

## **Milk Collection Centre Concept**

1. Dairy production remains a vital livelihood option, providing an important source of nutrients and revenue for many rural households in the country.
2. The dairy value chain however, is characterized by multiple market failures that inhibit participation of smallholder dairy producers for various reasons which include that dairy producers in the developing world are smallholders producing low volumes.
3. Most smallholder dairy producers are in scattered locations which makes them unattractive suppliers to more structured and reliable market outlets such as processors. Moreover, these poor households are also remotely located with limited access to reliable infrastructure, which leads to higher transaction costs, further compromising their ability to access structured markets.
4. The demand for high-value food items such as dairy products is on the rise in the country. However, productivity-enhancing services such as input and output markets for smallholder dairy producers are not fully developed to meet this demand.
5. The increase in milk production for sale and consumption in rural populations, is seen by many farmers as an important development opportunity.
6. Increased milk production can primarily be achieved by increasing animal productivity through better feeding and management, improved genetic potential of the cattle and good animal health.
7. The establishment of efficient marketing facilities and channels is an important prerequisite for dairy development.
8. The Milk collection centre (MCC) concept is a vital developmental initiative aimed at promoting milk production at grass-root level and address the market challenges faced by smallholder farmers in rural and central areas.

9. The Collection centers provide a central market structure in which provides farmers within the vicinity the opportunity to bulk, chill, process and store their milk or milk product before selling it to the market thus reducing transaction costs for farmers and further improving their market access.
10. This concept is one of the successful dairy marketing models that have been implemented by a number of developing countries.
11. Farmers with both the indigenous and exotic dairy breeds can also join and supply a collection centre.
12. The MCC development initiative targets market could also include community members, community school with feeding schemes, community clinics and community shops.
13. The collection centre further tests milk for quality to ensure Sub-standard milk is rejected and that the farmer is advised on ensuring that the quality of milk is good.
14. The EBD works closer with the Ministry of Agriculture, Department of Veterinary Services, Umphakatsi, Tinkhundla Centres, and community development committees in implementing this project at community levels where indigenous cows with the higher milk production are selected for crossbreeding using artificial insemination.
15. The implementation of the MCC initiative is expected to benefit the dairy value chain both in direct and indirect ways.
16. This project is expected to increase stakeholder coordination and impact communal group development, the involvement of small holder dairy farmers impacting the alleviation of poverty, with the increase of production likely to enhance the establishment of potential dairy processors' investment in the country and the reduction of imports.
17. The initiative can also drive an improvement of stock through crossbreeding where indigenous cows are bred with high quality dual purpose breeds.
18. Increase potential to tap into other businesses through value addition.

19. Stimulate milk and milk products consumption at community level which may create a huge future demand for dairy products and create more investment opportunities.
20. The establishment of other business forms like transportation of the milk to the centre and processing plants.

## **1. Guidelines to Establishing an MCC**

- The main requirement is that the operating personnel be organised in a formal group.
- A minimum volume of 100L/day is used as a basis for the establishment of this model.
- The group then needs to identify a central location where the MCC will be constructed such that all farmers in the area have easy access to it preferably schools, Tinkhundla centres, industrial areas, RDAs, business areas
- The group formally reports the project ideas to the Inkhundla development authorities before being reported to the Umphakatsi to seek for the Chief's approval.
- Once approval is granted by local authorities, the Board then facilitates the construction of a temporal structure which will be used as an MCC.
- The Board then facilitates the lease of all necessary equipment required in operating a Milk Collection Centre.
- The group is then trained on good commercial dairy farming practices; animal husbandry practises, clean milk production, value addition, business management and group dynamics.
- The group then appoints a milk receiver who is trained on conducting milk quality and freshness testing.
- The group then begins operations of the MCC under close monitoring by EDB.