



Sustainable extension services by Muruny

Terms of Reference

'Workshop sustainable services" (mission #EV8706) is an assignment within the framework of project [17muru-7166](#) | Increased Milk Volumes, where Agriterra co-operates with Muruny Farmers Cooperative Society. The Agriterra business advisor responsible for this assignment is Hillary Maket. In case of changes in the assignment and/or programme the advisor has to be consulted immediately.

Background

Agriterra is a network organisation of Dutch agri-employers' organisations and companies. It has a vision that farmers' associations and cooperatives can have a positive influence on development by contributing to a more equal distribution of income and an enhancement of democratic decision-making and relations. This vision has become almost undisputed, the mechanisms are understood, and the mission derived from it - the strengthening of farmers' organisations - is the only logical one.

Agriterra mobilises hands-on experience from the Dutch agricultural sector via the so-called Agripool. Experience-based knowledge is increasingly important to fulfil the demands of private enterprises wishing to connect with smallholders. The aim of Agriterra is making cooperatives bankable. By focusing on few clients within a limited number of countries, Agriterra is able to target those cooperatives or other farmer owned enterprises, who are ambitious, have good management, have been economically active, have significant amounts of members and who have plans to invest in order to expand their business. Agriterra's support is especially based on technical support from experts from the Dutch agricultural and cooperative sector. Their advisory services can be applied to all aspects of the business planning process, access to finance trajectory or the implementation phase.

Muruny Farmers Cooperative Society (MFCS) is a fully farmer-owned cooperative with a major business of collecting, bulking and chilling milk. The cooperative also indulges in sharing, bulking and marketing wool for members. The cooperative was conceptualized and registered in 1974. It is situated in West Pokot County, Lelan division, in a rugged landscape. It recorded an average of 6,000kg/day of milk in 2016; an average of 7,5 kg/day/member. The core strategy for Muruny is to further increase milk volumes from 5000 in 2015 to 6500 in 2017 (and this shall grow further in the future) and strengthen organisational structure by building capacity of new board and develop clear roles for the staff through development of board charter and a human resource manual.

The cooperation between MFCS and Agriterra started after the Company assessment that took place in 2015. The main conclusions was that the cooperative is not yet ready for investing in a processing plant. On the *long term perspective there is a business case to work on milk processing. However the 1-3 years outlook should be focused on (1) Improve milk supply (quality and quantity) (2) Professionalize the organization to support the future growth.*

The milk intake is very low and there is a huge over-capacity in the cooling units. Furthermore the organization needs to professionalize their operations urgently. One of

the weak points is the financial organization.. Amongst the members there is a low level of professional knowledge to manage good fodder which results in low yields per farmer. Currently the organization is not supporting their members with necessary education since an extension department is not operational. Finally both board and management need to be trained in governance, finance, strategy and operational excellence. The mission team advise Agriterra to start a partnership with Muruny by helping them to strengthen their people & organization and to improve the quantity of milk supply. Till then the following support was provided:

- Elaboration of a strategic plan (July 2016)
- Improving the financial management (trainings and coaching)
- Improving the governance (training and coaching)
- Addressing young farmers (workshop on youth and follow up)

Some tangible results are visible now **Hillary can you specify this.**

In terms of milk production and increased milk volumes, the progress is limited which partly due to a several drought in 2017. **Hillary pls ask the milk production/ delivery figure soft e last 4-5 years and insert the graph here.**

The future focus will be to increase milk production and really strengthen the new board and management. Equally important also is to attract members by identifying key services to offer them

For the year 2017, focus is much on improving the milk intake by the cooperative. This has two aspects: improving the milk production/animal of the members and ensuring that members deliver milk to the cooperative. As the area is rather remote the competition of local milk buyers is not that fierce. Hence the main intervention strategy is to support farmers improving their productivity.

Muruny has employed two Extension Officers since 2016. They are for 50% paid by Agriterra, but this will be the last year that Agriterra pays part of the salaries. The idea is that EO pay themselves back as the milk intake will improve, so the cooperative considers it as an investment. The two EO receive occasional support of a consultant hired by Agriterra . She coaches them in their field work on the practical aspects of extension. **Hillary Please describe if in Muruny farmers are organized into groups or not? If so how many groups? How does this work? How many lead framers?** It was noted that the cooperative could not yet establish a demo farm due to management issues, **(Hillary can you follow up on this?)**

The challenge for Muruny is to define a longer term operational and financially sustainable extension strategy with the aim to have a higher productivity per cow and a higher milk supply by the members to the cooperative. This requires committed staff and continuous support from the BoD and dedicated Extension Officers. But also a trickle down strategy and an willingness to experiment with farmer to farmer learning strategies. This. Extension services are not provided by the government and private service providers may also not be available in the area. Hence, it is up to the resources and willingness of the members of the cooperatives to make an extension approach work.

The investments done in extension shall be paid back from higher membership fees/ milk money or higher income through more milk sales.

The responsible business advisor will do a preparatory inventory with Muruny by identifying the needs of the farmers when it comes to advisory services, identify if there are other service providers in the area that can possibly address these needs, and select a group of well motivated representatives of Muruny to work on the extension strategy and the follow up/role out in the future.

Mission

The mission will take place from ...to ... October 2017 and will be composed of:

- XX workshop facilitator/ subject specialist (experienced in for example extension services, sustainable models for advisory services to farmers)

(supported by Hillary Maket local Business advisor Agriterra for translation and / or co facilitation)

Objective(s)

Support Muruny in setting up a SMART and financially sustainable farmer led extension services system, including an action plan for the next 1 to 2 year.

Activities

1. Prepare (1 day) the workshop together with the responsible people from Muruny and Agriterra. During the preparation day the learning needs are already inventorised, and prioritised; service providers are mapped and gaps are identified. This will be used as starting point of the WS.
2. Facilitate the 1,5-2 days' workshop sustainable farmer services (maximum 15 participants) in order to create awareness on sustainable services provision and prepare the rough framework.
3. Extension services strategy put on paper including an action plan and budget for 2018-2019. This comprises only a small core group: manager, extension manager (?), accountant, 2 extension officers and one BoD representative. (1 day): Based on the results of this workshop, make financial calculation how extension services can be financed; what the expected results/ revenues for the cooperative will be?
4. Debriefing: presentation of the extension strategy and action plan to the BoD and management. (last day)

Methodology:

For the training, the part of the field guide Setting up a sustainable services provision system of Agriterra will be used.

Program:

International Flight schedule:

Date	Itinerary	Flight no.	Depart	Arrival

Participants in the 1,5 days workshop

2 Managers, 1 chairman, 1 accountant, 4 active board members, 3 field workers, 2 lead farmers (maximum 12 persons)

Expected results

1. The outcome of the workshop is a clear structure (including financial aspects) of a farmer led services provision system of LHD including financial projections for the coming years. This can be used as a basis for defining the future cooperation between LHD and Agriterra.
2. Action plan of the LHD: what needs to be done (action plan) to introduce / implement a sustainable farmer led advisory system
3. Short proceedings of the workshop (to be prepared by LHD)

The proceedings of the workshop and the action plan should be submitted to Agriterra before September 15, 2017.

Budget of this workshop: to be prepared by MFCS and Agriterra (only for the workshop)

Programme tentatively

Day 1.

Field visits with EOs. Need assessment , mapping service providers and preparing the workshop.

Day 2 (WORKSHOP DAY 1)

Step 0: introduction	Time schedule
Introduction	15 minutes
Exercise 1: getting acquainted	20 minutes
Exercise 2: leveling expectations	10 minutes

A. Identification

Step 1: advisory services needs assessment	Time schedule
Presentation and verification of : 1. learning needs 2. service providers	1 hour
River code	20 minutes
Step 3: matching needs and current service provision	

Exercise 1: best learning experience ever	10 minutes
Exercise 2: criteria for good quality services	20 minutes
Exercise 3: matching current service providers and learning needs	1 hour

Step 4: brainstorm service activities	
Exercise 1: prioritizing needs	30 minutes

Day 3 (WORKSHOP DAY2)

B. Designing (extension structure, strategy and activities)

Exercise 2: brainstorm service activities for learning need	1- 1,5 hours
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Step 5: requirements: financial sustainability and organizational structure	
Exercise 1: finances	1,5 hours
Exercise 2: strategies for financial sustainability	20 minutes
Exercise 3: current financial situation and forecast	1 hour
Exercise 4: building the pyramid and agree upon this	2 hours
Exercise 5: Extension structure linked with proposed activities: draw the main framework and principles	1 hours
Evaluation	0.30 hours

Day 4 (working in small group, 1 day)

1. Finalise and write down the extension strategy and structure
2. Prepare a SMART action plan and budget (including the projected income) based on ideas from the workshop

Annex 1:

Overview of the summarized financial reports/audit of the organization (at least for 2 years) clearly showing current level of dependency upon external funding and showing the core costs.

Documents for further reading/ background materials:

1. Company assessment 2015
2. Strategic plan Muruny FCS
- 3.