Formalizing the informal: experiences from a training and certification scheme in the dairy sector in Assam (India) and Kenya

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Purpose – Dairy is one of the fastest growing and promising sectors in many low- and middle-income countries. Often dominated by smallholder production, it represents an essential source of income and livelihoods for the many actors in the value chain. However, the sector is usually poorly regulated, making it difficult to promote and monitor operating standards. Training and certification of dairy traders is seen as a mechanism to reach informal traders, transfer knowledge on the best milk handling practices and business skills and, ultimately, upscale their working standards to enhance legitimization. In Kenya, a training and certification (TC) scheme was developed to disseminate the best working practices among informal dairy traders and facilitate licensing. The scheme was implemented in 2006, promoted by the Government. Donor support was maintained from 2 to 3 years, after which the scheme was expected to self-sustain. Based on this experience, the initiative was replicated in Assam (India) where 97% of milk is marketed through the informal sector. The tools and approaches used in Kenya were adopted upon wider consultation with community and relevant public sector organizations. All the relevant government departments were involved under a common platform for training, monitoring and certification of producers and traders. Monitoring the adoption of improved practices was emphasized to enhance milk quality and safety. No licensing was involved. Efforts were made to make it a publicly owned initiative with strong community participation.

Design/methodology/approach – Two independent impact assessment studies were recently undertaken in Kenya and Assam (India) to investigate the impact of this TC scheme on (i) small trader business development (ii) milk safety/quality and (iii) policy impact. Methods used included informant interviews with stakeholders and focus group discussions and individual interviews with trained and untrained traders; an economic impact assessment was conducted in Assam; milk sampling and testing was done in both locations.

Findings – In Kenya, short-term impact assessment had found improved business skills and milk quality among trained traders. These findings are still current, with participating traders appreciating its importance and benefits in terms of business; trained traders incur less milk losses due to spoilage, are able to judge milk quality and grow consumer confidence. Limited promotion, coordination and support from the Government and the lack of a functional traders association have halted its expansion and precluding it from reaching larger impacts. In Assam, results showed significant improvements in knowledge and practices among trained traders, including increased milk productivity (11.7%) and reduced incidence of subclinical mastitis. Traders observed higher demand for their milk and better profit margin. In India, the scheme is expected to be replicated in other states in the country.

Social implications – The demand for TC schemes by traders is high, the benefits are objective and documented; the allocation of specific resources, as well as a genuine commitment by the Government to promoting and supporting the scheme seems to be crucial for its success and long-term sustainability.

Originality/value – The findings can support the Governments in the design and implementation of programmes to upscale the informal dairy sector and support policy making.
Keywords Informal, Dairy traders, Training and certification, Kenya, Assam