

Case study 12
Bangladesh

Milk Marketing Programme in Isolated Remote Areas (MMPIRA)
(Market Development Activities under the Charlands Livelihood Programme, CLP)

Total cost:	NA
Financier	Department for International Development, DFID
Start-End dates:	2004-2010
Value chain approach:	Relational chain, intermediary-driven (for a fee)

Background. The Charlands Livelihoods Programme (CLP) is a seven year programme (2004-2011) funded by the UK Department for International Development (DFID), and sponsored by the Rural Development and Cooperatives Division of the Ministry of Local Government, Rural Development and Cooperatives. CLP aims to improve the livelihood security of the poorest char dwellers in the flood-affected Jamuna River basin, and works in the districts of Kurigram, Gaibandha, Jamalpur, Bogra and Sirajganj. The CLP focuses primarily, but not exclusively, on island chars which are surrounded by water throughout the year. It implements its projects through local NGOs, also known as Implementing Organizations (IMO), to foster market linkages with the private sector.

The programme has four main components: a) infrastructure development; b) livelihoods; c) enterprise development; and d) social development. The enterprise development component promotes private sector linkages and commercially sustainable services related to key productive agricultural, livestock, fishery and non-farm sectors. It also builds human resource capacity, improves agricultural input supplies, production and processing technologies, and creates non-farm investment and employment opportunities.

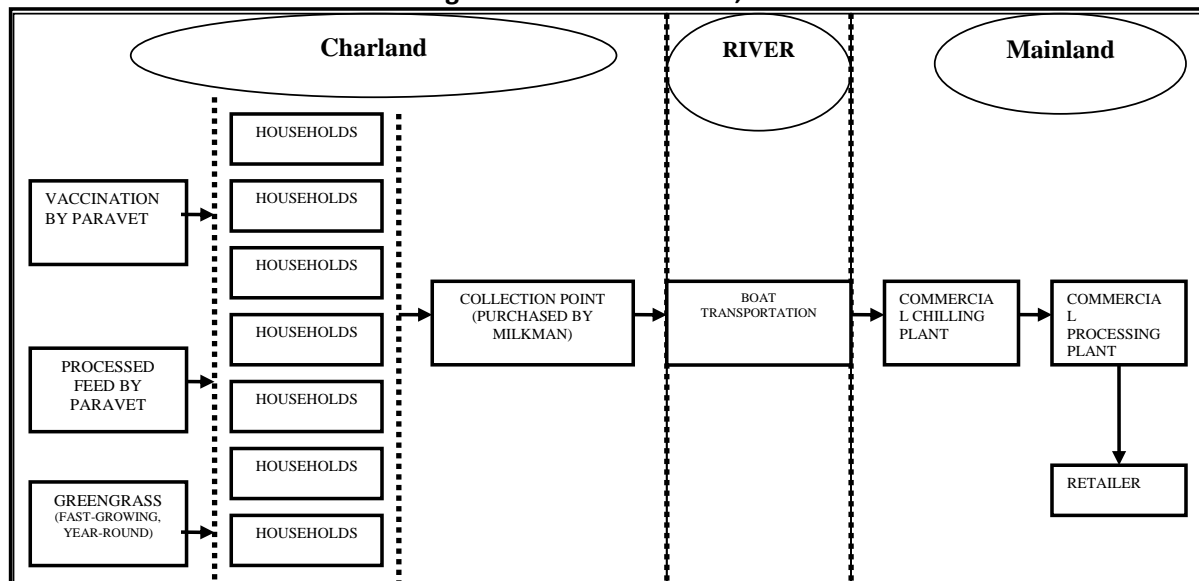
In April 2006 the Market Development Fund (MDF) was launched to strengthen the capacity of the IMOs in market development approaches, and attract project proposals in key productive and service sectors. In this context, the Milk Marketing Programme in Isolated Remote Areas (MMPIRA) was developed by Gram Unnayan Karma (GUK), one of the IMOs collaborating with CLP. Dairy cow and other cattle rearing is an attractive activity for the poor families in chars areas due to availability of space and pasture. Char dwellers raise their own cattle and/or raise cattle on behalf of people from mainland areas on a profit-sharing basis. Several factors deter the expansion of the dairy business: lack of reliable animal health services, lack of access to markets resulting in low milk prices, and lack of regular feed supply. The low level of development of market services is due to remoteness of the char areas, poor communications (river and land) and reluctance of service providers to work there.

Intervention. MMPIRA aimed to develop market services in isolated and remote, disaster-prone (annual floods) areas by establishing linkages with the mainland buyers and facilitating the provision of services. A low-cost approach was implemented by GUK. The market analysis conducted prior to project start-up indicated that milk producers in remote char villages received lower prices for their produce, due to lack of a milk collection system, lack of market linkages, absence of milk chilling and processing plants, absence of animal health services, and unavailability of processed feed.

CLP and GUK therefore developed a programme that: a) introduced a *Gwalia* (milkman) to collect milk from a collection point in the village rather than collecting it from each producer; b) trained a group of para-vets from local areas to provide animal health services and sell animal feed; c) introduced high-yielding grass varieties to increase green grass output as cattle feed; and d) established linkages with a milk processing plant, Milk Vita.

Livestock Service Providers (LSPs) assist with the formation of associations and technical training. The programme is projected to increase the quantity of milk marketed to large liquid milk processors. Small dairy farmers are encouraged to form informal milk marketing collective centres to organize their own transportation to markets or to negotiate with local collectors. These simple organizational techniques sought to increase the sale and supply of marketable milk, improve the bargaining power of producers, and ultimately increase the sale price of milk. The LSPs also provide training and diet supplements to increase milk production and fat content and to prevent calf stunting. The milk collected from the char producers was competitive with that produced on the mainland. The product flow can be seen in the Figure 1 below.

Figure 1: Milk value chain, CLP



Impact on target group. The project placed a strong emphasis on targeting the poorest. Participating poor families have raised their income significantly through higher prices and lower levels of milk spoilage. Output levels have also improved due to the provision of health services and input supply. The IMO reported a steady increase in farm-gate prices in the range, of 170% over a five-year period in nominal terms; but this has not been verified because CLP's interruption of funding has prevented GUK from assessing impact. In January-March 2010, 23,624 producers sold an average of just under 2 litres of milk per day to 249 milk collectors; 89% of the collectors sold the collected milk to local buyers, including sweet and tea shops and 11% sold it to commercial milk processing plants, including Milk Vita and BRAC Dairy. Participating households earned an average of USD 14 from milk sales during the quarter¹.

Key features

Effective governance. The chain was driven most effectively by GUK, a committed NGO with poverty alleviation goals.

Coordinated delivery of services As can be seen in Figure 1 the programme addressed some constraints along the chain by providing improved feed, inputs, and animal health.

Value added/Vertical integration. A chilling plant and processing plant in the mainland has contributed towards reduction in spoilage (and increase in farm-gate prices).

¹ Quarterly Report January-March 2010, Chars Livelihoods Programme Bangladesh, DFID, April 2010.

Information flow. The proliferation of mobile phones enables producers to learn about current milk prices. This allows them to negotiate better terms of trade.

Trust. Training, organization of producers, and establishment of market linkages for the remote char dwellers, contribute to establishing a high degree of trust and confidence between beneficiaries, the IMO, and the *Gwalias* (milk collectors).

Horizontal organization. It has been claimed that simple organizational techniques, such as product aggregation in collection centres at village level have increased the sale and supply of marketable milk, and that this has allowed beneficiaries to strengthen their bargaining power to obtain higher prices.

Capacity building. A group of para-vets from local areas were trained to provide animal health services and sell animal feed. Beneficiaries were also trained in how to increase milk production and fat content, and prevent the stunting of calves.

Chain efficiency/Competitiveness. As seen in Figure 1, the programme addressed some constraints along the chain by providing improved feed, inputs, and animal health. Chain efficiency was further enhanced through product aggregation.

Inputs. High-yielding grass varieties were introduced to increase green fodder for cattle, and producers have access to diet supplements for cows and calves.

Technology transfer. Training in cattle husbandry is provided by the NGO, GUK.

Market linkages. Thanks to the *Gwalias* (milk collectors), the beneficiaries' product is reaching the market. The *Gwalias* make up for the weak infrastructure: by bicycle, they collect the milk from the char producers on a daily basis, and take it to the mainland by boat for sale to clients.

Sustainability. As of January 2010, funding from DFIF ceased and CLP stopped supporting the dairy chain; the contract with the IMO was terminated and many activities could not be launched (cattle breeding improvement, and community-based livestock services).

Sources:

- Field mission: Milk Marketing Chain Development, Bogra, 27th May 2008.
- Data provided by Altaf Hossein, National Advisor, Enterprise Development Unit, CLP.
- Chars Livelihood Programmes, Publications, http://www.clp-bangladesh.org/index.php?option=com_docman&task=cat_view&gid=53&Itemid=99999999&msg=You+are+trying+to+access+from+a+non-authorized+domain.+%28www.google.co.uk%29