

CASE STUDY OF AN IN-KIND PERFORMANCE SUPPORT SYSTEM FOR DAIRY PRODUCER ORGANIZATIONS IN RWANDA

Ben Bizinde (TechnoServe), Emily Ouma (ILRI), Julie Kariuki (TechnoServe)

Background

Since 2017, as part of the Feed the Future Innovation Lab for Livestock Systems, the International Livestock Research Institute (ILRI) together with RTI International, the University of Rwanda, and TechnoServe have been implementing a research project aimed at enhancing the quality and consumption of milk for improved income and nutrition in Rwanda. TechnoServe is focusing on assessing and enhancing performance and capacity of dairy producer organizations¹ (PO) to improve market access for smallholder milk producers.

One of the strategies used for increasing the quantity and quality of milk in the value chain was to build the capacity of POs to profitably procure and supply high quality milk. This was accomplished through an intensive capacity development intervention involving training of PO managers and Boards of Directors on different aspects of dairy cooperative business management, governance, as well as facilitating closing of capacity gaps identified through continuous sustainability assessments. The project conducted the sustainability assessments based on the agriculture producer organization sustainability assessment (AgPOSA) tool. This tool is composed of six priority sustainability dimensions that are applicable to an organization like a smallholder PO. It identifies and prioritizes gaps that need to be addressed for the PO to gradually grow into a mature and sustainable collective business. The project tracked their progress over time.

To accelerate performance improvements by the POs, TechnoServe developed a performance support system linked to the AgPOSA outputs. The purpose was to offer targeted in-kind support to four POs that were undergoing intensive capacity building interventions to effectively close the identified capacity and capability gaps. This established an award process that balanced a PO's goals, performance, and capital allocation.

TechnoServe conducted AgPOSA assessments to identify key capability gaps and help create a shared vision of capacity needs as well as key performance metrics to fundamentally drive intervention identification. The output of the assessment was fed into the performance support system to identify the most appropriate interventions to address those gaps for each PO. The initiatives that were agreed on with each PO are highlighted below.

Key recommendations

- Enhancing the performance and capacity of dairy POs can be expected to contribute to increases in quantity and quality of milk in the value chain.
- PO development initiatives need to be participatory, as identification with and ownership of the initiative make success more likely.
- Well targeted in-kind support needs to form a core part of PO capacity development since it can potentially accelerate performance improvements.
- Incentivizing POs and other actors to contribute to their prioritized interventions creates shared value, thus boosting project sustainability.

¹ A dairy producer organization (PO) is a legal entity formed by a group of dairy farmers who are its shareholders. It primarily deals with the aggregation and marketing of the farmers' milk alongside other business development services and works for the benefit of the member producers. POs are also referred to as "cooperatives."

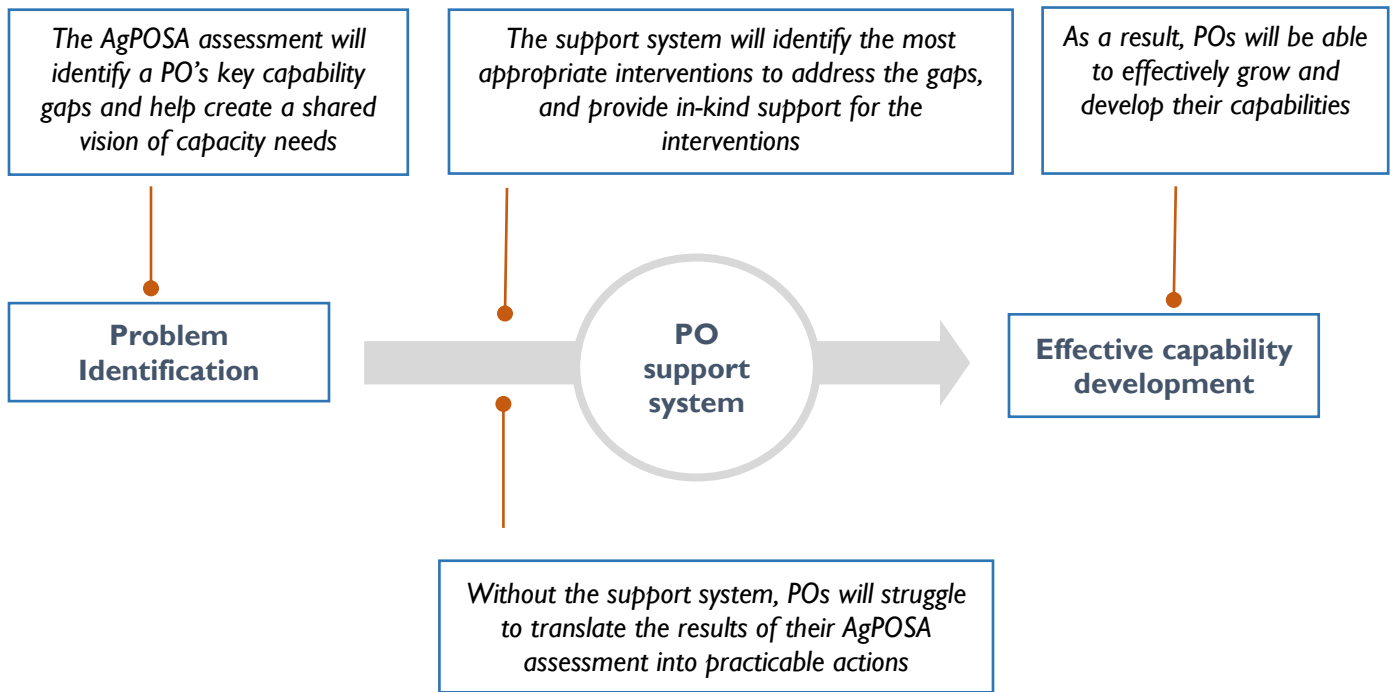


Figure 1: Process of working with Producer Organizations

The following is an account of in kind contributions provided to three specific POs based on needs identified in the participatory capability gap analysis.

COOPEKA Kayenzi & Koperative Amizero y'Aborozi

On the basis of the assessment and separate discussions with the Board of Directors of both COOPEKA Kayenzi and Koperative Amizero y'Aborozi, it was decided that water tanks would mitigate the water shortages and milk quality challenges faced by the POs. These two POs rely fully on rainwater as they do not have access to piped water for the coolers and to clean cans and premises. Lack of hygiene was affecting milk quality. As in-kind support, TechnoServe provided each of the POs with a tank (10,000 liter capacity) and the POs constructed the base of the tanks. This contribution conveyed a sense of ownership. Ready access to clean water is expected to improve milk quality and hence allow the POs to benefit from premium prices from processors.



Figure 2: Water tank at Koperative Amizero y'Aborozi. Photo credit: TechnoServe

Cooperative des Eleveurs Moderne

As a result of the assessment and discussions with the Board of the Cooperative des Eleveurs Moderne (CEMO), an initiative geared at utilization of a satellite center in the PO catchment area was developed. Utilization of the satellite center would increase milk quantity and quality as well as access to business development services. The satellite center would lead to an increase in milk quality by reducing the time farmers take to deliver it to the PO for chilling. Initially, the PO needed support in the construction of a milk collection point in the satellite center, but after a long period of time waiting for land allocation by district officials, we were told that it was not possible. The project held a series of meetings with the Board, which then opted for a cargo tricycle. This was paid for by TechnoServe; CEMO's ownership stake was to transport it from Kikali to its premises in Nyabihu District. The cargo tricycle is being used to transport milk from the satellite center either to the PO for chilling or directly to the processor.



Figure 3: Cargo Tricycle for CEMO PO. Photo credit: TechnoServe

Cooperative d'Eleveurs du Zone Nyiragikokora

From the assessment and discussions with the Board of the Cooperative d'Eleveurs du Zone Nyiragikokora (CEZONYI), it was observed that the PO is not connected to the water grid and relies on rainwater. This affects the milk quality and hygiene of milk equipment as well as the premises. The PO is located uphill while downhill there is a spring of natural water, which could be pumped uphill with the availability of a water pump and construction of a reservoir to store the water. TechnoServe, CEZONYI and the Rwanda Dairy Development Project jointly funded the installation of an electric water pump and construction of reservoir at the PO. The water pump has a capacity of pumping 2,500 liters of water per hour, and the water reservoir has a capacity of five cubic meters to store the spring water before it is pumped uphill to the PO storage tank. TechnoServe contributed 40%, while the Rwanda Dairy Development Project, through the Business Development Fund, has agreed to contribute 60% to the project. The PO is expected to do all the electrical and masonry work for the electric pump and the latter has begun. The Business Development Fund will give out its contribution in installments as the work progresses and the water pump is set up. The lockdown as a result of the COVID-19 pandemic hindered the progress of this activity, but it is estimated that the water pump will be fully operational by July 2020.

Expected outcomes across POs

- Increased supply of quality milk, leading to improved market access and higher revenues.
- Improved PO operations due to reduction in costs, leading to increased income and profits.
- More attractive value proposition to members.

Benefits of in-kind support to the POs

- **PO operations:** It is anticipated that the water tanks will lead to a reduction of costs incurred by the POs during the dry season because the tanks have the capacity to store water for a long time and ensure hygiene at the PO and for its milk equipment. During the dry season, 10 jerry cans of water would be needed per day. Since each costs 200 RWF, the POs would need to spend approximately 2,000 RWF (USD 2.15) per day. They will no longer incur this cost going forward.
- **Milk transportation and access to inputs:** The cargo tricycle will be used to transport milk from the satellite center to the PO for chilling or directly to the processor. This will lead to an increase of revenues for the PO due to improved milk quality and milk quantity. The tricycle will also be used to transport animal drugs, feeds, and empty milk cans to farmers located in the satellite centers.
- **Job creation:** The cargo tricycle will provide employment to a driver who will operate it at CEZONYI PO. It is also anticipated that other cooperatives with similar milk transportation challenges will adopt this model thus creating more employment opportunities in the future.
- **Improved quality:** Availability of water and efficient transport will potentially improve the hygiene standards of the POs and hence contribute to better milk quality. Quality milk attracts better prices from buyers in Rwanda.

Lessons learned

- **Prioritization is key:** It is important to set expectations at the outset that all interventions cannot be addressed simultaneously after identification of gaps. Therefore, prioritization from both the PO and project perspective is important.
- **The prioritization process was participatory:** Priorities should be based on both assessment scores and PO feedback. TechnoServe partnered with the POs to agree on most urgent needs and how to address them. This helped form a strong linkage between the assessment process and subsequent intervention plans. It resulted in quick agreement and buy-in on urgent gaps that would inform subsequent interventions.
- **Partnership with stakeholders for implementation:** TechnoServe engaged the Rwanda Dairy Development Project for the execution of the water pump project. Partnerships can provide both funding and sustainability beyond the closure of a project.
- **PO ownership is critical:** For all the initiatives, the PO had to make a contribution, however small. This was meant to ensure ownership, reduce dependency, and improve sustainability.
- **Continuous follow-up:** As part of an exit strategy for the project, the Rwanda Dairy Development Project team will continue following up on use and impact of the water pump and reservoir tanks even after this project phases out. This commitment can be attributed to the ownership stake they have through the support they contributed.

For further details, please contact:

Dr. Emily Ouma, International Livestock Research Institute

Project: Enhancing Milk Quality and Consumption for Improved Income and Nutrition in Rwanda

Email: e.a.ouma@cgiar.org

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Contact: Livestock-lab@ufl.edu