

Dairy Market Chains in Indigenous Communities of the Chimbo River Watershed

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Rationale:

Investigation of current trends in the dairy product marketing chain provides insight to one of the principle livelihood strategies in the Chimbo River Watershed. This study offers alternatives for improvement and development of the watershed through the enhancement of livelihoods of dairy producers in Upper Guanujo, through advancement in cheese production and its effects on income generation and environmental recovery measures in this rural community.



Methodology:

Introductory data was collected from a Baseline Survey of households in the Upper Guanujo region of the Chimbo River watershed of Ecuador.

Communities were chosen based on profile statistics from the Baseline Survey, using maps provided by SIGAGRO at the Ministry of Agriculture.

Twenty-one surveys were administered in Spanish across eight indigenous communities to dairy producers whose primary income source was the potato-pasture production system. Additional interviews were also conducted with intermediary bodies, processors, and sellers in the dairy market system.

Abstract:

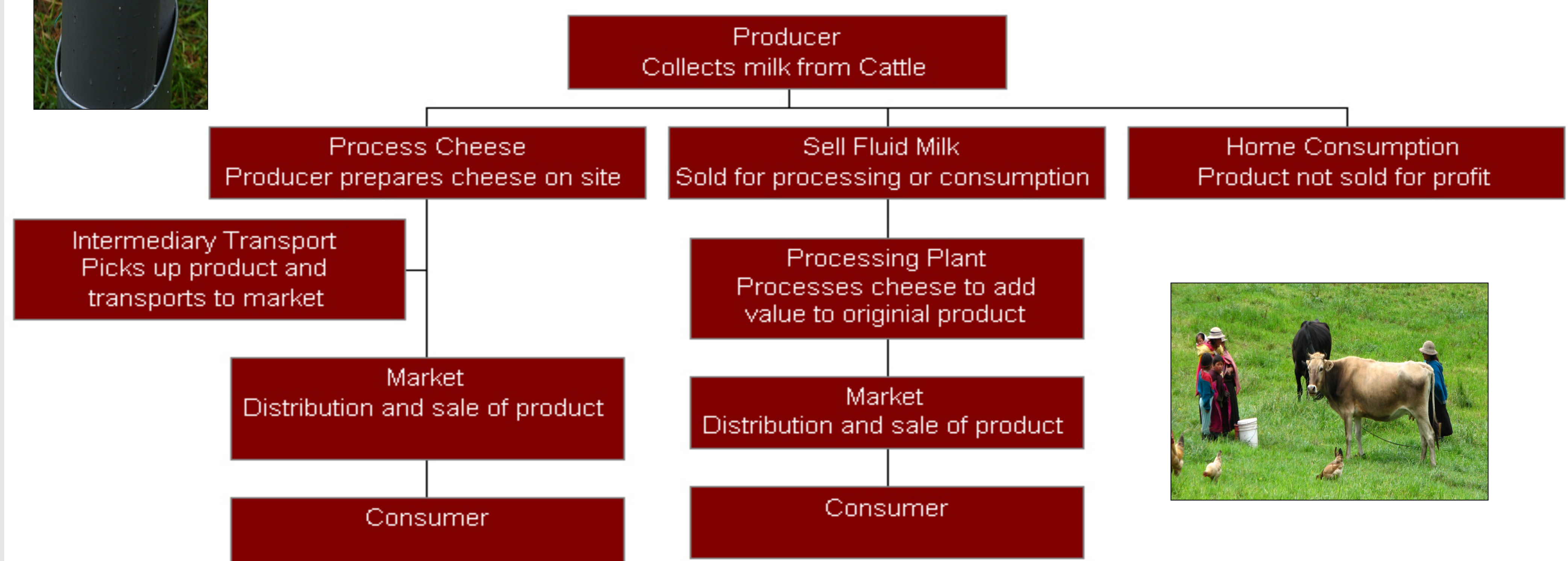
The standard farm system in rural Upper Guanujo in the region of the Bolívar Province of Ecuador includes dairy cattle as one of the primary sources of income for residents in this area. Though per capita consumption of dairy products among Ecuadorians is the highest of the countries in the Andean Region of South America, widespread production for the domestic retail market is lacking in many areas of the country.

Of the total dairy producers in Ecuador, 85% are considered small scale, integrated rural producers. Through identification of the entire dairy production chain, from producer through retail merchant, a clear profile of the current dairy market can be described in our sample area. Inefficiencies exist in the linkages between the producers, intermediaries, processors, and marketers. By identifying these barriers, recommendations can be made concerning improvements that may benefit all levels of the production chain. In turn, the producers' ability to improve household incomes through the production of dairy products has a great effect on their willingness to adopt new practices, which impacts their direct environment, including the Chimbo River Watershed.

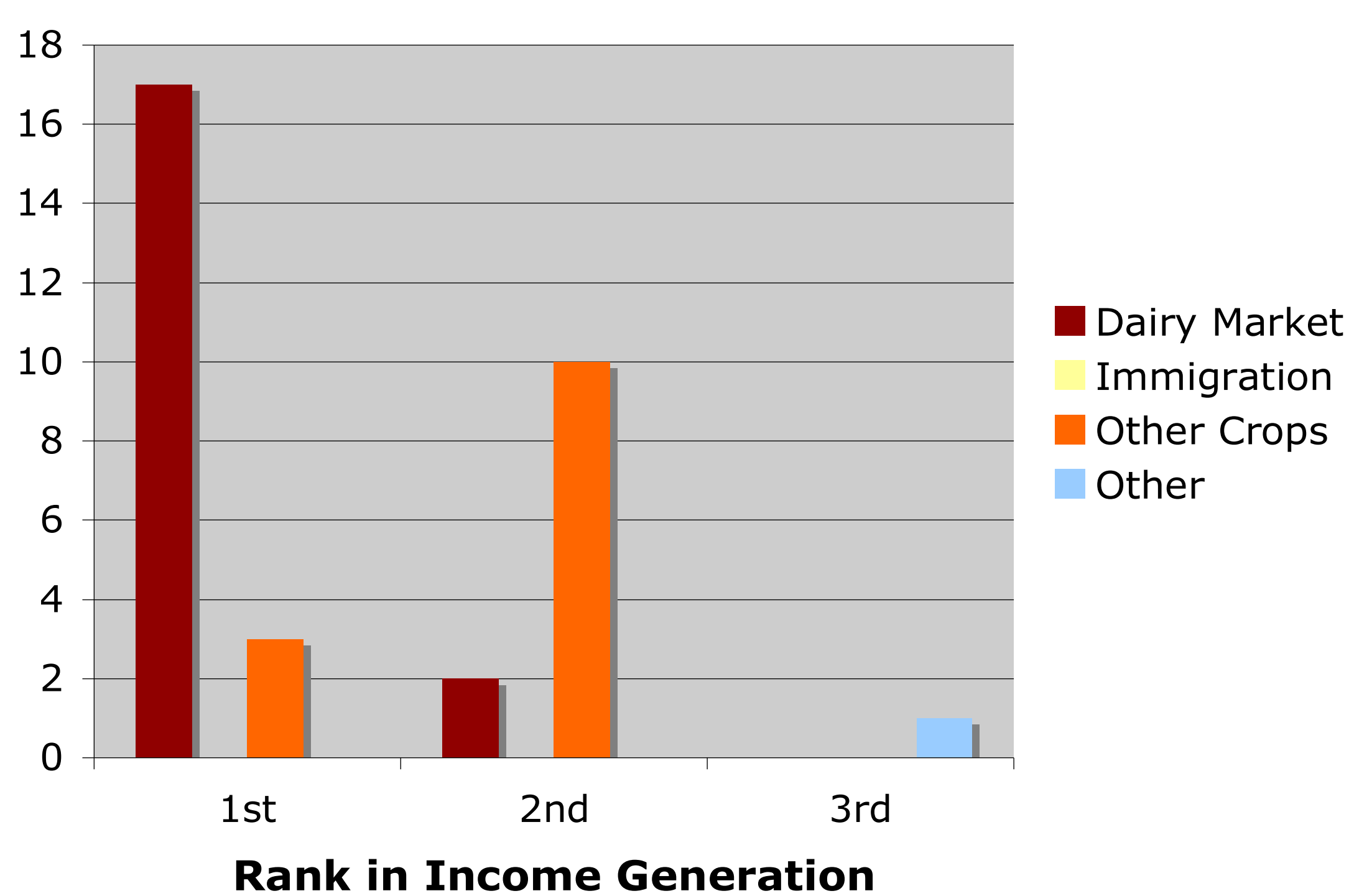
Investigation of current trends in the dairy product marketing chain provides an overview of one of the principal livelihood strategies in the region. One of the main objectives of the SANREM-CRSP is to improve watershed quality through participatory environmental management. This study offers alternatives for improvement and development of the watershed through actions of dairy market chain members. *The enhancement of livelihoods of residents in Upper Guanujo, through advancement in cheese production, should lead to higher disposable incomes, giving communities the opportunity to expend part of their returns on environmental recovery measures.*



Dairy Product Market Structure in Upper Guanujo



Income Dependency on Dairy Market in Upper Guanujo Households



Acknowledgements:

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Preliminary Findings:

Common barriers to producers include access to information, credit and cooperation among producer communities.

Intermediary transport operations are traditionally family run within specific indigenous communities and specialize in transport of other agricultural goods, as well as cheese and other dairy products.

Success of local processing plants are a result of outside aid and community support. Processing offers potential for higher product prices from value-added production, however infrastructure and aid are lacking in many areas to allow for long-term productivity and success.

Market prices vary depending on location, and distance from producer communities. Premiums are received for value-added processed and packaged goods.

Area Profile:

Ecuador has the highest per capita consumption of dairy products in South America. 85% of the country's dairy producers are small producers. 75% of Ecuador's milk supply comes is produced in the sierra region. Guaranda is located within the micro-watershed of the Illangama River. Small producers receive an average of 0.07-0.11 USD less than larger commercial producers. The Ministry of Agriculture and Livestock states that the current system faces a, "Lack of processing ability in the form of raw material [raw milk] production in order to increase the industrial production."

Common transportation method for fluid milk and cheese.

