

Farmers benefit

from an organized milk market



For 54-year-old Elizabeth Chimbanga, this is a story of how a thriving private sector can dramatically impact the life of a rural farmer; a story that describes the transformation of a woman's life out of poverty.

Chimbanga is a widow who takes care of her chronically ill sister and her two children; as well as her own children.

Recently, she lost another sister who has left behind two young children. Currently Chimbanga has six children in her care.

For a smallholder farmer, looking after six children would be a struggle but Chimbanga now has a different story to tell.

The woman people in Goliati, Thyolo District, knew less than two years ago as a struggling widow, is now the shining example of change that speaks of the benefits of a well-structured value chain in dairy farming.

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A middle-income earner now, Chimbanga sits on the veranda of her modern-built house, gazing at the setting sun with a smile.

Behind her house is a simple, but good quality Kraal made with traditional construction materials including tree trunks, split reeds and mud.

It houses one dairy cow. Adjacent to the Kraal is a green vegetable garden. Fenced with split reeds at half-mast. From the Kraal comes fresh manure for the vegetables.

It was only a year ago, that Chimbanga and her fellow farmers did not have the opportunity available to them to access a cross-bred cow with the promise of a better yield of milk. This has been made possible through the pass-on scheme that has been set up by Lilongwe Dairy Limited .

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bad because of the frequent power outages at the bulking groups which made it difficult to maintain the temperature in the cooling tanks” recalls Chimbanga.

Now, with the setting up of the new cooling center, the company buys warm milk directly from the farmers and manages the cooling thereby significantly reducing wastage.

She goes on to say, “the company is now offering a steady market and stable prices” which enables Chimbanga to plan her monthly household expenses.

The day we met her, Chimbanga had just sold around 15 liters of milk to Lilongwe Dairy making approximately MK80,000 per month compared with the MK 30,000 per month she earned before.

The company opened its first rural milk cooling and storage facility at Goliati thanks to the Malawi

Innovation Challenge Fund (MICF) - a US\$21 million competitive, transparent mechanism that provides matching-grant finance for innovative projects proposed by the private sector active in Malawi’s agricultural, manufacturing and logistics sectors.

Supported by the United Nations Development Programme (UNDP), UK Aid and Germany through KfW, the MICF is designed to be a quick, responsive mechanism that has acute understanding of the needs of the private sector.

Since its establishment in 2014, the MICF has facilitated the in-country manufacturing of innovative products sold across domestic and export markets, and has integrated the poor throughout in their supply chains.

Through the MICF, the Lilongwe Dairy has set up a new milk collection model which not only established





a central milk collection and cooling centre with a 40,000 liter capacity but also deploys smaller milk collection tankers that can go out and directly collect warm milk from the farmers.

Further, the initiative now has long-haul tankers moving between the Milk Cooling Centre and the factory.

With the introduction of these new practices the milk collection cycle is reduced from 24 hours to 8 hours.

For some time now, among other challenges milk wastage and losses have been the major concern among budding dairy farmers across the country due to an unpredictable power supply.

The problem was worse

in the Southern Region which accounts for 95% of national milk production.

Thyolo, Mulanje and Chiradzulu districts are worst affected with over 12% of milk is wasted due to the scarcity of storage facilities and milk buyers.

There is confidence amongst smallholder dairy farmers that the opening of the first rural milk collecting center and cooling plant, will help reduce milk wastage even more.

Blantyre Agriculture Development Division (ADD) Programme Manager Erick Haramani is optimistic that the 37,000 tonnes of milk that Malawi produces annually (worth around 6.4 billion Malawi Kwacha), will now be safe; helping to raise incomes for smallholder farmers and will benefit the country

as a whole.

“The ultimate goal would be for there to be no wastage. We want our farmers to produce quality products that can penetrate even international markets,” he says, ensuring some protection against market fluctuations for Malawi’s smallholder farmers.

According to the Lilongwe Dairy Limited General Manager, Edwin Chilundo, the milk wastage rate has dropped to only 3% since the plant opened in April 2018. The potential is huge and our impact has already been noted. Reducing milk wastage is what we want to achieve,” he said.

Through the project, Lilongwe Dairy introduced a new business model that is aimed at improving the efficiency in the distribution and logistics

sector, according to Kasia Wawiernia, UNDP Deputy Resident Representative for operations.

“This project has achieved an ambitious aim of introducing a new method of handling the milk supply which has significantly reduced the amount of time milk is handled by the farmer through the milk bulking groups, thereby reducing the risk of milk wastage resulting from the absence of a proper cooling system. Alongside increasing the quality of the same milk time through technical backstopping to the farmers,” she says.

With the initiative, and the support of the MICF Chimbanga and 25,000 other smallholder - households across Malawi now have a different story to tell.

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Erick Haramani, Blantyre Agriculture Development Division (ADD)

Project Building Blocks

New Milk Collection Model introduced to 2,300 existing farmers and traceability tool developed



Technical backstopping 2,300 farmers. Introduction of a system for monitoring animal health and performance



Pass on scheme introduced and 50 pregnant locally bred heifers distributed; Installation of 40,000 litres cooling tanks for warm milk storage



Pass on scheme with 200 pregnant locally bred heifers distributed to farmers. UHT packaging equipment installed



10.95 million litres of Milk collected per annum from smallholder farmers through the milk collection center



2,300 existing smallholder farmers get an additional income through reduced milk wastage. 200 new farmers receive additional income through milk sales from new heifers. 20 new jobs created



Empowered lives.
Resilient nations.

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