Partnerships developing value chains

Linking Agriculture to Nutrition

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Tetra Laval Group

- DeLaval
- Tetra Pak
- Sidel

- DeLaval and Tetra Pak cover the dairy value chain
- Food for Development develops **public-private partnerships** along the value chain
Parallel value chains in developing countries

- Small holder farmers
- Informal trade Street Milk
- Consumers with low incomes
- Milk powder imports
- Dairy plant
- Formal trade Retailers
- Middle & higher income consumers

Support for training of farmers
Equipment financing
Dairy Hubs

Support for feeding programmes
Consumer information

Consumers with low incomes
Informal trade Street Milk
Retailers

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The Integrated Milk Value Chain

1. Development of **Dairy Hubs** linking smallholder farmers to the industry
2. Development of **School Milk** programmes based on locally produced and processed milk
The Dairy Hub Concept
- sourcing locally produced quality milk

► Owned and managed by dedicated dairy processor
► Long term relationship and loyalty building

- Data collection
- Training & Advice
- Feed & other inputs
- Services
- Financing
- Mechanization
- Access to market
• 4.2 million dairy cows / 1.4 million dairy farmers
• Low quality raw milk
• Local production meets less than half of the demand
• Bangladesh imports milk powder and dairy products
• 41% of children under 5 are stunted
• 32% of population live below the poverty line
Lifting farmers out of poverty

Traditional – 2 liters

Progressive – 8 liters

Model – 20 liters
Milking – Delivering – Testing – Cooling
Bulking – Transporting – Processing
Records, Training and Input Supplies
Bangladesh Dairy Hub
Results after 3 years (5 years)

- Income per month for selected 1766 farmers: from USD 100 - 223
  +120% (+135%)

- Milk collection/day: from 2 000 – 27,500 liter
  +1,275% (+1,950%)

- Milk/cow/day: from 4,75 - 8,5 liter
  +80% (+127%)

Comparison between starting date Oct 2010 and average results for 2013
Jaffna, Sri Lanka
Conclusions – Value Chain Development

- The value chain is never stronger than its weakest link
- Value chain actors are mutually dependent – share risks and opportunities
- Start with the market and what the industry and consumers demand – affordable nutrition, safe milk
- Small scale production can be combined with large scale processing
- There are alternatives to the cooperative model
- Train and build capacity step by step with focus on farmer profitability
- Farmers are entrepreneurs and run a business!
- Private sector needs to be involved in value development
Recommendations

► Involve private sector in early stages of project and programme development

► Develop financing models targeting local private sector, taking development impact into account → if high potential for development impact: long term loans at favorable interest

► Develop platforms/programmes for joint projects where private sector:
  o Identifies needs and gaps in value chains
  o Takes the initiative to partnership projects
  o Leads project development and implement

► Limit administrative burden in PPPs
THANK YOU FOR YOUR ATTENTION!

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