



HOW TO IMPACT REAL LIVES, WITH REAL CHANGE, AND ACHIEVE REAL ATTRIBUTION

HTDR 006

The process of achieving real impact begins with identifying the real constraints that impede investment flows in a market. Those who design interventions in market systems programs are often bombarded with a barrage of constraints and need a strategic approach for identifying which constraints to select, that if addressed would unlock real change within the timeframe of the project at the most efficient use of resources. For BIF the most important consideration when prioritizing which constraint to develop an innovation for, is identifying which constraint if fully addressed would directly impact on the income of the project's beneficiaries – the market actors, in the shortest time.



INNOVATIONS

Innovations are at the heart of BIF's work in the agricultural sector. The goal of the programme is to develop practical solutions that enable the poor to overcome market constraints and create value. At the beginning of the project, the team conducted a market assessment study to identify which constraints were impeding the efficient functioning of each market. *While the number of constraints are sometimes limitless, the team focused on those directly linked to the ability of the poor to improve their income. In the dairy sector the following constraints were identified (1) access to good quality feed and forage (all year round), (2) water (3) extension and information services (4) preservation systems and cold chain and (5) breeding (artificial insemination) and related animal health services.*

While each constraint was valid, the challenge was to identify which constraint out of the many, if addressed could unlock real change and impact. Following a thorough analysis, BIF decided to proceed with identifying ways to address the lack of good quality feed and forage, as addressing this constraint required about three months of trials and very little investment. BIF's approach to developing innovation is to work with the project beneficiaries to identify possible solutions and test their validity through action learning. Success of the innovation is measured by the income growth delivered and degree of uptake by market actors.

INTEGRATION

In the dairy market there is a clear delineation between the formal (milk processing plants and commercial dairy farms) and the informal (pastoralist-driven) value chains. Commercial milk processors make up for low domestic milk supply by purchasing imported milk powder. Fulani pastoralists on the other hand were unable to meet the basic standards of milk hygiene and consequently could not meet the quality required by commercial milk facilities, and their processing techniques changed the form of the product boiling off the best part of the milk. BIF's milk hygiene and handling intervention equipped pastoralist with the knowledge and skills to process their milk following acceptable practices and techniques. With improved milk quality, pastoralists in Ladugga and Kano have the opportunity to become integrated into the more formal organized dairy sector.

INVESTMENT

With the success of the Napier trials, the Kaduna state government invested about 120 million naira in the cultivation of homestead Napier within the Ladugga grazing reserve (and three other community pasture fields). With the volume of milk

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production increased and as standards improved this unlocked investments and business opportunities for the project beneficiaries. These opportunities did not exist before the inception of the project. The ability to be integrated into the more formal value chain encouraged the introduction of a rural milk processing model which provided an aggregation point for local milk producers to get their milk through a quality assurance system. Seeing this potential, an impact investor was prepared to partner with Ladduga grazing reserve to establish the processing facility. The members of the cooperative also invested in the hope of attracting bulk buyers of their now high-quality dairy product. [Since the launch of its milk processing facility, the Ladugga co-operative has received a request to supply 300 litres of milk per day for 5 days a week to a local milk processing business. Training in milk thermization and pasteurization made it possible for large volumes of raw milk to be transported across long distances to businesses in the formal dairy value chain, the training in milk hygiene and handling increased the number of Fulani pastoralists that were able to join the rural milk processing \(RMP\) scheme and increase the level and predictability of their income.](#)

The milk aggregation and primary processing done by Kano Dairy Union attracted a Yoghurt company that placed orders for 30,000 litres and the yoghurt processing factory at Ladduga attracted distributors from town accounting for three days production.

With the establishment of RMPs and aggregation points, local milk processing centres in Ladugga and Kano are ripe for investments in cold chain facilities.

INFRASTRUCTURE

With increasing commercial activity in Ladugga, the government has begun developing the road network leading to the area to enable ease of movement and access to the growing dairy market. As partnerships between commercial dairy processors and local pastoralists grow, the prospects of mutually beneficial investments in logistics, storage and communication infrastructure is more likely to emerge.

INSTITUTIONALIZATION

Finally, with innovations in the way things are done, at the micro level, the market responds with the emergence of new products and services to cater to the growing value chain. [Services that didn't formerly exist emerge, for instance in Ladugga, local fabricators and motor bike mechanics have increased patronage \(since motor bikes are part of the milk collection system who collect and deliver to the factory at a commission\), there is also a proliferation of bicycle boys who retail processed yoghurt from the factory, also at a commission.](#) The wheel of the local economy is getting oiled by its ability to adapt to the evolving business climate. The community responding to the extra income from sales of finished produce and Napier grass seedlings established a nursery school for the school going aged children and a thrift society providing small loans to members. It was intriguing to see that the first application for a loan, which came from one of the youth, was not to buy livestock or Napier grass or anything to do with the business directly but for a computer. At the institutional level Kaduna State government has in turn enacted policy to support the sector for example the introduction of Napier as alternative homestead cattle feed, and the replication of the Ladugga RMP in other grazing reserves and dissemination of new techniques of milk handling and hygiene is currently being studied by some other State governments.

[The 7 "i"s of Innovation, Income, Integration, Investment, Infrastructure and Institutionalization have served as a framework for designing interventions that can lead to inclusive, rural, integrated economic development within the BIF programme.](#) While they are not a rigid checklist, they provide a reference point when thinking about designing market systems innovations for impact. As can be seen from the above, sometimes one or more aspects of the framework can occur simultaneously or lead to the other.

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