

Malawi's Milk Bulking Groups



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Background

Milk Bulking Groups (MBGs) are an integral part of the dairy supply chain in Malawi, providing facilities for bulk handling, storage and collection of milk prior to uplift by the dairy processors. Most smallholder farmers with dairy cows deliver milk to a MBG once or twice a day, travelling up to 5-10 kms to do so. There are long membership lists for MBGs and a member's first cow often comes directly from Aid Programmes or indirectly through Aid sponsorship of Producer Associations or MBGs 'pass on programme'.

There were 46 MBGs delivering milk to processors in mid-2013. The Milk Bulking Groups are supported by 3 producer organisations: Shire Highlands Milk Producers Association (SHMPA) in the South, the Central Region Milk Producers Association (CREMPA), and Mptoto Dairy Farmers Association (MDFA).

- In the South, the main production area, there were 24 major delivering MBGs and 7 smaller ones (delivering less than 700 l per day), supplying in total between 35,000 and 45,000 litres of milk per day.
- In Central region there were 15 actively delivering milk with a daily collection of 2,000 to 5,000 litres, depending on the time of year.
- In the North, there were 14 active MBGs. Whilst the milk production of farmers was 2,400 litres only about 100 litres were supplied to the mini processing plant established by MDFA following closure of the main commercial processor. Locally vended milk accounted for 1,750 litres.

This stage of the project investigated operational barriers that affect MBGs and reasons behind the presence of different transactions to MBGs and farmers.



Farmers queuing to deliver milk at Chisomo MBG following a delayed collection by the processor. This highlights difficulties MBGs face concerning storage capacity and the logistics of processor collection and farmer deliveries. Milk churns and plastic pails are used as carrying vessels normally carried on foot or bicycle. Photo: S Thomson

Some Findings

Governance:

- Farmer owned MBGs have similar governance structures, with a regularly elected executive committee responsible for the daily administration of the group.
- Many larger groups have sub committees (e.g. development, marketing, production, social and welfare) that are responsible for specific functions.
- Milk buyers are essential employees (occasionally paid by processors) to agree milk quantity with farmers (and processors) and assess milk quality.
- Night-watchmen are employed to safeguard buildings and equipment and ensure cooling equipment is functioning.

Storage:

- Generally MBGs have adequate cooled storage capacity for deliveries through donated (Milk Association / Aid Agency) tanks.
- 3 MBGs were at full capacity and had to turn farmers away.
- Problems arise when generators break down or there are black-outs, leading to spoilt milk.
- Nearly half the MBGs did not have a backup generator / energy source.
- Cost of energy was frequently cited as a problem.



Milk buyer & farmer agreeing milk volume at Chitsanzo MBG.



MBG extension: telling farmers about water requirements of cows.



Milk buyer assessing milk quality at Lumbadzi MBG. Photos: S Thomson and A Barnes

Milk Price:

- Most SHMPA and CREMPA MBGs acknowledged relationships with processors have recently improved and that Lilongwe Dairies are the market leader in price setting. In the MDFA area there is no independent processor and price is more variable.
- Generally MK100 is paid per litre with deductions of: 3% government tax; MK0.75 - 1.5 Producer Association levy; and MK0.5 - 10 MBG levy
- MBG levy is not adequate to cover running costs in a third of cases. Very few have any savings for self development.
- MBGs tend to be paid monthly by processors by bank transfer or cheque and they usually then pay farmers in cash. There are very high transaction costs for many MBGs in withdrawing and securing cash from banks.

Constraints:

- A lack of cows was seen as an issue that restricted membership. The **Pass-on-Programme** is restricted by the speed at which heifer calves are born from new members' cows. The potential of sexed semen was raised by CREMPA and discussed with much curiosity amongst MBGs.
- Inadequate liquid Nitrogen availability leads to AI semen storage problems.
- There was a common desire for more Holstein semen / cows, despite acknowledgement of additional associated feed and veterinary costs.
- Many MBGs would like government involvement in setting 'fair' milk prices.
- Lack of market return was often cited as a problem and many MBGs have ambitions to process and retail their own milk. Few had carried out research into the feasibility or looked at problems faced by Bvumbwe coop.

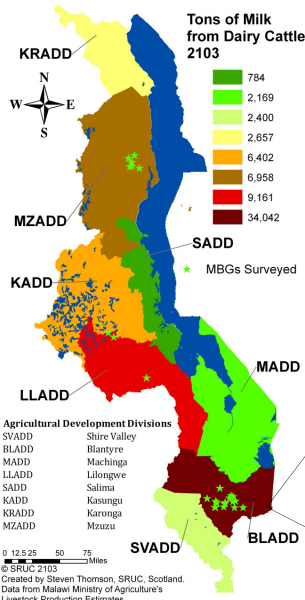
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Methodology

Figure 1: Location of MBGs Surveyed



This stage of the project involved semi-structured interviews with representatives of a sample of MBGs across the country to ascertain their governance, mode of operation, membership, operational constraints, aspirations, processor relationships, etc. The MBGs interviewed are shown in Figure 1 and 2

Figure 2: Location of SHMPA MBGs Surveyed

