

Centrale Laitière de Mahdia Vitalait

360 (2011)
Employees

EUR 4.5m
Fund investment

Region: Tunisia
Sector: Agribusiness, Aquaculture, Forestry
Year of investment 2006
Fund intermediary: Maghreb Private Equity Fund II
Financial intermediary: Tuninvest Finance Group
SIFEM investment into fund: EUR 6m
www.vitalait.net

Centrale Laitière de Mahdia (CLM) Vitalait is a Tunisian company created in 1997, operating in the dairy sector and specialized in the production of UHT milk and various other milk products such as butter and yoghurt destined for the local market. SIFEM invested in CLM Vitalait via the Maghreb Private Equity Fund II in 2006, which facilitated the expansion of its product range and enabled the company to double its milk production capacity.

In the countryside the milk sector is a very important activity, because it affects the lives of the small producers. It affects the rural population, who have a greater need for development and income.

Ali Klebi, CEO Vitalait

Photos

The Situation in Tunisia

Tunisia is in the process of reforming and liberalizing and displays one of the most resilient and well-diversified economies in the Maghreb region. However, small and medium enterprises (SMEs) are traditionally overlooked and underserved. They need access to finance and business expertise to effectively contribute to the country's economic growth and productivity.

Milk production represents 11% of the total value of Tunisia's agricultural production, and is a central part of the Tunisian economy. The increasing urban demography is boosting the demand for dairy products and the dairy sector needs to be supported to be able to meet this rising demand.

Dairy farming has the potential to contribute to poverty alleviation of smallholder farmers in Tunisia. Local supply chains and collection systems have to be developed to serve these small-scale farmers. They also need to gain adequate knowledge on how to best increase their production and sell their produce.

More than 80% of Tunisia's dairy farmers are smallholders with less than 5 cows each. These small-scale farms are generally managed by family members and seldom have access to the finance needed in order to improve or grow their production.

Development Effects in a Nutshell

CLM Vitalait had strong impact on local employment during SIFEM's investment. Direct employment numbers increased by almost 70% and the average salary more than doubled, in addition to increased benefits in areas such as health and transport. Furthermore, the company indirectly supports the livelihood of 10,000 farmers and 600 distributors.

During SIFEM's investment, CLM Vitalait was able to enhance its production facilities and more than double its milk production capacity. It also expanded its fresh product offerings to include a yoghurt product line and subsequently experienced a huge rise in its market share. At the time of exit, CLM Vitalait had a 17% market share in the fresh product segment, having grown from 0% in 2006.

CLM Vitalait helped to establish a large farmer's cooperative to work in close connection with the smallholder farmers. Local collection centres have been strategically placed to allow dairy farmers to constantly deliver their produce, even in small amounts. This guarantees the supply of high quality milk for the CLM factory whilst providing the smallholder farmers a steady and dependable source of income. CLM Vitalait also supports the farmers with advice on financial matters and technical knowledge.

The Fund Manager supported CLM Vitalait in improving its management of environmental issues associated with dairy processing according to international best practices. CLM Vitalait invested in a large wastewater treatment facility which enables it to safely return used water to the environment.

CLM Vitalait has become a strong local brand with a comprehensive range of products and is one of Tunisia's most important dairy processing firms. Its business model and establishment of a cooperative allows value to be added and gained from a wide range of people, including employees, distributors and smallholder farmers and their families.

The investment in CLM Vitalait was successfully sold to a strong multinational dairy player in 2011. The exit was carefully determined to ensure continuation of the cooperative set-ups in place.

Data as of December 2014

Obviam has made reasonable efforts to ensure the accuracy of the data presented. A case study is made possible both through Obviam's first-hand experience and/or the information provided by Obviam's investment partners. Data is valid as per the date recorded.



<https://sifem.ch/impact/case-studies/show/centrale-laitiere-de-mahdia-vitalait>