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Effect of Delivering Milk to Cooling Plants on Household Income among Smallholder Dairy Farmers in Sotik Sub-County, Kenya

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Abstract
Kenyan dairy sub-sector has been undergoing developments since the collapse of Kenya Cooperative Creameries (KCC) in 1992. Milk cooling plants have been established in order to reduce milk losses and benefit the smallholder dairy farmers. However, farmers seem reluctant to deliver their raw milk through the cooling plants and little information is known on the benefits accrued from cooling plants over the other market outlets. This study therefore was aimed at determining the effect of delivering milk to cooling plant on household income among smallholder dairy farmers in Sotik Sub-County. This sub-county is one of the highest milk producing zones in Rift Valley region in Kenya, with majority of its residents practicing dairy farming. A multi-stage sampling procedure was employed to select 150 smallholder farmers. Propensity score matching model was used in analyzing the data. The results indicated that, delivering milk to cooling plants positively and significantly increase the income of dairy farmers by KES 16,680 more compared to use of other market channels, per lactation period. This is an indication that a milk cooling plant is economically viable and an important tool in increasing smallholder dairy farmer's income.
Keywords: Milk Cooling Plants, Smallholder Dairy Farmer, Propensity Score Matching.