White Gold: Opportunities for Dairy Sector Development Collaboration in Ethiopia & East Africa

Inter Agency Donor Group Meeting



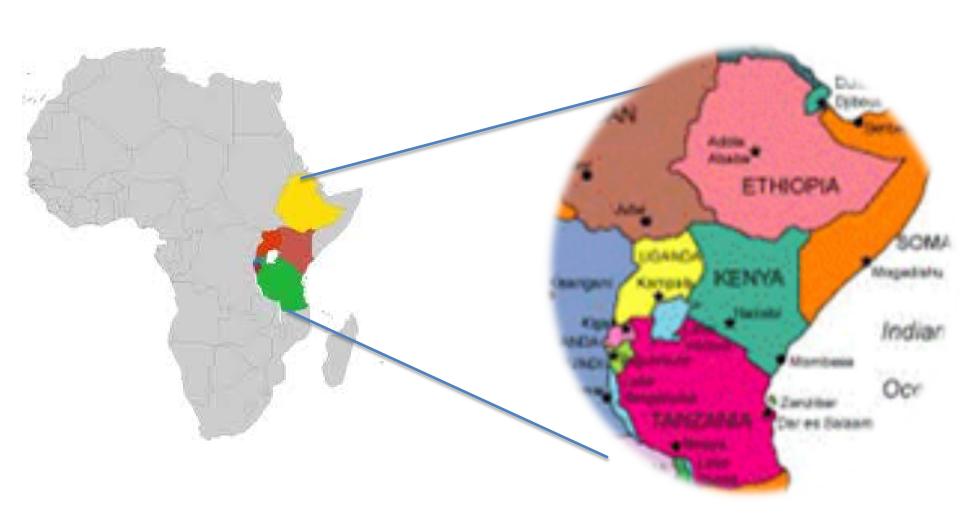
Seattle

September 16, 2014



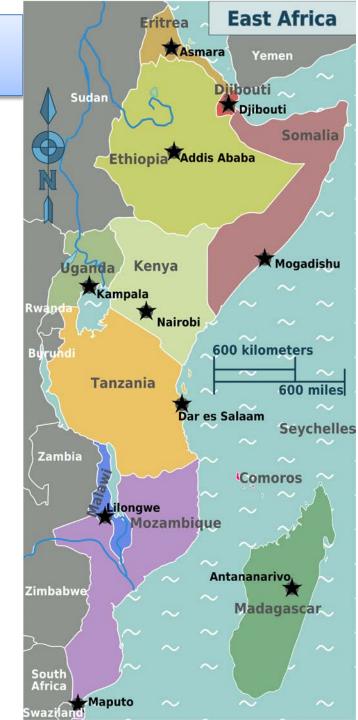
Raphael Mwai, PPD Consultants
Tsehay Redda, EDBD Services
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Jan van der Lee, Centre for Development Innovation, Wageningen UR

Study Countries



Outline

- 1. Terms of Reference
- 2. Dairy Status
- 3. Key Issues
 - Regional level
 - Country Level
- 4. Follow up Donor Collaboration Agenda
- 5. Conclusion



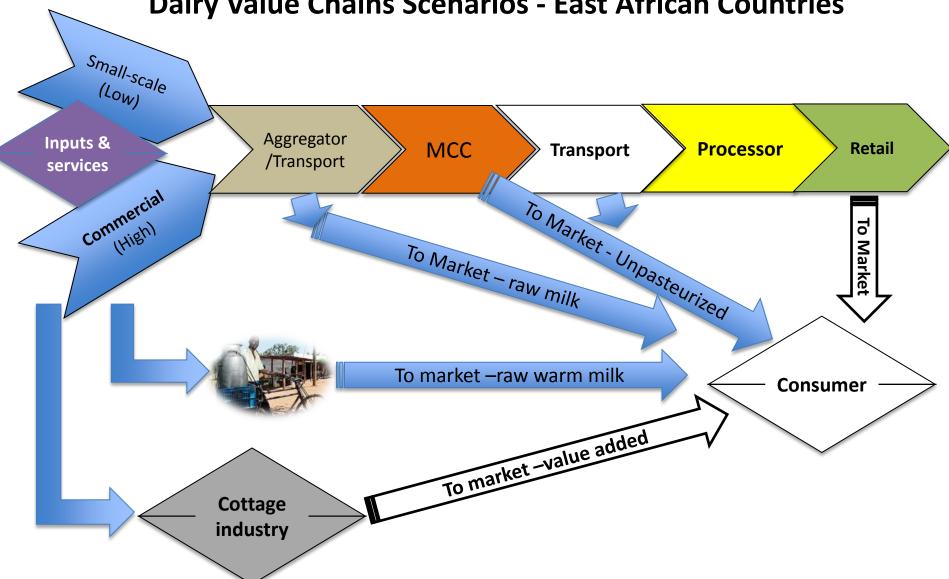
Terms of Reference

Country assessments

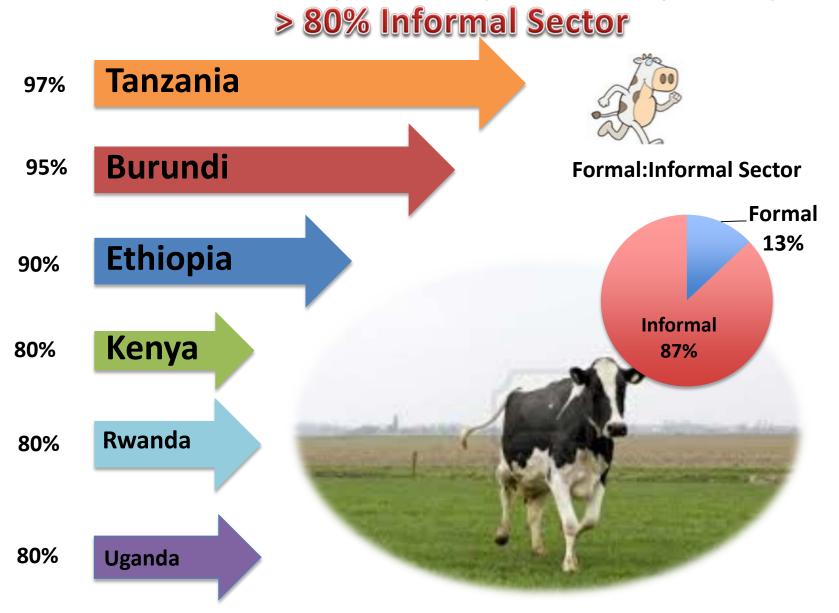
- Value chains
- Enabling environment (Policy dairy sector, organizations, training)
- Donor programs
- General analysis
- Expert Consultation for 1) validation and 2) agenda setting
- Recommendations for action

Dairy Status

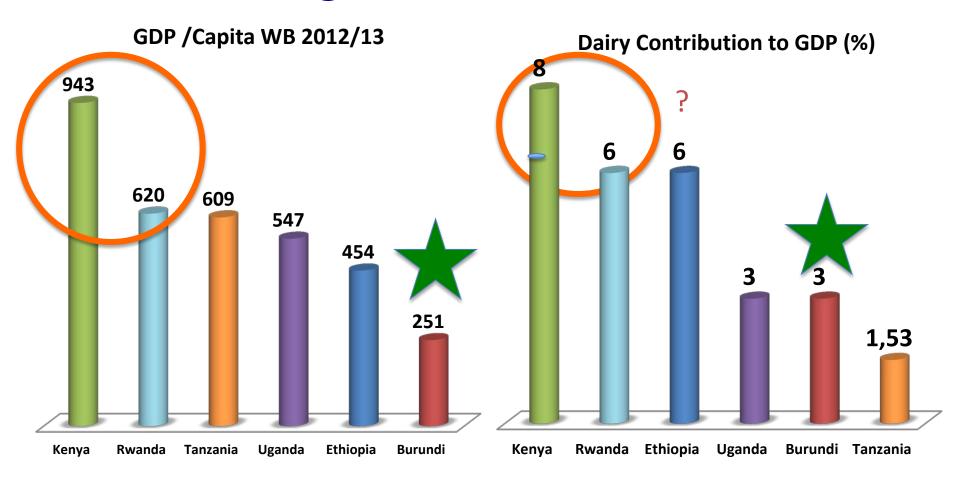
Dairy Value Chains Scenarios - East African Countries



East Africa Dairy Development Trajectory

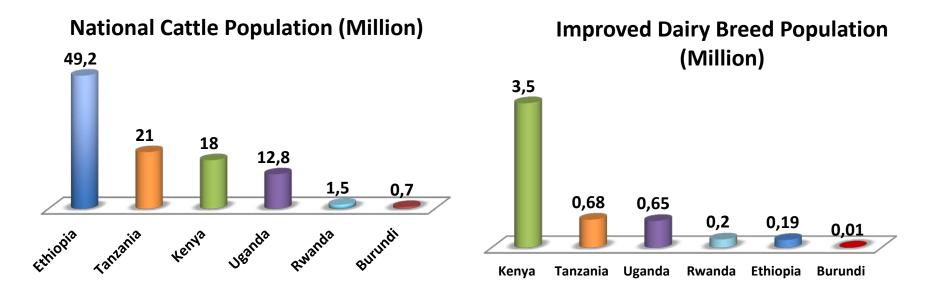


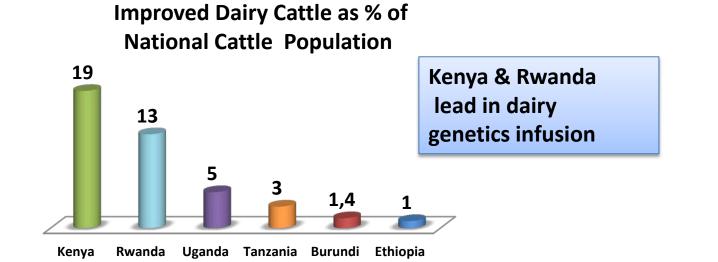
Regional Economics Data



Significant investments in dairy production

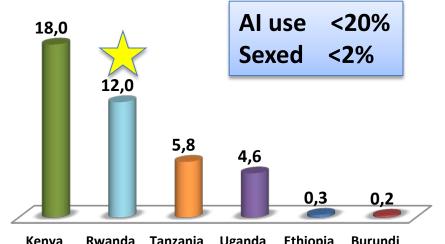
National Cattle, & Dairy Cattle Data





Regional AI Status

Annual AI as % of National Herd

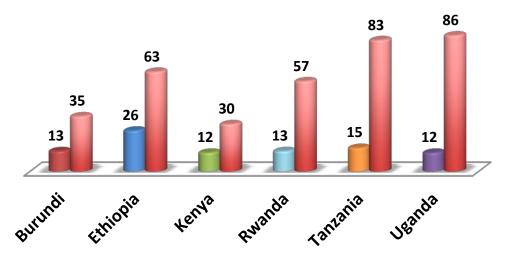




National bull studs in all Countries

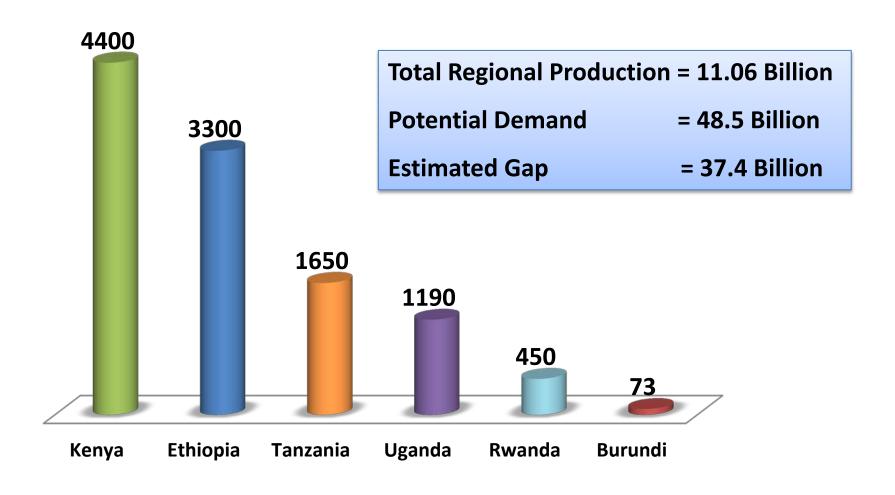
Rwanda Tanzania Uganda **Ethiopia** Kenya Burundi

AI Cost/Service (US\$) & Farmgate milk equivalent/Service (liters)

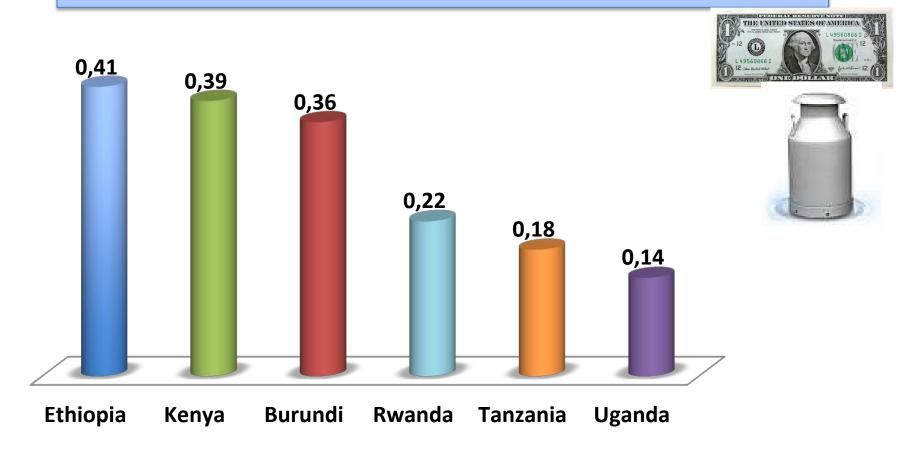


Improve artificial insemination cost & efficiency of delivery

National Milk Production / Year (Million Liters)



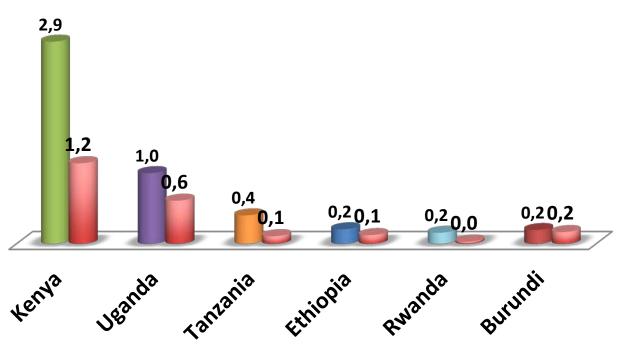
Regional Farm Gate Prices/Liter (US\$)



Uganda has least cost/ ltr. for farm-gate and processed milk Ethiopia risks to be uncompetitive The farm gate prices reflect feed costs

Milk Processing Capacity

Installed vs Utilized Capacity (Million Liters)



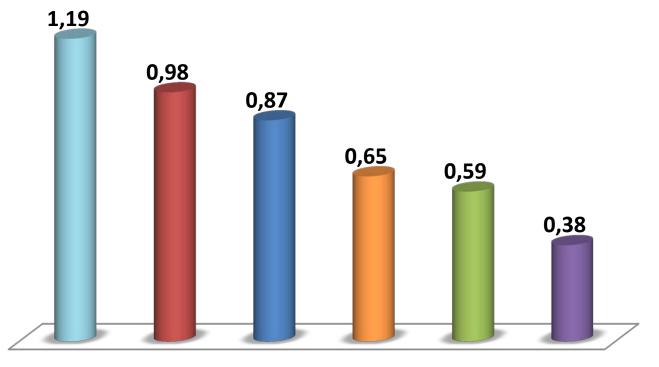


- ☐ Kenya has the dominant regional dairy processor
- ☐ Some claimed installed capacity is uninstalled
 - ✓ Under-utilized capacity across the region averages 49%

What is the effect of low capacity utilization on milk price & consumption?

Regional Milk Processing and Packaging









Rwanda Burundi Ethiopia Tanzania Kenya Uganda

- Rwanda & Burundi have high cost of pasteurized milk due to (OH & packaging 50%)
- Uganda has lowest price of pasteurized milk

Dairy Product Range (8)













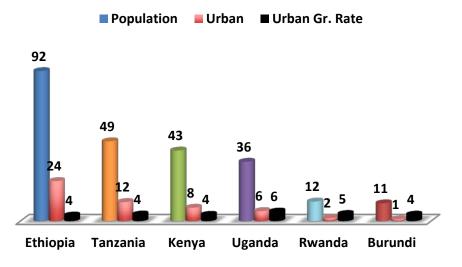
Brookside, NKCC, Pearl & SALL



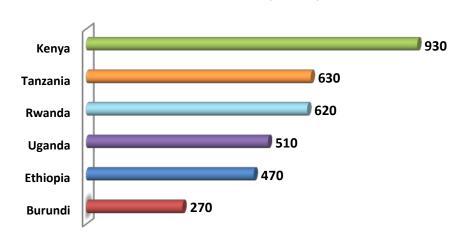


Population, Urbanization, Income Growth and Milk Consumption/Capita

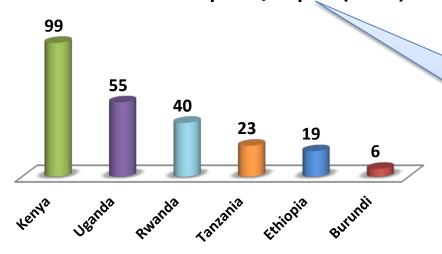
National, Urban Population (Million) & % Urban Growth Rate



Gross National Income Per Capita East Africa (USD)



Milk Consumption/Capita (liters)



- - 1. Region's consumption < FAO rec. 2001/Capita
 - Potential demand remains high

Low female & youth involvement

Inadequate financial services

Low milk consumption

Overarching challenges &

Poor infrastructure & access to markets

Low cow productivity: feed&breed

Seasonal milk supply

Poor milk quality

Limited official industry data

National & Tranboundary diseases

Low farmer education & organization

Limited research & extension

Lack of conducive policy & incentives

Emerging Issues

Integration to International Players

















Integration with International players has implications on farmer loyalty, commercialization and milk quality

Integration to International Players











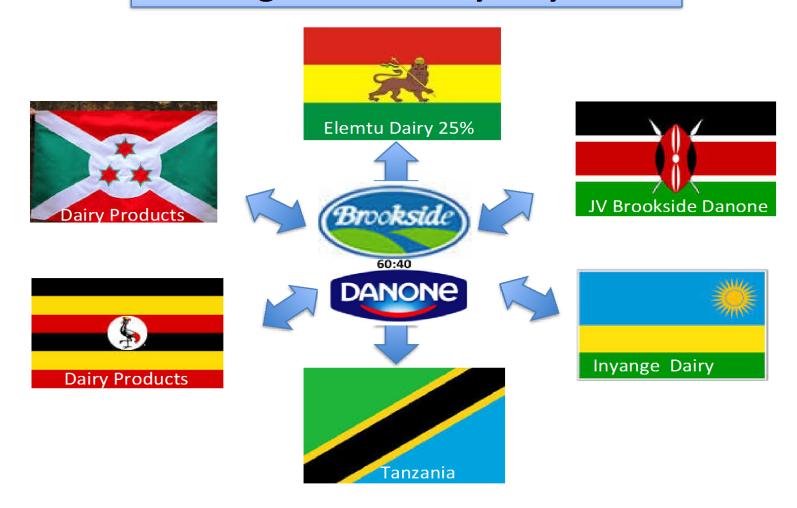






Integration with International players has implications on farmer loyalty, commercialization and milk quality

Regional Industry Player



Major market player - Donor engagement is essential Can mergers and consolidation improve loyalty, milk quality & services?

JESA Integrated Dairy Model



JESA Commercial Farm Milk supply 50%





US\$0.4/ litre



Smallholder Farms -Milk supply 50%

Value Proposition

Price premium \$0.4 vs \$0.3 Al, Extension, Finance & Veterinary services



Blessed Dairy Consolidation & Quality improvement Model

RwF 180









RDCP-II Assistance US\$28,875

RwF 320



Now 2 trucks





RwF 300

Inyange Franchise Model

Follow-up donor collaboration agenda



Thematic priorities

- 1. More milk from roughage
- 2. Breeding for more and better animals
- 3. Healthy animals
- 4. Strengthening of farmer organizations and access to finance
- 5. Safeguarding and rewarding good milk quality
- 6. Better policy through better availability of data on farm/firm-, chain-, and sector level
- 7. Competency of dairy farmers, staff, and entrepreneurs along the value chain
- 8. Sustainable intensification related issues biogas and closing the nutrient cycle











4. Strengthening of farmer organizations and access to finance

METKEI MULTIPURPOSE CO. LTD. P.O. BOX 746, ELDORET.

Lead: Agriterra

Contact persons: Cees van Rij (vanRij@agriterra.org)

Others (?): IFAD, SNV, Wageningen UR, BMGF, EADD

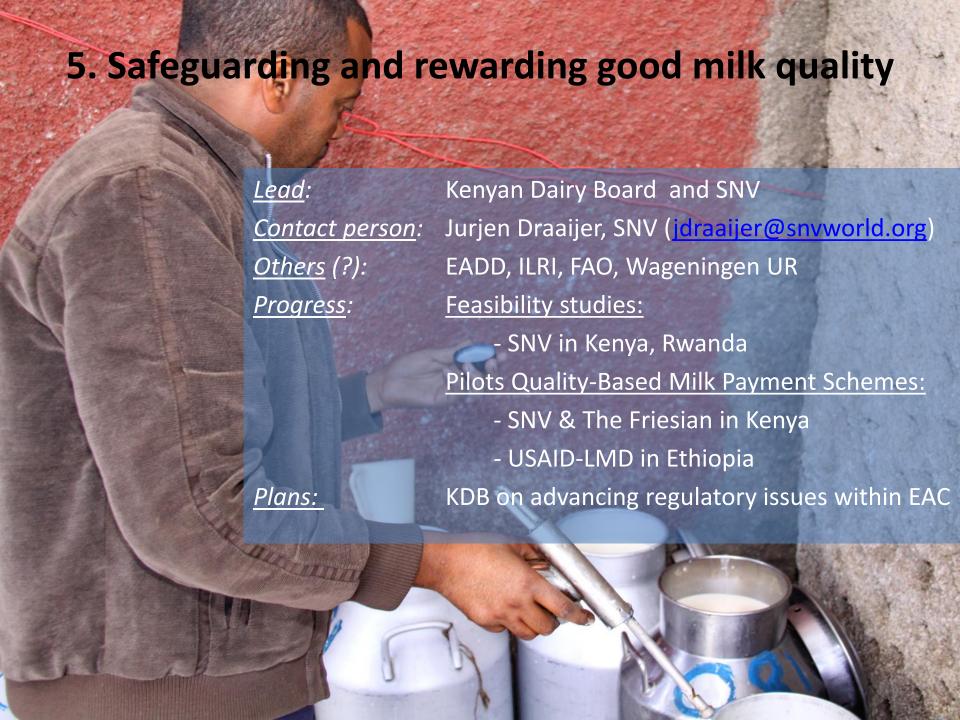
Agriterra plans on dairy cooperative development:

- » EA program for dairy cooperative dev., clustered approach
- » International platform on peer2peer advisory, training, exchange
- » Study tour programs to the Netherlands and Kenya

Plans:

Progress:

- » Coordination, co-creation and joint action with international partners to further leverage outreach and impact
- » Expand international dairy cooperatives network (USA, Canada)







<u>Contact persons</u>: Edgar Twine (e.twine@cgiar.org),

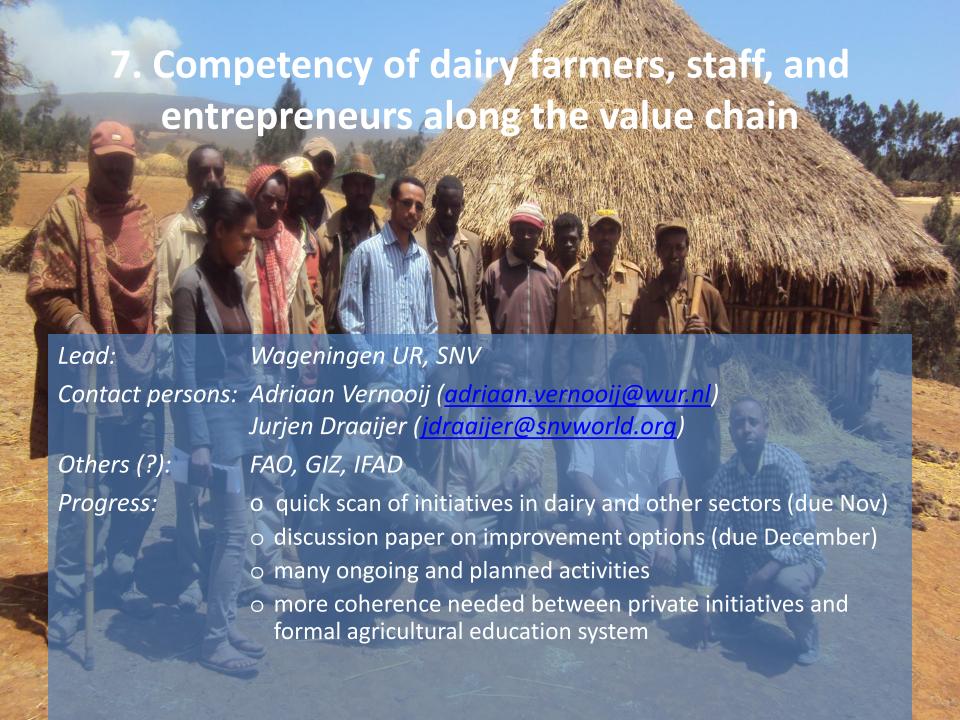
Isabelle Baltenweck (<u>i.baltenweck@cgiar.org</u>)

Others (?): FAO, BMGF (LSMS data), SNV (profitability),

National statistics agencies, Wageningen UR (LEI)

<u>Progress</u>: ongoing work:

- » Strengthening of systems for data collection, analysis, and evidenced-based policy making (BMGF w/ WB (LSMS)
- » Livestock Data Innovation in Africa project (Tanzania, Uganda)
- » Willingness to share program data on farm data and bulking





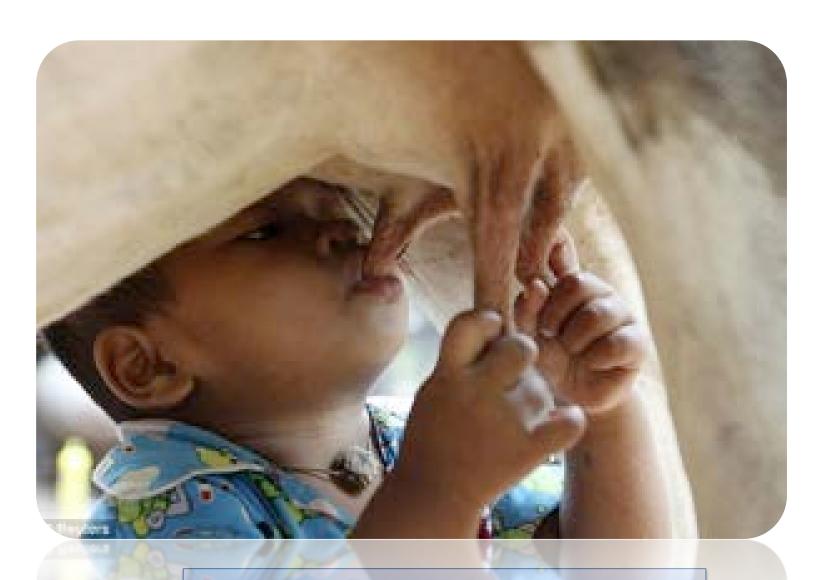
Points to ponder – Joint agenda

1. What could be improved, what's missing?

2. Can we turn this into a joint IADG agenda with broad buy-in?

Possible activities:

- Exchange of experiences, e.g. through news service
- Link with other global or regional networks?
- **–** ...



Thank You