

# Rural Livelihood Project (RLP)

## The project objective

“Reduction of poverty in selected Gewogs in Zhemgang and Sarpang Dzongkhags through market chain facilitation skills, capacity building and promotion of good governance system through local decision-making”.

### Outcomes

1. Increased household income through RDIs planned and implemented by market chain actors
2. Improved performance of farmer groups and cooperatives through capacity building and access to microfinance
3. Viable SMEs and trading enterprises process and market an increased quantity of products with improved quality
4. Pro-poor policy intervention, subsidies policy and sharing of lessons learned lead to increased household income beyond the project area

### Outline of the dairy sub-sector

#### Economic significance

The farmers in the project area are very poor due to the fact that they live close to the Indian border with thick forests infested with wild animals. The elephants are most problematic that pose great risks to their lives. Therefore the farmers in the area have no prospects to grow agricultural crops and only dairy sub-sector made sense to improve their livelihood.

- Number of people -599 hhs – 4930 persons are immediate primary stakeholders that will also benefit other hhs in the vicinity of the project areas
- For the time being 125 hhs produce milk with estimated 625 litres of milk per day (based on only one milking a day), 329 litres now (one milking per day), 118 before project. When every hh has a cow each, the production is estimated to approximately 3000 litres per day translating into Nu. 96000/=. Extrapolating into annual production and income will mean 1095000 litres of milk and Nu.35040000/=
- Relevance to the poor – highly relevant since project supports the poorer farmers both with subsidy and laon facilitation for the purchase of cows.
- Relevance to the women – highly relevant since owning cow is a family asset and every member is responsible for management of the animal and use of income from the sale of milk.

### Key constraints in the market system

Low volume of milk to motivate entrepreneurs to do business – Farmers kept cattle for dual purpose, i.e. mainly for animal power and milk for home consumption. Milk is processed into butter and soft cheese which are either consumed at home or sold.

Lack of market information

Absence of market actors to facilitate marketing of milk and milk products – the present style of production is not sufficient to engage entrepreneurs fulltime to ensure profitable business.

### Reasons for the constraints

Lack of good milk producing animals – animals are mainly kept for draught power and lack high yielding breed of cattle. Lack of established market for local milk and milk products – the supply from the farmers are not reliable and mainly depend on the imports of processed milk and milk products

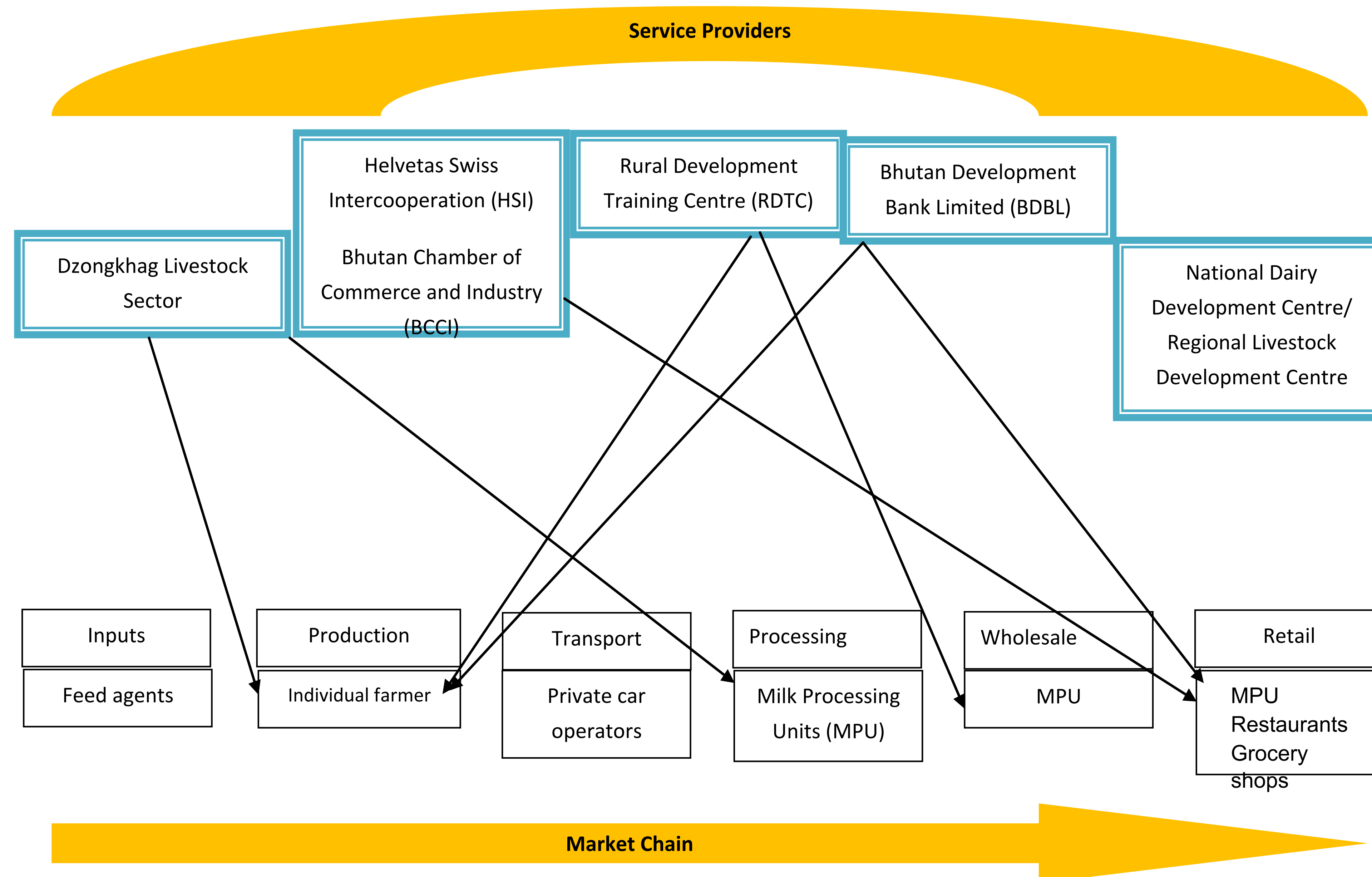
### Outline of our main intervention

1. Increase milk production through improved breeds, increased skills in animal and feed and fodder management
2. Develop/encourage market chain actors in the milk marketing through capacity building, financial assistance to increase sale of milk and milk products

### Role of the project

1. Subsidise input (cows) supply to enable the poor farmers to benefit from the intervention,
2. Support MPU (capacity building, equipment) collect and sell fresh milk to the entrepreneurs,
3. Capacity building of livestock persons to provide technical backstopping services to the farmers and farmers groups,
4. Facilitate loans to farmers and entrepreneurs to enable farmers to purchase the cows and entrepreneurs to invest in the milk marketing equipment and structure
5. Facilitate linkage between business entrepreneurs and MPU to facilitate marketing of milk and milk products

## MAP OF VALUE CHAINS



- Dzongkhag Livestock Sector (DLS) = primary technical backstopping on production and processing to the farmers
- Bhutan Chamber of Commerce and Industry (BCCI) = Supports private business entrepreneurs with business planning, linking with banks
- Rural Development Training Centre = Training provider for technical and management skills including business planning and farm economics for literate farmers and school leaving youths
- Bhutan Development Bank Limited (BDBL) = The bank that is mandated to provide loans to the farmers
- National Dairy Development Centre/ Regional Livestock Development Centre = Specialised technical backstopping for production and processing of milk and milk products and milk quality assessment
- HELVETAS Swiss Intercooperation (HSI) = In addition to financial support to the project also provides technical support on business planning and market chain development and marketing

## Overview of the impact

### Map of impact logic

Poverty reduction	More income for the farmers
Sector change	More farmers rear more cows to increase their income
Enterprise level change	Retailors make more income from converting milk into different products
Market uptake	Retailors increase the milk products
Market trigger	Retailors able to sell other forms of milk products in addition to fresh milk
Services market intervention	Retailors trained on product diversification and quality of milk for different products