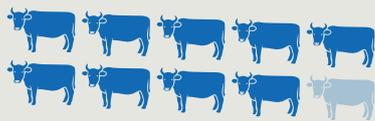




HOW TO LEVERAGE WIN-WIN PARTNERSHIPS WITH FULANI COMMUNITIES FOR COMMERCIAL SUCCESS

HTDR 001

90% of the milk used by milk processing factories is imported milk powder. Even though 12 million Fulani pastoralists are actively engaged in dairy farming they only contribute 5 - 10 % of the raw milk consumed locally. To reduce the gap between local consumption and local supply to dairy-based businesses, pastoralists and commercial businesses in the dairy sector must identify ways to partner for mutual success. With BIF innovations in the dairy sector in Ladugga community, Fulani pastoralists are increasing their production capacity and would benefit from identifying new markets and off takers who can buy their milk in large quantities regularly. Dairy based companies on the other hand stand to gain from purchasing raw milk which when compared to milk powder provides the versatility needed for these companies to expand their range of products in their product line. The higher fat content of raw milk provides the perfect starting point for these companies to extend their product line beyond yoghurt and ice-cream to other products such as cheese, butter and ghee. While processing companies are concerned with the consistency of quality at their required volumes, pastoralists are concerned with securing a stable income that is regular and predictable enough to enable them make long term plans for growth and expansion while guaranteeing their households improved livelihoods.



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A good entry point for both pastoralists and processors would be to leverage on existing rural milk processing schemes such as those developed by BIF where milk aggregation and quality assurance services are already provided and the logistics of supply in the early stages of development. This would save both the pastoralist and the processor costs they could both have incurred if they attempted to perform all the supply chain functions by themselves. Rural Milk Processing facilities (RMPs) provide a full system of production, processing, aggregation and marketing. Also by investing in RMPs, the dairy business investor not only forges a trust-based relationship where his standards and requirements are met but also positions himself as a social impact investor, a business model which is becoming common in an increasingly value oriented and socially conscious consumer market.

For milk processing factories, raw milk which has a higher fatty content than powdered milk represents a richer starting point from which to gain the advantage over their competitors of flexibility to expand their product offerings into a wide range of dairy products including cheese, whipping cream and butter. On the other hand, this partnership would give pastoralists a guaranteed off-taker, stability of income and the opportunity to scale up their output in future

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