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USDA's Food for Progress Program Strengthens Ethiopia's Dairy Sector

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Report Highlights:

Under USDA's Food for Progress Program, USDA and ACDI/VOCA are working together to support the development of Ethiopia's livestock feed sector through the Feed for Enhancement of Ethiopian Development project (FEED). This report highlights one of many FEED success stories. Specifically, because of the technical and in-kind support provided by the FEED project, the Habebo Dairy Cooperative over the past five years has increased its milk production by more than ten-fold to an average of 360-liters per day. Higher milk yields mean increased profits for cooperative members who are using their extra income to expand their individual dairy operations and improve their standard of living.

Dairy Cooperative in SNNPR Benefits from FEED Project Assistance



Ms. Lemlem, a smallholder dairy farmer, now spends part of her time working as a milk processing technician at Habebo Dairy Cooperative (HDC) in Ethiopia. HDC receives milk twice a day from its members and others in the community. It extracts cream to churn into butter, and convert the milk into cheese, yoghurt and whey to sell to consumers. The demand for these products far outpaces supply, HDC has a reputation for high quality, and it is now looking for additional milk suppliers to increase its production.

Habebo Dairy Cooperative is located in Lemu woreda of the SNNP region, and was established in February 2004. Ms. Lemlem was one of its founders. The cooperative has a formal management body, an administrative structure based on cooperative organizing policies and procedures and is formally registered in Ethiopia. Ms. Lemlem says “back in 2004, we started with just 32 members (27 men and 9 women), but now our membership is 100 (50 men and 50 women).” HDC’s assets also were only 5,504 birr (about \$275 USD) in 2004 and now they total approximately 1.2 million birr (\$60,000 USD). In addition, the cooperative now employs five women and one man as permanent staff.

Like other dairy cooperatives, the main objective of HDC is to increase the income of its members through bulk input (feed) purchases and marketing of dairy products for its members. Before ACDI/VOCA began to work with HDC through their USDA-funded Feed for Enhancement of Ethiopian Development (FEED) project in 2010, HDC collected only an average of 32 liters of milk per day. The FEED project has supported HDC with training, technical assistance and an in-kind grant of dairy processing equipment worth birr 153,000 (\$7,600 USD). Since the beginning of this support, the volume of milk collected has increased more than ten-fold to an average of 360 liters of milk per day, and many suppliers come to the HDC milk processing center from neighboring towns to sell their milk. HDC also has established a small retail shop in the nearby town of Hosanna to widen sales of its products.



Cooperative members now collect income from at least two sources – direct milk sales, paid bimonthly and annual dividends from HDC’s profit at the end of the year. These are calculated based on the daily amount of milk supplied by each member. In 2014, a total of 125,543.64 birr (\$6,277 USD) was disbursed in dividends to members.

In general, in addition to feeding their families, members use this income to do things like buy more productive assets, improve their living situations and pay for school supplies for their children. Ms. Lemlem says she supplies an average of 4,800 liters of milk per year to HDC and receives birr 48,000 (\$2,400 USD) from the sales. She also earns an average yearly dividend of birr 3,000 (\$150 USD), and birr 580 (\$29 USD) per month working 2-3 hours per day for the cooperative. “With some of this money I bought more dairy cows, (increasing them from 1 to 5), improved my house (changing the roof from grass to corrugated iron sheet), provide my 4 children with all required school supplies and improved

my dairy barn.”

The cooperative has some big plans for expansion in the short-term, including: increasing the volume of milk to more than 1,000 liters per day; expanding milk collection centers; expanding sales shops to other area towns and purchasing a vehicle to distribute dairy products from the processing center to sales shops. In the long-term, HDC plans to pasteurize its milk so that it can enter the large Addis Ababa and Hawassa markets. “All of these developments will help me increase my income and give me the potential to expand my business,” says Ms. Lemlem.