

RESEARCH BULLETIN

The Status of Smallholder Dairy Markets and Farmers' Perceptions of Formal Markets in Western Province

Musika supports the establishment of mutually beneficial relationships between the private sector and smallholder livestock farmers in the dairy industry. The dairy industry is a key component in the Zambian livestock sector and has the potential of contributing to poverty reduction and economic growth. Despite this potential, the sector is fraught with low productivity levels, low market participation by farmers and limited availability of formal off-take markets. It is against this background that Musika supported a dairy processing firm in Western province with storage equipment and logistical support so as to enhance its capacity to provide extension services and a milk market for rural dairy farmers. Following the implementation of this intervention, Musika undertook a study in order to understand the status of the dairy smallholder market and farmers' perceptions of formal dairy markets. The key findings of the study are highlighted below:

Changes in Distances Covered by Farmers to Access Dairy Markets

About 40% of the farmers had experienced a decrease in distance covered to sell their milk due to the Musika intervention. It is imperative that markets are brought closer to farmers as transportation costs significantly contribute to the overall transactional costs, which eventually affect farmers' net profits.

Farmers' Perceptions of their Change in Understanding

As part of the intervention, farmers were provided with extension messages on herd health practices and milk quality requirements. About 91% of the farmers felt that this had led to an improvement in their knowledge on herd health practices and diseases. Access to improved knowledge on herd health practices could play a key role in enhancing the productivity of the dairy farmers. Furthermore, it was found that 65% of the farmers felt that they had excellent understanding of the milk quality requirements of the milk buyer. This further illustrates the pivotal role that extension services could play in improving milk quality.

Farmers' Use of Veterinary Drugs and Services

The study found that 76% of the farmers indicated an increase in expenditure on veterinary drugs and services from the previous season. This implies that farmers increased their investment in the health of their herd which is critical for maintaining and improving the health of their animals. Their average expenditure on veterinary drugs and services was found to be K579 p.a.

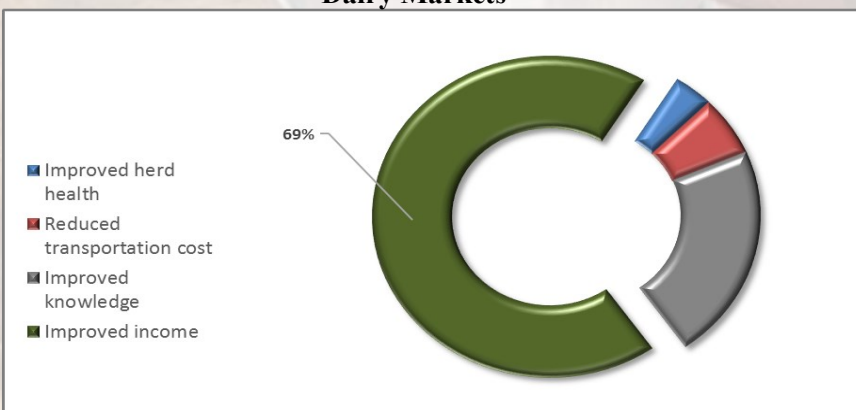
Cattle Productivity and Milk Sales

The livestock farmers' productivity was measured using the cattle mortality and calving rate. The research revealed that the cattle mortality and calving rate was 4% and 22% respectively. As for milk sales, it was found that 61% of the milk produced by the farmers was sold. This represented a 68% increase in the amount of milk produced and 66% surge in the amount of milk sold compared to the 2014/15 agricultural season. This could be because of the improved access to dairy markets provided by the intervention.

Access to Dairy Markets and Farmer Incomes

Farmers were also asked about what they felt was the major benefit derived from participating in the intervention. About 69% of the farmers said they had observed an increase in revenues as a result of participating in the dairy markets. Thus dairy markets have a potential role to play in enhancing the livelihoods of the rural smallholder farmers.

Farmer Perceptions of Major Benefits of Engaging in the Dairy Markets



Enhancing farmers' access to formal dairy markets and associated extension services could help improve farmers' knowledge on herd health practices as well as diversify farmer's sources of income from agricultural production.