

# QBMPS

QUALITY BASED MILK  
PAYMENT SYSTEM –  
EXPERIENCES FROM A  
UGANDAN PILOT



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# TIDE: The Inclusive Dairy Enterprise

Poverty reduction through improved dairy farm incomes, household nutrition and employment opportunities, reaching 20,000 farmers.

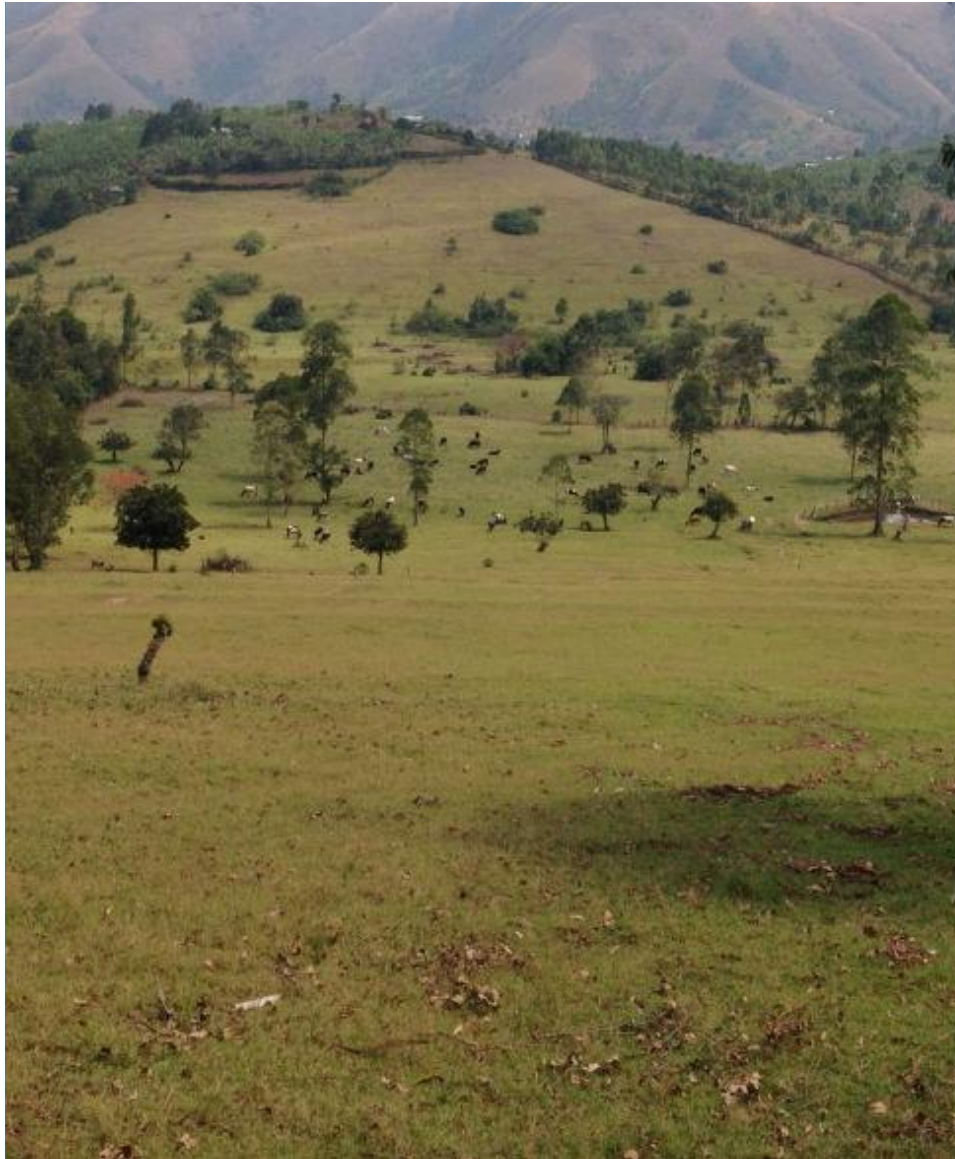
Funding: € 13 million

Netherlands  
Embassy: € 9 million  
Other donors: € 1.5 million  
Farmers: € 2.5 million

Components:

- 1. Productivity:** > 1,500 farmers trained  
5,000 farmers adopting CSA practices
- 2. Quality:** QBMPS pilot (3 processors)
- 3. Value chain:** support to DDA, UCCCU and working with processors/coops
- 4. School milk:** 200,000 children benefit

A 4-year project:  
2015 – 2019,  
covering Southwest Uganda  
(Mbarara)



## The context

From extensive grazing to  
paddocks and supplementary  
feeding

2 rainy seasons (1,000 mm/yr) with  
ambient temperatures

Rapid changes: 300 million litre of  
milk exported in 2018 (USD 150 m)

Production growth 10 – 15 % per  
year

## The SNV approach (TIDE)

- QBMPS is private sector driven; working within national policy and using partnership approach
- DDA: policy guidance, training of farmers and cooperatives, chair of Steering Committee, (interim) calibration of equipment, 'arbitration'
- Bles Dairies (The Friesian): technical lead – feasibility and design, monitoring, backstopping
- TIDE: process facilitation, funding
- UCCCU: problem solving
- Wageningen UR: evaluation

# QBMPS: Step 1 – buy-in from actors (2016)



Large processor (800,000 ltr/day)

Lake Side Dairy



Medium processor (50,000 ltr/day)

Sanatos Foods



Small processor (5,000 ltr/day)

3 processors

10 MCCs

5 MCCs

5 MCCs

1,000 farmers

## QBMPS: Step 2 – setting the parameters (2016)

- Key criteria: **composition**

Fat (3.8%) and Solids non-Fat (8.5%)

- Disqualifications:

**Freshness** (Alcohol test: 80% + Resazurin test: 4, 5, and 6)

**Adulteration** (density = 1.028-1.032)

- No other tests yet (**safety**)

Three categories:

- Category A: **bonus of 10 %**
- Category B: no bonus
- Category C: rejection (or penalty)



# QBMPs: Step 3 – zero-setting (2017)



Pure cow milk



Farmer's milk



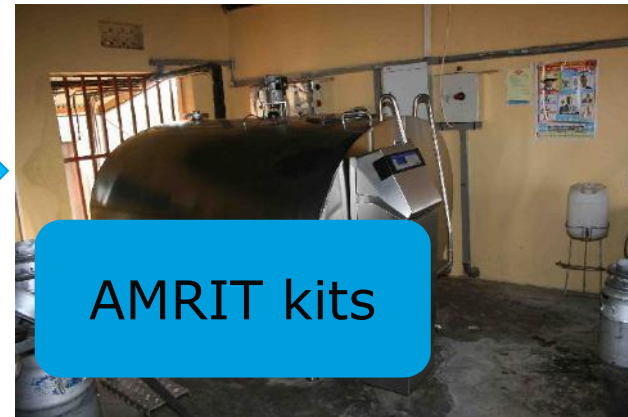
↓ Trader's milk



AMRIT kits

**SNV**

Milk truck



AMRIT kits

MCC milk



## QBMPS: Step 4 – testing (first half 2018)

<b>Step 1</b> – Farmers produce and deliver milk to the MCCs	Transport
<b>Step 2</b> – Milk is tested at the MCC	Testing with Milk Analyzer and shared with farmer
<b>Step 3</b> – Bulk Test, when milk leaves MCC	Test with Milk Analyzer recorded on a Delivery Note
<b>Step 4</b> – A Bulk Test at the factory gate	Test with Milk Analyser recorded on a Goods Received Note
<b>Step 5</b> – Verification	Goods Received Note and Delivery Note compared
<b>Step 6</b> – Bi-weekly reports	Reports on deliveries and receipts shared between the processors and the MCCs.
<b>Step 7</b> – Payments made as per agreement	Bi-weekly



## QBMPS: Step 5 – pilot (2<sup>nd</sup> half 2018)

Date	Quantity	fat	SNF	Resazurin	Alcohol (%)	Density	Added water
1-Apr-18	5097	3.80%	8.55%	5	75	1.028	0.00%
2-Apr-18	5712	3.70%	8.40%	5	80	1.027	1.18%
3-Apr-18	5673	3.70%	8.40%	5	75	1.027	1.18%
4-Apr-18	5647	3.60%	8.26%	5	75	1.027	2.82%
5-Apr-18	5535	3.70%	8.53%	5	75	1.028	0.00%
6-Apr-18	5941	3.70%	8.40%	5	75	1.027	1.18%
7-Apr-18	5939	3.70%	8.28%	5	75	1.027	2.59%
8-Apr-18	5881	3.60%	8.26%	5	75	1.027	2.82%
9-Apr-18	6128	3.70%	8.53%	5	75	1.028	0.00%
10-Apr-18	6118	3.80%	8.55%	5	80	1.028	0.00%
11-Apr-18	6165	3.70%	8.40%	5	75	1.027	1.18%
12-Apr-18	6220	3.80%	8.55%	5	75	1.028	0.00%
13-Apr-18	5958	3.90%	8.57%	5	80	1.028	0.00%
14-Apr-18	<b>Not received</b>						
15-Apr-18	5466	3.60%	8.55%	4	75	1.028	0.00%
15-Apr-18	486	3.80%	8.55%	3	70	1.028	0.00%
15-Apr-18	6322	3.70%	8.53%	5	75	1.028	0.00%

## QBMPS: results to date

MCC / DFCS	Begin bonus	Current status (31.7)	Payment (UGX)	Approx. sales (l/day)
MCC 1	May 1st	Paid 8 x Failed: 7 x	47 million	4,000 ltr
MCC 2	May 1st	Paid 11 x Failed: 4 x	68 million	4,500 ltr
MCC 3	June 1st	Paid 7 x; Failed 7 x	87 million	11,000 ltr
MCC 4	June 1st	Paid 2 x	1.5 million	2,500 ltr
MCC 5	July 1st	Passed 1 x; Failed 1 x		
MCC 6	July 15th	Failed 1 x		
MCC 7	August 1st			
MCC 8	May 15 <sup>th</sup>	Paid: 11 x Failed: 4 x	81 million	3,000 ltr
MCC 9	Not yet	85 % supply not met		

USD 77,000 to 350 farmers

## Lessons from the pilot

- QBMPS is an intensive process, requiring awareness and training
- It touches on national regulation, milk procurement policies by processors and VC relations
- Concrete incentives (10 % bonus) seem to be important

### Questions:

- Who to pay? Farmer vs MCC
- What are key influencers for composition/quality?

### Key results:

- Rather than side-selling, when milk is rejected, farmers want to know what they can do to acquire the bonus
- QBMPS contributes to sector transformation

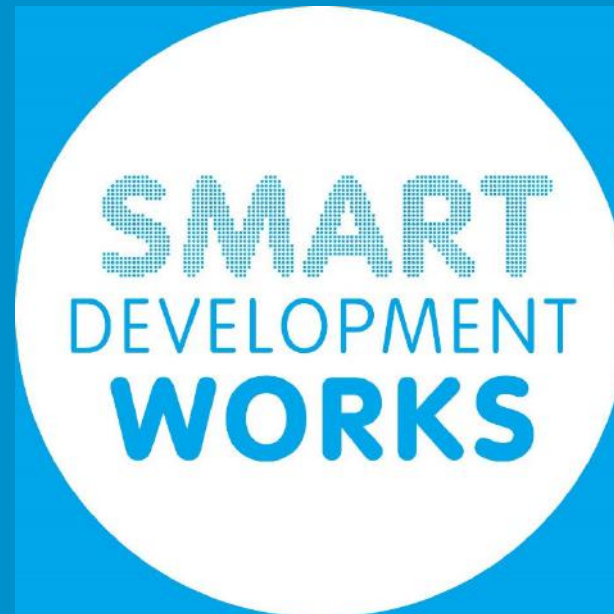
Uganda on the way to being the largest dairy exporter in Africa

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# Conclusions from Review (Dec 2018)

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- Pilot has been successful:
  - Milk quality has improved over time
  - Stakeholders are generally satisfied with the pilot
  - Collaboration between stakeholders was efficient and appreciated
  - DDA position was strengthened by succeeding in co-leading the pilot with SNV and conducting the ring testing
  - SNV support along the project was very much appreciated by the stakeholders



More on:

[www.snv.org/project/inclusive-dairy-enterprise-tide](http://www.snv.org/project/inclusive-dairy-enterprise-tide)