

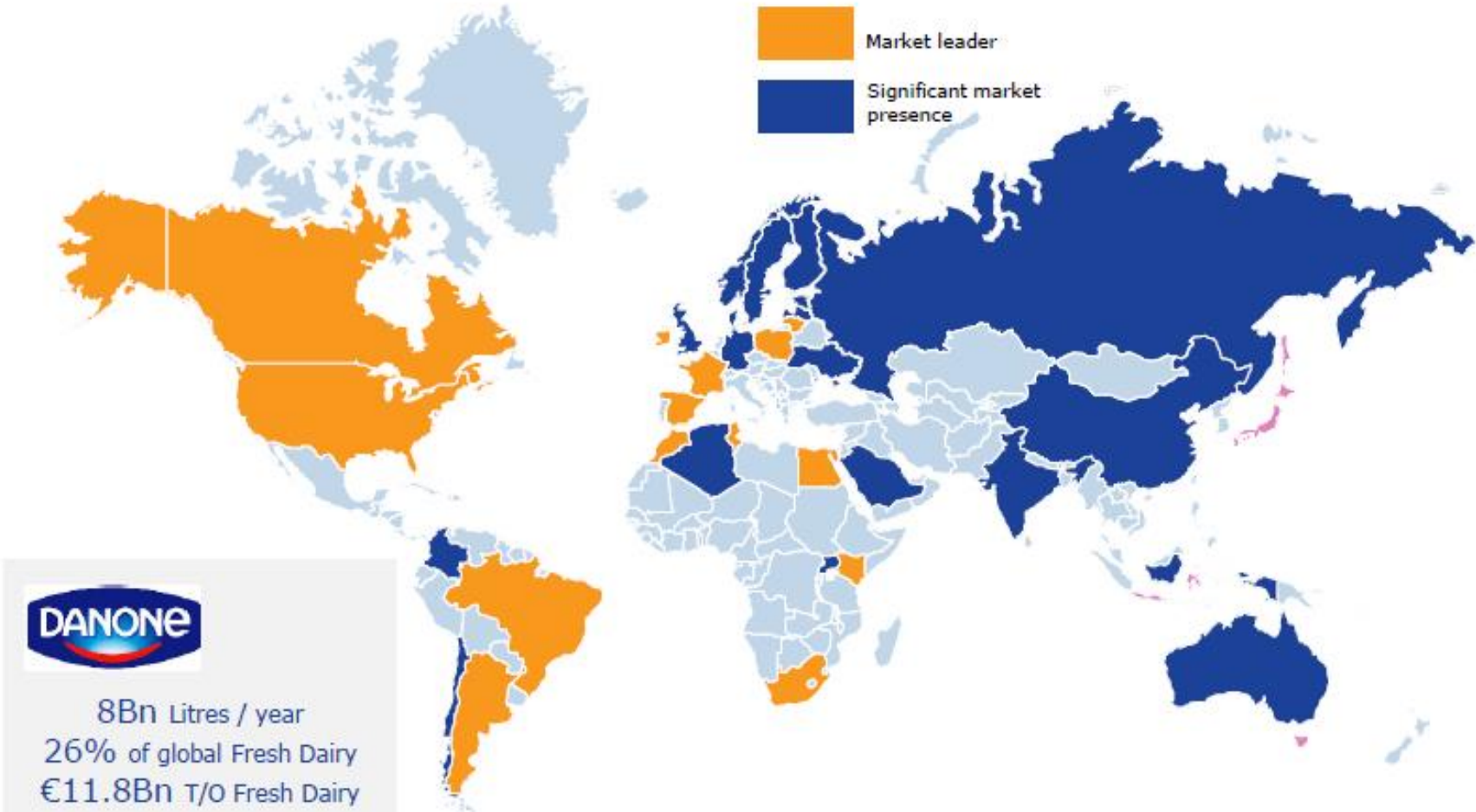


Private Sector and Donor Support for Cooperatives in Ukraine

**September 2015, Moscow
Kukhtina Irina,
Danone Ukraine**



Danone – Global player of dairy market





Danone Ukraine





DANONE Mission

“BRINGING HEALTH
THROUGH FOOD TO
AS MANY PEOPLE
AS POSSIBLE”





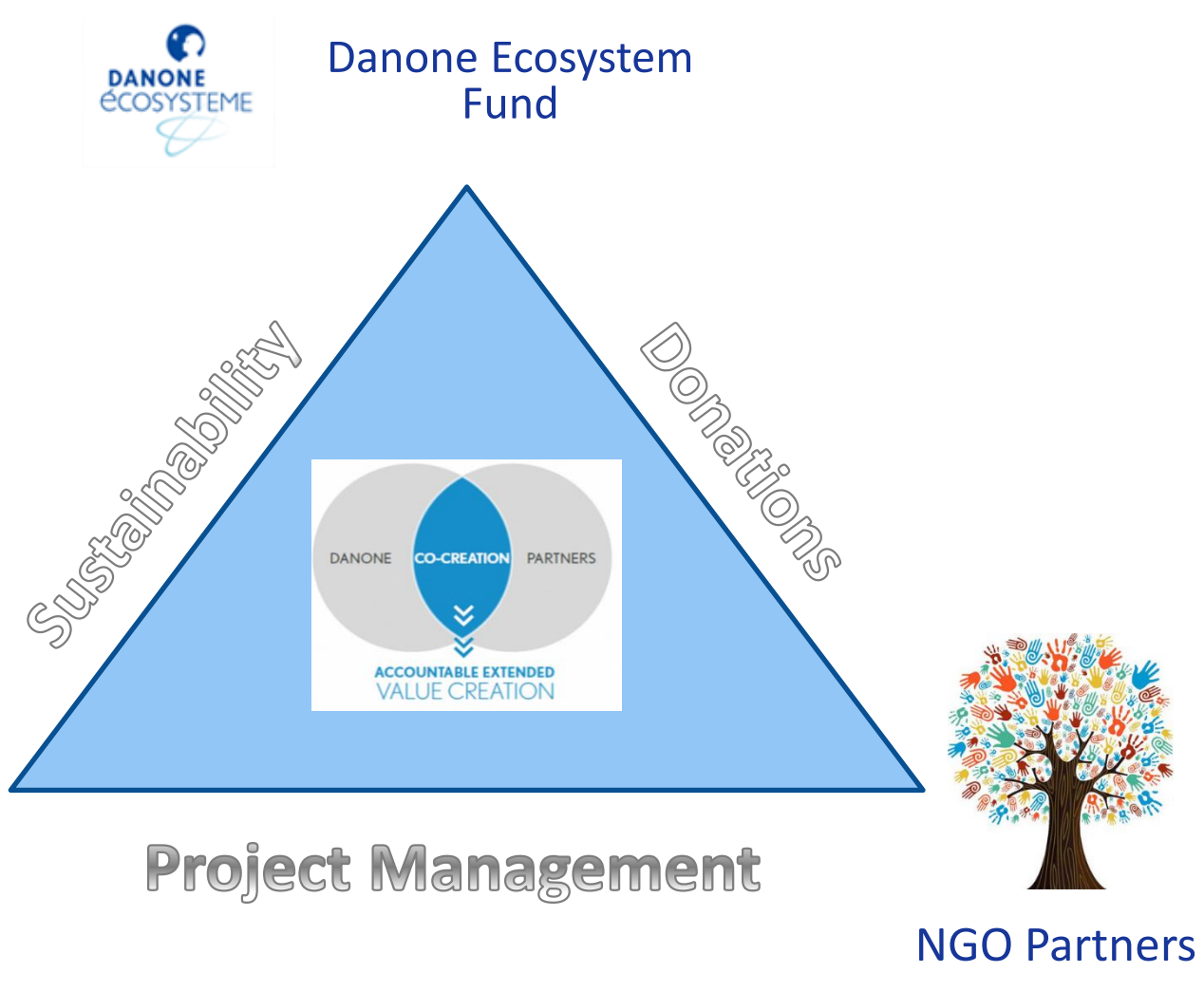
WHY do our projects?

- For better quality of life of rural people
- Fore better quality of milk for our consumer
- Because we can do this





HOW? Co-creation with Partners





RESULT: Business and Social KPIs

➤ Business

- Development of local markets
- Motivation of DANONE people
- Reputation and local accessibility



➤ Social

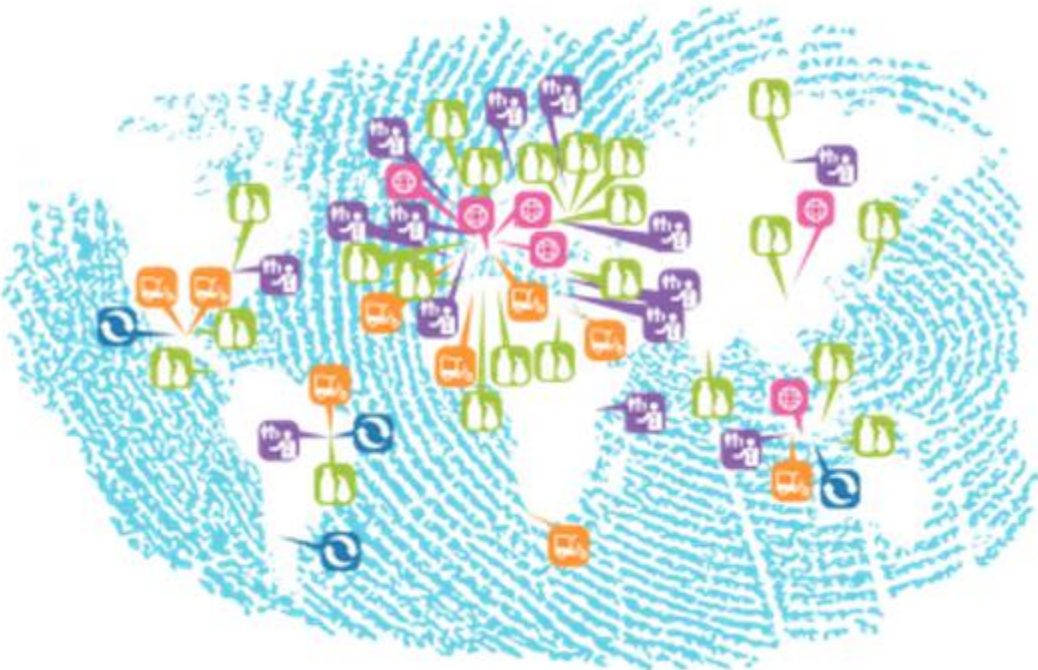
- New jobs and increase of income for rural people
- Development of infrastructure
- Change of quality of life





Danone Ecosystem Fund

54 on-going projects 25 countries 40 NGOs



-  Sourcing >
-  Distribution >
-  Recycling >
-  Caring Services >
-  Territory >

- Western Europe >
- Central - Eastern Europe >
- Asia >
- Latin America >
- North America >
- Africa - Middle East >



Projects in Ukraine

Project	Investments	Social Impact
Milk Communities, 2010-2017	6 417kEUR	<ul style="list-style-type: none"> - 300 new jobs - 3500 people benefits from the project - Cold chain for milk
DemoFarm, 2012-2016	2 300kEUR	<ul style="list-style-type: none"> - 21 new jobs - Training center for small and medium farmers - 1 306 people benefits from the project
Strawberry Ukraine 2011-2015	1 944kEUR	<ul style="list-style-type: none"> - 482 new jobs - 2 600 people benefits from the project - Modern cultivation technology introduced





Partners in Ukraine Projects



Foreign Affairs, Trade and
Development Canada

Affaires étrangères, Commerce
et Développement Canada



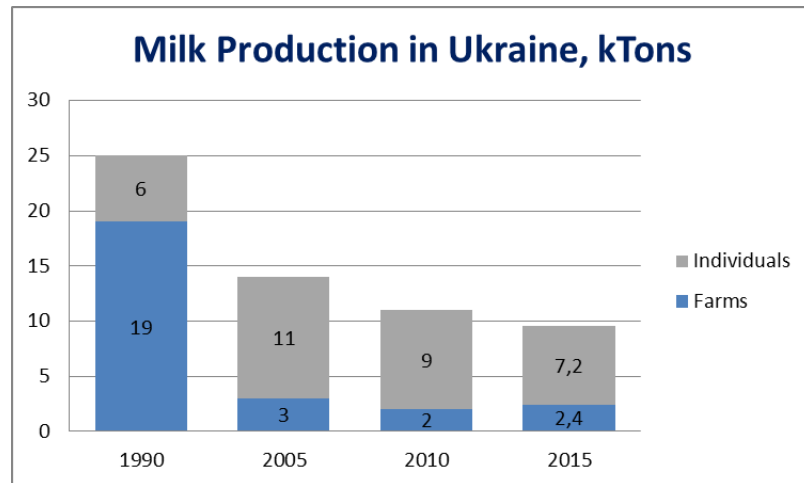
USAID
FROM THE AMERICAN PEOPLE



European Bank
for Reconstruction and Development



Milk cooperatives. Market background



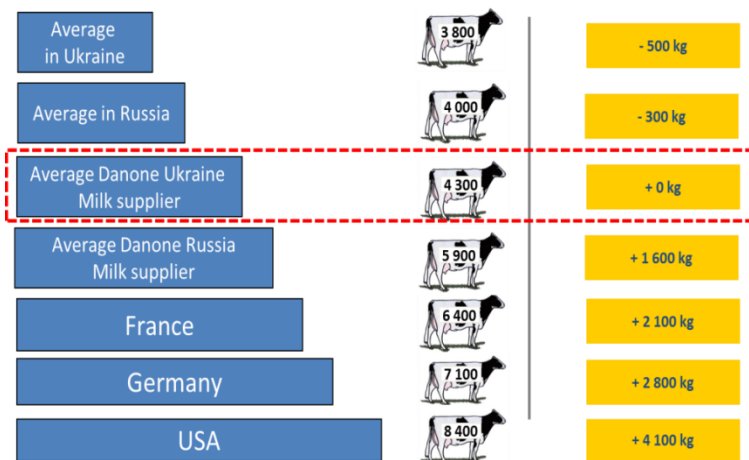
Milk production on 80% driven by private sector

Drop of cows population and milk production driven by private sector

Huge seasonality of the Market driven by individuals

Bad quality of milk in private sector (av. 5 mln bacteria vs 0,6 mln from big farms)

Low yield per cow (3 800 kg/year) – twice less than EU





Milk cooperatives. Project History and Evolution

2010-2011

Individuals (1-2 cows)

Creation of cooperatives

- 20 coops
- 5 coops supplying milk to Danone
- 1000 beneficiaries

Funds

- Danone
- Heifer International

2011-2013

Cooperatives + Mini family farms (4-6 cows)

Working Coops

- 24 coops
- 17 supplying milk to Danone
- 2800 beneficiaries
- 10 Family Farms

Funds

- Danone
- Heifer International
- SOCODEVI

2014-2017

Cooperatives + Family farms (10-15 cows)

Effective Coops

- 20 financially sustainable coops
- supplying milk to Danone
- 206 family farms
- 3200 beneficiaries

Funds

- Danone
- Heifer International
- SOCODEVI
- USAID

+ DemoFarm as new projects



Milk cooperatives. Financing Model



Reconstructed Family Farm



Milking machine \$ 1,000



Water \$1800



Lighting
\$ 650



Ventilation
\$ 1300



Cow-place
\$ 1,250

TOTAL
\$ 6,000

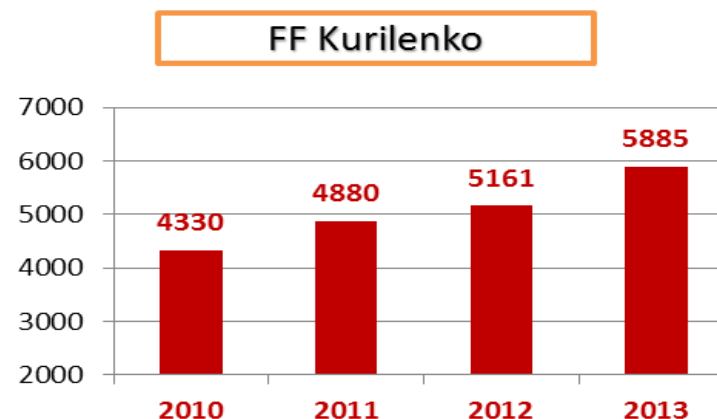
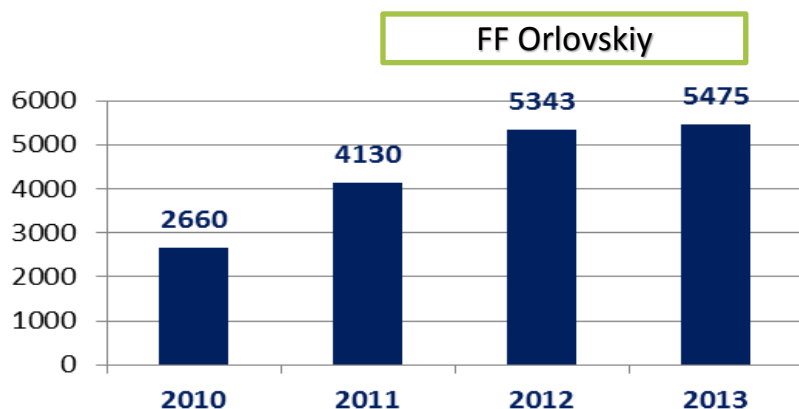


Farmer pays \$800 for installing the equipment



Milk cooperatives. Results example

Milk productivity of cows has a trend to increase:



Positive effect of family farms:

- 1) The **productivity** of cows increased on the average **by 25 %**
- 2) **Profit** of the family farms increased on the average **by 30 %**
- 3) Due to FF automatization, the number of farmers' working hours **decreased from 7 to 4 hours per day** and at the same time the number of cows increased from 3-4 to 7-10
- 4) **Milk quality** increased and equals **high grade milk**, which is the same as produced by big modern farms
- 5) **Manure management** system and ecological approach is implemented



Strawberry cooperatives. Project Background

- 100 years of strawberry tradition
- Good climate and fertile land available
- High unemployment in the region
- Strawberry experience of people in from seasonal works in Poland

FROM



- **Strawberry is 25% of Danone fruits**
- **Competitive price vs other origins**
- High demand from Danone in CIS & Europe
- Export opportunities

TO





Strawberry cooperatives. Operating model



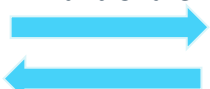
Equipment Investments

Project Management



Coop members

Land Share



Margin



Labour



Flexible Labour compensation



Agronomist support

Field creation
Field works management



SALES / COOP's INCOMES

FRUIT PREPARATION
for DANONE



FRESH MARKET





Strawberry cooperatives. Project Results

- 30HA of strawberry field in Losyatyn, Ternopil region
- More than 300 Jobs created
- 13 tons per HA Yield– higher than average Poland.
- 100% from Danone Ukraine needs in strawberry is reached.
- 20MT of IQF strawberry is exported to Russia in 2015.
- At least 75 people stay in Ukraine with families vs seasonal jobs abroad
- Change of the life in community: higher income for people, new financing in region (UN, USAID, other commercial players), community wellbeing (new roads, children garden and club reconstruction)





Thank you!