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Replication Briefs

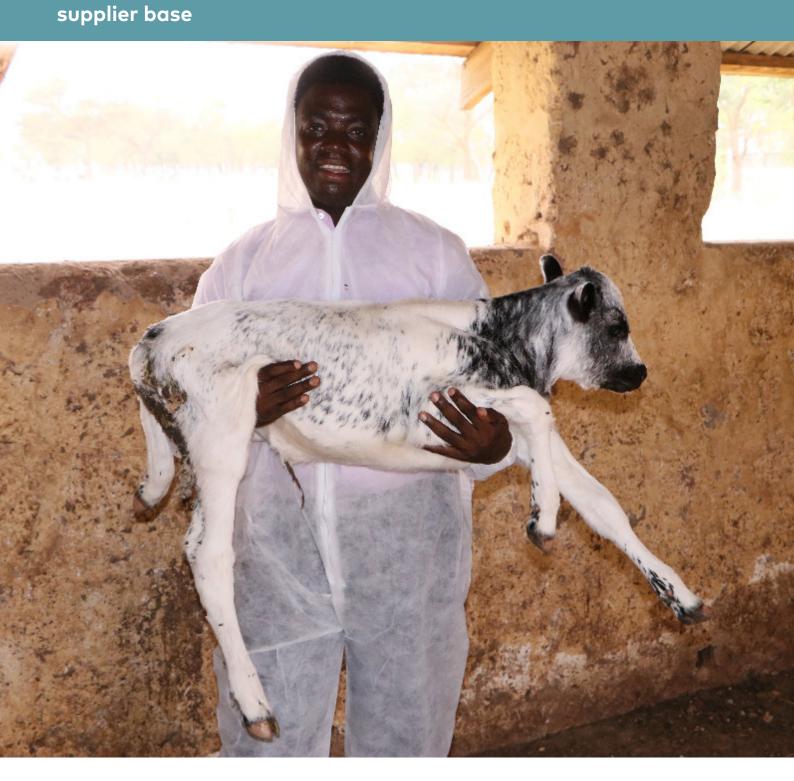**Enhancing pastoralists organizational development to tap into new business opportunities and expand supplier base**

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1. Pioneer partnership

FrieslandCampina WAMCO Nigeria PLC (FCW) is Nigeria's foremost dairy company and market leader. It is an affiliate of Royal FrieslandCampina in the Netherlands. For over 60 years, FCW has been providing Nigerians with high quality dairy products through its brands that are household names - Peak, Three Crowns, and Friso.

Linked to its mission is the Dairy Development Program (DDP), an inclusive business model with an array of community activities that encourages local economic development in milk production to meet the needs of consumers, farmers, local communities, the government, and FCW's business. Through the DDP, FCW supports farmers to expand their investment opportunities as the milk collected from the dairy farmers is used in the local manufacturing of Peak evaporated milk and yoghurt.

The partnership between FCW and 2SCALE was initiated in 2011 because of government regulations mandating the dairy sector actors to source at least 10% of raw milk locally. FCW and 2SCALE formalized their partnership in 2011 through a Memorandum of Understanding (MoU) with the objective of supporting FCW to develop local sourcing of raw milk for processing and sale, while at the same time offering new business opportunities to Fulani Milk Producers (FMPs), other small-scale dairy farmers and SMEs to thrive. The partnership was implemented from 2012 to 2018, in close collaboration with the Federal Ministry of Agriculture and Rural Development (FMARD), with which FCW also signed a MoU to develop the dairy industry in Nigeria.

2. Replicable practice

Fulani cooperative model is built on opportunities for organizational development created as a result of inclusive business with FCW. Also, sectoral transformation by way of transformation of Fulani Milk Producers (FMPs) to commercial dairy farmers, by introducing the concept of smallholder dairy into pastoralist cattle husbandry system.

The model focused on dairy cooperative development within the existing five dairy clusters, that enabled FMPs to pool their resources together and improved their participation in the FCW dairy partnership and in the value chain (e.g., access to inputs and services, adoption of innovations, deliberative capacity). Therefore, the basis for the Fulani dairy cooperative model was the needs and ambitions of FMPs around milk collection centers/points. Gradual transformation of FMPs into smallholder dairy farmers was achieved through cooperative development that facilitate individual and collective learning and capacity to co-innovate and co-invest, using smallholder unit as focal point.

In each of the five milk collection centers (Alaga, Fasola, Iseyin, Maya, and Saki) at least 10 cooperatives were formed and strengthened. The formation process starts with a sensitization campaign and awareness creation on the need to form cooperatives. The literacy level of most FMPs is very low, therefore, the step in cooperative formation has to be simplified and clearly explained. Interested members' needs and ambitions had to be well-articulated to bring out a common goal that is visible to all and make them realize the need to work together to achieve the common goal.

Membership usually starts small then gradually increases especially among youth (male and female), because the elders/senior men and women show less interest. The cooperative's leadership plays a role in awareness creation on the benefits of milk supply to MCC through the cooperatives. New Fulani communities that have potential to supply milk to milk collection points are being sensitized by existing cooperatives leaders have seen the benefits of self-help, co-investment, and ownership in the concept of Fulani dairy cooperative. Milk payment by FCW is made through cooperative account that gives the cooperatives power to institute milk quality standard and milk delivery time. Also, grievances and advice are handled at cooperative level.

The success of the Fulani cooperative model has accelerated the progress in milk volume offtake by FCW over the years. The cooperatives are given targets based on the installed capacity of the MCC/MCP within cooperative operation areas. During the period of abundant feed resources all the centers operates over 70% install capacity of 12,000 liters of milk per day. This practice directly addresses the issues about improper coordination among farmers in this case FMPs. Also addressing constraints in terms of seeing the benefits of self-help, pooling resources together, and ownership of emerging business opportunity with multinational company.

One of the major challenges faced by the cooperatives is traditional norms, where members (especially youth) of cooperatives do not have full control of their cows if head of the family is alive. There is restriction on the level of improved practices to implement in family herd.

To summarize, this practice is addressing constraints in terms of:

Access to nutritious food	• **Availability:** Dairy products (Peak yoghurt and evaporated milk) are available in all market segments, including remote retail shops in Fulani communities. • **Affordability:** Consumers are willing to pay for products which are as low as N50 per 100ml yoghurt sachet • **Appropriateness:** Peak yoghurt complied with NAFDAC food safety standards, in terms of nutritional value and branding. • **Acceptability:** Yoghurt is accepted in most eating culture of Nigerians.
Inclusion	• **Ownership:** Fulani milk producers own the cows and some part of land, while the business champion owns the factory, milk collection centres and milk processing facilities. • **Voice:** FMPs and other actors, especially milk transporters are given opportunities to contribute to decisions through their local dairy council which part of the governance structure in the partnership. Grievances and complaints are attended too based on the circumstances and feedback are properly communicated. • **Risks:** The most important risk factor is the land tenure system in South Western Nigeria, that makes it difficult for FMPs to own land. This affects production capacities and ability to supply more milk. The issue on trust also hinders market development for dairy products within Fulani communities and between inputs (veterinary supplies) distributors and Fulani dairy cooperatives. • **Rewards:** The business champion and dairy cooperatives operates a win-win business model. Milk price is set based on competitive pricing using international benchmark. Corporate social responsibilities of the business champion stipulate certain percentage of their profit for community development including business partners.

3. Preconditions for replication

Prerequisites for replication is the right setup for inclusive business model of the dairy company. The willingness of relevant actors to participate, existing organizational structure especially for producer's organization and the support of public institution like ministry of Agriculture.

The right condition to enhance pastoralist organization is when they feel secured and willing to participate in inclusive business. Proximity to business champion infrastructure for raw milk business (like milk collection centre) is a prerequisite. Also, accepting their way of life and gradual introduction of inclusive business transformation agenda.

4. Results Achieved

The Fulani cooperative model resulted in integrating 60 producers' organization into the FCW supply chain and five international companies directly linked to the dairy cooperatives supplying inputs especially veterinary products and feed. Also, three financial institutions for milk payment and 20 community livestock workers for extension services at grassroot level.

Want to know more?

If you want to know more about this practice, please reach out to Mohammed Zailani, mzailani@2scale.org, Dairy Partnership Facilitator in Nigeria.

For further reference, read the Milk producer group resource book (http://www.fao.org/3/y3548e/y3548e06)

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A decade of promoting inclusive
agribusiness in Africa