

# Supporting excellence in dairying in eastern Africa: priority policy reform agenda

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## KEY POINTS

### **PRIORITY DAIRY POLICY AGENDA TO BE ADDRESSED UNDER THE REGIONAL DAIRY CENTRE OF EXCELLENCE (DCOE) OF THE EAST AFRICA AGRICULTURAL PRODUCTIVITY PROGRAMME (EAAPP)**

- development of appropriate information system for identification, recording for breed improvement and traceability of trade-related diseases
- rationalisation of roles in regulation and breeding services delivery through optimal public private partnerships (PPP)
- institution of legal frameworks for exchange of genetics materials and breeding technologies in the region
- operationalisation of instruments for full implementation of existing animal feeds standards
- development of appropriate standards for milk safety and incentive-based approaches for improved compliance

### **PROPOSED ACTIONS BY ASARECA'S POLICY ANALYSIS AND ADVOCACY PROGRAMME (PAAP) IN SUPPORT OF EAAPP DCOE TO ADDRESS DAIRY POLICY AGENDA**

- Support refinement of priority agenda in the dairy input and output services to be addressed by EAAPP
- Facilitate formation of a stakeholder platform for dialogue on policy issues in dairy inputs, to complement previous emphasis on dairy outputs and achievements under the East Africa Dairy Regulatory Authorities Council (EADRAC)
- Convene meetings to harmonise procedures for movement of heifers and germplasm, animal registration, performance evaluation, regulations for inspection of dairy premises and standards for compounded feeds
- Analyse optimal regulations for delivery of artificial insemination (AI) services

## Introduction

The dominance of dairy farming in East Africa by smallholders is widely documented. They contribute over 90% of total and marketed milk production. The milk provides a regular source of cash income and employs a very large number of people as traders and service providers. It is also the principal food source of balanced nutrition for the great majority of poor consumers. Dairying thus represents a promising avenue for improving the welfare of resource-poor rural communities. It has been documented that the commodity presents the most important opportunity for improving agriculture dependent rural livelihoods in the region, having been ranked as the most important agricultural sub-sector in terms of potential GDP gains (Omamo *et al.*, 2006).

Underpinning this is the on-going rapid demand-led growth for livestock products in developing countries, mainly driven by increasing population, urbanisation and rising incomes. The problems that smallholders face in participating in livestock markets includes increasing integration and complexity and increased demand for quality, safety and convenience. A number are policy-related bottlenecks that hamper the faster realisation of benefits. Milk markets receive greater policy attention due to public health concerns related to milk-borne illnesses, given its high perishability. Such policies often entail regulations that are inappropriate, unnecessarily constraining enterprise development.

Whereas there is momentum in addressing policy issues around dairy output markets, little has been done on the inputs and inputs services. This brief outlines candidate and priority issues for dairy policy reform in Ethiopia, Kenya, Tanzania and Uganda. The issues are intended to inform the policy agenda of the East Africa Agricultural Productivity Programme (EAAPP) Regional Dairy Centre of Excellence (DCoE) and the support to be provided by ASARECA.

### What is East Africa Agricultural Productivity Programme's Regional Dairy Centre of Excellence?

EAAPP is a five-year US\$120 million programme initiated in 2009 to support strengthening and scaling up of Centres of Excellence (CoE) in agricultural research in Ethiopia, Kenya, Tanzania and Uganda. The financial support comes from the World Bank's International Development Assistance (IDA) concessional loans facility, to enhance agriculture-dependent livelihoods within the Eastern Africa region.

The loan aims to finance investments and activities of regional importance to improve productivity of cassava, dairy, rice and wheat with ASARECA convening its regional activities. One of the key tenets of success will be the availability of an efficient policy environment to enable innovation and translation of such innovation into economic goods and services to fuel growth and development in the EA region. The purpose of the DCoE is to develop, test and disseminate technologies, knowledge and information (including policies) that will assist in building a globally competitive dairy industry in the region. It is anticipated that other countries in the region, such as Rwanda, will soon join EAAPP.

Source: <http://www.eaapp.org/>

## **Building on previous gains**

ASARECA has been a key player in the reform of dairy policies in the region since 2004. Priority areas identified through collaboration with the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) held in that year included: customs and import controls and regulations; product quality and safety standards; sanitary requirements; and, integrating the informal milk trade to the formal milk value chain.

Given the dominance of informal or traditional milk markets that handle over 90% of marketed milk in the region, most attention has been on the cross-cutting area on policies and strategies to integrate small-scale milk traders into the formal value chain, both nationally and regionally. The progress, achievements and impacts of changed policy environment since then are documented in Omore and Waithaka (2011). A key achievement and pillar for continuously addressing issues was the creation of EADRAC with its membership comprising respective dairy boards in the EAC countries. The forum has increasingly become quite effective in facilitating reductions of non-tariff barriers (NTBs) within EAC countries (Gelan and Omore, 2011).

## **Process of consultations**

The policy issues outlined here were arrived at following a series of consultations with over 100 key players and stakeholders in EAAPP implementing countries during 2011. Formal meetings to define the agenda were convened by the Policy Analysis and Advocacy Programme (PAAP) of ASARECA (Entebbe, May 2011), the EAAPP DCoE (Dar es Salaam, May 2011 during Eastern and Southern Africa Dairy Association (ESADA) Conference).

The agenda arrived at from these meetings were complemented with those raised at other regional forums pursuing aims that overlap with those of the EAAPP's DCoE including: internal consultations under East Africa Dairy Development Project (<http://eadairy.wordpress.com/>); three platform meetings held in Nairobi (May, July and October 2011) under the Dairy Genetics East Africa (<http://www.ilri.org/ilrinesw/index.php/archives/tag/dairy-genetics-east-africa-project/>); and during the ASARECA Livestock and Fisheries Programme (LFP) Scientific Conference held in Bujumbura, Burundi in November 2011.

The agenda was also informed by a synthesis of lessons and impacts of an improved dairy policy environment in eastern Africa since 2004 (Omore and Waithaka, 2011). Arising from these stakeholder consultations are candidate issues for policy change and priority and actions in the short to medium term for rationalisation at country-level and harmonisation at regional level.

## **Priority policy issues for rationalisation and harmonisation**

Priority issues (Table 1) were derived from a long list of constraints to be addressed by the EAAPP DCoE. The priorities were selected based in part on the potential to generate spillovers in the other EAAPP and ECA countries.

Table 1: Priority dairy policy issues for rationalisation and harmonisation by EAAPP DCoE

Issue	Proposed action or initial step in policy cycle	Collaborating players
Development of information system for identification, recording for breed improvement and traceability of trade related diseases	<i>Action:</i> Sensitise and train stakeholders; identify priority diseases <i>Dialogue:</i> Develop tools and facilitate platforms for information sharing; develop animal disease control policy and action plan	Departments of veterinary services; animal production; dairy sub-sector regulatory authorities; breeders' societies.
Rationalisation of roles in regulation and breeding services delivery through optimal public private partnerships (PPP)	<i>Data gathering and analysis:</i> inventory of roles and analysis of optimal PPP. <i>Action:</i> Fast-track the enactment of the Animal Breeding Policy and Bill in Kenya	Departments of animal production and breeders societies
Institution of legal frameworks for exchange of genetics materials and breeding technologies in the region	<i>Action:</i> Development of breeding objectives	Departments of veterinary services; breeding service providers; animal production; breeders' societies; breed recording centres; dairy processors
Operationalisation of instruments for full implementation of existing animal feeds standards	<i>Dialogue:</i> Convene and facilitate consensus among stakeholders on an action plan and its implementation	Departments of animal production, Bureaus of Standards, EAC
Inappropriate standards for milk safety and incentive-based approaches for improved compliance	<i>Data gathering and analysis:</i> Adapt and customise existing standards to make them more appropriate; Strengthen training in food safety	Dairy sub-sector regulatory authorities; departments of veterinary services; bureaus of standards; dairy processors; dairy traders associations, EAC.

### Areas for consolidation and strengthening

Rationalisation and harmonisation of policies and regulations require active participation of key stakeholders. Since 2006, leaders of statutory dairy regulatory authorities in EA have been meeting regularly under EADRAC. Through EADRAC they share lessons on ways to rationalise and harmonize dairy policies and standards in the dairy industry in the region and promote, inter-alia, free trade in milk across borders in East Africa. EADRAC is an ideal forum to pursue policy dialogue, besides the bureaus of standards that also meet regularly to review and harmonise dairy standards.

The sharing of lessons across borders between peer regional regulators has been shown to be an effective approach to policy harmonisation. It has contributed to a reduction of milk trade wars between the countries. It has promoted sharing of training manuals for smallholder producers and traders, and the business development service model piloted by the Kenya Dairy Board and now being rolled out by the Tanzania Dairy Board in Arusha and Mwanza (Gelan and Omore, 2011). Therefore, **consolidating current gains through EADRAC** (Table 2) **is recommended**, especially with regard to continuing generation of evidence on impacts on non-tariff barriers to dairy trade and options on how to address these. Analytical support to EADRAC by PAAP contributed to regionalising a spatial equilibrium model (SEM) at the country

level (Gelan and Omore, 2011) and initial assessments of dairy development policy options in other countries using sector models as a basis for setting priorities.

**Table 2: Why EADRAC matters**

Mandate	Achievements
Act as a champion for reduction on NTBs	Following the adoption of EAC Customs Union Protocol and TBs since 2004, EADRAC is keen to follow up on reduction of NTBs to realise the full benefits of free trade. EADRAC has been proposed as the lead EAC agency for championing NTB reductions related to dairy industry in EAC countries
Influence review of dairy regulations and procedures	Following the EAC Customs Union Protocol, EADRAC has spearheaded the harmonisation of national dairy regulations including basic minimum requirements in the dairy industry in the region
Spearhead capacity building initiatives for dairy industry stakeholders	EADRAC spearheaded the development and use of common training materials and approaches for capacity building of informal milk traders that involve training and certification in EAC countries
Strengthen national dairy traders associations	EADRAC facilitates lessons learning among peers on how to strengthen dairy traders associations with a view to strengthening their voice in policy making
Liaise with research organisations to conduct impacts assessments	EADRAC acts as a platform for initiating impact assessments and seeking feedback

A second area for consolidation is to ***out scale successful pilots on commercialised supply of training and certification BDS where it has been successful (for example, in Kenya) and pilot it in Arusha and Mwanza in Tanzania with promising results.*** The approach has been shown to provide a useful differentiation mechanism in small-scale milk markets upon which value addition and other marketing innovations can be built (Cherono *et al*, 2011). The approach puts such traders on the road to transformation and gradual integration into formal value chains, the long-term goal of most dairy development efforts. Learning around the performance of BDS services that has been initiated should contribute to better targeting and improvement of the scheme. A third area that needs continuing attention is on ***strengthening stakeholder organisations.*** The example of the rapid growth of the Dairy Traders Association (DTA) in Kenya (Box 2) shows what can be achieved with limited policy support.

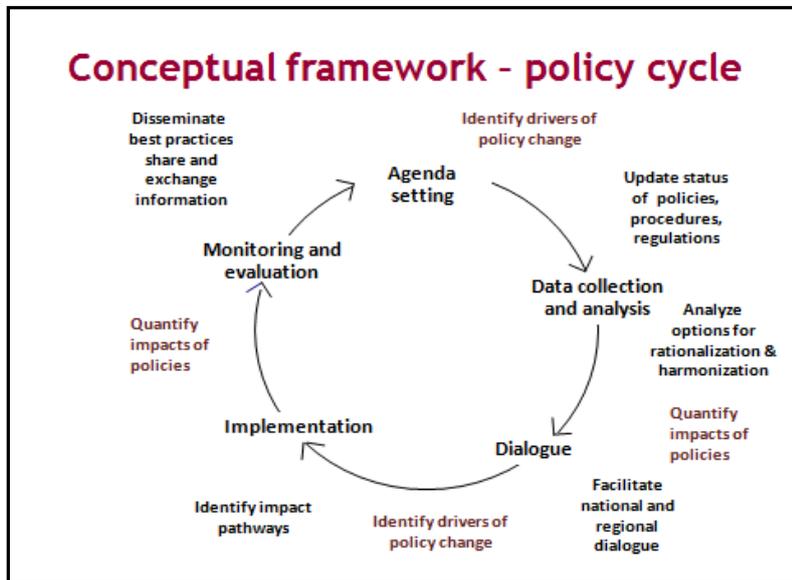
**Box 2: Successes of Dairy Traders Association in Kenya**

As part of the on-going development to support small-scale milk market development, in September 2009 the new Dairy Traders Association (DTA) of Kenya was officially launched. Their aims and activities include self-regulation based on the training and certification concept. The DTA membership has grown from 37 when the association was registered some two years ago, to over 3,000 members at the beginning of 2011. About 4,000 people, offering employment to over 10,000 people, were trained and certified through the association by that date. The branch network has increased over the two-year period beyond Nairobi to western and eastern Kenya. The Kenya Dairy Board reports that there has been a marked improvement in quality of milk handled and marketed by the members.

### Applying the policy change cycle framework

ASARECA recommends that EAAPP follows the general iterative policy change cycle framework (Figure 1) adopted by PAAP from Mukhebi *et al.*, (2001), that has proved to be a robust approach, in addressing priority issues for rationalisation and harmonisation in, for instance, the seeds sector (Waithaka *et al.*, 2011), development of standards for root crops ([www.asareca.org/index.php?page&as=191](http://www.asareca.org/index.php?page&as=191)) and development of bye laws for sustainable land management (ASARECA, 2010a).

**Figure 1: Policy change cycle framework** (adopted by PAAP from Mukhebi *et al.*, 2001)



Under this framework, an initial phase of agenda setting that includes identification of drivers for policy change and data gathering informs the subsequent stages of analysis. This includes *ex-ante* or *ex-post* policy impact assessment. These then produce evidence in the form of policy options impact pathways that feed into dialogue fora at the national and regional levels. Once agreements are reached, the next stage is identification and follow-up of actions for implementation.

As better data emerges, the analytical phase is redone to improve the evidence for policy action, and this in turn fuels more effective policy dialogue and, hence, more appropriate policy actions, which could stimulate further research and analysis following monitoring and evaluation. However, different issues could also enter the framework at different stages, depending upon whether data and analysis, dialogue or policy action is required. Stakeholders may also be engaged in activities such as Outcome Mapping ([www.idrc.ca/evaluation](http://www.idrc.ca/evaluation)) to achieve a joint vision, and hence establish communication, implementation, impact pathways, and monitoring and evaluation plans.

### Box 3. Key lessons in generating evidence and influencing policy change from the past

- Practical demonstration through piloting of alternative approaches based on wide-ranging and robust evidence generated through highly collaborative and participatory approaches are critical
- Conduct of broad-based research that links socio-economic and technical evidence, thereby addressing the concerns of a wide spectrum of stakeholders including regulators
- Understanding of the political context so effective influencing strategies can be implemented
- Dialogue and planned communication of findings
- Linking key actors across countries through facilitated face-to-face discussions, for example, between peer regional regulators through EADRAC

Willingness among authorities to consider alternative approaches that fit local needs and conditions, even though potentially deviating from international norms

Sources: Leksmono et al. 2006; Kaitibie et al., 2010; Omore and Waithaka(2011; ASARECA 2010c

### Conclusions

The following over-arching recommendations are drawn for urgent attention:

- Pursuit of new priority dairy policy harmonisation issues especially in dairy inputs and delivery of dairy genetics, and animal health services
- Strengthening of EADRAC to further pursue simplified dairy export/import procedures and reductions in NTBs
- Pursuit of political linkages between regional stakeholder teams and EAC Secretariat
- Consolidating current gains in training and certification of BDS providers through scaling out and piloting in new areas alongside engagement in advocacy in new countries
- Promotion of greater stakeholder participation in policy processes
- Continuation of *ex-ante* and *ex-post* policy impact assessments as a means for greater spill-overs through identification of new opportunities within existing countries and in additional ASARECA countries beyond the initial four that are implementing EAAPP

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