

Maziwa Zaidi (More Milk) in Tanzania

Extending credit to dairy producers through collective action in Tanzania

Edgar E. Twine, Elizaphan J.O. Rao, Isabelle Baltenweck, Amos O. Omore
International Livestock Research Institute

Key messages

- Access to production and consumption credit is vital to the wellbeing of farming households
- Access to credit by milk producers has been seen to increase milk production in East Africa
- In Tanzania, collective action can enhance access to credit. And both collective action and technology adoption motivate milk producers to borrow more funds
- Supporting the formation of milk producer organizations and targeting members of those organizations as well as targeting technology adopters are key to strengthening access to and demand for credit services

Opportunities to invest and scale

- Public investment to support formation and growth of milk producer organizations; a means through which agribusiness skills of milk producers can be cost-effectively enhanced
- Public and private investors to develop and disseminate dairy technologies and support their adoption and diffusion to spur greater access to and demand for credit
- Private credit providers such as milk traders-cum-lenders, Covenant Bank for Women (T) Ltd, TADB should invest in organizational development of existing milk producer groups as potential clients (individual and group loans)
- Credit providers should formulate suitable credit products for technology adopters to meet their increased demand for credit

Objectives and approach

A study sought to understand the incidence of credit and factors that influence access to and demand for credit by milk producers. It particularly focused on the role of technology adoption and collective action because the two factors are being promoted in Tanzania as important drivers of rural transformation.

461 milk producing households in Lushoto and Handeni districts in Tanga region, and Kilosa and Mvomero districts in Morogoro region were surveyed.

Key results

- Incidence of credit: only 20% of households are able to acquire credit
- Membership in a producer group (i.e., collective action) increases the probability of acquiring credit and the amount of funds a household is able to borrow
- Adoption of artificial insemination by a milk producer increases the amount of funds they are able to borrow



Abdallah Mseki, an artificial insemination service provider advertising his services in Masatu village, Handeni district



Elizabeth Masoka demonstrating cattle spraying in Ubiri village, Lushoto district



Dr. Yuga Mgeni facilitating a training for dairy farmers in Ihombwe mfilisi village in Kilosa district



Members of the Ushirika Uwamwa dairy cooperative in Mwangoi village, Lushoto district

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