



SUPPORTED BY:



PROFATE INVESTMENTS LIMITED

Dar es Salaam, Tanzania

Tanzanian dairy producer Profate Investments was already trying to weather the impacts of the COVID-19 pandemic when it was struck by a second, even greater challenge: a crippling drought that decimated livestock and agricultural production in the country. Support from Visa Foundation and the Coalition for Farmer-Allied Intermediaries (CFAI) enabled the company to stay afloat amid the twin crises.



About the Coalition for Farmer-Allied Intermediaries

In response to COVID-19's impact on vulnerable food systems, a group of pioneering organizations working with 600+ African food companies joined together to launch the Coalition for Farmer-Allied Intermediaries (CFAI). Its mission is to catalyze a movement around vital small- and medium-sized agro-food businesses in order to transform and build more resilient African food systems. In 2021, Visa Foundation provided resiliency grants and enabled provision of technical assistance to eight Sub-Saharan food processing companies to help them navigate the continuing COVID-19 crisis, adapt to shifting market demands, and return to inclusive growth. TechnoServe and Partners in Food Solutions provided technical assistance to these firms through the Alliance for Inclusive and Nutritious Food Processing program, which is funded by USAID's Feed the Future initiative.

AT-A-GLANCE

SECTOR	DAIRY
Challenges from COVID-19	Changing consumer behavior away from fresh dairy, closure of key markets in the hospitality sector, reduced cashflow
CFAI support	\$50,000 grant from Visa Foundation to fund procurement, salaries, and revised marketing; technical assistance focused on rebranding and marketing
Key results	Procured 61,000 liters of milk from smallholder farmers, able to continue operating even amid the drought, and new marketing and packaging to better reach bottom-of-the-pyramid (BoP) consumers

ABOUT PROFATE INVESTMENTS LIMITED

Profate Investments Limited has worked in Tanzania's dairy sector since 2007. At the beginning, it processed just 20 liters of milk per day, but the firm has grown to a daily processing capacity of 1,200 liters. Profate built its business by supplying hotels, restaurants, and supermarkets in and around Dar es Salaam. It sources raw milk from about 500 smallholder farmers—half of whom are women—organized in eight producer groups, with an additional producer group contracted to provide fodder to the dairy farmers. The company provides these farmers with a range of services, in addition to market access.

In 2019, the company experienced 9% revenue growth. Just before the onset of the pandemic, the company was raising capital to purchase new equipment that would bring its daily production to 5,000 liters per day.

CHALLENGES FROM COVID-19

The COVID-19 pandemic disrupted Profate's operations in two principal ways. First, border restrictions reduced the flow of tourists to Tanzania, greatly impacting the hotels, restaurants, and canteens that were once a significant part of Profate's market. Second, consumer behavior shifted: as customers sought to reduce the number of trips they took to the store, they shifted their purchases from fresh milk like Profate's to shelf-stable ultra-high-temperature milk. As a result, sales fell by approximately 40%, and the company did not have sufficient working capital to maintain operations or pay suppliers on-time.

RESPONDING WITH CFAI

Through CFAI, Profate received a \$50,000 Visa Foundation grant to aid the company's recovery and resilience. Most of this funding was allocated to raw-milk procurement and to pay staff salaries. Smaller amounts were dedicated to designing and printing new labels, hiring a market-support expert, and funding digital marketing efforts, with technical assistance provided by TechnoServe and Partners in Food Solutions staff. Business advisors also provided technical assistance focused on improving financial management in the firm.

RESULTS AND IMPACT

The funding and technical assistance allowed Profate to resume its operations, and the company used grant funding to source 61,000 liters of milk from smallholder producers, paying all of them on time. The company also developed new packaging and branding for its products and developed a new distribution strategy, using tricycles, to reach BoP consumers. Now, in addition to selling its products in supermarkets, the company distributes to

a number of small shops catering to BoP consumers. The company has also increased its digital marketing, particularly on Instagram and other social media channels.

The support Profate received has helped it to navigate a second, even greater disruption. Starting in May 2021 and continuing throughout the year, a severe drought significantly reduced the volume of raw milk produced by local farmers. As a result, the company has not been able to use its processing capacity during the year, and sales have fallen. However, the improved marketing and financial management that the company implemented has allowed it to continue operating.

VISION FOR THE FUTURE

As the drought eases and available milk volumes increase, the company plans to continue to innovate in its packaging, distribution, and market to expand the number and type of outlets where its products are sold.

