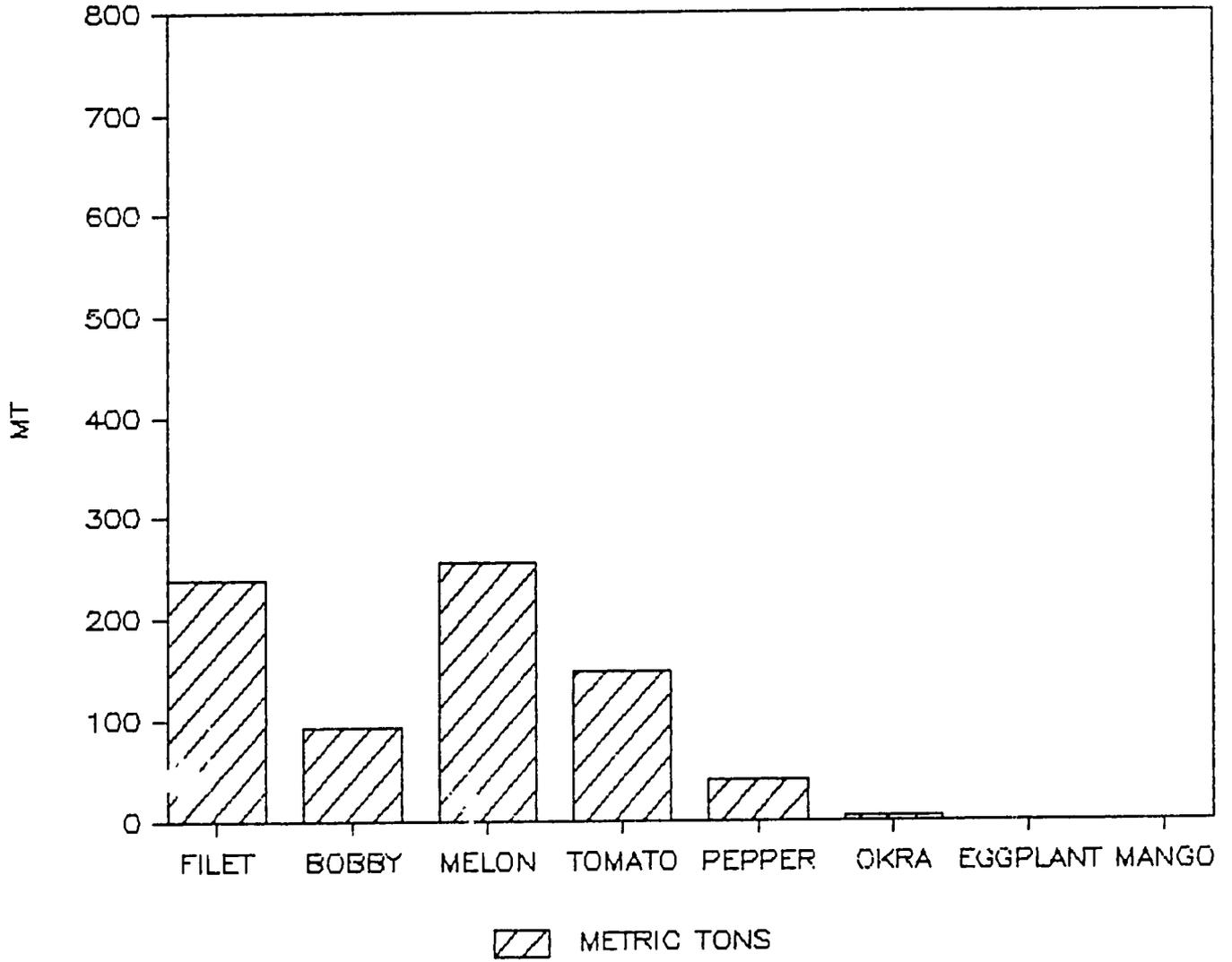
SEPAM

DISTRIBUTION OF COMMODITIES (1985-86)



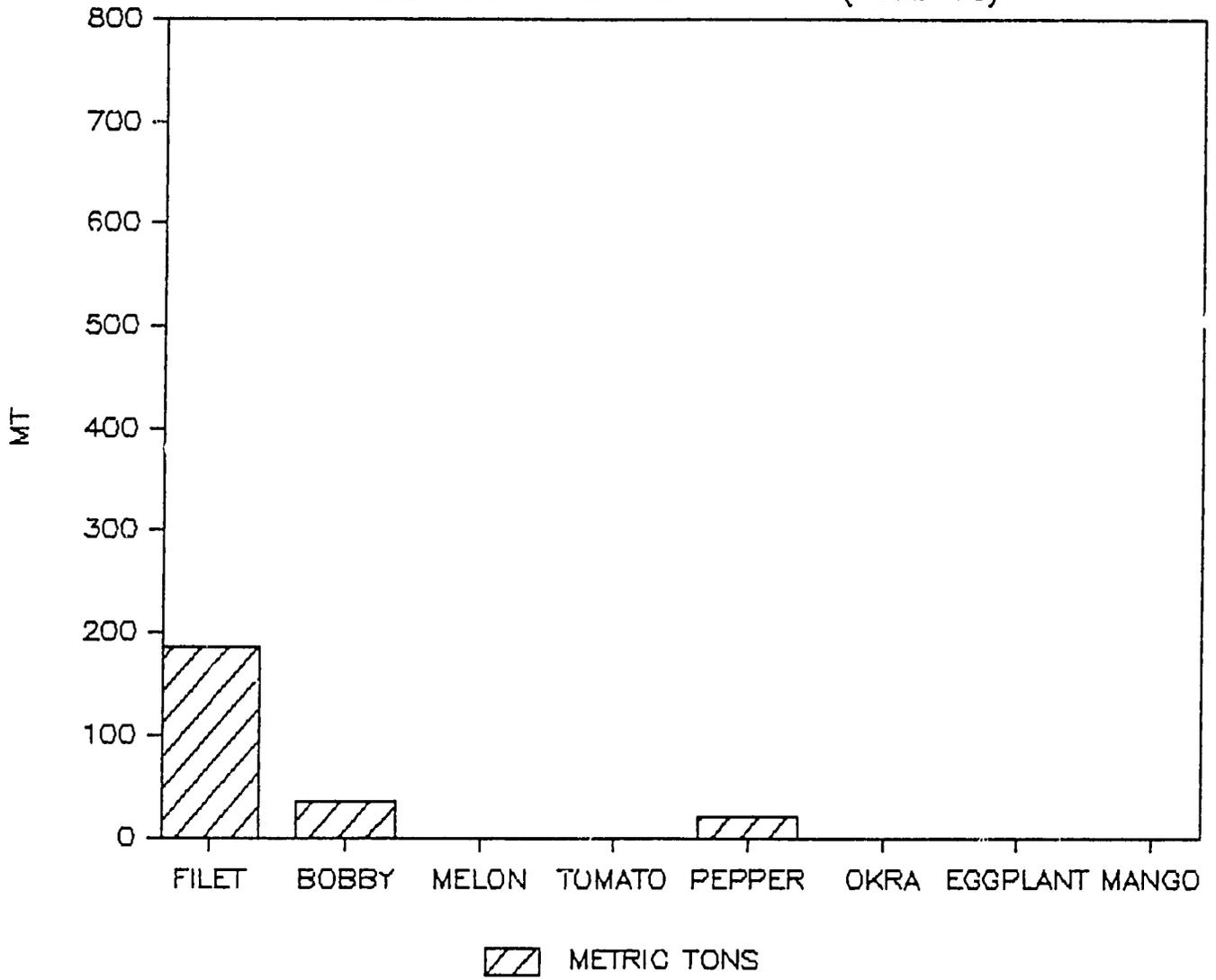
SAFINA

DISTRIBUTION OF COMMODITIES (1985-86)



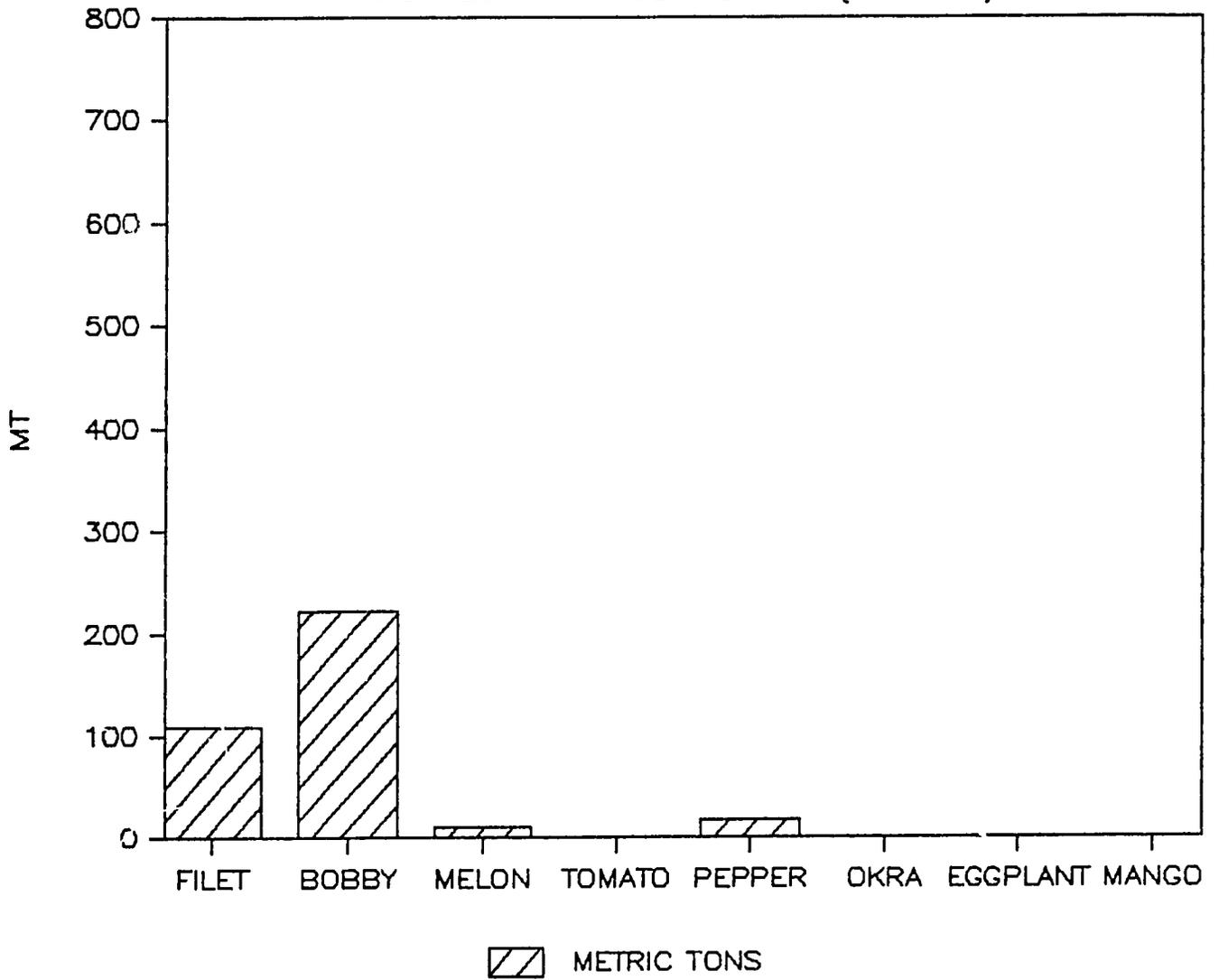
SOEX

DISTRIBUTION OF COMMODITIES (1985-86)



DRAME

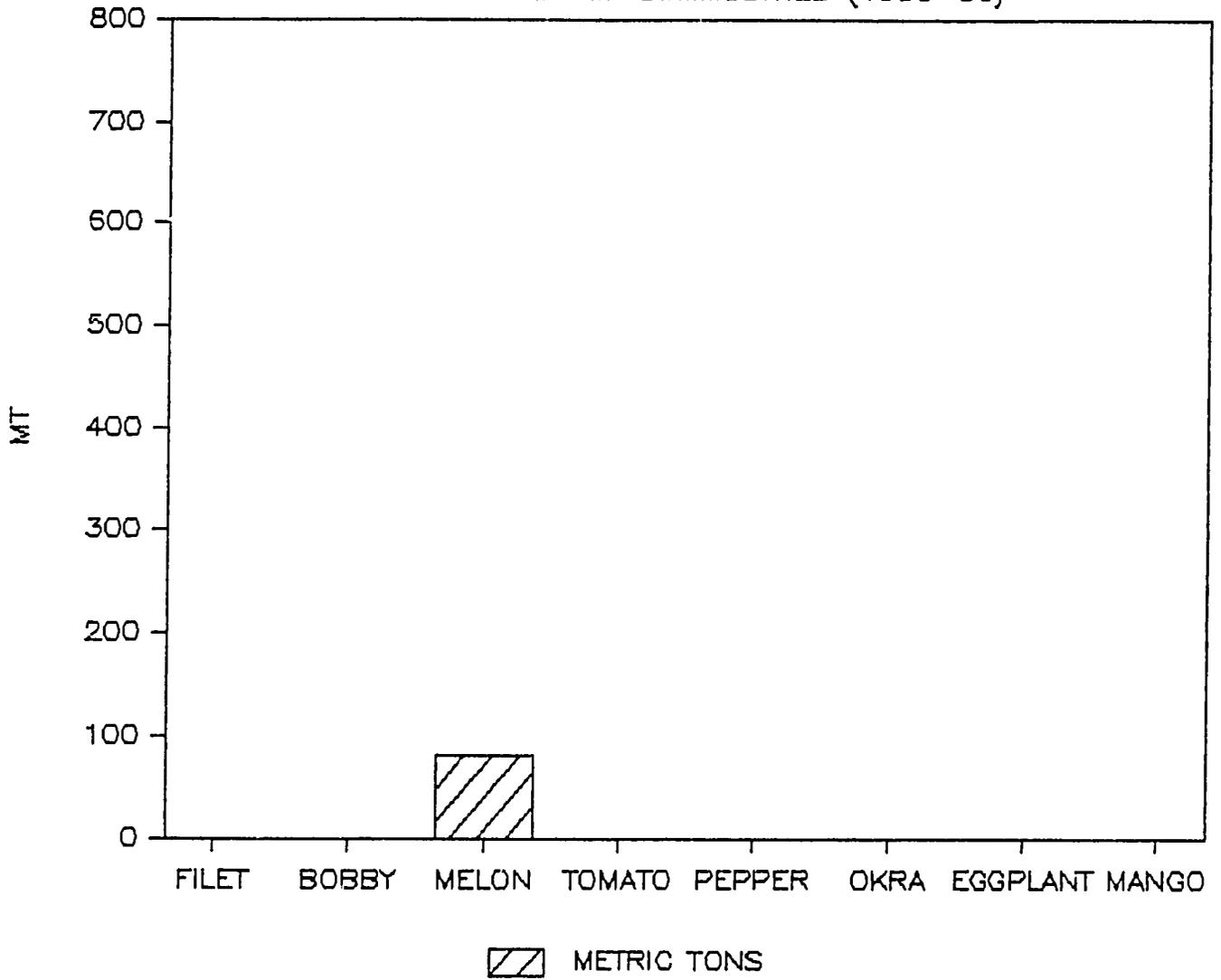
DISTRIBUTION OF COMMODITIES (1985-86)



ANNEX II.G.

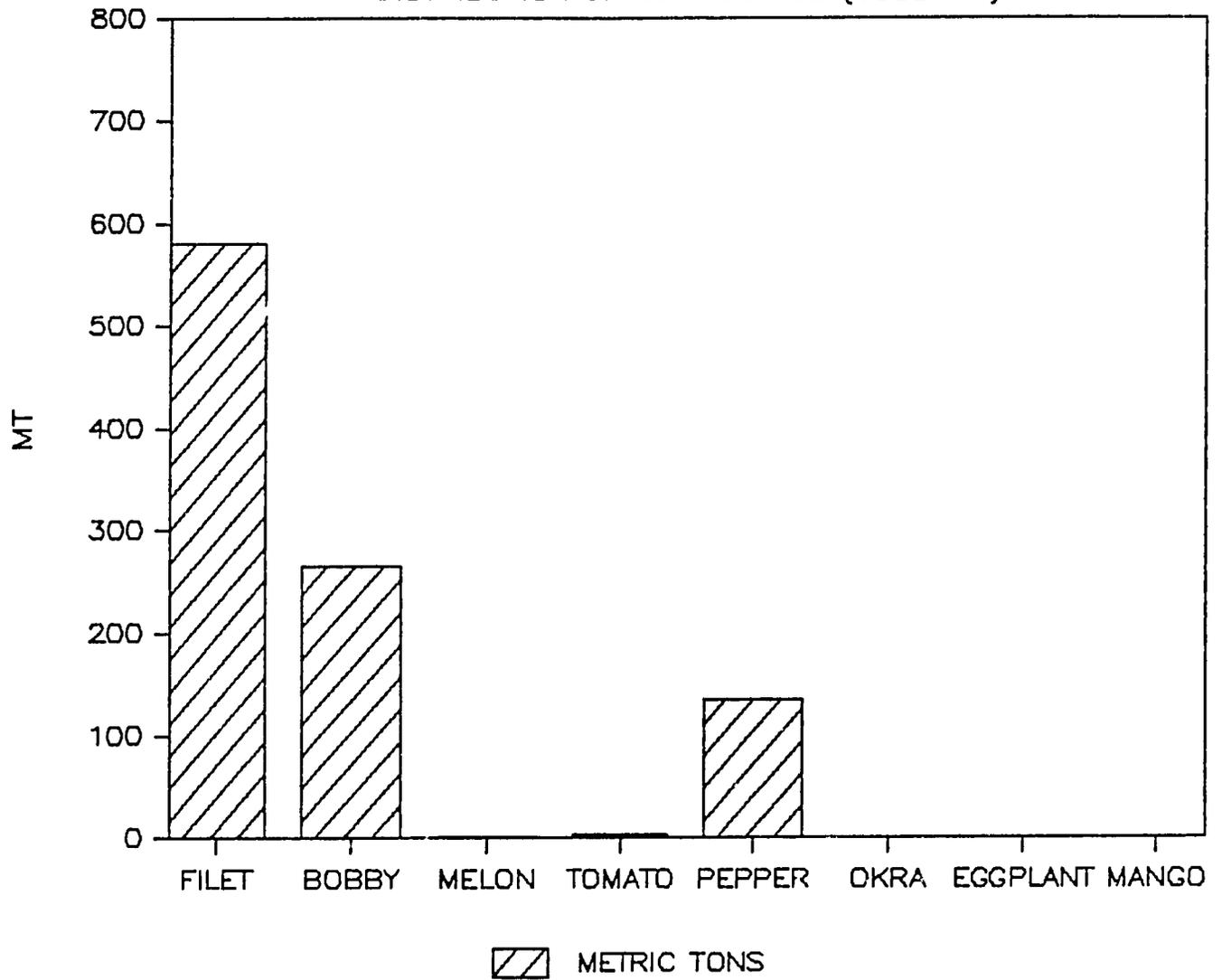
SAAF

DISTRIBUTION OF COMMODITIES (1985-86)



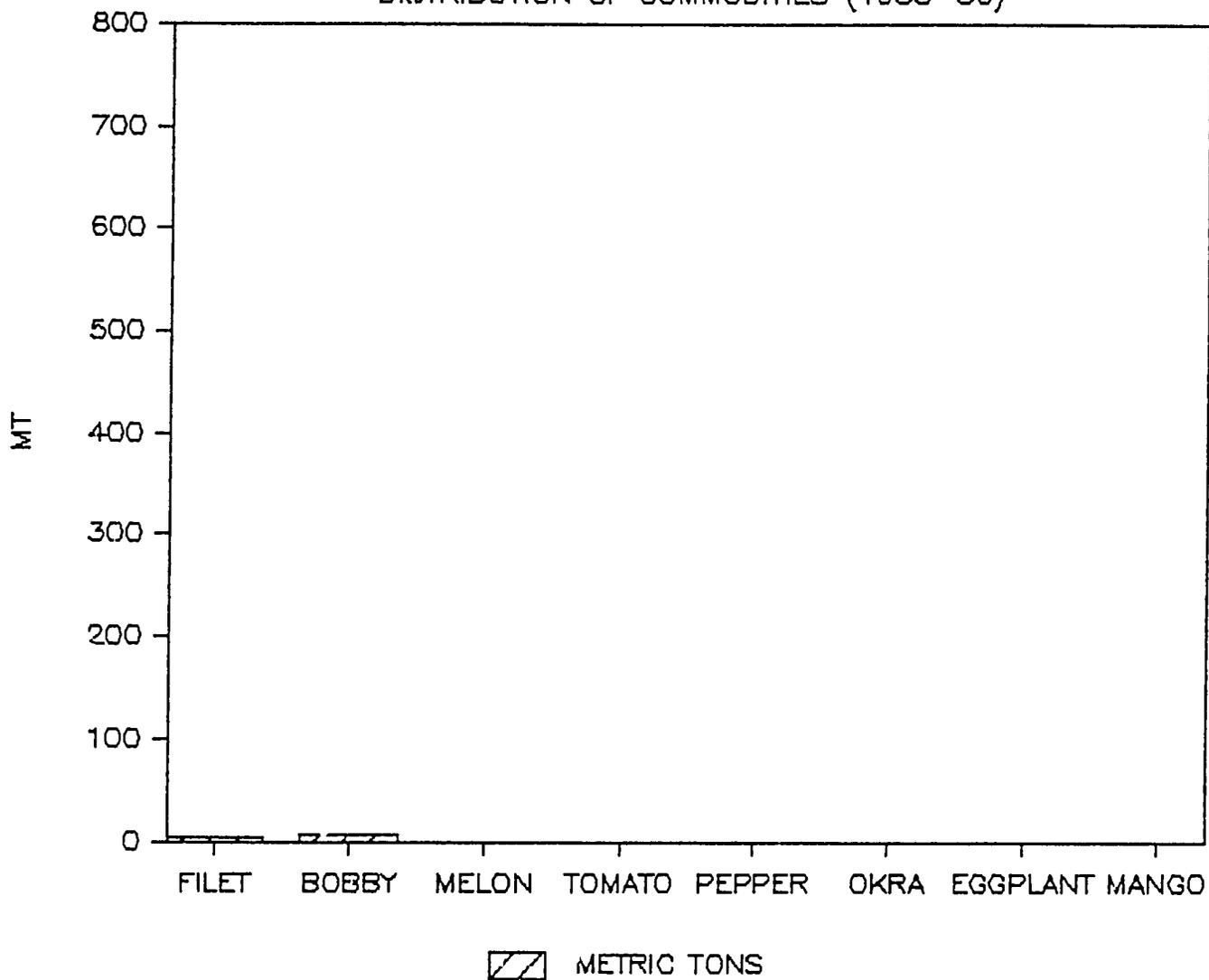
JARDIMA

DISTRIBUTION OF COMMODITIES (1985-86)



SENIMEX

DISTRIBUTION OF COMMODITIES (1985-86)



ANNEX III

SITUATION S A F E L (Abdoulaye TRAORE)
vis à vis de la SAAF au 31 Mars 1986

	<u>D E B I T</u>	<u>C R E D I T</u>
Avances espèces du 11/10/85 au 29/1/86..	1.605.000 Frs	
Livraisons semences et produits phyto...	356.000 Frs	
Labours complets hectares x.50000.....	300.000 Frs	
Les livraisons melons du 24/2/86 au 19/3/86 1.402 kg X 200 Frs		280.400 Frs
	-----	-----
	2.261.000 Frs	280.400 Frs
Reste dû à SAAF au 19/3/86		1.980.600 Frs
	-----	-----
	2.261.000 Frs	2.261.000 Frs
	=====	=====

(UN MILLION NEUF CENT QUATRE VINGT MILLE SIX CENTS FRANCS CFA)

Fait à DAKAR, le 31 Mars 1986

Reconnu exact

Pour le Projet SAFEL

Monsieur Abdoulaye TRAORE

Lu et Approuvé
Traore

Entre les soussignés :

SAAF-SENEGAL, représentée par Messieurs René MATHURIN et Magatte GUEYE, d'une part

Et SAFEL représenté par Monsieur Abdoulaye TRAHO d'autre part,

Il a été convenu ce qui suit :

1°) Monsieur SAFEL s'engage à vendre à la SAAF environ 60 Tonnes (Soixante) de melons pendant la campagne 85/86 dans les conditions ci-après :

- a) QUANTITES : Février 10 Tonnes, Mars 20 Tonnes, Avril 30 Tonnes. (Ces chiffres sont approximatifs)
- b) QUALITE : Export après triage et calibrage au lieu de conditionnement désigné par la SAAF
- c) PRIX : Le prix est de 200 F CFA (Deux cents) le Kg

2°) AVANCES CAMPAGNE

La SAAF consent à faire des avances constituées de :

- a) 1 500 000 F CFA (Un million cinq cent mille) à raison de 3 tran de 500 000 F CFA (Cinq cent mille) chacune aux dates suivantes 15 Octobre, 15 Novembre et 15 Décembre 1985
- b) 10 Kgs (Dix) semences à 36 000 Francs le Kg
- c) La SAAF met en location tout le matériel nécessaire à la préparation des terrains, à raison de 50 000 F CFA (Cinquante mille) l'hectare
- d) Concernant le carburant consommé par le tracteur, il est à la charge du contractant.

3°) REMBOURSEMENT DES AVANCES

Le remboursement des avances se fera à raison de 30 % du montant des factures de livraison de melons

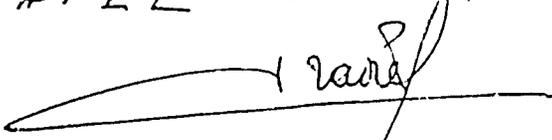
4°) REGLEMENT FACTURES

Le règlement des factures se fera tous les vendredis pour les livraisons de la semaine

5°) LITIGES

A défaut d'un règlement à l'amiable, seul le tribunal du commerce de DAKAR est compétent en la matière.

Pour SAFEL DAKAR 11/10/85 Pour SAAF-Sénégal (

ANNEX

AGRIBUSINESS CONSULTANT TRIP REPORT
(NOVEMBER 19 - DECEMBER 12)

A. Calendar

The schematic table below highlights the events summarized in the text which follows:

TRIP CALENDAR

MON	TUES	WED	THUR	FRI	SAT	SUN
	18 PALO ALTO TO WASH DC	19 C. MOCK MEETINGS	20 MTG CONT 10PM JFK OVERNITE JFKHOTEL	21 DEPART 7PM FOR PARIS	22 7AM-3PM PARIS, DAKAR 10PM ARR	23 RECOVERY
24 USAID & SEMPRIM	25 USAID, ECOCOMM, EXPORTER CONTACTS	26 SENPRIM, SAAF	27 SAFINA, SAAF	28 SIDCA, TOLL-SEL & SOEX	29 ADO, WRITEUP	30 SENPRIM DIR. & FARMS
1 FIDAK, CICES, JARDIMA	2 ADO, ASEPAS, DOC'N	3 GIPES, FIDAK, SENIMEX	4 ASEPAS, TDRAME, SEPAM	5 ADO, SENPRIM, UNCA & MINAG	6 WRITEUP	7 FREE
8 SONABANQ SENPR & DAC, DEP 10PM	9 CDG- PARIS, RUNGIS, CFDT	10 CDG-JFK, JFK-DCA 7PM	11 C. MOCK DISC & EDIT	12 CONT. MOCK MTG DCA-SFO ARR. 9PM	13	14
15	16 TELCON P. LITTLE	17 WRITE DRAFT (1 DAY)	18 CONT. WRITING (1DAY)	19 FIN DRAFT, FEDEXPR (1DAY)		
JANUARY		7 BEGIN FINAL DRAFT	8 CONT.	9 CONT.	10	11
12 CONT. FINAL DRAFT	13 CONT.	14 CONT.	15 CONT.	16 CONT.	17 CONT.	18
19 FINAL WRAPUP (1 DAY)						

B. Trip Summary

1. Tuesday November 18. All day flight from San Francisco to Washington via Detroit after original flight cancelled.
2. Wednesday November 19. Briefing by Chris Mock.
3. Thursday November 20. Continue meeting with Mock. Agreed on approach to field research. Calls to IDA and AID.
Left on evening flight for Dakar. Flight late. Obligated to overnight and reroute through Paris.
4. Friday November 21. New York airport hotel reading and calling until 7PM flight to Paris.
5. Saturday November 22. Arrive Paris 7AM. Harmattan bookstore collection of current articles and monographs on Senegal, Mali, and agribusiness. Depart for Dakar 3PM. Arrive Dakar 10PM.
6. Sunday November 23. Rest day.
7. Monday November 24. Met with ADO staff. Contract Farming liaison Ron Harvey (was acting ADO) away in Washington. Met with new ADO Wayne Nilsestuen first day at post. Informed him of mission and agreed upon level of support and debriefing responsibilities. Met with Program Officer, Harold Libell and Asst. Program Officer Campbell McCluskey. AID documentation center, Fatou Traore. Economic and Commercial Section staff, following up on all previous contacts.
Met with SENPRIM acting director Lamine Ndiaye and staff at Patte d'Oie.
8. Tuesday November 25. Continued USAID, Economic /Commercial Section meetings. Received assistance from ADO staff and ECOCOMM section to set up meetings for the following days: Madelaine Sidibe Kane, Abe Houdrouge, Joe Sikes (Attache replacing Clay Black who was so knowledgeable in inventory interviews). Drafted agribusiness questionnaire. Continued working from inventory.
9. Wednesday November 26. In-depth meeting with Lamine Ndiaye and staff at Senprim. Afternoon meeting with SAAF, Aly Saleh. Visited SENIMEX and SOEX sites. Unsuccessful in finding directors..
10. Thursday November 27. AID arranged for my transportation to Sebikotane in the Cap Vert region despite Thanksgiving holiday. Spent morning with Mounir Filfili at SAFINA office and plant.
Afternoon with Maguette Nguaye at SAAF in Dakar to complete questions Mr. Saleh referred to him.

11. Friday November 28. SIDCA visit informed that all functions handled by Toll Selection. Toll Selection visit with Georges Venot. Interview and site visit.

SOEX interview in port office with Alassane Diallo.

12. Saturday November 29. Worked on ADO wordprocessor to write up and edit field materials.

13. Sunday November 30. SENPRIM, met official director Waly Ndiaye (transferred to Ministry of Rural Development, Bureau Chief.) Accompanied by Acting Director Lamine Ndiaye to visit Kirene and Baobab farms, original BUD estates.

14. Monday December 1. Visit to FIDAK Documentation Center and met with CICES (former Centre Commercial du Commerce Exterieur) Director Assistance-Promotion, Jacques Ndong.

Rufisque JARDIMA interview with Michel and Andre Layousse.

15. Tuesday December 2. ADO initial debriefing as Mali approval/disapproval was yet to be finalized. Chamber of Commerce Mr. Danfakha and Mrs. Ndieng to followup on ASEPAS meeting. Arranged meetings for remainder of stay.

16. Wednesday December 3. Met with GIPES representatives for interview, Cheickh Ngane and Simon Diah. Return to FIDAK. Interview with Abdoul Ranyu Ben Geloune, SENIMEX.

17. Thursday December 4. Attended ASEPAS general meeting. Interview Thierno Drame, Route de Rufisque. Interview Michel Gaffari, SEPAM, Rufique.

18. Friday December 5. Final meeting and debriefing with ADO Wayne Nilsestuen.

UNCA office to contact SYNJAMAR. Ministry of Agriculture, Direction de l'Agriculture. Met with Macoumba Mbodji horticulture and aboriculture section head.

SENPRIM met with newly appointed replacement of Dir. Waly Ndiaye, Mr. Ousmane Seck.

19. Saturday December 6. Write up and organization of all materials before final day on Monday.

20. Sunday December 7. Free day. (Visit to Goree Island with other consultants.)

21. Monday December 8. SONAFANQUE meeting with Alioune Fall, GIPES commercial director. Final SENPRIM visit and return of documents.

Direction de l'Aviation Civile, Air Freight Committee Mr. Khayea.

Depart for Paris 9PM.

(Continued next page)

22. Tuesday December 9. Arrive Paris 7AM. Stored baggage and proceeded directly to RUNGIS Wholesale Market. Met informally with importers of products from roughly half of Senegalese exporters. Extended meeting with Mr. with Mr. Jean Henri of LaCours, importer for SIDCA/Toll Selection and some product from various others.

CFDT meeting in afternoon. Key technical personnel away. Future contact should be with Gay Mahdavi, frequent contact of IBRD. Unable to meet with Mr. Dufour, who answered brief questions through his administrative assistant.

23. Wednesday December 10. Departing Paris on noon flight to JFK. JFK delay. Arrived Washington 7PM.

24. Thursday December 11. Discussions with Chris Mock to debrief and discuss presentation.

25. Friday December 12. Completed discussions with Mock to agree on draft contents and continue debriefing her for Mon. Dec 22 IDA meeting.

Departed 5PM for San Francisco via St.Louis. Delayed. Arrived Palo Alto 10 PM.

26. Wednesday December 17 - Friday December 19. Three days. Completed draft trip results for Monday December 22 IDA Contract Farming Team meeting, following on Tuesday December 16 telephone conversations with Chris Mock and Peter Little..

27. Wednesday January 7 - Monday January 19. Completed final draft of agribusiness consultant report. Equivalent of seven full additional workdays (billing four.).

ANNEX III

ADDITIONAL DOCUMENTS CONSULTED

The Contract Farming in Africa Project, through the Institute for Development Anthropology, made available to the Consultant the monographs and annotated bibliographic citations published under the Project's Cooperative Agreement. In addition to these published materials, an invaluable source of information throughout the research was the as yet unpublished "Contract Farming Inventory of Senegal" prepared by Christopher A. Mock in April 1986 under this same Project.

The citations below refer to documents consulted while in Senegal which were helpful in complementing the primary data collected through field interviews:

"Communication en Conseil Interministeriel sur le Maraichage",
Ministry of Rural Development, Dakar, November 29, 1984.

Crouzet, Jean G. "SENPRIM Truck Farm Operation", Center for
Privitization, Project No. 15, September 19, 1986.

"Etude de Rehabilitation des Perimetres Maraichers", SENPRIM,
Ministry of Rural Development, March 27, 1986.

"Perspectives Campagne d'Exportation Maraichere 1986/1987",
Direction de l'Aviation Civile, November 1986.