

Kenya Dairy Sector Competitiveness Program

CASE STUDY FACT SHEET



Photo: Kenya Dairy Sector Competitiveness Program

The Central and Rift Valley regions are major centers of the dairy sector in Kenya. Despite the economic importance of the dairy sector in these regions, many local farmers still struggle to make ends meet. The Kenya Dairy Sector Competitiveness Program (KDSCP) strategically responded to these needs, ultimately improving competitiveness in the dairy value chain and increasing smallholder productivity, milk quality, and incomes.

BACKGROUND

KDSCP, a United States Agency for International Development (USAID)-funded project, was implemented by **Land O'Lakes International Development** to "improve Kenya's dairy industry competitiveness and increase incomes of small holder farmers through the sale of quality milk."

IMPACT

In general, KDSCP was a very effective program. It exceeded targets related to its overarching goal of increasing smallholder household incomes. Smallholders were able to increase the quantity and quality of milk produced by their cows while also reducing production costs:

- 338,210 smallholder dairy farmers were reached through the project (44% women)
- 208% increase in smallholder household income, due to increased milk production per cow, improved sales prices to processors, and reduced production costs
- \$208 million increase in value of milk sold by smallholders
- 140% increase in the volume of milk meeting quality standards

Also, in markets for business supporting services, KDSCP helped to develop local capacity for these businesses to

FAST FACTS

Program Name: Kenya Dairy Sector Competitiveness Program (KDSCP)

KDSCP Mission: "To improve Kenya's dairy industry competitiveness and increase incomes of small holder farms through the sale of quality milk."

VEGA Lead Member: Land O'Lakes International Development

Years Implemented: May 2008 - April 2013

Country: Kenya

provide new services to smallholder farmers, which provided substantial new employment:

- 1,045 supporting market firms provided new business services to producers
- 36,450 jobs created within supporting services provided to dairy farmers

LOCAL CAPACITY DEVELOPMENT

Local capacity development (LCD) was a major component of KDSCP activities and critical to program success. Drawing on Land O'Lakes' deep experience with dairy and farmer cooperatives, plus international experience with member-owned organizations in Africa, Asia, the Middle East, Eastern Europe, Latin America, and the Caribbean, Land O' Lakes developed an effective approach to facilitating LCD. This approach to LCD is both scalable and replicable.



Photos: Kenya Dairy Sector Competitiveness Program

KDSCP's approach to LCD centered around associations. By forming associations, farmers were able to reduce the costs of obtaining the business development services they needed to upgrade their dairy operation. In fact, the KDSCP approach for LCD in farmer associations was so successful, it was replicated more than 100 times during the project.

LESSONS LEARNED

The KDSCP case offers a replicable, field-tested approach to LCD for smallholder producer associations. For this reason, insights from the KDSCP approach should be used to inform future programming. Some of the lessons learned include:

- Mapping milk shed early in the program cycle identifies key groups and the types of appropriate support needed;
- Free services do not necessarily translate into development;
- Trust can be built through encouraging participation and implementation of rules and regulations.

THE VEGA ALLIANCE

The Volunteers for Economic Growth Alliance (VEGA) is the world's largest member-directed consortium of nonprofit economic growth organizations that designs and delivers high impact programs, incorporating skilled volunteer professionals into its work with donors, philanthropic institutions, private enterprise, and developing country organizations. VEGA was established as a 501(c)3 organization in 2004 through a United States Agency for International Development's Leader with Associate Award. When it began a decade ago, VEGA was established as a rapid and efficient mechanism that utilized a competitive process to award USAID funding to its member organizations. Now, VEGA continues to champion its model and its alliance members' breadth of expertise to other partners. VEGA supported the research and publication of this case study as part of its commitment to knowledge management and sharing lessons learned among its member organizations and the international development community.



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