

RWANDA

CHALLENGES IN THE MILK CHAIN

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“Any agricultural innovation requires finance, and the role of banks is crucial.”

“**B**urera dairy opened in September 2015 but immediately had problems in sourcing milk as there was no organised supply chain,” explained Managing Director Emmanuel Mahoro. “But things improved when everyone involved began to meet.” Beginning in November 2016 with a capacity needs assessment workshop, CDAIS has helped to bring different actors and interests together, followed by more meetings and coaching sessions. And in September 2018, a first reflection meeting assessed the achievements and remaining challenges, but also identified that benefits went far beyond just the dairy.

In Burera, farmers kept cattle for the sale of calves, cows and manure. But few produced milk because they had no market. The government responded by investing in a community milk processing centre (now Burera Dairy Ltd) in Cyanika to stimulate demand. But from the outset in 2015 the dairy could not operate because there was no organised supply chain. Other challenges included traders paying farmers late for milk collected, lack of transport, no access to credit, and no functioning community collection centres. But thanks to the commitment of the Burera District Agriculture Office, with CDAIS support, things soon changed.

“The district office in partnership with CDAIS has achieved much by bringing the different actors together. And since the first meeting in October 2016, you see the changes now.”

Jean de Dieu Nizeyimbabazi Director of Agriculture and Natural Resources, Burera District

Early progress, 2016–17

With CDAIS, the newly created partnership learnt not only how to identify problems in partnership, but also to prioritise them. “During the capacity needs assessment in 2016, we came up with doable actions plans,” said Jean de Dieu Nizeyimbabazi, Director of Agriculture and Natural Resources, Burera District, at a meeting in June 2017. “Actors now understand the challenges, and the partnership makes it easier for them to make improvements, with awareness of community needs and challenges also shared through this platform.” Before CDAIS there was little discussion, and the Burera dairy partnership realised that the only way to achieve their aims was to collaborate, share and support each other. Demand for the centre’s milk increased, also helped by getting the ‘RSB quality’ mark (Rwanda Standards Board), resulting in new markets.



Ensuring high milk quality is a key to success. CEPTL Technician Jean Baptiste Zirikana assessing freshness and that the milk has not been adulterated.



*Recording milk delivery at the cooperative milk collection centre next door to Burera dairy.
And the numbers add up – supply has greatly increased.*

Building on successes – fast forward to 2018

“We have doubled production in a little over a year, buying 1500 litres per day, and aim to hit our capacity of 2100 litres in the coming months,” said Burera Dairy Managing Director Emmanuel Mahoro. “We buy from the CEPTL cooperative milk collection centre next door to the dairy, that in turn buys from 1035 individual farmers via six community collection centres, paying the government-set price of 200 Rwandan francs (US\$0.23) per litre. Each centre has its own milk cooler, but as some are up to 20 kilometres away, transport is an issue. Since May 2018, I have also attended several CDAIS training courses, the most interesting for me being on advocacy and access to markets.”

“CDAIS has taught us how to approach markets and, thanks to this, I see our cooperative becoming more competitive and increasing production of higher-quality milk products in the years to come.”

Pierre Celestine Mbonaruz President of the CEPTL cooperative and milk collection centre, Cyanika, Burera

Looking backwards, and forward – “We all jump together”

At a meeting on 10 September 2018, diverse stakeholder groups evaluated what had been learnt over the past two years. It included representatives of milk producers associations, community milk collection centres, Burera dairy, milk transporters, retailers, consumers, a local bank, the district government, and the Rwanda Agriculture Board. Of the capacity-building coaching modules, the most beneficial were noted by all as those on entrepreneurship and business skills, standards for improved businesses, and advocacy. And participants presented all the benefits and changes that the new knowledge and skills gained had made on how they think and what they do on a day-to-day basis, summed up by Jean de Dieu Nizeyimbabazi, who has been involved since the beginning: “The project helped the group to discuss their problems, their needs, and roles, responsibilities

and strategies required to make things better – and everyone became actively involved.” And James Ndaruhutse of Rwanda Agriculture Board concluded, “with this reflection workshop we have refreshed our minds on the new knowledge we have gained.”

For the future, there was also a desire to have further coaching on those areas identified as being of most relevance to all actors, and on cooperative management and business-plan development. There was strong agreement to establish a multi-stakeholder partnership that will continue under its own initiative, and this should also include other big milk buyers such as those from Kigali. Country Project Manager Gilbert Kayitare concluded that the next step in this direction would be the organisation of a policy dialogue, including national and local government and other stakeholders, that could provide the foundation for a self-sustaining future platform.



Stakeholders in the Burera milk value chain presenting, classifying and analysing their achievements, and next steps.

But benefits go beyond the dairy

And while changes in Burera dairy are impressive, they are small compared with the impacts elsewhere. The demand stimulated by the dairy, strong government support, and new partnerships promoted by CDAIS have led to a massive increase in the supply of quality milk. “See how production has increased,” said James Ndaruhutse, Burera Livestock Officer for the Rwanda Agriculture Board (RAB). “In 2016 there was only one community milk collection centre with a small output, and now there are six, producing in total an average of 10,300 litres per day.” Although the Burera dairy can only absorb a fraction of this, there is a ready market for quality milk in the larger towns and especially in Kigali. And the maths is self-evident. An increase in production of some 10,000 litres at Rwanda francs per litre makes RWF2 million (US\$2300) per day, or an additional US\$70,000 per month now going into the pockets of farmers in the area.

And there are other knock-on benefits. “Before training, I would buy milk from anyone, but now I understand the added value of quality,” said Thacienne Umutoniwase, a milk retailer from Gahunga. “I then started to buy only from the collection centres and, as people saw that the quality was guaranteed, I got more customers and now sell twice the amount of milk than before.” Thadee Ngwizabahizi also explained his own transformation in starting a new business: “I started with CDAIS in 2016 as a member of a milk collection centre, but after training on entrepreneurship, record-keeping and access to markets, I helped start a milk transporters cooperative using what I learnt. We now employ two full-time staff and plan to invest in motorbikes instead of bicycles to reduce transport times.”

Bringing the banks on board

Any agricultural innovation requires finance, and the role of banks is crucial. Aimable Niyomzima, local Branch Manager for Banque Populaire Rwanda explained: “We offer loans as low as RWF500,000 (US\$575) to farmers – enough to buy a cow. And we can offer larger loans to farmers or cooperatives, but previously they didn’t know how to keep records or manage a project. But in the year since I started with CDAIS there have been many changes. Meeting with farmers I began to see their issues and



Jean de Dieu Nizeyimbabazi with a gallon of fermented milk from Burera dairy.

needs, and they also started understanding that we at the bank need to see files, figures and a business plan. And CDAIS training is also helping. We are moving forward.”

Community collection centres must have a milk cooler, the smallest starting at RWF7 million (US\$8000). But even without bank loans, farmers were so keen to get involved in the new milk trade that they accepted alternative sources of finance. As Jean de Dieu explained, “Without bank loans, some made agreements with buyers from Kigali who would pay for a cooler, which the collection centre would repay in instalments, or by accepting to receive less per litre, though terms are not always in the cooperatives’ best interests.”

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Milk being delivered from a community collection centre to the central cooperative. Organisation of the milk value chain has provided new wealth to local farmers, and many others.

“ I started to buy only from the collection centres and, as people saw that the quality was guaranteed, I got more customers and now sell twice the amount of milk than before. ”

Thacienne Umtoniwase milk retailer from Gahunga



Beyond CDAIS – what next?

All this has shown that benefits in this case were far greater than what was expected, and stimulated milk production far in excess of what the dairy could use, so new markets were found. Then there are other knock-on benefits such as for transporters, retailers and consumers who now have better-quality milk products. But crucially, it is clear that such impacts were only possible with the availability of finance, committed people and partnerships.

And for future? “After the CDAIS project finishes,” James Ndaruhutse of RAB said, “I think that the partnership will continue. The farmers need it, and we support them.” Jean de Dieu concurred: “We have the commitment from CDAIS who will organise a national dialogue in the coming months. And from this, we can agree on the structure and functionality of the platform that we will carry these successes and multiply them in the years to come.”

“We have seen many changes for the better. Now we are all milk producers, thanks to the community milk collection centres.”

Aloys Hakuzimana President of the Union of Burera Livestock Producer Cooperatives (IABU).



Farmer Catherine Mukaruganwa now tends four cows, and is happy with the 22 litres of milk they produce that provide a much-needed daily income.

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This story is an update from one published in September 2017.

Community dairy production is one of three innovation partnerships in Rwanda, being developed as part of the CDAIS project. Visit www.cdais.net/home/pilots-countries/rwanda/ for more information. CDAIS is implemented in Rwanda by Agrinatura (represented by the Natural Resources Institute (NRI), part of the University of Greenwich in UK), FAO Rwanda, and the government through the Ministry of Agriculture and Animal Resources (MINAGRI), in partnership with other institutions, depending on the different innovation agendas under consideration.

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