

# **Smallholder Dairy Farmers' Group Development in Bhutan: Strengthening Rural Communities through Group Mobilization**

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**Abstract** - This paper describes the mobilization processes of Smallholder Dairy Farmers' Groups (SDFG) and its relevance to the process of community development in an integrated crop livestock forestry farming system in Bhutan. The group approach aims to ensure effective delivery of dairy services for strengthening collective self-help capacity, promoting self-reliance, group cooperation and solidarity of poor rural farmers through collective action. Data for the study were generated through focused group interviews and workshop organized among the relevant stakeholders involved in formation and development of dairy farmers' groups. The study found that the group mobilization processes demanded new competences in managing the different stages of group formation and development processes with professional support backed by new knowledge and skills. While the government encourages and supports the mobilization of dairy groups, the process of forming a group is still difficult due to a wide range of technical, socio-cultural, organizational, and physical challenges.

However, despite the challenges and difficulties, SDFGs are slowly contributing to the enhancement of smallholder dairy farmers' skills, achievement of economies-of-scale and improving their bargaining power. The SDFGs are helping to build trust among members, instill positive changes in attitude and commitment to achieve group's success motivated by accrued financial benefits and easy access to other services. The formation and development of dairy groups needs to be supported by well-trained competent group mobilizers who are able to manage and facilitate group processes effectively.

*Keywords* - service delivery, collective action, smallholder dairy farmers' group, mobilization and integrated crop-livestock-forestry farming systems.

## INTRODUCTION

The Smallholder Dairy Farmers' Groups (SDFGs) are a distinct category of farmers' groups in Bhutan, initiated and promoted by the Department of Livestock (DoL) adopted as one of the key mechanisms for modernization and commercialization of smallholder dairy farming by assisting in production, processing and marketing of dairy products. Due to the small farm size and limited landholdings, mobilization of smallholder dairy farmers into groups is seen as a viable option to develop and commercialize the dairy sector in Bhutan, where there is an ever-increasing market demand for the dairy products. As of 2009 there were more than 51 livestock groups with as many as 1,828 members, engaged in dairy, poultry, piggery and fishery activities, of which 27 were SDFGs consisting of both operational and newly proposed groups. The smallholder dairy farmers here refer to those households practicing an integrated crop-livestock-forestry farming system; in most cases with crop cultivation as the dominant farming activity supported by cattle rearing and forestry activities.

## OBJECTIVES OF THE STUDY

The aim of this paper is to describe the current development status of the SDFGs and their relevance to community development

in Bhutan. In pragmatic terms, the SDFG approach in dairy enterprise development assures the group members an effective means of pooling their resources, thereby enabling them to meet their common economic, socio-cultural needs and aspirations. Concurrently, the SDFG approach is also an important mechanism for strengthening the rural communities' accessibility to markets by mobilizing smallholder dairy farmers into groups that coordinate dairy and other agro-economic activities.

## MATERIALS AND METHODS

Administratively, Bhutan is divided into twenty Dzongkhags (districts). First, districts with existing SDFGs were identified, and SDFGs were segregated into operational and newly proposed groups. The study focused on the operational dairy groups. From the 27 smallholders dairy farmers' groups 18 were operational serving around 600 members. The study covered 12 SDFGs from eleven Dzongkhags in proportion to the number of SDFGs operating in each Dzongkhag, using a stratified random sampling method.

The data for the study was gathered through focused group interview and open participatory discussions with the leaders of SDFGs' and livestock extension agents (directly involved with the groups) during a three days stakeholders' workshop. The focused group interview used four major questions to assess and describe the SDFG mobilization and development processes adopted by the group promoters in Bhutan. Based on the group formation principles suggested by ACC (Administrative Committee on Coordination of United Nations) Network on Rural Development and Food Security's article titled "*Farmer Groups in Food Production*" (ACC Network on Rural Development and Food Security, n.d.), the following four questions were formulated:

- a. *How is the formation and development of SDFG encouraged in Bhutan?*
- b. *Were there adequate discussions and awareness programs on SDFG formation prior to establishment?*
- c. *Was the establishment of SDFG participatory or not? and,*
- d. *How adequately was self-reliance and sustainability addressed in the post establishment period?*

Most of the data were analyzed immediately after the process of data collection mostly in a qualitative manner, while conducting the focus group interviews and open participatory group discussions and meetings with the group leaders and extension agents. A simple Gap analysis technique is for identification of gaps between the principles of group formation and the actual field level execution by group promoters. The study also used secondary information for describing the policies related to dairy development and issues of group formation. The benefits of SDFG are illustrated by a case study.

## RESULTS AND DISCUSSION

### Policy environment

The Ministry of Agriculture started to actively promote the concept of farmers' groups as an approach to rural development from the beginning of 9<sup>th</sup> Five Year Plan (FYP, 2002-2007). In the 10<sup>th</sup> FYP (2008-2013), a Renewable Natural Resources (RNR) sector policy objective is to commercialize agriculture by strengthening production and marketing activities through the promotion of farmers' cooperatives and marketing boards (GNHC, 2008). Further, the current Bhutanese agricultural development policy advocates PAM (Production, Access and Marketing) and OGTP ("One Geog, Three Products") as the main strategies to increase agricultural productivity and improve rural livelihoods nationwide (MoAF).

In the livestock sector, SDFGs are expected to play vital roles in commercializing dairy production and to fulfill the dairy development policy objectives, especially in advancing the OGTP approach and thereby promote economic and social development of rural communities by effective delivery of livestock development services. As reflected in the 10<sup>th</sup> five year plan, the policy support for development of farmers' groups in general is very strong in Bhutan. Therefore, formation and development of SDFGs and other farmers' groups are supported and guided by the following policy documents:

- Cooperatives Act of Bhutan 2009 (Amended)
- Strategy for Farmer's Group in RNR Enterprise Development 2004

- The Cooperative Regulations 2006
- Farmers Group & Cooperative Development Strategy 2008.

Although the number of farmers' groups has increased over the years, achievement in terms of cooperative development was minimal mainly due to the mismatch of roles between Ministry of Home and Cultural Affairs (as implementer of act) and Ministry of Agriculture (promoter of groups in the field) and absence of regulations. However, with the amendment of Cooperative Act in 2009, authorization of MoAF as the Act implementing agency, and institutionalization of Department of Agriculture Marketing and Cooperative under MoAF promises an enabling environment for smooth formation and development of farmers' groups and cooperatives in general.

### **Dairy Development and SDFG**

The mobilization of smallholder dairy farmers into groups and cooperative societies for collection, processing and marketing of fresh milk and processed products was first started by the Highland Livestock Development Project (HLDP) in the early 1990s, a livestock development project. HLDP was launched with financial assistance from Asian Development Bank (ADB) in the fifth plan (1981/82-1986/87). One of the components of the project was to increase the productivity of cattle through a program centered on better animal health control and improved breeding and feeding management, and was supported by market development initiatives such as milk cooperatives and milk and meat processing facilities (ADB, 1998). The milk collection society in Deothang (eastern Bhutan), Trashiling milk processing society in Trongsa (east central Bhutan), and Phuntsholing milk processing plant in the south (now Bhutan Dairy Limited, BDL), were the first smallholder dairy farmers' groups and processing plant established by HLDP. The BDL, with a capacity of 5000 liters/day, was established in 1985 mainly to serve as the centralized market for the milk producers in the southern region.

The formation of SDFGs were mostly initiated and supported through livestock projects. This is evident from the two clear phases of the dairy groups' development in Bhutan: the first phase in the early

1990s supported by the HLDP project and the second from the start of the New Millennium Program with projects supported by European Union, HELVETAS, IFAD, SNV and Government of India.

The lack of clear legal and institutional support for the farmers' groups affected the performance and development of SDFGs in the mid 1990's, especially from 1993 to 2003. For example, the early dairy groups were fully dependent on the government after the exit of the initial donors. Without a clear mechanism to support farmers' groups and with little or no managerial capacity at the group level, withdrawal of government support nearly led to the dissolution of early dairy groups.

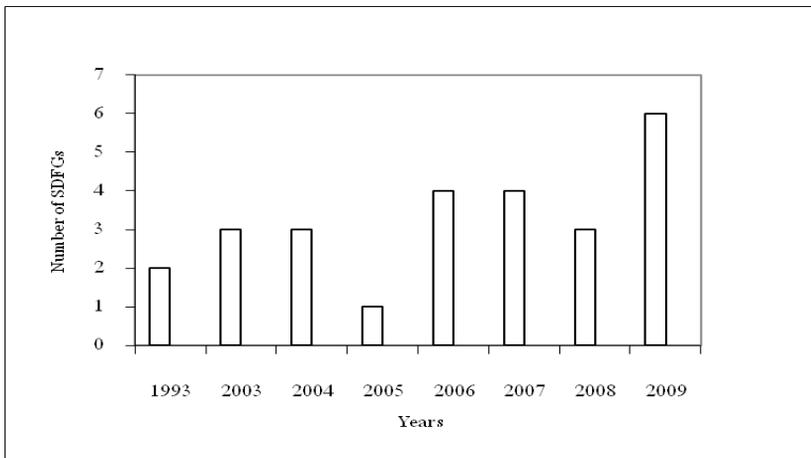


Figure 1 Number of new SDFGs formed yearly after 2003

However, a change in dairy development strategy, with emphasis on a group approach, has positively impacted the growth of SDFGs since 2003 (Figure 1). Gradually, this has created an increasing number of viable dairy enterprises that secure productive self-employment and generate cash income to rural communities. In other words, SDFG approach in dairy enterprise development is contributing to community development; the new income generated to participating households through these ventures has enhanced other rural development activities. As mentioned by Opare (2007), like

the community based organizations which provide various services to develop rural communities by channeling information and other key resources to enhance rural living conditions, SDFGs in Bhutan are seen as an important move toward dairy development by channeling extension and other support services to dairy group members through the group.

### **SDFG formation processes**

In the absence of trained group promoters, the geog (sub-district) livestock extension agents despite their limited community mobilization knowledge and skills collaborate with stakeholders to facilitate group formation and development as the main leader in the field. As stated by FAO (1995), forming group is not just gathering some like-minded people, but involves the commitment of members who are willing to work together and come to agreement on a number of issues which any group promoter should be able to facilitate effectively. The group formation is not only an additional job for the extension workers but requires knowledge and skills, resources and patience. Short training courses (one to two weeks) were organized for selected extension agents mainly to develop and prepare them to facilitate group processes in the field. They in turn were required to organize similar trainings for their colleagues in their districts and also to initiate group activities in their respective working areas.

### **Steps for SDFG formation**

The formation of farmers' groups in general are guided by the "Strategy for Farmers' Groups in Enterprise Development" developed and distributed by the MoA in 2004. However, as reported by Subedi (2009) since the legislation, policy and guidelines for farmers' groups development has been vague, many groups were formed without an in-depth pre-feasibility study, market analysis, or strategic guidelines on awareness creation. As such formation of dairy groups was usually based on the general potential observed in the area and the benefits members are likely to enjoy through the collective action. A generalized step (Figure 1) for group formation has been summarized based on the

results of focused group interviews, steps generally adopted by the group promoters in the field.

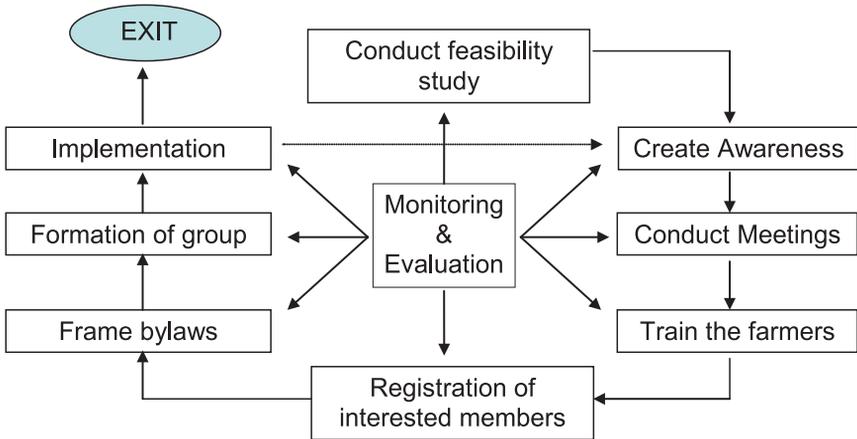


Figure 2 Steps adopted for forming SDFG

Despite the similarities in the group establishment steps followed by the extension agents, group development strategies widely varied across the regions, mainly due to lack of expertise, absence of specific group development guidelines and weak institutional accountability. The most common concerns shared by extension agents were; inability to conduct proper feasibility and market studies, to execute group formation processes effectively and to provide capacity development trainings to members once the group was established. The dairy group formations were mostly facilitated by the field extension agents who possess very little experiences, knowledge and skills on group processes (Table 1). The majority (91.6%) of extension agents claimed to have some experiences in group formation but at the same time about 83% have expressed having limited knowledge in group formation (Table1). Many extension agents have not undergone formal group mobilization trainings but have participate in group formation processes in the field with other stakeholders. Despite the limited knowledge many (67%) have formed or helped form some livestock groups in the field.

Table 1 Livestock Extension Agent background in group formation processes

Variables	Yes	No	None	One	Two	> two groups
Number of groups formed	67%	33%	33.30%	25%	33.30%	8.30%
Knowledge in group formation	16.60%	83.30%	-	-	-	-
Experiences in group formation	91.60%	8.30%	-	-	-	-

Source: Focused group interview 2009

As a group promoter/facilitator in the field, the livestock extension agents expressed the need to enhance their knowledge and skills in areas such as group formation processes, leadership and conflict management, record and book keeping, group dynamism and planning, and bylaws drafting and development. Enhancement of knowledge and skills in group mobilization processes, leadership and conflict managements were considered vital by the extension agents for effective facilitation of group processes.

The study found that most dairy groups were formed within short period of time with inadequate group awareness and educational activities, mainly due to limited time and capacity of the group promoters. The experiences of extension agents about groups formed in shorter duration were, often such processes had negative impact on members' sense of ownership, comprehension about benefits of collective action and participation in group activities. In principle, according to FAO (1994), it is important to allow for a reasonable time interval between the different stages of the group formation and to avoid forming groups in haste. This provides farmers adequate time to reflect, discuss and evaluate their decisions to take up collective action.

Based on the results of the focused group interviews, formation of SDFGs were mostly externally initiated based on the interest of agencies and projects mainly to meet annual targets, or simply taken up as a means of implementing new "development activities" like the dairy groups of the early 1990s. The externally driven development initiatives were found necessary particularly in the early stages of

group approach promotion, mainly to encourage and create awareness among illiterate farmers about the benefits of collective action, however, such externally driven initiatives have led to the creation of expectations among the farmers where agencies often promised many support services and facilities. Supports for the development of dairy groups were provided through capacity building (training, workshops, study visits), supply of materials and equipment for (milk collection, processing and storage), loans for purchase of cattle, and subsidies for transportation of cattle and cattle feeds in the initial phase.

### Gap analysis of SDFG formation processes

The general Gap analysis technique was used for identifying gaps in SDFG formation processes in Bhutan. The four basic principles established by the ACC Network for Rural Development and Food Security was used as the standard for comparing with practices adopted by the group promoters in the field (Table 2). As most the SDFGs are externally initiated; the problems and needs of the farmers are often pre-determined by Agencies and Authorities with minimal participation of the farmers. As such the compliance to group formation processes were often perceived as more of a formality than necessity; extension agents as facilitators complete the requisite tasks and technical inputs within short time periods leaving very little time for farmers to discuss, consider and comprehend the benefits of cooperation and collective action.

Table 2. Principles, field practice and gaps in SDFG formation processes

No	Basic Principles <sup>1</sup>	Field level practice	Gap
1	<p><b>Encourage group formation</b></p> <ul style="list-style-type: none"> <li>• Do not impose anything</li> <li>• Work with farmers to identify their problems</li> <li>• Help them assess their group self-capacities</li> <li>• Assist in identifying areas for group action</li> </ul>	<ul style="list-style-type: none"> <li>• Group formation is mostly target and project-based (externally initiated)</li> </ul>	<p>Farmers' needs and problems analysis not properly identified. Weak feasibility and market study.</p>

2	<p><b>Discuss group formation</b></p> <ul style="list-style-type: none"> <li>• Go slowly-forming healthy groups takes time</li> <li>• Call village meetings</li> <li>• Discuss goals and expectations</li> <li>• Focus on individual profitability</li> <li>• Assess all benefits &amp; costs of cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of adherence to group formation processes, groups formed in shorter periods and mostly top down</li> </ul>	<p>Limited awareness programs and meetings. Limited group educational programs</p>
3	<p><b>Establish groups</b></p> <ul style="list-style-type: none"> <li>• Encourage small groups</li> <li>• Ensure that group members share a common bond homogenous</li> <li>• Promote groups that are voluntary and democratic</li> <li>• Help the group choose a name for itself</li> <li>• Assist it in setting realistic objectives</li> <li>• Urge groups to meet regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Participatory approaches are emphasized but groups are usually formed based on the predetermined plan and objective.</li> </ul>	<p>Weak facilitation processes.</p>
4	<p><b>Aim at group self-reliance</b></p> <ul style="list-style-type: none"> <li>• Ensure that leadership develops and is shared</li> <li>• Highlight the importance of members contributions</li> <li>• Encourage simple record keeping</li> </ul>	<ul style="list-style-type: none"> <li>• Organization of trainings are determined by the availability of resources</li> </ul>	<p>No clear capacity development plan at for group &amp; Extension Agents</p>

The target based approach, weak facilitation processes and no clear capacity development plans for group facilitators and members of dairy groups, and absence of well trained and experienced community mobilizers were expressed as some of the factors affecting the smooth formation and development of dairy groups in Bhutan.

### Member Benefits and Community Development

Compared to benefits accrued from other types of farmers' groups, member benefits are more visible and relatively better in the smallholder dairy farmers' groups. All the dairy groups (12 SDFGs) have started with member saving schemes mainly to build a collective fund to finance milk collection, processing and marketing activities, and also to provide loan facilities to the members. According to the group leaders and members saving and loan scheme were useful

and also effective as a mechanism to maintain members together in the smallholder dairy farmers' groups. Further the assured monthly payment to the members for their milk deposits are said to motivate and encourage active member participation. The case study (Box 1) illustrates how a young SDFG benefits its members in the east central region.

**Box1. A case of Chumey gonor lothuen tshogpa (A smallholder dairy group)**

**Background**

Chumey Gonor Lothuen Tshogpa (CGLT) in Bumthang district (east central Bhutan) was established in 2008 with 31 members with assistance from the district's livestock sector. Since dairy is an important component of the dryland farming system, all the households in the area raise dairy cattle. This smallholder dairy farmers' group (SDFG) was established for collection, processing and marketing of processed milk products. Currently (2011), 31 members and 15 non-members supply milk to the processing unit. The functioning of the SDFG is guided by the Group's by-laws.

**Current Group Activities**

The Group collects and processes about 90-150 kg of milk per day (members and non members) producing around 6-7 Kg butter and 70 balls of cottage cheese (200g/ball) daily earning a net income of about Nu. 6000 permonth. The products sold are fresh milk (Nu. 25/Kg), butter (Nu.240/Kg), cottage cheese (Nu.25/ball), skim and butter milk (15/Kg). Products are marketed from the processing unit and surplus products are marketed through the existing renewable natural resource farm shop located in Bumthang town. The group also procures and supplies commercial dairy feed to the group members, and has an insurance scheme for cattle and family members of the group.

**Benefits to members**

The opportunity for smallholder dairy farmers to raise their income depends on their ability to participate and compete in the market. With a long way to go to developing into a fully sustainable group, this SDFG has atleast made a good start in initiating the use of collective action for addressing the inefficiencies and coordination problems related to market access. On an average, a farmer supplies about 3 kg of milk per day (Nu.20/kg) earning approximately about Nu.1800 per month. Besides enabling the community to earn regular monthly cash income, the group has also helped to strengthen the financial position and social bond among members. The loan from the group saving scheme has made the members' access to credit easy, reducing

the dependency on expensive external credit sources. The success of the group has raised the interest of many non-members, who are then more inclined to join the group.

#### **Future outlook**

The Group has plans to strengthen and expand its membership, explore possibilities for product diversification, initiate heifer production for stock replacement and sale and support the development of improved pasture. Like many other successful farmers' organizations, this SDFG has effectively encouraged greater group participation in the market by reducing the transaction costs and improving their group's bargaining power.

The SDFGs can be seen as an important platform for facilitating community development processes in the rural areas. The community development is seen as a process for facilitating active participation of people in the issues which affect their lives, involving sharing of power, skills, knowledge and experience. The improved SDFG's members' access to cash and loan facilities, better sharing of knowledge and information on dairy farming, and stronger representation of members to outside agencies are contributing helping to strengthen rural communities. According to members without SDFG's, there was little or no opportunity to earn cash, loan sources were very limited and came with high interest rates. The benefit of group is evident from Chumey's case (Box 1) in east central Bhutan where the group currently assures monthly cash flow for milk deposits and also provides low interest loans to its members easing the cash demands on the farm and reducing dependency on external credit sources. Thus as put forward by Laidlaw (1962) with their emphasis on self-help and local initiatives, the dairy groups and cooperatives in Bhutan can be the mainspring of the people's own effort in dairy and community development in the coming future.

### **Challenges for Mobilization of SDFGs**

A major weakness in terms of management and organizational issues in Bhutan is the difficulty in mobilizing groups and undertaking group formation activities, further hindering the commercialization of

farming activities (Bellotti and Cadilhon, 2007). The challenges include factors related to cultural and social, technical, policy, physical, organizational, and land resources.

## **Cultural and Social Factors**

The low level of trust among farmers and their individualistic thinking about farming practices are making the group mobilization processes more difficult and challenging. Subedi (2009) confirms illiteracy of the farmers, lack of awareness of group benefits, lack of cohesion among the group members, lack of rural manpower to participate in group activities, and a lack of trust amongst the group members as constraining group development in eastern Bhutan. A high illiteracy rate among large numbers of uneducated farmers was said to affect development of SDFG's and their performance. According to the dairy farmers' group leaders, instilling a sense of ownership among members who usually are not aware of their responsibilities is said to be difficult and challenging. This could be attributed in part to weak, inadequate and vague awareness programs (trainings and meetings) in the pre-establishment period of the dairy groups. However, this assumption requires further study and confirmation.

## **Technical Factors**

The lack of trained and experienced group promoters who understand group mobilization processes and are capable of handling these processes smoothly is a major constraint to the formation of farmers' groups in Bhutan. The shortage of trained professional group promoters at the Department and Dzongkhag levels, have forced the Extension Agents to attend a few days training on group modalities (usually between 5 and 8 days) and are often required to take the role of group promoters and trainers in the field. This raises questions on their competency and effectiveness, especially when they are also required to perform many other technical livestock extension services for the public. Bellotti and Cadilhon (2007) reported that lack of skills and expertise among the group promoters and poorly trained extension agents as some of the reasons constraining the group mobilization efforts in Bhutan. According to the livestock personals, members'

inability to invest in improved cattle owing to high prices, the risk of cattle mortality, and high cost of feed, marginal land holdings that limit pasture development and a general lack of knowledge of proper feeding regime also said to constrain the development of dairy groups.

### **Policy Factors**

While overall national policy support for farmers' group formation is strong, the absence of a uniform support programs is a concern for the group mobilizers and farmers, especially in areas where project supports are minimal or absent. The financial resources and technical supports are essential ingredients for capacity developments in the initial stages of group formation and development.

As reported by Subedi (2009), a common phenomenon throughout the nation is weak local government support, non-involvement in group formation, limited or no accountability for group activity and absence of continuous monitoring of group activities by the local government. All of these areas of institutional weakness play a role in limiting the development of farmers' groups in eastern Bhutan.

### **Physical Factors**

Bhutan is an exceptionally mountainous country with most settlements concentrated in small river valley bottoms and on steep mountain slopes where accessibility is difficult and time consuming. The conditions are improving with construction of new farm roads but at the moment poor road connectivity and transportation facilities between settlements are also hindering group mobilization efforts in Bhutan. The physical separation of settlements and households due to the difficult terrain offers less opportunity for interaction between communities, thereby limiting group formation and functioning in some parts of the country.

### **Organizational Factors**

The lack of interested and dynamic leaders is expressed as a major concern for the SDFG's covered in the study. As reported by Subedi (2009) the unavailability of qualified candidates from illiterate group

members with limited leadership capabilities often makes it very difficult for groups to change committee members and office bearers as required by the group bylaws. According to the SDFG leaders, lack of knowledge on book-keeping and accounting, absence of clear monitoring and evaluation systems exacerbated by weak participation by the members are all said to be affecting group development. As rural entrepreneurs, the SDFGs also lack knowledge of the dairy market, access to technology, business linking services, advocacy and other services that would help them to build competitiveness.

The mobilization and functioning of the dairy groups is also affected by the lack of a uniform organizational development plan for SDFGs. Some dairy groups are not even able to carry out the primary role for which the group was formed, such as collection, processing and marketing of milk products. For example, Gogona smallholder dairy farmers' group in the west central region of Bhutan has privatized the milk processing and marketing to a single member simply due to lack of manpower and transportation facilities. The members only contribute milk and receive payment at the end of the month where cooperative thinking and value is almost absent. The inability of SDFGs to diversify their activities and provide additional benefits to the members is also a concern for the development and management of the dairy groups.

### **Lack of resources**

Scarce financial resources in the early stages of SDFG development is reported as a common constraint among all the SDFGs due to difficulty in mobilization and low internal group savings by the livestock group promoters. According to the livestock extension agents' lack of assets, proper offices or office equipment and unwillingness among members to invest are also said to hamper the growth of dairy groups. Dairy groups are highly dependent on government subsidies and donor funding, especially in the early stages of group formation and development. Further, since groups are mostly promoted in areas with project supports, often members join the group mainly aspiring for project inputs and incentives, increasing their dependency on the external sources. The introduction of the Revolving Fund 2010 by the Animal Husbandry Department is expected to minimize the financial constraints at least with the livestock related group enterprises.

## CONCLUSION AND RECOMMENDATIONS

In summary, as identified by FAO (1998), the social environment plays a major role in the establishment, development of self-reliance and sustainability of farmers groups in general. Similarly the key parameters that influence success or failure of a SDFG are: purpose and potential benefits of group formation; motivation and timing of formation; the role of a group promoter or a facilitator; and the extent and form of external support.

The change in policy approach towards rural development with emphasis on collective action has raised the level of awareness among farmers about the value of cooperation resulting into increased number of SDFGs in the past few years. The lack of professional group promoters demands the recruitment of trained group promoters at the Department and Dzongkhag levels who could guide, streamline and strengthen the Group formation processes.

The increasing involvement of livestock extension agents with their limited knowledge and skills in community organizing underscores the need for these agents to enhance their skills in group mobilization, participatory approaches and marketing. In order to successfully implement capacity development programs for farmers groups, extension agents should focus on the three basic promotional roles identified by FAO (1994); as a group advisor, participatory trainer and networker. Agents must explore the engagement of professionals from other organizations to build up linkages and network with relevant academic institutions providing community development and management courses. Group formation demands special knowledge and skills, commitment and extra time from the group promoters, and therefore it is important for the concerned authorities to reassess the workloads of Extension Agents and find out the availability of time, especially when they are also required to provide other technical services at the same time.

The lack of strategic guidelines and institutional support assures no uniformity in the support and management services provided, further leading to weak monitoring and evaluation of SDFGs activities. Since formation and development of SDFGs are "project driven" and supported, there should be a clear strategy and plan to support the

already established groups especially after termination of project support.

Lack of start-up capital is a constraint faced by the SDFGs in the early stages of development. FAO's experiences in other countries found "savings first" as a more effective approach, than using low interest credit as an incentive for group formation and management in the initial stages of development (Rouse, 1996). Therefore, group promoters should first focus on cooperation to improve members' income generation potential which will not only reduce the dependence on the government and donor subsidies but will also solve the financial requirements in the early stages of the group formation and development.

Although many challenges lie ahead for SDFGs to fully develop into sustainable dairy groups and cooperatives, they are relatively better in terms of management and benefit-sharing compared to other farmers' groups in the country. As a result, according to the extension agents' members' participation in the group activities is said to be improving through more effective group leadership, improved trust among members, positive changes in individual attitude and commitment towards group activities. Further, it is also said that the mobilization of farmers into dairy groups, by promoting understanding and collaboration among members irrespective of their background and status, has also helped to strengthen members' social bonds thereby building more peaceful and stronger communities in the rural areas. Therefore, SDFG presents promising opportunities as an organization at the community level to channel all the government assistance and also as a link between the government and people in framing and dissemination of government policy.

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(Footnotes)

<sup>1</sup> ACC Network for Rural Development and Food Security, (n.d.).

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