

Zambia Dairy Transformation Programme

NOVEMBER 2019 NEWSLETTER



Welcome to the latest edition of the ZDTP newsletter, which this month has a special focus on the results we've seen in Liteta through our work with the Liteta Dairy Cooperative Union.

Left: ZDTP Business Support Officer for Liteta Marvellous Chansa demonstrates to members of the Liteta Dairy Saving and Lending Group how to set up a share-purchase meeting.

ZDTP Business Support Officer (BSO) Marvellous Chansa believes dairy cooperative union leaders can gain their members' trust through implementing and enforcing rules that are "participatory, documented and understood".

As a BSO with the ZDTP, Mr Chansa is responsible for strengthening local/rural institutions. In this capacity, he is currently working with the newly established Liteta Dairy Saving and Lending Group, started by the Liteta Dairy Cooperative Union with support from the Dairy Association of Zambia in July 2019. Mr Chansa says Liteta Dairy Cooperative Union members asked for his support when they realised their savings group lacked the systems and governance needed to properly manage share-purchase meetings. He says a simple assessment of the group's practices exposed a lack of rules and regulations and no clear purpose for establishing the group in the first place, as well as some improper lending practices. Examples included members being coerced to borrow money, even when they did not wish to. There was also a lack of clarity around members' roles when it came to buying and selling shares and no cash box or locks for securing funds after share-purchase meetings. After seeking advice from the ZDTP, the group has now "enthusiastically" adopted a Village Savings and Lending Association (VSLA) model, which Mr Chansa says will help it avoid improper practices and ensure members will be able to save and access credit affordably. A draft constitution is now under review. It details, amongst other things, where members should sit during share-purchase meetings "to promote equality and equity, transparency and active participation".

"For members of the Liteta Dairy Saving and Lending Group, access to micro loans is a thing of the past. Members are now accessing funds through the purchase of shares and repayments are made flexibly at a low interest rate."

Marvellous Chansa
ZDTP Business Support Officer

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What is a Village Savings and Loan Association?

By Marvellous Chansa

A Village Savings and Loan Association (VSLA) is a group of 10 - 25 people who save together and take small loans from those savings. The activities of the VSLA run in 'cycles' of about one year, after which the accumulated savings and profits are shared out amongst the members according to the amount they have saved. VSLAs are member-managed; this means that while ZDTP staff and 'Village Agents' are involved in training members, they never write in the passbooks or touch any money belonging to members. Members save through the purchase of between 1 – 5 shares every meeting. The share value is decided by the VSLA at the start of each cycle. All members have the right to borrow up to a maximum of 3 times the value of their shares. All VSLA transactions are performed at meetings in front of all members. The group has a five-person Management Committee elected for one cycle. Groups develop a Constitution that contains the social fund, share-purchase and loan policies of the group. Each member has one vote in electing the Management Committee and developing the constitution.

Savings group success in Liteta, ctnd from page 1.

Mr Chansa says accessing finance in rural areas – and in Zambia as a whole – is a challenge for the smallholder dairy farmers the ZDTP works with. To successfully operate a dairy business, an average farmer needs funds for capitalisation and for responding to emergencies such as the outbreak of diseases, he says. But financial lenders such as banks usually require securities and there are also logistical constraints for farmers due to travel distances.

“Our target is micro to small-scale dairy farmers, whose income comes once a month and, in many cases, is small. Access to credit [means they can] tackle needs as they emerge and, as such, minimise losses that come from low milk yields and poor-quality milk resulting from a lack of feed or a cow getting sick or stressed.

“For members of the saving group, access to micro loans is now a thing of the past. Members are accessing funds through the purchase of shares and repayments are made flexibly at a low interest rate. The interesting thing about this is that at the end of the nine-month cycle, the shares and the interest gained will be shared among members accordingly.”

Mr Chansa says he hopes to eventually be able to use the Liteta group's success as a case study to prove the benefits of community-based saving and lending groups to other dairy cooperatives. He says if cooperative members are encouraged – and willing – to buy shares, they'll have more money available to explore other businesses that are complementary to their dairy farms.

Mr Chansa has also been helping the Board of the Liteta Dairy Cooperative Union to, amongst other things, hold better annual general meetings (AGMs) and improve its financial management. He says the Board conducted a recent AGM very professionally, with proper narrative and financial reporting, which he believes gave members confidence “that they are headed for success”.

“Their leadership exhibited good governance, transparency and proper accountability. I felt a sense of unity amongst the general membership.”

The ZDTP has agreed to provide the Liteta Dairy Saving and Lending Group with a fund box, locks, printed share-purchase booklets and a date stamp for recording purposes.

What happens during a share purchase meeting?

During the share purchase meeting, members are organised in a sitting arrangement that creates an all-inclusive environment enabling full member participation. Once the meeting room is set up, The Chairperson, will call the meeting to order and conduct formalities. Then the main agenda and buying of shares will take place.

1. The Recorder will start calling members individually and ask each to sit on a chair or stool in the centre visible to all to buy the number shares of his/her choice.
2. When the funds are presented to the first money counter, the first counter will count the money to verify the amount and if correct, the money is given to the second money counter who now counts with the rest of the members.
3. When all participants show satisfaction, the recorder stamps in the share booklet for the member in question, shows the stamped page to the members ensuring that the records of the shares bought are correct and accurate. Members will applaud a member as they take their seat while the completed share booklet is put into the safe box.
4. This continues until all members present have had the opportunity to buy shares.
5. A similar process will take place for lending out money that is saved, after which the social funds and fines will be paid in and recorded accordingly.

Farmer Focus: Esnart Njovo

Dairy farming is crucial to Liteta woman Esnart Njovo's livelihood following the loss of her husband 15 years ago.

Mrs Njovo (pictured right with her son) has three milking animals (one Jersey and two cross-bred), Gift, Bridget and Hope, which she uses to support her household of 8 (made up of 4 biological children, 3 grandchildren and herself). She also has a bull called Thomas.

Mrs Njovo says she has noticed many changes since taking part in farm visits, trainings, field days and demonstrations held by ZDTP Extension Officer for Chibombo and Liteta Beatrice Mwilima.

Crucially, due to an increased income from improved milk sales and reduced cost of on-farm production, her son no longer gets "chased from school" due to unpaid fees, says Mrs Mwilima.



Milk production from Mrs. Njovo's three animals has increased from 10 litres to 17 litres since 2017, which Mrs Mwilima attributes to Mrs Njovo introducing silage as a feed. She used silage made on a nearby ZDTP demonstration farm and by a neighbour who is also involved in the programme and is now planning to plant one lima of maize to make her own, so she can feed silage to her animals throughout the year. She also plans to plant two lima of soya beans to formulate her own home-made concentrates.

"I am a widow but through the milk sales I can support my family and we are able to have three meals a day," Mrs Njovo says. "I can [now] pay school fees for my son and have managed to build a house – though not complete – from the milk sales."

Mrs Njovo has even been able to buy a TV, which she enjoys using to watch the news, movies and listen to music, and a solar light for her house. She hopes to finish building her house in 2021, which will house four members of her family.

Mrs Mwilima says Mrs Njovo has come a long way in a couple of years. "It has been a very big struggle for her since losing her husband, but through milk sales she can now feed her family and pay school fees and build her house. She can also buy inputs such as fertilizer and seed when she needs them. She never misses trainings and demonstrations."

Mrs Njovo says she enjoys dairy farming because she likes working with animals and says when one animal is sick, "the whole family is sick". Fortunately, since working with the ZDTP, her animals' body condition has improved. They are also disease free and produce more milk, some of which she feeds to her family to keep them healthy.

In future, she'd like to have more heifers and eventually get to a stage where she is producing 200 litres per day to be delivered to her local Milk Collection Centre.

Publication of a Fact Sheet on Artificial Insemination (AI)

We have just published a fact sheet on AI, which you can find on our website zambiadairy.com. In the meantime, here are some reasons why AI can help farmers improve the quality of their herds.

- Healthy AI semen from good quality bulls can help produce better quality calves, which if fed and managed well can grow into good quality heifers and cows.
- Using semen from a dairy bull can help to improve the milk production potential of the heifer calf.
- AI semen is free of diseases that may be carried by a bull.
- In addition, 'sexed' semen can be used to ensure calves born from AI are female (otherwise 50% of them will be male, as with natural mating); note sexed semen is more expensive than 'unsexed' semen.

Check out zambiadairy.com for the full overview of why AI is a useful tool for dairy farming!

The ZDTP is focused on supporting dairy farmers to improve their productivity, milk quality and linkages to urban markets. The views expressed in this publication are those of the implementers of the programme and do not necessarily reflect those of the New Zealand Government. For further information, please contact ZDTP Country Manager Tania Thomson on tania@primeconsultants.net or +260 96 456 4206.