

FAIR MILK PRICE

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Phylosophy

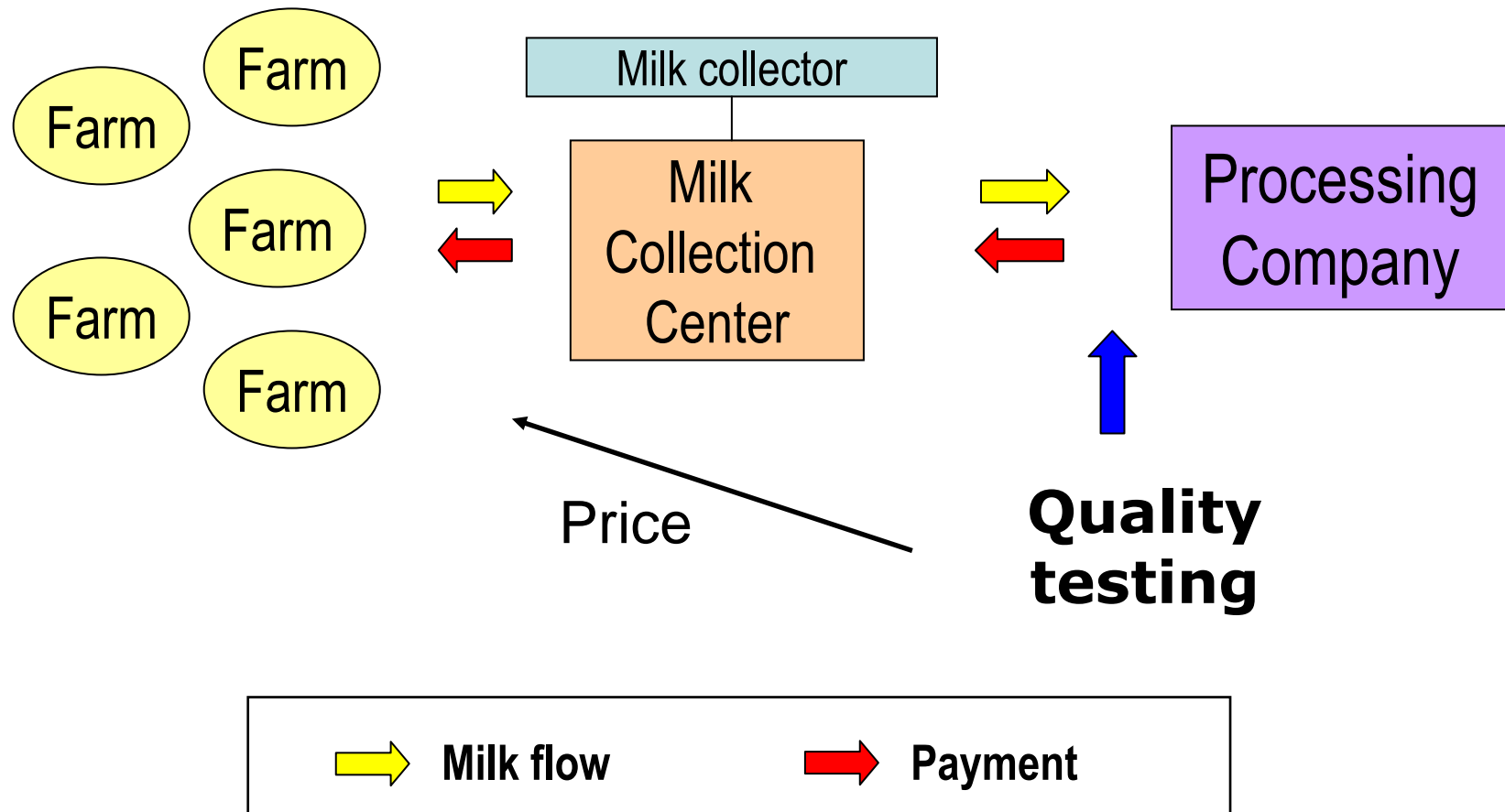
- **Milk Quality** can only improve if:



Better quality milk
receives a **higher price**

Quality is tested for
each farm!

Before: One price for the group



Consequences of a group price

- Farmers are **not encouraged** to produce good quality milk
- **Farms with poor quality** cannot be identified



- **Penalties are shared** among farmers
- Milk collectors always take their **'collection fee'**
- **Relationship** between farmer and collector often determines the milk price for each farmer

Our intervention

- Create a **WIN – WIN** situation
- **Collaborate** with the processing companies to ensure a fair and transparent system
 - Individual quality testing
 - Individual milk price
 - Direct payment from processor to farmer



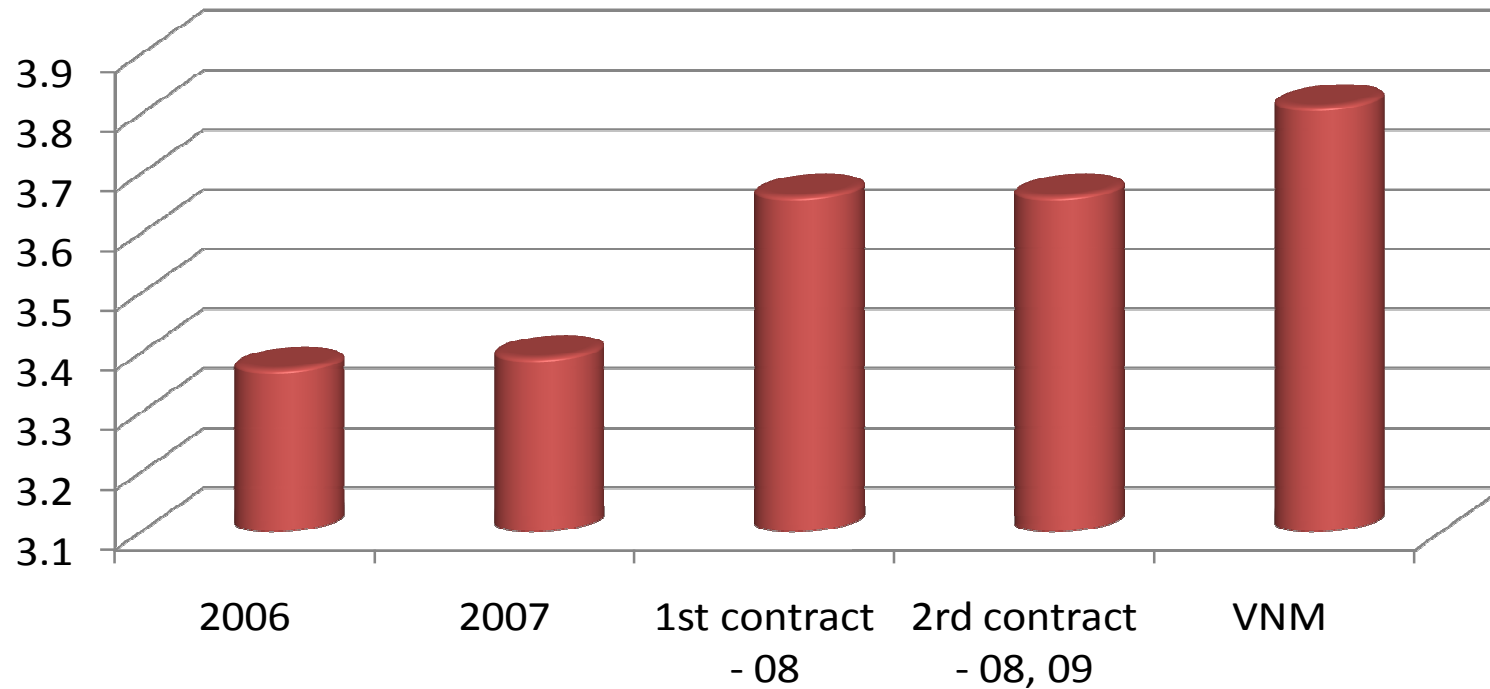
Collaboration with Vinamilk

- **Jan 2008 – Oct 2008:**
 - 1st agreement with vinamilk
 - 3-party contract (VNM-VBDP-Farmer)
- **Nov 2008 – March 2009:**
 - 2nd agreement with vinamilk
 - 2-party contract (VNM-Farmer)
 - Vinamilk QA staff in each MCP
- **From April 2009:** Vinamilk – Farmer

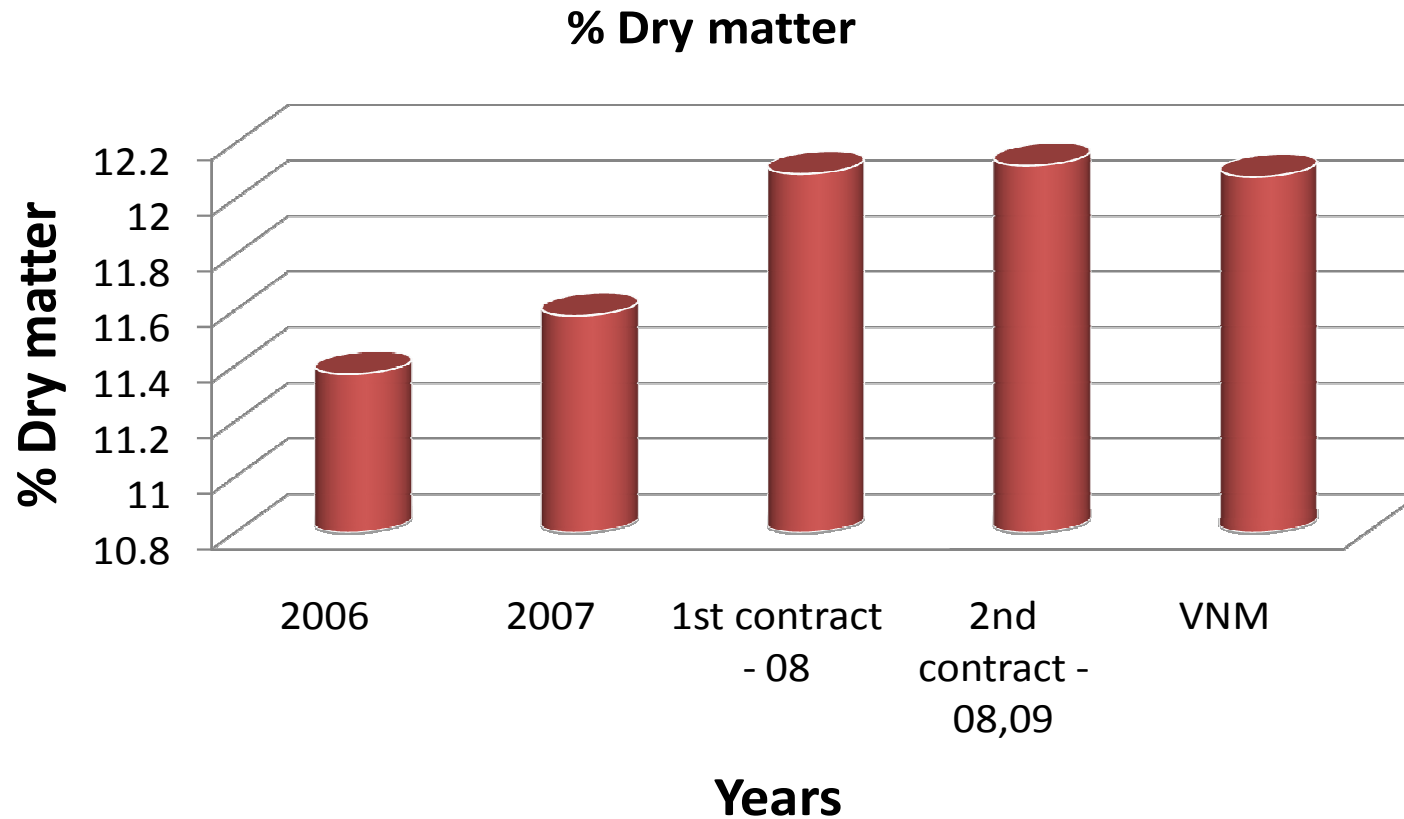


Average of Fat percent in VBDP project area

% FAT



Average of dry matter (%) in VBDP project area



Individual price for everyone?

- Several MCP did not want to join the system
 - Collectors refused to be controlled
 - **Some companies still buy group milk from traders at a high price**
 - **These farmers without contract suffered during melamime crisis**



Proving the power of a direct contract!



National legislation needed



Appreciation



- 99% of the farmers said that **individual quality control and payment is important**
- 89% is satisfied with way he/she is paid at the moment
- Individual payment is considered as the **second most important innovation** by the project.

Milk Quality control: More is needed!

- No agency controls the quality control by the companies, although this is a clear request from both farmers and processors!
- Each company has its own quality standards
- Bad quality milk is still purchased
 - Bad for consumers
 - Not good for competition

