

Small Scale Dairy Farming Supports Export-Oriented Growth



“With just a few cows, my life has changed completely. There have been so many benefits to my dairy farming and it has changed my social status. I have a regular flow of income. I am now able to pay school fees for my 6 children. I am building a much bigger and stronger house. My husband and I have now opened a bank account for our savings. The manure I get from the cows is also used in my maize field and for growing different vegetables,” says Beauty.

Thirty-six year-old Beauty Payipi from Chiradzulu District, in the Southern Region of Malawi, stands outside her Kraal, proudly showing off her three dairy cows. The Kraal is simple and has been constructed using locally sourced materials: tree trunks, split reeds and mud. Beauty’s excitement for what she has achieved is clear to see with the animation of her hands as she narrates her story.

Beauty started dairy farming activities in April 2016, when she was given one high yielding dairy cow from Dairibord Malawi

Limited. It may not seem like much of an investment, but coming from a region that has one of the highest poverty rates in Malawi, with food insecurity high and a scarcity of paid work, dairy farming has improved lives and prosperity for households like Beauty’s.

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Beauty now employs a helper to look after the cattle. Her ambitious and driven nature is quite evident from her future plans. Her dreams are big. With savings from the milk production she would like to build a stronger, larger, more modern shed for her cows. She also plans to increase the number of cows and diversify her business into other sectors.

Beauty's story is testimony to the benefits of the Malawi Innovation Challenge Fund (MICF) approach, to support the private sector develop innovative and inclusive business models that build smallholder local dairy farmers like Beauty into their value chains.

Since its establishment in 2013, the MICF has seen a number of events where new and innovative products are launched by the companies being supported by the challenge fund.

The 26th of February 2018, saw another landmark event when Dairibord Malawi Limited unveiled a new processing facility under which, a new flavored milk, called 'Tangie' is being produced for both the domestic and export markets.

Speaking at the unveiling of the new product, the Executive Director of Dairibord Malawi, Theodore Marimo, said that the launch will go down in history as the day that a dream finally came to fruition.

The United Nations Development Programme Resident Representative, Maria Jose Torres commended the new private sector business models



“My life has changed for the better”

Beauty Payipi is one of the dairy farmers, benefiting from innovative and inclusive business models, that intergrate smallholder local farmers into the private sector value chain.

that have benefited from the challenge fund, and highlighted their impact in responding to the Sustainable Development Goals (SDGs 1 and 8) on eradicating poverty; creating decent work and economic growth; and innovation.

“This is one of the success stories of inclusive growth that goes beyond the private sector. The opening of this processing facility demonstrates that despite the many challenges being faced by the private sector in Malawi, there is an appetite for innovative business ideas,” said Ms. Torres. In her remarks, the DFID Deputy Head, Anthea Kerr described the MICF as a new development tool box that provides many learning opportunities and applauded its

ability to enable the private sector to support the Government's wider development agenda.

Dairy farming in Malawi is slowly gaining popularity with more farmers moving over to smallholder dairy production. However, like many other smallholder farmers in the country, entry into dairy farming for people like Beauty is not without challenges.

About 10 kilometers outside Blantyre City, is Namitambo Milk Bulking Group in Chiradzulu District, where over 400 households have formed part of the cooperative that sells its milk to DairiBord Malawi. They all agree that despite the scarcity and cost of maize husks to feed

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the dairy cows, they have seen the positive benefits of dairy farming. They lauded the bonus scheme by the Dairibord Malawi, which rewards good quality milk, as motivation for them to improve the quality and volume of the milk that they produce.

The presence of such bulking groups who purchase milk from members and local farmers in the communities to sell on to Dairibord Malawi, has been a lifeline for the farmers. It has helped reduce the costs for farmers to travel long distances to sell their milk, which would usually result in the wastage of milk and has also helped them to avoid the 'middle men' who would buy the milk from farmers at lower prices.

To further encourage more farmers to embrace dairy farming, Namitambo Bulking Group has a 'lend-a-cow' scheme, where a cross-bred, milk producing cow is given to a household and once it produces offspring, the animal is passed on to the next farmer within the group and community. The group has become an equally important link

in the inclusive supply chain for Dairy production, putting in place special considerations to ensure that women and other vulnerable groups benefit from dairy farming.

"As a group, we go to households to identify those who need it the most, like women-headed homes. These are the ones that are given priority in getting the dairy cows," said the Chairperson of the Bulking Group.

Lucy Chale, is one of the members of the Bulking Group and a dairy farmer herself. She explains the process used to screen out poor quality and sour milk from the farmers as one of the roles of the Bulking Group.

"My day starts at 6 o'clock in the morning. I come to our offices with other members where we find most of the farmers here already. We start the process of testing the milk to see if it is fresh and if they added water to increase its volume. When the milk passes the standards that we require, we weigh it and note in our books how much they are to be paid. As a dairy farmer myself I tried different small businesses

including crop farming. But I have seen that I get more income with dairy farming so now I have 5 cows and I have passed on one cow to another woman farmer to benefit from it as well." said Lucy.

Beauty Payipi and Lucy Chale are part of over 25,000 smallholder households in Malawi that are currently benefiting from new or enhanced income generation, or livelihood improvement, opportunities brought about by the MICF.

A matching grant facility established to provide co-financing to the private sector for innovative and inclusive business initiatives in the agricultural, manufacturing and logistics sectors, the MICF has so far opened three rounds of competition. These are: Agriculture and Manufacturing; Agribusiness and Manufacturing & Logistics; and Irrigation in 2014, 2016 and 2017 respectively. Development partners that are investing in the Challenge fund include UNDP, DFID, IFAD and KfW.

Project Building Blocks

New Milk Bulking Groups set up and 3,000 existing milk farmers trained



Set up of Breed Improvement program and introduction of new milk testing technology



Milk yield increases per cow from 5.5 litres to at least 10 litres
Pass on Scheme introduced



UHT Packing Filler set up



Supply of milk from dairy smallholder farmers on a daily basis



2,500 farmers improve incomes by 145%.
Farmers receive a premium for quality.
New jobs created



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