Fixing the Dairy Value Chain: Fodder and Milk Processing – Bvumbwe Dairy Co-op
Crop Livestock Integration and Marketing in Malawi (CLIM²)
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Background
Milk consumption in Malawi is very low: per capita annual consumption <6 kg. 60% of milk consumed is imported. Smallholder farmers supply most of the 40% domestic milk. Dairy farming, therefore, provides a niche business opportunity, and an option for diversification of agro-income and diets.

Milk production, however, is not easy. Mr Right’s story from Thumbwe EPA illustrates this: Mr Right’s two cows give an average of 15 liters of milk a day, earning him MK 2,325 (USD 3.20). His major constraint is feed for the cows. He cycles 10 km thrice daily to cut and carry grasses from river banks; in dry seasons he buys green maize stalks from irrigated fields.

Dairy farmers sell their milk to the large-scale processors in Blantyre via milk bulking at collection centers run by farmer cooperatives, currently the only formal market. Malfunctioning of processing facilities and small quota allocation often results in milk spoilage and losses.

To increase incomes, value addition is vital, considering the demand for milk and milk products. The extra income would lead to investments in feeding, housing and management.

Approach
Fixing the dairy value chain requires synchronization of production and marketing. CLIM² embarked on a journey with an agribusiness officer:

- The IP identified dairy production as “high potential” for farmers in Chiradzulu and Thyolo; feed value chain is a major challenge.
- Contacts with and follow-up visits to the local dairy cooperative provided insights on support needed to build processing capacity.
- Gross margin analyses highlighted the small profit margins, and therefore, need for reduction in leakages in the business.

The CLIM² Dairy Business Model:

Building local entrepreneurship: Small-scale feed improvement, building capacity in feed ratio formulation, feed processing, and support to commercial feed retailers.

Business management backstopping: Farmers, the dairy cooperative and feed traders are trained to manage enterprises profitably; women and youth entrepreneurs are empowered.

Financial means: With improved business management capacity, farmer groups can access financial services to support their operations (e.g. purchase of pasteurizing machines).

Value chain upgrading: Capacity development on dairy processing into various products increases the value of milk, reduces wastage, increases incomes.

Results
The Bvumbwe dairy group is excited; in future they would like to process most of the milk, diversifying their products to markets. Already farmers have started improving their feed; buying molasses to mix with maize bran and supplement the grass they feed.

Key messages
Linking feed producers to dairy farmers provides income along the dairy value chain.
Facilitating alternative options for value addition boosts milk production.
High-level policy support is needed so that smallholder farmers can help reduce dairy imports in Malawi; farmers are already investing.