

Kenya – “Business Service Hub”, African Breeders Services Total Cattle Management (ABS TCM Ltd.)

- **Objectives:** Bring services closer to dairy farmers, who initially got sub standard services, thus improving their products’ quality and income. More specifically, the project aims at increasing milk production by improving milk production efficiency; increasing revenues by improving quality of privately supplied services; cutting costs through improved operational efficiency; and enhancing service access and distribution.

- **Context:** The dairy industry is marked by the absence of good service providers, since service providers lack necessary business skills.

- **Project Summary:** The service hub model is an innovative service delivery mechanism to dairy farmers, aiming at bringing services closer to them. The service hub, grouping various service providers (e.g. artificial insemination, veterinary and extension services, dairy processors...), is created around milk collection centers where farmers deliver their milk. The initiative followed several steps: identification of service providers, needs assessment, stimulation of demand for services, networking with micro-finance institutions, linkage of service supply and demand parties through farmer education forums/field days, harmonization of training curricula (policy level)... It also provides assistance to farmers in price negotiation with processors. This initiative brings together several NGOs (e.g. Technoserve Kenya, Heifer International) and private company ABS TCM. Main financing partner has been the DFID. The implementation of business hubs is based on a value chain approach developed around key issues of industry competitiveness, and aims at helping organize a dysfunctional market. The initiative has created links between inputs, services and the market, and has stimulated production of milk.

- **Impacts/Achievements:** The four major dairy business hubs have so far supported more than 8,000 dairy producers. Nyala farmers have increased their volumes of milk from 18,000 to 30,000 liters. The farmer-owned dairy-processors have realized annual revenue of over 3 million USD, employed more than 70 people and developed linkages with several business development services.

- **Main obstacles encountered:**

- The Central Artificial Insemination Station (CAIS - Government) is at the same time regulator and provider of AI services, which is inefficient.

- **Agricultural producer organizations/villagers involvement:** The initiative targeted smallholder milk producers. It was launched following a needs assessment.

- **Training:** Capacity building in technical and business skills was provided.

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