Dairy business opportunities in East Africa

NEADAP presentation to the Dutch Dairy Centre

February 18, 2021, Jan van der Lee

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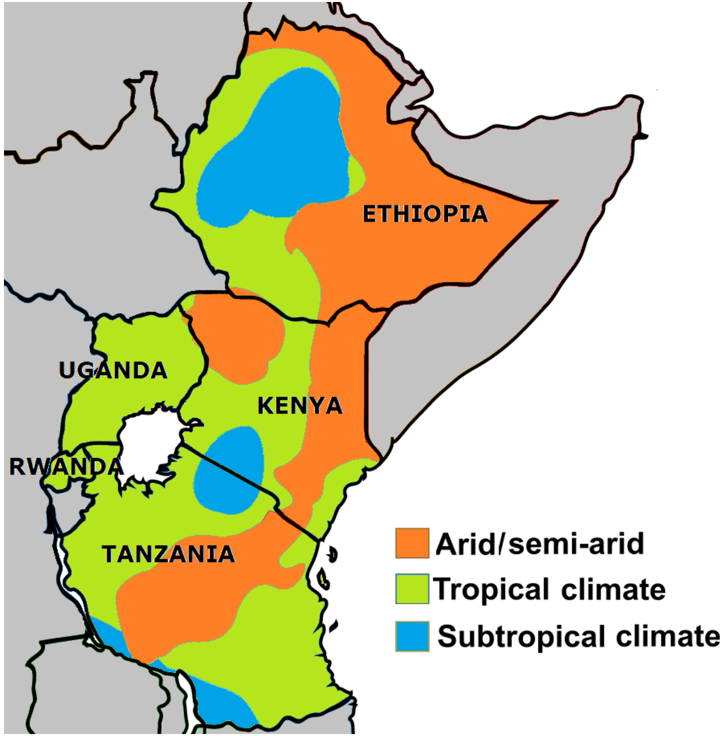
DAIRY PARTNERSHIP

Farming system variety – pastoralist & sedentary



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Outline

1. Key characteristics and trends dairy in five East-African countries
2. Current involvement & new opportunities for Dutch companies and organizations
3. NEADAP – Netherlands-East African Dairy Partnership

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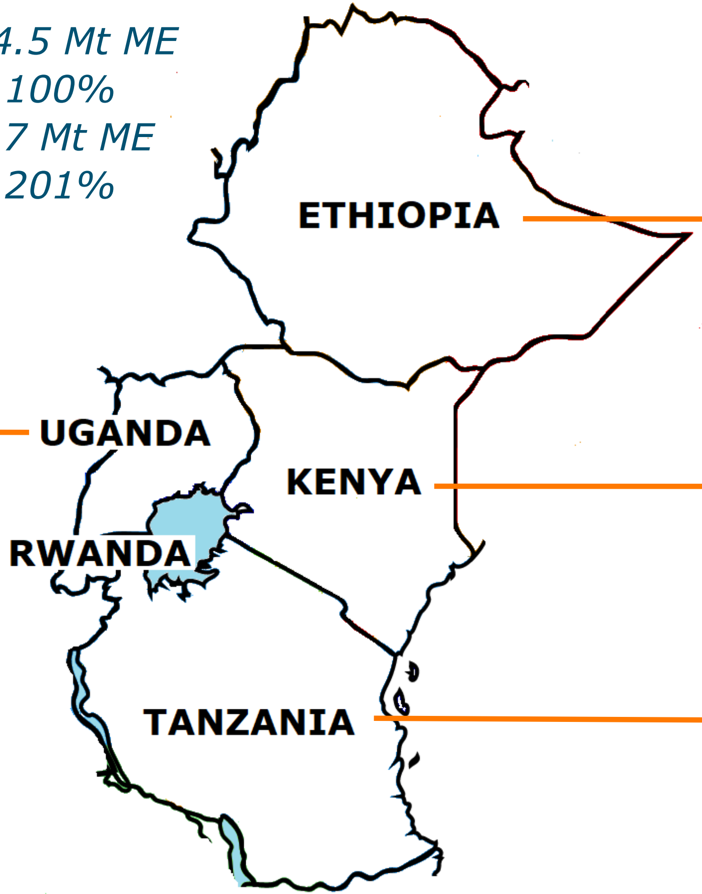
Key characteristics

Data mostly from IFCN 2019

East Africa - consumption 14.5 Mt ME
- self-sufficiency 100%
Netherlands - consumption 7,7 Mt ME
- self-sufficiency 201%

Population 40 M
Milk consumption:
2.31 Mt ME,
58 kg ME/capita
Exports 8%

Population 12 M
Milk consumption:
1.0 Mt ME,
80 kg ME/capita



Population 106 M
Milk consumption:
3.41 Mt ME,
36 kg ME/capita

Population 50 M
Milk consumption:
5.16 Mt ME,
105 kg ME/capita
Imports 4%

Population 56 M
Milk consumption:
2.64 Mt ME,
47 kg ME/capita

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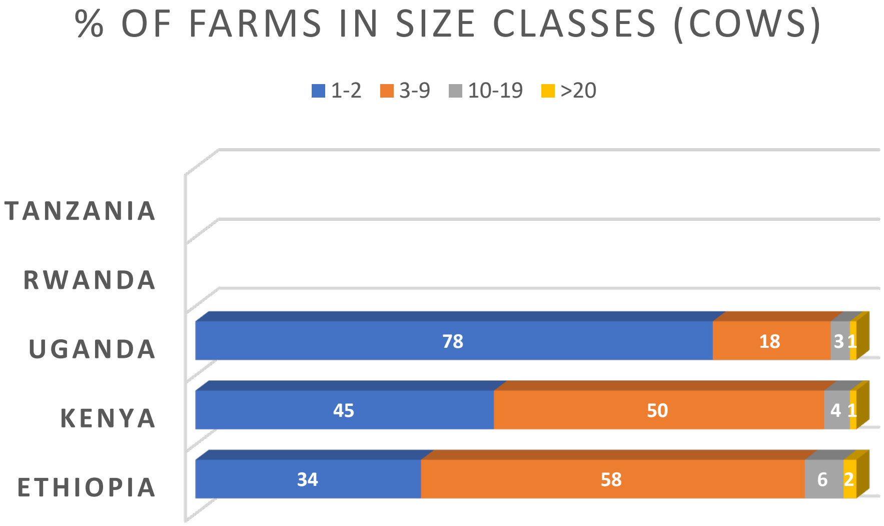
Farm structure



Average farm size	No. of farms (x1000)
1.5 cows	1.956
4.4 cows	120
2.4 cows	2.572
2.4 cows	1.897
4.5 cows	2.648

9.2 Million dairy farms

100,000 medium and large scale farms

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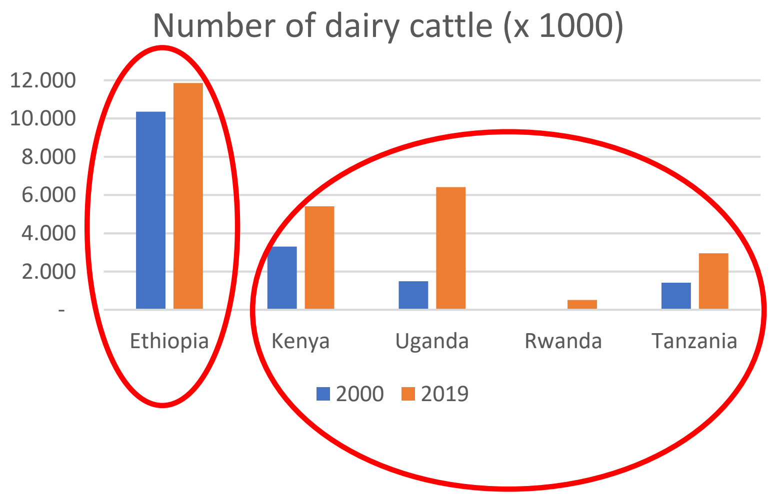
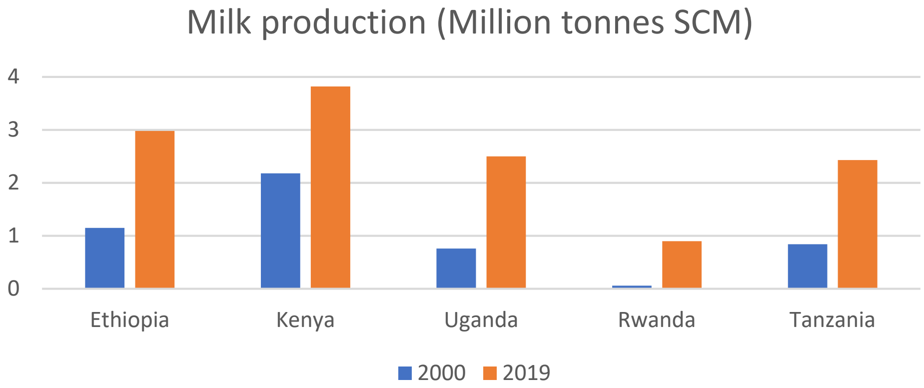
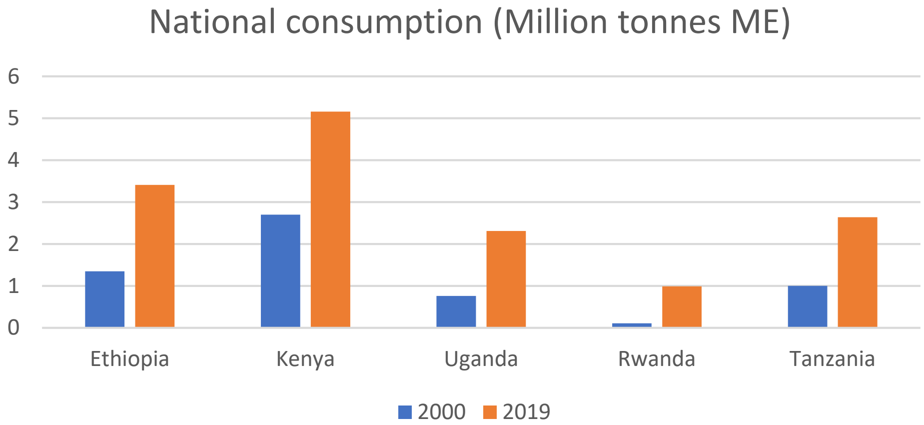
Production & consumption







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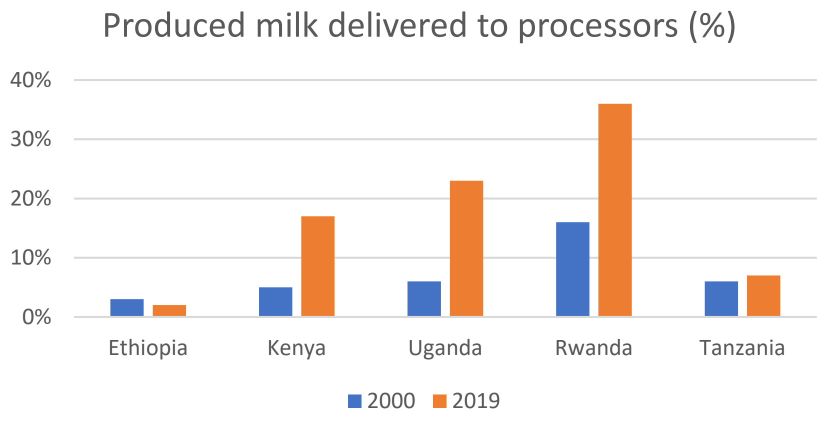
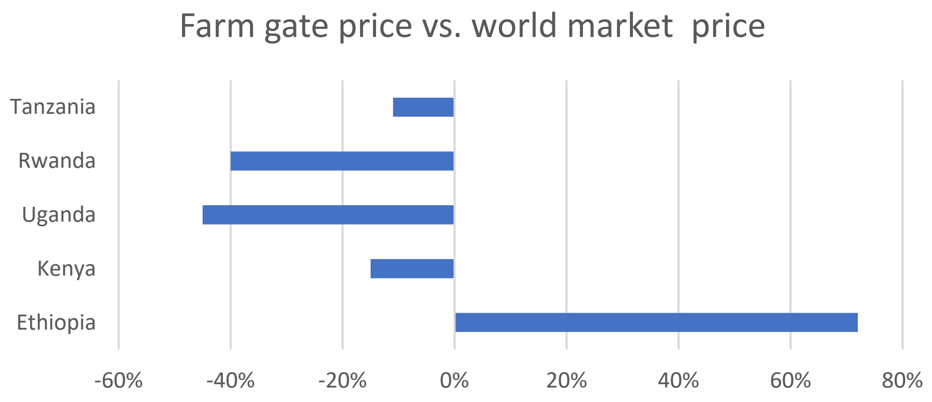
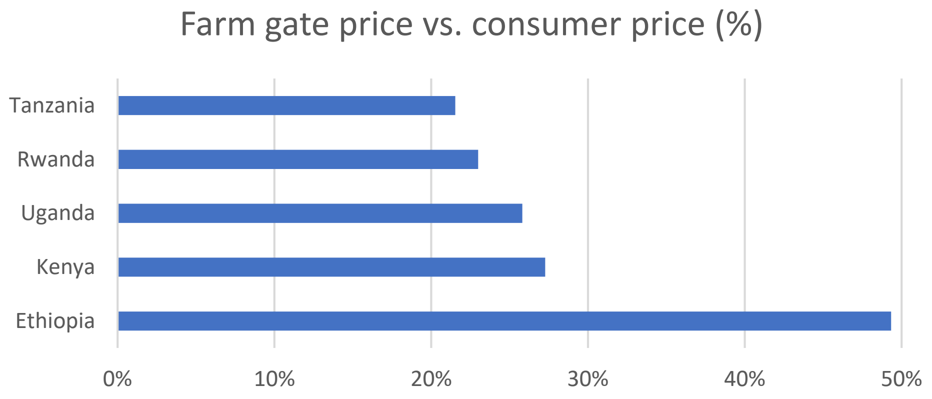
Supply chain







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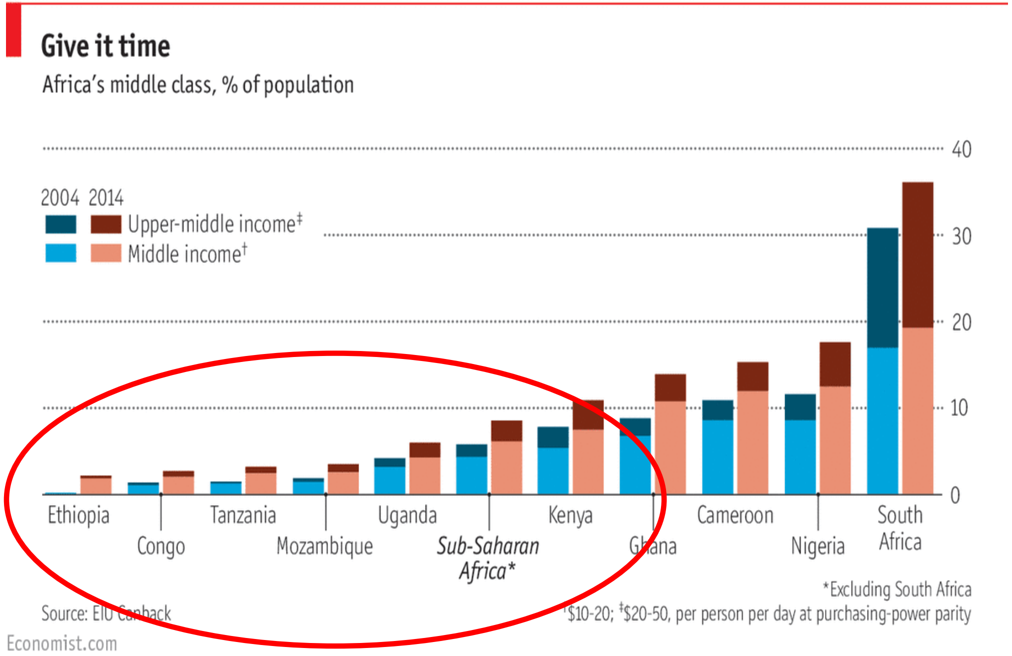
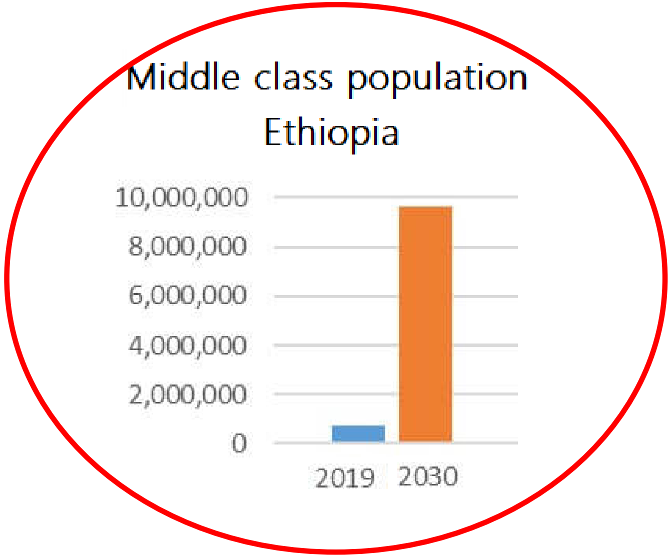
Evolving dairy market

Growth of market = Growth of middle class





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STRONG / WEAK	Eth	Ken	Ug	Rwd	Tan
Significant part of country with good climate for dairy					
Dairy tradition / #dairy farmers, #traditional products					
Increase in number of farms participating in market					
Improved dairy breeds					
Cow productivity					
Hygiene and milk quality practices – farm and chain					
Skilled staff					
Capacity of cooperatives					
Cost of production – farm / farmgate price					
Cost of production – chain / consumer price					
Stable supply throughout the year					
Access to good farm inputs and services (AI, vet, extension)					
Established market infrastructure					
Self-sufficiency & export potential					

OPPORTUNIES/ CONSTRAINTS	Eth	Ken	Ug	Rwd	Tan
Increasing demand for dairy products / volume & variety					
Dairy seen as promising livelihood opportunity					
Interest of investors					
Demand for imported genetics, equipment, services					
Potential to initiate new distribution channels & products					
Space for private sector participation					
Level playing field					
Institutional framework to sustain dairy efforts, assure quality					
Access to water, electricity, roads in rural areas					
Access to financial and credit services					
Availability of land (> fodder)					
Space for women participation in the economy					
Environmental sustainability and climate-proof of dairy					
Disease control systems, investment in research and training, credible data sources					
Security situation					

Key characteristics & trends

1. **All countries good 'dairy potential'**
   - Kenya leads but stagnates
   - Rwanda and Uganda catching up
   - Ethiopia the sleeping giant (106 M people / 40% of region)

2. **Supply chains much to improve** – efficiency, quality, inputs & services

3. **To watch:**
   - national regulations – quality assurance, level playing field
   - regional regulations – East African Community & COMESA
   - size of middle class = demand
   - training & education – capacity along chain

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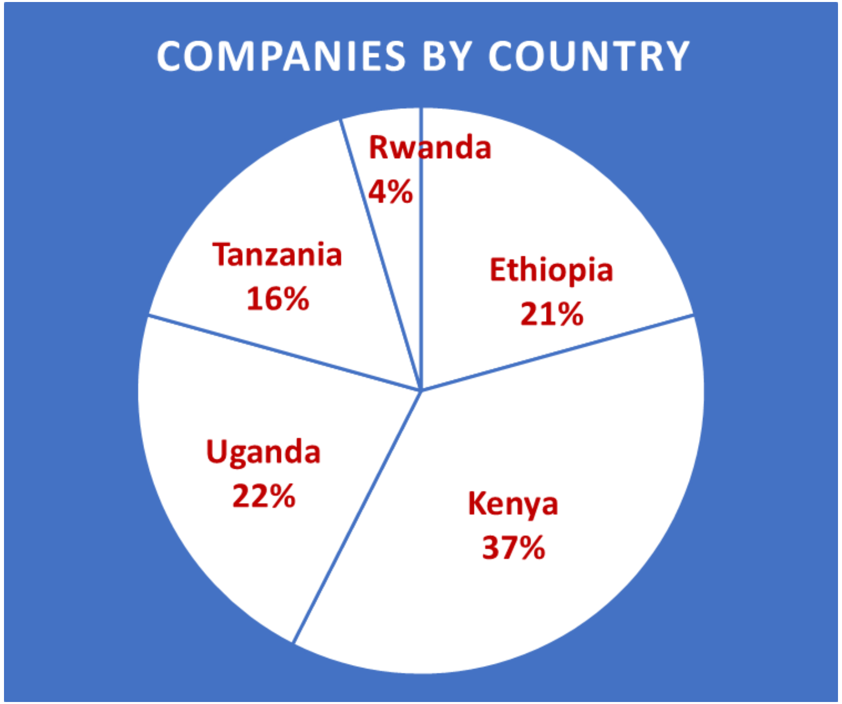
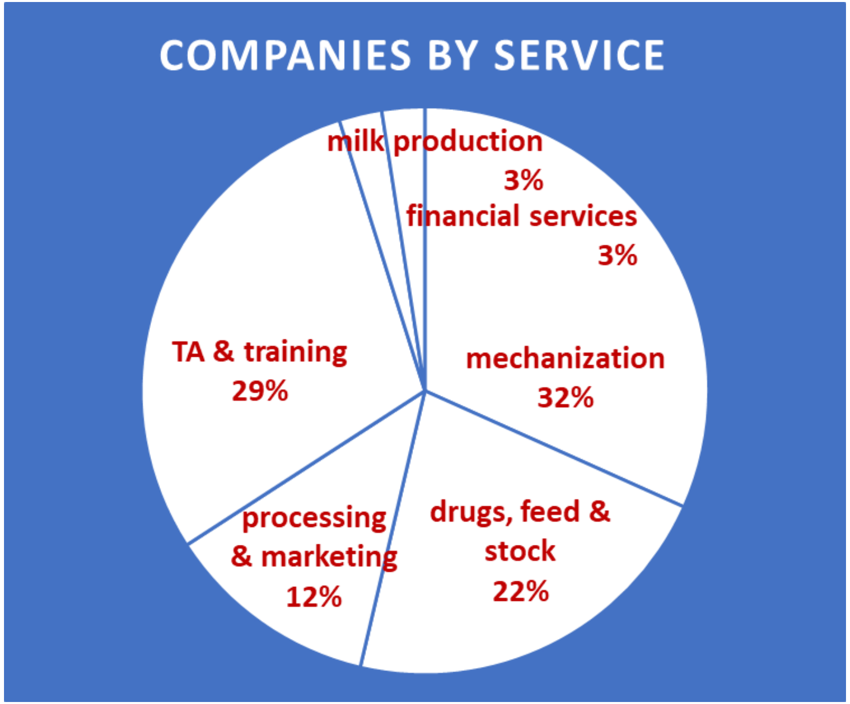
Dutch companies





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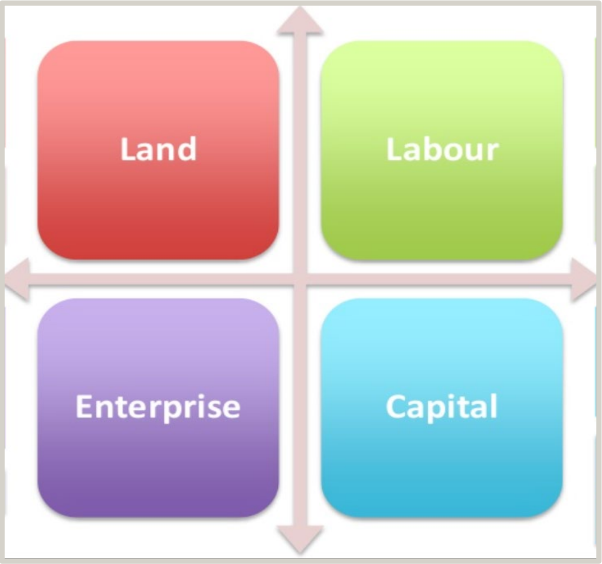
Key opportunities

- feed and fodder – equipment, production
  https://www.youtube.com/watch?v=MdO1r1Ag4CU&ab_channel=BlesDairies
- milking-, cold chain-, processing equipment: quality/price competition with Asians
- quality assurance of feed, fodder, milk, services
- dairy product marketing – high-end and Base-of-Pyramid
- training and education – at all levels, focus on practice, but cutting-edge

Lessons learned (1)



Not labour, but land and capital most limiting factors
Variation within the region

What does this mean for fit of your USPs?
What product, what services?

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Lessons learned (2)

People-planet-profit sustainability – choices in dairy development

- ❑ Focus on smallholder, specialized smallholder, or commercial?
- ❑ How to deal with food safety issues?
- ❑ Environmental impact under climate change and urbanization (manure management of land scarce farms close to cities) – is circular agriculture the direction to go?
- ❑ How to reduce high cost of production/consumer prices, and the poor price/quality ratio?

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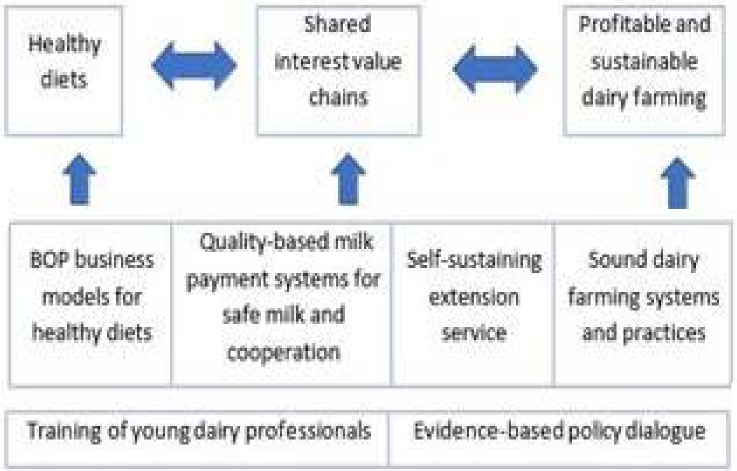
NEADAP - Netherlands-East Africa Dairy Partnership

Partnership SNV, WUR, Agriterra, Solidaridad



➔ To provide an EA-wide platform for the Dutch Dairy Diamond and local partners (business, knowledge institutes, NGOs and gov't)

➔ For learning and scaling from ongoing projects, e.g.

- QBMPS – upscaling in Kenya and Uganda, start in Ethiopia
- Training, education, farm advice – EARNED, TIDE, BRIDGE, IFC-Pearl Dairy Development project, Dairy 2025 i.c.w. Tanga Fresh
- People-planet-profit sustainability assessment tool
- Impact Cluster Uganda - DeHeus/Koudijs, AERES, Bles Dairy, Ante, Uniform-Agri

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Contacts

EKN agricultural counselors

EKN Kigali

Frank Buizer
Uganda & Rwanda
frank.buizer@minbuza.nl

EKN Addis

Meeuwes Brouwer
Ethiopia
add-lnv@minbuza.nl

EKN Nairobi

Ingrid Korving
Kenya & Tanzania
ingrid.korving@minbuza.nl

Bart Kuiter
Kenya
bart.kuiter@minbuza.nl

NEADAP MT

Agriterra

Agnes Janszen
East Africa coordinator
janszen@agriterra.org

Solidaridad

Catharinus Wierda
International Programme Manager Dairy
catharinus.wierda@solidaridadnetwork.org

SNV

Rinus van Klinken
Project Manager BRIDGE Project
rvanklinken@snv.org

Martin de Jong
Dairy Dev. specialist AgriWorks /
SNV Global Dairy Coordinator
m.j.dejong@agriworks.eu

Geert Westenbrink
NEADAP coordinator
geertwestenbrink@gmail.com

WUR

Simone van Vugt
Wageningen Centre for Development Innovation
Sr Specialist in M&E & MSP
simone.vanvugt@wur.nl

Jan van der Lee
Wageningen Livestock Research
Sr Advisor Sustainable Livestock Systems
jan.vanderlee@wur.nl

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