

# Milking to potential - Strategic framework for dairy sector development in emerging economies

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## Introduction

Dairy sectors all over the world are challenged by expanding populations and economic growth. Growing demand for dairy products has led to a significant increase in public and private involvement. This creates opportunities for a range of stakeholders and calls for shared language, objectives, and strategies. The framework presented here was developed to assist stakeholders in designing and implementing dairy development strategies in emerging economies.

## Methodology & outputs

The framework and the underlying discussion paper were developed by Wageningen UR at the request of the Dutch Ministry of Economic Affairs, to inform its policy to better connect development aid, trade and investments. Dairy development experts from public and private sectors and NGOs contributed to the discussions.

The discussion paper can be downloaded from [edepot.wur.nl/300997](http://edepot.wur.nl/300997).

5 steps towards a joint dairy sector approach:

**STEP 1: Dairy Actors**

Organize stakeholders to build a dairy sector development strategy

Stakeholders who are motivated to further develop the dairy sector are the key factor in drafting a strategy. Their experience, their attitude, and their energy are needed to transform the present constraints and opportunities into future plans and actions.

The actors to consider here are governments, donors, private businesses, farmer organizations, NGOs, and knowledge institutes. Under the guidance of an independent facilitator, they will be able to design a sector development strategy that will show the way to a prosperous dairy sector.

**STEP 2: Dairy Analysis**

Analyse the sector and its surroundings by using the five lenses:

- The economic context:
  - urbanization
  - income growth
  - population growth
  - business climate
  - retail chain development
  - infrastructure
  - production costs
- The biophysical context:
  - land availability
  - feed and water
  - land tenure
  - milk potential
  - environmental stresses
  - animal health
- The socio-political context:
  - dairy traditions
  - political systems
  - policies and taxes
- Farming systems:
  - management and entrepreneurial skills
  - farm size and farm distribution
  - farm profitability
  - collective action and cooperative skills
- The dairy chain:
  - the market share of the formal dairy chain
  - milk collection infrastructure
  - transaction costs
  - farmers' access to inputs

**STEP 3: Dairy Diagnostics**

Identify constraints and opportunities

The next step is to identify constraints and opportunities tailored to the country concerned. (see Table 1.) This diagnostic phase is carried out together with stakeholders within the dairy chain.

Important issues here include:

- milk volume and quality
- farmers' cooperation and communication
- access to finance and facilities
- level of knowledge
- infrastructure
- education and research
- chain governance
- farm size policies

**STEP 4: Dairy Goals**

Choose goals and objectives

The list of constraints and opportunities combined with stakeholders policies and priorities leads to the definition of development goals.

The many possible goals are prioritized by judging them based on criteria defined by the stakeholders. Their opinions about "what works and what doesn't" should play a major role here.

Possible criteria for prioritizing goals include:

- appropriateness
- sense of urgency
- feasibility
- expected effectiveness
- costs and revenues

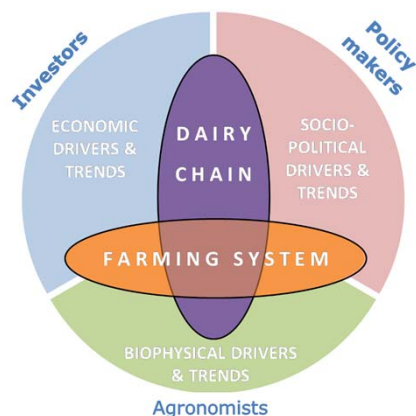
**STEP 5: Dairy Action**

Identify intervention strategies

In the final step definitive goals and objectives are translated into strategies and interventions. (see Table 2.) The final list of interventions should be both challenging and inspiring, and should match the roles and responsibilities that the different stakeholders are willing to take.

Obtaining commitment from the organizations and people who take responsibility for implementing the interventions is a major challenge at this stage. Planning should be followed by joint monitoring, review, and follow-up planning in order to maintain momentum and to make the sector's development a continuous process.

## 5 lenses to analyse dairy farming in its dynamic context



## Highlighted: Typical dilemmas in dairy development

When moving from analysis to action (step 4), stakeholders will have to deal with many dilemmas encountered in emerging economies and developing countries.

Typical dairy sector development dilemmas are:

- To invest in the formal or in the informal dairy chain?
- To focus on dairy imports or on local milk production?
- To rapidly or steadily increase milk production?
- To develop the local herd or to import grade cattle?
- To link smallholders to formal dairy chains or to establish large-scale farms?
- To start from improving agribusiness or from improving the business climate?
- To focus on sustainability now or later?
- To take human nutrition as starting point or as outcome?



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