



A UNIDO - Tetra Laval/PRAN partnership project to support sustainable small holder farmer milk production

Context

The project is to introduce international best practices and knowledge in efficient dairy farming to poor, small scale dairy farmers in Bangladesh as well as establishing a milk collection system allowing collection and preservation of growing volumes of high quality raw milk. This will lead to increased well being of all people living in the villages covered by the 5 dairy hubs.

PRAN, a private company acting in several areas of the food sector has the ambition to help increase Bangladesh's milk production from the present 1.75 billion litres per year to exceed 3.5 billion litres by 2025. The idea is to double production by increasing cow yields and not the number of cows. By 2025, PRAN expects milk powder imports to be fully replaced by locally produced and collected milk. By achieving this goal not only PRAN and their milk suppliers, but also other participants in the dairy sector will benefit from the envisaged interventions.

Impact/Outlook

- ♦ Increased knowledge level among project beneficiaries, especially in milk production
- ♦ Increased knowledge level in general in the society due to that more farmers can afford to let their children attend higher educations
- ♦ Improved living conditions among project beneficiaries
- ♦ Increased purchasing power in the region, and long term nationwide if the model is adopted on a nationwide scale



Results:

- ♦ Increase of average milk production litres per cow - 36.61%
- ♦ Reduction in TPC as a quality indicator - 34.72%
- ♦ Monthly increase of income - 33.06%
- ♦ Additional dairy farmers where dairy now is primary source of income: 112
- ♦ Total number of females engaged: 438

At a Glance

GOAL:	Offer an opportunity for small holder farmers and their families to stay in rural areas with improved incomes and living conditions.
MDG:	Eradicate extreme poverty and hunger
DONORS:	PRAN, SIDA, Tetra Pak
PARTNERS:	Small holder dairy farmers ,the Ministry of Fisheries and Livestock, through its Department of Livestock Services (DLS), The Tetra Laval Food for Development Office (FfDO), PRAN will be the main implementing partner
BUDGET:	The total project budget amounts to USD 10,085,859, of which Sida finances USD 3,114,614 while the private sector contribution through Tetra Laval and PRAN amounts to USD 6,971,246.
STATUS:	PRAN and Tetra Pak started in January 2012, UNIDO, through Sida financing, will join in August 2013
DURATION:	January 2012 – December 2016



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Strategy

Investment in and operation of three new dairy hubs and optimization of the performance of the first two dairy hubs already in operation.

This partnership project covers the establishment and operation of three new dairy hubs. In addition, this partnership project also includes the fine tuning of operational procedures of the first two dairy hubs already in operation, in an effort to maximize both the dairy production among the small dairy farmers and the milk quality. The focus of each dairy hub will cover the following five areas:

- ◇ Improve profitability for the small scale dairy farmers by introducing modern production techniques
- ◇ Increase milk collection and production, to reach at least break even for the operation of the dairy hubs
- ◇ Improve the milk collection system
- ◇ Improve milk quality
- ◇ Improve animal health

Development of the operation of and trainings provided by the Dairy Academy

The Dairy Academy will be the coordinating centre for all training needed in the operation of dairy hubs and improvements in local milk production at farm level. The training at the DA will also be open for selected Ministry of Fisheries and Livestock extension staff as well as for relevant university teachers. This support will gradually, and when possible, be handed over to local experts that will coordinate and oversee all training and knowledge sharing and also train the “trainers”.

Training of farmers and experts in the Dairy Academy (DA), at the facilities of the dairy hubs and in villages and at the various small dairy farms covered by the dairy hubs.

In order to achieve their vision of replacing all Bangladeshi milk powder imports with locally produced milk, extensive training will be needed to cover and reach all small scale dairy farmers that could potentially supply milk. Training will be performed both at the Dairy Academy and in the villages and on farms depending on subject and target group. The majority of people trained will be farmers who will be trained in the villages by experts trained at the DA. The DA will gradually increase its capacity as the network of dairy hubs is growing. The number of people trained at, or through, the DA will increase gradually as the number of established dairy hubs increase.

Assessment of farmers' need for and access to financial services and improved access to finance for project beneficiaries for farm investments (cow sheds, cows, milking equipment, bio gas plants etc).

The project will assess the farmers' need for financial services and identify which services are available to farmers and what assistance and collateral they need to get access to credit. The project will also provide assistance to MFIs to improve the access of finance for the farmers. One possible model could be to use milk sales as collateral. Through the dairy hub system, farmers' financial situation is known and this information could be used to evaluate eligibility for loans. Some examples of investments that farmers in the hub area have done so far are:

- ◇ Cow sheds (costs vary depending on size and building material)
- ◇ Dairy cows: purchase price around 1000 USD each
- ◇ Biogas production equipment: 300 USD
- ◇ Milking machine: approximately 1000 USD