

# Partnerships developing value chains

## Linking Agriculture to Nutrition



Katarina Eriksson, Food for Development Office  
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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





# The Integrated Milk Value Chain

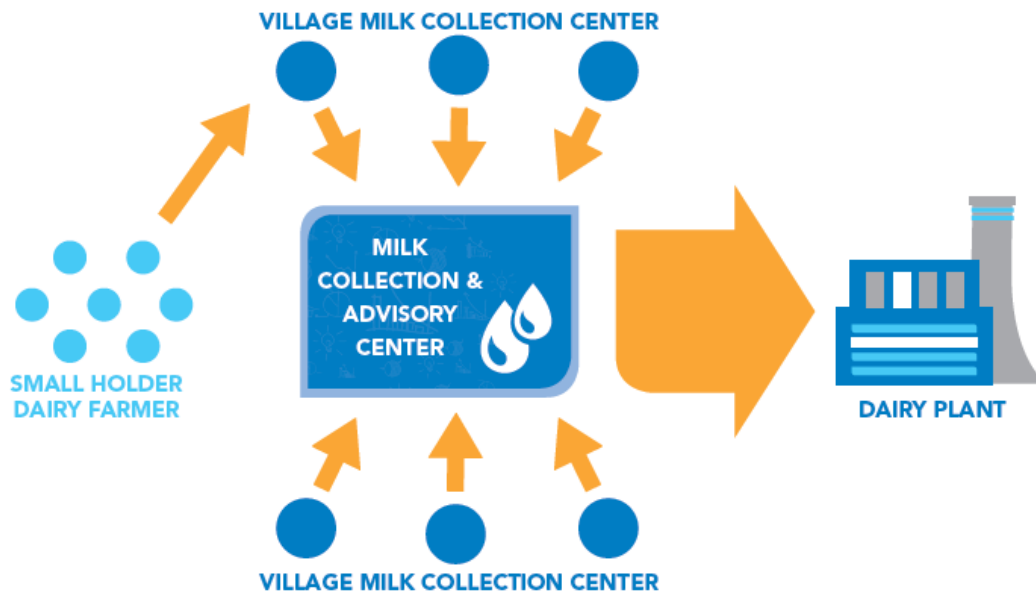


1. Development of **Dairy Hubs** linking smallholder farmers to the industry
2. Development of **School Milk** programmes based on locally produced and processed milk

# 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

# Bangladesh

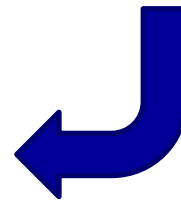
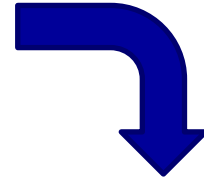


- 4.2 million dairy cows / 1.4 million dairy farmers
- Low quality raw milk
- Local production meets less than half of the demand
- Bangladesh imports milk powder and dairy products
- 41% of children under 5 are stunted
- 32% of population live below the poverty line

PRAN



# Lifting farmers out of poverty



# 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





Nicaragua





Jaffna, Sri Lanka





Senegal

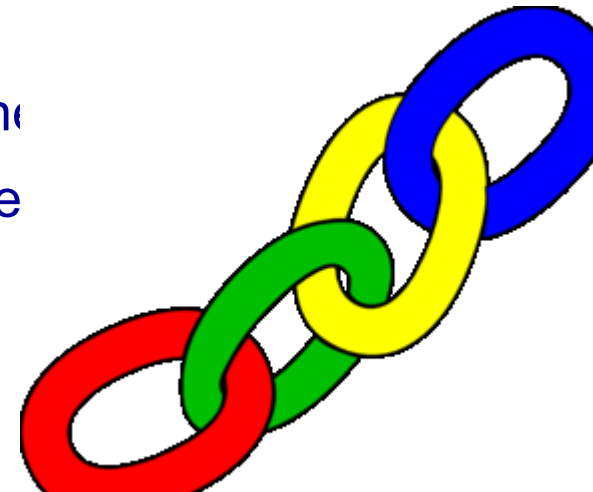




Kenya

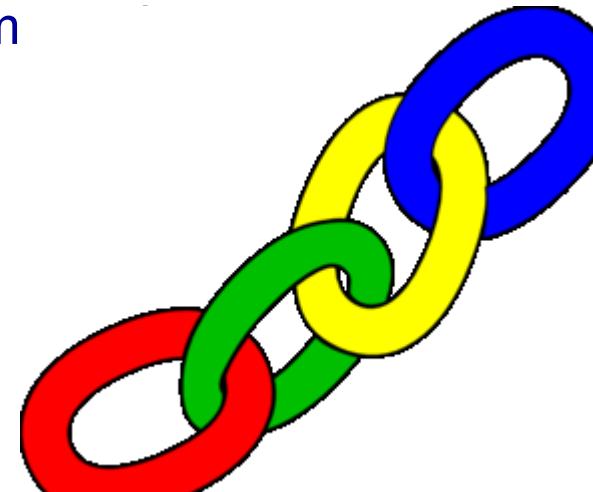
# Conclusions – Value Chain Development

- ▶ 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:
  - Identifies needs and gaps in value chains
  - Takes the initiative to partnership projects
  - Leads project development and implem
- ▶ Limit administrative burden in PPPs





# THANK YOU FOR YOUR ATTENTION!



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