



## IMPACT BRIEF

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# Kenya

## Smallholder Dairy Commercialization Programme (SDCP)

### About the project

**Objective.** The Smallholder Dairy Commercialization Programme (SDCP) was designed to address constraints in the smallholders' milk sector in Kenya by increasing smallholders' production, productivity and participation in milk markets. It pursued these objectives by training dairy groups, offering technical support for household dairy production and developing milk-marketing chains.

**Financing.** The first phase of the project had a total cost of US\$19.75 million, jointly funded by IFAD, the Government of Kenya and beneficiary communities. The second phase resulted from US\$17 million in additional funding from IFAD.

**Timing.** The first phase of the SDCP, which ran from July 2006 to March 2013, was implemented in 27 divisions within 9 counties across central and central-western Kenya. The second phase runs from December 2015 to March 2020.



Investing in rural people

## The project's theory of change

The SDCP **trained** beneficiary dairy groups on organizational and enterprise skills and helped them establish and maintain links with extension systems, input providers and output purchasers. In addition, the project sought to improve dairy groups' access to **financial services** by promoting competitive investment grants designed to improve dairy business activities and techniques.

Through these activities, the SDCP aimed to establish sustainable dairy enterprises, enable group members to obtain financial services, reduce transaction and input costs, raise output prices, and increase beneficiaries' production and market knowledge.

To achieve higher production and productivity, the project worked to increase the number of more productive livestock breeds and their health by providing **technical support** on artificial insemination, animal disease prevention and disease management, fodder production, feeding practices and dairy enterprise management practices.

Furthermore, the programme sought to increase dairy producers' access to the processing sector and to improve the linkages of small-scale milk producers, traders and processors with local milk markets. To this end, the project invested in **improving market infrastructure**, such as milk-cooling facilities and improved road infrastructure, and in developing marketing skills by training milk-marketing groups and beneficiaries and setting up low-cost market information systems.

## Project outreach and outputs

Determining the overall impact of the project requires first understanding whom the project reached and what outputs it generated.

Total beneficiaries: **120,000**

Female beneficiaries: **60%**

Small dairy farmers supported: **13,132**

Dairy groups and apex organizations: **556**

Milk-cooling or -processing facilities established: **8**

Farmers who participated in educational and exchange tours: **6,123**

Fodder-bulking sites established by dairy groups: **500**

Community-level artificial insemination schemes established: **27**

Special emphasis was placed on ensuring women's participation in all project activities, given their key role and their traditional disadvantages. The private sector was also heavily involved.

## Project impact

As part of IFAD's Development Effectiveness Framework, SDCP has been subject to a rigorous impact assessment.

### Data and methods

The estimation of the project's impact was based on a comprehensive quantitative and qualitative survey. To establish a valid and meaningful comparison group, the initial targeting process conducted by the SDCP in 2005 was replicated. As a result of this exercise, eight study divisions were identified as valid controls, 95 treatment and 89 control dairy groups were chosen, and 1,297 beneficiary and 1,265 comparison dairy farmers were interviewed.

## Key impact estimates



**+21%**  
Number of **cattle**  
owned



**+8%**  
Use of improved  
**grazing techniques**



**+25%**  
Use of **vaccination**  
services



**+37%**  
Total **milk production**



**+43%**  
Total value of **milk sold**

Results showed positive effects on farmers' feeding practices and use of artificial insemination and animal health services. In particular, SDCP farmers were **8 per cent** more likely than control farmers to practice improved grazing techniques, **25 per cent** more likely to have access to and use vaccination services and 12 per cent more likely to have used artificial insemination.

Relative to non-participants, SDCP dairy farmers were 12-18 per cent more likely to have cattle extension services available. Their adoption rate of advocated practices tended to be less than 15 per cent, however, suggesting scope for increasing adoption.

SDCP dairy groups were more likely to contract with milk purchasers on behalf of members than were the control groups (11 per cent compared with 2 per cent), but here too the relatively low rate even among beneficiaries shows that significant room remains to improve.

Positive effects were found on the composition and number of cattle per household: beneficiaries owned 49 more head than control groups, a **21 per cent** increase.

Results also show positive effects on milk production and sales. Beneficiary farmers had **37 per cent** higher total milk production and 58 per cent higher milk production at calving compared with non-beneficiaries.

In terms of quantity sold, there was no statistical significant difference between participants and comparison farmers. Nevertheless, those SDCP farmers who sold to the market obtained a selling price 31 per cent higher than that received by non-beneficiaries, suggesting beneficiaries had better linkages with milk markets or had higher-quality dairy products.

The total value of milk sold – the quantity of milk sold times the price obtained – obtained by SDCP farming households was **43 per cent** higher than the value obtained by control groups.

Results present some evidence that SDCP farmers exhibited higher levels of dietary diversity, with higher levels of animal and vegetable proteins (such as red meat, milk products and legumes) and lower levels of tubers and fruits.

## About the brief

This brief draws upon the findings of an IFAD-funded impact assessment of the SDCP project in Kenya, which was prepared by Romina Cavatassi and Peter Brueckmann.

The impact assessment report on SDCP is available upon request.

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## Lessons learned

- Interventions that aim to support dairy groups, enhance farmers' productivity through training, and strengthen market linkages for small-scale milk producers can translate into **higher incomes for smallholder farmers**. The results presented here show that this outcome results mainly from the higher per-litre selling price that participants were able to obtain.
- Disseminating information on different aspects of production through training, field days and demonstrations to dairy group members **increases the availability of extension services**, and beneficiaries tend to adopt these practices more than do comparison farmers. However, **adoption rates for all promoted activities remained low**, suggesting that there is still significant room to improve activities and training in future project designs.
- Special emphasis should be placed on **disseminating market-related information and promoting dairy group marketing**. Quantitative results show that the services provided to dairy group members had limited impacts on marketing. Only a minority of dairy groups facilitated links between members and input suppliers as well as milk purchasers. Although SDCP dairy groups contracted more with milk purchasers than did comparison groups, the number remained low. Despite these low numbers, SDCP farmers obtained higher prices in the market, indicating the **considerable potential to strengthen market linkages for small-scale milk producers**.
- The private sector has been instrumental in implementing the programme, especially in providing market linkages for the dairy groups: two of the largest dairy-processing firms have offered support to some of the dairy groups in terms of marketing and technical support for high-quality milk handling and the operation of milk-bulking facilities. This finding suggests that **partnership and involvement** with the private sector could create good synergies that would increase the project's impacts.

