SETTING THE SCENE
Experiences & lessons learned on collection, processing and marketing

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Dairy Expert Round Table Meeting
"Competitive Dairy Value Chains in Southeast Asia"
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Context and objective

- Character of value chains in Southeast Asia
- Key issues and possible solutions
  1. Sustainable sourcing
  2. Reliable Inputs & Services
  3. Product Quality Assurance
  4. Competitive prices
  5. Industrial or small-scale processing?
  6. Enabling environment

Value Chain

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Farmer</th>
<th>Collector</th>
<th>Processor</th>
<th>Retailer</th>
<th>Consumer Market</th>
</tr>
</thead>
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Value Chain – Is it so simple?

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<tbody>
<tr>
<td>Subsidized Inputs</td>
<td>Imported milk powder</td>
<td>Imported packaged products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ISSUES in collection, processing, marketing

1. Sustainable sourcing
   - Keeping farmers interested: Price, chance of rejection, seasonal fluctuations in supply (hot season) and in demand (school holidays)
   - Collection inefficiencies affecting prices
   - Low input = Low output

   ➔ Chain embedded services, long shelf life products

What do Producers & Processors need?

- Reliable Outlets
- Market Intelligence
- Embedded Services
- Finance facilities
- Opportunities
- Sustainable sourcing
### ISSUES in collection, processing, marketing

#### 2. Reliable Inputs & Services
- Value chain integration – Strengthening links between processors-farmers-input suppliers, e.g. through Chain-embedded services
- Value chain coordination & advocacy, e.g. through national Dairy Board
- Skilled personnel and capable organizations - Capacity development services

#### 3. Product Quality Assurance
How to improve milk quality?
- On farm or from collection onwards?
- Start with consumer demand?

#### 4. Competitive prices
Compete with imports / world market prices
- Reduce cost price along chain (Indonesia ⇔ Thailand)
- Niche marketing – cater to special demands - fresh milk, school milk schemes

#### 5. Industrial or small-scale processing?
Bulk or niche? Central or local processing?
Local, regional or national branding?
Who is best situated for what?

#### 6. Enabling environment
- Protection of budding sector / import levies, minimal local production
- Definition of fresh milk
- Consumption promotion – school milk

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**Thank you for your attention**
### Capacity development – definitions used

- **Capacity building (CB)**
  individual level capacity development of knowledge and skills

- **Organizational development (OD)**
  organizational level capacity development of organizational competencies and strategies

- **Institutional strengthening (IS)**
  capacity development for a group of actors (like the dairy sector), mainly focusing on institutions (enabling environment, "rules of the game", e.g. policies)