

## In Brief

### Project dates:

- June 2008 – January 2011

### Sector:

- Agribusiness

### Country:

- Uruguay

### In Partnership With:

- CONAPROLE (Milk Producers National Cooperative)
- PROLECO

### Implementers:

- National Institute of Agricultural and Livestock Research -- INIA

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## Boosting the Small and Medium Enterprises Dairy Sector in Uruguay

### Background

CONAPROLE --the leading dairy processor in Uruguay and the largest milk exporter in Latin

America-- is implementing a strategy to generate better opportunities for sustainable increases in small farmer's income. IFC Advisory Services in Latin America and the Caribbean is supporting this effort. Since 2002, IFC has provided loans to CONAPROLE in order to upgrade the cooperative's operation<sup>1</sup>. Currently, IFC offers an integrated package of investment and advisory services to enhance CONAPROLE's Supplier Development Strategy in order to promote significant milk productivity among 360 small affiliated farmers in southern Uruguay.

### Project Description

The "Small Milk Supplier's Development" project aims to: i) strengthen producer's capabilities to increase milk productivity and quality; ii) facilitate best practice dissemination of technical and managerial skills among small producers; and, iii) identify optimal alternatives to expand financial services.

The project includes three components:

- ✓ The first component focuses on increasing productivity of key cattle feed through adoption of best practices in pasture/sorghum management, nutrition and milk production among 360 small farmers, since milk productivity and quality are strongly related to better nutrition of cattle. CONAPROLE has initiated an innovative program (BONAT) to strengthen small holders' milk production based on a premium price mechanism. IFC will provide a grant to CONAPROLE to enhance the BONAT Program's technical scope and expand its reach.
- ✓ The second component involves the development of a "Best Practice Transference Toolkit" to disseminate pasture management, nutrition and productivity best practices to a larger target of small milk producers. This toolkit will be specifically adapted to the socio-environmental characteristics of the rural producers to facilitate its use in other projects.
- ✓ The last component, "Supplier Finance Model Evaluation", assesses PROLECO's<sup>2</sup> lending practices in order to identify optimal alternatives to expand access to small loans in rural areas.

### Expected Impacts

As a result of the project implementation, it is expected an increase of 45% average in net income of 360 small producers. Moreover, the benefits from the second and third components will broaden to all cooperative's members.

<sup>1</sup> The cooperative comprises nearly 2300 members

<sup>2</sup> PROLECO is a lending institution created by CONAPROLE which currently serves cooperative members only.