Dairy producer organization sustainability assessment tool

Key messages

- Producer organizations (POs) are increasingly becoming important to small producers in securing better access to services through intermediation.

- Strong POs, strengthen farmers bargaining power, reduce farming- and market-related risks, help farmers gain market access and to benefit from economies of scale, hence the imperative to be sustainable.

- Pitching on the three basic tenets of sustainability, social, economic and environmental measures, EADD developed a PO sustainability assessment (POSA) tool and uses it as a guide for dairy POs in undertaking annual self-assessments.

Methods

The POSA tool is composed of seven priority sustainability dimensions, decomposed into sub-dimensions and broken into several specific indicators. The indicators are allocated weighted scores, based on their relative importance. An overall score is derived by aggregating the scores. Gender is mainstreamed in the assessment by incorporating relevant gender indicators in the dimensions. A pre-programmed Excel spreadsheet that auto-generates scores once the data on the indicators are entered, the tool is supported by a detailed user manual.

Purpose

The POSA tool, analysis and results are used by EADD and POs:

- To guide users in assessing their progress towards sustainability
- To identify and prioritize sustainability gaps
- To formulate action plans to address sustainability weaknesses
- To guide partnership dialogue between the PO and EADD or any other partner.

Findings

The growth of POs toward sustainability follow the typical business life cycle, however, external shocks may significantly disrupt this trajectory. For instance in 2013, a sudden cut in EADD support to POs without preparing them first to manage the absence of this support is evident in Figure 2 where the growth trajectory falls.

![Figure 2: Trend in Uganda PO mean scores by hub performance](image)

Conclusions

The tool helps in informing and guiding the growth of dairy POs towards sustainability. It provides evidence of areas where specific producer organizations fall short of achieving their desired development trajectory, hence, information on what needs to be improved. Development agents can also use it to gauge the type of development interventions necessary to spur growth in the dairy sector, through POs.

Expected results

Like other businesses, the dairy PO business is largely expected to follow a typical business life cycle.

![Figure 1: Uganda PO dimension-wise performance 2015-2016](image)

The POs recorded the worst performance on engagement with the output market in 2015, with no improvement in 2016, hence the need to formulate clearer engagement strategies.

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